

LAW OFFICES

CHARLES O. LOUCKS  
10 South La Salle Street  
C H I C A G O

Telephone State 2700

September 21, 1936

Mr. Lewis F. Cowan,  
Palace Hotel  
San Francisco, California

Dear Lewis:

Your letter of the 19th has just been received. I talked with Mr. J. K. Javits this morning. He is stopping at the Drake Hotel, Chicago, Illinois. He is gathering information and stated that he would be ready to talk with you either next week or the week after. He seems to be interested in discussing this deal with you and has promised to advise me as soon as he has his data in shape for further discussion.

Very truly yours,

(signed) CHARLES O. LOUCKS

COL/li

Sept. 25, 1936

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

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

My Commission expires Oct. 2, 1937

CHARLES O. LOUCKS  
10 South La Salle Street,  
Chicago, Ill

Post mark  
Chicago, Ill  
Sep 21  
1 30 PM  
1936  
AIR MAIL

(*Delivered on*  
Oct. 6, 1936)

Mr. Lewis F. Cowan  
Palace Hotel  
San Francisco, California



*Lo Loucks*

October 15, 1936

Mr. Chas. O. Loucks  
c/o Loucks & Loucks  
10 South La Salle Street  
Chicago, Illinois

My dear Mr. Loucks:

The enclosed is explanatory. You can read between the lines - please treat this letter confidential. Will keep you informed.

It was a great pleasure to meet you, and I hope sometime that you and the good wife will visit San Diego that I may give proof of my friendship. The avocados and sweet lemon will go forward to Mrs. Loucks shortly.

Cowan was so mad he said he was going to discharge his attorney, but being somad, I do not think he knew what he was saying, so we had better forgive him and forget.

Sincerely yours,

EF/jv

Enclosure

LAW OFFICES  
**CHARLES O. LOUCKS**  
10 SOUTH LA SALLE STREET  
CHICAGO

TELEPHONE STATE 2700

October 20, 1936

Senator Ed Fletcher  
1020 Ninth Avenue  
San Diego, California

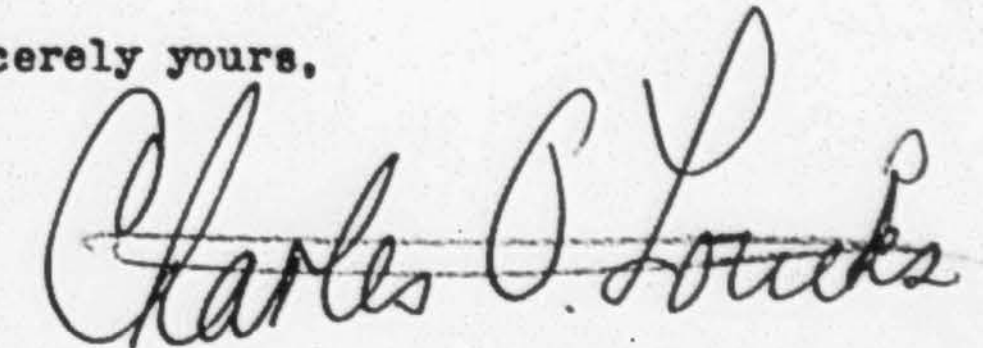
Dear Senator:

Your favor of the 15th instant is at hand. I think your letter sets forth with clearness exactly what took place in New York.

As you can readily see, having been on the ground, it was absolutely imperative if any progress was to be made in the purchase of the San Diego Utilities to have someone representing the purchaser to keep the appointment which I had made with Mr. Javits for Tuesday. It would have been extremely embarrassing for me to have told Mr. Javits that my principals or their representatives were unable to be there and I would have lost much ground had I been compelled to do so. By your description of conditions in San Diego, I am sure that you made a very favorable impression upon Mr. Javits and I feel that the interview which we had at that time was a distinct gain.

I greatly enjoyed meeting you in New York and hope I may have the pleasure of seeing you again.

