January Fifteenth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Bldg.
Los Angeles, California

My dear Frank:

I am sorry to say the city council have some reason for ignoring Frank Belcher who was forming a syndicate to take over the $2,695,000 of bonds and Byers and the rest of them have chased off to Washington to attend a Public Lands Committee meeting of the House.

There are 200 riparian owners below who are making a protest against granting the additional floodage rights in El Capitan Reservation, unless there is a clause in the Bill which protects the water rights of all the ripairan owners below.

Even Bob Scripps owning the Fanita Ranch of 7,000 acres is now a protestant.

I rushed to San Francisco on another matter last week and met Phil Swing there. Confidentially, I got his pledge that he would push the bill right thru for the City of San Diego, taking the position that the riparian owners must get any redress from the courts. It was not up to Congress.

It means that the Bill will go thru snappy, in my opinion, as Shortridge is favorable to it.

Beyers telephoned that he will return in two weeks and then take up a settlement of our affairs. I have kept very friendly with him. Have called his attention to the fact that two-thirds of these riparian owners have already exceeded their rights under the laws of California to the San Diego Flume Company and their successors, the Cuyamaca Water Company and the Irrigation District and he is taking back with him today data covering that question.

You may not know it but the City has already in its possession a special fund, nearly a million dollars in cash that has been transferred from other funds to continue the work.

CHARLES F. STERN
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING
639 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

January 18, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I have noted with keen interest clippings you have sent, together with your letters commenting on the development of the El Capitan Dam project.

You are closer to the situation than I am, which means that your judgment as to policy should be better than mine. On the other hand, I may be just far enough away so as to get a little perspective. The thing we want to do is to combine our two positions to the best advantage.

I have learned from long experience to be suspicious of the city government of San Diego, and I expect I shall continue to feel that way to the end of the story. I happen to know that during all of the years we have been fussing with the city government in one way and another that there have been elements there which have been bitterly hostile to you and your interests, and would slip a knife under your fifth rib if the opportunity offered. Some of this you have recognized and some of it you haven't.

We have tried to play with the members of the Council, and to placate them in all of our joint problems. I don't believe it has bought us very much, although maybe a more truculent policy would have bought us less. We did the best we could in each situation, and that's that.

At the moment it occurs to me that there may be a situation which would be helped by a change of attitude. I am not suggesting that this is the fact; I am suggesting something for you to think about.

The Council has made a peace treaty with the District and I believe it to be a first class job. It has had that peace treaty, in effect, ratified by the vote of the people of the City when they voted three million dollars more or less to build El Capitan. The Council is now in the beautiful position of having authority to spend a lot of money - that always makes a public body happy because it opens numerous ways, legitimate and otherwise, for all the boys to do a little chiseling. I imagine the members of the

The City has over 100 men at work up there clearing the reservoir site and driving tunnels.

The details of the construction of the dam will be passed on by the state engineer within ten days or two weeks and immediately thereafter bids will be asked for for its completion.

Yours very truly,

HF:AS,

P. S. Enclosed find clippings.

H.F.

Council are being patted on the back by the general public for having accomplished a difficult but very constructive move in water development.

Under these conditions I would expect the Council to become a little inflated in the head and pretty arrogant and ruthless.

As I understand the situation, the bonds are not sold, but the Belcher syndicate has made an offer that can be accepted, and the City elects to wait a bit to see whether there won't be a better market two or three months hence; in the meantime they have a fund of a million dollars or so which can pay for all the preliminary work and justify the letting of the contract. I expect it is probably pretty good policy to delay the sale of the bonds for a little bit.

In the meantime, however, I gather that the City has put a lot of men to work clearing the reservoir site and damsite, driving tunnels, and generally getting things in shape for the major construction. Undoubtedly some of this work is being done on our land.

The County of Los Angeles arranged the other day to pay $125,000.00 for some ancient and obsolete mining claims on the San Gabriel River. The owners of these claims had secured injunctions and prevented the County from going ahead and building the flood control dams on the San Gabriel River. The amount demanded for the claims was considered exorbitant and the Board of Supervisors fussed around trying to find a way out. In the final analysis they appealed to the general public for suggestions and apparently the public said that $125,000.00 was comparatively insignificant if it opened the way for construction of the needed dams, the releasing of the money that would be spent, and particularly the employment of a lot of labor -- so they've paid.

Now this San Diego Council and Mayor, like all its predecessors, will use Ed Fletcher as far and as long as he can do something for them because everybody knows that you know more about the water situation down there than the rest of the community put together - and that certainly includes the Council and city government. I don't believe they'll give you any credit for your assistance when it comes to the time to determine what you are going to get for your land and water rights.

With Scripps and the other riparian protestants setting the example and taking the onus of whatever public resentment there may be, perhaps it is the time for us to take a position. I wish, therefore, you would give serious consideration to the advisability of asking for an injunction - or at least threatening it in order to bring the matter to a focus - enjoining the City from entering upon our lands until they have acquired a legal right so to do. We certainly have some rights in this situation which I believe a court must protect.

You may have quite a different slant on this situation and abundant reason for your opinion, in which event I have nothing further to say. Our situation, however, is concrete and not big enough to embarrass anybody. If the City wants or intends to buy our property there's no reason why the deal shouldn't be arranged in half an hour. The fact that it's been kissed along for so many weeks makes me suspicious and I am suggesting how I believe the matter can be brought to a focus, if it seems advisable.

I don't believe that the City will seek to condemn our lands after its experience of six years ago. Of course it would have a much stronger case against a non-utility probably than it had against the District, or Cuyamaca while it was engaged in the utility business, but even so I expect 'the memory lingers'. Time is an element also and we certainly, in a condemnation action, could hold up the procession for a long long time. It is possible that the City might secure legal permission to go ahead by posting a bond of some kind to cover any possible judgment; but if I'm guessing this situation right I believe that the city government, including the Council and the whole community, is all set now for rapid construction of El Capital, and does not want any alibis or delays.

Think it over. I shall accept your judgment, whatever it may be.

Very truly yours,

Mark Thern

January Nineteenth,
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Bldg.
Los Angeles, California

My dear Frank:

Answering yours of January 18th will say there are two things that are in our favor as far as the city is concerned in the El Capitan matter.

Every member of the council is up for re-election. The election is next spring and all on account of the new charter. They are all friendly and want my support. The second thing is - I believe Cosgrove is friendly now and I know city attorney Byers is.

Judge Conklin came in my office several months ago and asked me if I knew the real cause of all the bitterness between Cosgrove and myself. I answered "No". He then proceeded to tell me that our attorney, Mr. Crouch, in Santa Ana, on the El Capitan case brought in the A.T.A. which at that time was strong in Orange County and brought in Mr. Cosgrove's religion, a catholic and a K C and painted the picture of influence, etc. being used politically and thru religious channels. Conklin said that was the main reason Cosgrove had it in for me.

I immediately wrote Cosgrove a letter and told him I got this information from Judge Conklin, in fact dictated the letter in Conklin's presence and apologized to Cosgrove for Mr. Crouch also telling him that neither you nor I had any idea of what had been done and under no conditions would we have allowed it. Cosgrove came back with a very splendid letter and there has been action ever since.

Cosgrove is even going to write an article on the Paramount right for my water history of San Diego county and sending me his photograph autographed.

I had a nice talk with Cosgrove on the train the other day and I am sure he is no longer hostile personally.

1206 A

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Send the following message, subject to the terms on back hereof, which are hereby agreed to

January 22nd, 1932

MR. CHARLES F. STERN
815 BROADWAY ARCADE BUILDING
LOS ANGELES, CALIFORNIA

CITY COUNCIL ASKED ME TO CONFERENCE THIS MORNING OUR HOLDINGS ELCAPITAN

HAVE MADE OFFER FORTY THOUSAND DOLLARS TAKING SANDIEGO CITY BONDS AT PAR IN PAYMENT BEARING FIVE PERCENT ALL OUR HOLDINGS ABOUT TWO HUNDRED EIGHTY ACRES ADJACENT

TO ELCAPITAN KINDLY CONFIRM BY WIRE TODAY FOR NINE THIRTY ENGAGEMENT

NEXT MONDAY MORNING

ED FLETCHER

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This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable sign above or preceding the address.

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SIGNS
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1932 JAN 24 PM 4 54

SB247 29=LOSANGELES CALIF 24 447P

COL ED FLETCHER= 1020 9 ST
SANDIEGO CALIF=

PRICE AND TERMS QUOTED YOUR WIRE SUIT ME IF YOU SO RECOMMEND STOP I ASSUME THIS DOES NOT INCLUDE CONDEMNATION COSTS STOP DESIRABLE TO SETTLE EVERYTHING NOW IF POSSIBLE=

CHARLES F STERN.

TELEPHONE No.
TELEPHONED TO SELF
TIME 513P
BY MH TO DELIVER AMT

Ht 0609

Byers, the city attorney, and Edwards, of the Sun, and I have had lunches together and working together. Byers says that as soon as he gets back he is going to contact me for a settlement.

I have no confidence whatever in Mr. Savage's protestations of friendship although I had him out the other day in my car with Governor Olachea showing him over the county. Both men being my guests.

I have written Savage not to cut any trees or trespass on our property pending a settlement and presume it is being done.

Conditions have materially changed in San Diego toward me politically and every one of the city council excepting Louis Maire are extremely friendly to me today.

I had no trouble in getting a five year lease from the city on 500 acres acres of Pueblo land recently with free use of the land for five years for the clearing.

Now answering your letter directly. I feel that the city can do nothing to hurt us. We can collect damages if they trespass on our property.

Byers is asking favors of me to give him a record of all the riparian owners and map whose riparian rights we have secured in the past from the ocean to El Capitan Indian Reservation and there will be a show down when he comes back from Washington.

Phil Swing asked my advice on the revised El Capitan Bill. I am sure he is going to ignore the riparian owners and Congress is going to give the city what it asks for.

Byers knows that I did what I could to help. My desire is to see the city sell its bonds and get its money so there are no if's and ands about the deal and I believe the deal will be consumated next week in the sale of the bonds.

They are going to try and get our holdings for a song, no doubt, but I believe we will make a settlement with them that will be satisfactory.

Yours very truly,

BF:ASK

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1206 A

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Send the following message, subject to the terms on back hereof, which are hereby agreed to

January 25th, 1932

MR. CHARLES F. STERN

815 Broadway Arcade Building
Los Angeles, California

OUR OFFER ELCAPITAN LANDS TO CITY MADE NO REFERENCE TO REFUND OF COURT COSTS THOUGHT THAT WAS AN ENTIRELY SEPARATE MATTER BUT ATTORNEY SLOANE TODAY SAYS IT MIGHT BE CONSTRUED AS COMPLETE SETTLEMENT AS LAST RESORT SHALL WE ACCEPT FORTY THO SAND CASH OR BONDS OR SHALL I WITHDRAW OFFER TO CITY AM AFRAID IT MEANS LITIGATION RUSH ANSWER

ED FLETCHER

Chg. Ed Fletcher Co.

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RADIOGRAM

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Coastwise Service

Received at 1040 - 4th Street, San Diego, California

44CO SO 79

RK LOSANGELES CALIF 233P JAN 25 1932

CO ED FLETCHER

1020 NINTH ST SANDIEGO CALIF

BELEIVE WE ARE ENTITLED TO MORE THAN FORTY THOUSAND FOR BOTH LAND AND CONDEMNATION COSTS STOP IF WE CANNOT GET IT WITHOUT LITIGATION I FAVOR SETTLEMENT NOW ON BEST BASIS OBTAINABLE STOP IF NOTHING BETTER IS NOW POSSIBLE WHY NOT TRY TO SETTLE FOR FORTY THOUSAND FOR THE LAND WITH NO REFERENCE TO ANY OTHER MATTER AND TAKE A CHANCE THAT WE CAN ESTABLISH OUR CLAIM FOR COSTS LATER STOP IN ANY EVENT LETS GET THE FORTY THOUSAND NOW

CHARLES F STERN

250PM

GIVE MACKAY RADIO THE ANSWER—Telephone MA-IN 4177

CHARLES F. STERN
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING
639 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

January 25, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I have followed with keenest interest your telegrams which began Saturday, and I note by the wire just received that you are sending me a special delivery letter bringing me up to date.

I have already answered your second wire giving my point of view.

Anticipating what your special delivery letter may say, and reserving a final guess on my part if and when I receive it, if my anticipations are not in accordance with its contents, I am thinking along this line:

We are probably in a position to establish a nuisance value at a pretty high figure, the City has to have our lands and time is important to the City. If you were not in the personal position which I know you to occupy down there I would feel inclined to establish that nuisance value and make the City pay now as a salve for some of the things it has done to us in the past. I cannot, however, put you in such a position with your own people. I believe, therefore, that we should make the best settlement we can now and get our money, provided it can be done immediately.

As I wired you, I think that the property which we have at El Capitan, plus our out-of-pocket costs in the old condemnation litigation, entitle us to much more than $40,000.00. I base my ideas, of course, largely on the figures you have heretofore given me which have run to double the amount now under discussion. On the other hand I believe, all things considered, that we want a peaceful, as well as a prompt settlement of this entire matter, which means we shall have to sacrifice something.

I suggested in my wire, therefore, that if the City wants to pay us $40,000.00, either in cash or in bonds, at this time for our property at El Capitan, let's make the sale and take our payment, if this price is satisfactory to you. If you can keep all reference to the litigation costs out of the settlement, by all means do it. In this event, after we have sold our land and been paid we can come back and set up a new claim for litigation costs for whatever it may be worth.

If in the final analysis the proposition is that we take $40,000.00 in full settlement, both for the land and our claims, and it is either do this or go into a new condemnation suit, then I am in favor of making that settlement if you are, although I regard it as another affront from the City.

I am too far away to tell you how to handle this matter, and I believe that you can handle it better alone under all of the circumstances than if I were sitting with you.

I have checked up a bit and find that I can probably place a block of the City Bonds promptly. Just what the discount will be will depend somewhat on maturities, but it ought not to exceed seven or eight points, including selling commission.

When I have received your letter tomorrow morning I'll wire you confirming this letter, with any additions or exceptions that your letter may suggest. I think, however, that I have covered all contingencies in this letter as it now stands.

In the event that we get $40,000.00 from the City, I suggest that we divert $8,000.00 of it, less a little money that is in our joint account, for the payment of what we still owe the Anglo Bank. This will make the bank happy, will give us the La Mesa Bonds to use in other ways, and permit us to divide the bonds for that purpose.

Very truly yours,

Chas F Stern

January 26, 1932

P.S.

This letter was written yesterday and I had expected to have it in your hands this morning. Through an oversight it did not go forward until now. I am including its contents in a telegram, copy enclosed, and am forwarding the letter which should reach you before your meeting Wednesday. Good luck to you.

C.F.S.

January Twentyfifth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

I have been checking up the old accounts and outside of the attorney's fees, as near as I have been able to discover to date, our total cost of the El Capitan condemnation suit up to the time we sold out, the expenses were some where around $6000 or $8000 covering printing of briefs and expenses in court, etc.

To this must be added the cost of our attorneys. We settled with Crouch and Saunders and Senator Flint paying them $40,000 covering their several years labor in defending these suits together with the paramount right litigation, etc.

How to proportion between the two, the condemnation suit and the paramount right litigation, it is impossible for me to tell and I suppose only in court could it be settled excepting by compromise.

I should say off hand in court we could not get over $15,000 or $20,000.

The odds and ends that we have around El Capitan under normal conditions we probably could get in court $40,000 or $50,000, possibly $60,000 but it would mean endless litigation.

I thought we had paid out a good deal more money on the El Capitan matter than we really had. You remember the irrigation district carried on that litigation at thei own expense. We only had the expense of the trial in the superior courts, however.

With bank stocks going down 35% of their value three or four years ago I think it is foolish if we don't take the $40,000 [redacted] cash or bonds and clean up everything.

I can notify the city in writing Tuesday that we want our costs and the probabilities are it means endless litigation delay, quarrel. Shall we take the chances or shall we close out immediately and get $40,000? That is the question.

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Filed at LOS ANGELES, JANUARY 26, 1932 193

COLONEL ED FLETCHER,
1020 NINTH STREET,
SAN DIEGO, CALIFORNIA

I AGREE IT IS BETTER TO TAKE FORTY THOUSAND NOW THAN TO WAIT OR FIGHT STOP IF YOUR SETTLEMENT NOW CAN IGNORE OUR CONDEMNATION COSTS MAYBE WE CAN SET UP AND COLLECT A CLAIM LATER STOP IN ANY EVENT I AM IN FAVOR OF IMMEDIATE SETTLEMENT AT THE BEST PRICE YOU CAN OBTAIN

CHARLES F. STERN

CHARGE: S.W.Gas Corp.Ltd.,
Michigan 7874

TO CALL MESSENGER, USE POSTAL CALL BOX OR TELEPHONE TR-INITY 0731

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Mackay Radio
RADIOGRAM

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Coastwise Service

Received at 1040 Fourth Street, San Diego, Calif.

