

COLLECTION NAME

ED FLETCHER

SERIES & FOLDER TITLE

CUYAMACA WATER CO

Description of Material	Date Of Material	Re-Filed As:	
		Series	Folder Title
FINANCIAL REPORT W COVERING LETTER FROM WANSLEY	9/9/27	retained in fiscal papers of Cuyamaca Water Co.	

(COPY)

San Diego, Calif.
January 20, 1926.Colonel Ed. Fletcher,
920 - 8th Street,
San Diego, California.

Dear Sir:-

Pursuant to your instructions, we have analyzed the following documents and statements in connection with your agreement with Mr. Chas. F. Stern covering joint purchase by you and him of the ten-twelfths interest of the Murray Estate in the Cuyamaca Water Company and the subsequent sale of the Cuyamaca Water System to the La Mesa Irrigation District:-

Your letter to Mr. Stern under date of
April 3, 1923;
Mr. Stern's reply under date of April 7, 1923,
Your letter to Mr. Stern under date of
August 13, 1923;
Mr. Stern's reply under date of August 17, 1923;
Statement prepared by Cuyamaca Water Company,
copy of which is attached hereto as Exhibit "B".

Our findings are embodied in our "Summary Statement" attached hereto as Exhibit "A".

Our calculations are based upon the following understanding of your agreement with Mr. Stern:-

- (a) That, before any other distributions from the proceeds of the sale of the Cuyamaca Water Company, you were to be reimbursed, with interest, for the purchase of the Henshaw one-half interest which you acquired for the joint account of Mr. Stern and yourself.
- (b) That, after this payment and the other liabilities of the Cuyamaca Water Company were provided for, the net remaining proceeds of the sale, together with the remaining unsold assets of the Cuyamaca Water Company, are held as follows:-

Colonel Ed. Fletcher 1/20/26 -- # 2.

One-eleventh interest by you personally;
Ten-elevenths interest by you and Mr.
Stern in equal amounts.

- (c) That you are entitled to your one-eleventh interest of the net proceeds, after providing for the above deductions and without further deduction.
- (d) That the ten-elevenths interest of yourself and Mr. Stern jointly is subject to all costs and expenses in connection with the Murray option.
- (e) That the said ten-elevenths interest, after deduction of Murray option costs, belongs equally to yourself and Mr. Stern.

We have, on Exhibit "A", prepared a statement of the receipts and expenditures in accordance with the above interpretation of your agreement with Mr. Stern and as based upon the statement furnished by the Cuyamaca Water Company. We have also shown a recapitulation of the distributable interests of yourself and Mr. Stern in the net proceeds of the sale of the Cuyamaca Water System now available for distribution.

It is our understanding that, after this distribution, you will own an undivided six-elevenths interest in the net assets of the Cuyamaca Water Company and that Mr. Chas. F. Stern will own an undivided five-elevenths interest therein.

Respectfully submitted,

ELDRID and WANSLEY,

By: _____
Certified Public Accountant.

STERN-FLETCHER SETTLEMENTSUMMARY STATEMENT

Analysis of Receipts and Disbursements in connection with sale of Cuyamaca Water System to the La Mesa Irrigation District and the proper distribution of the net proceeds therefrom as between Chas. F. Stern and Colonel Ed. Fletcher.

Total proceeds from sale of Cuyamaca Water System (Exhibit "B")			1208698.06
Deduct: Due Colonel Ed. Fletcher for purchase of Henshaw 1/12 interest:-			
Amount paid therefor	90000.00	90000.00	
Interest on purchase price as agreed	10281.00	10281.00	10281.00
Remainder -- 11/12 interest			1105888.06
Total Disbursements made from proceeds in Escrow (Exhibit "B")	847813.97	847813.97	
Paid W.S.K. Brown for Sterns-Fletcher	518464.96		
Paid Anglo & London Paris Natl. Bank for Sterns-Fletcher	210282.50	728747.46	
Net liabilities of Cuyamaca Water Company paid from Escrow		119066.51	
Old Accounts paid by Cuyamaca Water Company (Exhibit "B")		118559.71	
Total Liabilities against Assets sold paid from proceeds of sale			237626.22
Net Proceeds of sale - 11/12 interest			868261.84
1/11 Interest of Colonel Ed. Fletcher			78932.89
10/11 Interest Chas. F. Stern and Col. Ed. Fletcher			789328.95
Deduct: Paid account Murray option (as above)	728747.46		
Paid account Murray option by Cuyamaca Water Co. (Exh. B)	28137.51		
Paid account Murray option by Colonel Ed. Fletcher	5955.00	762839.97	
Net Proceeds for distribution to Chas. F. Stern and Colonel Ed. Fletcher			26488.98
1/2 interest of Colonel Ed. Fletcher			13244.49
1/2 Interest of Chas. F. Stern			13244.49