Sincerely yours,



COL/11



C H I C A G O

October 20,  
1936

Senator Ed Fletcher  
1020 Ninth Avenue  
San Diego, California

Dear Senator:

Your favor of the 15th instand is at hand.  
I think your letter sets forth with clearness exactly  
what took place in New York.

As you can readily see, having been on the  
ground, it was absolutely imperative if any progress was to be  
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representing the purchaser to keep the appointment which I had  
made with Mr. 666 for Tuesday. It would have been extremely  
embarrassing for me to have told Mr. \_\_\_\_\_ that my principals or  
their representatives were unable to be there and I would have  
lost much ground had I been compelled to do so. By your  
description of conditions in San Diego, I am sure that you made  
a very favorable impression upon Mr. \_\_\_\_\_ and I feel that the  
interview which we had at that time was a distinct gain.

I greatly enjoyed meeting you in New York and  
hope that I may have the pleasure of seeing you again.

Sincerely yours,

October 26, 1936.

Mr. Charles O. Loucks,  
10 South La Salle Street  
Chicago, Illinois.

My dear Mr. Loucks:

Your letter of the 20th received. You have a  
lot of intestinal fortitude to write this letter in the face of  
your friendship and family relations with Mr. Cowan. I admire  
you for it.

Mr. Cowan has never replied to my letter. He was  
so violent the Wednesday night I met him at the Palace Hotel, after  
seeing you, there was no use in talking with him. He was either  
drunk or insanely jealous for some reason or other, otherwise he  
never would have talked to me as he did. I never came nearer  
knocking a man down in my life, instead I walked out on him after  
half hour's abuse and trying patiently to explain to him how wrong  
he was.

Without telling me what it was he wanted, he pledged  
me to send a letter to you which he had written me and delivered to  
the Palace Hotel before I arrived. He must have worked himself  
up into a frenzy so that evening I delivered the letter back to  
him unopened. Did he ever send it to you? He said he was going to  
fire you and on Friday afternoon he would have a bid in from another  
source to purchase the San Diego Consolidated Gas & Electric Company  
property. He has an insane idea that I have mentioned your name  
or Mr. Javits to Mr. West and that West might beat us to it. This  
is wholly untrue.

Now to show you what kind of a guy I am irrespective  
of the dirty treatment I have received from Mr. Cowan, I am writing  
this letter voluntarily and as a matter of record. First, that you  
are entitled to and will get as far as my influence is concerned  
\$25,000 for your services, as per your arrangement with Mr. Cowan  
in case a sale is made by Mr. Cowan and myself. Second, that my  
written arrangement with Mr. Cowan still stands. I am to get a  
minimum of \$50,000 and a maximum of \$100,000 for getting the purchaser  
and Mr. Cowan gets one-half of what I get whether he does any work  
or not, and everything over and above \$100,000 goes to Cowan after  
you and I have been paid.



As you know Cowan wrote me under date of Sept. 12th as follows:

"My dear Colonel:

Glad that you had an opportunity of phoning me before your departure last evening and trust that my assurance that you were in this business with me to the end irrespective of who might purchase the San Diego utility property relieved you of any unnecessary anxiety. It never was intended to be any other way."

What his attitude is now I do not know but he said at our last meeting that if West wanted the property it would cost him \$12,500,000 and that he would have another bid in last week Friday from others, so you see I am all in the dark what to do.

Will you kindly give me the following information. Did he blow up and write you or send you that letter. What is his attitude today, and have you heard from Mr. Javits as to what attitude the committee has taken relative to recommending in court the sale of the gas company's property here. What does Mr. Cowan mean when he wrote on October 3d as follows:

"Mr. Loucks reports that the time limit for reorganization plan to be submitted to the Federal court comes up next week."

He also wrote as follows: "I will arrange a meeting for you with Loucks and Javits for a preliminary discussion if you think it would be of any advantage but I could not advise nor would I consent to West being included."

Why Mr. Loucks' change of attitude is more than I know.

