

Los Angeles, California.  
January 22, 1926.

My dear Frank:

I received your message that you are going out of town this afternoon, so I am putting this in letter form for your consideration.

I have a conference at ten o'clock with the City Attorney of Beverly Hills and Captain Spaulding, the Mayor, with our Attorney, Judge Sloan and Mr. Woodruff, and cannot break it very well, but will try and be here around 11:30.

Yesterday, the City Council without a dissenting vote decided to buy our Normal Heights System. Mr. Fred Heilbron has been appointed Councilman to take Weitzel's place, and he told me yesterday noon that there was no question but that the deal would go through.

I had a conference with City Attorney Higgins yesterday, and he is drawing up the contract. I feel sure there will be no conditions but what will be ironed out, and the plan is to get the contract before the first of February.

We will probably be paid \$10,000 down, and paid over a period of 20 years with the City's option to pay cash and clean up within three or four years. The agreed price is \$192,000.

Enclosed find clipping from City Attorney Higgins showing that his recommendation to the Council was favorable.

Enclosed find copies of my letter to you of April 3, 1923, yours to me of April 7th, 1923, and my letter to you of August 17th. Also statement of Certified Accountants Eldred and Wansley, of January 20, 1926, covering the moneys received from the sale of the Cuyamaca System and moneys disbursed. Also, my letter of January 18, 1926 in explanation thereof.

The Certified Accountants statement shows there would be coming to you \$13,244.49 now, plus your interest in what remains of the Cuyamaca Water Company properties.

2.

I have given considerable thought to the question of Mission Gorge No. 3, which was never a part or parcel of the Cuyamaca System, but my own personal property. The question of your having an interest in the Mission Gorge No. 3 came up several months later, after the purchase of the Murray Estate.

I wrote you a letter but have not a copy or the date in which I informed you that I would hold Mission Gorge No. 3 as protection to the Cuyamaca Company interests, that my offer to Henshaw was to sell him a half interest on the basis of \$30,000; that I would sell to you on a basis of \$25,000, payable \$5000 a year with 6% interest, the transfer to include the dam site, and all lands which I controlled below the 330 foot contour at Mission Gorge No. 3.

You did not accept this so I did make an agreement with you to give you one half of the profits over and above \$100,000, ~~and when~~ when the system was sold to the Irrigation District.

After our conversation the other day, I am willing to modify that agreement under all the circumstances, and give you one half of the profits on Mission Gorge No. 3 over and above the price of \$25,000, as of the date and on the terms mentioned in my letter written you in 1923.

Mr. Rhoads informed me yesterday that there was no question in his mind but that the City would make a compromise with the District and buy Mission Gorge No. 3, and in the near future, the idea being to make a compromise with the La Mesa District.

You have asked me to submit a proposition of cleaning up the odds and ends of the Cuyamaca System and vest your interest in something tangible. If that is still your desire, I submit the following:

You have already received ~~the~~ moneys that you have put into the project. In addition you have received \$25,000 already.

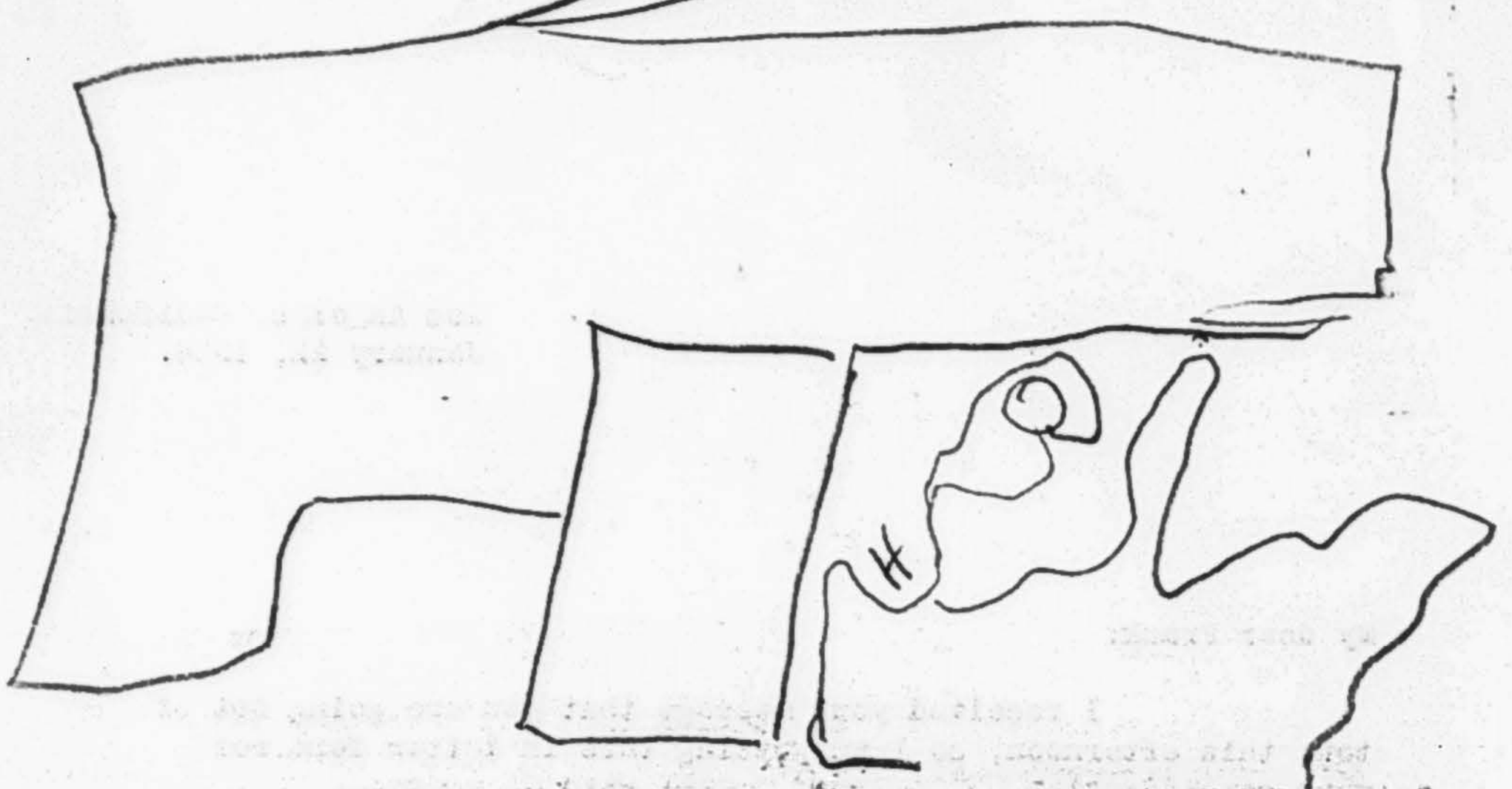
You are to receive your share of the sale of the Normal Heights-Kensington Park-East San Diego System under contract with the City.

You are to receive one half of the profits over and above \$25,000 as per date my original offer less 6% interest, in the sale of Mission Gorge No. 3. This will give you a profit in excess of \$50,000, and you will assume no liabilities.

In addition you are receiving a quarter of the profits on the 920 acres real estate deal, which should give you in the next three or four years another \$50,000 profit.

Altogether, it easily means a profit to you of \$200,000 to \$250,000.





I have a pleasure in acknowledging the receipt of your letter of the 12th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration. I am sure that they will give it the attention it deserves and will report to you as soon as possible.

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I am, Sir, very respectfully,  
Your obedient servant,  
J. H. [Name]



3.

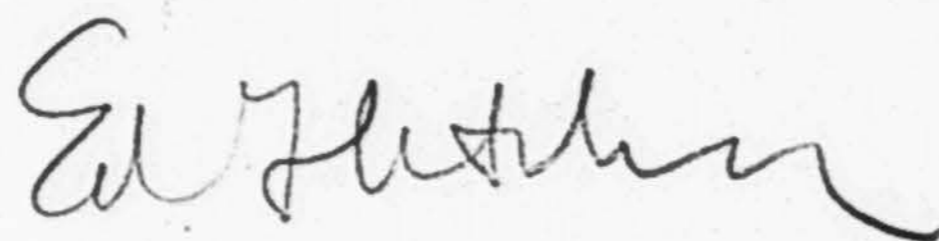
In turn, I am to have the remaining assets of the Cuyamaca Company.

Think the matter over, and let me know if you are completely satisfied, as that that is what I desire above all things to do.

As I understand it, the situation would be as follows:

If you remain as a partner, you are to get your proportionate interest of all the assets in San Diego County of the Cuyamaca Water Company; also one half of the profits on Mission Gorge No. 3 above the cost of \$25,000 for a half interest as of the date of my original offer in 1923, plus 6% interest, taxes and expenses instead of one half the profits over and above \$100,000 for my interest in Mission Gorge No. 3.

If you desire to segregate our interests, the proposition remains as already submitted, but you will get one half of the receipts from the sale of Normal Heights-Kensington Park distribution lines to the City instead of your five-elevenths.



March 15, 1926

Mr. Wm. E. White,  
c/o Mr. C. F. Stern, President,  
Pacific-Southwest Trust & Savings Bank,  
Los Angeles, California.

My dear Mr. White:

Replying to your favor of March 13th,

I am enclosing a statement of the account with the Anglo-Paris Bank and the Cuyamaca Water Company regarding payments made to both the Murray Estate and the Anglo-Paris Bank, for the years 1923, 1924, 1925.