RECAPITULATION OF DISTRIBUTABLE INTERESTS

Distributable Interest of Col. Ed. Fletcher:-			
For purchase of Henshaw 1/12 Interest (as above)	10281.00		
For 1/11 Interest in remainder (as above)	78932.89		
For advance and interest on Murray Option (as above)	5955.00		
For 1/2 interest in Stern-Fletcher agreement	13244.49		200942.38
Distributable Interest of Chas. F. Stern:			
For 1/2 interest in Stern-Fletcher Agreement			13244.49
Net amount available for Distribution (Exhibit "B")			214186.87

(COPY)

EXHIBIT "B"

STERN-FLETCHER SETTLEMENT

COPY OF STATEMENT

PREPARED BY

CUYAMACA WATER COMPANY

Monies received from the La Mesa Irrigation District for the Cuyamaca Water System; the accounts paid by the Southern Title Guaranty Co. through Escrow # 62459, and payments made by Cuyamaca Co. on old accounts and for Stern and Fletcher:

Payment made by La Mesa Irrigation District to Southern Title Guaranty Company

Purchase price of Cuyamaca System	1201980.00
Interest	6718.06
Total	<u>1208698.06</u>

Paid by Title Co.- Escrow # 62459

Recording Deed & 2 releases	11.50
Revenue	368.00
W. S. K. Brown	518464.96
Anglo & London Paris Nat'l Bank	210282.50
U. S. Cast Iron Pipe & Fdy. Co	4111.99
H. C. Healton	15250.00
H. Otto Marcks	4176.00
First National Bank of San Diego	53072.76
Western Metal Supply Co.	13917.28
San Diego Cons. Gas & Electric Co.	15216.98
Santa Ana Expense	62.00
Opinion	50.00
Conveyance	10.00
Escrow	320.00
Guarantee	2500.00
	<u>847813.97</u>

617327
125
12

Amount of Title Co.'s check to Cuyamaca Co. 360884.09

Old Accounts paid by Cuyamaca Water Co.

Machinery Pipe & Supply Co.	1000.00
W. D. Hall Co.	8610.76
Chas. H. Lee	636.47
Chester H. Loveland	265.60
John R. Pearson	120.05
Water Works Supply Co.	142.40
First National Bank of Los Angeles	35000.00
C. C. Clardy	2420.40
S. D. Cons. Gas & Electric Co.	15.26
Southern Title Guaranty Co.	2.68
Mrs. F. M. White	4000.00
Pauline Kuehner	1342.00
Crouch & Sanders	12500.00
A. L. Cottesburen	2350.00
Sloane and Sloane	700.00
Grossmont Park Company	3880.55
Chas. F. Stern (Interest)	431.76
Flint and Smiley	20000.00
Izer Davis	2000.00
La Mesa Scout	500.00
Wm. F. Thum (Pipe Lines)	22541.78
	<u>119559.71</u>

Net amount now held by Cuyamaca Water Co. 242324.38

Amounts advanced by Cuyamaca Co. on Murray Estate

Option for Stern and Fletcher.

September 1924	8250.00
May, 1925	13558.33
July, 1925	1050.00
August, 1925	904.17
September, 1925	904.17
October, 1925	875.00
November, 1925	1633.34
December, 1925	862.50
	<u>28137.51</u>

Net amount available for distribution 214186.87

WILLIAM ELDRED
PUBLIC ACCOUNTANT
RAYMOND H. WANSLEY
CERTIFIED PUBLIC ACCOUNTANT
PAUL H. CRANDALL

CORRESPONDENTS
SAN FRANCISCO
NEW YORK
WASHINGTON, D. C.