I sent Mr. Javits the information he asked for. Enclosed find copy of my letter to him and his reply. ~~FRANKLY~~ I never was in such a mix-up in my life and I am desirous that you write me as frankly as I have written you. Will you please reply by air mail. Mr. West is waiting to hear from me and is ready to talk business any time.

Yours sincerely,

EF H

LAW OFFICES  
**CHARLES O. LOUCKS**  
10 SOUTH LA SALLE STREET  
CHICAGO

TELEPHONE STATE 2700

October 27, 1936

Senator Ed Fletcher  
1020 Ninth Avenue  
San Diego, California

Dear Senator:

Your favor of the 26th instant is at hand. I have not received any proposition from Mr. Javits as yet, but presume he was waiting to receive the San Diego newspaper clippings which you agreed to send him relative to the conditions there. I think, too, that the committee is awaiting the outcome of the political situation, November 3d.

Under 77-B the Court usually directs a time limit for re-organization plans to be submitted and if the same are not submitted within such time proceedings may be dismissed. Commercial reports, I am informed, show the time limit for the plans to be submitted to expire this month. Of course, these plans have to be submitted to creditors, stockholders and interested parties before they become effective.

I do not know what is meant by my "change of attitude" as I have had none that I am aware of.

I have written Lewis thoroughly in regard to the situation and I do not think that he now feels that any harm was done in the negotiations at New York recently, but evidently he is disappointed in not being present at the time, as he had planned to do so.

I have written him that I did not want to see him lose your friendship, nor do I want you to lose his, and now that he understands the situation more thoroughly, I hope that you two can get together.

A division in our ranks at this time would be regrettable and disadvantageous to all parties concerned.

I am very glad that you kept your poise and temper and I have no doubt that you will soon come to a complete understanding.



LAW OFFICES  
**CHARLES O. LOUCKS**  
10 SOUTH LA SALLE STREET  
CHICAGO

TELEPHONE STATE 2700

- 2 -

Senator Ed Fletcher

October 27, 1936

Your letter to Mr. Javits was well written and I believe helpful to the outcome as it will show the necessity of disposing of the San Diego property at this time.

Sincerely yours,

*Charles O. Loucks*

COL/li

October 30, 1936.

Mr. Charles O. Loucks,  
10 South La Salle Street  
Chicago, Illinois.

My dear Mr. Loucks:

Answering yours of October 27th, I have taken the liberty of sending a copy of this letter to Mr. Cowan, after receiving this morning the following telegram:

"Informed my offer is acceptable Ready to proceed with negotiations. Suggest meeting me San Francisco Saturday morning.  
(Signed) L. F. COWAN

I assume from this you have heard from Mr. Javits in New York and that they are ready to proceed. Am happy to get the good news. I hope you approve my letter to Cowan, enclosed.

If Cowan had told Mr. West to make out the check to Cowan for \$100,000 and deposit it with the First National Bank of Chicago, then Mr. Cowan would have been the principal, but where Cowan insists that the check be made payable to Standard Gas & Electric Company, the people who own the property, he would have a mighty hard time explaining in court why, for instance, the court confirmed a \$11,000,000 price and the Southern Sierras Power Company paid \$11,600,000 and what became of the difference unless it was explained in court in advance, and authorized.

Yours sincerely,

EF M



October 31, 1936.

Mr. Charles O. Loucks,  
10 South La Salle Street,  
Chicago, Illinois.

My dear Mr. Loucks:

After receiving Cowan's telegram yesterday stating:  
"Informed my offer is acceptable. Ready to proceed with negotiations.  
Suggest meeting here Saturday morning", I received the following  
letter from Mr. Javits, dated October 28th at New York:

"I have your letter of October 23, 1936, enclosing  
most interesting pictures.

I also have your letter of the 24th with newspaper  
clippings.

The committee is not yet ready to take a position  
on the matter which you and your associates have  
proposed.