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RK LOSANGELES CAL JAN 26 1932 1031AM

COLONEL ED FLETCHER

1020 9TH ST SANDIEGO CAL

I AGREE IT IS BETTER TO TAKE FORTY THOUSAND NOW THAN TO WAIT OR FIGHT STOP IF YOUR SETTLEMENT NOW CAN IGNORE OUR CONDEMNATION COSTS MAY-BE WE CAN SET UP AND COLLECT A CLAIM LATER STOP IN ANY EVENT I AM IN FAVOR OF IMMEDIATE SETTLEMENT AT THE BEST PRICE YOU CAN OBTAIN

CHARLES F STERN

1045AM

REPLY MACKAY RADIO—USE POSTAL CALL BOX OR TELEPHONE MA-IN 4177

Attorney Sloane informs me after I had sent you the telegram that there was about an even chance we could collect our money any how or costs later on when the district settles finally with the city but he is more inclined to thing the city would win out as we would have no future interest in the property.

The council are making every effort to get us to wait and take our money when they settle with the irrigation district. This is going to take weeks or months and there is still a chance for trouble between the district and the city.

I am personally of the opinion that we had better take $40,000 and not bring up the subject of costs at the present time if we get the money within the next week or ten days.

I had a conference with the city council this morning and everything looks favorable for settling the matter Wednesday.

A contract is now being drawn up between the city and the Cuyamaca Water Company by the city attorney.

I must have an answer by telegram from you tomorrow what action to take. Please wire me.

Yours very truly,

HF:ASK

Form 1206-A

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DAY LETTER		DEFERRED	
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NEWCOMB CARLTON, PRESIDENT — J. C. WILLEVER, FIRST VICE-PRESIDENT

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Send the following message, subject to the terms on back hereof, which are hereby agreed to

San Diego, California, January 27, 1932

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California

Have conference with city council today Savage's report of our lands El Capitan assessed value five hundred eighty dollars appraised value fourteen hundred thirty five stop If these values any influence in court we would be lucky in condemnation to get fifteen or twenty thousand Shall we take forty thousand dollars cancelling all claims for El Capitan litigation and deed property if forced to do so Rush answer

ED FLETCHER

Chg Fletcher Co

January 27, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:

Confirming our telephone conversation, I appreciate your giving me authority to go ahead and settle the El Capitan sale. I made the best fight that I could before the city council today and in writing protested that we had money coming to us under the El Capitan condemnation proceedings.

The city attorney made a monkey out of me by stating that the city had no intention of abandoning the El Capitan suit, that legally they had the right to amend the complaint and add the additional lands necessary, that the Supreme Court had ordered a new trial and that was all there was to it.

Daniels further stated that if the courts refused to allow them to amend their complaint, they would go ahead with the present suit now in court, condemning to the 160 foot contour, the same lands as before and pay whatever the judgment was. They would also file a new suit for the additional lands not included in the original suit.

I got the idea from Crouch & Sanders (you and I were under the same impression) that they would have to dismiss this suit and start again, but Daniels' talk before the city council was certainly logical to the common layman and knocked the pins out from under me completely.

As per my telegram to you the city council went ahead and passed the resolution and appropriated the money, while I sat there with my mouth open. I told them I would have to get your consent and asked for delay. On my return to the office I found your telegram saying to go ahead and sign up, anyway.

I have been in no hurry to do it, but ordered the title company to get out the certificate of title immediately, for they have prepared an ironbound contract to clear the title, and

I did not propose to sign until the search from the title company is out and the city attorney has approved the title, otherwise they might have us over a barrel on any technicality, and they might try to blackmail us.

Savage sent a "savage" telegram from the East, clipping of which is herewith enclosed, showing a deadlock in Washington. Following is the history of the thing to date, that you may see the picture in its entirety.

Savage is absolutely opposed to building El Capitan, but wants to hold his job and does not dare to oppose it openly, having been defeated on No. 2. He is 75 years old, with a single track mind. The state engineer told me last week Monday that Savage was doing everything to delay and kill El Capitan, or words to that effect, and the plans have not yet been approved by the state engineer in detail. Savage admitted that he had had a conference with Robert Scripps, and the riparian owners are going to bring suit and there will be hell to pay in litigation over El Capitan. I am sure Savage stirred this up.

Savage has done everything he could to poison the minds of the city council against us. When asked to make a report on the lands necessary from us he did so. A friend furnished me a copy. Savage's valuation of our property, the entire tract that we are deeding to the city, was less than $1500.00, the appraised value. He went to the court records and found out that the assessed value was only $580.00 on the entire 200 and some odd acres that we are turning over to the city. The appraised value as made by the tax factors is two and one-half times that. In taking options on the lands in Mission No. 2 Savage would not pay anyone in excess of the tax factor's appraised value and over half of the reservoir lands Savage got under option at the tax factor's value. So you see, on that basis, we would get $1500.00.

We gave them an option to buy, which you approved, last September for $35,000, a 60 day option which was referred to Savage by the city council and he let it expire without action. Before he left two weeks ago he made this report to the city council, showing $580 as the total assessed value for taxable purposes and less than $1500 for the appraised value.

I waited for him to get out of town and then I wrote him the following letter:

January 15, 1932

"Mr. H. N. Savage
City Hall
San Diego, Calif.

My dear Mr. Savage:

I take it for granted that before cutting any trees or trespassing on our property at El Capitan you will take the matter up with us by letter so that I can take the matter up with Mr. Stern.

This is just a suggestion so as not to cause any feeling in the matter.

You can rest assured of my cooperation.

Yours very truly,
CUYAMACA WATER COMPANY

By Ed Fletcher President"

I knew this would immediately be turned over to Councilman Irey who works closely to Savage. It was my desire to have these matters taken up while Savage was out of town. Things worked out exactly as expected. The city council, thru city clerk, Mr. Wright, telephoned and asked for a conference, and you know the result.

Someone wired Savage after that conference, and Savage tried to stop any settlement with us by sending that telegram, which undoubtedly is true, but no one asked him to send the telegram. He was fighting it out to the bitter end. With the acquisition of our property there is no reason why the city cannot go ahead and build El Capitan dam.

We might have held them up for some more, but from what you say you wanted no further litigation, and $40,000 to us today is worth $120,000 three years ago.

This may sound egotistical, but I do not see how I could have handled this matter better, and consider ourselves mighty lucky at the present time to get out of the whole scheme. If I had not taken the offensive in the council meeting and fought for the refund of some of the expense money, when they were putting me on the defensive by reading Savage's telegram, I do not feel any action would have been taken. Louie Maire, the councilman, said, "Fletcher, we are going to put you on the spot", and the one from whom I expected the worst opposition was the one who made the motion to sign the contract and pay the money.

I fought to the last ditch trying to get some more out of it, even agreed to compromise for $50,000, but failed. I told them I would not sign the contract without your approval. I am sure this had its effect and psychologically they thought they were driving a hard bargain, another feather in their cap, so they rushed it thru while I sat there. They are all up for re-election and they have made me the "goat" in the public eye.

Yours sincerely,

EF:KLM

January Twenty-seventh
1 9 3 2

Mr.Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Answering yours of the twenty-fifth.

I wired you today before receiving same. It was certainly a bomb shell that Savage threw into the works showing what the assessed and appraised value is and it had its influence with the council.

I am perfectly willing to fight it out if you are, as bad as I need the money.

As regards my standing with the people of San Diego. Please eliminate that feature. For twenty years the whole thing has been one of politics and I can stand the brunt of it.

I did figure on getting more out of it but when we paid $40,000 to Crouch and Saunders and Flint for attorney's fees I did not take in to consideration the fact that that covered a larger amount of paramount right costs which under no conditions could we collect back from the city and I thought the expenses that we have been put to in court were greater.

With the information I have at hand, in my opinion, we could not collect in excess of $15,000 or $20,000 court costs, leaving $25,000 as a value of the land.

Assuming that we got a judgment of $40,000 or $50,000 for the land it would be appealed to the Supreme Court; we would not get it for two or three years; attorney's fees and expenses to pay for and we would not be much better off.

Another feature. Money with me is three times as valuable as it was three years ago. How about you?

When Security First National stock sold three years ago at $160 and is selling today at 57 and has been down to 53, and I paid 87; First National of San Diego sold for 66 and is down to 20 today; National City of New York selling for 574 three years ago and now selling for 38; Nash Motors selling for 40 last August and is down around 15 today, everything id down.

THE WESTERN UNION TELEGRAPH COMPANY
TELEGRAM RECEIVED BY TELEPHONE
Form 2385-B

CHECK AND ACCOUNTING INFORMATION	OFFICE FROM	DATE	FILING TIME
16 FLETCHER	SAN DIEGO CALIF.	JAN 27 1932	605P

CHARLES F STERN

10 BERKELEY SQ LOSANGELES CALIF

CITY COUNCIL PASSED ORDINANCE APPROPRIATING THE MONEY

AND AUTHORIZED SIGNING OF CONTRACT FOR FORTY THOUSAND DOLLARS

ED FLETCHER

copy

SIGN	TELEPHONE NUMBER	CLASS OF STATION	SPECIAL INFORMATION
LR			
SUBSCRIBER'S NAME			SENDER'S NAME
SG		1020 9 ST	

1206 A

CLASS OF SERVICE DESIRED

DOMESTIC		CABLE	
TELEGRAM		FULL RATE	
DAY LETTER	X	DEFERRED	
NIGHT MESSAGE		NIGHT LETTER	
NIGHT LETTER		WEEK END LETTER	

Patrons should check class of service desired; otherwise message will be transmitted as a full-rate communication.

WESTERN UNION

NEWCOMB CARLTON, PRESIDENT — J. C. WILLEVER, FIRST VICE-PRESIDENT

CHECK
ACCT'G INFMN.
TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

January 29, 1932.

MR. CHARLES F. STERN
815 Broadway Arcade Building
LOS ANGELES, CALIFORNIA

AM MAILING SPECIAL DELIVERY PAPERS FOR YOUR SIGNATURE AND RETURN

SATURDAY FOR MONDAYS MEETING CITY COUNCIL SEE LETTER

ED FLETCHER

Chg. Ed Fletcher Co.

I can sell the City bonds for a 2% discount. We value them more highly here than you do in Los Angeles but I expect we will get cash.

I feel that we will be the luckiest people on earth if we can get $40,000 today for our interest and that is equal to $100,000 to $150,000 as compared to values three or four years ago.

There is hardly a bond but what you can buy for 50 or 60 cents on the dollar of three or four years ago and some as low as twenty-five cents. I paid 650 for a thousand dollar South American Columbia bond 6% inter st eight months ago and that is down to 26 today.

I don't know what will happen at the council meeting today but the council are uneasy and will be lucky if a deal can be put thru. They have just received a wire from Washington that the Indian Department is making them trouble about getting rights of way for floodage purposes and things may be delayed, in the Superior Court preceedings condemning El Capitan dam, the reservoir lands. Nineteen hundred acres were valued at $75,000, a decision of the Superior Court, or less than $40 an acre so you see what we might get for our raw lands.

Of course the city had to pay more than that because the government insisted upon their moving the Indians but it is a matter of court record that the U. S. Government placed a higher value in court but the verdict was $75,000 for the lands alone to which the U. S. Government added the costs of moving the Indians, the installation of a water supply and other things which ran the cost up to around $150 an acre.

I am writing these full details because it may drag along for some time - our negotiations with the city - and on the other hand, my inclination is to close this deal today even if we have to sign off and only get $40,000.

Yours very truly,

EF:ASK

January Twenty-ninth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Confirming telegram.

Enclosed find papers for your signature under Mrs. Fletcher and mine, the three copies, and return.

It was not necessary as the corporation owns the property today but the resolution went thru that way and I had no chance to correct it, they copied it from the old condemnation suit and it cannot be changed.

I am laying the foundation now to sell Mission #3 and will have something most interesting for you possibly, at an early date.

Please return papers by return mail.

I hope to get the contract finally signed on Monday by the council.

Yours very truly,

-F:ASK

February Second
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

I received, thru the Santa Fe Agent, the signed agreement for the sale of the El Capitan lands to the city.

Savage arrived home from the east Sunday and at eight o'clock Monday morning telephoned me that we could not have the money. He would not allow it to be taken out of his fund and he was very disagreeable. He went so far as to say that he thought the deal should not be consumated at this time and gave out an interview in the papers. Enclosed find clipping that will be of interest.

Savage lies because I never mentioned your name or made any reference to you and I discussing taking of bonds.

Before the ten o'clock meeting I contacted all the councilmen on the 'phone. They are all friendly to us.

I was also talking to the city treasurer, Jack Millan. He is very favorable to us and said, "Fletcher, we are playing your game now. Tell Savage to go to Hell." "The money will be forthcoming out of the reserve fund whether we sell the bonds or not."

The deputy city attorney Daniels is playing our game also. I am sure we have made a friend of them. He says that there can be no reservations in the deed but he will instruct the title company to accept the property subject to the reservations. There are seven or eight of them including easements for right of way, power right of ways, pipe line rights of way owned by the district, flume company rights of way, county highway and corporation franchise, etc.

We are preparing the deed today. Have sent it down for Mr. Daniel's approval with escrow instructions and by mutual consent this morning I am still holding our contract until he can write his instructions to the title company waiving the exceptions which would otherwise put us in a hole if the council tried to force it in accordance with the agreement as passed by the city council.

The city attorney wants to see this put thru without having a new resolution and ordinance passed and we cannot sign and deliver this agreement to the city without having the city attorney accept the exceptions or clouds on the title.

Some of these easements must be acquired from the district and we have been working nearly all day getting the thing in to shape to satisfy the city attorney.

We hope to whip the thing in to shape so that the city council can sign the agreement on Thursday and as soon as the city puts the money in the trust Company the deal can be consumated and we get our money.

The ordinance was not passed as an emergency ordinance so in any event we will have to wait thirty days from last Monday before the money will be available.

We want to consumate this deal before the first of March if possible so as not to have to pay another year's taxes. After the first of March it becomes an encumberance on the property, the 1932-33 taxes.

Yours very truly,

FF:ASK

February 4, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:-

The City Attorney telephoned and askedmme tp come down and bring all the papers. I took along Mr. Sloane with our signed contracts. The City Council were anxious to put the deal through and get signed up.

Just as we were about to do so, I brought up the one remaining point of discussion between Mr. Daniels, the Deputy City Attorney, and myself, i.e., that I wanted, from the city council an agreement that, if any claim came up on the part of the La Mesa District regarding the 34 acres of land between the 160 and the 200 foot contour, on which we gave an option to the La Mesa District without charge, the city would protect us from any harm or expense in relation thereto. I told them that we were deeding them everything thatwe had.

The Deputy City Attorney said that we would have to take that chance. I answered that, under those conditions, I would not deliver the signed agreements until we had acquired from the La Mesa District a quitclaim. The city council urged us to sign them and there and settle it. My answer was that we were selling out at a low figure and the city could and should run that risk. All we were selling were our right, title and interest; that they had made a contract with the District which at the last meeting the City Attorney declared to the City Council was binding on both parties; therefore what objection had they to our reservation, or a quitclaim deed for the 34 acres in question instead of a grant deed that the City Attorney was demanding.

This stumped them and they talked pretty rough to the Deputy City Attorney, but he refused to yield and I refused to leave the signed agreements.

I had not discussed the matter with our attorney, Sloane, before, but Sloane said if we had signed up those agreements and the city had signed them up then and there this morning, all the city had to do was go and record one of those agreements and we were bound and they could play Hell with us if they wanted to..

Mr. Charles F. Stern
#2
2-4-32.

I fought shy of the whole proposition for the reason that I am not so sure the contract between the City and the District is regular.

I went out a short time ago and saw Robert Scripps, of the Scripps McRae Service, who owns 7200 acres of the Fenita Ranch. They are going to get into endless litigation with the city over the building of El Capitan Dam. Curtis Hillyer is their attorney. At his request, I quietly got a copy of the agreement between the District and the City.. His opinion of that agreement is expressed in a letter, copy of which is hereto attached and is to be kept strictly confidential.

Enclosed find copy of escrow instructions which I drew up and took over to Sloane and he approved, also copy of my letter to the City Council today.

I am putting the Council right on the spot and they can come through or leave it alone. I am very confident that, through certain influences, I can bring to bear, the Council will over-ride the Deputy City Attorney and come through and the deal will be closed, but it is perfectly ridiculous for us to deed property now in our name which is under option to the District and on which they could sue us for damages if they had a case, and they certainly have some kind of an option. You will find it in our agreement which you have in yourpossession dated May 4, 1925, on page 2.

It has been one continuous performance here for the last two weeks on this thing and it is getting my goat. As Job said three thousand years ago, "There's always someone trying to take the joy out of life."

If you have any suggestions to make, I would appreciate them.

Yours very truly,

EF/RC

P.S. My opinion is that when the City Council find out that Scripps and the other riparian owners are going to litigate to the Supreme Court again on the riparian rights, they will think hard before they let any contract to build El Capitan until the litigation is finished.

February 4, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:-

I think I wrote you that, without consulting me, the City Attorney drew up an agreement for the purchase of our holdings at El Capitan. I never had the opportunity of seeing it, although I was promised samd and tried twice to get a copy. I saw it for the first time a few minutes before the Council met, and took action.

