

CHARLES F. STERN  
SUPERINTENDENT OF BANKS

STATE BANKING DEPARTMENT  
CALIFORNIA  
SAN FRANCISCO

July 9, 1919.

Colonel Ed Fletcher,  
San Diego,  
Calif.

My dear Colonel:

I am theoretically on my vacation, beginning noon yesterday. I dropped into the office this morning just in time to miss an embassy from your city discussing the tentative financing of a scheme to develop a municipal water supply for the City of San Diego.

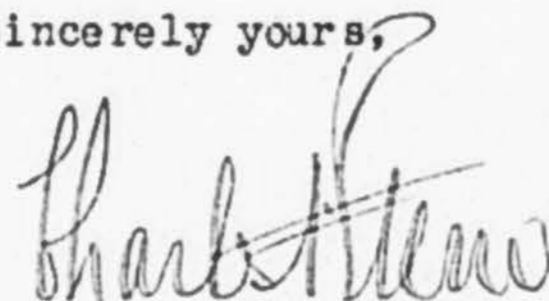
The embassy consisted of Senator Wright and a gentleman named Stearns. Mr. Stearns, I find, bore a letter of introduction to me from the San Diego Savings Bank introducing him as "a representative of the several banks of this city regarding a plan for the financing and building of Barrett dam as a part of the water system for the City of San Diego."

The matter was discussed with Mr. Sullivan in this department in a tentative way only, and the gentlemen will forward additional information.

I know your interest in the water situation in San Diego County and my object at this time is to ask you whether you are a part of the plan now being presented and for any information that you may care to put in my hands.

With best personal regards, I am

Sincerely yours,



Superintendent of Banks.

CFS:WK

July 11th, 1919.

Mr. Charles F. Stern,  
Superintendent of Banks,  
San Francisco, Calif.

My dear Mr. Stern:-

I was indeed pleased to receive your letter of July 9th, and I carefully noted the contents. I certainly appreciate the courtesy of your dropping me a line on the subject.

I am heartily in favor of the construction of Barrett Dam by the City, and immediately. We have had the lightest rainfall in the mountains of any year in our history. We did not catch enough water last year to take care of the evaporation, and if this coming year should be the same, we would have no water in the city system, and for that matter, very little water in the Cuyamaca System by September, 1920. To-day the City is bonded, practically to its limit. The Chairman of the Water Committee of the San Diego Chamber of Commerce, Mr. A. P. Johnson, Jr., made a statement at a dinner given here recently, in the presence of Mr. A. P. Davis of the Reclamation Service, to the effect that the taxable values in the business section of San Diego are to-day from 25% to 50% higher than the actual sale values. Therefore, it is impossible, through the ordinary efforts of securing money, to complete Barrett Dam, which should be built immediately.

The only solution of our water problem is a Municipal Water District, and it will take some time to whip that into shape. We cannot wait that long to complete the building of Barrett Dam, for if we do, San Diego will certainly be out of water, if our previous rainfall records for the past two or three years hold good. I sincerely trust you will do all you can to help out the City in this matter.

By the way - I wish you would spend part of your vacation in San Diego County. I promise to give you good trout fishing, and a bath at Warner's Hot Springs. If you can make the trip, telegraph me when you can come.

With kind regards,

Very sincerely yours,

EF/LCW

San Francisco, California.  
January 20, 1921.

[From Bureau, H.W.]

Mr. Charles F. Stern,  
Superintendent of Banks,  
San Francisco, California.

Dear Sir:

Herewith please find my report and conclusions in re the proposed enlarged Cardiff Irrigation District including, according to the estimate of W. L. Huber under date of March 8, 1920, approximately 25,000 acres in San Diego County, Cal.

Because of the many features which are peculiar to this district and which, in fact, are possessed by no other irrigation district in the state, I covered the entire area of the district in considerable detail, and listened to much information as conveyed by persons long resident in that section. My findings are as follows:

SOILS:

The soils of the district are made up of the redegradation of what were, for the most part, partially consolidated marine sedimentary deposits of rather recent origin. The soils vary from light sandy soils to fairly heavy, sandy, clay loams. Over the entire area the soils are deficient in humus. With any intensive cultivation properly worked out methods of fertilization will be imperative. The soil depth varies from many feet in thickness, where the soil has been drifted or washed into depressions and in the small valleys, to areas where the soil is colluvial and merges, within a few inches from the surface, into the harder, sandy strata from which it was formed.

DRAINAGE:

The character of the soil and the topography of the district area insure excellent natural drainage except, perhaps, in certain small acreages where the owners of the land could be expected to care for the simple drainage problems presented.

WATER:

The crux of the whole situation as to whether an irrigation district, such as is here contemplated, is justified,

hinges primarily on the adequacy of the annual water supply over a period of years. Provided there is shown to be sufficient water for a normal percentage of the acreage of the district, say for seven years out of ten, then it would be possible, by the restriction of acreage devoted to annual crops during the three dry years, to carry the permanent crops through without injury. Such a plan entails a very careful study of the per acre requirements and, in addition, would require a balanced planting by each owner so that the burden of loss in such dry years would not fall disproportionately on the annual crop acreages. Estimates as to the duty of water for the soils of this district range from .8 to 1.0 acre feet per annum. While the larger value quoted may suffice during the early years of tree growth, and while the smaller value quoted may carry through one short-term vegetable crop, I am of the opinion that the requirements of the district as a whole, allowing an irrigable acreage of 15,000 acres, will have to be in excess of 1.5 acre feet over all and, in all probability will be almost 2 acre feet to obtain maximum results, which must be obtained if land values are to be kept sufficiently high to justify a heavy bonded indebtedness. Under ordinary circumstances where such close calculations as to water sufficiency were involved the formation of an irrigation district would hardly be justified. In this case the climatological conditions provide a factor of more than ordinary moment and tend to offset what otherwise would be controlling factors.

CLIMATE:

Owing to the local topography certain areas within the proposed district are practically frostless. Other areas are almost fogless. The district as a whole has no extremes of temperature. The proximity of the ocean, the contour of the coast line and the surface contours of the locality in which the proposed district is situated, all help to produce the equable and mild climatic conditions which govern this territory.

CROP POSSIBILITIES:

Because of the extremely favorable climatic conditions it is possible, with an adequate water supply, to grow many of the sub-tropic fruits including figs, avocados, olives, and citrus fruits with a range through to the hardier fruits and nuts of the temperate zone.

Particularly are the soils adapted to the winter growth of peas, summer squash, lettuce, peppers, beans and other vegetables which command a constant high value in eastern as well as local markets.

RESIDENTIAL VALUES:

Ordinarily residential values are given but little con-

sideration in the appraisal of lands within irrigation districts. Here again an exception has to be made. With a proper water supply the comparatively narrow strip of coast land embraced within the lines of the proposed district provides a far more esthetic, combined with practical value than can be given consideration in a report of this character.

RARE COMBINATION:

With the United States many and large sections of country can be found which possess one or the other of the qualifications possessed by this locality; fewer sections can be found which possess combinations of several of the qualifications; while the combined area, in all of the states, which possess all of the favorable conditions, with so few unfavorable ones, is so small as to require the establishment of other than the ordinary standards of appraisal in order to determine true values.

ADVERSE FACTORS:

The principal, active or potential adverse factors may be listed in the order of their importance, and commented upon, as follows:

1. Proposed service of water going to outside sources might be adjudged to be irrevocable, and thus permanently lose to the district water which would be absolutely necessary within the district as the intensively developed area was increased.

COMMENT: This is a legal question which, if decided in favor of the assertion, would necessarily make imperative a revision of the entire project.

2. Excessive value placed upon the land, water and equipment sold to this district.

COMMENT: This claim is made by a small minority and is off-set, at least in part, by appraisals and opinions now on record. I made no investigation covering this phase of the subject.

3. Possibility that more land has been included than can be adequately served from water sources available.

COMMENT: Certain portions of the Santa Fe ranch and certain other small areas within the district lines,

if subject to a proper proportion of cost of irrigation, would probably not pay to cultivate.