Very truly yours,

(signed) J. K. JAVITS"

You write me under date of the 27th that you have not  
received any proposition from Mr. Javits. Has something new developed  
wherein you have wired Mr. Cowan that prompted him to send me yesterday's  
telegram? I do not care to see Mr. Cowan personally until I have a  
letter from him that clarifies the situation. Unless something new  
has developed that I know nothing of, I am inclined to your point of  
view, and that of Mr. Javits, that there is nothing doing until after  
election. For that reason I see no urgency for chasing to San Francisco  
unless Mr. Cowan has a new prospect and new information that I do not  
know about.

Unless Mr. Cowan takes a different attitude from what he  
has, the quicker we agree to disagree the better, and give each other  
an acquittance. In that case what is your decision? Will I be in a  
position to work with you, or not.

As soon as I hear from Mr. Cowan I will send you a copy  
of any letter he may write me.

Yours sincerely,

Mr. Charles O. Loucks

EF M

November 2, 1936.

Mr. Chas. O. Loucks  
10 South La Salle Street  
Chicago, Illinois.

My dear Mr. Loucks:

Enclosed find copy of letter I have written  
Mr. Cowan. I would rather see this deal go thru along the  
original lines if possible. I have been working on this matter  
for a year and a half, long before I ever knew Mr. Cowan, and  
I am going to stay with it whether I win or lose, but I do want  
some commitment from Mr. Cowan, and I know you would expect it  
if you were in my place. After the outburst all he does is  
to wire me Friday to be up there on Saturday, which was out  
of the question, owing to previous engagements. But if I can  
get a reasonable letter from him that he will hold his temper,  
I am ready to talk to him next Saturday afternoon.

If I hear anything from him I will send you a  
copy of the letter.

Yours sincerely,

EF M



Mr. Charles O. Loucks

Oct. 31, 1936.

LOUCKS CHARLES O.

10 SOUTH LA SALLE STREET CHICAGO, ILLINOIS

Dear Mr. Loucks:

Twice I have been to San Francisco at his telegraph or written request and both times he wanted me to finance him on a trip East. I feel I have done more than my part in getting the purchaser and in financing myself as well as Cowan, when there was no legal, nor moral obligation for me to do so, so naturally I am not chasing to San Francisco at Cowan's telegraph request until I have more definite information as to what he wants me for.

He forced me to run a bluff on West with time limit last July, to either put up \$100,000 or step out of the picture, and you know and I know there never was a time the deal could have been closed even if the \$100,000 had been put up. Bluffs don't work with Mr. West, yet he absolutely means business, but if Mr. Cowan can show me any other purchaser as good or better than Mr. West, who will put up money for Mr. Cowan on Mr. Cowan's representations alone, then that is fine.

Yours sincerely,  
C. O. Loucks

Enclosed:

one copy of letter to Mr. West dated Oct. 27, 1936

ME 11

Original:

one copy of letter to Mr. West dated Oct. 27, 1936

Copy of letter to Mr. West dated Oct. 27, 1936

one copy of letter to Mr. West dated Oct. 27, 1936

Very truly yours,  
C. O. Loucks

Enclosed for Mr. West are two copies of letter to Mr. West dated Oct. 27, 1936, one copy of letter to Mr. West dated Oct. 27, 1936, and one copy of letter to Mr. West dated Oct. 27, 1936.

Very truly yours,  
C. O. Loucks

Very truly yours,  
C. O. Loucks

Very truly yours,  
C. O. Loucks

Very truly yours,  
C. O. Loucks

Very truly yours,  
C. O. Loucks

D 3

November 2, 1936

Mr. Charles O. Loucks  
10 South La Salle Street  
Chicago, Illinois

Dear Mr. Loucks:

Enclosed find copy of letter I have written Mr. Cowan. I would rather see this deal go through the original lines if possible. I have been working on this matter for a year and a half, long before I ever knew Mr. Cowan, and I am going to stay with it whether I win or lose, but I do want some commitment from Mr. Cowan, and I know you would expect it if you were in my place. After the outbreak all he does is to write me trying to be up there on Saturday, which was out of the question, owing to previous engagements. But I can get a reasonable letter from him that he will hold his hand, I am ready to talk to him next Saturday afternoon.