It calls for a clear certificate of title to our property, which, of course, we can't give because it is subject to La Mesa District rights of way for flume line, pipe line, power line, etc. The City Council passed it any way and now we cannot turneover our signed contracts to them until they have an adjustment of these minor matters with the city.

In the meantime, Savage is attempting to do his dirty work, kill the whole thing, and the Council yesterday ordered City Attorney Byers home. TheyMayor is on his way home and they have abandoned temporarily at least any application for additional lands to be flooded by the El Capitan Major dam.

Yesterday Savage got another delay by not having his plans properly drawn and a week or ten days' delay to revise them has been ordered by the representative of the State Engineer, Mr. Holmes.

To put the buck right up to the City Council, enclosed find copy of letter that I have written them this day.

I certainly cannot deliver our contracts to the City guarantoeing to clear the title, for that can't be done, and the city might hold us up indefinitely if they get mean and decide to hold us to it.

The Gas Company is a big factor in this thing and strong influence is being brought to bear to kill the whole thing, delay everything until a new City Council is elected, and that means, of course, keeping us out of our money.

Mr. Charles F. Stern
#2
2-4-32.

We got the jump on Savage while he was out of town but there's no question about it, he is an influence and is kept there by the Gas Company. They don't want to see El Capitan built. It cuts out $100,000 of revenue which the city is now paying for pumping, after the water runs down hillinto the city.

On the other hand, every man on the City Council is now my friend and I have heard it from all quarters that they are going to go through, irrespective, but it's just heart breaking, the Hell we are going through at the present time. Am working four or five hours a day trying to whip the thing into shape and hurry things along.

Frankly, it's a personal fight between Savage on one side and myself on the other, but I certainly hope to win and have a good many friends working for me that never have done so before.

It isn't so much what we are getting out of El Capitan as it is the future of Mission No. 3 and its possibilities and value with El Capitan built.

Yours very truly,

EF/RC

February 6, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:-

I know you will be anxious to know how things are progressing.

The Deputy City Attorney wrote a nasty note suggesting a $6,000 discount, or netting us $34,000, and we give a quitclaim deed to the land between the 160 and 200 foot contour.

He was mad as the devil at me the other day because I told the truth. The Council asked me if the agreement which was drawn up was not approved by me, in agreement with Mr. Daniel. I answered the Council that I never saw the agreement, was not consulted, heard it for the firsttime when the City Council read it, that it called for a clear certificate of title when there were half a dozen easements of different kinds, and no reference was made in the agreement to protect us against the option to the La Mesa District. It put Daniel in a hole.

Enclosed find copy of letter I have written Daniel today and copy of letter I have sent each member of the City Council.

I am opposed to accepting $34,000 from the city and it's either $40,000 or fight, as far as I am concerned. I hope it meets your approval. If you don't want to sell for $40,000 now and want to go ahead and litigate, I have almost reached that point myself that I am ready to do it.

I have a feeling the District are mad because we have gone ahead and sold before they have their final contract drawn up. I called Harrit in yesterday for lunch and he told me that he would not oppose the resolution passed by the Board of Directors of the District releasing us from any obligation in relation thereto, so I had Sloane prepare such a resolution to be submitted to Mr. Lee, the attorney of the District, when he returns next Wednesday from Washington, where he has been, at the expense of the District, to straighten out certain Indian matters with the government and to help the city. Harrit

Mr. Charles F. Stern
#2
2-6-32.

said that it was better for us to take the matter up with Lee, so I am following his advice. It may be the District will come through and give us a release.

If you have any criticism or suggestion, I will welcome it. I don't know how badly you need your share of the $40,000 but I'll be damned if I will be screwed down any further. I will borrow money on my life insurance to fight the City to a finish, if they are going to try to blackmail us, after the money we have spent to defend their condemnation suits.

Yours very truly,

MF/RC

February Tenth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Inclosed find clipping from the Tribune that is explanatory. Not so good.

Even although the city may abandon the building of El Capitan at the present time I am still of the opinion that the council will close the deal and buy us out any how.

Mr. Byers, the city attorney, has arrived home and he told Mr. Stahel, one of the councilmen, that the city would have no trouble in getting from the district an acquittance that will protect us and Mr. Lee, the attorney for the district, is expected home today.

Harritt has promised to recommend to the La Mesa District that the relinquishment be granted and he has a big influence with them.

For the first time Harritt has admitted that it is better that Mission #2 be killed and El Capitan be built. Both the district directors and Harritt fought for Mission #2 publicly and went on record officially but even their endorsement with the city administration, the daily papers, gas company and chamber of commerce could not put it over for we licked the stuffing out of them and they never even got a majority. That sticks in their craw.

I had lunch with Colonel Copley the other day and he admitted before McMullen and the rest of the crowd that they were licked to the finish but took their medicine and got behind El Capitan which they did. The result is it makes both of our properties, El Capitan and Mission #3, salable.

We never would have sold either one or got a nickel out of them as far as the water question is concerned.

Yours very truly,

MF:ASK

CHARLES F. STERN
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING
639 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

February 10, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel Ed:-

I have been laid up for a week with the 'flu' bug and am just at my desk this morning. I am not thinking too clearly; and there is nothing on my desk from you dated later than the sixth.

As near as I can get at the situation it is about as follows:

(a) Your old friend Savage, backed by the Gas Company, is still dragging his feet and proposing to kill the El Capitan project. It is a reasonable assumption that the difficulties at Washington were occasioned by Savage and his method of handling negotiations.

(b) We have not as yet signed a definite contract for the sale of our properties, due to the form of the contract presented, which obligated us to clear certain things which couldn't be cleared, and to deliver certain properties which were under option to the District. As a correlary to this situation the Deputy City Attorney suggested a reduction in price from $40,000.00 to $34,000.00. I am not clear from your letter whether he proposed to accept all weaknesses in our title at the lower price - apparently he did not.

I gather that you think you have all the members of the Council in a friendly frame of mind, which is something if they will perform.

I quite agree that this is no time to discuss reduction in price. It would be a weakness on our part, expensive, and I don't believe it would buy us a thing; we would be presented with the same problems at $34,000.00 that we are now at $40,000.00.

So far as the District is concerned, it doesn't appear to me that there should be any great difficulty in getting a quitclaim

or a release from option from the District. As I understand the matter, the District is turning over everything it has in and around El Capitan to the City anyhow, and should be willing to release us from any claim it may think it has against us. The other easements for right-of-way, etc., are technical flaws that the City will have to accept in any transfer of title from anybody. With the power of condemnation always available there is no hazard for the City in any such reservations.

Doesn't the whole matter simmer down to the single question of whether the City is acting in good faith at this time; apparently the Council is and the City Engineer isn't - with the City Attorney's office backing the Engineer.

Maybe it is time to declare open war on Savage. If he ever had any real usefulness in water matters he has outlived it. As an Engineer his judgment is rotten; as a public officer he is undertaking to thwart the expressed will of the people of San Diego, as set forth in the recent El Capitan election.

I wish you would advise me of the exact situation to date and what you think we may reasonably expect, and when. I can't see how the Council can avoid going through with the deal which they voted two weeks ago; and if the City Engineer is interfering it is up to the Council.

"The toad beneath the barrow knows
Exactly where each tooth point goes.
The butterfly above the road
Preaches contentment to the toad."

It is of course quite easy for me at this distance to tell you how to solve the whole problem. Please understand that I am not attempting to do that, but to give you my reactions from such facts as I have grasped.

Please let me have the situation down to the minute.

Very truly yours,

Charles Stern

February 11, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:-

Answering yours of February 10th, Lee arrived home yesterday from Washington. I took the matter up with him to see if he approved a form of resolution for the District to pass, holding us harmless, which I had had Sloane prepare.

Five minutes after receiving your letter I got a telephone from Lee, saying that he would recommend a resolution in a general way prepared by Mr. Sloane to be passed by the La Mesa District directors. The only thing he wanted was to put in the resolution a clause, as I understood it something like this: "This is done in conformity with the agreement between the District and the City," or words to tha teffect.

We will have the resolution out today and I am going to take it down to get the approval of the City Attorney, but I will have Sloane pass on it, also.

The only thing we want is to know definitely that it is all a closed incident, that we get our money and there is no chance of being sued for specific performance later on under our option. Sloane tells me that it's an even chance that the District might win and Heavens knows we can't take any chances.

Until we have delivered our signed agreements and the City have signed same, the City Council can pass a resolution cancelling the agreement and everything is off, but it had better be off, for they might stick us for $100,000 damages - just a possibility - if we didn't get an acquitance at this time.

Mr. Charles F. Stern
#2
2-11-32.

I agree with everything you say about Savage.

I have given them a time limit of the 29th day of February and I hope to get this thing straightened out this week.

The title is clear to our properties excepting such easements as the city has already agreed to accept.

Yours very truly,

EF/RC

February 11, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:-

Sloane drew up the papers, I got Lee, the attorney for the Irrigation District, to approve them this morning, I took them to the City Hall and got them approved, and I am enclosing same.

Please sign under my name the original and return it and then I will get Mrs. Fletcher to sign and put it in escrow to be delivered to the District, properly dated. I got Mr. Lee to arrange a special meeting of the Board of Directors of the Irrigation District for Saturday morning next and if they pass this resolution, then it must be passed also by the City Council, and I hope to get it passed and approved nest Monday.

In the meantime, I am keeping the City Council in a good frame of mind.

Mr. Lee informs me there is a deadlock back there between the government and the city, that no water rights went with the El Capitan bill that was passed by Cosgrove, that the government has never reorganized the paramount right, that unless they get their share of the water for the Indians above and have it included in this bill, there will be no bill passed by congress and they will fight it to a finish, that the Department of the Interior have no legal right to make any compromise with the city and that everything must be in the bill passed by congress, as congress alone has the power to act.

I could tell you a lot more but haven't time.

The City isn't sitting so pretty. They know it now and there are a couple of bad hurdles to be jumped over. In the meantime we are the luckiest people on earth if we get this thing through and get out money.

Mr. Charles F. Stern
#2
2-11-32

Cosgrove is coming down for a conference tomorrow with the Council and Savage but I have not lost faith in the City Council for a number of reasons staying with us on this deal.

Please sign and return tomorrow so that I can get it Saturday morning and get everything ready to be passed by the Council Monday. Please return also copy of resolution.

Yours very truly,

EF/RC

Copy of letter to Stern for
Water History.

When resolution and agreement with the distridt are returned by Mr. Stern, copies of these also should be kept in water history.

February Sixteenth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

I have the personal assurance from the attorney for the District, Mr. Lee, and from Harritt, that the directors of the district will pass the resolution tomorrow releasing us on the option.

We gave them the deed to the floodage rights for Cuyamaca Lake that they asked for yesterday which they never had before, a little strip of land four or five feet around the reservoir. If I remember rightly the deed was simply to the bottom of the spill way and not when the spill way was full.

I got a tip from a councilman that the City was running terribly shy of money and I had better close up the deal so acting on the assurance of Lee and Harritt I got busy yesterday and sent the three signed contracts down to Mr. Daniel with a letter, copy of which is herewith enclosed, after having it approved by Sloane.

Unfortunately Ed junior took the papers down and without consulting me left them there receiving in return the letter enclosed from Daniel. I have sent it over to Mr. Sloane today and he is checking it up. Enclosed find copy of letter I have written Sloane.

Naturally, I don't trust the City Council nor the Irrigation District directors any more. They worked in "cahoots" together in Mission #2 publicly and away down deep they hate my very _____ for having fought them and defeating them by defeating Mission #2 and made our holdings at El Capitan and Mission #3, future possibilities, one of which is now being realized.

If they had carried the bonds for Mission #2 I would have had three or four hundred acres of Fletcher Hills flooded which would have given me $60,000 or $75,000 for land that cost me $55 an acre but I spent over a thousand dollars in that fight believing

El Capitan and Mission #3 are the proper locations for building as the city will thereby save seven million gallons of water a day for future use, enough to take care of the entire district that would be evaporated in to the air and reduce the net safe yield of the river seven million gallons a day if No. 2 had been built.

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

I was informed yesterday that there was serious consideration of rescinding the $40,000 ordinance on account of the dead-lock between the city and the government regarding the additional floodage rights in El Capitan reservation.

There is another thing there is a row on. They cannot sell the city bonds except at a 5% discount, the papers announce, and nobody will bid on the job of building El Capitan Dam without the money being in sight from the sale of bonds.

The city officials held a meeting with Cosgrove and announced in the papers that the Department of Indian Affairs cannot have any water. It will conflict with the paramount right; that the Indians must get off the water shed and if the Commissioner of Indian Affairs takes the attitude he does now all work will stop unless the city decides to build to the 160 foot contour which it has the right so to do at the present time.

The city council and city attorney have definitely announced that they will kill the whole El Capitan project first rather than jeopardize the paramount right. The Commissioner of Indian Affairs wants to locate the Indians in the Barona Valley or some other point in the San Diego water shed and allocate certain amount of water in perpetuity for the Indians. This is in direct conflict with the paramount right and cannot be done.

I have been in constant tough with Post, have urged him to do everything possible to cooperate with the city and give city attorney Byers a letter of introduction to him yesterday. Have been in almost constant contact with the personal representative of Indian Affairs, Miss McGair and thru her trying to bring about a compromise between the city and the Commissioner of Indian Affairs for without the approval of the Commissioner of Indian Affairs the city can get no bill thru Congress.

Yesterday, I took City attorney Byers and assistant city attorney Daniel, to lunch and made arrangements for them to meet Miss McGair and we had a conference last night from 5 until 7.

I believe I have clarified the situation and at least have satisfied the Commissioner of Indian Affairs' representative here on the water question. At her suggestion I am wiring Post today to get the Commissioner of Indian Affairs to have Miss McGair make a report on the water situation from the standpoint of public feeling here in the city. This is all done at the suggestion of City Attorney Byers.

We will be lucky if we get our money before the city and the government settle their difficulties but I feel that I have at least three possibly four of the councilmen that will stay with us now. Every one of them are running for office again and want support.

Our agreements are signed by all the city council and all three copies are now held by the city attorney, Mr. Daniel, subject to his letter of February 15th.

I am hoping the directors of the district will pass their resolution tomorrow afternoon protecting us regarding the floodage rights between the 160 and 200 foot contour at El Capitan when I will immediately ask for the return of two signed copies from the city, delivering one to the title company where the deeds now are in escrow and the next move will be for the city to put its $40,000 in escrow with the title company.

Yours very truly,

LF:ASK

February Nineteenth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

I have taken my time about answering your letter of November 25th. I want to retain your friendship if possible, but not at too great a sacrifice of my own self respect. I want to convince you of my sincerity.

You say that there are other matters open for discussion. I do not know what you refer to, and it is not fair for you to make this statement without stating exactly what you mean.

To the best of my knowledge and belief, I have given you all I have. I have heretofore outlined to you, by letter, my point of view regarding the Murray notes. Eliminating that for the moment, as a matter of equity I want to call your attention to the fact that I worked for four long years at a nominal salary of $300 a month, under a tremendous strain, in the management of this property, while you were drawing $15,000 to $25,000 a year without having to take the hard knocks.

I am enclosing a statement from Lou B. Mathews dated December 2, 1931, for your information.

I worked for 15 years for the Cuyamaca Water Company. The only salary that I ever received in cash, during that entire period, was for fourteen months, when I drew a salary of $150.00 a month.

I am also enclosing a statement signed by Mrs. Fletcher, dated Feb. 10, 1932, for your information.

I can only repeat what I have said before in my letters regarding the notes in question.

I refer you again to the letter from Mr. Brown the day I took the option, which states that on the sale of the property for $700,000 he would return the notes to me. There was no reference to any commission at that time. If there had been, he would have said so, and it was right in line with my understanding with Mrs. Murray in the first place, as per my previous letters, and as per her statement both to me and to Mrs. Fletcher, but, Mr. Murray not having legally assigned

CHARLES F. STERN
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING
639 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
TELEPHONE TUcker 1211

March 2, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I have before me your very disappointing letters of yesterday and the day before.

I am not clear about the significance of the letter from the Division of Water Resources, the State of California, in reference to the various applications for water on the San Diego River. Whatever the facts are, they are; and I presume they are not the controlling factors at the moment in the situation in which we are immediately interested.

Apparently the entire El Capitan situation is in a mess, with Savage determined to kill the plan, and with the City ostensibly out of funds.

I say the City 'ostensibly' out of funds. In spite of the publicity, this I do not believe is the fact. You and I have known the State of California with a legislature in session to make the same play many times; and it is the usual dodge of both the City and County of Los Angeles. As a matter of fact, there are always reserve funds and provisions for extraordinary expenditures provided in every budget, with the money tucked away here and there. This may not be the case in San Diego right now, but I would expect it just the same.

None the less, you are facing a practical situation.

As I understand the matter, the agreement for the taking over of our property has passed the Council, the contract has been signed, the Warrant has been drawn and signed, and the deal placed in escrow subject to final title; the details of the title, as I understand the matter, have been agreed upon so that the conclusion of the deal should be a matter of routine.