4. Lack of organization competent to deal with the large questions of engineering, policy, finance and operation imperative if district is to be successfully and economically operated.

COMMENT: In no other irrigation district in California, irrespective of size, will the above qualifications be more needed than in the proposed Cardiff Irrigation District and my recommendation would be that if possible the appointments, construction and policy of the district, at least during its preliminary years of development, be directly subordinate to the Irrigation Bond Commission.

5. An opposition element within the district who, if possible, propose to prevent organization along the present lines. Attached will be found a pamphlet expressing their views.

COMMENT: None

In view of all the above, and provided the legal and financial elements involved are approved by proper authority, I herewith recommend the value of the property within the district to be sufficient to protect a bond issue for the proposed district of any amount less than \$3,000,000.

Respectively submitted:

(signed) E. W. Furlong

HWF:EW

January  
Ninth  
1922

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

My dear Stern:

Enclosed find copy of letter which is explanatory. If you are approached on this subject please let them know that the bank is in a position to handle it if it is interesting, and would like to have an opportunity to consider it.

I will explain everything to you personally when I see you. There may be a "nigger in the woodpile" and I want you to help me find out if it is true.

Yours sincerely,

EF:KLM

October 31, 1922

270-4  
Mr. C. F. Stern, Vice-Pres.,  
First National Bank,  
Los Angeles, California.

My dear Stern:

I have received the following telegram

"Impossible for me to be in Los Angeles  
Wednesday or before next week sometime.

(Signed) W. S. K. BROWN"

He is the executor of the Murray estate. I have written him asking him to give me a definite date.

Yours sincerely,

EF:KLM

Excerpt from a letter of March 20, 1923, from Charles F. Stern.

April 3, 1923.

File 280-23

"Under these conditions therefore I think we should offer an interest in Cuyamaca to these gentlemen upon the basis that we are buying the Murray interests. I am well aware that you have been able to secure a buying contract from the Murray estate at a price probably \$150,000 less than the Murray heirs would sell to anyone else; and a great many hundred thousand dollars less than any appraised value of the property. These things should be taken into consideration by Messrs. Robinson and Judson."

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

My dear Mr. Stern:

Confirming our verbal understanding will say, I am selling you an undivided one-half (1/2) interest in my option for the purchase of the Murray Estate holdings in the Cuyamaca System, the price being Seven Hundred Thousand Dollars (\$700,000.00), as per terms and conditions of my option of October 25, 1922, copy of which is hereto attached.

The Murray Estate owns an undivided ten twelfths (10-12ths) interest, Ed Fletcher one-twelfth (1-12th) and William G. Henshaw one-twelfth (1/12th).

In consideration of your financing the payments due the Murray Estate, including the Five Thousand Dollars (\$5,000) already paid by me, (by this I mean I will not have to worry about putting up any money for principal but will join you in any necessary notes, you taking care of any necessary renewals of notes by re-financing), each of us is to have one-half (1/2) interest in the Murray Estate property. I believe the Cuyamaca Company, from now on, can, in addition to its operation and maintenance expenses, come very near paying the interest unless we make some large extensions not now contemplated.

In addition to the above you are to have one-half (1/2) of any bonuses of any kind whatsoever that we may get thru putting water on lands from the Cuyamaca System.

Whether we go in with Judson and Robinson or not, I do want it understood that, whether as a co-partnership or a corporation, our interests will be pooled and voted as one at all times, the idea being to keep control of any organization we go into, and if either of us desires to sell our interests, the other will be given an opportunity to sell on the same terms and conditions.

Kindly confirm the above, or make such additions to or subtractions from as will express your idea of our understanding.

Yours very truly,

EF:KLM

File 280-23

April 3, 1923

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

My dear Mr. Stern:

Confirming our verbal understanding will say, I am selling you an undivided one-half (1/2) interest in my option for the purchase of the Murray Estate holdings in the Cuyamaca System, the price being Seven Hundred Thousand Dollars (\$700,000.00), as per terms and conditions of my option of October 25, 1922, copy of which is hereto attached.

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In consideration of your financing the payments due the Murray Estate, including the Five Thousand Dollars (\$5,000) already paid by me, (by this I mean I will not have to worry about putting up any money for principal but will join you in any necessary notes, you taking care of any necessary renewals of notes by re-financing), each of us is to have one-half (1/2) interest in the Murray Estate property. I believe the Cuyamaca Company, from now on, can, in addition to its operation and maintenance expenses, come very near paying the interest unless we make some large extensions not now contemplated.

In addition to the above you are to have one-half (1/2) of any bonuses of any kind whatsoever that we may get thru putting water on lands from the Cuyamaca System.

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Kindly confirm the above, or make such additions to or subtractions from as will express your idea of our understanding.

Yours very truly,

BF:KLM

(signed) ED FLETCHER

Feb. 6, 1930.

I hereby certify the above to be a true and correct copy.

*Katherine L. May*  
Notary Public in and for the  
County of San Diego, State of  
California.  
My Commission expires Oct. 2, 1933.

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

Charles F. Stern  
Executive Vice president  
Los Angeles

April 7, 1923.

Dear Colonel Fletcher:

I have before me your letter of April 3, 1923, with attached copy of an agreement between yourself and W. S. K. Brown, executor of the will of James A. Murray, deceased, and dated October 25, 1922. Your letter recites as follows:

"Confirming our verbal understanding will say, I am selling you an undivided one (1/2) interest in my option for the purchase of the Murray Estate holdings in the Cuyamaca System, the price being Seven Hundred Thousand dollars (700,000) as per terms and conditions of my option of October 25, 1922, copy of which is hereto attached.

The Murray Estate owns an undivided ten twelfths interest, Ed Fletcher one twelfth and William G. Henshaw one-twelfth.

In consideration of your financing the payments due the Murray estate, including the Five Thousand dollars (5,000) already paid by me, (by this I mean I will not have to worry about putting up any money for principal but will join you in any necessary notes, you taking care of any necessary renewals of notes by refinancing) each of us is to have one-half interest in the Murray estate property. I believe the Cuyamaca Company, from now on, can, in addition to its operation and maintenance expenses, come very near paying the interest unless we make some large extensions not now contemplated.

In addition to the above you are to have one-half of any bonuses of any kind whatsoever that we may get thru putting water on lands from the Cuyamaca System.

Whether we go in with Judson and Robinson or not, I do want it understood that, whether as a co-partnership or a corporation, our interests will be pooled and voted as one at all times, the idea being to keep control of any organization we go into, and if either of us desires to sell our interests, the other will be given an opportunity to sell on the same terms and conditions.

Kindly confirm the above, or make such additions to or subtractions from as will express your idea of our understanding."

My understanding of our discussion is as you have expressed it, namely, that you open to me the opportunity to purchase one-half of the Murray estate interest in Cuyamaca at your option price, the consideration being that I find the wherewithal with which to finance the purchase of the Murray estate interest, which is

April 9, 1923.

280-23

acceptable to me; and that I participate with you on an equal basis in any bonuses derived through the sale of water from Cuyamaca or otherwise incidental to the development of the Cuyamaca System, and that I pool my interest with you in the control of Cuyamaca.

In our verbal discussions I had understood you to say that you would pledge your one-twelfth interest in Cuyamaca as part security for any moneys we might find it necessary to borrow to acquire any part of the Murray estate interests. In reading the contract between yourself and W. S. K. Brown I note that the title to all of the Murray interests remains in the estate as collateral until final payment is made under the contract and that in addition, as I read the contract, your own one-twelfth interest is likewise pledged.

I note also that after June 1, 1923, and assuming the first payment to have then been made, that the deferred payments bear interest at 6%. This amounts to about \$33,000 a year, payable quarterly in advance, a considerable burden upon us and one not lightly to be undertaken unless we can reasonably expect revenues from Cuyamaca to meet it.