ELDRED AND WANSLEY

PUBLIC ACCOUNTANTS

CONSULTANTS ON FEDERAL TAXATION

ELECTRIC BUILDING

SAN DIEGO, CALIFORNIA

August 5, 1927

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

Dear Col. Fletcher:

This will acknowledge your letter of recent date in which you ask if you are correct in believing that, "assuming the Cuyamaca system had no other property except that which it sold to the La Mesa Irrigation District, and assuming that the only money coming to the Cuyamaca Water Company was the money which we did receive, and after paying off all our debts including money coming to me for the one-twelfth interest that I always owned in the Cuyamaca system, and if I was paid what was coming to me under my agreement with Mr. Stern for the Henshaw interests, after a final settlement had been made with Mr. Stern and after closing up there would not have been coming to Mr. Stern the amount of money that he was paid in cash"

Our statement dated January 20, 1926 was intended to cover this set of facts and shows that Mr. Stern received \$25000.00 in his settlement with you as against the \$13,244.49 to which he was entitled under the conditions as outlined above.

We have completed the adjustment of the old books of the Cuyamaca Water Company to conform to the partnership agreement between yourself and Mr. Stern as of May 31, 1923, and to record operations subsequent to that date, the sales to the La Mesa District and City of San Diego and the final distribution of the partnership assets. The results of our adjustments were summarized on "Settlement Sheet, as of December 31, 1926" furnished you and Mr. Stern on March 15, 1927 in connection with the partnership Income Tax return for 1926. This settlement sheet shows that after all adjustments are made for profits from operations and sales, costs of your respective interests, agreements as to interest etc., and withdrawals, Mr. Stern received in the final settlement \$2194.95 more than he would have been entitled to, and

you received \$2194.95 less than you would have been entitled to,
under the terms of your original agreements with Mr. Stern.

Trusting that this gives you the information which you de-
sire, we remain

Very truly yours,

ELDRED and WANSLEY

By: 
Certified Public Accountant

RMW:DMG

February 20th, 1929.

Attention Mr. Wansley:

Eldred & Wansley
Electric Building
San Diego, California.

Dear Mr. Wansley:—

Please advise me what you will charge to audit the
books of the San Diego Athletic Club for the past
year. Please write me a letter giving this
information immediately.

Yours very truly,

EF:GMF

February 25, 1929.

Mr. Raymond Wansley,
Electric Building,
San Diego, California.

My dear Mr. Wansley:

I have just been informed that there is a change in the California Community property law and the revenue department will permit a husband and wife to file separate income returns for 1928 dividing certain items of income.

Mr. Everts informs me that this decision will be governed to a considerable extent by the legal interpretation finally placed upon the word "control" which is still left with the husband, and that there is a chance of a refund from July 29, 1927 to December 31, 1927.

What do you think of it?

Yours very truly,

EF:SIM

February 28th,

1 9 2 9

Mr. Raymond M. Wansley,
Electric Bldg.,
San Diego, Calif.

Dear Mr. Wansley:

Answering yours of February twenty-seventh will say I got my information through a circular letter issued by Lealie Everts.

Sorry to put you to so much trouble but just wanted to put you wise to look after my interest in this matter.

Yours truly,

EF:AK

ELDRED & WANSLEY

-San Diego.

March 2, 1929

Colonel Ed Fletcher,
1020 - 9th Street,
San Diego, California.

Dear Sir:

I feel that the following facts should be considered by the Board of Directors of the San Diego Athletic Club in awarding the contract for the 1928 Audit of the Club's Book:

- (1) I have been a member of the Club since the Fall of 1925 and a Booster for it ever since.
- (2) In the membership drive I personally brought in five members.
- (3) I was one of the original subscribers to the second bond issue.
- (4) I am familiar with the affairs of the Club since its inception. I have always given the Club a special discount of 25% and have never pressed the Club for payment.
- (5) I have spent \$777.65 at the Club in the year since it opened.
- (6) I have offered to make the current audit for the Club for the reasonable consideration of \$500.00 if payment is to be taken out through the use of the Club, or \$375.00 if payment is to be made in cash.

