

January 5, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Mr. Fred Rhodes, the city manager, rang me up and said that the Commission's representative, Stava, is here to work out a compromise for the Commission to submit at the hearing on the 20th, and for me to go the limit to help in this matter, and that we will have to have one or two private conferences.

Don't fail to come down Saturday, and Rhodes, you and I can have a private conference with the Railroad Commission engineer, and then, if necessary, we can have another conference bringing in the outsiders and the district. It is very important that you let me know definitely that you are coming Friday, and I will arrange for the conference Saturday morning early. Please telephone me that you are coming on receipt of this if you possibly can.

Yours very truly,

EF:AH

cc - Senator Flint

January 5, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of memorandum for your information. It seems that a memorandum of the conference was taken in San Francisco, and the engineer sent down by the Commission is friendly and showed me his copy of the minutes of the meeting, so I hurriedly made a copy for your personal records. I have not sent anything in reference to this matter even to Senator Flint.

Regarding No. 1, the district will not confess judgment, in my opinion, and will demand that everything remain in statu quo for a 40 year period.

I think No. 2 is o. k., also No. 3, providing the price is satisfactory.

No. 4 is o. k.

No. 5, the district is not to build Fletcher dam at this time.

No. 6 I think we have made a step in the right direction as I have already got the area reduced from 22000 acres to less than 18,000.

Regarding No. 10, the city cannot have any title to that water until there is a compromise or the courts settle it, and it is a cinch the courts will settle it. I think they better let the litigation go ahead but make the lease anyhow.

Will you be down for the conference next Saturday morning?

Yours sincerely,

EF:MM

January 5, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

The Railroad Commission have set the date of hearing for January 30th at 10 A.M. in the Federal Building, in the matter of the transfer of the Guyanaca System to the District, Commissioner Brundage presiding.

Yours very truly,

EF:AH

cc - Senator Flint

January 9, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Inclosed find letter that will be of interest. This is something new. Who is this bunch anyway, and what is the great idea?

Yours very truly,

EF:AH



January 13, 1935.

Mr. Chas. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of article in this  
morning's Union.

Yours sincerely,

EF:KLM

cc- Senator Flint

January 16, 1935.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed herewith find copy of letter and  
statement to Mr. Selcher that may be of interest from  
a banking standpoint. How does it look to you?

Since making it out I have sold six acres  
in the Daggett tract to net me \$900 an acre, while I put  
it in at \$600 an acre for 80 acres and \$500 an acre for  
80 acres. It all has water.

Yours sincerely,

EF:KLM

January 19, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

I had a nice visit with Belcher, President of the First National Bank yesterday on the water question. I find Belcher very set in his opinion that the city cannot take any dictation from the district. He realizes that if the district once gets possession they will dictate to the city, and he is going to do everything in his power to kill the consummation of the sale of the Cuyamaca System to the district.

He says the citizens that he is in touch with feel that this is the proper and only possible course of action, - that he has nothing against either you or me personally. He did say, however, that we have made our own bed and will have to lie in it. I asked him what he meant by it. He said, "You and Stern came to us and asked our support. We gave it to you. We came out publicly in the papers and Mr. Spreckels went down to the city hall and urged the sale of the Cuyamaca System. If you had waited a few months longer the Cuyamaca System would have been sold to the city, - without saying a word to us you gave an option on the Cuyamaca System to the district."

My answer to that was that we thought we had given plenty of time for the city and Mr. Spreckels to bring about a consummation of the deal. That we had given an option at Mr. Spreckel's price to the city, for sixty days, early in May, 1923, and on terms satisfactory to Mr. Spreckels. That at least one of the council had tried to blackmail us, but the city council had not seen fit to take any action. The option expired. We waited during July, August, September, October, November, December, January, February and March, and early in April, after Spreckels had said he saw no chance of anything being done, that they would not pay any attention to him, we had given an option to the La Mesa Irrigation District.



I told him that if we did not sell to the district or the city, the thing for me to do probably was to sell out and let someone have charge of the Cuyamaca System, as I had been told the action of the city council, at least part of them, was on account of personal animosity toward me. To my surprise he laughed and said there was absolutely nothing to it, and paid me a high compliment in the management of the Cuyamaca System. He said, "No matter who you put in to run the Cuyamaca System, the condition is going to be the same. There is a fundamental reason why the city must acquire the Cuyamaca System or fight to the last ditch against anyone else buying it, and the personal element does not enter into it at all."

His position was that we were unloading on to a poor, half-starved irrigation district a tremendous load which they could not bear, that only the city could handle it and the sooner we woke up to the fact that the sale would never be made to the district, and worked with the city, the quicker you and I would be out of the water business.

The above for your information.

Yours sincerely,

EP:MM

cc- Senator Flint

*(cc - [unclear])*

January 20, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find letter from Crouch. Please return after reading and let me know what your advice is.

My opinion is we do not want to put up another dollar on this thing and that it is up to the irrigation district.

Yours sincerely,

EP:MM

1  
January 30, 1925.

Mr. C. W. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter from Sanders which may be of interest. I was calling him down for not getting quicker action, and he lays the responsibility right where I believe it belongs, and that is on Mr. Stearns.

Yours very truly,

HF:HEM

January 30, 1925.

Mr. Charles F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Fred Heilbron at the Rotary Club a day or two ago called me to one side and asked me to support him for mayor. I told him that he was all right in every respect as far as I was concerned excepting on the water question. He asked me to come up to his office and talk matters over, saying that he thought everything could be straightened out. So at his request I went up last night after office hours and had a long talk with him.

He urged that the question of the sale to the District be dropped and that I use my influence to have La Mesa and that territory immediately come into the City. I told him that the matter was entirely out of our hands, that we had given an option, the District had accepted it, and if the District lived up to its contract we had to sell. I further told him I didn't think there was one chance in a thousand of the La Mesa people coming into the City at the present time owing to the feeling that existed. He asked me if some arrangement could not be made whereby the City buy the whole system from the District and pay for it over a period of years and furnish the District with water. I told him that I would go the limit for an arrangement of that kind, but I thought the whole thing should be held over until we could see what action the Railroad Commission would take. He agreed with me and said - "Let's get together at an early date and fix this thing up because we've got to compromise on some equitable basis."

Everything was very harmonious. He brought up the subject of Normal Heights and Kensington Park annexing to the City. I told him that my personal opinion was that there was no use fighting annexation if the City Council wanted to have them come in and they wanted to vote themselves in. All we were interested in was in making a sale of our distribution lines and furnishing the City with water



for that territory. He agreed with me that it was the only fair thing, that the city had to continue using water for awhile anyway from the Cuyamaca System, and that he would like to discuss this matter with me a little later.

The Normal Heights people have just filed another annexation petition, and it will probably be voted on in April.

I was well pleased with Heilbron's friendly attitude on his own initiative.

It made me smile today to see Claus Spreckels and his efficiency man, Burns, also a couple of directors of the First National Bank down at the hearing before the Railroad Commission. Jesse George and City Attorney Higgins are working together. Three of the Railroad Commission out of five are sitting on the bench hearing this case today. It includes the two new appointees of the Governor. It will be interesting to see what transpires, and whether for good or bad. Brundage is the chairman and does most of the talking. I have confidence that everything is coming out all right.

I had a little talk with Claus this noon after the first hearing, and he said the only solution to this problem was a compromise of some kind, so I think everybody is more or less favorable to a compromise, and hope it all comes out for the best and the early transfer of the Cuyamaca System to the District.

Yours very truly,

EF:AM

cc - Senator Flint  
Mr. F. H. White (blind)

January 21, 1925.

Mr. Chas. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Claus Spreckels has attended all the meetings to date. He says he has had a talk with Higgins and Rhodes again, and that a compromise must be worked out, and he, Claus, is going to do it.

This morning Mr. Brundage put the direct question to President Halley of the District if he would still be in favor of a compromise with the city providing the Railroad Commission approved the sale to the district, and would he and his board of directors use every effort to bring about a solution of the problem, after the transfer. Mr. Halley answered, "Most assuredly we will." Indications are very good that they are going to approve the transfer.

Mr. Stearns told me today that Higgins was talking compromise now for the first time. On the other hand four members of the city council got into an automobile yesterday morning and went to Los Angeles to be gone four or five days. Claus Spreckels was mad clear thru about it and said that he was going to have a conference with the State Railroad Commission and arrange a program of newspaper propaganda that would force the city council to compromise, along any lines which the Railroad Commission might suggest. Claus said he had been discussing the matter with the Commissioners and he felt sure the Commission would see it his way and make a definite recommendation which could be made public. Ha! Ha! I told him he would be rendering the greatest service imaginable to the city if he could settle this question. I can see Rhodes' handiwork in good shape.

If the Railroad Commission does make recommendations for a solution of the problem, the council will find that recommendation of the Railroad Commission will be put up to the people by referendum for final decision, and at a mighty early date. I feel Heilbron already has had a change of heart. I know the Mayor is in favor of it, and this gives us three



January 22, 1925.

members of the council and the Mayor with us, if we can agree on the details.

Yours sincerely,

MF:KLM

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

There is a millionaire here by the name of Mr. O'Rourke, who has nothing to do except keep busy with politics, and a desire to dominate. He is sure a disturbing element, but a man of influence among certain elements, and a free spender.

He telephoned me this morning to come up to his house. Attached hereto is copy of his conversation over the phone.

He seems to be the manager behind the scenes for a combination in politics, as follows: Heilbron for mayor, Ed Head, Bruschi and Weitzel for re-election.

O'Rourke is very close to the Spreckels' interests. He owns 50 acres of land out in the La Mesa district, and has been fighting us to a finish in this litigation before the Railroad Commission, and he did everything he could to try and kill the bond election.

He said that this conference was one of compromise and that I must take the same friendly attitude that he did toward bringing about a solution of this litigation. He said he had had a conference last night with Fred Heilbron and the other councilmen up at his house and that he controlled four councilmen. That he wanted a price on the entire Cuyamaca System. That he was in a position to buy it himself as far as that was concerned and make a payment down, and he would turn it over to the city. That he was really working for the city.

I told him that we were in honor bound until the 8th day of next May to the La Mesa Irrigation District, and he said, we will take care of the district, and insisted that I use all the influence I could to keep the Railroad Commission from making any decision approving the sale to the district. I told him I had no influence and could do nothing. He said if the Railroad Commission did approve the sale we would be in a worse position than we are today. I told him if that was inevitable and would happen to us,



and thru no fault of ours, we would have to take the consequences.

He insists, however, that he is going to bring about a solution of this problem, and intimated that there was a combination of politicians that wanted to get this problem solved before they were elected to office, and the matter would have to be settled before that time - next April.

I had to leave on account of the 10 o'clock meeting. Mr. Ready, engineer of the Railroad Commission telephoned asking me to meet a committee in Mr. Stearns' office, - more later.

Yours sincerely,

BF:KLM

Telephone Conversation between Mr. O'Rourke and Mr. Fletcher January 22, 1925.

Mr. O'Rourke - Hello, Colonel, this is O'Rourke.

Mr. Fletcher - Hello, O'Rourke.

O - Colonel, I think that if the commission does not do anything that there is a chance of settling the whole business. You don't know it, but I have been doing some good work for you.

F - I do know that you have worked hard. I wish that we could be on the same side and work together.

O - Let me come over and talk to you, Colonel.

F - I will be glad to see you this morning any time.

O - I will be down. Where is your office?

F - Right opposite the library between Broadway and E. I will be here all the morning.

O - Listen, don't worry about anything. Don't worry at all.

F - Well I hope you have been doing some good work.

O - You bet your life, and not later than last night. There is no chance now you know. There is absolutely no chance. If the Commission keep their hands off there will be a speedy settlement. When I tell you that, I mean it.

F - Well I will be glad to talk it over with you.

O - There can be a speedy settlement if the Commission keep their hands off. ----- They will not have to render a decision. If the Commission renders a decision favorable to the district it will be the worse for you. I will be there in about a half an hour.

(O'Rourke telephoned again and asked Mr. Fletcher to come up in his car to 6th and Palm Streets and pick him up.)

ch.



THE FIRST NATIONAL BANK OF LOS ANGELES  
PACIFIC-SOUTHWEST BANK  
FIRST SECURITIES COMPANY  
LOS ANGELES

CHARLES F. STERN

January  
23rd  
1925

My dear Colonel Fletcher:

As I told you over the telephone, we are not enamored of the proposed loan on studio property near San Diego.

We will, however, make a first mortgage loan on this property in the amount of \$17,500 upon your statement of value and upon your indorsement, which means that we are taking it upon your responsibility, as the loan would not qualify of itself.

We will accept the amortization which you suggest, namely:

\$5,000 in one year; an additional \$5,000 in two years, and the balance in three years.

It would not be consistent for us to accept a  $6\frac{1}{2}\%$  rate on such a loan, nor could I ask my Mortgage Loan Department to amend its principles without a valid reason other than the slight economy involved; the interest rate, therefore, will be 7%.

Under these circumstances, it will be a pleasure to us to accommodate you.

Very truly yours,



Colonel Ed Fletcher,  
San Diego, Calif.

January 23, 1925.

Dicated Jan. 23d

Mr. Charles F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Mr. Ready, chief engineer of the State Railroad Commission, telephoned me to please be at Mr. Stearns' office at 10 o'clock. I had no knowledge, except thru Mr. Brundidge last night, that Claus Sprockels, Fred Stearns and city attorney Higgins had been invited to the meeting. When I arrived there this morning, besides the men above mentioned, I found Mr. Sanders, Messrs. Halley and Hall, also one of the attorneys of the Railroad Commission and one of their subordinate engineers.

Mr. Ready said that the meeting was called at the request of Mr. Brundidge, who still felt there was a possibility of compromise or a solution for the adjustment of difficulties between the district, the city and the Cuyamaca Company. That if all parties in interest were desirous, the Commission would continue to work to bring about a solution. He asked each one present what his attitude was. All consented to cooperate, and all sincerely agreed that it was the only desirable thing to do.

Mr. Ready read a report of the Engineering Department to the State Railroad Commission, copy of which is herewith enclosed, which outlines in a general way the proposed solution of the problem. They have been nearly two weeks working on this report, after discussing the matter with all parties in interest. Mr. Ready then announced that the Railroad Commission wanted to have an informal hearing in San Francisco at ten o'clock next Thursday morning and come to some agreement at that time, if possible, subject to final ratification by all parties in interest.

He furnished each one a copy of the Railroad Commission's suggested plan, and asked him to be ready to discuss the matter frankly and informally next Thursday.

Mr. Ready pledged each one to secrecy, and that in no way was it to get to the newspapers. The attorneys agreed that anything they said would not be used against them and the bars were down. The high lights on the meeting are as follows:



In general the suggested plan is satisfactory to the district directors, and they expressed satisfaction of the plan.

City Attorney Higgins pledged himself to support the plan, and believes it could be worked out. He also believes that the city officials will approve it, providing the Railroad Commission fathers the compromised plan.

I did not say a word until I was asked by Mr. Roady to make a commitment. I first paid a compliment to the Commission and Mr. Roady and promised to go the limit to bring about a compromise in general along the lines suggested by the Commission. Told them I could make no commitment for you but would arrange to have you in San Francisco next Thursday.

Mr. Roady had been very emphatic in his statement to the committee that the city would insist upon the hunting and fishing rights being waived; also that the city would probably want to acquire some additional lands around the different reservoir sites. The following points I brought out for their consideration:

First - that we had made a remarkably low price of \$1,100,000 for the property that cost nearly \$5,000,000 to build, physical properties alone; that the hunting and fishing rights were more valuable to us than to anyone else, as we own the lands adjoining the lake, and it gave an added value to the lands bordering on the lake; that the plan contemplated the abandoning of any idea of building Fletcher dam, that this was a hard blow to us, for we own 800 acres of land on both sides of the lake that would be very valuable for subdivision in the future, particularly with out hunting, fishing and boating rights, and this land would be made practically worthless by the abandonment of the plan to build Fletcher dam.

Mr. Stearns interposed to say that there was no legal obligation on the part of the district to build Fletcher dam, that the district could do as they darn please having once bought the property. My answer was that the irrigation district, in the development of its property, was bound to build Fletcher dam, that the building of this dam was vital to the district, that six prominent engineers had recommended its construction, the State Engineer of California had approved it, and the State Bonding Commission as well, and we had every right to expect and believe that the dam would be build when we entered into that contract with the district. That we were making very little profit

out of the enterprise anyway for our fourteen years of work, and as this was a matter of compromise, our rights in the matter would have to be taken into consideration. The hunting, fishing and boating rights were valuable to us, both on El Capitan and Cuyamaca, and some equitable adjustment would have to be made in compensation for giving up those rights.