Now of course if the Council changed its mind and wanted to run out I presume it could find ways and means to do it although, if the deal has been escrowed, I don't quite see how.

the notes to his wife this was the only way out for the executor to take. I was in no way obligated to sign any agreement recognizing those notes as commission, and as I have stated before, it was done at the request of Mr. Brown to help the Murray Estate out, and save them money re their inheritance tax.

I feel your charges are wholly unjust. I cannot believe that you make an attempt to stand on a technicality, if one exists, to force the issue. I am trying to find a way to satisfy you and segregate our interests, taking back any equity which I gave you in Mission Gorge No. 3 and the one-fourth interest in the 800 or 900 acres at Cuyamaca Lake, neither of which cost you a cent or were ever included in your purchase of an undivided 5/11ths interest in the Murray Estate holdings in the Cuyamaca Water Company. I would also like to have included in that deal the purchase of your 5/11ths of the stock of the Cuyamaca Water Company. I would be glad to have you submit any offer you care to make.

I have never received anything for my services since the sale to the irrigation district, nor for bookkeeping and looking after the affairs of the company, but if you have any claim to any interest in the Murray Estate notes, I certainly want full compensation for my services past and future.

Never have I tried harder to have, and to hold, a friend, and it would be the disappointment of my life if the final result is bad blood between us.

I hope you can make a suggestion or find a way out that will renew our friendship and satisfy both of us. To date I have not found the solution. I hope to hear from you in relation thereto.

Yours sincerely,

EF:KLM:ASK

2/20/32 I hereby certify that I personally put this letter in the mail box at 9th and C St San Diego Calif at 10:00 A.M. Feb. 20. 1932

Katherine L. May

Katherine L. May -

Assuming that the entire thing boils down to the question of the City's being able to pay the bill, there are two suggestions which may or may not be pertinent. The first one is that we could take our pay in bonds. They might give us $40,000.00 in bonds and pay us the market discount in cash, or they might give us enough extra bonds to net us $40,000.00, or we might take $40,000.00 in bonds and stand the loss.

The second suggestion is that we take the City Warrant ~~and~~ for $40,000.00 and agree to carry it for two or four or six months. Wouldn't Belcher cash that Warrant as short time paper for us, or some other bank down there? The City's credit certainly hasn't gone to the deuce to the point where its Warrants are not cashable, or at least good collateral.

I am hoping to hear something favorable from you today which will render the contents of this letter quite unnecessary. If anybody can get that money I know you can. I am sending the letter along with the thought that if we can't get cash maybe we can do one of the things I am suggesting.

If there is any way in which I can aid in the situation please let me know promptly.

Sincerely yours,

Charles Stern

March 3, 1932.

Mr. Charles F. Stern,
639 South Spring Street,
Los Angeles, California.

My dear Frank:-

Answering yours of the 2nd, the truth of the matter is that, on account of the 15,000 unemployed in the city and the past reckless expenditures, the city is dead broke.

As far as taking out a reserve fund is concerned, they have drawn over $600,000 a year for the last three years out of the water fund for general expenses. They have literally stolen all but $30,000 out of the San Dieguito fund, and they are in a nasty mess financially.

I cannot write you all the facts but this is to let you know that, in a wholly legitimate way, I am sure we are going to get our money and get it next week. I will telephone you the minute the money is available.

Yours very truly,

EF/RC

March 4, 1932.

Mr. Charles F. Stern,
813 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:

Enclosed find check for $15,000.00, which has been charged to your account on the books of the Cuyamaca Water Company, the corporation, until such time as a dividend has been declared.

The question of my personal compensation in the sale of the El Capitan lands to the city we will leave in abeyance at this time. I had not intended to make any charge, altho it has been a vast amount of work and put over at a critical time. My compensation, if any, depends entirely upon the present controversy over the Murray notes.

I am preparing a detailed statement and will forward same to you shortly.

Let me know how much money it will take to clean up in full our obligation to Fleishacker, and give me a statement of the amount of coupons of the La Mesa, Lemon Grove & Spring Valley District in your name.

If the Cuyamaca Water Company is going to pay an income tax to the government we must reserve the money for that purpose, as I do not dare take a chance, and find the Cuyamaca Water Company, or you and I unable to pay our government taxes next year. The money should be set aside for that purpose now, in my opinion. I will be glad to get your point of view in the matter. I have deposited the money in the name of the Cuyamaca Water Company at the bank.

I am enclosing a copy of the Escrow Statement from the Union Title Insurance Company. I beat them down on the cost of the policy of title insurance, but they got us a little on the escrow fee.

Yours very truly,

EF:KLN

Telephone conversation between Col. Ed Fletcher and Charles F. Stern, San Diego and Los Angeles, March 4th, 1932 at 2:55 p m

S. Hello, Colonel

F. Hello, who is it?

S. Frank Stern.

F. Hello, I received the money today from the city.

S. The devil you did - thank God - I had about given it up.

F. You can thank my friend, City Attorney Daniel. He got the city Council yesterday in special meeting and they took final acdeptance.

S. That is splendid. I got myself rather in a jam depending up that, and it takes a big load off of my mind.

F. I am sending up a check for $15,000 today and charging it to your account. I will send you a detailed statement in two or three days.

S $15,000? How much did you get? $40,000?

F. A little less than that, with the deductions.

S. That will make my end of it around $18,000 won't it

F. Yes, but don't forget this, that we have got to take into consideration the income tax. How do you think that should be handled. The Cuyamaca Water Company will have to pay 12½, won't them, 12 or 14. Had we better not take it out that way rather than individuals?

S. I don't know.

F. Will you consult with your attorney and write me about it? You don't know how lucky we are.

S. I know how happy I am.

F. There is a city election this month under our new charter, and every member of our present council is goint out, in my opinion. I am telling you right now I have laid the foundation for the sale of Mission No. 3

S. What do you want me to do about the Anglo situation?

F.. You mean about paying the Anglo bank? I would rather by a darn sight pay them a couple of thousand.

S. ~~Thanx~~ We have no choice in the matter. I have held them off. they sent back the last note. They are pretty hard pushed

F. They are hard pushed themselves? the devel!

S. I'll tell you the story when I get the opportunity. They are making no loans at this time (somethins about Federl~~xxx~~ loans)

F

F. Then if we paid them $4,000?

S. If we paid them $4,000 - the first note, I think the second could ride. I think that we had better pay them off and get the bonds and liquidate them. We do not want then under the circumstances

F. Why:

S. The money is a great deal more valuable.

F. You mean turn around and sell them. What is the market today?

S. I do not know, we would probably take a loss on them.

F. I am not ready to take a loss on mine.

S. I was just going to suggest we pay both notes and you take your bonds and I will take mine.

F. All right, I think that is the best thing to do.

S. I do not think you better worry about the income tax now, until next year.

F. Is it cheaper thru our individual returns or thru the corporation?

S. Who was the check payable to?

F. Cuyamaca Water Company.

S. If the money went to the corporation you cannot avoid paying it thru the corporation.

F. For heaven sake, Frank, do not send me down, write me any more such letters that you have been writing, and let me tell you, when this cleanup is made you are going to be 100 percent satisfied

S. There are a lot of things we have got to talk out. Do you realize I have not seen you for over a year.

F. You and I are going to get mad if we start talking this thing over face to face.

S. I won't. You never saw me angry in a conference in your life. This is not the time to talk that out any way. You are sending me a check for $15,000? Turn over the bond situation in your mind. I think we should liquidate those notes.

F. For the love of heaven write me a decent letter.

S. You have got many of them from me

F. I have never had a man I thought more of and it make both my wife and me sick -

S. I feel that way toward you, but you have been so hard looking at your side of this you don know what its all about. I want to settle it just as heartily as you. I want to get back to the place where we can go to Cuyamaca and Ensenada and it can be done, but it cannot be done by ignoring it.

Catherine L. May
Secretary

F. I hope so. Good-bye
S. Goodbye

CHARLES F. STERN
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING
639 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

March 7, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I enclose herewith letter from The Anglo Bank which is self-explanatory. I hadn't called it to your attention directly before but I did make the suggestion that we pay the Anglo the $8,000.00 we owe them, with interest, if and when the El Capitan deal was concluded. The matter has been pending for some little time now and should be handled immediately.

I note that you wish to hold our income tax requirements in the Cuyamaca Water Company and I can't quarrel with that point of view although it is certainly arranging for the money in ample time. I therefore have a suggestion to make which I believe solves the problem perfectly.

We both need cash at this time and if we can avoid putting up cash to pay off the Anglo we want to do it. Confidentially, I think the Anglo needs all the money it can get in. This is the first time in many years of dealing with them that they have closed in on me and I can't quarrel with them when I read their statement of condition. You will realize, of course, that this is a confidential matter that should not be discussed.

Not only do we want to conserve our own cash, but we want to keep the Cuyamaca Water Company in funds to meet its tax bill next year and, incidentally, Cuyamaca Water Company should be having some income on those funds. In addition to this, if we sold the La Mesa Bonds now we would take a loss which neither of us care to do.

The answer to all these things is to sell our La Mesa Bonds to the Cuyamaca Water Company either at our cost of approximately $10,000.00, or at what we now owe on them, approximately $8,000.00; if at the former price we will have a book credit of $2,000.00, and if at the latter price we'll have our equity in the company.

In other words, if you have $8,000.00 left in the Cuyamaca Water Company, I suggest that you send it to me forthwith. I will pay off the two Anglo notes and send you the twenty-five Bonds, which will then be the property of the Cuyamaca Water Company. If you

have less than $8,000.00 in the Company I think you'd better send me whatever is there as a result of the El Capitan sale and you and I put up enough equally to make the $8,000.00.

I don't know quite what you mean by reporting the coupons that are in my name - so far as I know there aren't any. The coupons due on July 1st I don't believe have been filed, and I guess they should be.

Please give this matter immediate attention. If you agree with me, send me a check by return mail for $8,000.00 from the Water Company or for whatever amount the Water Company has on hand from the El Capitan deal, plus your own check for half the difference, and I'll add my half and take care of paying the notes.

I am very sure that this is the way to handle this matter. Next year when Cuyamaca needs its money to meet its tax payment it can sell the La Mesa Bonds. I am confident that we are past the turn in the bond market and we should make a substantial profit in the Water Company by that time.

Sincerely yours,

Charles Stern

Encl.

P.S. If Cuyamaca Water Company is short of enough money to handle the $8,000.00 why not let it use the bonds as collateral for whatever it is short; this would enable us to take care of these notes without using our own cash. Cuyamaca should have no difficulty in borrowing up to three or four thousand dollars against these bonds.

C.F.S.

March Eighth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Answering yours of the seventh until I get an answer from one or two parties I don't want to commit myself.

Rather than lose some property I have I may be forced to pay up. Suppose each of us put up the $2000 and pay off that note now and let the rest run temporarily until I find out where I am at. What do you say?

I am returning letter from Alexander.

Yours very truly,

EF:ASK

CHARLES F. STERN
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING
639 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

March 9, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I am rather at a loss to understand your letter of yesterday.

I suggested that the Cuyamaca Water Company buy our La Mesa Bonds and enable us to liquidate these Anglo notes without losing the Bonds. I made the suggestion because I understood from you that you were leaving a part of the proceeds of the El Capitan sale in the Cuyamaca Company to provide for income taxes a year hence.

As I understand the matter, the Cuyamaca Water Company will be holding either the cash or - if my suggestion be followed - the securities for a year. I don't quite see how that situation ties into either your personal problems or mine, except as I suggested.

However, the Anglo matter must be taken care of immediately to keep our faces up there, so I suggest that you send me your check for $2,000.00 in accordance with your letter. I will match it and pay off the $4,000.00 note. I then reiterate that I believe the Cuyamaca Water Company should buy the remaining bonds and pay off the second note promptly.

I don't think you quite realize the extent to which the Anglo Bank has played with us over a nine-year period. I am very anxious that my standing there should not be impaired, both as a matter of pride, in which you should join, and as a matter of business expediency, bearing in mind Hiram Johnson's definition of gratitute as "a lively expectation of favors to come."

Please do not delay this matter.

Very truly yours,

Charles Stern

March 10, 1932.

Mr. Charles F. Stern,
639 South Spring Street,
Los Angeles, California.

My dear Frank:-

I enclose check for $2,000 to pay off half of the $4,000 note to the Anglo-London-Paris National Bank with our La Mesa District bonds as security.

I assume that half of the bonds will be released and divided between us now, those held as security for the $4,000 note.

I am sorry you did not send me earlier the letter of the 17th of February, as it hurts both your credit and mine to let a matter drift as long as it has. We can take up the question of paying the balance later on.

Kindly send me my half of the bonds released by the payment of this note, and, if I owe any interest up to date let me know and I will send a check.

Regarding coupons, it is my understanding that you have deposited with the Bank of America at La Mesa coupons for the last year or two on our bonds that have not been paid which are now delinquent. Do I understand that you have collected all the money on your coupons and that the La Mesa District is not in arrears at all. I hope this is true.

Yours very truly,

EF/RC

CHARLES F. STERN
~~[illegible]~~
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

815 Broadway Arcade Building

March 11, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I have for acknowledgment your letter of yesterday enclosing check for $2,000.00, being your half of the note for $4,000.00 which we owed the Anglo London Paris Bank.

Anticipating the receipt of your check I sent the money on to the Anglo the first of the week and have today received acknowledgment, with the cancelled check. I instructed them to send twelve of the La Mesa Bonds to us care of M. A. Thompson at the bank; they will come by registered mail and probably won't get here until tomorrow. I am leaving at eight o'clock tomorrow morning for the Wrightwood cabin, but should be able to send your half of the Bonds on to you Monday, which I will do promptly.

Sorry to hear that these Bonds are quoted so low. It wouldn't indicate that they were such an all-fired good investment when we bought them; but pretty much everything else has traveled the same trail. The present price of the Bonds is all the more reason why we should sell the remaining thirteen to the Cuyamaca Water Company and hold them there until they come back. The bond market in general has been experiencing during the last three months the strongest upswing in prices in fifteen years. Irrigation bonds, of course, are in a class by themselves.

You are entirely right about the Anglo Bank. I did not call on you to pay this note because I was waiting from day to day for the El Capitan deal to be consummated, which would put us both in funds. My understanding was that cash was scarce with you; and I know it was with me. None the less, I was in touch with the bank and kept them happy. The way to follow this up is to now take up the second note; and I am urging that you agree to do so.

In the matter of coupons, we have collected all that were due. We have not deposited the coupons that are pay-

able next July, and when I send you your Bonds Monday I'll send the rest of the coupons due and ask you to file them all for collection.

Very truly yours,

Charles F. Stern
A.C.

CHARLES F. STERN
~~SUITE 1220 LOS ANGELES STOCK EXCHANGE BUILDING~~
~~630 SOUTH SPRING STREET~~
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

815 Broadway Arcade Building

March 14, 1932

REGISTERED

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

M. A. Thompson is sending to you today by insured, registered mail, six La Mesa Bonds, being your half of the collateral under the four thousand dollar note which I paid. I split the maturities with Thompson's assistance as evenly as I could, giving you a little the better of it.

The coupons are attached to your Bonds. They should, of course, be taken off and filed for payment. I am enclosing the July coupons from the other six which I will ask you to file for collection with yours.

I don't like to be too much of a nuisance but I want to say again that it is a matter of the utmost importance that we take up the other four thousand dollar note now; and the way to do it is for the Cuyamaca Water Company to buy the remaining thirteen Bonds for the face of the note. You have found my advice on financial matters of value in the past, I think, and I am giving you some good advice now. Please act on it.

Very truly yours,

Charles F. Stern
AC.

Encs.

March Fifteenth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Enclosed find clipping that is explanatory.

The city has not sold its bonds. The whole thing is in a mix up. The city cannot buy its own bonds, in my opinion, without bring the city's finances into a desperate condition somewhat similar to Chicago.

There is a 15% or 20% delinquency now and growing worse each year and the chances are about even that they will not build the dam for five years from indications.

I think we are in real luck.

Yours very truly,

EF:ASK

March 17, 1932.

Mr. Charles F. Stern,
639 South Spring Street,
Los Angeles, California.

My dear Frank:-

To my amazement I find that you have not had a statement of the Cuyamaca Water Company, a corporation, since my sister Mary left. My sister has returned and she is getting it out now.

She says she got one out for you for 1929 at your request for income tax purposes. She says that it did not include part of '28, '30 or '31, all of which will be included.

I am sorry, but my sister leaving it has been impossible for me to even get a glance at the books, and the matter was entirely overlooked, for which I apologize.

Very sincerely yours,

EF/RC

March 17, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:

Enclosed find check for $561.44 for your part of the revenue from the city, payment of March 15th.

Yours very truly,

EF:KLM

March 22, 1932

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter that I have written Mr. Thompson.

I assume this is under your instructions and the way you want it.

I am also enclosing copy of letter from the La Mesa District. We certainly have been most fortunate in collecting all of our money on our coupons. Do I understand that we have been fortunate in collecting in full on all of our coupons on all of our bonds, while others in the district have been paid nothing? Or are there some coupons still with the Bank of America for collection.

Please let me know how much I owe you for your one-half interest in the 13th bond and I will send you a check. If things are not figured right, let me know.