I have written in detail the way these charges were put into our income tax return. There were two or three charges in 1923 and 1924 which were made by Mr. Stern to the Anglo Bank which I did not get into our records until it was too late to enter them in the proper years.

I understood from your telephone conversation you wanted all interest paid on account of this purchase and I gave you the amount of \$18,247.13 for the year 1925, but as you will see only \$12,375.00 of this went to the Murray Estate; the balance to the Anglo Bank for interest.

Yours very truly,

MBF:KLM



THE FIRST NATIONAL BANK OF LOS ANGELES

March 13, 1926.

LH

Colonel Ed Fletcher,  
Fletcher Building,  
920 Eighth St., San Diego, Cal.

Dear Colonel Fletcher:

In your letter of March 11th you showed the amount of interest paid to the Murray Estate for the years 1924 and 1925 as \$4,125. and \$18,247.13 respectively. Will you be good enough to furnish this same information for the year 1923?

Will you also please explain why the interest deduction in 1924 was only \$4,125. In making Mr. Stern's return for that year we claimed a deduction in amount of \$20,300 for interest paid to the Murray Estate, and claimed the same deduction for the year 1925 for interest paid to the same people. If you did not claim the same interest paid for those years and will let us know on what theory you did not do so, we will amend our individual returns for those two years.

I have filed Mr. Stern's 1925 individual return using a deduction of \$18,247.13, plus the share of loss sustained by the Cuyamaca Water Company, a co-partnership.

I shall appreciate very much your furnishing us with this information as soon as possible.

Yours very truly,

Wm. E. White

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

CHARLES F. STERN

March  
18th,  
1926.

My dear Colonel Fletcher:

I received today without comment from you a communication addressed to the Cuyamaca Water Company and containing Resolution No. 37173 of the Common Council of San Diego.

I assume that you sent it on to me to draw my fire. My comment would be as follows:

(1) The Cuyamaca Water Company, Ed Fletcher, and Charles F. Stern are not parties to this liquidation in fact, though we may be still joined in form.

(2) I cannot see how it is possible to surrender the El Capitan Damsite unless and until compensation has been agreed upon and paid.

(3) In a single line they beg the entire issue. In other words all that is involved in the entire sorry mess is the question of "a fair and equitable division of the waters of the San Diego River".

Practically, I think our answer is to simply say that insofar as the Cuyamaca Water Company, Fletcher and Stern are concerned, we consider ourselves as no longer involved in the litigation pending, and therefore not in position to decide whether the City and the District shall discuss a compromise or not. Personally, of course, we are very much in favor of an equitable compromise.



2.

We had a charming visit from your good lady and Mary Louise last night. Both my Princess and I wish they and you would come oftener.

With best personal regards,

Sincerely yours,

Chas. F. Stern

Colonel Ed Fletcher,  
San Diego,  
California.

Issue the stock -  
5/11ths to Chas. F. Stern, 1/11th  
to Mary C. B. Fletcher, and 5/11th  
to Ed Fletcher. Take out of Ed  
Fletcher's stock two qualifying  
shares, one for K. L. May and  
one for Mary E. Fletcher.







(POSTMARK OFF)

Receipt for Registered Article No. 82676  
 Registered at the Post Office indicated in Postmark


Fee paid \_\_\_\_\_ cents Class postage \_\_\_\_\_  
 Return Receipt fee \_\_\_\_\_ Spl. Del'y fee \_\_\_\_\_  
 Delivery restricted to addressee: \_\_\_\_\_

In person \_\_\_\_\_, or order \_\_\_\_\_  
 Accepting employee will place his initials in space  
 indicating restricted delivery.

POSTMASTER, per \_\_\_\_\_

Complete record of registered mail is kept at the post office, but the sender should write the name of the addressee on back hereof as an identification. Preserve and submit this receipt in case of inquiry or application for indemnity.

Registry Fees and Indemnity.—Domestic letters and sealed parcels indemnified for \$50 or less, 15 cents; for over \$50 and not in excess of \$100, 20 cents; domestic second-class, not indemnified, 15 cents; domestic third-class, indemnified up to \$25, 15 cents; articles addressed to foreign countries, unless of class or indemnity, 10 cents. Claims must be filed with postmasters within one year a date of mailing. e 3-6832  
 rm 3396



*Chas J. Stern*

*Copy of Cuyamaca  
 Water Comp. app.  
 Return & Settlement sheet*

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300

Post Office Department  
 OFFICIAL BUSINESS

REGISTERED ARTICLE

No. 82676  
 INSURED PARCEL

No. \_\_\_\_\_


Return to Eldred Hansley  
 Street and Number, } \_\_\_\_\_  
 or Post Office Box, } \_\_\_\_\_

Post Office at SAN DIEGO  
 State \_\_\_\_\_

Rev. 3-24 16-6116

POSTMARK OF DELIVERING OFFICE

AND DATE OF DELIVERY





*Return & statement  
for file & info.  
Chris J. Stern*

*Chris. Stern  
504  
Return & statement  
for file & info.*

**RETURN RECEIPT.**

Received from the Postmaster the Registered or Insured Article, the original number of which appears on the face of this Card:

*C. Stern*  
(Signature or name of addressee.)

*R. H. ...*  
(Signature of addressee's agent.)

Date of delivery, **MAR 14 1927**, 192

Form 3811

U.S. POSTAL SERVICE

11-6116



SETTLEMENT SHEET

CHAS. F. STERN and ED. FLETCHER

December 31, 1926

	Ed Fletcher 1/12 Original Interest	Ed Fletcher 1/12 Henshaw Interest	Ed Fletcher 5/12 Murray Interest	C.F. Stern 5/12 Murray Interest
3/1/13 Market Val.	50000.00			
Capital Contributions 3/1/13 to 5/31/23	39308.70			
Operating Loss 3/1/13 to 5/31/23				
Agreed Basis as of 5/31/23	9469.15	90000.00		
Original Option Deposit			5000.00	
Balance of Purchase Price Notes			347500.00	347500.00
Disc. allowed on balance when paid			13750.00	13750.00
Sundry Notes Returned by Murray Estate			110781.61	
Basis as of 5/31/23	79839.55	90000.00	227968.39	333750.00
Operating Profit 5/31/23 to 12/31/25	4279.26		21396.31	21396.31
Operating Loss 1926--Books(1)	4390.10		(1) 21950.60	(a) 21950.60
Profit on sale " " (2)	29367.04		(2) 146835.30	(b) 146835.30
Profit on sale from Notes returned			(2) 110781.61	
Stern-Fletcher Settlement on sale			(2) 2194.95	(b) 2194.95
Interest credits as agreed		(3) 12810.00	(3) 955.00	
Total Investments and Prof- its to be accounted for	109095.75	102810.00	483791.06	482225.96
Murray Interest paid 1923			20850.00	20850.00
" " " 1924			6562.50	6562.50
" " " 1925			5250.00	5250.00
" " " 1926			(4) 12515.87	(c) 12515.86
" Principal " 1926			333750.00	333750.00
Cash Dividend--1926	93436.22	102810.00	25702.92	25000.00
" " " "	600.00		2000.00	2000.00
Note Rec. divided as Dividend 1926			1000.00	1000.00
Interest in City of San Diego Contract	13636.36		68181.82	68181.82
Personal Account Cancelled--1926			862.17	
Interest in Assets trans- ferred to Corporation	1423.17		7115.78	7115.78
Total Investments and Profits accounted for	109095.75	102810.00	483791.06	482225.96

	Ed Fletcher	C.F. Stern	Total
Income per Partnership Return:			
Capital Gain	(2) 284789.00	(b) 149030.25	433819.25
Operating Loss	(1) 26340.70	(a) 21950.60	48291.30
Net Gain	258448.30	127079.65	385527.95
Int. Deduction not on Returns	(4) 12515.87	(c) 12515.86	
Int. Income not on Returns	(3) 13765.00	None	

(copy)

April 1st, 1927.

Mr. Charles F. Stern, President,  
Pacific Southwest Trust & Savings Bank,  
Los Angeles, California.

My dear Frank:-

Enclosed find agreement relative to  
the 828 acres of unsold land around Cuyamaca Lake,  
asper our settlement in Cuyamaca division.

You will notice I have arbitrarily  
put in the ten percent commission for my services,  
with no intention of making any additional charge,  
as long as it is sold in bulk, or in large parcels.  
If this is not satisfactory let me know.

There will be some money coming to  
you in addition when I get cleaned up on the first  
hundred acres that we sold at \$300 an acre, after  
taking out all original costs and expenses, when we  
collect the money and everything is paid off.

I appreciate your offer yesterday to  
leave everything in my hands, but there is no reason  
why you should not be consulted before any deal is  
made in the sale of this 828 acres, which we have  
left. You can write me any authority you care to  
in connection with it.

Turner has eliminated Mix and Franks,  
and I hope soon to have a definite proposition for  
two or three acres more at \$300 or \$400 an acre. I  
am protecting our water supply in making any of these  
deals, as that is the vital problem.

I shall be very much disappointed if we  
do not get an average of \$250.00 to \$300 an acre for  
this property, within the next three or four years,  
and possibly as high as \$400 or \$500 an acre, if we  
put our paved road thru from Pine Hills. I hope to  
see you get \$50,000 to \$60,000 net out of this  
proposition, and a nice building site as well, if you  
want it.