Mr. Roady very nicely came to my rescue, said he saw our point of view, and it was wholly a matter of an adjustment between the district and the Cuyamaca Water Company, as to additional compensation.

I brought up, second, this point - that Mission Gorge No. 3 was only under option. The plan called for the district and the Cuyamaca Company to transfer all rights, in perpetuity, to the city, including paramount right. That we could never waive our rights in Mission Gorge No. 3 unless we were bought out, for we considered our rights under the laws of the State of California were superior to any that the city had. That there were 245 square miles of watershed below El Capitan which warranted the building of Mission No. 3. It would be, when developed, the cheapest water ever developed in San Diego County, and we had made a ridiculously low figure, therefore, any compromise must preclude our transferring any of our rights in Mission Gorge No. 3.

Mr. Roady came to my rescue again. Mr. Higgins admitted that the city should buy No. 3. Mr. Roady called the district's attention to the fact that by not building Fletcher dam they would not have to spend \$600,000, or more, of their bonds, and recommended that the irrigation District immediately buy Mission no. 3 for the sum of \$150,000, as Mr. Higgins said it was a fair price and satisfactory to him and he believed would be satisfactory to the city.

After it was explained to the district directors that the city would buy all the properties which the district took over thru this proposed lease, or contract, and would from the beginning pay a rental, or annual payment, that would cover all costs, interests and sinking fund on the bonds, the the district directors, and eventually all, agreed that it was the thing to do, for the district now to buy Mission No. 3, get us off the river lock, stock and barrel, and the city eventually come into possession of No. 3 as well.

The third point I brought up was this. The people in Normal Heights, under their own signature, by a vote of six to one, sent us postal cards in opposition to annexation. It was on the strength of this assurance that we proceeded to put \$75,000 to \$100,000, last year, in Normal Heights for cast iron pipes and other mains necessary, under the four



January 25, 1925.

streets that were being paved. That we were in this position, we could not take a chance on seeing Normal Heights annex, and find ourselves in competition with the city in the delivery of water thru that territory. That if Normal Heights was to annex, I was personally in favor of the city manager and our superintendent agreeing on the value of our distribution lines, or leave it to arbitration, or to the Railroad Commission of California to determine the value, but we would have to have some reasonable assurance, from the city officials, in advance, that our distribution lines would be taken over, otherwise we would have to fight the annexation proceedings as much as I hated to do it, because I was just as much in favor as anyone for the annexation of East San Diego, Normal Heights and Kensington Park into the city. All we wanted was reasonable protection.

To my surprise, Mr. Higgins volunteered the information that the city would never allow a private corporation to furnish water inside the city limits of San Diego, and he gave us the assurance, in the presence of all of them, that the city would immediately take over the distribution lines in Normal Heights, Kensington Park if Normal Heights did vote to annex.

The attorneys discussed the legal questions, and all agreed that they knew of nothing that could legally stop the bringing about of this proposed compromise, and all agreed to be present next Thursday morning at ten o'clock in San Francisco. I feel it is very important that you should be there. Claus Spreckels is going up, and is pledged to this compromise, in fact, he feels that he is the one who has brought it all about.

Higgins further stated that at least three, probably four, members of the city council were in favor of a solution of this problem along the lines as submitted by the Railroad Commission, and the Mayor as well, so everything at least looks rosy at the present time.

I will be in Los Angeles Monday, and hope to see you at your office between 8 and 8:15, if agreeable, before your directors meeting.

Yours very truly,

EF:KLM

cc- Sen. Flint

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find statement filed with the State Railroad Commission at the last hearing as demanded by the Railroad Commission at the hearing.

The Open Account Payable is a good deal of it on paper as I will explain to you personally, but we have let it stand for reasons the attorney and we thought best.

Yours very truly,

EF:KLM



EXHIBIT -  
FINANCIAL STATEMENT

CUYAMACA WATER COMPANY

A Corporation

November 1, 1924.

- (A) 10,000 shares common stock @ \$100. per share, par.
- (B) 3 " " " @ \$300.
- (C) None
- (D) None
- (E) None
- (F) None
- (G) None
- (H) None
- (I) None

CUYAMACA WATER COMPANY

A Co-partnership

FINANCIAL STATEMENT

November 1, 1924

A S S E T S

FIXED CAPITAL

Expended on operative property . . . . .	\$1,056,038.97	
" " non-operative property . . . . .	<u>207,970.80</u>	\$1,264,009.77

CURRENT ASSETS

Cash . . . . .	3,666.25	
Consumers accounts receivable . . . . .	18,643.07	
Miscellaneous accounts receivable . . . . .	49,190.28	
Notes receivable . . . . .	1,802.10	
Prepaid insurance, taxes, etc. . . . .	<u>585.91</u>	73,887.61

APPRECIATION OF PROPERTY IN ACCORDANCE WITH  
 APPRAISAL OF MR. FULTON LANE . . . . .

	143,933.94	597,596.16
<u>CORPORATE DEFICIT . . . . .</u>	<u>486,143.50</u>	<u>630,067.44</u>

A D D INTEREST ACCRUED ON PARTNERSHIP CAPITAL

TOTAL \$2,565,560.98

L I A B I L I T I E S

CAPITAL

Advances by Partners . . . . .	848,363.43	
Interest accrued thereon to date . . . . .	<u>479,766.54</u>	1,328,129.97

CURRENT LIABILITIES

Notes Payable . . . . .	70,358.37	
Accounts Payable . . . . .	<u>75,424.12</u>	145,682.49

RESERVES

Reserve for Accrued Depreciation . . . . .		397,222.18
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<u>APPRECIATION OF PROPERTY AS PER CONTRA . . . . .</u>	<u>597,596.16</u>	
<u>VALUE PLACED ON PROPERTY DONATED</u>	<u>96,930.18</u>	<u>694,526.34</u>

TOTAL \$3,565,560.98



EXHIBIT

FINANCIAL STATEMENT

GUYAMACA WATER COMPANY

A Co-partnership

November 1, 1934.

- (A) None
- (B) None
- (C) None
- (D) None
- (E) None

	<u>Date</u>	<u>Amount</u>	<u>Maturity</u>	<u>Int.</u>	<u>Favor of</u>
(F) 1	Dec. 15, 1933	8,043.97	Dec. 15, 1934	7%	First National Bank
	Jan. 3, 1934	9,000.00	July 3, 1934	6%	U.S. Cast Iron Pipe & Fdy Co.
	May 23, 1934	2,644.12	Oct. 1, 1934	7%	Baker Iron Works
	July 7, 1934	5,000.00	Oct. 5, 1934	6%	First National Bank
	July 16, 1934	5,000.00	Oct. 14, 1934	6%	" " "
	July 23, 1934	5,000.00	Oct. 21, 1934	6%	" " "
	July 26, 1934	3,390.00	Jan. 22, 1935	7%	S.D.Cona. Gas & Elec. Co.
	July 29, 1934	5,000.00	Oct. 27, 1934	6%	First National Bank
	Aug. 8, 1934	3,000.00	Nov. 6, 1934	6%	" " "
	Aug. 15, 1934	5,000.00	Nov. 13, 1934	6%	" " "
	Aug. 30, 1934	3,000.00	Oct. 14, 1934	6%	" " "
	Sept. 3, 1934	5,000.00	Dec. 1, 1934	6%	" " "
	Sept. 15, 1934	1,500.00	Oct. 14, 1934	6%	" " "
	Sept. 16, 1934	3,500.00	Dec. 15, 1934	6%	" " "
	Sept. 17, 1934	1,180.28	Nov. 17, 1934	6%	Machinery Pipe & Supply Co.
	Sept. 27, 1934	5,000.00	Dec. 26, 1934	6%	First National Bank

Interest paid on above notes or renewals was . . . \$ 4,151.30

(G) 1	Pay Rolls . . . . .	4,821.11
2	Open Accounts Payable (Vouchers) . . . . .	31,467.34
3	To Partners, (Advances plus interest accrued): . .	
	James A. Murray . . . . .	1,084,918.45
	Ed Fletcher . . . . .	243,211.52
	Above amounts unsecured	
4	Consumers' Deposits . . . . .	5,770.70

- (H) None
- (I) See annual report for year 1933 on file with Railroad Commission of California.

January 26, 1935.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed herewith find legal description of the land at Grossmont that will be included in the mortgage of K. L. May for \$17,500, payable \$5,000 on or before one year; \$5,000 on or before two years and \$7,500 on or before three years, with interest at 7 percent, which mortgage notes I am to guarantee.

Please make out the necessary papers, send them to me and K. L. May will sign same. Also let me know whether you want the endorsement of the notes themselves or a written agreement to pay on demand in case of forfeiture, in which case the notes and mortgage will be assigned to me. Either way is satisfactory.

You know we are not going to make pictures, simply lease the studios.

Enclosed find article from this morning's paper which will show you we have some real business in sight, right from the start. We have no overhead whatever. It really is going to be a satisfactory account for you.

Enclosed find note of \$5,000, also letter from K. L. May that is explanatory. We have options to purchase the equipment and electrical supplies that expire Monday and we want to take advantage of it by making a partial payment. Let me know whether you propose to sell the Solznick equipment. I have been informed that your best offer so far has been only \$2,000. Our people think we should not have to pay over \$3,000 for it, but we would like an answer one way or another whether you are going to sell it to us.



I thank you for the loan and am sure you will be satisfied with the account, as we propose to leave the account with you if you want it.

Yours very truly,

RF:KLM

LEGAL DESCRIPTION OF CROSSMONT STUDIOS, Inc.  
Property.

Lots 9, 10, 14, 15, 16, 17, 18, 21, 22, 23, 24, 33, 34, 35 and 36 of the Brier Tract, in the County of San Diego, State of California, according to the Map thereof No. 1475, filed in the office of the Recorder of said San Diego County, September 11, 1912.

ALSO those portions of Lots 25, 30, 31 and 32 of said Tract lying Westerly and Northerly of the following described line:

Beginning at the Northwest corner of said Lot 25; thence Southeasterly along the Northerly line of said Lot 25, 60 feet to a point; thence Southerly to the intersection of the division line between Lots 29 and 30 of said Tract with the Southerly line of said Lot 25; thence Southerly along the division line between said Lots 29 and 30, 40 feet to a point; thence due West 295 feet to a point; thence due South 40 feet to a point; thence due West 140 feet to a point; thence due South 60 feet to a point; thence South 45° West 50 feet to a point; thence due West 40 feet, more or less, to the Eastern line of Lot 33 of said Tract.

ALSO those portions of Lots 37 and 40 of said Tract lying Easterly of the following described line, to-wit:

Beginning at a point on the Westerly line of Lot 33 of said Tract, distant from the Northerly corner of said Lot 33, 200 feet; thence due West 45 feet, more or less, to Eastern boundary of said Lot 40; and thence due North 320 feet, more or less, to the Southwest boundary line of Lot 35 of said Tract.



February 2, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

We only had a minute or two to talk over that proposed letter from Sanders that you were going to deliver to me and did not. I forgot to mention it on our return home. I did not know whether to take it as a joke or in earnest. That the records may be clear to you, the following is the situation today:

Mr. Sanders has been the one man I have had confidence in would play fair. I have not had quite as much confidence in Mr. Crouch, and you know what confidence I have in Fred Stearns.

On Mr. Sanders' promise to keep it to himself and to be on his guard, I told him of the conversation that took place that evening, particularly Mr. Fred Stearns' request for additional compensation as outlined by Stearns to Messrs. Halley and Hall, you and myself, for services in bringing about the sale of the Guyanaca System.

Immediately I told Mr. Sanders, he answered, "I have been expecting it and it is not surprising. When this is all over I have something to tell you about Mr. Stearns." I answered, "Has he been trying to effect a combination with Crouch and you?" He assented, but refused to give any details, which led me to believe that Mr. Stearns had already discussed the matter with either Crouch or Sanders. I did not press the question, but told you in Los Angeles the rest of the intimation that Sanders had given me.

Mr. Sanders pledged me that he would go the limit to effect any compromise and would not throw a straw in the way thereof. This is what I asked him to do. Sanders also stated that of course it meant everything to him to win a victory and knock the city out, and that he hoped the question could and would be fought out in court eventually, as he knew that he could lick the city. I told him that in all probability the riparian owners would settle that question anyway, and I wanted to see it settled, but that was a matter for the future.

The matter was dropped at that time, but a little later



on our superintendent came to me and said that he thought those lands lying above the El Monte pumping plant could now be bought cheap. He had been told so by a Mr. Pratt. Our superintendent also told me that sometime it was going to cause us a lot of trouble as we had by our pumping reduced the water level of the lands, and that sooner or later we were going to have trouble. The fact is we lowered the water level of one man 26 feet this year. He threatened suit on a day's notice, and rather than have litigation I settled with him for \$150 and got him to extend his suction pipe and his pumping plant was put entirely out of business. This was on lands that we had already acquired the pumping rights, but it would have played the dickens with us to have had him file that suit now.

I handed him the money and asked for no receipt. We got the address of the man in Texas. I had Miss May a few weeks ago write him and get a price of \$1,000 for his half interest in the 100 acres just above our El Monte pumping plants. In fact, his line comes to within 50 feet of our pumping plants. They wanted \$500 an acre ten years ago for the lands in the valley, but the flood came in 1916 and destroyed everything, and they abandoned their property. I had Miss May immediately have a deed sent on, which Mr. Ellis signed, and it was put in escrow with the Southern Title Guaranty Company looking up the title. I did not want either you or myself to touch the proposition for reasons which you well know, but I had to act quickly and felt that it was advisable to have the property in friendly hands for three reasons:

First: If no sale was made to the District now it was imperative that we acquire this land anyway as it means litigation with the man who owns the property and known what's going on, for we have certainly damaged his property for fair.

Second: The District needs that protection that we can give it by owning this property after the District buys the Cuyamaca System.

Third: We need it in friendly hands if the City fails to come thru clean. We should have in friendly hands the other half interest in this 100 acres as well, but the Cuyamaca Water Company wasn't flush, neither was I, and I didn't think that either one of us should touch it personally, as far as the records go anyway.

I put the matter up to Mr. White. He saw the situation immediately, put up the \$1000 for a year, has the right to purchase a half interest in the proposition, and is playing

on our superintendent came to me and said that he thought those lands lying above the El Monte pumping plant could now be bought cheap. He had been told so by a Mr. Pratt. Our superintendent also told me that sometime it was going to cause us a lot of trouble as we had by our pumping reduced the water level of the lands, and that sooner or later we were going to have trouble. The fact is we lowered the water level of one man 26 feet this year below our plant. He threatened suit on a day's notice, and rather than have litigation I settled with him for \$150 and got him to extend his suction pipe as his pumping plant was put entirely out of business. This was on lands that we had already acquired the pumping rights, but it would have played the dickens with us to have had him file that suit now.

I handed him the money in cash and asked for no receipt. We got the address of the man in Texas. I had Miss May a few weeks ago write him and get a price of \$1,000 for his half interest in the 100 acres just above our El Monte pumping plants. In fact, his line comes to within 50 feet of our pumping plants. They wanted \$500 an acre ten years ago for the lands in the valley, but the flood came in 1916 and destroyed everything, and they abandoned their property. I had Miss May immediately have a deed sent on, which Mr. Ellis signed, and it was put in escrow with the Southern Title Guaranty Company looking up the title. I did not want either you or myself to touch the proposition for reasons which you well know, but I had to act quickly and felt that it was advisable to have the property in friendly hands for three reasons:

First: If no sale was made to the District now it was imperative that we acquire this land anyway as it means litigation with the man who owns the property and knows what's going on, for we have certainly damaged his property for fair by lowering his water level 25 feet, and we do not own his water rights.

Second: The district needs that protection that we can give it by owning this property after the District buys the Cuyamaca System.

Third: We need it in friendly hands if the City fails to come thru clean. We should have in friendly hands the other half interest in this 100 acres as well, but the Cuyamaca Water Company wasn't flush for money, neither was I, and I didn't think that either one of us should touch it personally, as far as the records go anyway.

I put the matter up to Mr. White. He saw the situation immediately, put up the \$1000 for a year, has the right to purchase a half interest in the proposition, and is playing



our game.

Miss May gave her own check for \$1000 to the Southern Title Guaranty Company, and the property stands in her name at the present time.

The other day when we had our first conference asked for by the Railroad Commission in San Diego I sat next to Sanders and made the statement that we could not give up any paramount rights below El Capitan Dam unless they purchased the Mission Gorge No. 3, and during the conversation with Mr. Sanders I told him that if the City didn't play the game right, friends of mine have acquired a piece of riparian land that would force the issue with the City, and not to worry about it. Mr. Sanders at no time made any protest and seemed pleased.

