March 22, 1938.

Municipal Bond Company
650 South Spring Street
Los Angeles, California.

Mr. Harold Reed

My dear Harold:

I must have something definite and final in writing from you. It is our understanding that the final proposition from you is as follows:

That we must make our own settlement with the Irrigation District and the Board of Supervisors as to delinquent taxes;

That we get the release and clear title to everything in Fletcher Hills North of Broadway Avenue, as well as the 5 acres and house to the south, in Block 11;

That you are to have the balance of the property which we own within the boundaries of A & I D No. 19, Fletcher Hills, deeded to you;

That in addition you are to have all our right, title and interest in A & I D No. 12, as well as any settlement that you can make with the Murray Estate, Giacelli and Hall; that we are to have everything that we can collect from all the other property owners in A & I D No. 19, and to have the assistance of Armistead Carter, without expense to us, where necessary in helping bring about a settlement with the other property owners.

We will see what can be done and get immediate action in relation thereto but can do nothing until we have a definite commitment from you that the above is the understanding.

Please let us hear from you by return mail.

Yours sincerely,

EF M

cc. Armistead Carter.

C
O
P
Y

MUNICIPAL BOND COMPANY
LOS ANGELES, CALIF.

March 25, 1938

Col. Ed Fletcher
Ed Fletcher Company
1018-1020 Ninth Avenue
San Diego, California

Dear Col. Fletcher:

Replying to your letter of March 22, 1938 and to our telephone conversation of this morning, this is to advise you that I have had a talk with Mr. V.H.Rossetti, president of The Farmers and Merchants National Bank of Los Angeles, as a result of which that Bank and ourselves are agreeable to the following procedure in connection with the proposed dissolution of Acquisition and Improvement District #19, San Diego County:

(For the purposes of simplicity hereinafter, The Farmers and Merchants National Bank of Los Angeles will be indicated as the "Bank", the Municipal Bond Company as the "Company", and the term "Fletcher" will include Ed Fletcher personally, Ed Fletcher Company, Grossmont Park Company, and any other persons or companies owning property within Acquisition and Improvement District #19 or Acquisition and Improvement District #12 which are controlled by or closely related to any of the above named persons or companies.)

Within thirty days from the date hereof an escrow expiring at the end of sixty days from the date hereof is to be opened by you at the Union Trust Company of San Diego, in which escrow you will deposit the following mentioned documents together with appropriate written escrows instructions:

A deed conveying to George H.Naegele, as trustee, the fee title to all of the Fletcher property in Acquisition and Improvement District #19, save and excepting only that portion thereof lying north of the paved street known as Broadway (which street was the improvement constructed under Acquisition and Improvement District #4) and the Northeasterly five acres of Lot 11, Fletcher Hills No.2 (upon which is the house known as the Pedroarenas Home), together with a like deed covering the fee title to all of the Fletcher property lying within Acquisition and Improvement District #12 of San Diego County. All of said property shall be conveyed free and clear of all emcumbrances, save and excepting only unpaid taxes, Acquisition and Improvement District respreads and Irrigation District assessments. It is understood that the Fletcher properties in Acquisition and Improvement District #19 to be deeded to the said Naegele comprise all of Fletcher Hills No.2 south of Broadway, excepting properties known as the Pedroarenas, above referred to, and the Frisius property, and also all of Fletcher

March 31, 1938

Mr. Harold Reed, Pres.
Municipal Bond Company
Bank of America Bldg.,
Los Angeles, California

My dear Reed:

The enclosed is explanatory and what I have written the La Mesa Irrigation District on the bottom of your letter of March 22rd, and as requested by you.

Sincerely yours,

EF/jv

Encl.

R.T

La Mesa, Lemon Grove & Spring
Valley Irrigation District,
La Mesa, California

Gentlemen:

The above proposition is,as I understand it, the situation to be today. It meets with my approval and I am ready to proceed on this basis to the best of my ability as Agent for the Grossmont Park Company, Ed Fletcher Company and the F & W Thum Company.

_____
Agent

June 11, 1938

Mr. Harold Reed,
Municipal Bond Company
907 Bank of America Bldg.,
Los Angeles, California

RE: F.&.W.THUM COMPANY

My dear Mr. Reed:

Thanks for telephoning me at my house last night. I did not get in until 6:45 p.m. and as you know I was out of town all day after nine o'clock on important business. I was sorry that I could not attend the conference with Messrs. Jennings and Abbey, but did not have sufficient notice and could not offend fifteen San Diego citizens who were with me in the back country on an appointment made a week or ten days ago.

I am glad that you made some headway yesterday and hope it is not too late. As I told you the other day, I was called to Los Angeles to meet Mrs. Thum, her daughter and the new Attorney they hidred to discuss matters. Both Mrs. Thum and her daughter are handling the situation now as two of the brothers passed away and the third, William Thum, has been declared by the Court incompetent. The long delays forced them to hire the new Attorney and we will have to sell him all over again.

There is no use dwelling on it, but last September with your authority I told Mrs. Thum that we would undoubtedly clear everything up by the first of April this year. I made a settlement with them and turned over several pieces of property up the Coast as additional security. They did the fine thing - cut down my indebtedness to them and charged off to profit and loss a large sum of money. I paid them $10,000 and we had an agreement to pay them $15,000 more as and when the title to the 20% of Fletcher Hills was clear and I could sell the property. The release was put in escrow with the Union Title Company and it lay there for months. I paid them 6% interest on the $15,000 up to the first of March. The Thum people got discouraged and you will remember they saw you a couple of months ago and got no satisfaction as to time, and told you they were withdrawing the papers from the Title Company. Things dragged along, and it is most unfortunate that you did not pay the delinquent state, county and irrigation dixtrict taxes of 15¢ on the dollar basis as asked for by the District, and when we had everything practically settled with the Grossmont Trustees, along comes a legal opinion from Carroll Smith that it is illegal.

I had to use these matters as excuses from time to time with the F.&.W.Thum Company. It is a wonder that this thing does not drive me crazy and I will have to make an entirely new deal with the

Municipal Bond Co:

F.&.N.Thum Company with their new Attorney, and I am asking him to contact you immediately. I expect him down here next Monday to look the situation over. His name is N.P.Moerdyke, 914 Washington Building, Los Angeles. I told you this over the phone last night. Enclosed find copy of letter I have written him at your request that is explanatory.