Regarding Mission Gorge No. 3, we have  
a written agreement as to your equity in the property  
there, but I will try and whip that into similar  
shape at an early date. If we elect the right city  
council, we are going to get an early adjustment of  
this matter, and if we get \$150,000 out of that you  
are to come in for another \$50,000 profit, according



to my recollection of our agreement. I will bet you even money that we close that deal within the next twelve months.

If o. k., kindly sign one copy of this agreement on Lot "D", Cuyamaca Rancho. If it is not satisfactory, change it the way you think it ought to be and send it down. I have not consulted my attorney, but have just drawn it up in a way that I believe represents our understanding and have had Mrs. Fletcher sign it as well so there can be no chance in case of my death.

Yours sincerely,

EF:KLM

(copy)

The First National Bank of Los Angeles  
Pacific-Southwest Trust & Savings Bank  
First Securities Company,  
Los Angeles.

Charles F. Stern

April  
5th  
1927.

My dear Colonel Fletcher:

I acknowledge with thanks your letter of April 1st enclosing agreement in duplicate relative to the 828 acres of unsold land around Cuyamaca Lake. I am very sure that this is in a form entirely satisfactory and workable but I would like to ask a question or two as a matter of record, - questions which I would not have to ask if I had any quick way of checking the description of property.

I note your letter states that this matter comes about "as per our settlement in the Cuyamaca division" and I am wondering if this is just what you mean.

As I understand this particular matter, I have a fourth interest in certain property on the side hill up there, a part of which has been sold and is being subdivided and a part of which is unsold, but that this particular transaction is entirely apart and separate from the Cuyamaca deal, in which I was involved through a partnership arrangement with you in the purchase of the five-sixths interest in the Cuyamaca Water Company held by the Murray Estate. I am making this point because, as I understand the matter rather casually, we held out certain properties adjacent to or around Cuyamaca Lake when we made our sale to the District - properties which belonged to the Cuyamaca Water Company. It is my understanding, again rather casual, that these properties are now a part of the assets of the Cuyamaca Water Company, of which I hold five-elevenths of the stock.



2.

My purpose in asking these questions is merely to clearup my own understanding which is that the two ownerships are entirely separate, this trusteeship having to do with properties which were not owned by the Cuyamaca Water Company, and that the trusteeship does not include properties around the Lake which were withheld in the sale to the District and which are now owned by the Cuyamaca Water Company. If I have this straight in my own mind and you will confirm, I shall be glad to leave all of the remaining details to you to be handled in your best judgment, - win, lose, or draw.

I am hoping you are right with reference to Mission Gorge No. 5. A damsite without a dam and water rights without water are always things which I think it is well to dispose of when it can be done at a profit. If anybody can do it, you can.

With warm personal regards, I am,

Sincerely yours,

(signed) Charles F. Stern

Colonel Ed Fletcher,  
San Diego,  
California.

(copy)

April 6, 1927.

Mr. Charles F. Stern, President,  
Pacific Southwest Trust & Savings Bank,  
Los Angeles, California .

My dear Frank:-

Answering yours of April 5th, regarding the 828 acres of land unsold around Lake Cuyamaca -- you never had any interest in this property. It never was a part of the Cuyamaca Water System. It is an entirely outside purchase made a year or more after we purchased the Cuyamaca System. You never had a dollar invested in this property directly or indirectly.

I voluntarily gave you an undivided one-fourth interest in the profits from this property in my settlement with you on the Cuyamaca deal, as a part consideration for the settlement. All that you did was to lend me \$5,000 from the Pacific Southwest at the time we purchased the property, which money has been repaid to the Pacific Southwest.

We still own the land around Cuyamaca Lake, including the island, which was originally deeded to us under the original contract of purchase which I made when I paid the original \$5,000 to Brown; excepting, of course, such lands as we have deeded to the La Mesa Irrigation District. We are going to get some real money for our lands around Cuyamaca Lake later on.

I have the consent of everybody to put in a paved road from Pine Hills to Cuyamaca Lake. It will run for a mile and a half or two miles thru the center of this 828 acre tract, and this property if we subdivide it ourselves will easily bring \$300,000 to \$500,000, whereas if we sell if wholesale we will sure get anywhere from \$200,000 to \$300,000, in my opinion.



(copy)

THIS IS TO CERTIFY that CHARLES F. STERN is the owner of an undivided one-quarter interest in eight hundred twenty-eight (828) acres of land in Lot "D" of Cuyamaca Rancho:

THAT there is no indebtedness against the property and that ED FLETCHER is holding this undivided one-quarter interest, as trustee, in trust for said Stern, the legal description being as follows:

That portion of Lot "D" of Cuyamaca Rancho, in the County of San Diego, State of California, according to the partition map thereof, described as follows:

Commencing at the Northwest corner of said Rancho, being corner No. 1 of said Lot "D", thence east 30 chains to Corner No. 2; thence South One Hundred Twenty chains to Corner No. 3; thence East Ninety chains to corner No. 4; thence South twelve degrees East 48.55 chains to post; thence South Eighty-three degrees West 20.15 chains to Corner No. 13; thence North Seventy-six degrees West 61.80 chains to Corner No. 14; thence North Sixty-six and one-half degrees West 86.40 chains to Corner No. 15; thence North 2 3/4 degrees East 11.70 chains to Corner 16; thence North twenty degrees East 114.30 chains to point of commencement, excepting therefrom the following described portion, to-wit:

COMMENCING at a point on the South boundary of Lot "D" North 82 degrees 35' East 1329.9 feet from Corner No. 13 of said Lot; thence 82 degrees 35' West 1329.9 feet to Corner No. 13; thence North Seventy-seven degrees 13' West 1369 feet to oak post in rock mound marked "T Y" on North and "T" on South; thence South Eighty-nine degrees 13' East 504.8 feet; thence South Seventy-nine degrees and 40' East 889.7 feet; thence North Seventy-four degrees and 57' East 408.5 feet; thence South Eighty degrees and 7' East 571.4 feet; thence North Thirty six degrees 13' East 451.5 feet; thence South Nine degrees and 40' East 344.5 feet to point of commencement, excepting therefrom the following described portion, to-wit:

Commencing at the Southeast corner of Lot "M" of the Partition of the Rancho Cuyamaca and as shown in Book 43, page 309 of Deeds, records of San Diego County; thence West along the Southerly line of said Lot "M" 913.54 feet for the true point of beginning; thence South 9° 52' 30" East 2843.64 feet; thence North 81° 35' 50" West 19.4 feet; thence South 49° 38' 40" West

-2-

You never put a dollar into the Mission Gorge No. 3 property. I paid for the entire investment and for all the development that was made there, yet you should get \$40,000 to \$50,000 profit out of that when we sell.

I wired you today that we had defeated Heilbron two to one. We cleaned out three of the old council and the other two will be recalled shortly. The mayor is also gone, and a new mayor elected. Bacon, however, did not run. The election could not have gone better for us. You did not put up a nickel in this fight, and it has cost me over \$1200.00 but I am not going to make any complaint. We are going to get what we want in the matter of Mission Gorge No. 3.

You have already had \$25,000 or \$30,000 in dividends. Your contract with the city (5/11ths) in the sale of the distribution lines gives you about \$70,000 more, including another check coming pretty soon for odds and ends that the Cuyamaca Company owned, makes \$100,000 in cash that you are sure of getting. You can easily count, in my opinion, on \$50,000 more from this property, \$40,000 more from Mission Gorge No. 3, making \$190,000 and your interest in the Cuyamaca Water Company holdings that we still have should bring you another \$50,000 to \$75,000 in the next five years.

I am determined to see that you get this amount, or as near it as possible, and keep up to my original estimate of a quarter of a million dollars. You helped me out at a time when I needed it. You were mighty nice to me in the matter of the Murray note which Mrs. Murray agreed to give me for my services and so informed both my wife and my sister, as well as myself, but Brown gummed the cards and take it altogether, it will be the best day of my life to look you in the eye and say, "My boy, my pledge of \$200,000 to \$250,000 clean profit for the interest you have taken in me and my affairs is fulfilled."

As ever, and forever,  
Your friend,

EF:KLM

P. S. Our agreement wherein you became interested in the Cuyamaca System was signed by you on April 7, 1923.

The 828 acres was purchased in July - deed dated July 23, 1924.  
E.F.



389.98 feet; thence North 59° 54' 50" West 245.86 feet; thence North 16° 40' 10" East 296.92 feet; thence North 78° 19' 50" West 650.0 feet; thence North 35° 49' 50" West 147.46 feet; thence North 6° 40' 10" East 270.0 feet; thence North 83° 19' 50" West 90.0 feet; thence North 66° 19' 50" West 175.0 feet; thence North 54° 19' 50" West 275.0 feet; thence North 42° 19' 50" West 60.0 feet; thence South 4° 40' 10" West 260.0 feet; thence North 65° 19' 50" West 514.49 feet; thence North 9° 52' 30" West 1873.56 feet more or less to the Southerly line of Lot "N" of said Partition of the Rancho Cuyamaca; thence East along said Southerly line of Lots "N" and "M" 1861.35 feet to the point of beginning, EXCEPTING therefrom the following described portion, to-wit:

That portion of Lot "D" of the Partition of the Rancho Cuyamaca as shown in Book 43, page 309 of Deeds in the Records of San Diego County, California, and more particularly described as follows:

Commencing at the Northwest corner of Lot "Y" of said Partition of the Rancho Cuyamaca; thence North seventy six degrees 2' 30" West along the Southerly line of said Lot "D" 852.77 feet; thence North 10° 55' 01" West along the Westerly line of Parcel #2 as per L. S. map 218, Record of Surveys of said San Diego County, 1410.27 feet to the true point of beginning; thence South 79° 05' West 208.71 feet; thence North 10° 55' West 377.73 feet; thence South 78° 27' 30" East 377.33 feet; thence South 25° 36' West 235.27 feet to a point in the Westerly line of said Parcel #2; thence South 10° 55' 01" East 44.50 feet to the point of beginning and comprising 2 acres.