I have been instrumental in getting this piece of land in friendly hands as an extra factor of safety to both of us and would do the same thing over again. This is the only piece of land that I have had anything to do with directly or indirectly on the San Diego River since we signed the contract with the District.

If I am to take this matter seriously I ask for an immediate conference with Mr. Sanders and yourself, for I don't care to be put in any false light or allow Mr. Sanders to take any "holier than thou" attitude. I am anxious to know the motive that prompted him to take any such drastic action. Please be as frank with me as I have been with you and give me your slant of the situation.

Yours very truly,

EM:AM

*see all notes*

February 3, 1925.

Mr. Charles F. Storn, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Confirming telephone conversation this morning, Mr. Weitzel rang me up last night and told me that both Heilbron and Stewart were perfectly wild because Higgins and Rhodes had gone up to San Francisco without their consent.

I had Frank Salmon see Stewart Monday morning before the meeting. Stewart at that time was so wild he said he would be one to move that Higgins and Rhodes be fired for going up there at the city's expense without the authority of the city council. It showed that Rhodes and Higgins had shown very poor judgment in going to San Francisco without the knowledge of at least two of the councilmen, Heilbron and Stewart. Salmon said that he stayed with Stewart, however, and got him to say that if a reasonable compromise could be made, Stewart would not oppose it, but he would not commit himself.

Weitzel rang me up last night to say that on the whole indications were very good. The meeting has been stormy but he believed something would be worked out and is very hopeful of a compromise, or an agreement Wednesday afternoon.

Fred Heilbron rang me up and asked that he might come to my house last night. He afterwards rang up and said he could not come then but would meet me at my office this morning. We had a long conference in my office. My secretary, Miss May, was in the adjoining small room, unbeknown to Heilbron, and took down in shorthand what he had to say.

Heilbron asked me to do three things - to support him for mayor - to see that the San Diego Herald did not write any more articles derogatory to him (will send you copy of last week's issue tomorrow which is explanatory - and to help him with the San Diego Independent, which I can and will do. He also wanted me to see Porterfield, all regarding his candidacy for mayor, and he says he is going to have his finance committee wait on me as well. I told him that I would give him \$50 or \$100 toward his campaign for my share.

Heilbron said there would have to be some changes made in our agreement. He said the price of Mission Gorge was too high, that the city would not be willing to give but \$50,000, possibly \$75,000 for the La Mesa Irrigation District's 400 acres



and he was opposed to giving the 500 acres of Fletcher reservoir and damsite back to us, that in his opinion the dam should be built, at least a small controlling dam, say 75 or 100 feet high.

He said that the council was still of the opinion that a million dollars for everything we had was a high figure, but I explained everything to him and found he was in a much more agreeable frame of mind in every way.

The important meeting on this question will come up tomorrow afternoon in the council, probably the deciding one. I know darn well the council would insist upon other changes and driving a harder bargain so as to make a record for political purposes.

Higgins and Rhodes went up there without any authority whatsoever from either Stewart or Halbron, which shows what fools they are. It could so easily have been prevented by taking them into the conference, however, I am very hopeful for a compromise as far as the city is concerned.

Yours very truly,

EF:KLM

Feb. 3, 1925.

Mr. C. F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find clipping from last night's Tribune by Dr. Roy Campbell, minister of the First Congregational Church, which will be of interest.

Also this morning's Union article.

Yours sincerely,

EF:KLM



February 4, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Please let me know what expense  
you went to on the San Francisco trip and I  
will send you a check.

Yours very truly,

EF:AM

February 4, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

If agreeable to you Mr. McClure and I would  
like to meet with you at your office Monday morning  
at 11 o'clock.

His nose seems to have been broken because he was  
not at the San Francisco conference, and he is in a  
position to make us a lot of trouble. This whole thing  
will have to be approved by the state engineer before  
anything is done. He has the last word. His Scotch  
blood is up a little, so Mr. King and I made arrange-  
ments with Mr. Halley to invite him to the next  
conference, but I do think that the invitation ought to  
come from the State Railroad Commission direct and  
a flea ought to be put in their ear.

McClure takes a pretty positive attitude and is  
not entirely satisfied with the lay-out as now presented.  
He thinks it is working in the right direction but he  
objects to so much control by the city, and the small  
amount of additional water supply covering such a long  
period.

Unless I hear from you to the contrary, we will be  
at your office at 11 o'clock next Monday morning.

Yours sincerely,

EF:KLM



February 5, 1925.

Mr. Charles F. Storn, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

The fly in the ointment is our mutual friend Treanor. His attorney is the notorious Senator Wright, whom you probably know. His engineer is Mr. Cromwell who used to be city engineer of San Diego, a man who will do and say what he is told.

It is not Treanor's desire at all to see the City of San Diego compromise with the Irrigation District. It is Treanor's desire to see us sell the Cuyamaca System to the district, and he would personally love to see the district and the city litigate until h--l freezes over. That would mean sooner or later, the city, being temporarily blocked from developing water on the San Diego River, would reach out for other sources of supply in an emergency, and that is where Treanor expected to come in, either on a contract or outright sale.

Treanor's plans were entirely upset, however, on seeing the possibility of the success of this compromise between the city and the district. Treanor's attorneys arranged a conference between Treanor and the city council in a hotel in Los Angeles ten days or two weeks ago, during the time of the Railroad Commission formal hearing here. You will remember I wrote you at the time that the council had left San Diego and gone to Los Angeles for some reason I did not know at that time.

Treanor lambasted me personally in the Los Angeles hotel and also told them he was in a position to furnish Sutherland dam immediately on some long term purchase, or time payments, without the issuance of bonds. They told him they would take it under consideration.

Treanor chased down here again yesterday and had a secret conference with them. Enclosed find clipping from this morning's Union that is explanatory. I have already been informed by two councilmen this morning what took place last night. The conference with the council



was made thru the former city engineer, Mr. Cromwell, at the request of Mr. Treanor. Mr. Treanor had no words of condemnation toward me yesterday, but he urged me then to buy the Sutherland damsite rather than condemn it, on easy terms and a reasonable price, on the grounds that immediate possession could be given and the dam could be built immediately and hooked up with San Vicente dam. In that way all complications avoided, and it gave San Diego a big supply of water so they could go ahead with the litigation on the river.

I am pleased to inform you that the city council notified Mr. Treanor that they would not allow the Sutherland proposition to interfere with their plans on the San Diego River, that a compromise with the district was practically agreed on, and the San Diego River would be developed first. If he cared to he could submit a proposition regarding Sutherland, and if it was not satisfactory, the city would proceed and condemn it at an early date, but it probably would not be built for some time to come.

I am also pleased to inform you that Mr. Heilbron today has given me assurance again that things look better than ever for a compromise between the city and the district, that even Stewart is commencing to change his attitude. That public opinion seems to be, so Heilbron says, trending toward ending the litigation, and next Monday afternoon, in Heilbron's opinion, the city attorney will be instructed to wire the Railroad Commission we are ready for another conference where the final contracts are to be drawn.

There was not nearly the opposition yesterday to the proposed compromise as outlined by the Railroad Commission, as at the first meeting.

Bacon has come out for Mayor again. Please note particularly his attitude on the water question. He is with us on the compromise as the clipping will indicate. He definitely says, "a workable agreement has been prepared by the Railroad Commission after conference with the city and back country. This or a similar agreement should be promptly worked out and put in operation at once."

Mr. Heilbron has asked me to have his platform printed in the San Diego Independent, which I indirectly control. It issues 22,000 papers weekly. This is significant. Three or four days ago he had his platform printed and said he was "in favor of a compromise with the district and even

the purchase of the Cuyamaca System, if necessary". He asked me this morning to eliminate the two words "if necessary" and the San Diego Independent will print his platform with the two significant words "if necessary" left out. Ha, Ha!

Things are looking brighter, don't you think?

Sincerely yours,

HF:KLM  
21/1/1916  
H. H. H.



February 5, 1925.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

I understood that the attorneys' fees, after the bond election in relation to water, would be paid for by the district. Enclosed find copy of letter from Mr. Stearns which is explanatory. Is this your understanding in the matter?

Yours very truly,

EF:MM

February 6, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Mr. Bruschi came in the other day when I was away and also came in today and told me that everything was fixed for a consummation of the deal as outlined by the Railroad Commission with some slight changes. He said that possibly three out of five councilmen and the mayor were in favor of it, and possibly four.

Stewart is the only one who may kick the traces, and even he is being lined up by my old partner, Mr. Salmons.

Both Heilbron and Weitzel told me yesterday that they saw no reason now why the Railroad Commission's plan should not be carried out.

Yours very truly,

EF:AM



February 7, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Referring to your telephone conversation today that you had seen Mr. Treanor and your remarks in relation thereto, will say no matter what Mr. Treanor may say, his action in this matter in my opinion was an unfriendly act. Both meetings were on his own initiative, and when you come to San Diego I will introduce you to two councilmen who will tell you that the meetings were of Treanor's own initiative, the arrangements for the meeting were made thru his employees, that he urged the purchase of the Sutherland damsite, offered very easy terms on same without the necessity of a bond issue, and the City Council unanimously told him - nothing doing - that they were going to develop the San Diego River first, but that he could submit his proposition in writing and they would take it under consideration. This Mr. Treanor has agreed to do.

The truth is Mr. Treanor had no idea that the City Council and the District would get together, he thought that there would be endless litigation and he could step in, and when he saw that the Railroad Commission were bringing about a compromise he tried to gum the cards wholly on his own initiative.

I appreciate the compliment you paid me the last time you were down when you said that when you did not have 100 percent confidence in me you would come to me and tell me so, when we were speaking about the Treanor controversy on our way down from Julian.

However, Mr. Treanor is vicious enough and fool enough to try and put me in a bad light by running me down to the City Council of San Diego in his recent meetings, and I have heard of it from other sources. I have redress in court if he says anything libelous, and it is a cinch I will give him a run for his money if that time comes.

However, it is your 100 percent confidence and respect that I want. I am writing you this way for the reason that I know you have a high regard for Mr. Treanor. You have not worked with him as I have and several others who have had similar experience to mine.



Sometime when you have a day off I want to send you up all the correspondence and records, also Judge Sloane's opinion after a thorough investigation in which he says I am neither morally or legally obligated. In fact he shows where Mr. Treanor instead is repudiating a real obligation to me and definitely states that he has done me an injustice. I want you also to read my statement to Griffith Henshaw which was approved by Mr. Treanor, with one exception, i.e. that he did not know that Mrs. Taylor was my daughter, although he has known her for ten years. It will be illuminating reading the opinion of Judge Henshaw in the matter also.

Inclosed find clipping from this morning's "Union" relative to yesterday's meeting. This matter will finally be disposed of next Monday I understand, but I would urge you to get the Railroad Commission to send down the letter outlining the proposed solution of this problem at the earliest possible date if there is any way that you can bring pressure to bear for early action.

Yours very truly,

EF:AH

February 9, 1925.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Our friend, Councilman Fred Heilbron, invited me up to his house yesterday morning, to show me a telegram he had just received from the Railroad Commission, and to talk things over.

It seems some of his constituents have been very much annoyed because the Railroad Commission's solution of the problem has not been made public, so on his own initiative Heilbron wired President Brundidge and asked that it be made public. Brundidge wired back it would be forwarded in a few days, that the Railroad Commission was working hard on it now.

Heilbron was well pleased with the editorial in the Independent. He had felt that the Independent would be against him, as well as the Herald, but I have arranged so that he will not be knocked any more by the Herald. He has asked that an article in his favor be published each week in the Independent instead of every other week. This I have arranged.

Enclosed find clippings.

At the outset he said, "Now, Ed, we cannot agree to things now. As a matter of policy and politics we will have to demand other concessions, but you fellows in San Francisco will grant them or not, just as you see fit." It is a foregone conclusion, he says, that the deal is going thru. I guess this is so, because the city manager's office, or department, rang up for information Saturday and stated they were planning running a 30" pipe line immediately from Murray to hook up with the city's system to take care of their needs this summer.

Heilbron insisted that the council was unanimous that Mission Gorge No. 3 price of \$150,000 was too high, that they might demand a price of \$50,000 and we could compromise on \$100,000. I answered, the only



possible solution I could recommend to him was that the valuation be put on it by the Railroad Commission, or left to arbitration. He came back with a statement that this was satisfactory, providing the maximum valuation was limited in advance to \$150,000. I answer, in my opinion Mission Gorge No. 3 was worth a million and there would be no limit, either straight arbitration, or left to the Railroad Commission, or pay the \$150,000.

They are going to try and cut the district down to \$50,000 or \$75,000 on their 400 acres.

He said the council was about all of a mind that Fletcher dam should be built, so as to keep from pumping water uphill. At least a small dam there, and they would have to have Fletcher damsite and the 300 acres that would be flooded. I said all right, if you want it then we will arbitrate the value of the hunting, fishing and boating rights. That he would not concede. As a last proposition I put up to him I would be willing to recommend to you that we deed the damsite and reservoir site to the city, with reversionary clause that it came back to us if the city does not build within five years. He has taken that under consideration. Thought it ought to be 10 years.

Confidentially, what we want is Fletcher dam built by the city, but they are not wise to that, however I do feel most strongly that we should insist upon a time limit.

Heilbron thought that the whole matter should be approved by an election held by the people of San Diego. I told him that was not legally necessary, but if all the council felt that way there was nothing to it. I did urge him to put on the March ballot a skeleton of the proposed compromise as recommended by the Railroad Commission and in that way hurry the election. I am satisfied that the La Mesa District will have to ratify this if the City of San Diego makes that reservation.

Another thing is this, Heilbron insists upon having a clause in the agreement that as soon as the contract is signed they get possession of El Capitan immediately so they can go to work in the next thirty days. I said that is a matter for the attorneys to decide but we would certainly have to have a clause in there that if the election failed to carry the city gave us back possession. I made no commitment in this matter, and it looks to me like a dangerous proposition.

Heilbron wanted me to give them a right to pass over our land to the government land on the north side so they could commence work there. I told him that the attorneys would have to arrange these things.

The council meets this afternoon, and in my opinion, will authorize Higgins to go ahead with negotiations.

Yours very truly,

EF:KIM



February 10, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

The city attorney fell down and wrenched his knee and could not attend the conference yesterday, but he hopes to do so today. Otherwise I think everything would have been tentatively settled authorizing Higgins and Rhodes to proceed with negotiations.

I was pleased to get two reports yesterday direct from MacMullen. One of our best men, Mr. Mayrhofer, who has done so much for us, saw MacMullen yesterday, MacMullen brought the subject up himself, said he was in favor of the compromise as outlined in a general way by the Railroad Commission, and that it undoubtedly would go thru and meant the solution of the water problems of San Diego. I was told that this morning by Mr. Mayrhofer.

Last night Mr. F. M. White told me that he had had lunch with MacMullen, that MacMullen had said that the compromise was going to be put over, that Murray Dam was the most valuable asset of the Cuyamaca System, and that the city would immediately hook up with Murray Dam with a 30 inch pipeline. He said he was glad the thing was settled and that he had no hard feelings against anyone and hoped that the opposition felt the same way.

The Council may meet today and take some action.

Yours very truly,

EF:AH

February 10, 1925.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter I have written Mr. Stearns, attorney for the irrigation district in answer to his letter of the 4th, copy of which was sent you several days ago.

The district is a party to suit in the Federal Court and has intervened in the paramount right suit. It seems to me that there is some obligation on the part of the district to compensate us for our attorneys' fees since the bonds were voted to buy the Cuyamaca System.

I went over and had a talk with Crouch & Sanders regarding the matter, and to my utter amazement they told me that the arrangement you and I made with them some year and a half ago, ie: \$50 a day in court and \$2.50 an hour outside of court, in our water litigation, did not apply to the different suits that had been brought, and they were expecting much larger compensation, more reasonable compensation. I am satisfied they are laying the foundation for one big bill.

I have never received any notice from Crouch & Sanders changing the agreement you and I made with them, until I received their letter of January 23d, copy of which is herewith enclosed.

Crouch & Sanders informed me that Mr. Fred Stearns had just notified the irrigation district that it would cost the district \$30,000 for his services alone in settling up this litigation, and at that rate Crouch & Sanders may be looking for \$50,000 from us.

I suggest you write me a letter which I can show them, asking Crouch & Sanders to render a statement of what they claim we owe them to date, before we make any commitments. I was very careful not to hurt their feelings. I stated that it seemed as tho they were forcing the issue in the middle of the stream, and I felt we were always ready to arbitrate if we could not agree on what was a reasonable fee, but I also told them that until yesterday I had assumed that our original arrangement held good. Crouch



& Sanders seemed to think they would be willing to arbitrate anything. I asked them to write me a letter, which they did, under date of Feb. 6th, copy of which is herewith enclosed; also copy of my letter to them in reply.