I only wish to heaven these last matters that have bawled up the situation could have been straightened out three or four weeks ago.

Sincerely yours,

EF/jv
Encl.
cc-La Mesa Irfig. Dist.
Armistead Carter

June 22, 1938

Mr. Harold B.Reed
Municipal Bond Company
907 Bank of America Bldg.,
Los Angeles, California

F. N. Thum Co

My dear Reed:

Enclosed find letter from Mr. Moerdyke that is explanatory of June 18th - not so hot.

He just telephoned saying he was delayed and unless something unforeseen develops, plans to be here tomorrow, Thursday.

Sincerely yours,

EF/jv
Encl.

MUNICIPAL BOND COMPANY

650 SOUTH SPRING STREET

LOS ANGELES

TRINITY 3801

July 1, 1938.

F. & W. Thum Co

Col. Ed Fletcher,
1018-1020 Ninth Avenue,
San Diego, California.

Dear Col. Fletcher:

Mr. N. F. Wheeler of The Farmers and Merchants National Bank of Los Angeles advised me yesterday that he had had a talk with Mr. Moerdyke regarding the various aspects of the proposed settlement of A. & I. D. #19, with particular emphasis on all points involving the F. & W. Thum Company. It appears that Mr. Moerdyke's visit was largely for the purpose of securing the Bank's ideas as to the facts as they exist with respect to this whole situation. There are, however, two points which have persisted in my mind since my talk with Mr. Wheeler yesterday.

The first, as I understand it from Mr. Wheeler, was an inference by Mr. Moerdyke that he believes there is a possibility his client's best interests might be served by not joining in the plan of settlement which has been substantially agreed upon by all other interested parties.

The second point is the long delay which has already ensued and the feeling I have that the longer this delay exists the more difficult it will be from the standpoint of the good of all concerned to work out a solution as equitable and satisfactory as the present one. In this connection, it is somewhat ironical that in my contacts with the Thum Company there was more than an implication that the bondholders were not moving sufficiently expeditiously, and yet that Company's indecision now and for several months past has caused the principal delay in our progress.

In any event, partly because of the above two points and also because of certain other ideas which The Farmers Bank and ourselves recently have had, the Bank and ourselves have today come to the conclusion that it may be that the bondholders' interests can best be served by abandoning the present negotiations entirely and proceeding in another direction. Consequently, unless we have an affirmative commitment from you and the Thum Company on or before July 15, 1938, accepting in full the plan upon which we have been working, as substantially set forth in my letter to you of March 23, 1938, the Bank and ourselves will consider that we are both relieved of any obligations thereunder and free to proceed in any manner which we believe will best serve the interests of the bondholders.

A copy of this letter is enclosed so you may forward it to the Thum Company, if you so desire. In the existing plan the Thum Company's interest is your direct problem and only indirectly that of the bondholders, although

we have endeavored to arrive at a solution which should enable you to work out an equitable adjustment of your relations with it. Under our proposed new plan of procedure such an adjustment is of no concern to us.

Sincerely yours,

Harold B. Reed

President.

R.T.

July 12, 1938

Mr. Harold B.Reed
Municipal Bond Company
Bank of America Bldg.,
Los Angeles, California

Re:-F.&.W.THUM COMPANY

My dear Harold:

I have had word from Mr. Moerdyke that he has had a conference with Mr. Wheeler and the next time I am in Los Angeles he wants to see me.

I expect to be in Los Angeles Wednesday afternoon late, leaving Wednesday night for San Francisco, and will try and contact you by telephone after my conference with Mr. Moerdyke. The only thing he stated in his letter was "I have learned very definitely the attitude of the Bank, which seems to be of very considerable importance to yourself and the F.&.W.Thum Company. I believe we should have a further discussion of the situation."

Sincerely yours,

EF/jv

January 13, 1939

Mr. Harold B.Reed
Municipal Bond Company
Bank of America Bldg.,
Los Angeles, California

Re:-F.&.W.THUM COMPANY

My dear Hrold:

Have you dropped out of sight or what? You promised to write me after seeing Mr. Moerdyke the last time you were down, but have not heard from you excepting through Moerdyke that they are going ahead with the suit and I am to make a deposition next month under oath. I will tell them what I have heretofore told them - they are just throwing away good money after bad in litigation.

My last tentative offer was to get my cousin to pay up all the back taxes, both State, County and District, and give the Thums 75% of the sale price - putting on the campaign that I told you about. I know that once the taxes are paid, we could get together on the Mattoon Bonds on some reasonable basis and believe it would give a clear title.

It seems to me it is to your interest to do all you can along these lines, for there is no use of making any attempt to settle with you until I know where we are at with the F.&.W.Thum Company.

Will you please let me have your reaction by return mail, and treat this letter confidential.

Sincerely yours,

EF/jv

MUNICIPAL BOND COMPANY

650 SOUTH SPRING STREET

LOS ANGELES

TRINITY 3801

January 24, 1939.

Re: Thums

Senator Ed Fletcher,
State Capitol,
Sacramento, California .

Dear Col. Fletcher:

Have had a chat with Mr. Moerdyke who tells me that the Thums have instructed him to prosecute the foreclosure action to the limit with the idea of getting a sizeable deficiency and then seeing if they can find any other property subject to execution under the deficiency. I am sorry not to be able to give you better news but this is the way the situation stands there.

Jim Abbey has finally decided that it is not to the County's interest to settle the District by means of an additional respread of 15¢ according to the last plan which was agreed upon between us.

There are a few hopeful thoughts which might solve your problem as well as ours. Inasmuch as I understand the Legislature adjourns tomorrow, I presume you will be en route home, and if you can see me when passing through Los Angeles, I should like to talk them over with you personally. The kind of deals that nature assigns to me are all complicated ones so don't get discouraged, we may solve this one yet.

With kind regards, I remain

Sincerely yours,

Harold Reed

R.T.

MUNICIPAL BOND COMPANY

650 SOUTH SPRING STREET

LOS ANGELES

TRINITY 3801

March 22, 1939.

Col. Ed Fletcher,
State Capitol,
Sacramento, California.