That this property is being held in trust in the name of Ed Fletcher purely for convenience in making deeds and contracts of purchase;

That said Fletcher agrees to handle said property to the best advantage, as he would his own, and in consideration of the management, bookkeeping and commission in the sale of the property, said Fletcher is to receive ten (10) percent commission when said sale is made, providing said property is disposed of within five (5) years from date at prices, terms and conditions mutually satisfactory.

WITNESS my hand and seal this 1st day of April, 1927.

(signed) Ed Fletcher

" Mary C. B. Fletcher

ACCEPTED:

(signed) Charles F. Stern

February 17, 1928.

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

My dear Frank:

A meeting was held in my office yesterday morning, everything definitely agreed on for a compromise on the river, and it is a matter of publicity now. I had another conference last night with city attorney, O'Keefe, who asked for my recommendation on a future program. I told him to let the Mayor have the credit of calling a meeting with Mr. O'Loughlin of the Union and Edwards of the Sun, and get both papers pledged.

I will have O'Loughlin and Edwards meet at a separate meeting with representatives of the district. I convinced O'Keefe that if we can get both the Union and the Sun pledged to support the compromise, there will be no need of having an election, and I predict within 90 days, the council will sign this compromise without the necessity of an election.

I know you will say this is very optimistic, and perhaps it is, but faith works wonders. Am taking Mayor Clark and his wife up to Del Mar tomorrow night to the San Dieguito Chamber of Commerce banquet at Del Mar. Since the change in the ownership of the Union there has been a very marked difference in the relations between the city hall and one Ed Fletcher. You can rest assured I have not encouraged it and the friendliness comes unsolicited, but I am not going to drive them away.

Yours sincerely,

EF:KLM  
Dictated Feb. 15th



April 4th, 1929.

Mr. C. F. Stern  
#10 Berkeley Square  
Los Angeles, California.

My dear Frank:

Enclosed find clipping from last night's paper that  
may be of interest to you.

Yours very truly,

EF:GMF  
Encl.

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	FULL RATE
DAY LETTER	DEFERRED
NIGHT MESSAGE	CABLE 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

Form 1206-A

NO.	CASH OR CHG.
CHECK	
TIME FILED	

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

SANDIEGO CALIFORNIA APRIL FIFTH 1929

MR AND MRS CHARLES F STERN  
c/o STEAMSHIP CITY OF HONOLULU  
SANPEDRO CALIFORNIA

MUST A WORD TO LET YOU KNOW WE ARE REJOICING WITH YOU AT THIS TIME  
MAY THE NEXT MONTH BE THE HAPPIEST OF YOUR LIVES AND MAY YOU RETURN IN  
HEALTH AND RENEWED VIGOR TO CARRY ON LIVES WORK I HOPE THE FLOWERS  
WE ARE SENDING WILL KEEP FOR THE ENTIRE TRIP AND HELP TO REMIND  
YOU THAT YOU HAVE LIFE TIME FRIENDS IN SAN DIEGO

ED FLETCHER

Charge Ed Fletcher Company  
1020—9th Street



April 15th, 1929.

Mr. C. F. Stern  
10 Berkeley Square  
Los Angeles, California.

Dear Mr. Stern:

Enclosed please find check for \$647.73, being your  
5/11ths of check received from the City of San Diego  
in the sale of the Cuyamaca Water Company, amounting to  
\$1425.01.

Yours very truly,

MRP:CAF  
Encl.

April Twenty-third,  
1929

Mr. Charles F. Stern,  
10 Berkeley Square,  
Los Angeles, Calif.

My dear Franks:

Enclosed find letter from Mr. Castle that is explanatory.

I will have some dividends for you on the Cuyamaca  
property shortly.

Yours truly,

EF:AK



May Ninth,  
1 9 2 9

Mr. Charles F. Stern,  
10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

Just to let you know that I am alive and hoping  
that you will give me a telephone ring just as soon  
as you arrive in town.

Sincerely yours,

May 15th, 1929.

Mr. C. F. Stern  
10 Berkeley Square  
Los Angeles, California.

My dear Frank:

Enclosed find copy of letter I have written Chandler  
that is explanatory.

I am sure he is going to personally invite you to a  
luncheon the last of this week or the first of next  
so that you can go to the bottom of the Rita-Carleton  
deal and see if you will be interested.

Anticipating your visit on Wednesday and with kind  
personal regards, I am

Yours very truly,

CF:CMF  
Encl.



May Twentieth,  
1 9 2 9

Mr. Charles F. Stern, V.  
10 Berkeley Square,  
Los Angeles, Calif.

Dear Mr. Stern:

Enclosed please find check for \$645.83 to cover your  
five-elevenths of the check received from the city  
today.

Yours truly,

MEF:AK

May 23rd, 1929.

Mr. C. F. Stern  
#10 Berkeley Square  
Los Angeles, California.

My dear Frank:

Enclosed find copy of opinion as printed in the La  
Mesa Scout that will be of interest.

I am going after this thing to see that we do not  
lose out in our rights and have written both the  
La Mesa District and their attorneys. Don't you  
think we better have Judge Sloane sit in to protect  
us in our rights rather than leave it to the District  
Directors as to what refund we are entitled to.

I am also taking this matter up with Judge Conkling.

Yours very truly,

EF:GMF  
Encl.



May Twenty-fifth,  
1 9 2 9

Mr. Charles F. Stern,  
10 Berkeley Square,  
Los Angeles, Calif.

My Dear Frank:

Enclosed find building permits of Coronado as per  
your request.

Sincerely yours,

EF:AK

May  
27th,  
1929.

My dear Colonel Ed:

Thank you very much for the chart of building permits of Coronado. The figures do not show ~~the~~ very pronounced activity, although they are better than I was led to believe from casual observation.

I have not heard from Mr. Chandler since I talked with you over the telephone a few days ago. He may be out of town.

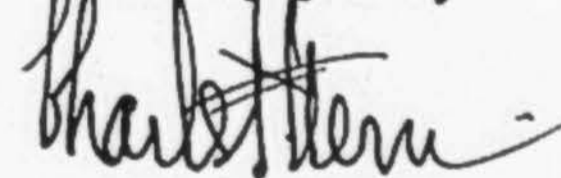
With reference to the collection of our legal expenses incident to the condemnation suit of the City, I rather think it would be good judgment to have Judge Sloane sit in on it for us. We have quite a bit at stake. I shall be glad to accept your judgment in this, as in other similar matters.

I shall write you in a day or two about Fletcher Hills. Mr. Fleischhacker is not yet back and we have time enough.

I did enjoy my day with you last week.

With warm personal regards, I am

Sincerely yours,



Colonel Ed Fletcher,  
San Diego,  
California.



June Twenty-seventh,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

Dear Mr. Stern:

Enclosed find check for \$643.93 being your five-elevenths  
of the collections from the city of San Diego today.

This collection in some way has been held up this month  
but we trust we will not have the same trouble  
next month.

Yours truly,

EF:AK

July Tenth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Franks:

I had a talk with Harry Chandler after I left you  
and before returning home Monday night.

He asked me definitely not to do anything on the  
Ritz-Carlton matter until Mr. McEnirny came down  
about the 22nd of July. I agreed to it.

He voluntarily told me that he had tried a week  
or ten days ago to get Fleischhaker in to the  
Ritz-Carlton project in Los Angeles and possibly  
San Diego. Fleischhaker turned him down and told  
him that he had been negotiating for many months with  
the Spreckels interests in this matter, re taking  
over all of the Spreckels Coronado holdings including  
the hotel and even the railroad.

Chandler went to Mr. Fleischhaker without my knowledge  
and it was not until Mr. Sullivan told me last Saturday  
that I knew anything about it.

Chandler says he is going to see Fleischhaker again in a  
few days and will try to get him once more interested  
in the Ritz-Carlton in Los Angeles.

By the way, Mary said last night that she did not  
understand why she had not heard from your good wife,  
that there was a good long letter coming and on top of  
that both you and the good wife must come down in three  
or four weeks, even if it is the middle of the week,  
and let's spend the night together at Eagle's Nest.

Sincerely yours,

EF:AK



July 23, 1929.

Mr. Chas. F. Stern,  
10 Berkeley Square,  
Los Angeles, California.

Dear Frank:

Enclosed find copy of letter I have received from the La Mesa Irrigation District which is explanatory.

Will you not bring all the influence you can to bear on O'Melveny to keep their expense down.

What are you willing to give, or the Cuyamaca Water Company to give toward the attorneys fees that will have to be paid to argue this case before the Supreme Court of the State of California.

I will be in the office all tomorrow morning.

The Board of Directors is to meet Tuller and Myers at 10 a. m. tomorrow, July 24th. By all means be there and see what you can do toward helping out on this matter. I am willing to abide by whatever you may do in the matter.

Yours very truly,

EF:KLM

July 27, 1929.

Mr. C. F. Stern,  
10 Berkeley Square,  
Los Angeles, California.

My dear Mr. Stern:

Enclosed herewith find check for \$642.05 being 5/11ths of the monthly payment by the city on the Normal Heights contract.

Yours very truly,

KIM



August 1, 1929.