In addition to the matters touched upon in your letter, it is my understanding that my suggestions as to the refinancing of Cuyamaca, its merging with any other systems, if any, its extensions, contracts, etc. are to be given full consideration, and that this applies also to such attempts as we may find it expedient to make to bring about a settlement of the litigation with the city of San Diego.

In entering upon this project with you may I offer the sincere hope that we may bring this matter to such a fruition as to justify your hope and faith and effort over the many years through which you have been connected with this property.

With best personal regards, I am,  
Very sincerely yours,

(signed-CHARLES STERN)

Colonel Ed Fletcher,  
San Diego, California.

February 6, 1930.

I hereby certify the above to be a correct and true copy.

*Katherine L. May*  
Notary Public in and for the County  
of San Diego State of California.

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

My dear Frank:

Answering yours of April 7th, will say that everything is o. k.

I note in your letter of April 7th you say, "in addition to the matters touched upon in your letter, it is my understanding that my suggestions as to re-financing of Cuyamaca, its merging with any other systems, if any, its extensions, contracts, etc., are to be given full consideration and that this applies also to such attempts as we may find expedient to make to bring about a settlement of the litigation with the City of San Diego". This expresses my understanding of our agreement and is acceptable to me.

I am delighted that we have agreed upon our method of financing and operating our system together. I don't take my hat off to anyone when it comes to operating same, but I am tickled to death to leave up to you the matter of future financing, and you can rest assured your judgment as to general future policy will be given due consideration.

With kindest regards and feeling sure you will never regret having come in with me on the proposition,  
I am

Sincerely yours,

EF:KLM

*yellow carbon & original in safe.*

copy  
Aug. 13, 1923.

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

My dear Frank:

Just before leaving for San Diego I signed up with Treanor Saturday. I tried to get Mrs. Stern to tell her the good news but no answer on the phone and I did not know your address. Please let me know your residence address, also telephone number, so I can put it in my book.

As much as I hated to do it I turned over the Henshaw-Fletcher pipe line contract, also cleaned up with him on everything, for I felt as you did, we better have control of the one-twelfth interest that Henshaw owns in Cuyamaca and then be free to act.

In the settlement I paid Mr. Henshaw \$90,000 for his interest and assumed his indebtedness to the company. This is a loss to Henshaw as the enclosed statement from our secretary shows that, in cash and interest, he has put in \$109,347.43.

My understanding is that I will carry this one-twelfth interest for our joint account until the system is disposed of, that we will let the \$23,000 indebtedness due the company by Henshaw stand on the books as a matter of policy, and that when the system is sold I will first get back my \$90,000 and 6% interest for the one-twelfth interest that I have acquired from Henshaw.

Please confirm this and also send me a copy of the contract between us and the Murray Estate as I have no record at all in this office of our agreement signed up with Brown. I will tell you all about the Henshaw settlement the next time I see you.

Treanor seems very anxious to be friendly and has written me a letter asking that I go on the Board of Directors of the San Diego County Water Company, altho I will only own one share of stock. What think you?

Yours sincerely,

1923 May 17 PM 6 23

LOS ANGELES CALIF

Colonel Ed Fletcher

San Diego, Calif.

Received following from Brown today "ANSWERING YOUR WIRE MAY FIFTEENTH. YOUR OFFER THEREIN CONTAINED TO PURCHASE INTEREST OF MURRAY ESTATE IN CUYAMACA WATER COMPANY IS ACCEPTED. Mrs. MURRAY AUTHORIZES ME TO ALSO ACCEPT IN HER NAME. WILL TRY TO MAKE LOS ANGELES TUESDAY OR WEDNESDAY BUT PRESS OF BUSINESS MAY PREVENT IF SO WOULD I BE REQUESTING TOO MUCH IF I ASKED YOU TO MEET ME HERE AT YOUR CONVENIENCE. WILL MAKE THIS MATTER MY FIRST ORDER OF BUSINESS". I could go to San Francisco for a day late next week if necessary but it would be at considerable sacrifice and to be avoided. Suggest to him that he get up the contract and send it down here. We can work just as fast that way.

CHARLES F STERN

EF:KLM



QUESTIONS TO ASK MR. CHARLES F. STERN

Please relate your recollection of the conversation held in your office June 24, 1923.

Had you ever directly, or indirectly, given your consent to pay a bribe for the vote of any councilman?

Did Col. Fletcher ever suggest that a bribe be paid?

On Col. Fletcher's return to your office from the depot on Sunday with Mr. Weitzel, did he make any statement to the effect that Weitzel might possibly make a better proposition after seeing Bruschi and Stewart?

Who was present when Col. Fletcher made that statement?

Did Col. Fletcher give you instructions to open his mail?

When did you deliver that letter to Col. Fletcher?

Did you ever show this evidence to your attorney.

Who was the attorney and what was his advice?

Did you agree with Col. Fletcher that it was the best thing for the Colonel to take an extended trip to Canada and await the expiration of the option to the city before returning?

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

Charles F. Stern  
Executive Vice president

Los Angeles

August 17, 1923.

Dear Colonel Ed:

This letter is in reply to yours of August 13, 1923. I note that you have purchased the Henshaw one-twelfth interest in the Cuyamaca System at a cost of \$90,000 and have assumed his indebtedness to the Cuyamaca Company.

It is understood that the \$23,000 indebtedness to the company will stand on the books as is and that if and when the System is sold you will be compensated on the basis of \$90,000 at 6% interest for the one-twelfth interest acquired from Henshaw.

I enclose herewith copy of the contract between us and the Murray estate in accordance with your request and for your files.

Let me say that we borrowed as of June 8th \$45,000 at 5% from the Anglo & London Paris National Bank. Of this amount \$41,700 was disbursed immediately to W. S. K. Brown in exchange for the contract; the balance stands to our credit in my personal account with the Anglo, less interest payments which I believe they charge against the account monthly.

I acknowledge receipt of your letter in re the status of Senator Flint and have forwarded same to him for answer.

Mr. White tells me that one of your boys is quite ill; I hope not seriously. Please keep me informed as to his progress.

With best personal regards to you and yours, I am,

Very sincerely yours,

(Signed) CHARLES STERN

Colonel Ed Fletcher  
San Diego, California

February 6, 1930.

I hereby certify that the above is a true and correct copy.

*Katherine L. May*  
Notary Public in and for the  
County of San Diego, State of  
California.

Nov. 16, 1923.

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

My dear Frank:

I was talking to Mr. Sanders today regarding our proposed partnership agreement.

As the situation stands today we have an understanding regarding Henshaw's 1/12th interest as per my letter of August 13, 1923 and your reply of August 17th, 1923.

I own another 1/12th interest which will carry with it one-twelfth of the total sale of the property when made.

Now regarding the other 10/12ths, we are in on that for joint account according to our contract with the Murray Estate, and mine with you.

This letter will confirm my verbal offer whereby if you desire to purchase a one-half interest in what I own in Mission Gorge No. 3 for \$25,000, payable one note for \$5,000 bearing 5 percent interest payable in one year, and four other notes for \$5,000 each, payable in two, three, four and five years, I will let you have a one-half interest in Mission Gorge damsite No. 3, together with an acre of ground for caretaker's house, the boundaries of the damsite and acre of ground above described to be mutually agreed upon, together with all surveys, work heretofore completed, including core drilling, etc. and a deed to all lands that will be flooded to the 335 ft. contour U.S.G.S. Datum, that I control, to-wit:

All of Lot "B" and a 1/2 interest in Lot "C" being a re-subdivision of Lot 70 Rancho Ex-Mission, together with the consent to build Mission Gorge Dam No. 3 so far as it affects any riparian rights below, lands that I control.

I consider the above property worth \$200,000 today and a one-half interest \$100,000. I offered a one-half interest a year or two ago to Henshaw for \$50,000 in order to have him feel that I was playing fair with him.

I appreciate your friendly attitude in the matter of the adjustment of my \$85,000 note to the Murray Estate, when the Murray's Estate's interest is purchased and paid for.