Dear Col. Fletcher:

You will recall our telephone conversation the afternoon of the day I left for Canada, which was Monday, Lincoln's Birthday, in which conversation I told you that Mr. Dunne and I had just returned from a meeting with Mr. Moerdyke. You will also recall the purpose of the meeting was to enlist Mr. Moerdyke's aid in securing the participation of his clients in our original plan of settlement of A. & I. D. No. 19, that is, on the basis of a property division, as suggested in Jim Abbey's letter to him of February 3, 1939, a copy of which I believe Jim sent to you.

Since returning from Canada, I called Mr. Moerdyke and was quite pleased to find that he had discussed the matter fully with the Thums and they are agreeable to acquiescing to the property settlement along the general lines we had set up a year or so ago, providing any release from the mortgage which they might give on the property to be transferred to the bondholders would be handled in such a manner as not to alter the present relationship existing between you and them, which relationship is the basis of their pending litigation. I told you in our Lincoln's Birthday telephone conversation that Mr. Moerdyke would insist upon this condition but I am re-stating it here to make sure it is understood. Mr. Moerdyke also indicated that his clients felt that in such a transaction the parcels of property released from their mortgage in the last year or two should be again included thereunder.

With the change in the attitude of the Thums, it now appears we can move ahead as originally planned getting the Mattoon District dissolved and the property north of Broadway, together with the Pedroarenas parcel, in your hands clear of all encumbrances, save and excepting only the Thum mortgage. You will then have merchantable property in your possession and will consequently be in a much better position to attempt to work out some kind of a settlement with the Thum people, which obviously you cannot do as long as the property is so heavily encumbered by general taxes, Irrigation District assessments and the Mattoon Bond issue.

It would appear to me now that our plan from here out will be substantially as set forth in my letter to you of March 23, 1938, a copy of which is enclosed, and which was the letter to which you appended your approval by postscript and sent it on to the Irrigation District. The

provisions of the letter would, of course, now be subject to such minor modifications as any changed conditions might make advisable.

It will doubtless be necessary for us to check again with the owners of the individual parcels of property to see how they now stand on the matter of cash contributions and then there is also the quite important matter of what kind of a tax arrangement the bondholders can make with the County and the Irrigation District on that portion of the land which they are to receive under the so-called 70-30 split (which ratio I think is now closer to 65-35). Obviously, if the bondholders turn over to you all the cash contributions to be used in clearing your part of the property, we shall have to work out some kind of a tax option arrangement with the County and Irrigation District to carry us over until we can liquidate enough property to clear the taxes, respreads and Irrigation assessments on our holdings.

Kindly let me hear from you as soon as it is convenient as to your reaction to the foregoing and also any suggestions you may have, so I can get active negotiations under way with the County and Irrigation District and get the settlement finished and behind us. Incidentally, we have just settled the Talmadge Park District and I think all the County officials are quite pleased over the outcome so now appears to be a propitious time to get them to agree to the transaction as we have it lined up. The final details of that settlement kept me almost exclusively occupied since my return from Canada, which accounts for the slight delay in advising you about the Thums. Now, however, I am free to give this A. & I. D. No. 19 settlement the right of way and want to get it well started before I shall probably be called East in the next month or two.

With kind regards, I remain

Sincerely yours,

President.

R.T.

Enc.

MUNICIPAL BOND COMPANY
650 South Spring Street
Los Angeles,

March 22, 1939

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State Capitol
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With kind regards, I remain

Sincerely yours,

HAROLD
President

R.T

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March 22, 1939

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With kind regards, I remain

Sincerely yours,

HAROLD
President

R.T

March 25, 1939

Mr. Harold Reed
Municipal Bond Company
650 So.Spring Street
Los Angeles, California

Re:-F.&.W.THUM COMPANY

My dear Mr. Reed:

Answering yours of the 22nd, will say at no time did we ever consider transferring back to the F.&.W.Thum Company any property that has been released and paid for in accordance with our agreement.

Cash was paid and release made and property sold that was released - Lot 36 has a $10,000 mortgage on it.

I have sent your letter to my son Ed Jr. and wish you would take the matter up with him, or, you must wait until the Legislature adjourns between the 1st and 10th of May, when we will try and get together.

With kind regards,

Sincerely yours,

EF/jv

cc-Ed Fletcher Co.

March 25, 1939

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Municipal Bond Bompany
650 so. Spring Street
Los Angeles, California.

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With kind regards,

Sincerely yours,

EF/jv

cc-Ed Fletcher Co.

MUNICIPAL BOND COMPANY

650 SOUTH SPRING STREET

LOS ANGELES

TRINITY 3801

March 31, 1939.

Col. Ed Fletcher,
State Capitol,
Sacramento, California.

Dear Col. Fletcher:

Both your letter of the 28th and the maps from Ed. Jr. arrived yesterday. This is what I call service. After looking over the maps I called Ed. Jr. to get a little better background on the properties that have been released from the Thum mortgage and then made an appointment with Mr. Moerdyke for late yesterday afternoon to deliver to him one of the maps and to discuss once again, with the map before us, his ideas in connection with the proposed plan of settlement.

You will be glad to learn that he is entirely agreeable to our original program as set forth in the letter of March 23, 1938, except that he feels that any properties lying North of Broadway and within the limits of A. I. D. #19 which can be included in the reduced mortgage should be so included. All this means is to place back under the mortgage at the time the District settlement is made Lot 20 and that portion of Lot 22 which is now released. Ed. Jr. told me about the situation as it pertains to the house and appertainent property in Lot 20, so I secured Mr. Moerdyke's consent to eliminating this parcel from replacement under the mortgage. Mr. Moerdyke's theory is that in view of the willingness of the Thum's to reduce the area which their mortgage covers, that the mortgage as reduced should, in fairness, cover all of the area which you are to retain and in connection with which we are agreeing to let you use the cash contribution money to clear off taxes, respreads, etc. I told Mr. Moerdyke about our agreement with you regarding the Pedroarenas five acres in Lot 11 and he quite consistently took the position that inasmuch as this was a separate deal between you and ourselves and involved only properties which we were to receive under the division, that he did not see any reason why it should be replaced under the Thum mortgage and hence was willing to waive it. Consequently you would retain both houses clear of the mortgage as readjusted and all you would be putting back under the mortgage would be the vacant property in Lots 20 and that portion of Lot 22 which is not now under the mortgage.