I am in favor of only paying them \$1,000 or \$1500.00 on account at the present time. I think they will be satisfied with it.

We ought to have a conference on this matter in the near future. I hope the above meets with your approval.

I am sure from my talk with Sanders that Stearns originally had a talk with Crouch and they got their heads together on a big fat fee, but Stearns found out that he could not tap the Cuyamaca Water Company till, so he has gone at it thru the La Mesa District and has advised our friend, Crouch, to do likewise. That is the reason this has been brought to a head at this time, for they see the handwriting on the wall, the end of the litigation.

Yours sincerely,

EF:KLM

February 11, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter I received from Mr. Harritt, which is explanatory and shows which way the wind is blowing.

Yours very truly,

EF:KLM



February 11, 1925.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find letter from our secretary that will be of interest, and which I thought you would like to have.

As manager of the Guyamaca Company I have never had an automobile for my own use, nor used a company car, except once or twice a year in an emergency. The fact is none is ever available. They are all Fords except one Studebaker which our Superintendent uses. From the beginning of time I have charged up the use of my own car to the Guyamaca Company, the same as I have always charged for the use of my car to the Henshaws, Santa Fe and others.

Any other information you want at this time, let me know and I will get it out.

It looks like a foregone conclusion that the sale is going thru and when we make a cleanup I would like to have you send down your best auditor to go over the books. He can also help us in preparing a preliminary statement relative to our various interests.

Under separate cover I am sending you a picture of Guyamaca Lake that you asked for.

Mr. Higgins is still at home with a wrenched knee I am sorry to say. It is delaying the final action of the council.

Yours very truly,

EF:KEM

GUYAMACA WATER COMPANY

SUCCESSORS TO  
THE SAN DIEGO PLUMB COMPANY  
OFFICE: FLETCHER BUILDING  
916 EIGHTH STREET, BETWEEN BROADWAY AND E  
P. O. BOX 1412

ED FLETCHER, MANAGER  
LOU B. MATHEWS, SECRETARY  
C. HARRITT, SUPERINTENDENT

SAN DIEGO, CALIFORNIA. February 10th, 1925.

Colonel Ed Fletcher, Manager,  
Guyamaca Water Company,  
Office.

Dear Sir:

Answering your different inquiries, will say that from Jan. 1st, 1924 to Jan. 1st, 1925 the total revenue from the Guyamaca Water Co. from different sources was \$172,212.41. The total operating expense for that same period was \$94,875.60. These figures do not include any depreciation which at the last rate hearing the Railroad Commission allowed of \$24,125.00 as a replacement fund.

The expenses were abnormally high for that period on account of extensive pumping and promotion of business.

Included in the operating expenses of \$94,875.60 is \$12,132.64 for the purchase of power. The average annual cost of power for the last eight years is \$4,623.18.

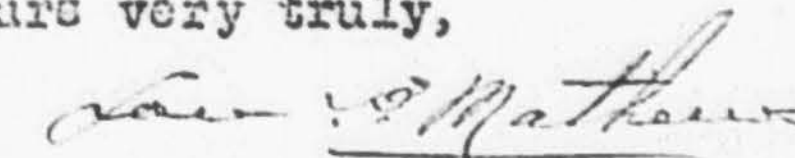
Another heavy item is that of attorneys fees and litigation. The amount as shown on our books being \$10,452.29.

The total amount paid to you for automobile expense and other expenses of entertaining, railroad transportation, hotel, etc. for the last 12 months' period is \$1,942.15.

We have spent several thousand dollars in the Promotion of Business, in the payment of different sums during the year to Messrs. Mayrhofer, Davis, Sauer, Smith of La Mesa Scout, and others who assisted us in the various campaigns, and we have their receipts on file for these payments.

If you desire itemized statement of the actual amount that we have paid out and to whom in the promotion of business, we can furnish it by going through our records.

Yours very truly,



Secretary,  
GUYAMACA WATER COMPANY

LBM:EF



February 13, 1925.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Mr. Sanders arrived today from San Francisco and informed me that the supreme court had set March 3d as the date to hear the mandamus suit in the matter of the validity of the old bonds. It all depends on whether Mr. Fred Stearns, attorney for the district gets in his briefs.

Mr. Halley was run down by a Mexican and nearly killed. Mr. Hall, a director of the district, is taking the lead, and I got hold of him last night. He is coming in today to see Mr. Stearns and urge him to get out his briefs in time.

Mr. Fred Rhodes informed me yesterday that everything was favorable down to the city hall and that he hoped the Railroad Commission would call another meeting in San Francisco next week to bring things to a head, as everyone has practically agreed to the compromise, and if the Commission did not act the council would be floating around for a month.

Higgins is still laid up at his house with a sprained ankle and knee, but they expect him down today.

Did you see Mr. McClure, the state engineer, on Monday? I hope the conference came out o. k.

Yours sincerely,

EF:MM

February 13, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

I picked up the afternoon paper and read the inclosed regarding Heilbron's telegram to Brundige, etc. protesting against secrecy. Please read the article.

Since reading the article I have seen Mr. Sanders who has just returned from San Francisco in the mandamus suit. He informed me that he had seen Mr. Brundige in San Francisco (this was done on his own initiative) that Mr. Brundige had asked him to see Mr. Spreckels, Mr. Higgins and Mr. Fred Stearns and tentatively arrange for a meeting either in Los Angeles or San Francisco on February 20th for a final conference with the City Council of San Diego. Mr. Sanders said he saw Mr. Fred Stearns, also Claus Spreckels this morning and arranged for a February 20th meeting. He also saw Mr. Higgins or Jack Millan, I don't remember which, and admitted that he told one or the other that Mr. Brundige had shown him Fred Heilbron's telegram and Brundige's answer in reply. Sanders certainly made a mistake in giving out this information for it is just what the opposition wanted to knock Heilbron politically.

At half past ten this morning Sanders says he telephoned Higgins and delivered Mr. Brundige's message and Higgins agreed to the conference personally and said he would take it up with the Council this afternoon for their confirmation. Sanders says that the reporter for the "Sun" must have been in Mr. Higgins' office when he telephoned to Higgins and Higgins must have given all the information to the "Sun" reporter. It is too bad that Sanders has allowed this information to get out. It is going to make Spreckels mad because Spreckels is backing Heilbron, and of course, it is going to make Heilbron mad, and it is being used in the campaign for mayor between Bacon and Heilbron to Heilbron's detriment.

The whole thing is most unfortunate, but I hope nothing will come of it.



This town is one of seething in politics. You notice the "Sun" says that the Railroad Commission have ordered the City Council to appear. This is also going to make them all mad. I hope, however, that when the smoke is cleared away that this whole thing will be forgotten and for the best interests of the City.

Will keep you posted.

Yours very truly,

EF:AU

February 14, 1935.

Mr. C. F. Storn, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find clipping from this morning's San Diego Independent, front page, favorable to Heilbron.

I have delivered to him, now I hope he will do likewise. Heilbron said I must have one in every week.

Yours sincerely,

MF:KLM



February 16th  
1925

Mr. Charles F. Stern,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Regarding the last letter from Mr. Henderson, will say that we will go and look the mine over together the next time you come down, and I will get some further information on the subject.

Very sincerely yours,

EF:F

February 14, 1925.

Mr. Charles F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

They have put in a new manager of the San Diego Sun, a Mr. Edwards.

The policy of the Sun is going to have a vital effect on the successful completion of our deal, I am afraid, at least it will have a big influence.

He is commencing to hammer Heilbron, which is rather unfortunate.

I had Mr. Edwards out yesterday afternoon to Holix and Crossmont, and hope I have convinced him of the absolute necessity of all pulling together for a compromise, for the best interest of the city and eliminate politics as much as possible. I am very hopeful that I succeeded in my attempt.

Heilbron rang me up last night and was pretty mad over the attack on him in the Sun, but I have smoothed him out all right, I think.

Yours very truly,

EF:KLM

February 16th  
1925.

Mr. Chas. F. Stern,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Inclosed find statement of Heilbron, which is explanatory.

Sincerely yours,

EF:F



February 24, 1925.

Mr. Charles F. Storn, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Was sorry I could not get in touch with you  
Sunday morning on my return.

Enclosed find clipping from Monday morning's  
Union that is explanatory. You, no doubt, before this  
received my telegram of the success of the negotiations  
in San Francisco.

Mr. Fred Stearns was so obnoxious to everybody  
and everything, that up to the last minute we did not  
know but what the whole thing would bust up. Even Mayor  
Bacon came to me and said Mr. Stearns would be the cause of  
the busting up of the whole proposition, and in the  
presence of Mr. McClure, Mr. Smiley, Mr. Hall and others  
Stearns made the definite statement that he would bust it  
up. There is no question in my mind but what he is doing  
it because he thought there was more money in it for him.

The proposition that you outlined to them on  
Friday was accepted, ie: the turning over of hunting, fishing  
and boating rights, reserving the right to build a small dam  
at Fletcher; however, it was modified to the extent that if  
we built a small dam at Fletcher we have the hunting, fishing  
and boating rights until the city, or the district, builds  
a major dam there when our hunting, fishing and boating  
rights cease, but the city keeps it open to the public for  
hunting and fishing.

I also got them to agree to let us have the use of  
the land until such time as the dam is built, we only deciding  
to the district the lands agreed to in our original option  
to the district, with the distinct understanding it is to  
be a resort, allowing us to subdivide the rest of the lands,  
sanitary conditions subject to control of the State Board of  
Health.



The only other change that we made was in reducing the price of Mission Gorge to \$125,000 rather than arbitrate it. This was agreed to. The district dropped down to \$85,000 from \$100,000 on its 400 acres of land in the El Cajon Valley.

I think it would be interesting for you to get in touch with Mr. Smiley and have him give you a verbal report of what happened. Crouch made one or two bad breaks but we got it all straightened out.

The Railroad Commission will forward a letter covering their understanding of the agreement by today or tomorrow and I will write you more fully then.

I believe the city will postpone the litigation temporarily anyway, and we are trying to get the referendum on the April ballot approving the sale. At the Elks' Hall Sunday night, twenty-eight Elks present, they unanimously agreed on the compromise, so a friend tells me. The Sun came out today with a fine article favoring the compromise; also this morning's Union came out with a strong editorial favoring it.

Both Heilbron and Bacon asked me what train I was coming south on, and sure enough I met them both at the gate. I immediately invited them both to dinner. Both accepted, but for fear of violence I had Martin, the reporter of the Union as a bodyguard. The dinner passed peacefully.

Bacon and I went into the smoker to have a smoke, but Heilbron thought we were there too long, I guess, and he came in and stood the smoke. We told stories and kept off the water question until 10:15 when Bacon went to bed and advised us to go, too, but Heilbron had told me he wanted to talk to me, something important, so I stayed up. In short it was this - that he was afraid the Sun was going to lambast him and bring on a anti-Spreckels fight, that he had talked it over with Claus, and if the Sun did lambast Heilbron and bring on a anti-Spreckels fight this coming election, the compromise would be killed. I believe Heilbron lied to me, but it worried me sick, because Heilbron is in a position to kill this compromise, in a way, and if it got into a political campaign, somebody is going to get hurt.

Heilbron put it up to me to handle the Sun. Reading over the week's Sun during my absence, I find the Sun has come out strong for Mayor Bacon for Mayor, and certainly I have a devil's own job to handle the situation. Argue with Heilbron as best I could, I only got this far, that the Sun

would probably be for Bacon, but it must not hammer Heilbron or the Spreckels people. What Heilbron is really afraid of is that the Sun will show up the underhanded way in which Heilbron got all the plumbing at Mission Beach from Spreckels, a real story, and I don't think either Spreckels or Heilbron want it showed up.

I immediately went over to Edwards of the Sun yesterday and felt I knew my man sufficiently to talk frankly to him. My judgment was confirmed. I asked him pointblank if there was anything more important than settling this water question. He answered no. I said, even if it becomes a question of a political fight? and he agreed that it must be kept out. I then told him word for word just what Heilbron had told me, that I wanted to bring about a conference between Heilbron and him, that I wanted the Sun not to hammer Heilbron or to bring on a anti-Spreckels fight. Without my mentioning it, Mr. Edwards said they had all the dope to show up Heilbron and Spreckels in the Mission Gorge plumbing job, and it was undoubtedly a guilty conscience. But I am satisfied I have convinced Edwards that it is for the best interest of the city to make no fight against Heilbron, and at my request he has promised not to knock Heilbron nor the Spreckels crowd, but simply to boost Bacon. I have arranged for a conference between Heilbron and Edwards in my office tomorrow to settle the whole proposition.

I hated to take this responsibility but could not get you by phone. Your son told me you would not return until Monday night. I was afraid there would be something in Monday afternoon's Sun that would rile Heilbron so I acted quickly. It is a most delicate situation but I will give the best that is in my to handle the matter. I am being watched like a hawk both by Bacon and Heilbron.

Yours very truly,

EF:KEM

*Cc Heilbron*



February 25, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

The three months' interest to Mr. Brown on the Murray Estate is due the first of March, amounting to \$8250. My sister says that we have signed notes which show a balance with Mr. Wilcox of \$7925. Please pay the \$8250 to Mr. Brown before the first of March, and if necessary, draw on me for \$2000 or \$3000 if you wish to leave a small balance up there, and I will borrow the money from the First National Bank here.

This will be probably the last time we will have to pay any interest.

Everything is favorable here. The City is now determining the value of the distribution lines in Normal Heights and Kensington Park, and we will have something definite decided on next week as to what they will pay us or arbitrate. The Council voted last night to postpone any further litigation temporarily pending the compromise.

Should you not at this time take up with Mr. Brown the matter of rebate by paying cash? He has never released the \$100,000 mortgage, altho we have asked him two or three times to do it. Also the mortgage has outlawed and the money was credited to Mr. Murray's account on the books, and Mr. Brown does not show the \$100,000 note as an asset of the estate.

Should we not go ahead and get out the certificates of title on the property as soon as possible?

I am leaving for Phoenix tonight, returning Sunday. Do not draw a draft on me for any money if necessary until Saturday, the 28th, so that I can take it up Monday on my return.

Yours very truly,

EF:AH

THE FIRST NATIONAL BANK OF LOS ANGELES  
PACIFIC-SOUTHWEST TRUST BANK  
FIRST SECURITIES COMPANY  
LOS ANGELES

CHARLES F. STERN

February  
25th  
1925

My dear Colonel Ed:

I was delighted to get your telegram announcing that the conference had closed in San Francisco to your entire satisfaction. You must have done a wonderful piece of work on Saturday morning. It looked to me when I left you as though it was an even flip of the coin as to whether we would lose or win, and I certainly did not like Mr. Steam's attitude.

I read with interest your letter detailing your talk with Heilbron; I have recognized in this man a large potential danger and you will have to handle him with extreme care. It looks to me now, however, as though we ought to have reasonably clear sailing - reserving the right to change my mind anytime. From now on, I am not going to be of very much use to you in the details but am at your command if and when you want me.

Please send a formal letter to Brown asking for the release of that mortgage and reciting the circumstances under which it was given and which entitle us to the release. Please send me a copy of your letter.

It is not advisable, I think, to say anything to Brown now about the rebate for cash payment. When we have the cash we will make the tender but that subject should not be opened in any way until we have the money in hand.



p. s. A telegram Thursday will reach me care of Western  
Union at Phoenix; Friday night care of Western Union  
at Yuma.

E.F.

The above is the only copy of the original

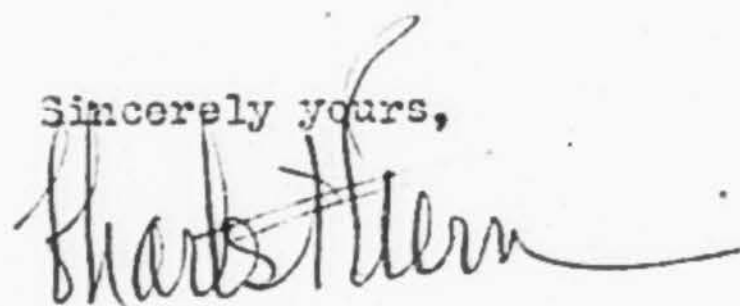


I sent Brown a check yesterday for the \$8,250 interest, putting some money of my own into the account to show a decent balance. If this is the last time we have to pay any interest, the thing can ride this way. Should we have a long drawn-out situation, we can adjust it later.

With reference to the abstracts, the certificates of title, or whatever it is we have to give, just as soon as you are sure that we have made a sale, by all means we should have the work done. We do not want to be in the position of holding this deal up through any delay on our part at any time.