Yours very truly,

EF:KLM

CHARLES F. STERN
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211
815 Broadway Arcade Building
March 23, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

Answering your letter of yesterday, you say: "I assume this is under your instructions and the way you want it." In this you are entirely wrong.

In the first place I would like to have had the Anglo carry this paper along and let us pay it off out of interest received. I do not quite understand why they came to an abrupt conclusion that they wanted their money. I know now, however, that it was probably the fact of the last illness of Mr. Wilcox - you probably know that he died yesterday - which left me without a special advocate to protect my interests. Mr. Fleishhacker is too busy to look after small matters of this kind.

Recognizing, therefore, that we had to pay the notes I asked that this one be sent down here for collection, which was a good way to stall the situation for a few days while we could make our arrangements.

I hoped and expected that you would be willing to follow my advice and have the Cuyamaca Water Company pay this note and take these thirteen bonds. I am assuming that the Water Company has the money because you have stated to me that you have left the money in the company. If it has the money this is a place to put it to work, accomplishing four things:

(a) Retiring our outside indebtedness.

(b) Saving us from putting up our personal cash.

(c) Enabling us to carry these bonds into a better market.

(d) Giving the company an income while it holds the bonds.

It still isn't too late to handle the thing this way. If you won't accept this plan, which I believe is the only suggestion I have made as to the handling of the Cuyamaca Water Company affairs in five years or so, why of course you won't. In that event I shall settle the note with the bank, take down six of the bonds myself, send you six, and leave the thirteenth bond with the bank subject to our arrangement as to what we are going to do with it.

You ask again about coupons which are in default. I have said to you that our record indicates that we have collected all coupons due; I cannot addto this.

Very truly yours,

Charles Stern

March Twenty-fourth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Answering yours of the twenty-third will say I am mighty sorry to hear that Wilcox has passed away. He was a fine man.

Will let you know about the other matters mentioned in your letter as soon as possible.

You may be amazed to know that they are sending out postal cards offering San Diego First National Company stock for $16 a share and it sold for $66. I did not know until the other day that Goldman Sachs got 25% of the San Diego First National stock. Is it not a scream?

I never saw anything like the present situation in my life.

We are in the throes of an election under a new charter recently adopted. The final election is in April. It means a good deal to us to have the right men elected.

Will write you full particulars a little later on and give you something of interest.

The house of representatives passed a bill yesterday giving 932 acres of lands that will be in the reservoir site that willbe flooded, El Capitan, for $38,000 or around $30 an acre. We certainly got everything that was coming when we turned over less than 200 acres for $40,000 and only 32 acres of which was in the reservoir site and spill way.

It will be interesting to see what the bids are for the cost of building El Capitan Dam. They will be opened on the eighth of April. If they are not careful there will be another Sutherland fiasco and the worst part of it is Scripps is fighting to kill El Capitan Dam as it effects their 7,000 acre ranch which they claim is riparian. They have already threatened suit and I know they are going to sue. Whether they will put up a bond and ask for an injunction to stop the building of El Capitan, I don't know but it is going to be a pretty fight. Thank God we are not in it.

Scripps is in favor of building #3. I had a conference with Bob Scripps who dominates the situation and is the executor. He is friendly.

I am writing you as soon as I can get around to it, another letter on our controversal subject. Please wait until you hear from me. I am very sure it will be of interest.

Very sincerely yours,

HF:MM

March 24, 1932.

Mr. Charles F. Stern,
315 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:

Our friend Nels Cross has certainly run everything into the ground, as far as the Rancho Santa Fe is concerned. The whole thing has been a nightmare. They have spent $400,000 and done nothing. The Santa Fe Railroad took back their lands so the only thing they have is the Whitney property.

There have been three assessments, and out of 4,000 shares issued everybody has kissed goodbye to their stock, with the result that there are less than 1700 shares left. Ellis Bishop gave up his 700 shares after paying in nearly $100,000; Otis Castle 105 shares; W. Herbert Allen of the Title Insurance & Trust Company 125 shares; Jim Titus 125 shares and all the way down the line. The ones left are Slater 400 shares, Gross 000 shares, Lambert 100; McDonald 125, Irwin 100 and three or four more small stockholders, between 1600 and 1700 shares.

I got the Harry Payne Whitney Estate to knock off two years interest on the entire mortgage and kiss it goodbye, if they would simply pay the taxes. But Gross has been like a bull in a china shop and thought he would run a bluff on my friend Crocker, the executor of the estate, so Gross went to New York and told Crocker he had to knock off $100,000 of the principal and then take preferred stock for the balance of what was owing the Whitney Estate. Crocker told him where to go to. Crocker was out here recently with his wife and spent the day with us. He told me everything.

When Crocker gave the year's extension the last time it was on condition that I be put back in charge of the ranch, so I have been able to lease several hundred acres and get another 100 acres cleared of brush and put in fine shape, making it more presentable. Crocker asked me if I would represent their interest again and develop the property. Crocker personally likes the property very much, and I am going to be in the picture again as sure as fate.

Confidentially it is a question whether Gross will vote another assessment to pay the $10,000 or $12,000 second half of the state and county and district taxes. It is a cinch that there will be a foreclosure immediately if they do not pay, in my opinion. If I get the property back again, and if, and when, I make anything out of it, I am going to see that you get something out of it, and if possible get your money back, depending upon my success in handling the property, but the whole matter will have to be left in my hands to do the best I can for you. While Gross sold you the stock and took the matter up with you first, as I remember it, yet you asked my opinion, and I feel a moral responsibility in the matter and this letter is written voluntarily to show you my friendly attitude. I trusted Gross and his syndicate, as you did. I lost my stock with you, and not alone that he got me to buy $4,000 worth of District Bond stock at $40, telling me I could sell in three months at 60. It never went over 40 or 41 and is now 16. All of Gross' associates have gone back on him from what I can learn, and I thank God I got out when I did. I never was so disappointed in a man in my life.

Yours very truly,

CF:KLM

CHARLES F. STERN
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING
639 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

March 25, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I have before me your letter of yesterday.

I think I could keep you interested all afternoon in listing casualties in values and business which have come to my personal attention. I am free to say, however, that I know of no financial tragedy which, in percentages, quite equals the Goldman-Sax fiasco. I hope that the deflation of values hasn't hurt Frank Belcher too much.

Quite agree with you that we apparently got out of the El Capitan situation while the getting was good, for which I am very happy.

I note that you state you will let me know about the other matters mentioned in my letter as soon as possible; I assume you mean a portion of the letter with reference to the La Mesa Bonds. I suggest that if there is anything further to be said in this matter that I should know it by Monday as the note transaction must be closed with the Anglo. I have been quite at a loss to understand your attitude in this reference.

I note also that you promise me another letter on what you term our 'controversial subject' and ask that I wait until I have received it. May I suggest that you let me have it promptly. I have a draft of a letter on my desk which I was about to send to bring this entire matter to a focus. There's nothing to be gained by marking time on it; and our present relations are such that they are neither pleasant nor efficient. There is too much at stake to carry on business this way. If you will therefore give me any ideas or suggestions that you may have within the next few days I shall be grateful and you will have my reply promptly.

Very truly yours,

Charles Stern

CHARLES F. STERN
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING
639 SOUTH SPRING STREET
LOS ANGELES, CALIFORNIA
TELEPHONE TUcker 1211

March 29, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

Thank you very much for your interesting letter relative to the situation of Rancho Santa Fe. I have not been crying on your shoulder with reference to the Rancho Santa Fe and my investment therein but, of course, I shall be very happy if the thing works around so that I can salvage something out of my $10,000.00. While it is quite true that Gross approached me to come into this syndicate, it was equally true that I did come in at your recommendation and solicitation. I think you told me that you had agreed to help Gross get some people interested.

I was under the impression at that time that you were making a de novo investment yourself, whereas I later understood that you were plowing back into the deal a part of the commission you were making out of the Whitney lands. You will recall that you were of the opinion at the time that no more than sixty per cent of the subscriptions would be called for whereas, of course, we put up one hundred per cent rather promptly; however, I am not charging any of this to you.

I guess I should be glad that I didn't take the thing over as my own job two and one-half years ago when Gross invited me; I doubt if I would have done much better with it and would have been blamed for the poor showing made. I'm afraid, however, that Gross has had some resentment toward me ever since my refusal.

If anybody could work that thing out you can because you certainly are a wizard with country lands. I hope it comes back to you on terms that are profitable.

Very truly yours,

Chas F Stern

I mailed letter to Chas. F. Stern
dated March 29, 1932 in box on
corner of 9th & C today, April 1, 1932.

ALICE S. KINSMAN

March twenty-ninth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade
Los Angeles, California

My dear Frank:

In answer to your recent letters regarding the controversy re the Murray notes, laying aside the question of technicalities or legality I want to show you the equities of the situation as I see them.

For ten long years before Mr. Murray's death I drew not a dollar in salary, altho we were allowed the salaries credited on the books by the Railroad Commission.

My time was worth $1,000 a month in running that corporation, and I got nothing for ten years. Mr. Murray was never down more than two or three times a year and never drew any salary.

I have numerous letters and witnesses to prove that Murray always promised to do the right thing by me as compensation for my services, when the system was sold.

My recollection is that Murray never asked me for a dollar after 1916 on those notes, either principal or interest, recognizing the obligation. Mrs. Murray knew all about it.

I am responsible for the sale of the Pocatella Water Works yet I never received a dollar. If Murray had followed my advice the Livingston Water Works would have been sold for $200,000, instead of that it is a string of rust that is almost worthless.

My two trips to Pocatella, one to Livingston and one to Salt Lake City, before Mr. Murray's death, I have never received a dollar for. We were always selling the system, or about to sell, and a settlement near at hand, first to the city, then to the district. At one time Ben Hager was going to buy it.

Murray was a man who was hard to tie down and he did his own business in his own way.

Murray's death came unexpectedly. Mrs. Murray sent for me and I arrived at Monterey the early morning of the day he was buried. Mrs. Murray told me that she was going to have trouble with James E. Murray, a nephew, that a lot of property was in his name and other things. She said she had the notes of Mrs. Fletcher and myself in her possession and Mr. Murray had given them to her and that she would give them to me later on but I had to help her settle up with Mr. James E. Murray if I could.

I did not question her statement and as the records will show I spent $2700 the next year or so chasing up to Montana, Seattle, Portland, several times to San Francisco and Montana and entertaining James E. Murray in San Diego with only one thought in mind - to help Mrs. Murray out.

The records will show that I rendered a very valuable service to the Estate and kept my part of the agreement. I never put any claim in against the Murray Estate for a dollar on account of my understanding with Mrs. Murray.

As I remember it, it was a year or two after Mr. Murray's death before I found out that while the notes were in Mrs. Murray's possession Mr. Murray had never officially signed them over to her and legally, as Mr. Brown told me, it was a part of the Murray Estate.

No one can question my sincerity and believed that I was doing the right thing from beginning to end being the facts as above stated and which I have maintained to the end.

Mr. Brown has known from the beginning my position and I have letters both from you and he saying that no one living could have bought the property as cheap as I did.

Mr. Brown carried out the original promise of Mrs. Murray by agreeing and giving me the notes in consideration of my selling the property. Including 6% interest Murray put 11 hundred thousand dollars into the thing and we bought it for seven. I put up $5000 of my own money and secured the option months before you definitely agreed to sign up an agreement with me to come into the proposition.

I was under no obligation to sign that agreement for Mr. Brown when he delivered the notes. His representations were that it was to help the estate out and meant nothing to me. I did it as an accommodation without consulting an attorney but even then before signing the document I had the words inserted maintaining my position regarding Mrs. Murray's returning the notes.

March Twenty-ninth

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

In answer to your recent letters regarding the controversy re the Murray notes laying aside the question of technicalities or legality I want to show you the equities of the situation as I found it.

For ten long years before Mr. Murray's death I drew not a dollar in salary. The salary that was credited both to Murray and myself was simply a book entry to increase our expense and help us get a higher rate for water. The Railroad Commission allowed it in determining their rates but the results were always disappointing, and at no time did we ever receive our 7 or 8% on our investment that the Railroad Commission thought they were giving us.

My time was worth $1000 a month in running that corporation and I got nothing for ten years. Mr. Murray was never down over twice or three times a year and never drew a dollar of salary.

I have numerous letters and witnesses to prove that Murray always promised to do the right thing by me as compensation for my service when the system was sold.

My recollection is that Murray never asked me for a dollar after 1918 on those notes, either principal or interest, recognizing the obligation. Mrs. Murray knew all about it.

I am responsible for the sale of the Pocatella Water Works yet I never received a dollar. If Murray had followed my advice the Livingston Water Works would have been sold for $200,000 instead of that it is a string of rust that is almost worthless.

My two trips to Pocatella, one to Livingston and one to Salt Lake before Murray's death I never received a dollar for. We were always selling or about to sell the system and a settlement was near at hand. First to the city, then to the district. At one time Ben Hager was going to buy it.

--

This letter is written wholly to show you the equity of my position.

On top of that the government jumped on me, called it a profit all in one year and took it away from me, a large sum of money after I had worked without pay for ten years for the measly sum of $500 a month for running a million and a half dollar corporation after we took it over.

I was entitled to $1500 a month during the years that you and I owned the system and operated it.

I want you to think these matters over before writing me the letter that you said in a recent letter you were preparing to send me on the subject.

You should also remember that I over paid you between $2000 and $2500 as I remember it. That you never put a dollar into Mission #5 and have an equity in the profits as well as an equity in the Cuyamaca property.

Think these matters over carefully Frank, before you write any letter that you will regret afterwards.

Yours very truly,

EF:ASK

March Thirtieth
1 9 3 2

Mr. Charles F. Stern
615 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Answering yours of March 28th regarding Rancho Santa Fe investment.

That you may have a complete record of the matter the deal was consummated by telephone and telegraph while I was in New York. I had the exclusive agency of the property and by telephone and by letter it is a matter of record that I gave up $15,000 of my commission to the company.

Before I had returned to Los Angeles or spoken to you about buying any stock Mr. Gross had spoken to you and Mr. Thompson and that third man in the Seventh and Spring branch who later went to Chicago. I don't remember his name.

Gross told me he had invited all three of you to come into the syndicate and asked me to speak to you three and tell you what I thought of it.

I told you I had put over the deal, had secured a commission, went to New York for that purpose at my own expense and you knew I was the exclusive agent and had been for many years managing the property and had charge of the sale of same.

I concealed nothing from any one and told you what I believed was true, that if properly handled it was a splendid investment and I put $15,000 in to the project myself. The thing has been poorly managed, under financed and Gross has acted like a bull in a china shop.

I made no promise with Mr. Gross to sell any stock at any time and it was only on Mr. Gross' solicitation that I saw you three men and told you about the chance of coming into the syndicate and what I thought of it. It is a lucky thing you did not take the job on.

April Eighth
1 9 3 2

Mr. Charles F. Stern
615 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Enclosed find editorial from the Sun and article that speaks louder than words. The Tribune also had an article.

There is a move on not to let the El Capitan contract and carry it over until after the election when at least three of the present five city council are going out of the office and new ones elected.

The Whole move still is to kill El Capitan and build #2.

The gas company were so sure that the #2 election was going to go over with such a bang last summer that they extended their power lines to Division #2.

The banks control by mortgage or actual ownership today nearly over half of the land in the reservoir site and they are stuck. The Fanita Ranch will be flooded and the city will be forced to buy the entire ranch so the Sun would support it and is still supporting it as the editorial enclosed is a sample of their attitude.

We licked them to a finish and now the fight is let the contract for El Capitan. The bids will be opened on the 11th of April and the election is April 25th, the new mayor and city council going into office in May first.

If the thing can be delayed until the first of May, the awarding of the El Capitan contract, the fight is on.

Thank goodness we are out and have our money for El Capitan. Our whole game now is to see that El Capitan contract awarded before the first of May and contract signed up.

With El Capitan built there will be no necessity for building a major dam at #2 but there still leaves a dam

Might better chance for us to sell #3 in fact it is inevitable.

I have invited Ed Hyatt and his wife to be here in April 19th and they have accepted. I am giving a luncheon in his honor and will have the new city council there at the meeting, including prominent representatives of the city and the discussion that day will be the question of flood control on the San Diego River with state cooperation.

I think I wrote you before that Ed Hyatt is arranging to find $10,000 to be matched by $10,000 by the city and the county to make a flood control report on the San Diego River which will protect Mission Bay and forever protect the river flow of lands in Mission Valley and I know now it will include the building of a dam at Mission #3 if Ed Hyatt has his way and eventually the building of San Vicente, when Sutherland dam will be completed and hooked up with San Vicente.

If this plans works out as I am striving so to do it means some real money out of Mission #3 and I see no reason why we should not get our price $150,000.

I took Ed Hyatt and the flood control commission three months ago over the whole project when they were here and they were very enthusiastic.

My whole energy is now concentrated on getting El Capitan contract let before the new council goes in. Therein lies our value for the future at #3. Will keep you posted.