Mr. Sanders says he is going to be in Los Angeles Monday to discuss with Mr. Smiley a partnership contract. I think the quicker we get this settled up, the better, and the agreement signed and put of record.

I am certain now that three members of the City council

-2-

are in favor of purchasing the Cuyamaca Water Company and particularly they will be more anxious to purchase when they find out they cannot condemn either Mission Gorge or El Capitan. Have you written Mr. Chickering and asked him for an option on this point? Both Stevens and Sanders are agreed that the city cannot condemn. I will be in Los Angeles Monday and will be ready to go into a conference either Monday afternoon or Monday evening to expedite matters.

Am planning a hunting trip the last of next week or the first of the following week for you and the wife. How about it?

I want again to thank you for your friendly attitude all around on this whole proposition and when Brown comes down I want Brown to explain fully to you the \$85,000 note episode so as to put myself one hundred percent in the clear and make you absolutely satisfied.

With kindest regards, old top, I am

Sincerely yours,

EF:KLM

January 22, 1924.

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

My dear Frank:

Enclosed find copy of letter from Walter  
C. Smith, county engineer of Pinal County that is  
explanatory.

Imperial Valley pledged \$1,000 but only  
\$200 has been sent. Won't you please have your  
two banks in the Imperial Valley each send \$100  
to Mr. W. P. Clements, President of the Casa  
Grande Valley Bank, who is treasurer handling  
this fund, at Casa Grande, Arizona. This is a  
vital matter.

Smith has moved Pinal county's entire  
equipment over into Maricopa County to complete  
this road and we are dead wrong not to play the game  
with them. They have already spent thousands of  
dollars to build this stretch of 40 or 50 miles,  
which gives Imperial Valley and San Diego County  
a lead-pipe cinch on thru travel.

I hope you will do what you can to help  
the good work along.

Yours very truly,

EF:KLM

February 4, 1924.

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

My dear Frank:

I hope to heavens you had your Brawley  
and El Centro banks send a check for \$50 or \$100  
each over to Clements at Casa Grande to help out on  
that road work, building from Casa Grande to Gila Bend.

This road shortens the distance across the  
continent 92 miles. It is being done under the super-  
vision of the county engineer of Pinal County, Mr. Smith.  
The banks of San Diego gave \$500, the citizens about \$1500  
Barbara Worth Hotel gave \$200, Holtville raised \$1465, but  
so far El Centro and Brawley have done little, if anything.  
It is in Maricopa County, but Phoenix will not spend a  
dollar towards it. The work will be done in 4 or 5 weeks  
and we need \$300 or \$400 more to complete it.

I hope you will write a letter and urge them to  
send a check to Clements. His address is W. P. Clements,  
President Casa Grande Valley Bank, Casa Grande, Arizona.

Yours sincerely,

EF:KLM

History

April 16, 1924.

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

My dear Frank:

I received word thru friendly sources that the city council was going to immediately seize Mission Gorge and El Capitan sites and then start a suit to condemn.

You will remember we thought it better to put the option with the irrigation district in escrow with the First National Bank, subject to the district living up to the conditions in the escrow to the bank. The only object of this was to keep any signed option out of the hands of our opponents in case the deal failed to go thru, for it might otherwise be used against us in any condemnation suit.

Unfortunately, or fortunately, for us, I don't know which it will turn out to be, Howard Worth, a business man of San Diego and the closest personal friend and adviser of Mayor Bacon, lives at La Mesa and he was invited into a conference with the La Mesa crowd, the plan being to effect a compromise between the city and the La Mesa district. As near as I can gather he got hold of a copy of our option to the district with our escrow instructions to the bank and furnished this information to the city officials the last of last week.

Monday I commenced to hear from different sources that the city was going to take immediate action to seize our properties and then leave us to fight it out, the city being in possession. I communicated this to Sanders, he rushed the injunction proceedings decided upon between Mr. Smiley, Mr. Crouch and Mr. Sanders. I also telephoned to you Monday about the injunction proceedings.

The city saw what was coming, ie: an option to the district, but the district had not formally adopted the option and spread it upon the minutes of the meeting. It had, however, carried out the acts of our escrow instructions to the First National Bank, ie: appoint King on April 7th engineer and order him to make the report. The city officials saw a loophole to get in and seize the property and file their suit to condemn, knowing that they could not condemn Mission Gorge after the Board of Directors of the La Mesa district formally approved the option.

-2-

I called Sanders' attention to this yesterday morning. Sanders said we were bound but that possibly the court would not interpret it that the district had an option until the formal resolution was passed, so he drew up the form of resolution yesterday morning and sent it out immediately to the President of the La Mesa District and asked him to call a meeting of the Board of Directors and formally approve the option. In the meantime we sent men up yesterday afternoon to keep the city off of both Mission Gorge and El Capitan, with instructions to bluff all they wanted to but under no circumstances to shoot. The truth is the man at Mission Gorge No 3 has no gun whatever, but I didn't know it until this afternoon, and I don't know whether the man at El Capitan have any guns or not.

Half an hour after we got our men up to El Capitan damsite, who should appear on the scene but city engineer Williams, with three or four men. When he found us in possession of El Capitan he went to Mission Gorge No. 3, found we had a guard there and then came on to the city and reported it to the papers.

City Attorney Higgins came out in this morning's paper stating (speaking of El Capitan and Mission Gorge) that he would move in and then condemn the El Capitan and Mission Gorge No. 3 damsites.

Enclosed find my answer in the afternoon papers of today, that is explanatory, and I trust meets with your approval. I read it over the telephone to Mr. Sanders and it met with his approval.

The city council had Freeman's report yesterday but did not give it to the newspapers. Enclosed find clipping from tonight's paper showing what Freeman's report is, ie: the acquisition of El Capitan and Mission Gorge No. 3. I feel highly delighted for I have had a hard, long fight against great odds in Mission Gorge No. 3, maintaining that was the proper site, against all comers, and my opinion has been substantiated. Two of the councilmen have told me that the San Vicente is a joke and they have no intention of building unless they acquire Sutherland, and they have no intention of acquiring Sutherland at the present time.

I breathe a sigh of relief. Things have come to a head.

If we had done nothing to protect our interests by attempting to get the injunction, the city would have acted just the same. They were proposing to seize our lands and fight afterwards in court. They have the idea that the option to the irrigation district is not in full force and effect until the Board of Directors of the District has formally accepted the option and that action has not yet been taken.

The city will probably file suit to condemn today. We smoked them out, forced them to take the only legal step they could take, and made them keep off of our property until the court gives them the right to go in, and it's a cinch before the court gives them the right to go in a real bond will be put up.

Yours very truly,

ED FLETCHER

MF:MM

cc- Senator Flint

P. S. Mr. Halley, the president of the La Mesa Irrigation District says they will pass the formal resolution tonight and we hope to keep the city from getting any authority to go onto our property until tomorrow.

E.F.

*Halley*

July 1, 1924.

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

My dear Frank:

I wrote you the other day that Mr. Rhodes had been informally asked by the council to whip a compromised agreement into shape between the district and the city. At Rhodes' suggestion a conference was arranged between Halley, Rhodes and myself yesterday afternoon. The result of the meeting is as follows:

The city purchase from the district damsite No. 3 and lands that we control at \$150,000; El Capitan damsite and lands that we control \$150,000; 400 acres of land owned by the district in reservoir No. 2 or No. 3 at \$100,000, or by arbitration at the city's option; ~~the district~~ to confess judgment granting the paramount right to the city.

The district to get sufficient water to take care of its maximum need, ie: 12,000 acre feet per annum. The district be allowed to build Fletcher dam to 150 feet in height; to transmit the water from Sutherland at a cent and a half per 100 cubic feet into Murray dam, or some other price, to be mutually agreed upon, or arbitrated.

The district to sell Murray dam to the city, and the pipe lines to the East San Diego city limits at some price between \$300,000 and \$400,000, to be agreed upon. That the city buy from the Cuyamaca Water Company the East San Diego pipe lines along El Cajon Avenue, also Normal Heights and Kensington Park distribution lines, at a price to be agreed upon, or arbitrated.

