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Tube Troubles?

Mike Matthews, founder of New Sensor and its legendary effects-building arm, Electro-Harmonix, has lately been immersed in a battle with a Russian real estate firm he says is trying to force him to sell his vacuum-tube manufacturing factory in Saratov.

The factory, in Saratov's Reflektor industrial complex, was built in 1953. In 1988, Matthews began importing tubes manufactured there, and in '98, New Sensor bought the plant. More than half of the company's annual sales stem from the sale of vacuum tubes.

In early November, Matthews declined an offer from Russian Business Estate (RBE) to buy New Sensor's Russian subsidiary, ExpoPUL, and the Reflektor factory; RBE owns 10 other companies in the Reflektor industrial complex. Shortly after, ExpoPUL director Vladimir Chinchikov received a notice from the factory's power supplier, Refenergo, saying the plant's utilities would be disconnected in January because the supplier's equipment was in need of repair. Refenergo is a subsidiary of RBE.

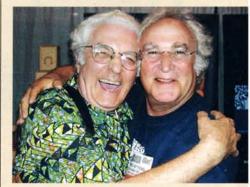
The U.S. Embassy has been working with Matthews to resolve the dispute. Willam Burns, U.S. Ambassador to Russia, sent a letter to the governor of Saratov and other high-level Russian government officials, voicing his concern and support for New Sensor and ExpoPul.

The chief executives of Peavey, Vox Amplification UK, Fender Musical Instruments, and Korg (Japan) all sent letters supporting Matthews to various high-level Russian government officials. New York Governor George Pataki's office has also offered assistance.

Matthews is adamant that the factory, which employs about 830 people, "is not for sale." It is one of only a few factories in the world still mass-producing vacuum tubes.

Matthews adds that the impact of closing the plant would be felt throughout the music industry, and would be especially detrimental to amplifier builders and players.

"[Thefactory] is by far the largest in the world making vacuum tubes. It produces more tubes than all other factories combined," he told VG. "Almost every manufacturer of tube amps uses product manufactured at ExpoPul. Almost every rock star, and countless thousands of musicians throughout the world, use a tube amp powered by ExpoPul tubes."



Mike Matthews with Bob Moog.