Considering all of the benefits which should accrue to you as a result of a successful completion of our District settlement plan, I can unhesitatingly recommend that you accept Mr. Moerdyke's proposal as being not unreasonable. He realizes that Lot 36 has been sold and also that everthing South of Broadway is to come to us. So what he is now asking for is of very little value as it stands today, but he feels that as and when your

part of the property is cleared and marketable that his clients, as well as you, should benefit from all or any part thereof.

While he still insists upon an agreement between you and his clients continuing the present status quo of all other features of the mortgage, nevertheless he did agree with me, without however any commitment on his part, that once you had the property North of Broadway free of all encumbrances except the mortgage and when you began to demonstrate that the property was salable and a source of appreciable revenue, that then he felt that there might be a good possibility of getting his clients to call off the dogs and work out some kind of a settlement program between you and them. It was my reaction that Mr. Moerdyke yesterday was much more inclined to think along lines of working out some kind of adjustment with you than at any previous time he and I have talked. Until the property is cleared and salable I think it would be premature to talk about settling in full with the Thum's by deeding them the property to be covered by the reduced mortgage. However, at such time and when you have demonstrated the salability of the property, then I believe there might be a good chance of working out with them some kind of mutually satisfactorily arrangement. Meanwhile I am convinced that progress toward the settlement of the District will operate naturally in your favor with Mr. Moerdyke and his clients.

Please let me hear from you as soon as possible so that I can take advantage of the time I now have available to get the situation worked out with the County and Irrigation District, as well as to co-operate with Ed. Jr. on checking with the property owners regarding their contributions.

With best regards, I remain

Sincerely,

Harold

President.

R.G.

April 5, 1939

Mr. Harold B. Reed
Municipal Bond Company
650 So. Spring Street
Los Angeles, California

Re:-F.&.W.THUM COMPANY

My dear Mr. Reed:

Answering yours of March 31st, Ed Jr. informs me that Moerdyke & Stick have written our Attorney that the case be set for trial. I am bitterly disappointed as it was my understanding that no further action would be taken until I returned from the Legislature, at least. If that is their attitude of pressing the litigation, much to my regret, I do not see where we can get anywhere.

In the first place, I have no legal right to put back for the benefit of the F.&.W.Thum Company as security any property that has been released in good faith and now a matter of record. We paid cash according to agreement for everything that was released. In addition to having been paid what was coming to them for everything but has been released, they hold property to the value of many thousands of dollars, given as security to the Thum people - property up the coast. The property that they holding as security, sold before the depression in excess of $35,000 or $40,000. One of them was a trust deed for $25,000, another a ten acre tract along the highway and several other small pieces were turned over to them - all this in addition to the original security.

Just so the Municipal Bond Company have talked me out of giving a deed to everything we owned in El Cajon Acres without any further consideration - something entirely outside of this Thum deal, and now you are demanding a release of all our interests in Villa Caro Heights Subdivision. I am being milked from every angle.

I can only repeat - I am willing to take a $100,000 to $150,000 loss, let Thum keep everything they have under the mortgage in Fletcher Hills, also all the property up the Coast that they have collected on and are holding today by deed or otherwise.

C
O
P
Y

April 5, 1939

Mr. Harold B. Reed
Municipal Bond Company
650 So. Spring Street
Los Angeles, California

Re:-F.&.W.THUM COMPANY

My dear Mr. Reed:

Answering yours of March 31st, Ed Jr. informs me that Moerdyke & Stick have written our Attorney that the case be set for trial. I am bitterly disappointed as it was my understanding that no further action would be taken until I returned from the Legislature, at least. If that is their attitude of pressing the litigation, much to my regret, I do not see where we can get anywhere.

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Municipal Bond Company:
April 5, 1939

Mrs. Fletcher and I will clear the title to the property excepting taxes, and in addition I will see that you get a Quitclaim Deed covering everything in Villa Caro Subdivision and the suit be dismissed.

I hope you can work out something along these lines. Either that or let me dig up from my cousin $15,000 cash and 6% deferred interest under our settlement, and I will pay Moerdyke & Stick attorney fees in addition, or, the matter will have to drift until the Legislature adjourns here which will be about the first of June. I am working fourteen hours a day here and my problems are many.

I have sent a copy of this letter to Moerdyke & Stick. If you have any other suggestion that can be handled here, let me know.

Sincerely yours,

EF/jv

cc-Moerdyke & Stick

Municipal Bond Company:
April 5, 1939

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I have sent a copy of this letter to Moerdyke & Stick. If you have any other suggestion that can be handled here, let me know.

Sincerely yours,

(Signed) ED FLETCHER

EF/jv

cc-Moerdyke & Stick

April 15, 1939

Mr. Harold Reed, President
Municipal Bond Company
Los Angeles, California.

My dear Harold:

I acknowledge receipt of your letter of the 13th and your telephone message yesterday, which made me feel more cheerful and gave me a greater desire to help you all find a solution of our problem. I sent word to Ed Jr to do everything possible to cooperate. I am ready to do everything I can to bring about an adjustment of the matter along the line you suggested yesterday over the phone.

I believe I can raise enough money so as to pay up the state, county and district taxes. We could agree on an exchange of interest in properties and new papers could be executed with the F. & W. Thum Company, a mortgage or trust deed, with the deficiency clause eliminated and the properties up the coast which were never in the original deal r eturned.

The Thums have not a chance on earth to get Mary and me under a deficiency judgment, for we have nothing, having put up everything as security for what we owe excepting properties, which as you know we have in good faith transferred to the children. I am sure the court will in the litigation show that the total obligation that we owe the F & W Thum Company is $15,000 and interest, but that is neither here nor there.

Mrs. Thum suggested that we pay $75,000 which, of course, is absolutely out of the question. My suggestion is that if all the other matters are straightened out that we raise the money to clear the title to the

property re taxes and as a compromise make out a new mortgage or trust deed for $75,000, signed by Mrs. Fletcher and myself, with the deficiency judgment clause eliminated, we can close the deal with the supervisors and the district, the Thum people will have clear property as security and I will have a heart to go ahead and dispose of the property and turn over all money from all sales, less a 20 percent commission on each sale to cover cost of advertising and commissions, until the $75,000 is paid off.

I will be back home the first of June and will take my coat off with a will and go the limit to satisfy the F & W Thum Company.

The above is just a suggestion, for you seem to be tied into the proposition now definitely. Let me know if you are interested.