It was a very harmonious meeting. The only squabble is to protect the water supply of the El Monte pumping plants.

Rhodes said that some of the council are in favor of abandoning the building of Fletcher dam and letting the district take the water it would get out of Fletcher dam by pumping out of El Capitan. This would save the district an investment of \$500,000 or \$600,000 and some maintenance.

It would mean a loss to us of \$150,000 or \$200,000 in sales of real estate around the lake. Halley insists upon having Fletcher dam built and I think in the long run the city will concede it. I feel it should be built.

It is arranged for a conference with Claus Spreckels, Jack Thompson, Mayor Bacon, Melville Klauber, Mr. Halley, and Mr. Parks and Mr. Grable of La Mesa. Get them all committed to a procedure, etc. I will be present at that meeting. Then the Mayor is going to call a meeting of the district, Chamber of Commerce water committee, city officials, his water committee and the board of directors of the irrigation district, for a final conference, at which it is hoped a compromise can be effected, and the attorneys brought into it and a contract of compromise drawn up. I do not think it advisable for me to be present.

Claus Spreckels is now in San Francisco attending the funeral of A. B. Spreckels, so the meeting will not be held until about Thursday, or it may have to go over until next Monday.

Mr. Furlong was here yesterday, and engineer King took him over the district. I am under the impression that he came down here in a favorable frame of mind. Incidentally he said he would do anything and everything in the world for Frank Stern, except bite his wife. I told him that was as far as I could expect him to go.

I wired Mr. Canny of the Bond Commission yesterday giving the numbers and denominations of outstanding bonds. The bonds actually sold were \$66,000, but \$10,000 have been redeemed leaving \$56,000 outstanding.

Please keep after Mr. Beebe of O'Melveny's office and get him to render a decision that those old bonds that have never been sold are void. There was a regular election called by the Board of Directors, and the electors voted to destroy the bonds, and they were burned. It seems to me that the only outstanding bonds are the \$56,000 above mentioned and the proper way to do is to get the Bond Commission to certify to the \$56,000 now outstanding, and the Bond Commission could certify to the new issue of \$2,500,000 in addition to the \$56,000 now outstanding.

But what we want to expedite matters are two resolutions for the Board of Directors of the irrigation district to pass, ie: one adopting the report of the engineer and asking

the Bond Commission to certify and the other a resolution calling for a bond election of \$2,500,000.

Am glad to say that Mr. Halley is coming thru fine.

Yours very truly,

ED FLETCHER

EF:KLM

cc- Senator Flint ✓

July 1, 1924 .

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

My dear Frank:

The city is feeling pretty sick after two years of litigation, to find out that they are worse off than when they started in the paramount right suit.

Friday, City Manager Rhodes came to the office and said the city council had been talking with him informally and wanted a conference. He arranged it for yesterday, Sunday morning, at his house.

He stated that the council had asked him informally to bring about a compromise with the district and wanted me to work with him. I told him I would do everything possible.

He asked if I would go out with him and have a conference with Mr. Halley, President of the La Mesa District today, and I just made arrangements for a conference this afternoon at 4 p. m. Everything looks favorable.

The city council are all at sea. Two of them were in favor of El Capitan; one of them No. 3 and two of them No. 2. The question is going to be - have they enough money to build El Capitan, or in lieu of that build No. 3 and acquire Sutherland. My prediction is the latter, altho it is just possible that Jorgensen may plan a single arch type of dam at El Capitan that will come within the city's financial means, and a compromise made with the district whereby Fletcher dam is never built, the district takes what water it would need out of El Capitan and the Sutherland water would be dumped into El Capitan, the city taking over Murray dam and hooking El Capitan and Murray together, and the district's interests fully safe guarded by sufficient water out of the city's system to take care of its needs - approximately 12,000 acre feet per annum.

-2-

Things are looking better than ever down here for a compromise.

In the meantime, King returned home today and showed me a copy of letter he had written you. Certainly the situation is well mixed up. I hope you will see Mr. Beebe of Henry O'Melveny's office and rush that decision so we can call the bond election. I do hope that he will decide that the old bonds are invalid, excepting those that have been issued.

I received a telegram today from the California Bond Certification Commission asking for bond numbers and denomination of the \$66,000 par value, bonds of the district that are outstanding, and I wired the commission today.

Yours very truly,

ED FLETCHER

EF:KIM

cc- Senator Flint

Dictated June 30th

August 5, 1924.

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

My dear Frank:

Will you please send down a \$5,000 note for  
C. F. Taylor to sign, by return mail.

The property is being deeded to the Southern  
Title Guaranty Company. There will be about 800 acres  
and the title company will issue a trust showing C. F.  
Taylor owning an undivided one-fourth interest. This  
trust agreement with the title company, in favor of  
C. F. Taylor, will be assigned to the bank as security.

C. F. Taylor desires the loan for a year at  
the prevailing rate of interest. If Taylor can have the  
money here by Thursday it will be appreciated. The loan  
is gilt-edge and I will personally guarantee the  
loan as far as that is concerned, if you desire it.

The quarter interest in this 800 acres is ample  
security for the loan.

Yours sincerely,

WF:MM

CABLE ADDRESS  
FIRST

# The First National Bank of Los Angeles

IDENTICAL IN OWNERSHIP WITH  
PACIFIC-SOUTHWEST TRUST & SAVINGS BANK AND FIRST SECURITIES COMPANY

Los Angeles

August 8, 1924.

In reply please quote "LF"

Col. Ed. Fletcher,  
920 Eighth Street,  
San Diego, California.

Dear Col. Fletcher:

At the request of Mr. Stern, I am enclosing  
you herewith a \$5,000.00 note prepared for the signature  
of Mr. C. F. Taylor.

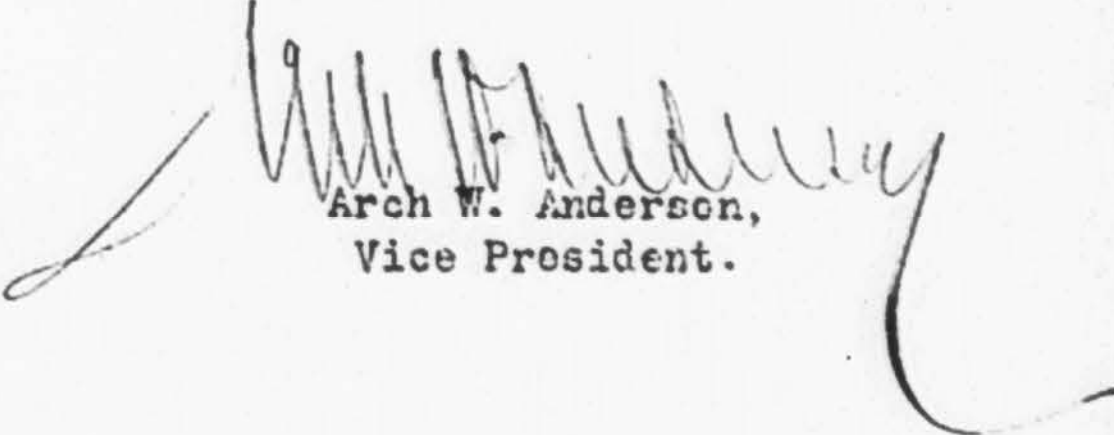
You will observe that we have recited the  
Declaration of Trust as described by you, in the  
collateral portion of the note. Will you please see  
that the collateral is sent to us, assigned in due form.

We can arrange for telegraphic delivery of  
funds at the First National Bank of San Diego, if you  
so desire, or will mail Cashier's Check for the proceeds,  
as you may elect. Will you please instruct us in this  
particular.

It is a pleasure to be of service.

With my personal regards, I am

Yours very truly,

  
Arch W. Anderson,  
Vice President.