I see by the papers that you are leading a pilgrimage to Phoenix, which means another dream has come true. I am sorry I could not accept your invitation to go along but I wish you joy just the same.

Sincerely yours,



Colonel El Fletcher,  
San Diego, Calif.

February 26, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

I brought together councilman Heilbron, and Mr. Edwards, manager of the Sun, today. It was a very happy meeting. Edwards handled himself perfectly and Heilbron said he was well pleased with the meeting, and unless something comes up, started by the San Diego Union, during the campaign, the Sun, in my opinion, will not start any anti-Spreckels fight or any fight against Heilbron.

I will see Claus Spreckels on my return from Arizona Sunday and get his point of view and give you the details when we meet again.

Mr. Robinson, a director of the La Mesa District was in today, and I find he is very much prejudiced against Mr. Stearns, as attorney, and wants Mr. Crouch instead and thinks a change should be made at once. I urged him not to make any change until the contract is signed up between the district and the city for the reason that Mr. Stearns is attorney for the El Monte Ranch Company, a large riparian owner on the San Diego River, also for H. H. Timken, the Timken Bearing millionaire of Canton, Ohio, and if Fred Stearns were fired immediately he might try to kill the contract between the district and the city by bringing suits against the city and district, and muddying up the waters. Timken is a friend of mine of many years standing and I have written him today telling him what is going on and asking him to take any matters up with me before taking any action if he should be asked to do so. Mr. Robinson has promised to follow my advice in the matter.

Yours very truly,

EF:KLM



X

THE FIRST NATIONAL BANK OF LOS ANGELES  
 PACIFIC-SOUTHWEST BANK  
 FIRST SECURITIES COMPANY  
 LOS ANGELES

CHARLES F. STERN

February  
 27th  
 1925

My dear Colonel Ed:

I have read your letters of February 24th and February 26th, and find them, as always, interesting and to the point.

I am returning herewith your check on rainfall, which I assume is a part of your office files, and also the letter from your friend Blanc, which is also good evidence.

Someday when I am down there with you, I have to redeem my promise to Dr. Henderson to go out and have a look at the Golden Chariot, but we will put it under the general head of 'recreation and amusement'.

Sincerely yours,

*Charles F. Stern*

Colonel Ed Fletcher,  
 San Diego,  
 Calif.

OFFICE OF  
**CUYAMACA WATER COMPANY**

Fletcher Building, 916 Eighth Street  
 San Diego, California

Report of Rainfall for the Twenty-four Hours Ending at 7 A. M.

FEB. 21 1925

	RAINFALL TODAY	FOR THE STORM	SEASONAL SINCE JULY 1st
Cuyamaca	12	50	15 17
Diverting Dam	25	60	5 20
El Capitan	22	50	5 50
Los Coches	10	45	1 50
El Cajon	11	27	4 22
Grossmont	10	45	5 10
Murray Dam	10	21	5 6
Warner's Dam			
Pamo Dam			
Hodges Lake			
San Diego	27	22	2 57
Morena Dam (City)	52	22	9 10
Houser	"		
Barrett Dam	20	27	7 20
Dulzura Summit	53	20	
Dulzura Creek	"		
Otay, Upper	"		
Otay, Lower	29	45	5 20
Telegraph Canyon	24	40	
Chollas Heights	"		
Sanita	15	30	5 00
Ascension	15	40	
Low Angeles	11	20	

*Stern*

*Reed*



**O. R. BLANC**  
**GENERAL MERCHANDISE**  
GROCERIES, DRY GOODS, DRUGS, SHOES AND GRAIN  
**JULIAN, CALIFORNIA**

Feb 17-11-25

Mr. J. Fletcher,  
San Diego, Calif.,  
Dear Sir:

Your letter of the 15th to hand and in reply will say I  
am not criticising you on the mining in Julian but as a con-  
fidential friend will say I have been in and out of the Julian  
mine for over thirty years and have come to this decision:

The Union Chariot mine has produced the coarsest gold and  
has not worked for gold in the city. While one company was working  
the mine was years ago, the men were making gold stick-pins from  
the ore specimens, and the foreman would run the mill a few hours  
in San Diego under lock and key, while the men were away, and the mine  
at present is owned, especially the stock companies have a free,  
a Secretary, a Manager to pay from \$200.00 to \$300.00 per month  
wages, and even the ore pinches out of the mine do not pay.  
Accordingly, I would not advise you to buy mining stock. I can tell  
you this about these mines that I got to tell to you, but I only know  
of one stock company in these mines, that ever paid any dividends, and  
that ended in litigation. Some of these mines have paid on a small  
scale or under private ownership, but not in a small stock company.  
Please keep this to yourself for this is business.

Yours resp.

*O. R. Blanc*

March 2, 1925.

Mr. Charles F. Stern, Vice-President,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Answering yours of Feb. 26th, will say all the  
papers are hammering away for the compromise. The Union  
editorially and the Sun every day or two on different  
phases of it, so I guess it is going to go thru all right.

It will take six weeks to get out the  
certificates, at least. I really do not know what to do  
about ordering them.

Will have our attorney write to Brown and will  
send you a copy as suggested.

Was sorry you could not have been on the trip  
with us. You would have enjoyed it. We made the 804 miles  
in 20 hours and 15 minutes, actual running time. The Mayor  
of Yuma, in his opening address, stated that the road would  
not be built if it had not been for Ed Fletcher. I was  
showered with compliments and they made me ride on the hood  
of the first automobile, on a saddle, with a big sombrero  
hat. It was certainly a mob, twenty thousand people, and  
I could not ask for anything more than I received. I am all  
filled up with it. I am going to let the other fellow do  
the work from now on.

San Diego went over with a special train of two  
hundred people, a band of forty pieces, a quartette, etc.  
Los Angeles only showed up five men; one of them was  
your friend Dabney Day. He was last on the program, when  
all but a few had fled, and he certainly got a chilly  
reception. He told me what a good friend you are of his.  
I was so flabbergasted I could say nothing.

Enclosed find letter from the Railroad Commission.  
I do not know whether you have had a copy or not. The  
Mayor has asked that we immediately give a tentative  
acceptance to the council and have the district do likewise  
so they can put on the ballot before the 9th of March, which  
is the last day, a sort of advisory vote for the 7th of April.  
I suggest by return mail you write a letter something like  
the following:



As soon as I receive this letter back with your approval and signature, I will present the matter to the Board of Directors of the La Mesa Irrigation District and ask them to write a similar letter. We will deliver both to the city council, as per the suggestion of the Mayor, making it a matter of official record with the city council so there is no excuse for the council not taking early action.

Yours very truly,

EF:KLM

March 3, 1925.

My dear Frank:

I attended the meeting of the Business Men's Organization last night to hear Mayor Bacon for the city, T. H. King for the district, and our superintendent, Mr. Harritt, for the Cuyamaca Water Company, present their points of view covering the meetings in San Francisco.

Both King and Harritt were very diplomatic and nothing was said that anyone could take offense at, in fact, they made a very good presentation and said nothing.

Bacon was fine and came out strong. In fact Heilbron did also. But Heilbron came to me after the meeting and said that Mr. Bickell a banker of Lakeside had told him there would be a conference at Lakeside of the riparian owners below <sup>tonight</sup>. Bickell intimated to Heilbron that the city would have trouble with the riparian owners around Lakeside. I told Heilbron we had all the riparian rights and pumping rights of the town of Lakeside, and nearly all of that whole section, and that the Lakeside people might howl their heads off, but if they were not careful they might have their heads cut off, as the water supply is owned by the Cuyamaca Company, will be transferred to the district and the district will transfer to the city. I eased the situation off with Heilbron the best I could, and think I got away with it.

Mr. King, the chief engineer of the La Mesa District has promised me that he will go out there tonight and try and hold things in check so that no drastic action will be taken. He is working his head off for us, as well as Mr. Harritt, to carry this thing thru. We owe both of them a great debt of gratitude for playing the game 100 percent with us and putting this proposition over.

At the last meeting, Claus Spreckels' manager worked with Mr. King beautifully, in seeing that no action was taken, and I am satisfied that Claus is playing the game with us 100 percent in getting this whole proposition put over, the Cuyamaca System sold to the district and the district signed up under a lease with the city.

Yours sincerely,

Mr. C. F. Stern,  
Los Angeles, Calif.

EF:KLM



March 3, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Confirming my telephone conversation today, Fred Heilbron telephoned me that he had saved us \$5000 in attorneys' fees by postponing the litigation and laid particular stress on the service he was rendering. He already had told me that Mr. Armstrong was his cashier and publicity man, and would be up to see me.

I received a telephone call a few minutes later that Armstrong was coming up to see me this morning - in fact, Armstrong has been to see me once already asking for funds for Heilbron's campaign. We will have to do something directly or indirectly, and I will handle the situation as best I can.

Inclosed find clipping from last night's paper, the "Sun", also article in the "Tribune" for your information. This morning's paper gives an account of Heilbron's motion which was unanimously carried instructing Higgins to draw up the proposed contract between the District and the City, but they are fighting for it on the ballot April 7th.

I am going over to see Claus Spreckels this morning.

Weitzel is strong for immediate action. Held has jumped the traces and been telling around that this whole thing is a conspiracy, whatever that means, so the only way to shoot him up effectively is for the District and the City to approve the tentative outline as submitted by the Railroad Commission and notify the City to that affect.

March 3, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

How shall we make our partnership return on the Cuyamaca Water Co. for the year 1924? I am all balled up. Should it be returned Murray Estate 5/6th and Ed Fletcher 1/6th, or Charles F. Stern and Ed Fletcher, leaving out the Murray Estate entirely.

I must have an answer by return mail as we have no time to lose to turn in the income.

Yours very truly,

RF:KLM



It was a good thing that I took Mayor Bacon to Arizona. We spent three happy days together and he will go down the line 101% for us, and thank heaven, he asked absolutely nothing in return - did not even ask if I was going to support him or in any way that I help him.

Yours very truly,

EF:AH



March 3, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of note from Mr. King that is explanatory, which I have just received. If this bloody town isn't a political, fiery caldron, then I am the biggest liar in the world - just one blankety, blankety trouble after another.

Felix Landis played our game and helped put over the irrigation district bond election, but he is a man of small caliber and thinks that the whole world is on his shoulders. I have acted quick and got Claus Spreckels' employe, who lives on the Spreckels ranch near Lakeside to attend the meeting tonight. Have framed up a situation for delay which King is going to put over, if possible, and have telephoned to have a representative of the irrigation district there to tell them what might develop and how dangerous it is if we do not hold in line. I feel King will know how to handle the meeting tonight.

Landis is going to be there and stir the animals up every way he can. I am bringing pressure to bear on Landis from every angle possible before tonight's meeting. Will report tomorrow.

Now for some good news. I saw Claus Spreckels this morning. He is in favor of the referendum of primary vote being put on the ballot for April 7th, and suggested that he and the editor of the Sun, Mr. Edwards, go down and have a conference with the city attorney, and even with the city council, and ask them to put it on the ballot, this to take place immediately that the district and ourselves file our letters of tentative approval of the Railroad Commission's plan of settlement.

I saw Edwards, at Claus Spreckels' suggestion, and outlined the situation. Edwards thought it was not the proper thing to try to bull-doze either the city attorney or the city council by the managing editors of both papers. I then suggested that as soon as the district and the Cuyamaca Company

March 4, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

I am pleased to report to you that we muzzled the Lakeside people last night. There were twenty-five riparian owners present.

I got hold of Felix Landis over the phone just before he went into the meeting and convinced him that he was throwing a monkey wrench into the machinery. He agreed not to recommend any drastic action last night and is coming in to see me today.

We had a representative of the district there, also Mr. King, the chief engineer.

Instead of taking any drastic action they appointed a committee to make a report two weeks hence as to what action should be taken.

I am convinced that this whole matter originates either thru F. W. Stearns, the attorney for the district, or thru Melville Klauber, his running mate. It is Melville Klauber who recommended Mission Gorge No. 2 be built, and he is sore because he was so badly defeated at the last election and is hoping that the riparian owners will kick up such a mess and bring on endless litigation that it will mean the killing of building El Capitan. It is a wheel within a wheel that I cannot yet fathom, but we spiked their guns temporarily, and I shall remain eternally off the job.

Yours sincerely,

EF:KLM



Page Two /

file their tentative acceptances, that the Sun come out in a formal editorial on the front page, urging this be done, and the election held April 7th to save the city expense. Edwards agreed to this, providing Claus Spreckels would agree to come out editorially as well in his papers. I got hold of Claus Spreckels again and got him to approve.

Will write you again tomorrow.

Everyone admits there is danger in delaying submitting this matter to the public, and at as early a date as possible.

Yours very truly,

EP:KLM

Not reviewed  
after dictation



THE FIRST NATIONAL BANK OF LOS ANGELES  
PACIFIC-SOUTHWEST BANK  
FIRST SECURITIES COMPANY  
LOS ANGELES

CHARLES F. STERN

March  
4th  
1925

Dear Colonel Fletcher:

I have before me copy of your letter of March second addressed to Mr. W. S. K. Brown. I am not quite clear as to the purpose of this letter.

As I understood it, there is a mortgage of record in favor of the Murray Estate and which should be released; you were going to write Mr. Brown asking for that release. Perhaps you have done this in another letter.

Sincerely yours,  
*Allen*

Colonel M. Fletcher,  
San Diego, Calif.

COPY

March  
4th  
1925

Dear Mr. Brown:

You will recall that last year the Murray Estate paid income tax on a 5/8 interest in the Cuyamaca properties; and that Fletcher and Stern reimbursed the Murray Estate for the tax so paid.

Until our contract with the Murray Estate is consummated, this is the proper procedure, I presume.

I am wondering whether if we follow this procedure this year, we will land in the higher brackets insofar as the Murray Estate is concerned and pay more tax than if we undertook to make direct report in the name of Fletcher and Stern?

May I ask a note from you answering this question and giving me your own slant on what you would prefer to do?

With best personal regards, I am

Sincerely yours,

Mr. W. S. K. Brown,  
315 Montgomery St.,  
San Francisco, Calif.

Copy to Col. Fletcher



THE FIRST NATIONAL BANK OF LOS ANGELES  
PACIFIC-SOUTHWEST BANK  
FIRST SECURITIES COMPANY  
LOS ANGELES

CHARLES F. STERN

March  
4th  
1925

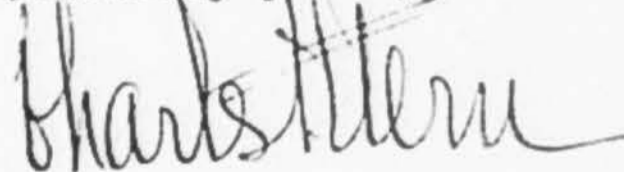
Dear Colonel Fletcher:

With reference to the income tax, I think the matter should be reported dependent somewhat on the situation with reference to the Murray Estate.

Last year we reported 5/8 to the Murray Estate and 1/8 to El Fletcher, which is the proper legal set-up. Then we paid the tax which was paid by the Murray Estate, which is also equitable as between us and the Murray Estate and which, as I recall it, saved us some money over what it would have cost us had we paid direct. I think we should make the return in this fashion this year unless by so reporting the tax, we get into the upper brackets with the Murray Estate and it costs us a lot more money than it would to report it direct. Brown can tell you about that. We have until the 15th to assemble our information.

On second thought, I am writing Brown myself about it, as per copy of letter inclosed, to save time, and will advise you of the answer.

Sincerely yours,



Colonel El Fletcher,  
San Diego, Calif.

March 5, 1925.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, Calif.

My dear Frank:

Regarding our letter of March 2d to the Board of Directors of the District and the city, Crouch advises that the letter should read this way:

"This plan is approved by us subject to a regular form of contract being drawn and signed protecting all parties in interest"

The way the letter you signed reads "In general this plan is approved, etc". Crouch objects to the words "in general", as it is too indefinite, and is liable to be criticized by the city council. I have eliminated these two words and hope same meets with your approval.

Enclosed find clipping from today's Sun.

Yours very truly,

EF:KIM



March 5, 1925.

Mr. Charles F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

You did not send me a copy of your letter to Brown regarding the income tax, 5/6th to Murray Estate and 1/6th Fletcher, or whether it should be you and me together.

Yours sincerely,

EF:KLM

March 5, 1925.

Mr. Charles F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter from Mr. Brown's assistant, also copy of letter from Mr. Mathews I have sent him, for your information.

I believe this answers what you wrote about.

Yours very truly,

EF:KLM



Handwritten scribbles and faint lines, possibly representing a diagram or a very faint calculation.

