

For Mr. Steane

CLAUDE L. CHAMBERS
ATTORNEY
San Diego, California

February 16, 1925.

Grossmont Studios, Inc.,
Grossmont, California.

Gentlemen:

The Board of Trustees of S. L. Studios have made an examination of the alleged claims due by S. L. Studios and have satisfied ourselves that the claims set forth in the attached list are correct. There may be other claims of which we have no knowledge that may be legal claims against the S. L. Studios.

It is our understanding that stock will be issued by your Corporation in payment of these claims. We wish it further understood that in the event any further claims are presented which are determined to be legal claims against the S. L. Studios, stock shall be issued by your Corporation in payment for such claims as well.

WM. R. WHEELER
ED FLETCHER, JR
CLAUDE L. CHAMBERS
Trustees of S. L. Studios,
& Trust Estate

LEGAL CREDITORS - S. L. STUDIOS

February 12, 1925

Wm. R. Rumsey, Surveyor	920-8th St	\$ 179.87	
Robt. Cordtz, Advertising	1241 India St	45.14	50
Seymour & Seymour	522 Union Bldg	47.05	50
Dodge & Carlisle, Trucking	P. O. Box 972	79.04	50
W. C. Merritt Company, Plumbing	727 Seventh St	364.56	2 2/3
Bledsoe Company, Furniture	1100 Sixth	101.71	1
H. V. Lee Company, Painting	1041 Columbia St	235.36	2 3/4
Whenn Electric Company	955 Eighth St	797.44	5
Ross Bros., Trucking	860 Third St	89.40	4/6
M. G. White Co., Insurance	241 Spreckels Bldg-	365.00	3 3/5
Chas. R. McCormick Lumber Co.	3835 University Ave	1,771.97	17 3/4
R. Francis, Plumbing	La Mesa,	150.54	
Geo. H. Stone, Legal	653 Spreckels Bldg	1,000.00	
Quale Bros. Architects	601 Spreckels Bldg	658.58	
P. M. Johnson, Furniture	Johnson-Saum	700.00	
P. H. O'Brien		98.58	
Oliver Whaley -		108.58	
Salary, R. D. McLeod	Arno Hotel	549.36	
Checks, R. D. McLeod		1,556.75	
Advances by R. Hart, Dec. 5, to Jan. 12		1,134.59	
E. J. Shulter, Salary		575.00	
A. H. Arnett note		977.88	
Claude L. Chambers		1,000.00	

6
700 3/50

12,162.88

Wm. A. Sloane
Harrison G. Sloane

Sloane & Sloane
Attorneys at Law
Watts Building, San Diego, California

February 24, 1925.

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

Dear Colonel:

Enclosed herewith is a draft of the petition to the Corporation Commissioner. As you will note, we need certain data for its completion, namely:

- ✓ (1) Actual cost of erecting the studio. *54,000*
- ✓ (2) Actual cost of equipment, exclusive of that which you have put in. *18,000*
- (3) A copy of the agreement entered into between Hawkins and Owens and yourself, January 16, 1925. We have not the complete corrected copy of this in our files.
- (4) A resolution of the directors as per the enclosed form. It will be sufficient to have this paper signed by the different directors.
- ✓ (5) A detailed description of the personal property, equipment, etc., now in the studio, with the present valuations of the different items.

The other exhibits we have in our files, and will attach to the original petition. If you will make a note of any corrections or change of program, and let us have the same, with the data above called for, we will have the petition ready for filing very shortly.

We are enclosing also a letter which we suggest you should have from Owens and Hawkins just as soon as Owens is willing to sign the same.

Yours very truly,

SLOANE & SLOANE,

By *H. G. Sloane*

HGS:AP

February 25, 1925.

Mr. Harrison Sloane,
Watts Building,
San Diego, Calif.

My dear Mr. Sloane:

Answering your letter of February 24th, we will take them as numbered:

1. Actual cost of erecting studio - \$54,000.00 ✓
2. Actual cost of equipment, exclusive of that which you have put in - \$1800.00 ✓
3. We gave you the only copy of the agreement between Hawkins and Owens that we have. Is not the copy you have the signed copy? ✓
4. We are getting the resolution signed as requested ✓
5. Attached find detailed description of the personal property, equipment, etc. ✓

The letter to be signed by Owens we will get back to you as soon as possible.

Yours very truly,

CROSSMONT STUDIOS

Sec'y

KLM

*Returned draft
of petition*

Personal Property, Equipment, etc. now in the Studio,
the Present Value of Same Being \$9,855.00. ✓

- 1 - 50 K. W. Ellis Chalmers Motor Generator Set -
- 30 - Arc Lights and complete equipment -
- 3 - Spot lights
- Switch boards, cable, electric wiring
- 4 - Reostats
- 1 - Complete carpenter shop equipment
- Carbon for running electric lights
- 1 - Dodge screen car
- Complete office equipment
- Moving picture flats

SLOANE & SLOANE

Wm. A. Sloane
Harrison G. Sloane

Attorneys at Law
Watts Building, San Diego, California

May 7, 1925.