Yours sincerely,

(signed) ED FLETCHER

EF M

Ed Fletcher

April 21, 1939.

Col. Ed Fletcher,
Thayer Apartments,
1228 "M" Street,
Sacramento, California.

Dear Col. Fletcher:

You probably have heard from Ed, Jr. about the meeting we had with Bill Jennings early yesterday morning. The essence of Bill's conversation was that while the directors of the Irrigation District are against giving the property owners a three year option at 15% of the face amount of the bare taxes, he states definitely that they will be agreeable to accepting cash on the 15% basis and that they may be agreeable to accepting an all cash settlement even on a basis materially less than 15%. In other words, so far as the District directors are concerned, they feel that all State, County and District encumbrances on that portion of A. & I. D. #19 lying within the Irrigation District should be cleaned up now, even though the amount of cash involved is quite small. Bill seemed to feel that there was better than an even chance that the directors would accept some amount less than 15% and might even go as low as 7½% to 10%. Bill did say, however, that he thought everyone felt this deal had been over negotiated and that he advised us in the future in talking to both the District and the County to forget percentages and simply deal in lump sums.

After leaving Bill and Ed, Jr., I talked over this latest development with Murray Loop and the boys in his office. Murray was not sure whether the County would be willing to sell its tax and respread liens to the Irrigation District for less than 15% but he did say that he would be glad to give serious consideration to any lump sum proposition that was made. The boys in Jim's and Murray's office have always been very helpful and I really think that they will do everything in their power to get the supervisors to accept whatever tax settlement is agreeable to the Irrigation District.

From the above remarks you will see that it will be necessary for us to revamp somewhat our ideas of tax settlement. In order to ascertain again how much money will be available from the property owners, Ed, Jr. is going to contact the School District and I am going to see shortly whether some deal cannot be worked out with the Murrays which would involve cash coming our way to be used in connection with the tax settlements. Meanwhile, if you think it proper, I suggest you advise Ed, Jr. to contact the other property owners

such as Frisus, etc. and see what maximum amount we can expect from them in cash, or if not in cash, then in part cash and a mortgage on their property for the remainder.

I talked to Fletcher Flaherty today but got very little satisfaction. Consequently, I think I may be going to San Francisco within the next few days or possibly a week or so from now, and when I am there, I will either contact you at Sacramento by telephone, or if I drive, possibly swing around by Sacramento on the way home.

Meanwhile, until we get this other matter a little further along, I suggest we do not attempt to push Moerdyke any further. When I see you or telephone you next, I shall try to explain more fully my thoughts in connection with a possible Thum settlement.

With kindest regards, I remain

Sincerely,

H.B.R.

President.

R.T.

Copy for Col. Fletcher
H.B.R.

May 8, 1939.

File
Harold Reed

Mr. Ed Fletcher, Jr.,
1020 Ninth Avenue,
San Diego, California.

Dear Ed:

In connection with preparing a memorandum on A. & I. D. #19, I am endeavoring to get a fairly accurate idea of the acreages involved. With regard to Fletcher Hills No. 2, I have figured out the following acreages based upon figures taken from the maps which I have, together with the correction for Block 25 as set forth in your letter to me of May 18, 1938. The map is not clear on Block 23 but I have estimated 10 acres. If you could give me the correct figure, I should appreciate it.

Block	Acres	
19	35.54	
35	102.35	
34	32.60	
21	7.95	
20	11.62	
22	21.81	
23	10	(estimated)
24	35.73	
25	156.51	
14	27.94	(excluding Fresdus of 2.63)
15	35.80	
13	32.42	
16	26.86	
12	50.92	
17	48.58	
11	33.69	
Total	650.12	acres.

In your letter to me of August 26, 1937 regarding acreage, you show Fletcher Hills No. 2 inside A. & I. D. #19 as 714 acres, whereas, my total above is 650.12 plus 2.63 for Frescius or 652.75. Are my figures correct, with the proper adjustment for Block 23, and is the difference accounted for by the streets, as I notice in your letter of August 26, 1937, you refer to gross area so that I presume this was area before the streets were taken out.

In connection with Fletcher Hills No. 1, can you tell me whether the 68 acres is gross or net after taking out the streets, and also does this same situation apply to the Murray Estate acreage, as set forth in your letter?

I have a figure of 30 acres for the Giaciolli parcel. Is this correct and is it gross or net?

In connection with the Hall holdings, if it is not too much trouble, could you telephone Ed and ask him the acreage of the following two parcels, which are in A. & I. D. #19 but outside the Irrigation District: Lot 2, Section 5 and Lot 3, Section 5, and also the acreages of the following two parcels which lie both within A. & I. D. #19 and the Irrigation District: Lot 1, Section 8 and Lot 2, Section 8. I should also appreciate it if you can, without too much trouble, give me the acreages within A. & I. D. #19 of the high school and of Fritz, Walters, Babcock, Meek, Koopman and De Paul.

As long as I am going at it in such detail, I suppose it might be as well, if you can, to give me the approximate area of Keeney's parcel and that of Butterfield. I dislike to ask you for all this information, but as the memorandum I am writing may turn out to be very important in connection with the possible settlement of the Thum litigation, I am sure you won't mind supplying me with as much information as you have available.

I had a very nice visit with your father in Sacramento and we discussed a possible method of settlement of the Thum suit, about which you and I talked the last time I saw you in San Diego.

With best regards, I remain

Sincerely,

Harold

R.T.

DONALD J. DUNNE
ATTORNEY AT LAW

650 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
VANDIKE 3668

May 9, 1939.

Mr. Harold B. Reed, President,
Municipal Bond Company,
650 So. Spring Street,
Los Angeles, California.

Dear Mr. Reed:

While I was in San Diego last Wednesday, May 3rd, I called upon Mr. Earl S. Lovett, who represents Col. Ed Fletcher in the pending foreclosure action concerning Fletcher Hills No. 2 and which has been instituted by the F. & W. Thum Company. I told Mr. Lovett that Col. Fletcher in his conversation with you in Sacramento last week suggested that I get in touch with him and discuss the facts and law in order that you might be in a better position to assist in working out the situation in some way satisfactory to all concerned. Mr. Lovett, of course, knew that your main interest in the situation arises by reason of the ownership of bonds of Acquisition and Improvement District No. 19 of San Diego County.