11.11  
11.11  
11.11

Handwritten calculations:

$$\begin{array}{r} 20918 \\ \hline 210 \\ \hline 005 \\ \hline 56 \\ \hline 0001 \\ \hline 150 \\ \hline 105 \end{array}$$



March 6, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, Calif.

My dear Frank:

Enclosed find editorial on the front page of the Sun, as promised. I am moving heaven and earth now to get Claus Spreckels and MacKullen to come out editorially and bring pressure to bear so that final action will be taken Monday, the last day. It is almost hopeless but we may bring it about so the election will be April 7th.

Yours sincerely,

P. S. Since dictating the above I have just got hold of Claus and he has promised to have a strong editorial in the paper tomorrow morning. He has also promised to see Heilbron.

Yours,  
E.F.

Not reviewed  
after dictation

March 6, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, Calif.

My dear Frank:

Treanor, Henshaw and I have come to an agreement which gives me his interest in Solana Beach. Treanor has put something like \$40,000 or \$50,000 into it. There are over \$100,000 in profit in sight already and nearly a quarter of a million dollars worth of real-estate unsold. I am acquiring the entire interest in this property, also their interest in a lot of land around Lake Hodges in which I did own a half interest.

In exchange I am giving them lands around Lake Henshaw, also lands in the San Luis Rey Valley and different properties.

I am well satisfied with the trade, but naturally I am sick at the miserable way I have been treated by Treanor, for no man ever could have done me a greater injustice, and I am going to make him admit it before I get thru with him, for I will never quit until he backs up and apologizes. I don't mean the above in a vicious spirit either.

One obligation I assumed is the entire \$20,000 note which the three of us are on and which we secured from the First National Bank. They are to have their note back. I want to give my note in lieu of the \$20,000 note you now have, which I want cancelled, and if agreeable to you will give you any amount of contracts you want as security. I have over \$100,000 worth of live contracts at Solana Beach and will assign \$25,000 of these contracts to you as security for the loan if you desire. As you know I will be able to pay all of it off in the near future when we make our sale of the Cuyamaca system to the district, but in any event I will be able to pay off \$5,000 in six months and \$5,000 each six months until paid.

I prefer to give you the security for I do not want your loan committee to in any way criticize you for making loans to me personally. Please let me know how you want the matter handled. If agreeable I will send you a check for interest to date, and execute a new note for six months signed by Mrs. Fletcher and myself, and send up contracts as collateral, as well, if desired.



-2-

In fact, I prefer it.

Yours very truly,

EF:KLM

Not reviewed  
after dictation

March 7, 1925.

Mr. C. F. Storn, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

We have had 2.64 inches of rain at Cuyamaca and about an inch in the back country. It is snowing to beat the band at Cuyamaca now.

Enclosed find editorial from last night's Sun on the front page of the home edition, also editorial from the front page of this morning's Union, also editorial from the San Diego Independent, all urging the putting of the compromise for a primary vote on April 7th.

The Tribune will come out this afternoon, as well.

It is almost a hopeless case because by a vote of four to one they turned it down this week, but I am making a last stand effort to put it over, and we may win it. We already have two votes out of five and hope to get the other today to put it over on Monday.

Yours very truly,

EF:KLM



March 9, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

The letter from Mr. Brown's assistant which I sent you a few days ago was undoubtedly written several days before your letter of the 4th was received, so I have gone ahead and put in the income tax Murray Estate 5/6th and Ed Fletcher 1/6th, however, I am holding the income tax report until your final approval.

Yours very truly,

EF:MM

March 9, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Inclosed find clipping from the "Sun" and from the "Tribune" of tonight showing that the Council refused to put it on the April 7th ballot.

I was bitterly disappointed and more so when I heard that Jerry Sullivan, one of the directors of Belcher's bank had sent his attorney clear to San Francisco to block our mandamus proceedings before the Supreme court. It caused a delay of a month, and Sanders says it is rather serious - the delay that he can cause. Both Sanders and I have brought pressure to bear on Claus Spreckels, going over Belcher's head, to get Jerry Sullivan to pull off and quit. I have a date with Spreckels tomorrow morning.

It seems that either Claus Spreckels can't control our friend Heilbron, or else their game is one of delay for some reason beyond election day, in which case it is one of politics. Only time will tell.

My fighting clothes are on, however, and I am keeping out of the newspapers absolutely and telling everybody that it isn't our fight; it is between the District and the City to get together, as we are out of it.

Yours very truly,

EF:AH



March 10, 1925.

March 10, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Inclosed find clippings that are explanatory.

I have just had a talk with Claus Spreckels, Fred Stearns and Mr. Sanders. He has agreed to jam this thing thru and bring pressure to bear on Rhodes, making a report in three weeks and calling the election by the first of May.

Claus Spreckels stated that he is responsible for not having the thing put on the April 7th ballot; that he sent out ten men and got their different expressions and almost all of them reported that Heilbron's position is right, i.e. - get the thing in contract form and submit it definitely to the City rather than rush thru a general proposition; and that he was aware that Jerry Sullivan, John Forward, Jr. and two or three others were getting ready to fight this compromise unless it was put up definitely and clearly.

Rhodes telephoned me this morning, and he is certainly going to the bat for a quick report. He wanted me to furnish all the maps of all the different lands to be transferred. Am getting out some information for him on water, and he asked me to write him in relation to the Normal Heights and Kensington Park distribution line. A copy of that letter is herewith inclosed, which was first approved by Mr. Sanders before I signed it, and hope meets with your approval.

Rhodes telephoned, and Mr. Harritt is down there now going over the valuations for the Normal Heights and Kensington Park distribution line. We hope to come to some definite agreement or disagreement within the next day or two.

I have Heilbron's pledge today that he will call the election by the first of May, but I don't know how valuable his pledge is, because the whole thing is too

Mr. C. F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter that I am holding up awaiting your approval. Kindly wire at my expense on receipt of this whether to send it.

Enclosed find clipping from this morning's Union which is explanatory. The statements printed in the paper are absolutely erroneous as it was agreed that the election would be held on April 7th, and Mr. Rhodes in San Francisco on Saturday said he could get his report out in two or three weeks. It is now more than two weeks and this has not been done, and today Rhodes told me it would be two or three weeks yet. However, he has an excuse because Mr. Stava of the Railroad Commission has not yet arrived. I have wired today asking for him to come down.

Rhodes says his engineer, Lovell, has made a valuation of only \$100,000 to \$125,000 for our Normal Heights, Kensington Park system. Our valuation is \$209,000 but we made it considerably high. Rhodes will let me know in a day or two what valuation they are willing to put on it.

Confirming our verbal conversation, the understanding is on the ten-year contract for Mission Gorge and Normal Heights-Kensington Park distribution lines, I am asking 6 percent interest and think we can get it, but will follow your suggestion and make it five percent if we have to.

I had a talk with Heilbron this morning and he says he is only waiting on Rhodes report before calling the election and it should be no later than the 1st of May.

Yours very truly,

EF:KLM



much politics to suit me. But they are not going to get me in a jam in any way. I have reason to believe that the mayor and three members of the Council are absolutely sincere. If they are not and don't call an election by the first of April and have the election date set by the first of May, everything is programmed to have it referendumed.

Yours very truly,

EF:AH



**PACIFIC-SOUTHWEST TRUST & SAVINGS BANK**

INCORPORATED IN CALIFORNIA  
 LOS ANGELES TRUST & SAVINGS BANK  
 AFFILIATED BY OWNERSHIP WITH  
 THE FIRST NATIONAL BANK OF LOS ANGELES AND THE FIRST SECURITY COMPANY  
 AGGREGATE CAPITAL SURPLUS AND PROFITS  
 IN EXCESS OF \$10,000,000

**LOS ANGELES**

M. A. THOMPSON  
 ASSISTANT TO THE PRESIDENT

March  
 11th,  
 1925.

**WESTERN UNION TELEGRAM**



NEWCOMB CARLTON, PRESIDENT. GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

RECEIVED AT

1925 MAR 11 PM 5 23

SB 678 9

LOS ANGELES CALIF 11 51P

721

COLONEL ED FLETCHER

SANDIEGO CALIF

I AM SATISFIED FOR YOU TO SEND SAN FRANCISCO LETTER

CHARLES F STERN.

S

B

Colonel Ed Fletcher,  
 Fletcher Building,  
 San Diego, California.

Dear Colonel Fletcher:

Mr. Stern has asked me to follow through on your letter of March 6th having to do with the \$20,000 obligation of yourself and Mr. Treanor and Mr. Henshaw.

Accordingly, a collateral form note is enclosed for your signature and return together with the \$25,000 in sale contracts duly assigned.

You will observe that the enclosed note is dated March 10th, from which date the cancellation of the joint note will entitle you to a refund of \$183.33, inasmuch as the same was discounted.

Upon return of the note and collateral, the old note, duly cancelled, will be promptly returned to you.

With very kind regards and best wishes,

Very truly yours,

M.A. Thompson.

T-d



March 11, 1925.

Mr. C. F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find clipping from this morning's  
Union.

Heilbron is trying to bring this into  
politics, as you see, but he is not going to get away  
with it.

I wired the Railroad Commission and yesterday  
got word that their engineer would be here Thursday  
and there will be an immediate inspection of the flume.  
In the meantime Rhodes is going at it strong and hopes  
to have his report out in a couple of weeks at the  
latest.

We are getting out all kinds of maps, etc.  
at the request of Rhodes. I see no reason to believe  
but what the election day will be set around the 1st of  
May at the latest.

Yours very truly,

EP:KLM

March 12, 1925.

Mr. C. Frank Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Your telegram received, approving sending  
the letter to Mr. Brundige. Enclosed find copy of  
postscript I have added to his letter, also clipping  
from the front page of last night's Sun that is  
explanatory.

I held a two hours' conference with Mr.  
Rhodes and their engineer, Mr. Lovell, and Mr. Harritt  
last night over the valuation of Normal Heights, Ken-  
sington Park distribution lines, also El Cajon Avenue  
trunk line thru East San Diego.

I think I wrote you that their first valuation  
was between \$100,000 and \$125,000. I told them it  
was out of the question, that the matter was settled  
right then and there, and we would leave it to the  
Railroad Commission to determine the value. This was  
a day or so ago. Yesterday they came in with a  
valuation of \$177,000 which I refused, claiming that  
our physical value is \$209,000, and our intangibles \$75,000  
more. Before I got thru with them last night I had them  
up to over \$190,000 and believe today I will have them  
up to nearly \$200,000. They will not allow a dollar for  
intangibles and they keep coming up on physical values.  
We will get somewhere around \$200,000 on it. They do  
not want it to go to the Railroad Commission.

I appreciate your cooperation in offering to  
sell out even on \$150,000 or \$175,000, but it will  
not be necessary-unless something blows up that I do not  
know anything about this deal is going to go thru. The  
business men are all aroused and it will be a referendum  
if the city council does not act.

Rhodes told me yesterday that two of the councilmen,  
after definitely making their pledge to the Railroad Commission,  
in the elevator, before they got out of the building in San  
Francisco, repudiated everything they had done. They just



simply are too crooked to lay down straight. Those two men are Held and Halbron, I am sorry to say. Both of them are strong supporters of Hiram Johnson, ha ha! Nobody can handle those birds except public opinion, and we are jamming them right up against the wall so everybody can look at them.

The Railroad Commission engineer, Mr. Stava, arrives here today and Rhodes has promised me to get his report out by the last of next week.

I got hold of Sanders and got him to make a date with Higgins at nine o'clock this morning, and they will decide which one is going to draw the contract and submit it to the others. Rhodes thinks that Mr. Sanders should do it to expedite matters. There will be one contract between us and the city direct, selling the Normal Heights system to the city, and the other will be the contract between the city and the district.

At the request of the district I took up with Rhodes the question of what constitutes irrigation and what domestic water, and got Rhodes to agree to it yesterday. We will be working day and night from now on whipping things into shape here, but I may run up the first of next week, possibly Tuesday or Wednesday, if you are going to be in town.

Yours very truly,

EF:KLM

March 12, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, Calif.

My dear Frank:

I hate like thunder, Frank, to bother you. I know you have a high regard for Mr. Treanor. You don't know him as I do. You have not worked with him for years as I have. He is the finest ever when he wants to be and he can be the meanest ever when it suits him. I could give reference to people who have had experience with him that would not be a credit to Mr. Treanor, in my opinion, but I do not want to be vindictive, and there is no anger against Mr. Treanor as far as I am concerned, but I do feel that he has done me a great injustice. On the other hand, it may be the advisable thing for me to forget and pass him out of my life.

I have written a letter to him, copy of which is enclosed, and am keeping the original awaiting your advice as to whether I should send it to Treanor.

Under no circumstances do I want you to go to Treanor, for it is absolutely impossible for you as a friend to bring us together again, but I do want your friendly advice as to whether I should send this letter to Treanor, with the original affidavits, or consider it a closed incident, and tear the letter up.

If you are interested, I will be very glad to send you the sworn testimony, on cross examination by Judge Sloane, of Mr. C. O. Harbell, also Judge Sloane's written opinion completely exonerating me both morally and legally after a thoro investigation, which statement of Judge Sloane was sent to Mr. Treanor; as you know, Judge Sloane was a member of the Supreme Court for a number of years and one of the most highly respected men in San Diego.

This is one of the most embarrassing and regrettable episodes of my life. I don't want Mr. Treanor's friendship. I can never work with him again, but as long as this matter has been discussed with you directly or indirectly, I want you to know the real facts and want your one hundred percent confidence.

EF:KLM

Sincerely yours,



March 16, 1935.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find clipping from this morning's paper that is explanatory.

Mr. Harritt reports, after two days' trip with Rhodes and the city officials and engineer from the Railroad Commission, that everything is going favorably and the report which Rhodes makes to the city council will be o. k. in his opinion.

On the other hand, two of the councilmen who are nasty about the whole thing have been out making their own personal investigations, so I suppose there will be a minority report.

Higgins is playing ball with us and working with Sanders and Stearn. A preliminary contract between the city and the district will be prepared this week. In the meantime we will get everything in readiness to apply to the Railroad Commission for the sale of the Normal Heights and Kensington Park systems by Monday or Tuesday of this week. Am pleased to inform you that I have worked the valuation up to around \$200,000, holding over their heads claims of intangibles.

Yours very truly,

EF:MM

March 17, 1935.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find clipping from this morning's Union which is explanatory. Everything is going as well as can be expected and Rhodes hopes to get his report in the last of this week to the council. It will be up to them to act.

If they do not there is going to be an organization created to immediately start a referendum to call an election for the purpose of ratifying as outlined by the Railroad Commission.

Yours very truly,

EF:MM



March 18, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

At the request of Mr. Sanders I worked my head off and the office as well getting out an inventory of property to be transferred to the City in connection with the application to the Railroad Commission covering the Normal Heights, East San Diego and Kensington Park properties.

Sanders made a date with me to meet him Monday afternoon and have everything ready for final o.k. and approval with the City and ourselves. I stayed in town Monday at his request, telephoned his office, found that he was in Los Angeles Monday, so telephoned his wife who told me that George Crouch, Charlie Crouch's brother, a Los Angeles attorney, had got into a peck of trouble and had requested Sanders to come up there Sunday and help him out in the court case on Monday without fail.

Tuesday morning I got a telephone message that Mr. Sanders was in Los Angeles working hard on briefs with Mr. Smiley.

I have been suspicious that we have been overcharged by Crouch & Sanders. They have been putting in too big bills, and this is a case I am trying to check up.

I wish you would find out from Mr. Smiley without bringing me into it as to what work Sanders was doing on Monday and Tuesday in Los Angeles, if any, in connection with Mr. Smiley. I just want to check up on Mr. Sanders.

Yours very truly,

EF:AH

March 18, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Inclosed find clipping from this morning's "Union" - a commitment of our friend Heilbron for early action.

To date the campaign has cost us about \$500. I am keeping it down as much as I can and keeping everybody in line. I am conceited enough to feel that so far I have carried water on both shoulders successfully, but I certainly hate the job. I particularly hate the situation because I want to fight where my sympathies are, but I can't in this case, so I tell them all I am neutral. I am like the Irishman who says "I am neutral. I don't give a darn who licks the Germans".

Yours very truly,

EF:AH



March 19, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter from Mr. Brundige, in answer to mine, which is explanatory.

Higgins has agreed to join with us in the application to the Railroad Commission for permission to transfer the Kensington Park, Normal Heights and East San Diego distribution lines to the city. I am having the papers prepared now.

I had a talk with Mr. Halley over the phone today and he approves of our going right ahead and selling that part of the Guyanaca System to the city, subject to a contract to buy water from the district.