Grossmont Studios, Inc.,
c/o Ed Fletcher,
San Diego, Calif.

In Account With Sloane & Sloane

For fees advanced to Grossmont Studios, Inc.

Fee of State Corporation Dept. on Application for Permit	\$47.00
By Cash advanced	<u>37.00</u>
Balance due to Sloane & Sloane	\$10.00

*OK
Ed F*

check



Ed Fletcher Company
Fletcher Building
920 Eighth St.

San Diego, California

May 15, 1925.

Sloane & Sloane,
Watts Building,
San Diego, Calif.

Gentlemen:

Enclosed find check for \$10.00, to cover
balance due on Fee of State Corporation Department
on Application for Permit. Kindly acknowledge
receipt.

Yours very truly,

GROSSMONT STUDIOS, INC

By *K L May* Sec'y

EF:KLM

*Paid
Thanks H.S.*

SLOANE & SLOANE

ATTORNEYS AT LAW

803 WATTS BUILDING, SAN DIEGO, CALIFORNIA

STATEMENT OF ACCOUNT OF

Grossmont Studios, Inc.,

c/o Ed Fletcher,
920 Eighth St.,
San Diego, Calif.

Aug. 1, 1925.

Payment on account of fees to date \$ 150.00

\$100 has already been credited to this account, and it
may stand on payment of the above additional \$150
until the business develops a profit.

Please sign

*OK
EAT
Sloane & Sloane*

Wm. A. Sloane
Harrison G. Sloane

160-5
Sloane & Sloane
Attorneys at Law
Suite 1230 John D. Spreckels Bldg.
San Diego, California

May 2
1929

Mr. Ed Fletcher
1020 Ninth St.
San Diego, Calif.

Re Grossmont Studios Foreclosure.

Dear Colonel:

I have talked with Mr. Sears and he has several objections to the foreclosure procedure. Some of them are not well taken, but there seems to be no question about a mistake which the newspaper made in days of publication.

We will try to figure out the quickest way of correcting this and will attend to it at once. One way which we are considering is to have you quit claim the property back to the trustee and publish the notice over again, and the other is to file a suit to quiet title against Grossmont Studios, Inc. The latter would have the effect of deciding the validity of the note and trust deed in your favor, as well as serving to cure the defects in the sale. However it might lead to delay in getting your certificate if Wolstencroft wants to litigate your right to take the note and trust deed in your own favor. Except for the time it would take, which on a contest would be six months or so, the latter would be the most comprehensive procedure. If Wolstencroft did not contest it the time would be about the same in either way, namely, three or four weeks.

Yours very truly,

SLOANE & SLOANE

By *H. G. Sloane*

HGS:M

160-5
May 3, 1929.

Mr. Harrison Sloane,
J. D. Spreckels Bldg.,
San Diego, California.

My dear Harry:

On receipt of your letter of May 2d regarding Grossmont studios foreclosure, I took the matter up with Mr. Sears. He informs me the situation is serious on account of the illegal method of foreclosure, the important things being that you started advertising before the 90 day period had expired.

That you put it in the Daily Transcript when it should have been in the La Mesa paper, in the township in which the property is located.

That the paper made a mistake in the writing and a few other things, making the entire proceedings entirely illegal and faulty and they would not certify to it in any way.

The worst of it is that we are now in this position, if we go into court to quiet title it will allow these people to come in and pay up their \$10,000 if they want to and throw us right back in the position we were before with endless litigation ahead, and if we get the judgment it gives them a year in which to redeem which throws us up in the air, so our hands are tied for another year and a half. The whole thing is most unfortunate.

Your suggestion that I quitclaim back to the trustee, Miss May, seems to be out of the question. If we did quitclaim back it would be absolutely necessary to go over the whole procedure again.

I am sure you left this matter to young men in your employ who have "spilt the beans" and it is up to you to clean this thing up, my boy. May presto! If you expect any duck shooting at Guyanaca Lake this fall.

Yours very truly,

EF:KLM

(11)

Sloane & Sloane

Attorneys at Law

Win. A. Sloane
Harrison G. Sloane

Suite 1230 John D. Sprockels Bldg.
San Diego, California

May
N i n t h
19 . 29

Grossmont Studios, Inc.,
San Diego,
California.

Gentlemen:

As you are aware, the Studios' property at Grossmont was advertised for sale and sold, under the trust deed securing the \$10,000 note due to Ed Fletcher and unpaid. There were no other bidders for this property and Ed Fletcher bought it in at the exact amount of principal, interest and expenses of sale, amounting altogether to \$11,244.82.

The attorney for the Title Company, now finds some technical flaws in the procedure followed by the Trustee in making this foreclosure sale, matters which do not affect the merits of the case at all, but which constitute defects which make them unwilling to certify the title clear. They hold that the legal title has passed to Ed Fletcher, but that it is not entirely cleared of the right of your corporation to pay the debt and redeem.