If I hear anything from him I will send you a copy of the letter.

Yours sincerely,  
C. O. Loucks

ME 11



LAW OFFICES  
**CHARLES O. LOUCKS**  
10 SOUTH LA SALLE STREET  
CHICAGO

TELEPHONE STATE 2700

November 2, 1936

Senator Ed Fletcher  
1020 Ninth Avenue  
San Diego, California

Dear Senator:

Your letter of October 31st is at hand.  
I am very sorry that you and Lewis are still apart.

I have had no communication from Javits since our conference on October 13th, and do not expect to hear from him until after the election. After making three trips to New York and conferring with Javits here in Chicago and giving this whole problem my best thought and attention, I am fearful, lest, when we secure a proposition from Javits, the deal may fall through because of division in our own ranks. This must not be. If this deal goes through, it will probably be a fore-runner of many others owing to the breaking up of holding companies.

It strikes me that you and Lewis can accomplish a great deal when united, but both may fail if divided. You are both broad gaged men of experience, but I do not think that you will ever get together through correspondence.

I do not know the precise meaning of Lewis' telegram to you, but I do think that it would be advisable for you to make a trip to San Francisco and iron out all of the difficulties between you. I hope that neither Lewis or you will allow personal pride to side-track a deal of this magnitude.

Sincerely yours,

*Charles O. Loucks*

COL/li

November 3, 1936.

Mr. Chas. O. Loucks  
No. 10 South La Salle Street  
Chicago, Illinois.

My dear Mr. Loucks:

Enclosed find copy of letter from Mr. Cowan  
and copy of my reply, to keep you posted.

Yours sincerely,

EF M



November 5, 1936

AIR MAIL  
SPECIAL DELIVERY

Mr. Charles O. Loucks  
10 South LaSalle Street  
Chicago, Illinois

My dear Mr. Loucks:

Thanks for your kind letter of November 2nd - it is a splendid letter.

I have had no reply to my letter to Cowan - copy of which I sent you. He first tried to form a syndicate here to finance him to come East and failed; through me he tried to get the money out of Mr. West of the Southern Sierras Power Company for the trip and to bring his wife East also, but West turned him down; he then had me write a letter demanding \$100,000 from West - \$25,000 by next Thursday and the balance of it to pay for a report from an Appraisal Company - Mr. West turned this down. Then, as a last resort, he tried to get me to pledge \$1,000. I told him I would try and get the money for him but at no time made the pledge. When it came to a show-down to go back to San Francisco, Cowan did not have enough money to pay his Hotel bills and could not leave - you know the rest - how I helped him and his wife out.

Now Cowan is trying to impose a condition of \$1,000 which was never agreed to. You have seen his original letter, which I showed you, stating unconditionally I was in the picture no matter who the property was sold to, and without any conditions whatsoever I have more than done my part, paid my own expenses, helped him out as you know, and now he is trying to jam it down my throat but he cannot get away with it. I hope to hear from him before I leave San Diego Friday noon. If not, I shall not contact him.

My address will be Palace Hotel, San Francisco Saturday noon, leaving Saturday evening for Eureka. My address next Monday, November 9th, will be c/o H.M. Malpas, County Surveyor, Crescent City California. I will arrive at the Palace Hotel Tuesday night on my way back. With kind regards,

Sincerely yours,

EF/jv

November 6, 1936.

Mr. Charles O. Loucks,  
3900 No. Keeler Ave  
Chicago, Illinois.

My dear Mr. Loucks:

Enclosed find letter from Cowan, signed "Houdini" that is explanatory. His whole letter is a stall. Enclosed find copy of my reply. I am hoping he comes thru clean before I return from San Francisco, otherwise it will be too bad for both of us probably.

Am sorry to bother you but I promised to send you copy of his reply and bring things up to date.

Yours sincerely,

EF M



December 1st, 1936.

Mr. Chas. O. Loucks,  
10 So. La Salle Street  
Chicago, Illinois.