Yours very truly,

EF:ASK

CHARLES F. STERN
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

815 Broadway Arcade Building

April 13, 1932

REGISTERED

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I acknowledge your letter which arrived yesterday and read with interest of the latest development in the El Capitan drama. Really, somebody ought to write the story of the water development in San Diego some time; and I don't know of anybody more competent to do it than yourself. The story would contain a lot of thrills and some tragedy; but to me the dominant note would be comedy. With a rather fullsome knowledge of municipal affairs and public office holders up and down the State, I freely award the palm to San Diego when it comes to what Bret Hart has in mind when he says: "For tricks that are vain and language not plain, the heathen Chinee is peculiar."

I have every confidence that you will keep the ship on its course down there, although when and where the harbor may be, who can say.

I am sending you herewith coupons from six La Mesa Bonds which I hold; coupon from the seventh Bond will be forwarded by our friend Thompson. Please have these deposited with the rest for collection on July 1st.

With reference to the seventh Bond, I don't want it and you are welcome to it. I don't know what you want to pay for it, but I would suggest $150.00 for my half.

By the way, I would like some information which perhaps I should be able to dig out of my own files, but am not clear about.

You were going to send me a Balance Sheet of the Cuyamaca Water Company; I am interested in this, particularly the cash position of the company.

My recollection is that Mission Gorge No. 3 was deeded to the Cuyamaca Water Company, with the thought of protecting it from possible condemnation by the City; the ownership in Cuyamaca Water Company being subject, of course, to our personal understanding.

Please tell me if I am right in this.

I am not clear as to how the lease contract with the City of San Diego is held. My recollection is that the lease was made between the City of San Diego, parties of the first part, and Fletcher and Stern, parties of the second part, and that the lease is not held by Cuyamaca Water Company but by us, as individuals.

Please give me the exact data in these various matters. I am trying to have made up a set of books that will properly reflect my own situation and I haven't the exact data.

I wish you all success at your luncheon with Hyatt. I am not quite without some influence in Sacramento should it be needed.

Very truly yours,

Charles F. Stern

April Fifteenth
1 9 3 2

Mr. Charles F. Stern
815 Spring Arcade Bldg.
Los Angeles, California

My dear Mr. Stern:

Mr. Fletcher left town and left word for me to write you that the city's check was delayed on account of no meeting of the committee and the Cuyamaca Water Company check will not be ready until next week.

Yours very truly,

ED FLETCHER COMPANY

By_____

ASK

April 18, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Mr. Stern:

Enclosed find receipt for the 6 coupons clipped from La Mesa, Lemon Grove & Spring Valley Irrigation District bonds, which Ed, Junior deposited for collection.

He gave your address here in San Diego as he could not remember your Los Angeles address when he was in La Mesa. He will forward the check to you when it comes.

Yours very truly,

ED FLETCHER COMPANY

By

KLM

April Twentieth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Enclosed find article in Sunday morning's Union.

The bids are all in for building of El Capitan. The low bid is $2,250,000. The high bid was $3,600,000. The matter is coming up for final action on Thursday and I am moving heaven and earth to see the contract let.

The election of the new mayor and city council takes place a week from Tuesday and I hope this contract will be let before a new council are elected. There is tremendous opposition to have it go over to the new city council but we are going to lick them. Once the contract is let we can lay our plans for Mission #3.

Yours very truly,

EF:RK

April 21, 1932.

Mr. Charles F. Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:-

Enclosed is check for $579.55, your proportion of the check from the city received today.

Very sincerely yours,

EF/RC

P. S. Enclosed find clipping from this afternoon's Sun which shows you what dirty work is going on in the letting of El Capitan Dam work.

May 2, 1932.

Mr. Charles Stern,
815 Broadway Arcade Building,
Los Angeles, California.

My dear Frank:

Answering yours of April 18th, I have been under the weather part of the time, have rushed to Sacramento and back, a trip to Imperial Valley, with the result I have not answered half of my mail.

I acknowledge receipt of the coupons and will send you a check for $150.00 for the other half of the bond. I have some money coming in this coming week.

Have been waiting for my sister to come to the office to get out the Cuyamaca Water Company balance sheet to send you. She has been sick, as you know, but will be down in a few days and we will get at it.

Regarding Mission Gorge No. 3, this property was never deeded to the Cuyamaca Water a corporation, and it has always stood in my name. After the paramount right decision I deeded the property to the Morse Construction Company, a corporation, the stock of which is owned by the Fletcher family, but the Morse Construction Company will live up to the original obligation made with you.

The contract with the city was made with the Cuyamaca Water Company and the city made you and me sign the contract. All the checks have been made to the Cuyamaca Water Company each month, and we have sent you a check for your share, keeping the balance.

Enclosed find article covering the luncheon I gave Hyatt. The foundation is being laid for the state making the investigation as to flood control project on the river, which in my opinion will include Mission No. 3 and San Vicente, with the state paying part of the expense. I believe we are making headway.

With El Capitan built this last winter we would have caught 47,000 acre feet there, and if Mission Gorge No. 3 had been built this year we would have caught 24,000 acre feet at Mission No. 3 in addition to El Capitan. Morena and Barrett this winter combined only

CHARLES F. STERN
LOS ANGELES, CALIFORNIA
TELEPHONE TUCKER 1211

815 Broadway Arcade Building

May 3, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I have read with interest your letter of yesterday, together with the clippings attached. It is certainly a step in advance to have the El Capitan project going forward. It is particularly gratifying to see the City and the La Mesa District on the same side of the argument.

I don't quite know what you are driving at with Hyatt, but apparently it was a nice party.

I am waiting as patiently as I can for the various data that you have promised me and am hoping it will come along in the next few days.

With reference to the lease contract that the City made with us, you state: "The contract with the City was made with the Cuyamaca Water Company, and the City made you and me sign the contract."

I had misplaced my copy of this lease contract but it has turned up since I wrote you. As I read it the contract is between the City of San Diego, party of the first part, and the Cuyamaca Water Company - a copartnership - Ed Fletcher and C. F. Stern, parties of the second part; in other words. the Cuyamaca Water Company, a corporation, is not a party to this lease contract and you and I as individuals are parties to the contract. Is this correct as you understand it?

If it is correct, then this lease contract is not part of the assets of the Cuyamaca Water Company, a corporation. The question arose in my mind for a number of reasons, among which was the fact that I noted that my monthly checks were at times from the Cuyamaca Water Company, at other times from the Morse Construction Company, and I believe in some instances, at least, from the Ed Fletcher Company, but not invariably from the Cuyamaca Water Company.

caught 25,000 acre feet. I have let the public know this in no uncertain language, and everything looks favorable.

We have had the worst time imaginable getting El Capitan contract let, and litigation is still on, but the injunction was removed Friday. Inclosed find clipping. It has been the bitterest fight we have had but once El Capitan is built No. 2 is killed forever and No. 3 becomes valuable.

Yours very truly,

RF:KLM

As I recall the legal sequence of things, the Cuyamaca Water Company, a partnership, wound up its affairs about 1926, transferred its few remaining properties to the Cuyamaca Water Company, a corporation, and disappeared from the picture. This would seem to leave the lease contract with the City outside of the Cuyamaca Water Company, a corporation, if I am right in my reasoning. I shall be glad to have your confirmation.

I am asking M. A. Thompson to send you down the La Mesa Bond for which you can remit to me direct - that is to say, for my half.

Sincerely yours,

Charles F. Stern

May Fourth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Answering yours of May third you say "I don't quite know what you are driving at with Hyatt".

You have forgotten that my whole object is to see Mission #3 developed for your interest and mine. It could and would not ever be built unless El Capitan was built. Once El Capitan is built Mission #2 is killed forever and Mission #3 becomes a big value.

If you will remember, I wrote you months ago that I conceived the idea of the state stepping in and helping on a flood control measure. Our Assemblymen and Senator have all been asleep at the switch.

Ten Sacramento counties have had 10 million dollars from the Legislature of this state for flood control the last few years. Los Angeles County has had three million dollars and six hundred thousand dollars from the last Legislature. Orange County got 400 thousand from the last Legislature and other counties in proportion while San Diego has received nothing.

Five months ago Hyatt and the legislative committee were here. Most of them went to Tia Juana to get drunk but Hyatt and Vandegrift and a bunch of them accepted my invitation to see Mission #3 on a flood control measure.

Our Assemblymen and Senator were asking for $400,000 to protect Mission Beach with a bulk head and $150,000 for dredging a channel thru Mission Bay. San Diego River dumps into Mission Bay. Mission Bay is now a state park. The whole 3000 acres has recently been deeded by the city to the state.

I opposed the expenditure of the money to build a bulk head and channel. Why not put $750,000 into building Mission #3 let the city and county put up the rest of it, another $50,000, and we would have a perfect flood control situation with the city later on building San Vicente so not a drop of water would get to the ocean. We kill three birds with one stone by this flood control project. We save all of Mission Valley from being flooded, add to the city's assessed value a million or two by so doing and now Mission Valley for the years is ranked clean every two or three years with a flood on that not [illegible]

Hyatt
Lee
Sullivan
Engel

as constructed in the valley. We save many expenditures of money on the state park for there will not be floods to do damage but above all we save the water and put it to beneficial use.

I made an impression on the legislative committee and Hyatt and for the first time Mr. Hyatt has come out publicly and said he was willing to recommend that the state pay half of the cost of a flood control measure on the San Diego River and for immediate action.

It will cost about $20,000 as near as we can figure. I am proposing to get the city to put in $5000, the county $5000 and the state $10,000 and try and get the report for the next session of Legislature so we can ask for an appropriation.

I have already made headway with the supervisors and am taking a bunch of councilmen up to Eagle's Nest tomorrow night and will lay the foundation there.

Major Forward and I are working together and he is already committed. Money is tight. We are over three million delinquent in our taxes. I have not paid mine, only a small portion of them, and things are more painful, but if we can get the state city and county to build Mission #3 and later on complete Sutherland and San Vicente and hook them together, San Diego is destined to be an agricultural country for the growing of winter vegetables and at a profit. Industrially I see no future and we better be satisfied with our navy income, tourist income and winter vegetables.

I see no reason why we can't get any where from $150,000 to $350,000 for Mission #3 and have it settled within the next 12 or 18 months.

I stand corrected re Cuyamaca Water Company. I was writing from memory. The check came every month, Cuyamaca Water Company, and I had it in mind it was Cuyamaca Water Company, a corporation. We never transferred that to the corporation. Ever time I get a check I put it either in one bank or the other and send your proportion of the money. Some times in one account and some times in another. If you will check up you will find this to be true.

Enclosed find check for $150 for the La Mesa bond.

Enclosed find article I recently had published in the Union on water.

We have had a new election, all but one of the old council are out and we have a much more friendly council today than we ever had.

The biggest fight of my life down here was to see El Capitan built. We should have built Mission #2 first but the people were committed years ago to El Capitan and when we killed Mission #2 the city went 5 to 1 in favor of El Capitan. They are developing the

most expensive water first as usual but it means a lead pipe cinch Mission #3 will be built.

If El Capitan and Mission #3 has been built this last winter we would have caught 47,000 acre feet of water in El Capitan and 25,000 acre feet of water in addition in Mission #3. The combined catchment of Morena and Barrett this last year was less than 25,000 acre feet.

I have let the people of San Diego know it in no uncertain terms, that we have the water where the dams aint and never before have I ever had such support on the water question as today in this city. I am getting it from every source.

I don't know how money is with you but with us it is a fight to get money to eat. No real estate is selling. The El Capitan money was a God send to me. I owed $8000 or $10,000 of bills and stood a chance of being thrown into insolvency if the money had not come just when it did. I never saw anything like it.

Right today I owe several thousand dollars over due interest to say nothing of paying principal. None of our property is selling.

Our best bet is to get some money out of Mission #3 and I will bet you $25 we will have the property sold inside of 9 months to a year.

I am furnishing Hyatt with all our records, reports of every kind, surveys and core drillings. Hyatt, within a week, will tell us what it will cost to get out this report which is vital before we can go to the legislature and if the report is favorable we are not going to have any trouble in selling Mission #3 to the city.

I dug out the information of the amount of money that has come from the legislature for flood control all over the State of California and the people are mightily aroused that San Diego has been so neglected by the state in flood control appropriations. Our people are bound to get their share.

If we can get $750,000 from the state to build Mission #3 the rest of the money can come out of the water fund of the city of San Diego without a bond issue. The dam can be built for a million two hundred thousand dollars to the 330 foot contour, similar in type to the Tujunga, Santa Anita and Pacoima dams. The pipe line is already there.

The city has been pumping 10 or 12 million gallons of water a day out of the sands around Lakeside and Riverview this last year. It saved their bacon.

May Sixteenth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Enclosed find clipping from yesterday's paper on El Capitan.

There is still a big fight on to kill it but I guess El Capitan is going to be built in any event and nothing can stop it.

I am raising the money to get a flood control report from the state engineer. Expect to get assistance from both the city and the county, also state and from some individuals in the Mission Valley who favor same.

Yours very truly,

EF:ASK

May Twenty-fourth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Enclosed find action taken by the board of supervisors.

I expect them to dig up $5000 the state 10,000 and the city $5000 and get immediately started a flood control report of the state by the state engineer which will recommend Mission #3 from every indication.

I have had Ed Hyatt over the ground and both he and the lagislative committee have very strongly approved Mission #3 informally.

Yours very truly,

BF:ASK

May Thirty-first
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California.

My dear Frank:

Enclosed find clipping from Sunday morning's Union and yesterday's Sun that is explanatory.

It has made the Mayor very happy in the investigation by the state engineer and he is very friendly. The Mayor is pledged to have the city take an interest financially in getting a flood control investigation of the San Diego river by the State engineer and we hope to have that going in the very near future. Already the board of supervisors have taken official action approving it and are sending two or their representatives to Sacramento with me to get the state to pay one-half the cost of the investigation. I expect to get one or two of the councilmen as well to make the trip.

The plan is for the state to pay for one-half the cost of building Mission #3 and San Vicente and the city and county the other half as a flood control project.

Yours very truly,

BF:ASK

CHAS. F. STERN COMPANY
BUSINESS SERVICE BUREAU
816 Broadway Arcade
Los Angeles, California
MUtual 5647

REORGANIZATIONS
RECEIVERSHIPS
CONSOLIDATIONS
LIQUIDATIONS
PROPERTY AND INDUSTRIAL MANAGEMENT

CHAS. F. STERN
PRESIDENT
WALTER C. OREM
VICE-PRESIDENT AND MANAGER

June 2, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

Thank you for your letter of a day or two ago with clippings relative to your Motorcade in behalf of the so-called international routing for the Colorado River Aqueduct.

The figures on mileage, tunneling, pumping lift and ultimate cost of water seem to be all in your favor. I would rather have your point of view on a water problem such as this than any other that I know of. I am inclined to think, however, that the project will fail for two reasons:

(a) The fact that it has an international routing, whereas the entire purpose of the so-called all-American canal is to keep the water out of Mexico.

You may recall that I tried to work out an international zone covering about the same territory years ago in order to get the highway routing between Yuma and El Centro south of the sand dunes which meant, of course, on Mexican soil; there seemed to be insurmountable difficulties in the way.

(b) The territory to be developed along the proposed aqueduct route in the Coachella Valley and elsewhere is territory contiguous to or part of the Metropolitan Water District. I believe there would be stubborn opposition to routing the water elsewhere.

However, I am not broadcasting these opinions and am certainly in favor of establishing the route for the aqueduct on whatever route will be most efficient and economical; the figures seem to indicate that your route meets these qualifications.

I do not believe I have acknowledged receipt of report of operations of the Cuyamaca Water Company which was received a few days ago. Of course what I really wanted was not an operating statement but a current balance sheet, but it isn't necessary for you to go to any further trouble about it.

Very truly yours,

Chas Stern

May Third
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

Answering yours of June second will say that I have not committed myself to the Allison-Forward plan and will not until the state authorities say that it is feasible but I have taken a big interest in the matter recently for this reason. I am convinced that either thru the All America Canal or thru the Mexican plan the water can be taken into San Diego County and put thru the mountains and then to Los Angeles at a much cheaper price than over the Parker route. With Riverside and San Bernardino out of the picture it becomes a coast proposition wholly.

It is only 27 miles all together with a thousand foot pumping lift to take the water out of the San Felipe thru the hills into Pamo bringing it out at an elevation of 950 feet above sea level. Or, a 31 mile tunnel from San Felipe to the head waters of the San Diego River.

The water could be brought around by the All American Canal or syphon across the valley and never go in Mexico and we have plenty of big storage tunnel on the western slope with San Felipe an ideal damsite on the eastern slope for a settling basin as well as numerous other places.

I have already submitted this suggestion to Ed Hyatt.

I was drafted into this motorcade business by Mayor Forward for reasons that you well know but in addition to that I am opposed to a special session of the legislature where they intend to put thru an enabling act which will, if passed, give the legislature the right to put the state's credit behind the $200,000,000 Metropolitan Water District and the $160,000,000 state wide plan. It should be delayed until the possibilities of bringing water thru San Diego County and an investigation by a competant authority like the state is made.

You may laugh at me but we still own mighty valuable properties in the upper San Diego river above the diverting dam if water should ever come thru there as well as Mission #5 which is a part of the Allison Forward plan and so shows on all their maps.

I was amazed to be informed that I have been recommended

June Seventh
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

My dear Frank:

That was a great letter Attorney General Webb wrote you. He sent me a copy and it sure has given me something to think about.