They have just ordered five new streets paved in Normal Heights and it would break our backs to finance putting in cast iron pipe in Normal Heights ahead of the laying of the paving. I think we should go right ahead and complete this sale immediately under a ten-year contract of sale. This will give us around \$200,000. Am trying to get you on the phone to confirm it.

Mr. Rhodes, with the engineer of the Railroad Commission and Mr. Harritt, has walked every foot of the flume line. Rhodes is going to make a favorable report. It is being made today by the Railroad Commission engineer, Mr. Stava, so everything looks very favorable indeed.

Yours very truly,

EF:MLM

March 19, 1925.

Mr. C. F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Confirming our conversation today over the phone, the city is joining in with us in the petition to the Railroad Commission authorizing the sale of our distribution lines. We will get about \$200,000, I expect, and I want to rush the papers to the Railroad Commission at the earliest possible date, because I do not want the Board of Supervisors to demand that we put up the money for the cast iron pipe for the five streets that are being paved at Normal Heights.

It will be up to the city then to handle this matter in its own way, as the Normal Heights annexation will undoubtedly carry. I have publicly endorsed the annexation before the Realty Board and one or two other organizations and I feel sure it is going to carry.

I have cautioned Sanders to put a clause in whereby the city assumes all existing contracts. This particularly means the contract with the La Mesa District to buy water at nine cents. Will send you a copy of the petition.

Yours very truly,

EF:MLM



THE FIRST NATIONAL BANK OF LOS ANGELES  
AND  
PACIFIC-SOUTHWEST TRUST & SAVINGS BANK

DATE: March 19, 1925.  
TO: Mr. Stern.  
FROM: M.A. Thompson. DEPT. OR BRANCH:  
SUBJECT: ATTORNEY SANDERS

I talked with Mr. Smiley who tells me confidentially that he did not see Mr. Sanders on Monday at all; that on Tuesday morning Mr. Sanders called him by telephone and engaged to meet him at 3 o'clock that afternoon; that the conference took place at 3 o'clock and lasted about an hour.

Mr. Smiley says, however, that Mr. Sanders brought with him a brief which he said he had prepared the night before (Monday night), and that he would judge from the contents of the brief that it required at least three or four hours work.

Naturally, Mr. Smiley does not wish to be drawn into any question as to the time employed by Mr. Sanders, but, that these are the facts.

*says*



M.A.T.

THE FIRST NATIONAL BANK OF LOS ANGELES  
PACIFIC-SOUTHWEST TRUST & SAVINGS BANK  
FIRST SECURITIES COMPANY  
LOS ANGELES

CHARLES F. STERN

March  
20th  
1925

Dear Colonel Fletcher:

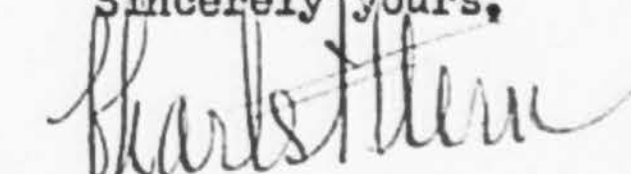
Inclosed herewith please find findings of Mr. M. A. Thompson, my assistant, on the question you raised in your letter of March 18th, namely, the activities of Mr. Saunders up here on Monday and Tuesday of this week.

Please let me say, however, that I do not think now is the time to fight out any of these questions. We are approaching the end of a long, hard voyage and we want the cheerful and wholehearted cooperation of our attorneys until the ship is safe in port and tied up at the dock. Let's do our fighting after our deal is signed, sealed and delivered.

You did not ask me for my point of view but I give it to you for what it is worth, and I am pretty sure I am right.

With best personal regards, I am

Sincerely yours,



Colonel Ed Fletcher,  
San Diego, Calif.



March 20, 1935.

Mr. Chas. F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find editorials that will be of interest, also article in this morning's paper by Mr. O'Rourke, one of Heilbron's campaign managers which shows you what a crook he is in having injected the whole thing into politics.

Also enclosed find copy of letter to Brown which is explanatory.

Yours very truly,

BF:KJM

March 20, 1935.

Mr. Chas. F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, Calif.

My dear Frank:

Answering your letter of March 11th, 1935, signed by your secretary, Mr. Thompson, enclosed find note for \$20,000 signed by Mrs. Fletcher and myself, dated March 10, 1935 in favor of the First National Bank of Los Angeles; also Solana Beach contracts in the sum of \$25,000, with my endorsement, all as security for the \$20,000 loan.

I assume you want to put a stamp in over my name, and this is your authority to do so.

Please give me authority to have this office collect the money as it is due on these contracts, and any money received on these contracts will be set aside as a separate fund, if desired, and turned over to you say once a month or as often as you wish, to be applied on the note.

Please send us a check for \$135.55 refund on interest as mentioned in your letter of March 11th.

Please return the old note duly cancelled at your convenience.

Thanking you for this courtesy, I am

Yours very truly,

BF:KJM



March 20, 1925.

Mr. Chas. F. Stern, Vice-pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

I never was so near ready to kill a man in my life as I am today. We are being held up at the point of a gun. Sanders came over and told me that nothing had been done by Mr. Stearns toward drawing up the contract between the district and the city, altho Sanders, Stearn and Higgins agreed on this three or four weeks ago and Stearn agreed to draw up the contract.

I have been punching up Stearn thru the district directors, but Halley's accident put him out of business. It was planned by the other four directors of the district to fire Stearn immediately, but it did not seem the wise thing to do because Stearn is so powerful here politically, is a rich man, is attorney for riparian owners on the river and could have made us one tremendous amount of trouble, so I advised them not to change attorneys just now, and Mr. Hall, the acting president acted on my suggestion.

Sanders and Crouch led me to believe that the contracts between the district and the city would be ready last Monday, also the contract between the city and the Cuyamaca Water Company for the Normal Heights distribution lines. As you know we have no time to lose in order to get the city council to call the election before the 1st of April and have the election day before the 1st of May.

Sanders, as you know, runs away up to Los Angeles to fight George Crouch's battles in court and telephones to his stenographer that he is working for us with Smiley in Los Angeles on preparing a brief. He comes home Tuesday night, I try to get him all day Wednesday, he dodges me continually, and it is not until Thursday morning that I even have a chance to speak to him. He agrees over the phone to have a rough draft of both contracts ready today for the conference with me and Mr. Rhodes. When he comes over at two o'clock to meet Mr. Rhodes he has only a rough skeleton, three or four pages, of one contract, and has done nothing whatsoever, neither has he got Mr. Stearn to do anything toward getting out the contract between the city and district.

Page two /

Rhodes has been working day and night getting out his data, and is in our office now with the Railroad Commission's engineer, making out his report for next Monday covering the condition of the flume and his recommendation in the matter of valuation and purchase of our distribution lines.

After Mr. Rhodes left my office this afternoon, Mr. Sanders informed me that for two or three weeks he has been pounding Stearn on the back urging him to draw up the skeleton contracts, that Stearn has been so busy he has not been able to do anything; that Mr. Stearn says he will draw it when he gets around to it; that he, Sanders, offered to draw it up and submit it to Mr. Stearn, each of the attorneys to have one-half the fee for drawing up the contract; that Fred Stearn says that he is going to get a good fat fee for drawing that contract, that Sanders can draw it up if he wants to, but have it understood that Sanders is working for the Cuyamaca Company and will be paid by the Cuyamaca Company, as he, Stearn, is going to demand big pay for drawing the contract and for his other services, and that Stearn would not pay Sanders a dollar for that work.

Sanders told me today that his time is worth \$100.00 a day in the office, and that I must agree, in writing, immediately to pay reasonable compensation for drawing up this contract. He also wants me to write a letter confirming his authority to present a bill for outside services in addition to what we have been paying him under our contract. In other words, giving him full sweep to charge whatever he is amind to.

In other words, while we are in the middle of the stream they are trying to force us into a jam and blackmail us. That is the way I feel about it. Further than that, I am more than ever convinced that Crouch & Sanders have been in a conspiracy with Fred Stearn to squeeze out from the district and from us every dollar that they can, and taking advantage of our helplessness just at this time to make us disgorge.

I have been trying to get you by phone and failed. I refused to write the letter that he asked for and told him I must consult you. I also demanded a statement from him and Mr. Crouch by tomorrow morning as to what the charge was going to be for all their services to date and for the completion of these negotiations of sale.

I had forgotten to tell you that the irrigation district directors, two weeks ago, passed a formal resolution instructing Mr. Fred Stearn to tell them what the district owes him to date and what he is going to charge to



Page three /

complete the transaction. Up to this date Mr. Stearn has not answered.

I have held my temper so far with Sanders, but have murder in my heart. I hope to get you by phone tonight. Sanders is demanding that he be paid special compensation for drawing up the contract between the city and the district, which will be paid for twice, according to our attorneys' program, once by the district and also by the Cuyamaca Water Company.

Yours sincerely,

EF:MM

March 21, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Confirming our telephone conversation today, inclosed find copy of letter from Crouch & Sanders and copy of my letter in reply, all for your information, and which I hope meets with your approval.

When you say that for strategic reasons it is better to have Stearns or Higgins draw the contract up between the City and the District have you taken into consideration the fact that in all probability they will be weeks or months doing it? I am of the opinion that we will save three or four weeks' time at least if Crouch & Sanders draw up the agreement between the City and the District and submit a copy to each one of them for their criticism.

Mr. Rhodes said that he hoped Crouch & Sanders would do it as it would expedite matters very materially; while I can see a delay of two or three weeks would be positively dangerous unless we can get the City Council to act setting the election date before the first of April, for they have to call the election thirty days ahead of the actual election day.

Heilbron has publicly and privately stated that he will not vote to submit to the people this proposition until the actual contract approved by all parties is prepared ready for signature. Heilbron controls the key to the situation.

There is bound to be all kinds of friction over the details of the contract which it will take weeks of time to thrash out.

I have just had a talk with Mr. Rhodes privately, and have won him over to make one more effort in the matter of getting the Council to call the election in advance of the written contract. In other words, Rhodes has agreed to make his report to the Council next Monday approving the valuation of our Normal Heights, Kensington Park, East San Diego system, and the Railroad Commission,



engineer, Harritt, and Rhodes make a report next Monday approving the condition of the flume, all as arranged when with the Railroad Commission in San Francisco.

I feel, and have convinced Rhodes, that the vital thing is to call that election in April ratifying in a general way the compromise, and let the details of the contract be thrashed out later. This will give Stearns and Higgins plenty of time to draw up the contract themselves.

We have given \$250 to Heilbron's campaign. Twice I was asked yesterday - once by his manager, and once by a friend, to give another \$250 now. This I refused to do until after the primaries and stood them off in as nice a way as I could. You can get some idea what I am up against, however, by the above.

Yours very truly,

EF:AH

I feel that I have convinced Rhodes

engineer, Harritt, and Rhodes make a report next Monday approving the condition of the flume, all as arranged when with the Railroad Commission in San Francisco.

March 24, 1925.

Mr. Charles F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Straus & Company have agreed to finance the building of the San Diego Athletic Club. They are putting in the lots that I showed you at a valuation of \$125,000. They are putting up a building to cost \$450,000. The furniture is supposed to cost \$70,000.

They are putting out a bond issue of \$350,000 on the above, the bonds to be 6 1/2% and they offer 90 for them, nothing but interest to be paid for five years, and the bonds to all mature at 15.

The board does not like this frame-up at all. The plans of the athletic club have been approved by Straus and Company and they are ready to sign up. As the balance of the board had taken up this matter with Straus & Company before I did with you, I have been rather backward about breaking in, but this line-up is so frightfully expensive compared to what we were talking about and your kind offer, that I hasten to give you all the facts and ask you where you stand today on the proposition.

I have just found out that one of the directors of our San Diego Athletic Club is the representative of Straus & Company in San Diego.

I don't know whether you are interested in this proposition at all or not, but if you really want the business I will do all I can to help you put it over. Would 6% bonds at 95 - five 20 year bonds - be interesting to you?

You were speaking something about a straight loan. We must have around \$325,000, preferably \$350,000 to build the building that we want.

Will you kindly drop me a line by return mail on this matter, as Straus' representative is coming



down here for a conference on Friday. If you don't receive this letter in time kindly wire me what your reaction is to this at my expense before Friday's meeting.

Yours very truly,

EF:AH

March 24, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Inclosed find copy of a letter I have received from Crouch & Sanders today that is explanatory. Please note that Crouch & Sanders particularly stipulate that they expect compensation other than our agreement of the past, i.e., \$50.00 a day while in court and \$2.00 an hour outside of court. Our agreement with them did not cover alone the pueblo right suit, but all litigation incidental thereto.

They are now laying the foundation for a bill of thousands of dollars independent of their bill to us covering over a period of a year or two - something I never even conceived or thought of or understood until two or three months ago.

Are you willing to let this matter go by without an answer and by so doing acquiesce in their position? It will cost us thousands of dollars I am afraid. I recommend the inclosed answer.

I still have in mind the fact that Mr. Crouch, altho I gave him verbal instructions two weeks before and had given him written instructions a week before the City dismissed its original suit, failed to put in his cross complaint as verbally and in writing instructed by me, with the result that we have already lost thousands of dollars that we have paid out to them since; while if the suit had gone forward with a friendly judge as Judge Wood appeared to be, we would have had a favorable verdict on this pueblo right suit at the present time. I have always contended that we had a good cause of damage against Crouch & Sanders for their negligence, and if ever this goes to arbitration I am going to use that as part of our argument against them.

Let me know what you think of the letter.

Yours very truly,

EF:AH



March 25, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Sunday morning Weitzel telephoned me that Fred Heilbron told him Saturday that he was all off on the plan agreed upon in San Francisco regarding the amount of water going to the district, and the plan would have to be changed entirely and a definite amount of water agreed on. This is a direct repudiation of Heilbron's agreement in San Francisco with the Railroad Commission and State Engineer McClure, who stated that the Bond Commission would never certify to the bonds unless the contract between the district and the city called for the city furnishing the demands of the district, the district having conceded to the city a reduction in acreage from 22,000 acres to 18,000 acres as a maximum.

Heilbron further said that he would do nothing, that he would not submit this matter to a vote of the people until the contract was completely drawn. Of course this is a direct repudiation of all his promises to us.

I saw City Manager Rhodes and Engineer Stava of the Railroad Commission a few minutes afterwards on Sunday, and told them both what Weitzel had told me. Rhodes then volunteered the information that Heilbron had telephoned him Saturday to be in no rush about making his report, or to draw up the contracts.

Both Rhodes and the engineer for the Railroad Commission were thoroly hot and agreed that Heilbron was repudiating himself. Rhodes agreed to immediately rush the report to a conclusion and to recommend that the council immediately call an election. Rhodes and Stava both told me the report would be favorable, both in the matter of the condition of the flume and valuations for Normal Heights distribution lines.



Monday Rhodes came down with a bad cold, was in bed all of Monday and Tuesday, is in bed today, but expects to be out tomorrow and finish his report. This delay is certainly unfortunate - valuable days lost - but it could not be helped.

We had a primary election yesterday and our friend Heilbron was licked a mile. Bacon was elected at the primaries with 11,000 votes, Heilbron about 5,000 votes and a third rater, Mayne, got within a few hundred votes of Heilbron. It is the general talk all over town that Heilbron's attitude of delay in not accepting the Railroad Commission's recommendation cost him thousands of votes. Of course it is very humiliating to Heilbron, and particularly to Claus Sprechels who backed him with both newspapers.

You and I gave Bacon's campaign manager \$100 so, of course, our record is clear. Ha ha!

Bacon stands pat for immediate submission of the compromise to the city and urged that it be put on the primary ballot April 7th, as well as Weitzel, but Heilbron dominated the situation and killed it.

Heilbron is out of politics for life. He could not be elected poundmaster, but he stays in the council until May. What his attitude will be is problematical.

I just saw the Railroad Commission's engineer, Mr. Stava, who says that Rhodes' report will be made public in the next forty-eight hours, that he is going to stay here and use his influence to have the council get busy and call the election of the city to pass on the compromise. If they don't call the election immediately, he is going right back to Mr. Brundige and recommend the Railroad Commission's approval of the sale to the district.

I had a very pleasant talk with Hugh Sanders today. He informed me that before he had received my letter not to draw up the contract between the district and the city that he had done so and had submitted it to Mr. Fred Stearns, who in turn had turned it over to Mr. Rhodes. You remember Mr. Sanders refused to draw up that contract until he had us tied up on the question of his compensation. He either lied to us then or he is lying now, I don't know which, however everything is harmonious and Sanders says he is working hard with the briefs in the supreme court for April 7th, and

has the contract ready between the city and ourselves whenever I want it in the matter of the Normal Heights-Kensington Park sale. Ha ha!