My dear Mr. Loucks:

Enclosed find copy of Cowan's letter to me, my  
reply, Cowan's letter of Nov. 29th and my reply.

I wired Cowan from Cheyenne that I was coming to  
meet him and we had a very happy hour's visit together without a  
word between us. At the end he said he had written me a letter  
to San Diego, but did not tell me its contents. He had received,  
as you see, all of my other letters yet did not mention it. I  
left him in a very happy frame of mind and I am following your  
instructions not to offend him any more than possible. Please  
keep me posted on things as they develop.

I stopped off at Denver, saw Mr. West and he is  
ready to play ball the minute you can get some encouragement from  
Mr. Javits. I showed Cowan my letter from West stating that we would  
receive \$100,000 irrespective of whom West bought the property from  
if it was purchased within the next 90 days. Cowan laughed at it and said  
\$100,000 was a joke and that he would take nothing and kill the whole  
deal rather than work on the basis of \$100,000. It was \$500,000  
or nothing, you and I to have half and Cowan the other half.

Without mentioning your name I suggested to him that  
once we took a check from West Cowan and I were West's agent and  
without the consent of all parties to the half million profit I did  
not think we had any legal right to attempt to make half a million.  
I suggested he wrote you on the subject and told Cowan he would  
have to show me how we could legally make half a million, or \$800,000  
and do it in a legitimate way. I wish you would in writing Cowan  
touch on this subject and caution him and guide him right, without  
mentioning my name.

With kindest personal regards, I am

Sincerely yours,

EF M

LAW OFFICES  
**CHARLES O. LOUCKS**  
10 SOUTH LA SALLE STREET  
CHICAGO

TELEPHONE STATE 2700

December 31, 1936

Mr. Lewis F. Cowan  
Stevens Hotel  
Chicago, Illinois

Re: Standard Gas and Electric Company

Dear Mr. Cowan:

I again communicated with New York the early  
part of this week and ascertained that the parties interested are being  
called together next week.

On your instructions, a firm offer was made  
last October for 100,000 shares of the Common stock of the San Diego  
Consolidated Gas and Electric Company, \$100,000.00 cash to be deposited  
with the offer as soon as the committee signified its willingness to  
present the offer to the court; \$1,000,000.00 to be deposited within ten  
days after acceptance and the balance within sixty days after approval  
by the court.

At the time the offer was made, it was question-  
able as to whether more than 99,387 shares could be delivered, and if so,  
the offer contemplated that the purchase price should be credited with 613  
shares.

The committee is giving serious consideration  
and considerable time to your offer and if I should be notified of its  
acceptance next week, it will be necessary for you to put up \$100,000.00  
immediately. I trust that you will see that this sum is on hand, so that  
it may be available if and when needed without delay.

Very truly yours,

*Charles O. Loucks*

COL/11



March 6, 1937

Mr. Charles O. Loucks  
10 South La Salle Street  
Chicago, Illinois

My dear Mr. Loucks:

A month or more ago, I received a letter from Mr. Cowan asking that Mr. West come to Chicago for a conference. No definite offer was made and had heretofore written Mr. Cowan that Mr. West would not go to Chicago until he had something definite.

Mr. West was on his way to California so I wired Mr. Javits asking if there was anything now or any possibility of making a deal at this time. His answer was "no" - that there was no change and it would be a waste of time, or words to that effect as I remember it, to discuss the matter now. In the meantime, Mr. West received my letter and reported he would not go to Chicago without having something definite.

I wrote Mr. Javits several days ago making another inquiry, and under date of March 4th he writes me as follows:

"I have yours of March 1, 1937, and would have communicated with you before this if I had word to give you. No action has been taken with respect to your proposal, and there would, therefore, be nothing to confer about at this time."

If either you or Mr. Javits will give me any real encouragement, I am sure Mr. West will be glad to open negotiations. The facts are, Mr. Cowan has never been in a position to deliver at anytime - at least this is what I gather from Mr. Javits, and am waiting to hear from you as to any development.