Mr. Chas. F. Stern,  
10 Berkeley Square,  
Los Angeles, California.

My dear Frank:

The Irrigation District ran a great big bluff on me, but I absolutely refused to put up a nickel for O'Melveny, Tuller & Myers, and told them that the only expense we would go to would be for Judge Sloane, which we will pay for ourselves, in addition to the expense of sending out several thousand copies of Judge Sloane's brief and letter, which has had a most favorable effect both in the district and in the city.

Frank Belcher is calling a committee together for a compromise this coming week, at my suggestion. I got Colonel Copley to serve on the committee and Belcher has invited Edwards of the Sun, also representatives from the District. They mean business and a compromise, in my opinion, is absolutely going to be made.

The suggestion that I have made to all of them, which seems to be taking well, is to immediately get an initiative vote of the people both in the city and in the district, within the next four months, on the following question:

Shall the Irrigation District concede to the city the paramount right to the waters of the San Diego River upon the city conceding that the Irrigation District has acquired by estoppel or adverse possession the right to one-third of the waters of the river for itself and such outside areas as it is obligated to serve; the Irrigation District at its own expense to develop its share of the water, the City of San Diego reserving for its own use two-thirds of the waters of the river.

August 1, 1929.

Mr. Chas. F. Stern,  
10 Berkeley Square,  
Los Angeles, California.

My dear Frank:

The Irrigation District ran a great big bluff on me, but I absolutely refused to put up a nickel for O'Melveny, Tuller & Myers, and told them that the only expense we were go to would be Judge Sloane, which we will pay ourselves. In addition we have the expense of sending out several thousand copies of Judge Sloane's brief and letter, which has had a most favorable effect both in the district and in the city.

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The Irrigation District informally has told me that it will approve this compromise, and I believe it will go over with a bang by a vote of the people. We may have to raise a little money to circulate the petitions, but it is going to settle the question for a long time.

Of course the above is just a suggestion to the committee and I believe Belcher is strongly in favor of it, as well as Colonel Copley and influential people in the city, with the exception possibly of some of the city officials. I am sure the district directors will accept and the people in the district will vote for it on initiative. With all the newspapers in favor of it the people will vote it.

I am keeping out of the picture publicly in this matter, but I believe I have more influence today both in San Diego and the district than I ever had, and I am going to keep out of the picture and the newspapers.

What do you think of the proposition?

When are you coming down?

With kind regards, I am

Sincerely yours,

EF:KLM

Not read by Col. Fletcher as he left the office before it was transcribed.

August Ninth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

I hoped to see you down here ere this with the good wife. The latch key is open when you want to come.

Everybody seems pretty hopeful in the rehearing of the Supreme Court which they have granted. The District have fired Crouch & Sanders. I stood pat that we should not pay any expenses excepting Judge Sloane in the matter.

By the way would you give me a list of the different bond houses who bought the bonds of the La Mesa District? I know Hunter Dulin, also Pierce-Fair bought some.

My point is this, if this case is going to the Supreme Court of the United States they ought to all chip in and do something toward paying for it as we are all in the same boat.

O'Melveny and Tuller are charging the District ~~\$125,000~~ <sup>\$25,000</sup> just to handle the matter before the Supreme court.

There is a growing sentiment all over San Diego for a compromise. I sent out 1500 of Judge Sloane's briefs around down also to every city and county official and asked them to read it.

It is remarkable - the reaction - Frank. Belcher and Colonel Copley are working together also Paul Edwards of the Sun and they are getting together a committee for a compromise.

The committee are now considering the following



# 2

compromise - an initiative vote in the immediate future.

"Shall the City of San Diego reserve for its own use 2/3 of the water of the San Diego River, allowing the La Mesa Irrigation District (said District to be the same acreage as at present) at its own expense to develop and keep for its own use the other 1/3; on the understanding that if said District needs water from any dam or dams built by the city of San Diego, in order to secure its 1/3 of the waters of the San Diego River, then in that case the La Mesa District shall pay per M. gallons proportionately to the amount taken the actual cost of the development of said water by the City".

Once this question is voted on and favorable it is a small matter to agree on the terms and it will force the city council to act by mandatory on it. What do you think about it?

Write and tell me what you are working on. Have you tied up anything definite yet?

With kindest regards,

Sincerely yours,

EF:AK

August Fourteenth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

Enclosed find clipping from this morning's Union that may be of interest.

Yours very truly,

EF:AK



August Twenty-seventh,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Mr. Stern:

Enclosed herewith find check for \$640.14 being

5/11ths of the monthly payment by the city on the

Normal Heights contract.

Yours very truly,

AK

September Third,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

If you are interested enough in seeing five pages  
of World Work, September issue, somewhat Fletcherized,  
read Old Spanish Trail by Richard Barry.

I am in with the big ones this month.

Richard Barry came around with the Atlantic Fleet  
in 1908. I took him out in my two cylinder Maxwell  
over the heights over-looking Imperial Valley and  
told him what we were going to do. He has now  
written quite an article on what has been accomplished  
and naturally I am in the center of the picture.

With kindest regards,

Sincerely yours,

EF:AK



September  
14th,  
1929.

My dear Colonel Ed:

I shall be very happy to look up your Fletcherized narrative of the Old Spanish Trail in World's Work.

You certainly are a versatile character, constantly breaking out in new places.

I am getting rather lonesome for a look at you. When you are in town, why don't you give me a ring so that we may have lunch together. If you don't, I am apt to drop in on you some day and monopolize a few hours of your time.

Sincerely yours,

*Charles F. Stern*

Charles F. Stern,  
(Dictated by Mr. Stern;  
transcribed in his absence)

September Sixteenth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

Answering yours of the fourteenth Mrs. Stern said that just as soon as vacations were over you were coming down with the good wife and we were all four of us going to Eagle's Nest.

How soon is that time coming. Will you set the date or shall I?

Very sincerely yours,

EF:AK



September Twenty-third,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

I thought you might be interested in seeing what kind of contracts the City of San Diego are signing on the San Diego River, copy of which is herewith enclosed.

The La Mesa District Directors fired Crouch and O'Melveny, Tuller and Myers are the principal attorneys.

Sloane's brief certainly had a decided effect among my friends here. I had 1500 of them struck off and mailed them to every voter in El Cajon and La Mesa, with the result that there is no more talk of annexation.

I think I told you we got out of paying any more money, that the directors signed their own contract with O'Melveny, Tuller and Myers - \$25,000 I think it was - to carry the case through the Supreme Court of the State to the finish. I thought it was mighty high considering that they had rendered an opinion and been paid for it before as to the legality of our water supply.

The Supreme Court last week sat enbank - all seven of them - listening to the presentation of the both sides. I did not go up but a good many did from La Mesa.

It seems the Judge that wrote this decision in which the others concurred only told them they could have an hour to present their case but the other Judges got so interested they over-ruled the one who wrote the opinion and the case occupied the greater part of two days on arguments by both sides.

The Supreme Court then asked for new breifs to be filed by both sides so it looks very encouraging.

September Thirtieth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

I don't remember that I told you or not that I have practically closed a deal on the sale of about a million dollars worth of property down the Strand for the Spreckels interests from Tent City south. It is going to be a state park.

I am now negotiating with a Boston outfit to take over the hotel and all the Coronado holdings including Tent City.

Mr. Sullivan was down the other day and told me that for over a year and a half at different times Mr. Fleishaker has been trying to buy, not alone all their Coronado holdings but the Street Railway, but his bid has been so ridiculously low that Sullivan would not consider it.

Mr. Sullivan suggested that I drop a line to Mr. Fleishaker the other day to come down and look over the situation. In reply he said that he would have Mr. Strub bring his associates down shortly and look the situation over. Do you know Mr. Strub?

Do you think it advisable to take Mr. Strub out to Fletcher Hills while he is down and am showing him Coronado?

I am of the opinion that Mr. Sullivan is not going to sell any part of Coronado except through me. That may be conceit but Mr. Sullivan has shown me every consideration and I have worked hard to put the sale over and Mr. Sullivan recognizes it.

I had Mr. McErnery of the Ritz-Carlton down the other day. This is another possibility of disposing



# 2 Mr. Charles F. Stern

9-23-29

At least more so than ever before.

Sincerely yours,

EF:AK

# 2 Mr. Charles F. Stern

9-30-29

of the Coronado Hotel. As you probably know it is all financed in the Ritz-Carlton built in Hollywood.

The job of grading and paving is down at Fletcher Hills, or almost done. One nice \$10,000 Spanish home is under construction. I have three or four fine prospects but havenot put the property on the market or tied it up yet.

I am now negotiating with Mr. Nichols of Kansas City, the famous subdivider. He was out here two weeks ago and looked over Murray Hill. He likes it very much and it may be that I will do some business with him.

I am of the opinion that we are going to get relief and the Irrigation District is going to win out at least on estoppel which will give us at least twelve million gallons of water a day at our intake, pr enough to take care of our entire district as at present constituted as the state engineer's report is eight million gallons daily as a minimum.

Have you tied up on anything yet in Los Angeles?

How are you getting along with your friend Culver?

You had better come down here and look the situation over. Things are looking brighter every day in this neck of the woods. If there is any way of tying up with you I want to do it.

Can you now bring the good wife down and let Mrs. Fletcher and I give you both some fun at Eagle's Nest?

I have sold \$40,000 of property at Grossmont in the last two months. Two new houses are just completed and two more on the way.

It has been a mighty dull summer but we are commencing to sell property again up the coast and you will see a big change.