The General is handling the bankers without gloves and they deserve it.

John Forward, Jr. our mayor, spilled the beans in telling how close a friend he was to General Rodriguez and General Calles and how sympathetic they were with the project.

He got what was coming to him from Mexico.

Sincerely yours,

EF:ASK

unanimously by the Southern California delegation as vice chairman of the Republican delegates to the Chicago convention. I would not think of going if it was not that I have two very important deals on both of which will mean some real money when I need mighty bad, to keep things going so the possibilities are that I will go to Chicago for ten days or two weeks.

I know you have studied the Imperial Valley situation thoroughly. You take considerable exceptions to keeping the water out of Mexico. I have no fear there is a treaty between Mexico and the United States gives us the power of police powers.

I have not dared tell it to anyone but I have a feeling from what little I know of the situation that the All American Canal should be built and the water tunneled thru into the head waters of the San Diego River or Powsy.

I am enclosing a map showing the two possible routes. I know every foot of that route and I don't see why we cannot find plenty of settling basins along the All American Canal route together with the building of San Felipe at a point marked X which will sufficiently divert the water keeping us out of Mexico, eliminating the salt conditions that might be an absolute barrier in the storage of water in Laguna Salada and the cost of construction be very materially less.

I am enclosing copy of program that may interest you.

Will keep you posted.

Yours very truly,

DE:ASK

CHAS. F. STERN COMPANY
BUSINESS SERVICE BUREAU
816 Broadway Arcade
Los Angeles, California
MUtual 5647

REORGANIZATIONS
RECEIVERSHIPS
CONSOLIDATIONS
LIQUIDATIONS
PROPERTY AND INDUSTRIAL MANAGEMENT

CHAS F. STERN
PRESIDENT
WALTER C. OREM
VICE-PRESIDENT AND MANAGER

June 13, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

LA I'd like to know something about the Vista Del Mesa Improvement District if the information is available without too much trouble on your part.

I understand that it is a subdivision project on the south side of University Avenue somewhere between San Diego and La Mesa. What I would like to know is how well secured the bonds are from the standpoint of underlying values; whether they are in default; what the personal responsibility back of the project is, if any, and such other information as might help to determine whether the bonds have any intrinsic value.

I called Nels Gross and the Municipal Bond Company but neither of them seem to have handled the issue. If you can give me this information it will be appreciated.

Very truly yours,

Chas F Stern

Miss May:-

P.S. If the Colonel is back in Chicago helping reelect Herbert, won't you please ask Ed, Jr. or someone else around the shop to give me such information as may be available. Thank you.

C.F.S.

Cunningham
Auditor's Office.

June 15, 1932

Mr. Chas. F. Stern,
816 Broadway Arcade,
Los Angeles, California.

My dear Mr. Stern:

As Colonel Fletcher is in Chicago and will not return until the latter part of next week, I have been endeavoring to get some information for you in answer to your letter of June 13th.

I find that the Pacific Company of California handled this bond issue, and that all the data regarding same is in the Los Angeles office of this company. The gentleman with whom I talked said it is known as the "Massachusetts Avenue" bond issue.

The auditor's office gave me the following information:

That the land is in A & I D No. 20, 21 and 24, also in the Lemon Grove Fire Protection District.

Assessed value District No. 20 — last year $5718.73
4327.48 delinquent

Assessed value District No. 21 — " " $9226.68
6462.24 delinquent

Assessed value District No. 24— " " $18,129.54 and all but $6702.96 went delinquent

The appraised value of the land would be two and one-half times that.

The Municipal Bond Company here, to whom I talked first and who gave me the name of the company handling the bonds, said they thought they were in pretty bad shape.

I hope from the information above you will be able to get some help. As soon as Col. Fletcher returns I will bring your letter to his attention, and if it is not too late he can go into the matter further.

Yours truly,

KLM

CHAS. F. STERN COMPANY
BUSINESS SERVICE BUREAU
816 Broadway Arcade
Los Angeles, California
MUtual 5647

REORGANIZATIONS
RECEIVERSHIPS
CONSOLIDATIONS
LIQUIDATIONS
PROPERTY AND INDUSTRIAL MANAGEMENT

CHAS F. STERN
PRESIDENT
WALTER C. OREM
VICE-PRESIDENT AND MANAGER

June 15, 1932

PERSONAL
CONFIDENTIAL

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I see no point to further delaying a show-down on the controversial matters which we have had under discussion for many months, during which period my information has grown until I now believe that I have a clear picture of the facts. It is my sincere hope that we may now adjust matters amicably and forget past mistakes, going along in friendly fashion until the remainder of our joint interests are liquidated. Whether this can be done rests with you.

I have reviewed our relations, from the records, with mutual friends, and I have taken competent legal advice. I have waived, for the purpose of these discussions, legal technicalities and have dealt with equities.

I now make formal claim on you for one-half the amount of principal and interest in the so-called Murray notes which were paid to you as a commission in the sale of the Murray Estate five-sixths interest in Cuyamaca Water Company to you and to me as partners. I make this demand, in part, on the ground that the payment of these notes to you was a commission, and that the sale price to us at $700,000.00 was raised to include an undisclosed commission.

My demand, therefore, is for $55,000.00, plus interest, from January, 1926, at 6% per annum.

Inasmuch as all other arrangements and agreements made with you were made when I was in ignorance of the real facts about the Murray notes, they could not have been in settlement of this claim because I didn't then know that I had such a claim. I decline, therefore, to discuss any other rearrangement of our joint affairs as being incidental to or connected in any way with these Murray notes. When and if the matter of the Murray notes has been adjusted I shall be glad to go into any other matters you may then have in mind. Until such time, I am taking the position that there has been, in fact, no legal settlement.

If you care to settle this matter promptly and amicably, I shall not press any other claims which I feel that I have, in the light of the facts as I now know them. In the event that we have war, however, of course it will include everything.

I want you to know that this whole matter has been a source of real grief to me. I have waited this long not only to get the full picture, but in the hope that you would see a light that will enable us to adjust this matter and forget it. Your attitude will quite largely determine in my mind the extent of your good faith.

As I said in the beginning, there is nothing to be gained by further delay. I shall ask, therefore, that you give me your decision promptly, and in no event later than July 10th. After that date I shall feel free to seek such relief as the courts may accord me.

Yours truly,

Chas Stern

June 28, 1932

Mr. Chas. F. Storm,
318 Broadway Arcade
Los Angeles
California

My dear Frank:

On my return from the East I was amazed to get your letter of June 15th. I certainly deny your allegations in toto.

As the picture looks to me, you were perfectly willing that I should work for ten years without pay for the Cuyamaca Water Company, compensation which Mr. Murray had promised me; that I should render the service I did to Mrs. Murray in accordance with my arrangement with her, spend a couple of thousand dollars, or more in her behalf in helping settle her affairs with the promise of the return of the notes by Mrs. Murray. You had full knowledge of all of this both from Mr. Fletcher and me, before you ever came to Los Angeles, yet you ask for one-half of the value of those notes and interest.

You knew full well that my compensation was nothing in managing the Cuyamaca Water Company, not enough to pay my expenses, yet when we sold out at a handsome profit you never offered me a dollar for my services in fighting our battles here for four years. When I sold to the City of San Diego the El Capitan at a critical time, you never offered to pay me for service well done.

As to any other claims I do not even know what you are talking about, and whatever it is I know it is dead wrong.

All I can say is this: I went to the bat for you when you were in trouble in the Julian matter, even offered to pay one-half of your attorneys fees and have plugged for you a million. You have made the largest amount of money on any deal you ever made in your life, with the lowest actual cash investment. I have rendered you faithful service as an associate, and then some. Now you are thinking only of yourself. You are not giving a thought to what it would mean at this critical moment to file suit, or what it means to the wife and family for whom you have expressed so much admiration, to question my good faith.

I have always been willing to arbitrate any differences of this kind rather than litigate. If you will put your claims in writing I will do likewise, and in the usual way each select a party, those two a third and the decision of the three to be final and binding on both parties, an agreement to be drawn up protecting the interests of both parties. This is my only solution of the problem that I can see.

Sincerely yours,

RF:KLM

July First
1 9 5 2

Mr. Charles F. Stern
815 Broadway Arcade Building
Los Angeles, California

Dear Mr. Stern:

Colonel Fletcher is out of town but asked me to send you the enclosed clipping and information covering favorable action being secured to get a complete report of the development of the San Diego River.

The meeting was held in San Francisco and San Diego has secured priority. On Wednesday of this week Senator Harper, Major Bowers, Colonel Fletcher and others appeared before the board of supervisors and got them to appropriate $5000 towards the necessary $15,000, and a committee will soon wait on the city council for a like amount.

On the trip east with the California delegation Colonel Fletcher took this matter up with Governor Rolph and hopes to have this investigation commenced at an early date so that it can be completed soon and the next legislature put up one-half the cost of the development and the City of San Diego the other half.

Colonel Fletcher had the Legislative Committee and the state engineer over the entire project and feels sure that the state engineer is very friendly to Mission Gorge #3 development.

Yours very truly,

ASK

July 7, 1932

Mr. Chas. F. Stern,
810 Broadway Arcade,
Los Angeles, California.

My dear Frank:

On my return from the East I was amazed to get your letter of June 15th. I certainly deny your allegations in toto.

As the picture looks to me, you are perfectly willing that I should work for ten years without pay for the Cuyamaca Water Company and forego the compensation which Mr. Murray had promised me; that I should render without compensation the service I gave to Mrs. Murray and spend a couple of thousand dollars in her behalf in helping settle her affairs upon her promise to return my notes. You had full knowledge of all of this, both from Mrs. Fletcher and me, before you ever came to Los Angeles, yet you ask for one-half of the value of those notes and interest.

You know full well that the only compensation I drew for managing the Cuyamaca Water Company after you became interested was $300.00 a month, yet, when we sold out at a handsome profit you never offered me a dollar for my services in fighting our battles here for four years. When I sold the El Capitan lands to the City of San Diego at a critical time you never offered to pay me for services. I am rightly entitled to a large compensation for services in the sale of the Cuyamaca System and of the El Capitan lands. If you insist in your demands I shall certainly demand settlement for the Cuyamaca lands, the Mission Gorge No. 3 equity and for the over payment of $2,000 or $3,000 made you, in which you never had any interest. For this you never paid me a dollar but accepted it as a part of our settlement.

You seem to forget that both you and Mr. Brown have admitted that I bought the property cheaper than any other living man could have done when I paid $700,000, while the cost to Mr. Murray, including six percent interest, was $1,100,000. At no time did Mr. Brown offer to sell me the property for less than $700,000 and return to me my notes in addition. The receipt that I signed for Mr. Brown was three or four years after our agreement and was done at his request, simply with the idea of helping the estate. The Murray estate had been paid in full and it made no difference to me one way or the other except to be a good fellow and help the Murray Estate.

My option to purchase and the separate letter of agreement to return the notes are matters of record, of which you have had full knowledge all of the time. I risked my own $5,000 when I took the option, in my own name, as you well know, and it was not until months later that you committed yourself to come into the deal.

I do not know what other claims you have reference to. The books have been open for your inspection at all times. I urged you to check up on everything, and I consider it no friendly act for you to wait this length of time to question any part of our transaction. The least you could have done was to have brought up any matters of dissatisfaction before this. You can have the satisfaction of knowing that as far as Mrs. Fletcher and I are concerned you are trying to pluck the blossoms of the best years of our lives and throw them into the sewer, at a time most hard for us to bear.

All I can say is this — I went to the bat for you when you were in trouble in the Julian matter, and have plugged for you a million. You have made the largest amount of money on this deal you ever made in your life on such a low cash investment. I have rendered you faithful service as an associate, and then some. Now you are thinking only of yourself. You are not giving a thought to what it means to the wife and family for whom you have expressed so much admiration, to question my good faith.

I have always been willing to arbitrate any differences of this kind rather than litigate. If you will put your claims in writing, I will do likewise, and in the usual way each select a party, those two a third and the decision of the three to be final and binding on both parties, an agreement to be drawn up protecting the interests of both parties. This is my only solution of the problem that I can see.

Yours sincerely,

KF:KLM

CHAS. F. STERN COMPANY
BUSINESS SERVICE BUREAU
816 Broadway Arcade
Los Angeles, California
MUtual 5647

REORGANIZATIONS
RECEIVERSHIPS
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PROPERTY AND INDUSTRIAL MANAGEMENT

CHAS F. STERN
PRESIDENT
WALTER C. OREM
VICE-PRESIDENT AND MANAGER

July 15, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

Dear Colonel:-

Some months ago I urged that Cuyamaca Water Company take over at a price our La Mesa Bonds. I did this on the supposition that Cuyamaca had the cash as a result of the El Capitan sale, on your statement that you held back sufficient cash to cover income taxes due next year. I advanced my reasons in detail and they are still good. You said you would accept a little later.

I now renew the request and for the same reasons. I am willing to turn in any part, or preferably all of my bonds at twenty, which would relieve us both and should show the company a profit a year hence. How about it?

I have some other plans in mind for these bonds and would much appreciate a wire or letter from you on Monday.

Yours truly,

Charles F. Stern
Per A.C.

This letter was dictated by Mr. Stern, but he was called from the office before he could sign it.

July 18, 1932

Mr. Charles F. Stern,
316 Broadway Arcade,
Los Angeles, California.

My dear Frank:

Answering yours of July 15th, when I made the El Capitan sale and sent you the $15,000, I had no idea that you would threaten me with a lawsuit and try to prove any interest in the Murray notes. That is the reason I have never itemized my charges for services re the sale of the El Capitan property.

Now conditions have completely changed. From every indication you have never appreciated my services here. The El Capitan sale is just like picking gold dollars out of the street. The El Capitan project was killed without a chance of it coming back or of us getting anything out of our side hill lands at or around El Capitan. Altho the city had the right to flood its portion of the El Capitan reservoir site and had spent several hundred thousand dollars in acquiring same, the county assessor only assessed our holdings that we sold recently to the city, the El Capitan sale, for $480.00 and our taxes were only $19.00, on all of the property we sold last spring to the city.

Savage was determined that Mission No. 2 should be built. Twice it has gone to election and had been defeated. If Mission No. 2 had gone over and been built there never would come a time in your life time, or mine, when either El Capitan lands would be used for reservoir purposes or Mission No. 3. It would have been a total loss and wash-out. I worked like a slave for month in and month out fighting Savage, the city council, the San Diego Chamber of Commerce, the Gas Company, each of the daily papers and most of the weeklies, succeeding, as you know, in killing No. 2 and making El Capitan and Mission No. 3 valuable.

Thanks to Colonel Copley, even tho editorially and personally he was in favor of No. 2, I induced him to give me the necessary space and two or three times a week, for months, I was able to put our side of the case before the public, and with other friends and influence won out.

That service was worth many thousands of dollars, not only in El Capitan, but in the future value of Mission No. 3, for the building

Emailed personally at 12:15 6/18/32 6th Floor Katherine Allen

El Capitan absolutely demands the completion of Mission No. eventually.

You receive a nice plum of $15,000.00 in the form of a dividend, or what will eventually turn out to be such, from El Capitan.

Until we have peace and an understanding between us nothing can become in the matter of using my money of the Cuyamaca Water Company to buy my La Mesa Irrigation District Bonds, and if we have war, as you say, I shall demand my just compensation for the service I have rendered in enhancing the value and sale of our El Capitan lands during this terrible depression, and getting real money, as well as compensation for any other service I have rendered for our joint benefit.

I have had a talk with Mr. Harritt, and he informs me of several sales of La Mesa Irrigation District bonds at 15 last week, and he says the price will be lower. The San Diego city and county taxes are 20 to 30 percent delinquent, La Mesa 35 percent. Under separate cover I am mailing you the La Mesa Irrigation District delinquent list. It includes six of the largest property owners, Bell-Lloyd, C. S. Judson, Grable-Francisco, Murray Estate, Greenmont Park Company and N. J. Hansen.

I hope and pray this matter can be adjusted without litigation. I have shown my sincerity by offering to compromise and arbitrate. I feel keenly your unjust criticism but for our old friendship's sake, between you and me and our families, I would not let it be said that where there is an honest difference of opinion I would not arbitrate any business transaction.

Yours truly,

FFS:LM

July 18, 1932

Mr. Charles F. Stern,
816 Broadway Arcade,
Los Angeles, California.

My dear Frank:

Answering yours of July 15th, when I made the El Capitan sale and sent you the $15,000, I had no idea that you would threaten me with a lawsuit and try to prove any interest in the Murray notes. That is the reason I have never itemized my charges for services re the sale of the El Capitan property.

Now conditions have completely changed. From every indication you have never appreciated my services here. The El Capitan sale is just like picking gold dollars out of the street. The El Capitan project was killed without a chance of it coming back or of us getting anything out of our side hill hands at or around El Capitan. Altho the city has the right to flood its portion of the El Capitan reservoir site and had spent several hundred thousand dollars in acquiring same, the county assessor only assessed our holdings that we sold recently to the city, the El Capitan sale, for $460.00 and our taxes were only $19.00, on all of the property we sold last spring to the city.