Yours sincerely,

BF:KLM

Not reviewed  
after dictation



THE FIRST NATIONAL BANK OF LOS ANGELES  
PACIFIC-SOUTHWEST TRUST BANK  
FIRST SECURITIES COMPANY  
LOS ANGELES

CHARLES F. STERN

March  
27th  
1925

My dear Colonel Ed:

I have just read your letter of March 24th commenting upon letter of Crouch & Saunders as of the same date, also your answer under date of March 25th.

I think it is all right to let this answer go forward and await results.

I still believe we ought not to have any fuss at this time because what we want is to press this matter forward to a successful conclusion; then we will be in a position to talk about the value of service rendered, etc. Probably your letter will close the incident at this time.

MacKall of the Railroad Commission came through today en route to San Diego. Confidentially, I gathered that the Commission is getting pretty sore at the delay and four-flushing on the part of the State Officials. I am very certain that we will get our permit to transfer Cuyamaca pretty presently if the City does not come through on the compromise agreement.

I made it plain to Mr. MacKall that the date of May 8th, namely, the date of expiration of the present option, is a control ~~date~~ date. I told him I

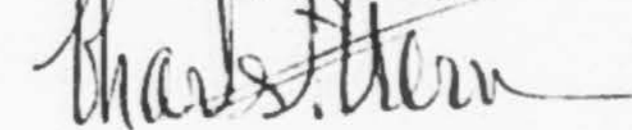
F-2

felt sure that the Commission would not understand that we would refuse to extend the period of the option; but that it must be plain to the Commission that our attitude and theirs must be that the City must demonstrate its good faith in acceptable fashion as a basis for any necessary extension of the option. I feel quite sure that the Commission will force the situation for us but we must, of course, not quote them in any way.

I wish you would write me a note telling me what your program is for your Easter Sunday dedication of the Nature Theatre. I would like to know who else is going to perform and what I am to do. Am I to make a dedication address, and, if so, how long do you want it to take; or am I to preach an Easter sun-rise sermon, and, if so, why so?

With best personal regards,

Sincerely yours,



Colonel Ed Fletcher,  
San Diego, Calif.



March 28, 1925.

Mr. Charles P. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Mr. Rhodes has been sick at home for nearly a week. On Monday he showed me this letter from Mr. Higgins and allowed me to make a copy of it. Copy is attached hereto. We have been working day and night getting out the data and you can get some idea of what it means, a list of all the riparian owners up and down the river for 30 or 40 miles, and the legal description of the lands to be conveyed, checking and double-checking. I have done the best I could and not worried you about it. I hope I have made no mistake but rendered the desired data and information to Rhodes yesterday.

I think we should order the certificate of title to the real estate immediately. What do you think?

I had Crouch and Sanders write a letter up to Brown asking that he send down that release of the \$100,000 mortgage, which has outlawed. I have a feeling that the old red-headed duffer is trying to hold us up on that altho I have no reason for thinking that way. The records are perfectly clear. The money was placed to Mr. Murray's credit on the books according to his own instructions, the note is outlawed and yet time and again Brown has refused to go into court and ask for a release of mortgage.

This has been the most hectic week of my life. I have heard from all sides that Heilbron was going to double-cross us at the last minute on calling the election and heard from Dr. Bard, who had charge of Mayor Bacon's campaign, that Weitzel was going to double-cross us at the last minute. Don Stewart, one of the councilmen, also made the same statement to a friend of mine, but I paid no attention to them, kept my mouth shut, kept out of the papers entirely and have not had one single misunderstanding.

-2-

On Wednesday Weitzel got hold of me and said that Sauer, the editor of the San Diego Herald, and Bruschi had almost had a fist fight and had called each other names. It seems Bruschi had come out in the papers stating he was the one who had saved millions for the city in the tide lands scrap. Sauer has always claimed, and I believe Sauer is right, that he was the one who put Bruschi onto it. Bruschi and Weitzel, it seems, had promised to get from the city hall \$600.00 for Sauer's expenses in getting this dope and had never paid him a nickel. He demanded that Bruschi and Weitzel dig up the \$600 and also publish a written statement, giving credit to Sauer for the service he had rendered to the city, otherwise Sauer was going to show up Bruschi and Weitzel as grafters, and had the dead wood on them.

The joke is that Bruschi got more votes at the primary than our mayor, Weitzel being second high man. Don't it beat the world!

Bruschi and Weitzel refused to be blackmailed, so they say, ha ha! And Bruschi refused to give Sauer credit for anything. Bruschi sent Weitzel to me, I found out later, to see what I could do with Sauer. A few minutes later in walked Sauer with his editorial ready to be printed this week, just burning them up, and stating that Tom Quinn, the Chinaman, paid for Bruschi's advertising, that Bruschi got his money protecting the Chinese gamblers, and Weitzel from the bootleggers and other sources.

I could see the biggest stink that San Diego ever saw breaking right now, so I held off Sauer for a while and got Bruschi up to my office. He admitted that Tom Quinn had paid for his advertising but merely as a matter of friendship and a few other things that I do not care to put on paper. Bruschi asked me to pull Sauer off, see Jack Millan, the city treasurer who was his campaign manager, and see what could be done, and whatever Millan and I agreed on would be satisfactory. I got hold of Millan. He was a nervous wreck and left the matter for me to handle. In fact, Millan went home sick.

Results: You and I have been the good samaritan. The articles will not appear in the paper this week nor next. The election is the 7th of April, a week from next Tuesday and once again we have the undying friendship of Bruschi and Weitzel.



ACT NO. 999. Thursday Rhodes rang me up and asked me to come to his house. Remember he has been in bed sick since Sunday night, having worked Saturday night and all day Sunday in our office trying to get at the report for last Monday, but he takes to his bed Monday. Nothing is done, and on Thursday at his house he tells me that Monday Weitzel told him not to hurry making the report, that he did not want Rhodes to make public his report until after the April 7th election.

Rhodes followed Weitzel's instructions and took to his bed, after being informed by councilman Stewart that he would be fired if he made a favorable report. Heilbron had already asked him to delay making his report. He was between the devil and the deep blue sea, and didn't know what to do. The fact is Rhodes had nervous prostration more than anything else, and it is pathetic, for the chap is honest and desirous of seeing this deal put thru.

I asked him to let me get hold of Weitzel and see who was doing the double-crossing. He told me to go to it, he had got to the point now where he was ready to jump off the cliff. I got hold of Weitzel yesterday, put the buck up to him straight. He answered that he did instruct Rhodes, for the reason that he hates the very ground that Heilbron walks on and did not want to see the report come out until after the 7th of April, believing, of course, that Heilbron would be in the finals, and he did not want Heilbron to take any advantage politically of Rhodes' report. That he now felt different about it, and he did not care how quick Rhodes made his report, ha ha!

In the meantime I forgot to tell you that Bruschi is "strong" for submitting this matter immediately to the public when Rhodes makes his report (?).

I saw Rhodes again and delivered Weitzel's message. He perked up immediately, ordered Stava of the Railroad Commission and Harritt to come to his house within an hour and get to work on the report again, and the report was practically whipped into shape Friday.

MacKall of the Railroad Commission came down from San Francisco. I got him and Rhodes talking together over the phone. Rhodes invited him up there, and you

and I can guess what MacKall told Rhodes. Harritt, our superintendent, was present yesterday afternoon when MacKall told Rhodes where to head in, and confirmed everything to me last night.

Harritt, Stava and MacKall are up at Rhodes' house today finishing the report, and Rhodes has promised me that it will be out the first of the week. That he will tell the council there is no reason for any further delay and urge an immediate date set for the election the last of April.

Curtain rings down.

Act 1000 to follow.

Yours sincerely,

RF:KMM

P. S. Mr. Harritt just informed me that Mr. Rhodes had admitted to him last night that we were pretty fortunate in having put guards at El Capitan, that the city council had secretly ordered him to seize El Capitan and we beat 'em at it by just a few hours. Rhodes says, however, that he was not willing to take the responsibility, whatever that means.

This is ancient history but thought it might be interesting.

R.F.



Office of  
CITY ATTORNEY  
San Diego, Calif.

March 25, 1925.

Mr. F. A. Rhodes,  
Manager of Operation,  
San Diego, California.

Dear Sir:

Before purchasing any property of the La Mesa, Damon Grove and Spring Valley Irrigation District, or the Cuyamaca Water Company, or Ed Fletcher, or any properties under the control of any of the above named parties, it will be necessary that the City be furnished with:

A complete list of all properties under the ownership of or claimed by any of the above-named parties, together with a legal description of the same, with a citation of the book and page of the record showing the instrument conveying said rights or properties or titles to any of the above described parties.

We should also be furnished with a certificate of title showing the title to all real property and all rights in and to real property to be in the name of the party conveying to the City. The rights to use of water, other than riparian rights, which have been granted to any of these parties by the State or government should be evidenced by either a certificate of the right to use the water or an easement or grant by the Government of the United States.

We shall also insist upon having furnished to us copies of any rights issued by the Forest Department of the Secretary

All of this matter should be in the hands of the proper officers of the city before any attempt to draw a contract for the purchase of the system known as the Cuyamaca Water Company is made. The sooner this is furnished us the sooner we can present the same to the electorate for approval.

Yours very truly,

S. J. HIGGINS

City Attorney

SJH/S

March 30, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Inclosed find copy of letter from Carroll Smith that is explanatory. Smith is the man that played our game at La Mesa. He owns the La Mesa Scout and El Cajon Valley News.

My suggestion is that you write him a letter if you can consistently do so, saying that all things being equal, you would be glad to see him get the business if, and when this proposition is up to you.

Yours very truly,

EF:AH



March 30, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find clipping that will be of interest. If there ever was a discredited man it is our friend Hailbron.

Rhodes makes his report today, which will be favorable. He asked me to read it over and I know you will be pleased with it. It is also being signed by the city engineer and superintendent of the water system, by the Railroad Commission Engineer, Stave and our superintendent, Harritt.

I got hold of Claus Spreckels this morning and asked him to line the situation up for some favorable action this week by the council. It is a case of either fish or cut bait with this bunch now.

Yours very truly,

CF:MMH

THE FIRST NATIONAL BANK OF LOS ANGELES  
PACIFIC-SOUTHWEST BANK  
FIRST SECURITIES COMPANY  
LOS ANGELES

CHARLES F. STERN

March  
31st  
1925

My dear Colonel Ed:

I have just finished reading your letter of March 28th. It reminds me of a lot of old saws that I might quote about 'things getting as bad as they can for a long time and then suddenly getting worse' etc. Really, I rather think I am missing about 90% of the fun, for evidently you are being favored with a three-ring circus performance with a new set-up waiting for you every morning.

Seriously, Colonel Ed, I know it is hard pounding but if we keep cool and meet each thing as it comes along, as you have been doing, we will eventually find that there is an end to all things.

I am filled with admiration as I read the masterly way in which you have handled each difficult situation as it comes to the front. We are dealing with a bunch of crooks and it will be a miracle if we get through without somebody getting hurt; but if anybody can perform this miracle, it is my friend and partner, Ed Fletcher.

I think that maybe the approach of the date of May 8th will help focus our picture. It is satisfactory to me for you to order the title searched whenever you feel that the time has come. In the meantime, there is no suggestion that I can make as to any



( Copy )

THE FIRST NATIONAL BANK OF LOS ANGELES  
PACIFIC-SOUTHWEST Trust & BANK  
Savings  
FIRST SECURITIES COMPANY

Los Angeles

Charles F. Stern

March 31st  
1925

of the moves that you are making other than to say that I would like to think that I could do it half as well.

I have a note from our friend Brown saying he will be here on the 13th and 14th of April and that he has several things to discuss with me. I expect maybe the out-lawed mortgage is one of them, although he does not say so.

With best personal regards, I am

Sincerely yours,

*Frank*

Colonel Ed Fletcher,  
San Diego,  
California.

My dear Colonel Ed:

I have just finished reading your letter of March 28th. It reminds me of a lot of old saws that I might quote about 'things getting as bad as they can for a long time and then suddenly getting worse' etc. Really, I rather think I am missing about 90% of the fun, for evidently you are being favored with a three-ring circus performance with a new set-up waiting for you every morning.

Seriously, Colonel Ed, I know it is hard pounding but if we keep cool and meet each thing as it comes along, as you have been doing, we will eventually find that there is an end to all things.

I am filled with admiration as I read the masterly way in which you have handled each difficult situation as it comes to the front. We are dealing with a bunch of crooks and it will be a miracle if we get through without somebody getting hurt; but if anybody can perform this miracle, it is my friend and partner, Ed Fletcher.

I think that maybe the approach of the date of May 6th will help focus our picture. It is satisfactory to me for you to order the title searched whenever you feel that the time has come. In the meantime, there is no suggestion that I can make as to any of the moves that you are making other than to say that I would like to think that I could do it half as well.

I have a note from our friend Brown saying he will be here on the 13th and 14th of April and that he has several things to discuss with me. I expect maybe the out-lawed mortgage is one of them, although he does not say so.

With best personal regards, I am

Sincerely yours,

Colonel Ed Fletcher,  
San Diego,  
California.

FRANK



March 31, 1925.

Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Inclosed find copy of Mr. King's letter  
to Mr. McClure, Mr. King's letter to me, and  
my letter to Mr. McClure, which are explanatory.  
Have you any suggestions to make in the matter?

Yours very truly,

EF:AH

March 31, 1925.

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

CHAPTER 1000.

I have been hearing from the City Hall about  
the "nigger in the wood-pile" and just found it out. I  
enclose sample ballot which the city council has mailed  
out just six days before the election.

There has never been in the public press any  
mention of Proposition No. 3. They put this in but  
refused to put in what they promised the Railroad Commission  
to do, ie: submit to referendum a primary vote on the  
question of accepting the Railroad Commission's co promise.  
Instead they put this in, and if a majority of the voters  
give this authority to the city council by amendment of  
the charter, they are going to claim it is a ratification  
of their position for future litigation.

If those birds are innocent they are the dumbest,  
stupidest guys I ever saw and unfortunate victims of  
circumstances.

Enclosed find editorial in this afternoon's  
Sun which is explanatory. None of us had any knowledge  
that this Proposition No. 3 was on the ballot until we  
received our sample ballots last night. I found that the  
managing editor of the Sun was out of town so I went up  
to see my friend Porterfield, with whose mother I boarded  
years ago. Porterfield owns forty-nine percent of the Sun.

He became very much interested immediately and  
said it was the most brazen piece of effrontery that he had  
ever seen and that he proposed to kill it. He further  
says that if the council does not act this week, he is going  
to start and recall every member of the city council, who  
doesn't pledge himself in favor of this water compromise.  
The only trouble is to hold Porterfield down. He gets so  
enthusiastic and wild, and whenever he starts after the  
council the Union starts in to protect them, and the result  
is a real clash - Spreckels vs Anti-Spreckels. That is



March 31, 1925.

the only danger but I am going to do the best I can to hold Porterfield down, altho he is mighty independent when he wants to be.

The Citizens Committee of Fifty is organizing to circular initiative petitions for immediate election to determine the acceptance or rejection of the Railroad Commission's compromise at an early date.

I am satisfied by what both Mr. Stava and Mr. Mackall of the Railroad Commission said, that any time we ask for it, the Railroad Commission will approve the sale to the district. I question the advisability of asking for this action for a few days anyway, to see how things develop. If they do not take official action this week passing the ordinance calling the election it will be too late to call the election before the option to the district expires, the 8th of May.

Yours very truly,

EF:KIM

Mr. C. F. Stern, Vice-president,  
First National Bank,  
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter from our superintendent, Mr. Harritt, regarding the installation of pumping plants, also letter from the La Mesa Irrigation District Directors, also letter from the city manager.

These plants must be installed immediately and a definite decision made in the next forty-eight hours.

I don't want to ask the First National Bank for a loan of \$30,000 on top of what we have borrowed. They have never refused us and I do not want them to do it now. Will one of your banks lend \$30,000 on Cuyamaca Water Company's note, with my personal guarantee?

Since this report was written we have had 3.15 inches of rain and 4 inches of snow at Cuyamaca, which temporarily relieves us from spending \$2500 a month pumping from the El Monte gravels, and I expect enough rains to keep things going until the 1st of May. With late rains this spring we might keep going until the 1st of June without drawing on our reserve but the pumping plants must go in in any event, and must be financed.

What is the best way to do it? Kindly telephone me on receipt of this?

Yours very truly,

EF:KIM



**Ed Fletcher Papers**

**1870-1955**

**MSS.81**

**Box: 27 Folder: 26**

**General Correspondence - Stern, Charles F - 1925**



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