It appears that Mr. Lovett is relying as a matter of defense upon two separate defenses. In the first place, it appears that on or about February 17, 1937 the F. & W. Thum Company made an offer in writing to accept from Col. Fletcher the sum of $25,000 in full settlement of the note and mortgage provided the same was paid by September 1, 1937. Col. Fletcher accepted the offer and in part performance thereof paid to the Thum people the sum of $10,000. It is my understanding that this amount was the proceeds from the sale of Block 36 which upon the payment thereof was released from the mortgage by the Thum people. It is further alleged that as a matter of defense the time for payment of the balance of $15,000 was extended to December 1, 1937 and that the Thum people accepted interest on the balance of $15,000 up to March 1, 1938.

In connection with the facts above set forth, Mr. Lovett contends that a novation took place and that the Thum people having accepted a $10,000 payment on account of such settlement together with interest on the balance of $15,000 up to March 1, 1938, are now estopped to deny the settlement and are limited to a recovery of $15,000 plus interest thereon from March 1, 1938. Frankly, I am skeptical of the efficacy of this defense. It is well settled that an agreement to take less than an amount which is legally owing must be supported by a new and independent consideration. The variation of an agreement is as much a matter of contract as the original agreement, and a contract for such variation, equally with other contracts, requires a consideration to support it. However, neither the promise to do nor the actual doing of that which the promisor is by law or by subsisting contract bound to do, is a sufficient consideration to support a promise made to the person upon whom the legal liability rests, either to induce him to perform what he is bound to do or to make a promise so to do.

Thus, it has been held by the Supreme Court of this State that part payment of a debt overdue is not a valid consideration for an agreement to postpone or discharge the payment of the residue. It has also been held by the Supreme Court that an agreement to discharge a judgment for a sum less than the amount for which it was rendered is void.

Applying the foregoing principles of law to the facts relied upon as a matter of defense by Col. Fletcher, we find that the source of the $10,000 which was paid to the Thums was the sale of property already mortgaged to the Thums. Col. Fletcher was already bound to pay this $10,000. It, therefore, appears to me that this payment was not sufficient consideration to support an agreement on the part of the Thums to reduce the amount of the debt. Particularly, when the money was derived from the sale of property which was already subject to the mortgage and which was released by the Thum people for the sole purpose of sale in order to provide the money for the payment. Furthermore, Col. Fletcher was already obligated to pay interest on the full amount of the mortgage. Therefore, the payment by him of interest on a lesser amount gave rise to no consideration.

The other affirmative defense relied upon by Mr. Lovett is somewhat as follows. It is his contention that the venture involving Fletcher Hills No. 2 originally was a partnership between Col. Fletcher and the Thums. I might state, in passing, that there is considerable correspondence and documentary evidence to sustain this contention. It is further the contention of Mr. Lovett that under the partnership arrangement Col. Fletcher was not to participate in any losses but would participate in 25% of the net profits from the venture. There is also documentary evidence in support of this contention. It is further the contention that after some years and solely for the convenience of carrying out the original agreement, the title to the property was transferred to Col. Fletcher, and after giving effect to moneys which had theretofore been received by the Thums, it was agreed between the parties that their probable interest in the property amounted to the sum for which the note and mortgage was subsequently executed. It is the further contention that in executing the note and mortgage, there was intended to be no change in the original agreement and that the Thum people would look to the land alone for remuneration.

There is nothing in writing so far as I know definitely establishing the agreement on the part of the Thums to look solely to the land. It is a well established rule of law that parol evidence may not be introduced to vary the terms of a written instrument. The note and mortgage in this case make no reference to a limitation of liability nor do they contain any agreement to look solely to the land nor any waiver of a deficiency judgment.

It is true, of course, that evidence may be introduced as to the circumstances under which a written agreement was made or to what it relates but this is only true to explain an ambiguity appearing on the face of the instrument itself or so that the judge may be placed in the position of

those whose language he is to interpret.

The rule that an agreement in writing supersedes all prior or contemporaneous oral negotiations or stipulations does not apply where the parties have not incorporated into the instrument all of the terms of their agreement but the exception allowing oral evidence of terms of an agreement not included in a writing is itself subject to the qualification that the oral stipulations sought to be proved are not inconsistent with the written terms. Moreover, the fact that the parties intended to reduce a parol agreement to writing but failed to do so does not effect the validity of the agreement nor place it in the light of an incomplete transaction. It is not part of the office of construction to add to a contract or take from it; its office is solely to ascertain what the parties intended by what they had said in writing. If there be no ambiguity, the contract must speak for itself; in other words, there is no room for interpretation. Accordingly, where there is nothing ambiguous in the terms of a written agreement, extrinsic evidence to control or explain the meaning of the language is not admissible.

Applying the foregoing principles of law to the facts in the instant case, I am very doubtful that Col. Fletcher can maintain the second affirmative defense above mentioned. The mortgage is clear and unambiguous. There are certain exceptions relating to the rule against the admission of parol testimony through which Mr. Lovett hopes to establish his defense. However, I doubt if he will be successful in so doing.

To sum up, in order for Col. Fletcher to maintain his first defense above mentioned, it will be necessary to show that there was a new and independent consideration for the alleged agreement on the part of the Thums to take less than the amount of the mortgage in settlement thereof. Mr. Lovett feels that he has a chance of establishing such a separate consideration. As to the second defense, Mr. Lovett is hopeful of being able to persuade the Court that the equities arising out of past circumstances should require that the Thum people look solely to the land in satisfaction of their mortgage and that the mortgage foreclosure being an equitable action, the Court will weigh the equities on each side and render its decision accordingly.

While probably there is some language in the decisions of the Courts of this State to support the contentions advanced by Mr. Lovett, nevertheless I believe that the weight of authority is on the other side. It is my opinion that if any kind of an equitable settlement of this matter out of court can be arranged, that it will be to the advantage of defendants to make such settlement, as I am not sanguine over the possibilities of their successfully defending the suit. If I am not mistaken, I believe that Mr. Lovett would also like to see some sort of a settlement arranged and thus eliminate the necessity of proceeding to trial.

Yours very truly,

Donald J. Dunne

DJD:T

MUNICIPAL BOND COMPANY
650 SOUTH SPRING STREET
LOS ANGELES
TRINITY 3801

May 12, 1939.