August 9, 1924

"LF"

First National Bank of Los Angeles,  
Los Angeles, California.

Attention: Arch W. Anderson,  
Vice-President.

My dear Mr. Anderson:

Answering yours of August 8th, inclosed find  
signed note of C. F. Taylor for \$5000.00, dated August  
11th, 1924. Kindly credit the \$5000.00 to my account in  
your bank, sending me duplicate deposit slip.

Sometime this coming week I will send you a  
declaration of trust signed by C. F. Taylor and the  
Southern Title Guaranty Company, assigned to you with an  
undivided one-fourth interest in 800 acres of land as  
security for said loan. The security is gilt edge and  
I agree to take over the loan at maturity if desired by  
you.

Thanking you for attending to this matter for  
me and hoping that some time you will take advantage of  
our cottage at Cuyamaca Lake for yourself and family,

I am

Yours sincerely,

EF:ME

CABLE ADDRESS  
FIRST

# The First National Bank of Los Angeles

IDENTICAL IN OWNERSHIP WITH  
PACIFIC-SOUTHWEST TRUST & SAVINGS BANK AND FIRST SECURITIES COMPANY

Los Angeles August 22, 1924.

In reply please quote "LF"

58453

Col. Ed Fletcher,  
920 Eighth Street,  
San Diego, Cal.

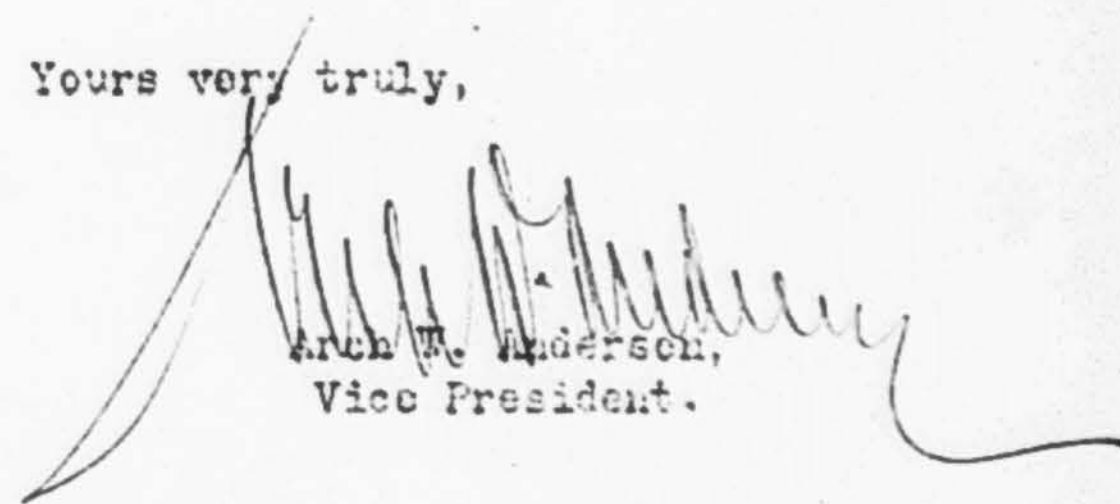
Dear Col. Fletcher:

This refers to my letter of August 11th  
in connection with the C. F. Taylor note. At that  
time we advised you that we were holding the file in  
suspense awaiting the collateral Trust Declaration.  
Your communication had indicated that it would be here  
within a few days, but apparently it has not yet been  
received.

May we have a word from you in this  
connection, please?

With best wishes, I am

Yours very truly,

  
Arch W. Anderson,  
Vice President.

September 2, 1924.

First National Bank,  
Los Angeles, California.

Attention Mr. Arch W. Anderson  
Vice-president

Gentlemen:

Answering yours of the 23d of August, will say  
I have been out of town for eight days. Your Mr. Stern  
can tell where.

Yesterday I checked up and found that the survey  
is not quite complete, but it is only a matter of a few  
days before we will have the legal description, and we will  
be able to send the collateral Trust Declaration from the  
Southern Title Guaranty Company. Everything is in escrow  
and there is no question but the certificate of title will  
be out in a few days and the Declaration of Trust.

Yours very truly,

MF:KIM

CABLE ADDRESS  
FIRST

# The First National Bank of Los Angeles

IDENTICAL IN OWNERSHIP WITH  
PACIFIC-SOUTHWEST TRUST & SAVINGS BANK AND FIRST SECURITIES COMPANY

Los Angeles September 3, 1924.

In reply please quote "LF"

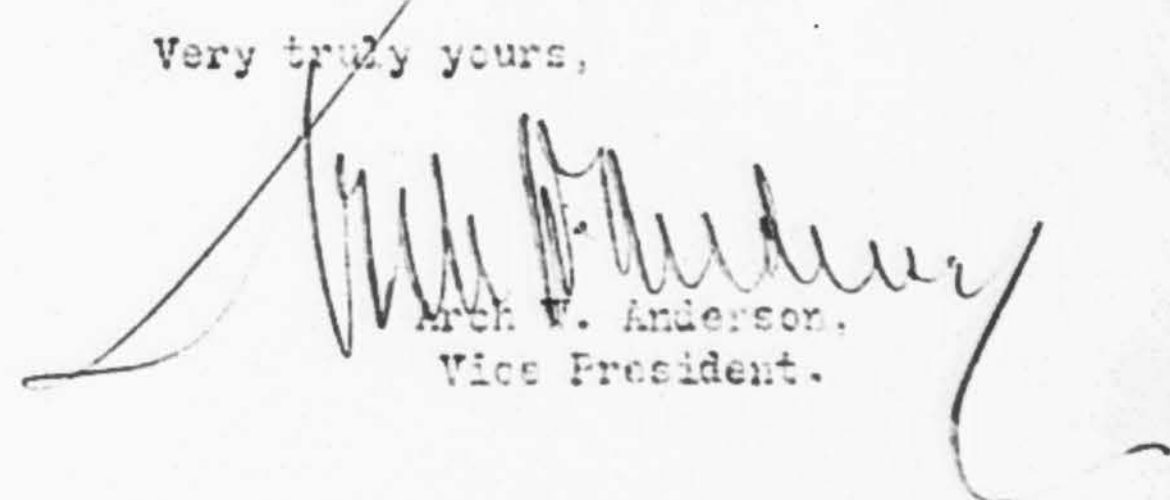
Col. Ed Fletcher,  
920 Eighth Street,  
San Diego, Cal.

Dear Col. Fletcher:

Thank you for your letter of September  
2nd with respect to ours of recent date touching the  
collateral papers in connection with the C. F. Taylor  
note. We appreciate your attention and will await  
your further advice.

With personal regards, I am

Very truly yours,



Arch W. Anderson,  
Vice President.

October 4, 1924.

First National Bank of Los Angeles,  
Los Angeles, California.

Attention: Mr. Anderson

Gentlemen:

Inclosed herewith find assignment of Trust #1380.

I am sorry for the delay.

Kindly acknowledge receipt.

Yours very truly,

BF:AM

October 13, 1924.

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

My dear Frank:

I sent up to Mr. Anderson Trust agreement as security for the \$5,000 loan of C. F. Taylor, with my guarantee. It covers about 100 acres, and is under option of sale for \$50,000, \$5,000 having already been paid down. The new people are putting \$15,000 improvements on the property at once.

If this is not enough security for the \$5,000 note of C. F. Taylor, I will send you up all the security you want, but this was the first trust I could get my hands on.

Yours very truly,

BF:MEM

History  
October 16, 1924.

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

My dear Frank:

I think I wrote you that the Chamber of Commerce of La Mesa, the La Mesa Women's Club and the City Council of La Mesa have all unanimously endorsed the bond issue with only one exception, some woman in the Ladies' Club opposed it.

I received a telephone this morning from the chairman of the committee at La Mesa that Mr. Jerry Sullivan, a very prominent San Diego business man who owns 600 or 800 acres out there, was out to La Mesa creating a campaign committee against the bond issue and what could I do to head it off. A few minutes later I had a telephone from Mr. White, who is on the Board of Directors and Loan Committee of the First National Bank with Frank Belcher and Mr. Sullivan, that Mr. Sullivan had informed him (Mr. White) that a fight was going to be made.