With kind personal regards,

Sincerely yours,

F/jv

LAW OFFICES  
**CHARLES O. LOUCKS**  
10 SOUTH LA SALLE STREET  
CHICAGO

March 9, 1937

TELEPHONE STATE 2700

Copy West - 3/13

Senator Ed Fletcher,  
State Capitol,  
Sacramento, California.

Dear Senator:

Your letter of the 6th instant is at hand. I called Mr. Javits on the phone about the first of the year and he stated that he expected a meeting of his committee the following week. Mr. Cowan was here at that time and went to New York in January and met Mr. Javits. Mr. Javits advised him at that time that the meeting had been postponed for a week. Mr. Cowan advised me on his return from New York that Mr. Javits stated that he would confer with me as soon as anything developed. I have since received word that no action has as yet been taken by the committee. I expect to go to New York the later part of this week and will call upon Mr. Javits.

Of course it has always been understood that no sale and delivery of this stock can be made without the approval of the Federal Court.

Very truly yours,

*Charles O. Loucks*

COL:MFC



LAW OFFICES  
**CHARLES O. LOUCKS**  
10 SOUTH LA SALLE STREET  
CHICAGO

TELEPHONE STATE 2700

February 6, 1939

Senator Ed. Fletcher,  
State Capitol,  
Sacramento, California

Dear Senator:

You have probably heard of the death of Lewis Cowan, which occurred shortly before the Christmas holidays.

Last week my brother had a conference with Mr. J. K. Javits in New York City, and Mr. Javits stated he thought the time was ripe now to put over the sale of the San Diego property. He stated his services to the Committee had terminated, that he was thoroughly acquainted with the situation, and thought that the prospects were good for consummating the deal.

Mr. Javits will be in Chicago in about ten days, and if your client is still interested in purchasing the San Diego property, it would probably be well to have a conference while Mr. Javits is here in the city.

Trusting this will find you in good health, I

am

Very sincerely yours,

*Charles Loucks*

COL/mc

*cc-B.W. Lynch 2/9/39  
A.B. West*

February 9, 1939

AIR MAIL

Mr. Charles O. Loucks  
10 So. La Salle Street  
Chicago, Illinois

My dear Loucks:

I had not heard of the death of Mr. Cowan and you have my deepest sympathy. Please extend same to the dear lady.

I will immediately consult my friends, and if interested, you will hear from me further. You might discuss the matter with Mr. Javits and then write me on what basis he would be willing to proceed and at what figure he thinks he could acquire the property. I will not be able to contact my people for a week or ten days.

I have just returned from the January Legislative Session and we are returning about the 1st of March for the second Session. I was reelected by a vote of 85,833 to 6,533 for my opponent as State Senator, although I am a registered Republican and the County is 31,000 Democratic majority. I am having a wonderful experience in Sacramento.

Enclosed find picture of the Fletcher family with the in-laws taken last June.

With kindest regards,

Sincerely yours,

EF/jv

cc-A.B. West  
Harold Geisse



LAW OFFICES  
**CHARLES O. LOUCKS**  
10 SOUTH LA SALLE STREET  
CHICAGO

TELEPHONE STATE 2700

February  
27th  
1939

Senator Ed Fletcher  
1020 Ninth Avenue  
San Diego, California

Dear Senator Fletcher:

Your letter of February 9th was received and I greatly enjoyed the enclosed picture of your family. I was also very much pleased to hear of your re-election and of the overwhelming vote which you received.

I have gone into this matter quite thoroughly with some of the people who seem to understand the situation with reference to the Standard Gas and Electric Company and the San Diego Consolidated Gas and Electric Company, and at present we seem to be confronted with the following kind of a picture:

Under the Plan of Reorganization under 77 B which was confirmed March 1, 1938, the notes and bonds aggregating approximately \$73,649,500 were extended until March 1, 1948. While the note holders were not given any option rights under the Plan, yet it was practically understood that option rights would be granted to them to receive in exchange for their notes other securities, including three shares of the common stock of the San Diego Company of the par value of \$25.00 per share for each thousand dollars of indebtedness held by them. These option rights were to be granted only after registration under the Public Utility Holding Act of 1935.