What is the matter, why don't you answer my letters? Drop me a postal card telling me when you are coming.

Sincerely yours,

EF:AK



9-30-29

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I am of the opinion that we are going to get relief and the Irrigation District is going to win out at least on estoppel which will give us at least twelve million gallons of water a day at our intake, or enough to take care of our entire district as at present constituted as the state engineer's report is eight million gallons daily as a minimum.

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How are you getting along with your friend Culver?

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It has been a mighty dull summer but we are commencing to sell property again up the coast and you will see a big change.

What is the matter, why don't you answer my letters? Drop me a postal card telling me when you are coming.

Sincerely yours,

EF:AK

October Seventh,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, California.

My dear Frank:

Enclosed find clipping.

The next ten days will tell the tale. Money is tighter than ever down this way but we are hoping to put it over.

After this is over come on down and bring the good wife and let's the four of us go up to Eagle's Nest for a day or two. Can you not come down the last of next week?

Sincerely yours,

EF:AK



October Sogenth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

In case of Smith against Fletcher which is coming up for trial this week in the matter of \$26,000 damage suit in water rates in those certain old water right contracts, my attorney states that we became a public utility, we were so declared by the Railroad Commission and the Supreme Court and the contracts were invalid as far as the old rate was concerned.

It is true they can get water but the price instead of being six cents a thousand gallons is nearly thirty cents and the court might declare that in equity the El Cerritos Park Company might be entitled to something but I believe that the case can be knocked out.

I saw Smith on other matters the other day and he agree to settle for \$1250. I offered him \$500.

I think the whole thing can be settled for something like \$750 or a thousand dollars. It looks like blackmailing scheme pure and simple. What would you advise me to do?

Yours very truly,

EF:AK

October Ninth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

Enclosed find copy of letter I have written Brown today that is explanatory.

Have you been served with any papers? What do you think about it? I think this is the best way to clean it up.

Yours very truly,

EF:AK



C H A R L E S F R A N K S T E R N  
T E N B E R K E L E Y S Q U A R E  
L O S A N G E L E S

Friday, Oct 11-29

Dear Col Ed -  
your energy and vitality  
are amazing - I worked as a vice -  
chairman of Community chest  
last year; but this year, having  
more time, I passed it up - due  
to no lack of energy, however, of  
course you will put it over with  
a bang. Perhaps when you have  
this job behind you, I dare and  
I can run down for a couple  
of days. As a matter of fact I  
have been quite busy with a  
variety of things, in addition  
to which we are building a  
house at Wroughtwood which



has taken us up there for our week ends  
this past month, and will continue  
so to do for a few weeks yet, until the  
job is done. We are getting a big thrill  
out of it and want you and Lady Mary  
to view the result a little later when  
the winter sports are on.

I don't know enough about the old water  
contracts to hazard a guess whether you  
had better fight or compromise. If you  
fight and lose, a precedent is established  
which may be explosive; if you compromise  
the same precedent comes up. I would  
take Judge Sloane's advice. I have not  
been served with any papers, nor do  
I believe I am a party to any such  
action. As I understand the matter  
you and I had a contract to buy the  
Murray interest in Cuyamaca  
but we never became stockholders  
by virtue of that contract, for the Murray  
interest passed direct to the district. Of  
course you were a Cuyamaca  
stockholder quite outside of that deal,  
as was the Murray estate. I may be  
wrong, but that is my conception  
of the matter.

I don't believe Fletcher Hills is  
in any shape to interest outside capital  
in a large way until the water question



is settled - favorably.

I have not tied to anything routine as yet, and am in no hurry - I am getting a point of view that is new to me, and very valuable and we are eating regularly.

By the way, the September Cuyamaca check seems to have gone astray - at least it has not arrived.

Give me a ring when you are up and let's have lunch together; or better yet, spend the night with us for we have a lot to talk about, and besides, we miss you.

Sincerely yours  
Charles Allen

October 11th, 1939.

Mr. Charles F. Stern,  
10 Berkeley Square,  
Los Angeles, California.

My dear Mr. Stern:

Our books show a credit of \$683.25 due you for the September payment by the city on the pipe line lease. Please pardon our oversight in not sending this to you before. Enclosed find check.

Yours very truly,

KLM



October 29th, 1929.

Mr. Charles F. Stern  
22 Berkeley Square  
Los Angeles, California.

My dear Frank:

The El Cerrito Park Company were forcing an issue and the case would be going to trial in a very few days. The date of the trial has been set once.

Enclosed find copy of letter from Sloane, that is explanatory.

The La Mesa Irrigation District will not put up any money.

The suit can be settled for \$600, or go to trial, and from the publicity end of it, I cannot let it go to trial.

I think under all the circumstances, it is only fair that you should stand half of this loss, and as long as we cannot get the District to put up any of it, I hope this will meet with your approval.

I think I wrote you that the case was set for trial on the 11th of October, but we had it postponed temporarily.

Yours very sincerely,

CF:GME  
Encl.

THE COMPANY BY CRITICISM AND SUGGESTION CONCERNING ITS SERVICE 12018

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WLT = Week-End Letter

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1929 NOV 5 AM 8 05

COL ED FLETCHER=

★ SAN DIEGO CALIF=

VISITING RANCHOSANTAFE TODAY=

CHARLES F STERN.

THE QUICKEST, SUREST AND SAFEST WAY TO SEND MONEY IS BY TELEGRAPH OR CABLE



November Sixth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

I have settled with Smith for \$600 and the suit will now go to trial this month as planned.

I will pay all the attorney's fees which are in the neighborhood of \$200 but I do think you should pay 5/11's of the cost of settlement.

You and I together contracted to buy the Murray estate interests. You got 8/11's of the profits and my attorney says without a question of doubt you would have had to pay 5/11's of the judgment in this case providing we could not stick the Murray Estate for it. I think this is on y fair under all the circumstances and hope you approve it.

Enclosed find October statement of money received from the city amounting to \$336.36 do you less \$272.75 making a net amount of \$63.61 for which enclosed find check.

If this is not satisfactory under all the circumstances it goes without saying that I will make it satisfactory.

Let me know when it is agreeable for you and Eaton to make the trip. I would like to invite one other friend making a party of four and with Gill making five we wont be crowded on our Mexican trip.

I hope to be up and see you next week and then we will talk everything over, including Rancho Santa Fe. I would not like anything better in the World than to see you President of that Company and put it on its feet

Sincerely yours,

EFLAK

November Thirteenth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

Do you know anything about these people - the Mercal Guaranty Corporation - and what do you think about their statement?

They want to trade me stock for some land at Solana Beach.

Let me know what you think of them and what you can find out about them and oblige me.

Sincerely yours,

EF:AK  
Encl.



November Twenty-first,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

I got Belcher and Colonel Copley together. The result is that they are going to start something.

The plan is to have the Chambers of Commerce of San Diego, La Mesa, Lemon Grove and El Cajon all get together, call a meeting, appoint committees and see if we can't find an equitable basis to compromise this endless litigation on the San Diego River. Will keep you posted.

Sincerely yours,

EF:AK

December 3, 1929.

Mr. C. F. Stern,  
10 Berkeley Square,  
Los Angeles, California.

My dear Mr. Stern:

Enclosed find check for \$397.50

which is your proportion of the November payment from the city, less 5/11ths of the Guyanaca Water Company State and County taxes which we have paid.

The taxes amounted to \$721.74  
5/11ths of which is \$326.95; the city check for November was \$1395.88, of which 5/11ths is \$633.45, leaving a balance due you after paying taxes of \$397.50.

Yours very truly,

ED FLETCHER COMPANY

By

KLM



December Eleventh,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

After getting the city to vote \$600,000 to enlarge Chollas reservoir, enclosed find article that is explanatory.

Savage is commencing to look at Murray Dam again and had a talk with me on the matter Friday, in fact, we had one real heart to heart talk two weeks ago.

I have a sneaking idea that Savage sees more value to Cuyamaca water system than ever before and things are commencing to look up for us, I hope.

Sincerely yours,

EF:AK

December  
14th,  
1929.

My dear Colonel Ed:

Received your letter of yesterday. I certainly would welcome a solution of our vexed problem down there but I have pretty much lost all faith in both the intentions and ability of the governing bodies of the City of San Diego. However, we can still stand the siege, which is probably the only thing to do.

Some little time ago you asked me about the Mercal Guaranty Corporation. I have had them looked up in detail and I am sending you the result in strictest confidence because it is a privileged communication from the Bank and ought not to go outside of the Bank. I will ask you to have a look at it in confidence and return it to me.

The President is our friend, Mayor Rolph of San Francisco, and assuming that the figures are dependable as stated, I would say that the Company was in fair position except that it has very little cash on hand. I do not quite reconcile the statement that satisfactory balances have been maintained by the Corporation with the shortage of cash as developed by the statement of last December.

Before one could know a great deal about this Corporation, it would be necessary to have a look at the statements of the several building and loan associations whose stocks constitute an important part of the assets of this Corporation. I have no way of doing this.

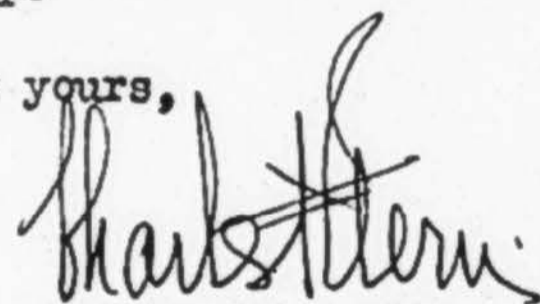


2.