I know this is inspired by Belcher and Spreckels. I am on very close friendly terms with Sullivan and had no hesitancy in asking for a conference with him and his sons. I have been down there for an hour and a half. Sullivan was very frank in saying that he believed the City of San Diego should own the Cuyamaca System, not the district, and that he proposed to fight it to a finish.

He admitted that he had been out to La Mesa organizing a campaign committee to work against it, and his talk was just along the lines of John D. Spreckels and his son, Claus. Claus Spreckels made the statement to Mr. Mayrhofer day before yesterday, and Mayrhofer told me, that there could not be two masters on the San Diego River and he did not propose to have the district be the master.

Everything is very friendly in every way between us, but the city council and Claus, in my opinion, have joined together in a determination to kill the sale to the district. I do not think it can be done under any circumstances, and I am satisfied the bond election will go over irrespective of anything that Spreckels and his outfit can do.

Sullivan will have to do just what Spreckels and his people tell him to do, as Sullivan borrows entirely too much money from the First National Bank not to be dominated by the Spreckels influence. I cannot help but feel I made some headway with Sullivan today after my talk with him. He is in a mighty embarrassing position. I offered to make arrangements to have him withdraw his lands from the district. As it is right on the outer edge, the La Mesa District Directors would be glad to get him out. He did not like this and said he saw no reason why he should not stay in and kill the district's purchase of the Cuyamaca System and then he, Sullivan, would go to

-2-

the limit to have the City of San Diego immediately buy the Cuyamaca System. I told him that was out of the question.

Sullivan has agreed to get in touch with me in the near future and let me know what his attitude is going to be. That means he is going right up and talk with Belcher and Spreckels and get his orders.

I am sure we are going to lick Spreckels to a finish, in any event, but it is one of policy. There are two ways of winning out. If Spreckels keeps out of this fight, thru Sullivan, it will go over five to one. If he doesn't stay out this is my plan of campaign:

The La Mesa Scout, the only newspaper in the district, and we are putting every issue in every house in the district, will show up Mr. Sullivan as one of the largest land owners who is trying to get unearned increment thru the development of others surrounding him, without him paying for the privilege of securing a water supply for the district, and that he is one of Spreckel's henchmen doing Spreckels bidding.

Mayrhofer will issue a statement that Claus Spreckels says that there cannot be two masters on the river and the La Mesa District is not to be the master,-- that the district must take dictation from the city and take what it can get. This will make the people in the district wild and mad and will carry this bond issue in any event.

The only other way is to have Senator Flint come down and have a talk with John D and Claus, and have them keep their hands off.

The District Directors have agreed to enter into a compromise with the city immediately, giving the city El Capitan and Mission Gorge and all they want is protection to their water supply thru the building of Fletcher dam, sufficient water, as determined by the State of California, necessary for the irrigation district. There will be no trouble in compromising if Spreckels will only be satisfied to live and let live and not try to dominate and dictate the policy of the city.

Will be up to see you Saturday morning at 8:15.

Yours sincerely,

ED FLETCHER

EF:KLM  
cc- Flint

THE ADDRESS  
FIRST

# The First National Bank of Los Angeles

IDENTICAL IN OWNERSHIP WITH  
PACIFIC-SOUTHWEST TRUST & SAVINGS BANK AND FIRST SECURITIES COMPANY

Los Angeles October 21, 1924.

In reply please quote LF

Col. Ed Fletcher,  
920 Eighth Street,  
San Diego, Cal.

My dear Col. Fletcher:

This refers to your letter of recent date addressed to Mr. Stern, with respect to the Trust Agreement sent us as security for the \$5,000.00 C. F. Taylor loan.

We thank you for the information you have given, and are pleased to accept the Declaration of Trust submitted. The acceptance of this security has Mr. Stern's approval.

With my personal regards, I am

Yours very truly,

*Arch W. Anderson*

Arch W. Anderson,  
Vice President.

CABLE ADDRESS  
FIRST

# The First National Bank of Los Angeles

IDENTICAL IN OWNERSHIP WITH  
PACIFIC-SOUTHWEST TRUST & SAVINGS BANK AND FIRST SECURITIES COMPANY

Los Angeles

October 29, 1924.

In reply please quote LG.

Mr. Ed Fletcher,  
920-8th Street,  
San Diego, California.

Dear Sir:

We are enclosing herewith note for \$5000.00 which we would thank you to have Mr. C. F. Taylor sign, and have you endorse.

This note is intended to replace Mr. Taylor's note which is now in our possession, but on which the collateral security is erroneously described. Our note mentions Trust No. 1330 but describes the land as consisting of 800 acres, whereas the correct description appears to be 100 acres.

We would appreciate your best efforts in this connection.

Yours very truly,

*W. H. Shaw*

W. H. Shaw,  
Assistant Cashier.

ENC.

*Mrs Taylor  
Sign  
E. J.*

October 31, 1924.

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

My dear Frank:

Mr. Oliver came down and certainly made good. I asked him to take the attitude simply as one giving advice, being the attorney for the State Banking Department, and not an advocator of the sale of the Cuyamaca Water System, and above all things, to keep away from any arguments on the question of paramount right litigation with the city so far as possible.

I have had only good reports that Mr. Oliver made a fine impression there. The result of the meeting was very satisfactory indeed, but Belcher is organizing an opposition meeting for next Monday night, has hired Judge Hendee of San Diego to go out there and talk generalities, and the city council and Belcher are working together.

I sent you the Sun article, showing up Belcher and the First National Bank, which was written without any inspiration from me whatsoever, or suggestion.

Last night, Mr. Porterfield, who owns forty-nine percent of the Sun, and a personal friend of mine as I lived with him and his mother for many years when a youngster, told me last night that Belcher had come to him yesterday with blood in his eye and made all sorts of threats and said he was going to see that the bonds were defeated next Friday, and willing to bet money that they would be defeated ten to one. Porterfield offered to bet him \$1,000 to \$100 that they would not go ten to one, nor five to one, and told Belcher that he was not getting anywhere with such talk, and that his answer would be in the Sun either Friday or Saturday night. I am anxiously awaiting the editorial which Porterfield is going to write and will send it with this letter if it comes out tonight.

There is no question but what the city realizes

-2-

the value of the Cuyamaca System now. Belcher told Porterfield that the city had to have the Cuyamaca System at any reasonable price. Porterfield answered back - they tried to sell it to you for the last eight years, and we have no assurance as to the sincerity of the interests you represent that they want it now. The Sun feels that the acquisition of the Cuyamaca System by the district will help to solve the water problems on the San Diego River, and the district is better able to wake up the city as to its position than any private ownership, and that means the early solution of the water problem if the district buys.

We got a solar plexus blow this morning in the Union, copy of which is herewith enclosed. Five different articles on the water question in this morning's paper! I don't know why Hyatt should write the way he did. He should have distinctly stated that his office lays no claim to the water filings of the old San Diego Flume Company and the Cuyamaca Water Company made before the Water Commission Act went into effect, as evidenced by the certificate of due diligence which has been issued by his Department, which, in itself, is final evidence that the Water Commission lays no claim to the waters of the river where filings were made prior to the time the Water Commission Act went into effect, at the Fletcher site, providing we exercise the terms and conditions of their due diligence certificate.

The very fact that the Water Commission does not claim jurisdiction is the best evidence of our position. I don't know how this is going to be handled. I am amazed that McClure let any such letter go out. He probably did not see it. The city officials have lately had their deputy city attorney up there at Sacramento, and thru administration influence they have put a weapon in the hands of our opponents that may make our situation precarious. It is almost impossible to counter-act it in the few days that are left.