In order to clear this situation, it will be necessary for Ed Fletcher to obtain a quit claim deed from your corporation, or to go to court, have the note re-established in full force and effect and have the property re-advertised and sold. The latter course will occasion considerable expense and delay, but it will give you the opportunity to pay the note, principal, interest and Trustee's charges in full and redeem the property. If the corporation is financially in a position to do this, or if it can produce a purchaser at the resale who will bid more than the then amount of the debt, you should require Ed Fletcher to go through this form.

Some weeks ago, at the trial of the case of Eckels vs. Fletcher, the latter, in open court, made an offer to deed the property back to the corporation if the amount of his claim was paid. The offer was not accepted and we do not suppose that you are in any better financial position at the present time. If not, we request, on behalf of Ed Fletcher, that you execute the enclosed quit claim deed, after submitting the matter to your Board of Directors.

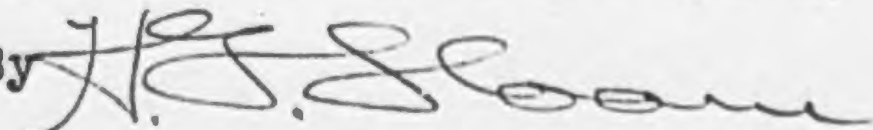
If you decline to do this and without any expectation of benefit to yourselves by redeeming the property, force Mr. Fletcher to go into court and to incur further expense, of a new sale, he will not be willing to bid any larger sum than that which he offered at the first sale, namely, \$11,244.82. The debt, however, will by that time amount to some \$700 or \$800 more than it did at the time of the first sale, so that a deficiency will remain against the corporation for this amount and it will be an obligation for which the corporation may be immediately sued and upon which the stockholders may be held liable for their proportionate shares.

You will thus see that Mr. Fletcher, in taking a quit claim deed, will virtually be paying you this amount, as consideration for it, and that the Directors, in giving the deed, will be acting in the interest of the corporation and the stockholders by relieving them of a deficiency obligation in this amount.

Of course, if you are going to be able to pay off the obligation in case the matter is reopened, you should not consider the execution of this quit claim deed; but in the absence of such a prospect, we believe that the courtesy to Col. Fletcher will be financially profitable to yourselves.

Will you kindly give the matter the immediate attention of your directors, and oblige

Yours very truly,
S L O A N E & S L O A N E,

By 

Sloane & Sloane

Attorneys at Law

Suite 1230 John D. Spreckels Bldg.
San Diego, California

Wm. A. Sloane
Harrison G. Sloane

May
T e n t h
1 9 2 9

Mr. Ed Fletcher,
920 Eighth St.,
San Diego, Calif.

Dear Col. Fletcher:

Enclosed are the papers for two different programs which may be used in connection with the Grossmont foreclosure.

The complaint is along the lines first suggested by the Title Company. If this is served on Miss May and does not come to the attention of Wolstencroft, or his attorneys, we can take a judgment in ten days and, three weeks later, can make the resale. If it is not brought to Wolstencroft's attention, it will leave you open to the charge that you allowed the case to go by default and were working against the interest of the minority stockholders. After the judgment is signed and before the sale is held, Grossmont Studios, Inc., would have a right to pay you the principal and interest accrued to date on the \$10,000 note and take the title back to themselves.

The letter to Grossmont Studios, Inc., form for notice and resolution, is along the lines which I have taken up with the Title Company and which they approve, so far as straightening out the record is concerned. This will clear up the title within a week and without further delay or expense. If Wolstencroft does not attend the meeting after receiving the notice, he will not be in a position to raise any more objections to the original making of the note, nor to the making of the quit claim deed. If he attends the meeting and votes against the resolution, it may still be carried, with Hart's approval, but will leave Wolstencroft free to charge you with manipulating the corporation.

You see that our real difficulty in connection

Mr. Ed Fletcher page 2.

with untangling this matter goes back to the making of the note and trust deed in your favor. In our opinion, this was perfectly legitimate and will be upheld whenever it may be attacked, but gives ground for accusations and rather puts you on the defensive. Whichever course we follow may be inviting such an attack; but we have an idea that Wolstencroft has had his stomach full of litigation and will not want to spend any more money on attorneys' fees. However, the charges against you in connection with the making of the note will not be outlawed for some years and perhaps it is just as well to force a show-down on that now as later.

We think that our letter to Grossmont Studios, Inc., is entirely sound and with that in the files the directors would have a pretty good answer to any criticism on account of their authorizing a quit claim deed. In fact, if we have to go through with the round-about method of clearing the title, we would advise you to hold the corporation for a deficiency.

We are inclined to favor the quit claim deed method. The only advantage in the other method, which may perhaps be a disadvantage, is that it will require Wolstencroft to make his battle right away, where under this system he can delay it and perhaps eventually forget it.

Please let us know how this strikes you.

Very truly yours,

SLOANE & SLOANE,

By *H.G. Sloane*

HGS.AW
Enclosures.

Ed Fletcher Papers

1870-1955

MSS.81

Box: 25 Folder: 25

General Correspondence - Sloane, Harrison - S-L Studios



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