The Standard Gas and Electric Company, at the time of the confirmation of the Plan, held 99,387 shares of the San Diego Consolidated Gas and Electric Company of the par value of \$75.00 per share and would hold 397,548 shares of the common stock of the San Diego Company when converted into shares of the par value of \$25.00 per share. In other words, it held 99.07 per cent of the amount of common stock outstanding. Of the 397,548 shares held by the Standard Gas and Electric Company, 220,948 shares would be required for the option exchange. If all of the bond holders availed themselves of the privilege of option of exchange, and it is probable that nearly all of them would do so, the control of the stock would rest in the present bond and note holders of the Standard Gas and Electric Company.

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It is quite apparent from the interviews which Mr. Cowan had with the Byllesby organization prior to his death and the interviews Mrs. Cowen has had since that Mr. Lynch does not care to sell. His attitude seems to be to spread himself thin over a large area of shallow depth rather than to concentrate on a small area of greater depth. He has the attitude of most real estate brokers who wish to own a large number of small equities rather than to own a smaller number of properties outright. As Lynch is more personally identified with management than with ownership, this position is largely to his advantage, as he would receive a larger salary for managing a large number of companies than he would if the Byllesby empire were contracted.

On the other hand, there are several circumstances that would tend to compel the making of a sale. The Public Utility Holding Act was enacted to break up these large public utility empires comprising various units which are not integrated. There would be ample reason for allowing a holding company to own various utility corporations in Minnesota and Wisconsin because all these corporations might probably be formed into one integrated unit, but there is nothing in common between utility corporations operating in Minnesota, Pennsylvania and California, and the Federal government is determined to break up these empires comprised of such non-integrated units.

While the Federal Court at Wilmington confirmed the Plan which left stock of the San Diego Company temporarily in the hands of the Standard Gas and Electric Company with the option plan as above suggested, yet it is distinctly understood here in financial circles that this was but a temporary move and did not in any way settle the contention of the Securities Exchange Commission that these non-integrated units should be broken up.

The Department at Washington at the present time is bringing considerable pressure to bear upon the Standard Gas and Electric Company to move more rapidly in this direction and I do not believe that they are at all pleased with Lynch's dilatory tactics.

It is plain to anyone reading the Public Utility Holding Act that the Standard Gas and Electric Company, in order to avoid prosecution, must dispose of its non-integrated units, and I can conceive of no unit more non-integrated than the San Diego Consolidated Gas and Electric Company, which is far removed from the others.

Considerable pressure could be brought to bear by the note and bond holders to require the sale of the San Diego unit as under the Plan the sale of this capital asset could be used to help liquidate the present outstanding indebtedness of more than 73 million dollars. When Mr. West made his former offer the stock was in the hands of the Court and no



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Plan of Reorganization had been agreed upon. If his former offer could be renewed, we could make this offer known to the Securities Exchange Commission and I believe that they would require the Standard Gas and Electric Company to sell this unit as under such circumstances this sale could be made without demoralizing the market or causing loss. It would enable the Standard Gas and Electric Company to comply with the law which does not allow the combining of non-integrated units.

With best wishes, I am,

Sincerely yours,

*Charles O. Loucks*

COL/mf

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TELEPHONE STATE 2700

March  
1st  
1939

Senator Ed Fletcher  
State Capitol  
Sacramento, California

Dear Senator Fletcher:

Replying further to your letter of February 9th I have to advise that in my reply of February 28th, in the last paragraph on the first page, the third line, an error occurred in that the par value of the San Diego Consolidated Gas and Electric Company was stated to be \$75.00 per share, whereas it should be \$100.00 per share.

Will you kindly make this change in your copy.

Very truly yours,

*Charles O. Loucks*

COL/mf



**Ed Fletcher Papers**

**1870-1955**

**MSS.81**

**Box: 16 Folder: 26**

**General Correspondence - Loucks, Charles O.**



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