Col. Ed Fletcher,
Thayer Apartments,
1228 "M" Street,
Sacramento, California.

Dear Col. Fletcher:

In accordance with my recent letter to you, I am enclosing a copy of Mr. Dunne's opinion regarding your defense in the Thum Company litigation. I asked Mr. Dunne to give me his unbiased opinion in this matter entirely eliminating any personal considerations. I am only sorry that his conclusions are not more encouraging.

With best regards, I remain

Yours sincerely,

Harold

R.T.

Enc.
cc. to Mr. Ed Fletcher, Jr.

8/11/39

Dear Col. Fletcher -
There are enclosed two copies of the form for the certified resolution. The original can be signed by the secretary of the Rosemont Park Co. and returned to me and the duplicate can be inserted in your minute book if you do not desire to copy it over again. Kindly have the secretary of the Co. initial each page & be sure to affix the corporate seal.

H.B.R.

Col Fletcher
For your confidential information
HBR

August 16, 1939.

Mr. W. H. Jennings,
Attorney for La Mesa, Lemon Grove
& Spring Valley Irrigation District,
4769 Spring Street,
La Mesa, California.

Dear Bill:

Mr. Moerdyke just called to let me know that he had a two hour session with Mrs. Thum and her daughter, Margaret, this afternoon regarding the Fletcher Hills settlement. The widow of John Thum and William Thum, Jr. were not able to be present at the meeting and for that reason the two that were present decided they wanted to talk the whole situation over with the two absentees. They told Mr. Moerdyke, however, that they would try to have an answer for him by Saturday morning at the latest.

As soon as I learn their decision, I shall communicate it to you.

Sincerely yours,

Harold B. Reed

President.

R.T.

Lowe

September 2, 1939

Mr. Harold Reed
Municipal Bond Company
Bank of America Bldg.
Los Angeles, California

Re:-F.&.W.THUM COMPANY

My dear Harold:

I was very much surprised to have Mr. Rosetti write a letter eliminating the Thums after I told you Thursday that negotiations were on.

I have taken the matter up with the District and the County and feel very sure the original planof the District will be worked out. Please cooperate.

In the meantime, please clarify my mind about A.&.I.D.#12. Is this property going to be put in escrow, what price are we to agree on as to the sale, and let me have allinformation in connection thereto in legal form ready for signature to submit to the Ed Fletcher Company, and please remember that several months ago a deed was given to the State to a strip of land to widen a highway through Villa Cara Heights, and should have been made a matter of record as informed you months ago.

With kind regards,

Sincerely yours,

EF/jv

September 7, 1939

Mr. Harold Reed,
Municipal Bond Company
650 South Spring Street
Los Angeles, California.

My dear Mr. Reed:

A special meeting of the Board of Directors of Grossmont Park Company was called and the Resolution which you sent down was passed. Enclosed find certified copy of same, as requested.

Yours sincerely,

KLM

"RESOLVED, that the President or Vice President and Secretary or Assistant Secretary of this Corporation be and they are hereby authorized and directed for and on behalf of this Corporation and in its name and as its act to enter into an agreement with the bondholders of San Diego County Acquisition & Improvement District No. 12 for the settlement of the outstanding indebtedness of said District upon substantially the terms and conditions proposed in the letter of Municipal Bond Company dated August 11, 1939, addressed to Col. Ed Fletcher, the original of said letter having been presented to and read at this meeting of the Board of Directors of Grossmont Park Company, and which is in words and figures as follows:

'August 11, 1939.

Col. Ed Fletcher,
1020 Ninth Avenue,
San Diego, California.

Dear Col. Fletcher:

This letter is to confirm the proposal for the settlement of Acquisition & Improvement District No. 12, which we discussed today. You will recall that you made the request that the proposal be put in writing so that you could take the matter up with the Grossmont Park Company and obtain their approval. The proposal is as follows:

(1) The County of San Diego would advertise the sale for delinquent taxes of all of the property lying within Acquisition & Improvement District No. 12. When the necessary legal procedure and advertising has been completed, The Farmers and Merchants National Bank of Los Angeles will bid at said sale for said property the sum of $1.00 a parcel or higher if the Bank in its sole discretion deems it necessary and desirable so to do. In this connection it is extremely unlikely that there will be any other bidders at the sale for the reason that outstanding bonds of Acquisition & Improvement District No. 12 will, at the time of the sale, still be outstanding and unpaid and any other bidders would take the property subject to the bonds. Grossmont Park Company including, of course, all the Fletcher interests, agrees that it will not protest the tax sale. This tax sale will have the effect of clearing the property from all taxes and assessments including the respread of Acquisition & Improvement District No. 12.

(2) When the tax sale has been completed and provided the properties are deeded to The Farmers and Merchants National Bank, Grossmont Park Company and any other Fletcher interests holding title to property within the District shall execute a quit-claim deed to The Farmers and Merchants National Bank of Los Angeles covering all the said property.

(3) When (1) and (2) above have been completed and title to the said property has been acquired by The Farmers and Merchants National Bank of Los Angeles, it will surrender to the County all the outstanding bonds and coupons of Acquisition & Improvement District No. 12 against payment by the County of 15¢ on the dollar principal face amount.

(4) All of the property acquired by The Farmers and Merchants National Bank of Los Angeles in Acquisition & Improvement District No. 12 will be placed in a trust with a trustee satisfactory to the Farmers and Merchants National Bank of Los Angeles and under a trust agreement, by the terms of which a schedule of minimum sales prices will be established covering all of said property and you will be given the exclusive sales agency to sell said property. From the proceeds of the sale of the property there will be allowed to you 25% thereof to cover all selling expenses including commissions. The remainder of the proceeds will be distributed as follows:

(a) To cover the expenses of establishing and maintaining the trust.

(b) To reimburse the Bank for the cost of acquiring title to the property including advertising by the County, the amount paid to the County for the deeds and any other incidental expenses incurred in connection therewith.

(c) After making the payments provided above, the remainder of the proceeds shall be paid to The Farmers and Merchants National Bank of Los Angeles until it has received the total sum of $15,000.00. Thereafter, the trust will be terminated and the property will be deeded to the Grossmont Park Company or its nominee.