Mayor Rolph has had a pretty hard row to hoe in recent years financially. The bonds of his own Corporation bearing his name - Rolph Coal & Navigation Company, I believe it is - were in default some time ago. I think his concerns were being operated virtually through a receivership. I have never before heard of his connection with the Mercal Guaranty Corporation.

Referring once more to the statement, you will note four large items constitute the major part of the assets. The first is 'Loans and Accounts Receivable \$131,515'; I would want to know something about these loans and accounts. It is possible, you know, that they might be in considerable amount loans to officers and/or directors. The second large item, \$175,661, covers 'Stock of Building & Loan Associations and Other Securities'. I would want to have a look at the list of securities. The third large item, \$281,430, is nearly 40% of the total assets and is 'Real Estate'. I do not know whether the 'Notes Payable to Bank', \$60,000, cover mortgages on this real estate or not, but I would want to know something about the real estate, how it is valued, etc. The last large item, \$123,725, isn't itemized at all. I suspect that in it you will find promotion expenses, cost of stock sales, etc. which are valueless as assets. I am not particularly impressed with the set-up.

Sincerely yours,



Charles F. Stern

Colonel Ed. Fletcher,  
San Diego,  
California.

December 18th, 1929.

Mr. C. F. Stern  
10 Berkeley Square  
Los Angeles, California.

My dear Frank:

It was mighty sweet of you to give me a report on the Mercal Guaranty Corporation. If there is any expense in relation thereto, send me a bill for same.

We sure have had a hard road to hoe, the stock market collapse and all, but I have been able to raise enough money to pay my taxes and keep going. Am praying for better times soon.

Have never put Fletcher Hills on the market, the job is now done, a splendid paving, and cast iron water mains. The assessment is about \$400 an acre, spread over twenty years, no interest to pay until a year from now. There are eight or ten Mattoon Act Districts in the County - Rolando, Paradise Hills, Windsor Hills, Valencia Park, Monterey Park, and others, averaging \$3000 to \$5000 an acre, that have given us a black eye.

There is nothing selling in real estate at the present time.

I tried to get you by phone twice Monday morning on my way thru from San Francisco, but you did not answer. I guess you were at Wrightwood.

Give my kind regards to the Good Lady and with best wishes to you,

Sincerely yours,

EF:GMF



December Twenty-first,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, Calif.

My dear Frank:

We are enclosing shipping receipt for the usual  
little gift - something substantial to eat.

With kindest personal regards, and wishing you  
the Compliments of the Season, I am

Sincerely yours,

EF:AK

December Twenty-fourth,  
1 9 2 9

Mr. Charles F. Stern,  
#10 Berkeley Square,  
Los Angeles, California.

My Dear Frank:

Congratulations on "Where we are going and Why". It is  
a splendid article.

I have heard favorable comments from a number of  
different sources.

With kindest personal regards,

Sincerely yours,

EF:AK



May Eighth  
1 9 3 0

Mr. Charles F. Stern  
14 Berkeley Square  
Los Angeles, California

My dear Frank:

Confirming your telegram enclosed find legal description of Lot "D", Cuyamaca Rancho, approximately 978 acres less the Cuyamaca Resort Land; Taher, 2 acres, which we never did own, the Sloane piece of approximately one-half acre, the Campbell piece of .15 acre; the piece sold to Stewart of five acres and the piece of land given to the Boy Scouts, leaving approximately, unsold, 865 to 867 acres

This ought to get us at least \$300.00 a acre, you owning a one-fourth interest.

Yours very truly,

EF:EK

865 acres @ \$15 \$12,975.

Ward Co. Co.

October Third  
1 9 3 0

Miss May:

Did I write a letter showing that Stern doesn't own No. 3 dam site over and above \$40,000?

Will you please look this up that I may have an intelligent record?

E. F.

1/22/26 - I let her to get back  
\$40,000.00 plus 6% int. Profit over  
and above to be divided equally.



November Eleventh,  
1 9 3 0

Mr. Charles F. Stern,  
Suite 1225 L. A. Stock Exchange Office Bldg.,  
Los Angeles, California.

My dear Frank:

I have had two inquiries the last two weeks regarding what price to sell Mission Gorge No. 3, which I own. One was from the district and the other from a private individual. I don't understand it and so far have made no commitment.

I had given up hope of ever getting much out of it. Now that the City of San Diego owns the Paramount Right it takes all the milk out of the coconut.

Under our arrangement, if I remember rightly, you were to have one-half of the profits over and above \$40,000.00 and 6% interest in case the district exercised its option. This option expired last August and nothing was done.

It goes without saying that if I can sell Mission Gorge No. 3 at any figure above that originally agreed on within a reasonable time you get one-half of the profits over and above \$40,000.00 and 6% interest but I don't want to be tied up indefinitely and know you won't ask me to.

Harritt was in to see me the other day and authorized me, so far as he personally is concerned, to bring about a compromise with the city whereby the District pay \$150,000 for Murray Dam and whatever the value of the land within the Mission Gorge No. 3, a reasonable value for about 450 acres that the district owns and he thought the district would be willing to buy Mission Gorge No. 3 at a reasonable price and give it to the city, also all of the Cuyasaca system including El Capitan without cost, providing the city would give them water at the present irrigation and domestic rates and the district pay off the interest and sinking fund on the bonds.

Something may be worked out along these lines but the city will fight to the last ditch demanding a domestic rate.

I had Savage, Bacon, Edwards of the Sun and General Kuhn

CHARLES F. STERN  
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING  
639 SOUTH SPRING STREET  
LOS ANGELES, CALIFORNIA  
TELEPHONE HUVER 6711

November 14, 1930

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

My dear Colonel Ed:

I returned at midnight last night from a hurry-up trip into Inyo County to inspect a salt proposition which I think I mentioned to you heretofore. We drove 230 miles after supper last night and I was in bed at midnight. I do not know anywhere else in California, which means anywhere in the country, where one can drive at a continuous speed that is safely possible between here and Lone Pine. The roads are marvelous and the traffic last night was almost non-existent until we were this side of Palmdale and not very much until this side of Saugus.

On my desk this morning I find your letter of November 11th outlining the present status of the perennial and perpetual negotiations between the La Mesa District and the City of San Diego. I appreciate your courtesy in keeping me thus informed.

I was particularly struck, however, with that portion of your letter dealing with Mission Gorge No. 3. My recollection of our arrangement didn't quite agree with yours as expressed in this letter and I assume you were speaking from memory only. I have traced the matter back in the files and find that our arrangement is quite definite with reference to Mission Gorge No. 3. It is definitely expressed in my letter to you of January 22, 1926, paragraph "d" as follows:

"We accept as of this date \$40,000 as the valuation of Mission Gorge No. 3. In the event of a sale Colonel Fletcher is to be paid the \$40,000 plus interest at 6%; all additional moneys to be equally divided between Stern and Fletcher."

You accepted and confirmed this arrangement in your letter to me under date of January 26, 1926.



to dinner and discussed the whole matter with them last week.

Some compromise may be made along these lines and I will keep you posted.

Yours very truly,

EF:ASK



Col. Fletcher

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November 14, 1930

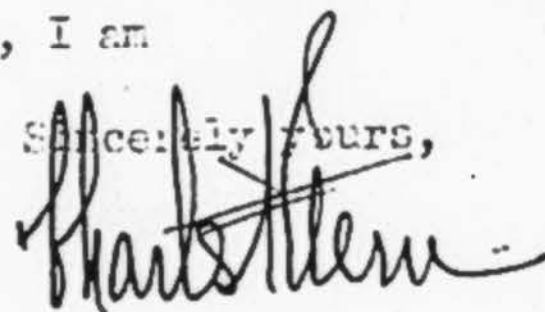
In other words, my interest in Mission Gorge No. 3 is in no way connected with or dependant upon the option given the irrigation district to buy the property, but is a continuing interest.

If the district is really thinking of buying Mission Gorge No. 3, I suggest again the possibility that we might sell the property to the district, taking new bonds on an agreed valuation. The market value of the bonds would return us a figure much below any price we have heretofore discussed for Mission Gorge No. 3, but if the interest on the bonds is paid we can afford to carry them and wait for the realization of our hope and belief that ultimately they will be redeemed at par.

Please understand that in making these various suggestions I do from time to time I have no thought of tying your hands in any way or hampering your negotiations; you are on the ground and I shall always in the future show the inclination I have evidenced in the past of yielding to your judgment. All that I ask is that my own interest in the situation be clearly defined and cared for.

With best regards, I am

Sincerely yours,



CHARLES F. STERN  
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING  
639 SOUTH SPRING STREET  
LOS ANGELES, CALIFORNIA  
TELEPHONE TUCED 4211

November 18, 1930

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

My dear Colonel:

Thank you very much for your letter of yesterday in further discussion of the Mission Gorge No. 3 problem. I believe that our minds apparently meet on our arrangement.

Whether there is any ultimate nourishment in the arrangement or not is of course quite a different matter.

I have always considered Mission Gorge No. 3 as valuable from the standpoint of a reservoir site rather than because of any water rights that pertained thereto; in other words, if the city or the district desire to build a dam at Mission Gorge No. 3 the site has a distinct value quite apart from the question of whether the city or the district owns the water that is impounded behind the dam. There has been so much smoke down there involving El Capitan, Sutherland, Mission Gorge No. 2 and other dam sites, as well as Mission Gorge No. 3, that I am not enough of a prophet to be at all sure where the ultimate dam or dams will be built. I have rather an abiding faith that these things generally work out about as they should, and having confidence in your own analysis of the local situation, which finds as its answer a dam at Mission Gorge No. 3 as the most efficient and economical, I have felt that somehow and some time No. 3 would be selected.