I did my best with the bond representatives. I hope I made no breaks and am very anxious to hear from you as to what impressions Mr. Barber and Mr. Barrell secured from their trip to San Diego. Mr. Barr, in the presence of the others, told me he was sold on the proposition, however, Mr. Doolan has been with Belcher the last few days. They are very closely allied and I could see from Mr. Doolan's talk that Belcher had been getting in some of his deadly work.

I have had reason to believe for the last sixty days that the Spreckels' interests and the city have been moving heaven and earth to remove the state engineer, thru influence

with Governor Richardson, and put in someone more to their liking. I have had this partially confirmed by a statement made day before yesterday by Mr. Furlong to the citizens of Ramona at a public meeting, in which he urged them to take immediate action, before the present engineer, as there were many indications that there would be a change soon in that department. When Mr. King tried to smoke him out he refused to make any further statement.

I wish you would follow it up and see what Furlong meant. It may be necessary for us all to plug again, thru different channels, to hold McClure in his present position.

Yours sincerely,

*E. Fletcher*

EF:MEM

cc- Senator Flint

*History*

December 20, 1924.  
Dictated 12/19/24

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

My dear Frank:

I met Fred Stearns at the Cuyamaca Club this noon. He called me to one side and said that the suit of Graves vs. Cuyamaca Water Company, filed in the Federal Court yesterday, was a body blow, and seemed to know all about the suit.

He told me that Graves lived in Minneapolis, and being a non-resident, could bring the case into the Federal Court, that Jesse George told him sometime ago that the suit would be brought; that it blocked everything unless a compromise could be effected, for this suit would keep things in court for five years; that there was no use thinking any more about selling to the La Mesa Irrigation District as no sale could be consummated before the 9th of May, that Mr. Beebe had expressed an opinion, or would give an opinion, I don't remember which, that the filing of this suit would cause him to refuse to approve the bonds of the La Mesa district until this last litigation was settled in the Supreme Court of the United States.

I answered, "Fine". We will now go ahead and deed our property to a corporation and forget everything."

Stearns answered: that he did not think that could be done or any move could be made that would be verified by the state authorities until this litigation was settled, or words to that effect. I told him that the Railroad Commission of California had already approved our sale to the new corporation for \$750,000 in bonds and stock, and this seemed to surprise him.

He was a little more hopeful for a compromise and still thought he could bring it about. I asked him to outline it. He said the irrigation district can release the water company from this sale to the district and the Cuyamaca Company can then sell the Cuyamaca System to the city of San Diego. I asked him why the city would even think of buying with the Jesse George suit in the courts, and he answered that

the city could undoubtedly pull off Jesse George.

Mr. Fred Stearns knew entirely too much to suit me and the program was too well cut and dried.

He asked me to invite you to come down to meet him in conference with Mr. Malley, Mr. Hall and me some day next week, or evening, for a conference, and seemed to have in mind a method of procedure. I did not draw him out any further. I was so "hot" up.

I telephoned Mr. Sanders in Los Angeles this morning of the filing of the suit and asked him to look it up in the Federal Courts and take the matter up with you, and hope to have some good news tomorrow morning from him on his return. The plot thickens! I am of the opinion there is a conspiracy on the part of the City of San Diego, the Sprackels interest and others to go to any extreme to stop the sale of the Cuyamaca System to the district.

Yours very truly,

EF:MMH

P. S. I had a conversation with Mrs. James A. Murray and her son, Stuart Maldorn, when they were down the other day. I am satisfied I can get them to take bonds in full payment.

Would it not be better to deed this property to the Cuyamaca Water Company, a corporation, while we have permission from the Railroad Commission, make a pooling agreement, you and I, of our stock and transfer the Cuyamaca System to the Cuyamaca Water Company, a corporation, and tell them all to go where the woodbine twineth, if Mr. Fred Stearns, the attorney for the district, is correct in his statement that it is out of the question entirely to consummate this sale between the district and the Cuyamaca within the time limit, or within any reasonable time, particularly if the litigation in the Federal Courts is going to take five years or anything like that.

E.S.

December 24, 1924.

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

My dear Stern:

Inclosed find check for \$20,000 covering the payment of note of \$20,000 signed by Catherine F. Taylor with my endorsement, due on December 25th.

Also inclosed find note of Ed Fletcher and Mary C. B. Fletcher in the sum of \$30,000, and attached thereto as security, a first mortgage note of \$30,537.50 to me signed by Griffith Henshaw and his wife, being a first mortgage on 691 acres of land adjoining Lake Hodges. Its reasonable market value today is \$125,000. I sold the adjoining land to the west last spring, not as favorably located, for \$200 an acre. Los Angeles people are now subdividing it. They have sold nearly 500 lots, and there are already thirty-five new houses, including two stores completed - quite a town.

Kindly return the Taylor \$20,000 note in your favor, together with the \$25,310.83 note of Henshaw and wife to Taylor and mortgage put up as security for the \$20,000 Taylor loan.

Please deposit to my account in your bank the \$30,000 note, sending me a duplicate deposit slip. If you want the mortgage assigned of record in your name I will assign it. It is my intention, however, in any event to pay this note off in full as soon as we consummate the sale with the District, if not before. However, I want to protect you in every way that you desire.

Thanking you for the accommodation,

Yours very truly,

EF:AM





**Ed Fletcher Company**  
**Fletcher Building**  
 920 Eighth St.

San Diego, California

December 31, 1924.

C O P Y

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

My dear Frank:

Fred Rhodes asked me for a conference this morning at 9:15 and came to the office. I asked his consent to have Mr. Sanders present at the conference.

As you know, Weitzel tipped me off that Rhodes was not on a vacation to San Francisco, but had been sent there by the council to see what influence he could have with the Railroad Commission in bringing about a solution of the water problem.

Rhodes said he had a conference with three members of the Railroad Commission, also the hydraulic engineer and chief engineer. The result of the conference as outlined by Rhodes is this -- that the Railroad Commission will call a final hearing at an early date on our application to sell to the district; that the Railroad Commission will, next week, send down their hydraulic engineer, or representative, to figure out a plan for the Railroad Commission to suggest as a possible solution at the hearing; that we will have a private conference with this representative from the Railroad Commission, including Rhodes, a representative of the district, some of the leading business men of the community, Sanders and ourselves, no publicity.

The proposed scheme which will be put forward by the Commission will be something like this, -- the city approve the transfer of the Cuyamaca System to the District. The District abandon the building of Fletcher, to immediately put the flume line in first-class condition from El Capitan to Murray dam. That the city lease for 40 years from the District the Cuyamaca System, as is, including Murray dam; that the district be furnished all the water it needs for the present and enlarged district, at a rate which the Railroad Commission, thru its engineers, is going to determine, at least for a reasonable period, as a fair price, and present that price at the hearing.

-2-

That the city immediately buy El Capitan from the district and build El Capitan. That the city maintain the present flume line from the diverting dam down and make all the diversions it possibly can, pumping into the flume line at El Capitan for such additional water as is necessary, abandoning, for the present at least, the building of any pipe line from El Capitan down to the city.

We did not discuss Mission No. 3 damsite at this time, but previously Rhodes told me the city ought to acquire this immediately and own it.

The Railroad Commission is going to recommend that the city also immediately acquire our Normal Heights and Kensington Park distribution lines, and that we all go in together and boost for Normal Heights and Kensington Park going into the city, the Railroad Commission to determine what is an equitable amount to be paid the district for the lease of the Cuyamaca System, annually, for a 40 year period.

In other words, the Railroad Commission would be the saviour of the situation and we will not call it a compromise but a solution of the problem as discovered by the Railroad Commission.

That all suits be called off without prejudice to either party, including the paramount right suit, and that East San Diego be allowed to come into the city.

Please give me your reaction on this, and any suggestion you have. I do feel that you by all means should be here for the compromise meeting.

Yours sincerely,

(signed) ED FLETCHER

EF:KLM

**Ed Fletcher Papers**

**1870-1955**

**MSS.81**

**Box: 27 Folder: 25**

**General Correspondence - Stern, Charles F - 1919 - 1924**



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