Savage was determined that Mission No. 2 should be built. Twice it has gone to election and had been defeated. If Mission No. 2 had gone over and been built there never would come a time in your like time, or mine, when either El Capitan lands would be used for reservoir purposes or Mission No. 3. It would have been a total loss and wash-out. I worked like a slave for month in and month out fighting Savage, the city council, the San Diego Chamber of Commerce, the Gas Company, each of the daily papers and most of the weeklies, succeeding, as you know, in killing No. 2 and making El Capitan and Mission No. 3 valuable.

Thanks to Colonel Copley, even tho editorially and personally he was in favor of No. 2, I induced him to give me the necessary space and two or three times a week, for months, I was able to put our side of the case before the public, and with other friends and influence won out.

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I have had a talk with Mr. Harritt, and he informs me of several sales of La Mesa Irrigation District bonds at 15 last week, and he says the price will be lower. San Diego city and county taxes are 20 to 30 percent delinquent, La Mesa 55 percent. Under separate cover I am sending you the La Mesa Irrigation District delinquent list. It includes six of the largest property owners, Bell-Lloyd, C. S. Judson, Grable-Francisco, Murray Estate, Grossmont Park Company and F. J. Hansen.

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Yours truly,

EF:KLM

CUYAMACA
SOLANA BEACH
FLETCHER HILLS

PINE HILLS
GROSSMONT
AVOCADO ACRES

Ed Fletcher Company
1020 NINTH AVENUE
SAN DIEGO, CALIFORNIA

July 16, 1932

Mr. Charles F. Stern,
816 Broadway Arcade,
Los Angeles, California.

My dear Frank:

Answering yours of July 15th, when I made the El Capitan sale and sent you the $15,000, I had no idea that you would threaten me with a lawsuit and try to prove any interest in the Murray notes. That is the reason I ~~did not put in a bill for my~~ services re the sale of the El Capitan property.

Now conditions have completely changed. From every indication you have never appreciated my services here. The El Capitan sale is just like picking gold dollars out of the street. The El Capitan project was killed without a chance of it coming back or of us getting anything out of our side hill lands at or around El Capitan. Altho the city had the right to flood its portion of the El Capitan reservoir site and had spent several hundred thousand dollars in acquiring same, the county assessor only assessed our holdings that we sold recently to the city, the El Capitan sale, for $460.00 and our taxes were only $19.00, on all of the property we sold last spring to the city.

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Thanks to Col. Copley, even tho editorially and personally he was in favor of No. 2, I induced him to give me the necessary space and two or three times a week for months I was able to put our side of the case before the public, and with other friends and influence won out.

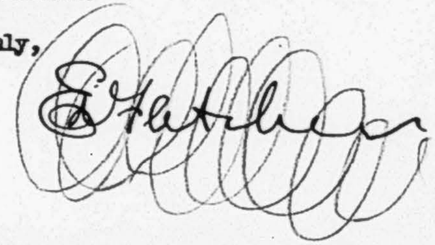
That service was worth many thousands of dollars, not only in El Capitan, but in the future value of Mission No. 3, for the building of El Capitan absolutely demands the completion of Mission No. 3 eventually.

You received a nice plum of $15,000.00 in the form of a dividend, or what will eventually turn out to be such, from El Capitan.

Until we have peace and an understanding between us nothing can be done in the matter of using any money of the Cuyamaca Water Company to buy any La Mesa Irrigation District bonds, and if we have war, as you say, I shall demand my just compensation for the service I have rendered in enhancing the value and sale of our El Capitan lands during this terrible depression, and getting real money, as well as compensation for any other service I have rendered for our joint benefit.

I hope and pray this matter can be adjusted without litigation. I have shown my sincerity by offering to compromise and arbitrate. I feel keenly your unjust criticism but for our old friendship sake, between you and me and our families, I would not let it be said that where there is an honest difference of opinion I would not arbitrate any business transaction.

Yours truly,



EF:KLM

P. S. Have had a talk with Mr. Harritt, and he informs me of several sales of La Mesa Irrigation District bonds at 15 last week, and he says the price will be lower. San Diego city and county taxes are 20 to 30 percent delinquent, La Mesa 55 percent. Under separate cover I am sending you the La Mesa Irrigation District delinquent list. It includes six of the largest property owners - Bell-Lloyd, C. S. Judson, Park Grable, Murray Estate, Grossmont Park Company, F. J. Hansen.

Owing the banks as I do, $300,000 or $400,000, any one of which can throw me into insolvency at this time, this is no time for you to file suit against me under any conditions, for your own welfare as well as mine.

E.F.

July 18, 1932

Mr. Charles F. Stern,
816 Broadway Arcade,
Los Angeles, California.

My dear Mr. Stern:

After Mr. Fletcher left the office he telphoned me to write you a note to the effect that if you were going to arbitrate your differences with him, along the lines recently outlined by letter, that he would be willing to take in the bonds at 20, as you suggest.

Yours truly,

Secretary

KM

CHAS. F. STERN COMPANY
BUSINESS SERVICE BUREAU
816 Broadway Arcade
Los Angeles, California
MUtual 5647

REORGANIZATIONS
RECEIVERSHIPS
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PROPERTY AND INDUSTRIAL MANAGEMENT

CHAS F. STERN
PRESIDENT
WALTER C. OREM
VICE-PRESIDENT AND MANAGER

July 21, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

My dear Colonel:-

I have for acknowledgment your letter and follow-up in answer to my suggestion that Cuyamaca carry our La Mesa Bonds. Fortunately my sense of humor is still good enough for me to get a laugh now and then as I go along.

Thanks a lot for your offer on the bonds, but I shall make other arrangements. You see, Colonel, I never was convinced that there were seven or eight thousand in cash left in Cuyamaca. Just a suggestion, though; in getting it out, as you are apparently planning, or in trying to justify the fact that it is already out, if that is the case, I hope you won't get your feet any wetter than they now are. I'm not looking for new things to shoot at - in fact, I'm hoping not to find them.

Yours truly,

Chas F Stern

July 28, 1932

Mr. Chas. F. Stern,
816 Broadway Arcade,
Los Angeles, California.

My dear Mr. Stern:

Colonel Fletcher is in the back country, but I telephoned him the contents of your letter of July 21st, and he desired me to assure you that if you will send your bonds down under the arrangement offered that the cash will be available to pay for same, in case you arbitrate any differences between you and Mr. Fletcher.

For your information I might say personally that my understanding of Mr. Fletcher's position is that if you are going to press your claim against him he will claim pay for his services, which was not his original intention if your claims against him had not been made.

Yours truly,

F. L. May

M

Freeland

July 25, 1932

Mr. Charles F. Stern,
816 Broadway Arcade,
Los Angeles, California.

My dear Frank:

I am in receipt of your letter of July 21st, and noted the copy of the letter written by Miss May under date of July 22d.

We distributed $15,000 voluntary dividend to you and $18,000 to the Fletcher family. You are quite right in your inference that I have not left the whole balance of the money received from the city in the corporation account. In view of your threats against me this would have amounted to putting all of the cards in your hands, and after consultation with my advisers I decided that the wisest course was for me to keep a few cards in my own hands, and with that in mind I have taken most of the loose cash into my own custody so that if it comes to the regrettable pass that we have war between us, I shall at least have some of the sinews available.

As I have intimated on a number of occasions, my services in consummating the sale to the city are worth a very substantial amount, certainly not less than $6,000 or $7,000. I had hoped that we would not have to come to a determination of this figure, as I intend to push it only in the case that you try to put the screws on me for earlier transactions. I still hope that we can work things out that way, and if you are willing to let bygones be bygones, it is my intention to waive this and many other amounts which I could legitimately charge, and which I intend to charge if I must in self protection.

I did not like to take the arbitrary stand of fixing my compensation and so I have let the corporation records, for the present, show an advance to Ed Fletcher of $5837.46. This sum is represented by notes which I have executed in favor of the corporation and which are now held by the corporation, and represents the aggregate sum of $5837.46. If we arrive at a settlement such as I earnestly hope for, these notes will be taken care of in due course, but I will say to you frankly that they are now in the present form with the fact in mind that they may be satisfied by the offset charge in a greater amount which I hold against the corporation for my services to date.

I am enclosing herewith a statement showing the receipts and distribution of funds from the sale to the city. Of course, it is apparent

from this that the corporation has no funds to purchase irrigation district bonds until the notes are repaid, and as I have said I have no intention of repaying them until we have come to a final agreement, so your suggestions as to investment in irrigation district bonds really hinges upon that same proposition. Upon a moment's notice I can repay the notes and buy both your bonds and mine along the lines you have suggested, providing we do arbitrate our differences.

After our many years of friendship I cannot believe as between friends either of us would choose litigation rather than arbitrate. It is almost impossible for me to believe we cannot get together. The one thing I took particular objection to was your insistence upon my recognizing your claim without any recognition of any claims that I might have, in which case they would be settled later. Frank, a way must be found to settle these matters fair to both parties in interest, without endless and expensive litigation to both of us.

I hope you will outline a plan of arbitration, keeping the interest of both parties in mind.

Sincerely yours,

EF:KLM

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Sincerely yours,

EF:KLM

STATEMENT OF CUYAMACA WATER COMPANY, A CORPORATION

SALE OF EL CAPITAN LANDS TO CITY OF SAN DIEGO

3/4/32	Amount of check received from city		$39,837.78
3/4/32	Charles F. Stern	$15,000.00	
3/4/32	Ed Fletcher	18,000.00	
3/12/32	Cuyamaca Water Company taxes	62.98	
4/19/32	second installment state and county taxes	113.34	
3/22/32	Ed Fletcher	2,500.00	
3/25/32	Ed Fletcher	1,000.00	
4/20/32	Ed Fletcher	244.03	
4/20/32	Ed Fletcher	1,143.43	
6/3/32	Ed Fletcher	1,000.00	
5/7/32	Loan to E. H. Johnson	500.00	
5/32/32	Loan repaid by E. H. Johnson $500 Prin $1.36 Int.		501.36
	Total	$39,563.78	$40,338.86
Cash on hand		775.08	

From the above is to be deducted the expense account as mentioned in previous letters.

July Twenty-eighth
1 9 3 2

Mr. Charles F. Stern
815 Broadway Arcade Bldg.
Los Angeles, California

My dear Frank:

Things are coming out as we have dreamed of at Mission #3. Under the new charter our friends who have fought for us all thru the campaign, Sam Fox, Mayerhoffer, and Chandler, have been appointed on the Water Commission. In a few days Fred Rhoades will be appointed Superintendent of Water. He worked strong with me in killing #2, favors #3 and helped us to put over El Capitan. I would not be a bit surprised but what in side of a month our engineer for many years, Tom King, will be put in direct charge of the water system under Rhoades and eventually take Savage's place.

The next move, in my opinion, will be the building of #3 and the completion of Sutherland.

Chandler, who with White and Wangenheim were the Water Commission that recommended the building of #3 the buying of the Cuyamaca system and the building of Sutherland is back on the Commission again and still feels the same way.

You will remember they were fired on 24 hours notice by Mayor Bacon at Savage's request after making the report.

We have been a long time getting what is coming to us but the killing of #2 has made El Capitan and Mission #3 favorable.

I am expecting a letter tomorrow from State Engineer Hyatt who has been in Washington agreeing to accept $7500 to $10k000 in engineering from the City to apply on the state's investigation of the flood control project on the San Diego River. TheCounty has already subscribed $5000 toward this investigation, and the rest of the money will be raised to carry on the rest of the investigation. This means the state will pay for half the cost of building Mission #3 and the city get the benefit of it as a flood control project.

Hastings and I got the pledge of the State Engineer and Vandegrift as well as the Governor that we had priority for any future flood control appropriations.

-S-

Yours very truly,

CHAS. F. STERN COMPANY
BUSINESS SERVICE BUREAU
816 Broadway Arcade
Los Angeles, California
MUtual 5647

REORGANIZATIONS
RECEIVERSHIPS
CONSOLIDATIONS
LIQUIDATIONS
PROPERTY AND INDUSTRIAL MANAGEMENT

CHAS F. STERN
PRESIDENT
WALTER C. OREM
VICE-PRESIDENT AND MANAGER

July 28, 1932

Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

Dear Sir:-

Thank you very much for your letter of July 25th telling me what has become of the cash in Cuyamaca Water Company which you had told me was being held for income tax payments next year.

Of course, if even after my warnings you insist on being hanged, I don't quite see how I can help it, but I'm sorry just the same.

Yours truly,

Chas F Stern

It goes without saying that any suit that you bring will certainly rock the boat and will be ruination for our plans for years to come in my opinion.

Whether right or wrong, you certainly cannot question my sincerety and belief that I had every legal and moral right to do what I did without any intention of taking anything away from you and certainly these matters should be arbitrated as between friends.

I considered you one of my closest friends and the shock of your accusations and breaking of our friendship has been one of the most discouraging and lamentable experiences of my life. We were such close friends. I cannot yet understand why you first did not suggest arbitration instead of writing the cruel words that you did threatening litigation. That is what hurts me the most.

Yours very truly,

Chas F Stern

July 30, 1932

Mr. Charles F. Stern,
816 Broadway Arcade,
Los Angeles, California.

Dear Sir:

Answering yours of the 28th, will say there were several reasons why I held within my control the Cuyamaca Water Company money, one being to take care of the income taxes. I probably should have told you all of the reasons, but did not for fear of hurting your feelings.

A part of the money went to the Grossmont Park Company, the stock of which is owned by all of the Fletcher family, and at least the money is drawing seven percent interest. You need not worry about the funds being available to take care of the income taxes next year. The notes are payable on demand, and whenever the company needs the money it will be forthcoming.

It is hardly necessary for me to assure you again that you have had the best of it all the way thru, as an investigation will show. I urged you to make a thoro examination when we made our settlement after the system was sold to the district, and you refused. I welcome any investigation of any kind you wish to make today. The matter of the Murray notes is irreconcilable. No one can question my sincerity when I say the return of the Murray notes represents a pledge of both Mr. and Mrs. Murray and eleven years of faithful service, as well as $2,000 or $3000 I spent individually paying my expenses of investigation under instructions of Mrs. Murray and her attorneys.

I cannot conceive of your rocking the boat, and refusing to arbitrate when so much is at stake for both of us in the future handling of our properties. Even the filing of a suit by you, in my opinion, would ruin the Mission No. 3 situation for years to come. An arbitration agreement and settlement would leave less feeling and bitterness yet attain quicker results for everybody without the cost, delay and chance of hurting the future prospects for years to come at Mission No. 3 by a public suit. I am still hoping that you will realize the importance of this line of action for our financial interest, to say nothing of past friendship.

I predicted a few days ago, and wrote you, that our old engineer for many years, would be put in charge of all water development of San Diego City, Mr. Thos. H. King. Enclosed find article from this morning's Union which confirms it. I make another prediction that our good

friend, Fred Rhodes, will be in full charge of all public improvements within the next ten days from date. Both Rhodes and King are one hundred percent favorable to our plan of water development. Savage will be put on the shelf as soon as El Capitan dam is completed.

Things have reached such an impasse that if you prefer not to arbitrate, please let me know what you will take, a net sum, for your stock in the Cuyamaca Water Company, a corporation, and any equity you may have in Mission Gorge No. 3, also the Cuyamaca lands, cleaning up everything between us excepting your interest in the contract with the City of San Diego. If your price is satisfactory I am willing that you should have all of the money that comes from any sale of any of the property until you are paid in full for your interest. I might be able to pay $250.00 a month immediately and clean everything up within a three to five year period.

Yours truly,

EF:KLM

August 1st, 1932.
Enclosed find clipping from this afternoon's paper announcing the appointment of Fred Rhodes, as predicted last week.
E.F.

July 30, 1932

Mr. Charles F. Stern,
818 Broadway Arcade,
Los Angeles, California.

Dear Sir:

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friend, Fred Rhoads, will be in full charge of all public improvements within the next ten days from date. Both Rhoads and King are one hundred percent favorable to our plan of water development. Savage will be put on the shelf as soon as El Capitan dam is completed.

Things have reached such an impasse that if you have decided not to arbitrate, please let me know what you will take, a net sum, payable $400.00 or $500.00 a month until paid, for your stock in the Cuyamaca Water Company and any equity you may have in Mission Gorge No. 3 and the Cuyamaca lands, cleaning everything up between us, excepting your interest in the contract with the city of San Diego, which should come to you regularly as in the past and which we will continue to collect for you without charge.

Yours truly,

EF:KLM

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EF:KLM

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Things have reached such an impasse that if you have decided not to arbitrate, please let me know what you will take, a net sum, you to be paid first in full for your stock in the Cuyamaca Water Company and any equity you may have in Mission Gorge No. 5, also the Cuyamaca lands, cleaning everything up between us, excepting your interest in the contract with the City of San Diego, which should come to you regularly as in the past.

Yours very truly,

EF:KLM

August 1st, 1932

P. S. Enclosed find clipping from this afternoon paper announcing the appointment of Fred Rhodes as predicted last week.

E.F.

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E.F.

Ed Fletcher Papers

1870-1955

MSS.81

Box: 28 Folder: 3

General Correspondence - Stern, Charles F - 1932