(d) In the event that The Farmers and Merchants National Bank of Los Angeles has not been paid its $15,000.00 on or before three (3) years from the date that the trust is established, then the Bank shall have the right to designate another selling agent or to sell the property itself at whatever price or prices it deems advisable in its uncontrolled discretion, the proceeds from any such sale or sales to be applied in the same manner as is hereinabove set forth.

(5) Both you and Grossmont Park Company are to agree that you will use all diligence to obtain contributions from the owners of other property lying within the boundaries of Acquisition & Improvement District No. 12 upon the best basis possible. These contributions may be in the form of cash, property or promissory notes secured by deeds of trust on such property. All contributions

of whatever kind or character are to be turned over by you to The Farmers and Merchants National Bank of Los Angeles. All cash contributions shall be credited against the $15,000.00 hereinabove mentioned and the proceeds of any property or promissory notes received as contributions will likewise be credited against said $15,000.00 when and as the same are converted into cash. Any real property so acquired shall become subject to the terms of the trust agreement hereinabove set forth.

Will you kindly arrange to have a meeting of the Board of Directors of the Grossmont Park Company as soon as possible and, if this proposal meets with their approval, cause a resolution to be adopted in the form attached hereto and forward us a copy thereof certified by the proper officer of the Company and bearing the corporate seal.

As we discussed today, Mr. V. H. Rossetti, President of The Farmers and Merchants National Bank of Los Angeles is out of town and is not expected to be back until the first of the coming week. Therefore, while the adoption of the resolution referred to above by the Grossmont Park Company will constitute a binding agreement on its part, it is to be understood that the Bank will not be committed to the settlement until Mr. Rossetti returns next week and gives his approval, which we believe will be forthcoming. In this connection, we should prefer to have the certified copy of the resolution of the Grossmont Park Company in our hands when the matter is presented to Mr. Rossetti.

Yours very truly,

MUNICIPAL BOND COMPANY,

By (Signed) HAROLD B. REED

President.'

"BE IT FURTHER RESOLVED that the said officers of this Corporation be and they are hereby authorized and directed to take such further action and to perform such acts as may from time to time be necessary or required in order to consummate said settlement, including but without in any way limiting the generality of the foregoing, the execution of such agreements as may be required by The Farmers and Merchants National Bank of Los Angeles and agreed to by such officers; the execution of such trust indentures as may be required upon such terms and conditions as may be agreed upon by said officers; and the execution, acknowledgment and delivery of such deed or deeds as may be necessary and all other things necessary or requisite in and about the premises."

The undersigned does hereby certify that he is now and at the time of the adoption of the foregoing resolution was the duly elected,

#4

qualified and acting Secretary of Grossmont Park Company and that the foregoing is a full, true and correct copy of a resolution of said Corporation adopted at a meeting of its Board of Directors duly and regularly called and held and at which a quorum was present on the _____day of August, 1939, and that the same has not been amended, altered or repealed and is now in full force and effect.

Dated this_____day of August, 1939.

_____
Secretary of Grossmont Park Company.

(SEAL)

#4

qualified and acting Secretary of Grossmont Park Company and that the foregoing is a full, true and correct copy of a resolution of said Corporation adopted at a meeting of its Board of Directors duly and regularly called and held and at which a quorum was present on the _____day of August, 1939, and that the same has not been amended, altered or repealed and is now in full force and effect.

Dated this_____day of August, 1939.

_____
Secretary of Grossmont Park Company.

(SEAL)

#4

qualified and acting Secretary of Grossmont Park Company and that the foregoing is a full, true and correct copy of a resolution of said Corporation adopted at a meeting of its Board of Directors duly and regularly called and held and at which a quorum was present on the 6th day of September, 1939, and that the same has not been amended, altered or repealed and is now in full force and effect.

Dated this 6th day of September, 1939.

_____
Secretary
Grossmont Park Company

(SEAL)

September 20, 1939

Mr. Harold Reed, President
Municipal Bond Company
Los Angeles, California.

My dear Harold:

A careful appraisal of the property owned by us in A & I D No. 12, together with some careful study of the situation, have developed some very interesting facts and I want to pass them on to you.

The approximate total area in the district is 38 acres, of which 27 acres are owned by our companies, or approximately 70 percent. In the settlement of this district you are receiving the $15,000 from the county and are asking for an additional $15,000, plus certain escrow costs, tax deed costs, etc. I talked with Murray Loop this morning and I find that in this proposed settlement he has a letter from the bank agreeing that any owner of property at the present time, by merely coming in and paying up, within 90 days after notification of the tax deed sale, the actual state and county taxes against this property without penalties interest or costs, plus the sum of 20 percent of the 1929-30 levy, can redeem his property on this basis.

In checking over the records I find that this 20 percent of the 1929-30 levy totals the infinitesimal sum of $809.29, or in other words, should all the property owners, (which they will undoubtedly do) take this method of paying their taxes rather than settling with us, we would be left holding the sack, and have to pay our 70 percent of the total district the sum of $14,190.71, plus the cost of escrow, tax deeds and advertising costs.

In view of the fact that my appraisal of the property that we still own, based on values that I feel the property would sell for today, totals $20,900, out of which we would be obliged to pay you the sum of $14,190.71, plus our costs. In addition none of this land has water at the present time and the irrigation district is going to require us to exclude land which is already in the district which we own, acre for acre, to include these lands in the district, before we can ever hope to realize the values that I have established. In other words, the land that we are excluding would then be depreciated at least $100 an acre, or another $2700.00.

If this is the case then I cannot see where it is advantageous to us in any respect, to negotiate this method of settlement of A & I D No. 12.

You, at all times, have lead my father and me to believe that we could force the other individuals, especially those owning homes, into paying a goodly proportion of the $15,000 or acquire their property by tax deed, and in the case of two or three of the properties where there are nice homes we figured on getting from $700 to $1000 each. However, because of the letter on file from the bank to Loop regarding protection of property owners this is now impossible.

In addition to the loss we are taking we have to go to the trouble of negotiating the exclusion and exclusion of lands and on top of that the 25 percent selling cost will have to come out of the property, which would leave us absolutely no equity after payment to you in full, in fact I think we would be on the short end of it.

Before making my final recommendation to Dad let me know if the above picture is correct.

Yours sincerely,

EFJr-M

Ed Fletcher Papers

1870-1955

MSS.81

Box: 22 Folder: 16

General Correspondence - Reed, Harold