Rather than take any absurd price for this dam site it seems to me it would be the part of wisdom to play the longer game and undertake to steer the ultimate decision in our favor. If, as you have suggested, the forces in favor of El Capitan and those in favor of Mission Gorge No. 2 battle to a standstill it may be that site No. 3 will be selected as a compromise.



Col. Fletcher

-2-

November 18, 1930

It keeps running through my mind that the irrigation district ought to have Mission Gorge No. 3 and would like to have it. It would certainly be worth something to the district in any negotiations they may now have to conduct with the city. It's another piece on the board and adds to the variety of moves which the district may make. It seems to me therefore that it ought to be possible to make a deal with the district whereby we sell them Mission Gorge No. 3 and take their bonds in payment. I can buy their bonds on the street at around 37. If they gave us \$100,000 par value of the bonds for Mission Gorge No. 3, the actual market value would be \$37,000. If they gave us \$150,000 in bonds, to correspond with the option price, the actual market value would be around \$55,000. We could take these bonds and hold them; we would get some return in the meantime and ultimately get a reasonable price for the property.

Unless some such deal is possible at this time my counsel would be to wait for the breaks.

Your friend Nels Gross called me on the phone within the hour to discuss the La Mesa situation. It seems that a number of the smaller banks in Southern California have La Mesa bonds on deposit with the State Treasurer, and the State Treasurer has ordered them out due to the interest delinquency and lack of market. I imagine that some of these banks have come to Gross as financial advisor, hence his inquiry as to the exact situation. This circumstance would indicate to me that the bonds may be worth less before they are worth more. I hope I am wrong.

Sincerely yours,

Charles F. Stern

CHARLES F. STERN  
SUITE 1225 LOS ANGELES STOCK EXCHANGE BUILDING  
630 SOUTH SPRING STREET  
LOS ANGELES, CALIFORNIA  
TELEPHONE TUGHER 211

November 28, 1930

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

My dear Colonel Ed:

I have given careful thought to the problem of disposing of Mission Gorge No. 3. I must, of course, take your point of view as to what we can expect to get from the district and the present value of the property in view of all of the conditions.

I have a contingent half interest above a base price of \$40,000 plus interest. The sale which you now suggest, if you are suggesting it, leaves me with nothing. While under our arrangement I could object to the sale, I certainly do not want you to miss the chance to cash in if you feel that this is the time.

On the other hand, you will recall that when you gave me the interest in Mission Gorge No. 3 at the time of our sale of the Cuyamaca property to the district it was in answer to the dissatisfaction I expressed over the work-out of the deal insofar as I was concerned.

If you sell Mission Gorge now at a price which returns no profit to me under the existing arrangement what have you in mind insofar as I am concerned.

By the way, please mention to Miss May that my December Cuyamaca check has not arrived.

With personal regards, I am

Sincerely yours,

Charles F. Stern



November Twenty-ninth,  
1 9 3 0

Mr. Charles F. Stern,  
Suite 1225, L. A. Stock Exchange Office Bldg.,  
Los Angeles, California.

My dear Frank:

I acknowledge receipt of yours of the twenty-eighth  
and appreciate your attitude in the matter of Mission  
Gorge No. 3.

Like myself, you took a chance on the Paramount Right  
being knocked out in which case we would have got  
our \$150,000 without a question of doubt but conditions  
have changed and we are flat on our back.

I don't think there is much of a chance of this  
deal going thro between the district and the city.  
If it does, it will be a miracle.

By letter, I wrote to Murray, Henshaw and you giving  
you an opportunity to put your money in to Mission  
Gorge No. 3 and share with me in the profits. You  
all turned it down.

I put my own money in to the purchase of over 800  
acres of land, paid out of my own pocket for the  
surveys, core drillings, etc., and carried the  
project for ten or twelve years.

Forty thousand dollars will hardly refund me my  
money and interest.

Under all the circumstances do you think that you are  
entitled to anything and if so, what?

Enclosed find statement and check for \$489.06 that  
is explanatory showing the income from the city for this  
month less your 5/11ths of the first half of the  
state and county taxes.

Yours very truly,

EF:ASK

No. City pmnt # 1,345.83  
5/11 of above # 611.74  
1st Inst. Taxes \$ 269.89  
5/11 of above ————— 122.68  
\$489.06



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

December 3, 1950

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

My dear Colonel:

I find a number of your letters have piled up on my desk in the last few days and this note is by way of a general clean-up.

Going back to your letter of November 22, I note "I have just found out how you got the impression that I gave the interview in the paramount right decision." I am glad that you have discovered that the interview did go out through your office or at least was so published, and that I was not in error.

Your letter of November 22nd with reference to the new deal now pending between the district and the city has already had my attention.

I now come to your letter of November 26th enclosing copy of a letter from Wansley.

Wansley may be right in his contention that over a ten-year period I may pay less taxes because of the changed situation. What interests and hurts me, however, is the additional tax which I have to pay for 1926 and I cannot feel that anybody has done me a good turn in bringing this matter up. It would never have been an issue, I am satisfied, had you and I made returns on the same basis in the beginning. You, yourself, were witness to the discussion that White and I had with Wansley and the position taken by both sides. I certainly do not feel under any obligation to Mr. Wansley or for the work which he may have done, although I am not in any way reflecting upon his ability or sincerity in the premises.

Col. Fletcher

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December 3, 1950

I now come to your letter of November 29th in further reference to Mission Gorge No. 3.

You state that "Like myself (yourself) you took the chance on the paramount right being knocked out, in which case we would have got our \$150,000." etc.

You ask me further "Under all of the circumstances do you think you are entitled to anything and if so what, if the deal goes through."

This is not quite the situation. You will recall that at the time the Cuyamaca deal was closed I expressed my dissatisfaction with the workout insofar as I was concerned and expressed my reasons for this dissatisfaction. In answer thereto you gave me a contingent half interest in Mission Gorge No. 3, which you estimated to be worth to me \$50,000. If Mission Gorge was not worth the \$50,000 and the contingent half interest was valueless, the question which I then raised is still unsettled. In addition to this my information now is better than it was at that time with reference to some further inequalities. I rather think that you and I have another settlement to make quite apart from whether or not you may sell Mission Gorge No. 3 and at what price.

With reference to your letter of December 1st, and the Southern Title & Trust Company, I have nothing definite to report on this. I think that the man you have reference to who has been nosing around there is Captain Sherrill, representing the Security Title Insurance & Trust Company of this city. This latter concern is now dominated by the Title Insurance & Trust Company of Los Angeles. There is nothing immediate or hot in view on this so far as I am concerned. I have a tentative plan into which the Southern Title & Trust might fit but it is not immediate and certainly does not justify you in withholding any other action you may have in mind.

I now come to your letter of December 1st with reference to La Mesa District Bonds. I am not at all of the opinion that I want to borrow any more money to buy district bonds - certainly not until the situation is clearer than it is now. I haven't any money for a frozen investment of that type; the bonds are



December 3, 1930

not looked upon with favor as collateral in anybody's bank, and the situation is sufficiently uncertain to make the paper undesirable right now. I think we should borrow from the Anglo enough to cover the bonds now in hand, and in accordance with your agreement suppose you send me up some collateral that will stand at the bank and I'll send it and a note up to Wilcox. I don't think they would want to hold the bonds at all. Incidentally, we might want that line of credit for other and more pressing needs before the present disturbance blows over.

With personal regards, I am

Sincerely yours,

*Charles Stern*

December 4, 1930.

Mr. C. F. Stern,  
1225 Los Angeles Stock Exchange Office Bldg.,  
629 So. Spring Street,  
Los Angeles, California.

My dear Frank:

Answering yours of December 3d, and considering how you feel about the Wansley matter I will assume the entire obligation of the Wansley deal.

Regarding Mission Gorge No. 3, you and I and our attorneys all thought we would eventually win the paramount right suit, in which case the values in Mission Gorge were there. The paramount right suit is not lost yet, as the case is in the Federal Court and if the Federal Court agrees to take jurisdiction and the case is tried on its merits we still have a chance.

I know of no inequalities or settlement to be made between us that have not been settled. If I sell Mission Gorge No. 3 for \$40,000 to the District, I will take the matter up with you at that time. It does not look now as if anything is going to develop in Mission Gorge No. 3, for thirty days anyway. Judge Conkling left last night for the East with the money to pay off the U. S. Government for the El Capitan Indian lands. When he gets there I believe he will find that the Government will not accept the \$381,000, and the Government intends to hold everything up, as far as the city is concerned, until Section 5 of the El Capitan Act is lived up to, i.e. the towns and lands along the route of the San Diego River are adequately protected with a water supply.

Please let me know the amount of bonds on hand, how much is involved for my one-half interest and I will send up a first trust deed, with a report from the appraiser of the First National Bank as to its value, that will warrant the Anglo-London bank in lending enough money to pay for my one-half interest. I may get some money



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in by the middle of this month and might not have to borrow at all, but it is doubtful. As soon as I hear from you as to the amount of bonds and the money you have paid out that I owe, I will clean the matter up one way or the other.

Sincerely yours,

EP:KLM



# Ed Fletcher Papers

1870-1955

MSS.81

Box: 28 Folder: 1

General Correspondence - Stern, Charles F - 1926 - 1930



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