In view of these facts, I trust the Board of Directors may see fit to accept the bid of Eldred & Wansley.

Very truly yours,

RAYMOND M. WANSLEY

ORIGINAL TO HORNE

October Twenty-second,
1 9 2 9

Mr. Raymond M. Wansley,
Electric Bldg.,
San Diego, Calif.

Dear Mr. Wansley:

This will introduce Mr. Carl A. G. Frisius, a friend of many years standing.

Anything you can do for him will be personally appreciated.

Sincerely yours,

EF:AK

ELDRED AND WANSLEY
PUBLIC ACCOUNTANTS
CONSULTANTS ON FEDERAL TAXATION
ELECTRIC BUILDING
SAN DIEGO, CALIFORNIA

November 25, 1930.

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

Dear Colonel Fletcher:

I am returning herewith letter of Mr. Charles F. Stern, dated October 21, 1930, which you sent to me for my comment.

There is no doubt that Mr. Stern rendered you a service through keeping alive the question of the manner in which the profit on the sale of the Normal Heights Distribution System to the City of San Diego should be reported. As a result of his action and the subsequent negotiations your income was reduced by \$39,545.45 for the year 1926 and increased by an equal amount for the 15 year term of the contract. The net effect will undoubtedly be a saving to you in taxes.

On the other hand, we were also of considerable service to Mr. Stern's case. Mr. Stern had a theory that the cost of the Normal Heights System could be charged against the sale to the La Mesa Irrigation District. This theory received absolutely no encouragement from the Revenue Agent's office and was doomed to failure from the beginning. It was not only unsupported by any cases but was contradicted by the express provisions of the law.

Based on his first contention, Mr. Stern had a theory that the sale to the City was in effect a lease. If he had failed on the first point and won the second neither he nor you would have been able to take advantage of the \$19,000 loss taken upon the partnership's 1926 return for the sale to the City.

It was I who suggested that the end desired could be accomplished by the valuation of the City's contract. I had gone into this matter when the return was first filed and had abandoned it only upon seeing a letter from Judge Sloan to you, stating that the City contract was absolutely enforceable and good. Following my suggestion, Mr. Stern arrived, with the Revenue Agent's

Colonel Ed. Fletcher,

November 25, 1930.

office, at a valuation of fifty percent upon the contract. This we agreed to. Such a procedure was the only legal method available to increase the \$19,000 loss on the sale to the City by any reduction in the value of the contract.

Mr. Stern paid for past years, and proposed to pay for the future years, full normal and surtax rates running as high as 25% on all money, whether principal or interest, received by him from the sale to the City. Under the settlement as made, while he will pay 12½% on the 50% valuation for 1926, he will pay only 12½% on one-half of the principal payments received hereafter, and he will pay no tax upon the interest received, due to my calling to his attention the fact that this interest is tax free. I feel sure that he will pay, in the long run, less taxes under the adjusted basis than he would have paid if his original claim had been sustained by the Treasury Department.

In addition to the above, it must be remembered that the books of the Cuyamaca Water Company, a partnership, are the only records of the entire transaction involving the operations of the Cuyamaca Water Company for the year 1926 and prior years, the sale to the District, the sale to the City, and the distribution to yourself and Mr. Stern. The Revenue Agent could not have passed upon your return or Mr. Stern's return for the year 1926 without an examination of the partnership books. He did examine them for a matter of some two weeks in our office, and in constant consultation with myself and members of our staff. Mr. Stern did not in any way contribute to the necessary work of satisfying the Revenue Agent as to the basic facts involved in the transaction.

Very truly yours,

Raymond M. Wansley
Certified Public Accountant.

RMW:AD
Enc.

P.S. - Money is very scarce with us. Would it be possible to get another payment on our account at this time?

R.M.W.

ELDRED AND WANSLEY
PUBLIC ACCOUNTANTS
CONSULTANTS ON FEDERAL TAXATION
ELECTRIC BUILDING
SAN DIEGO, CALIFORNIA

February 17, 1931.

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

Dear Sir:

Reference is made to your letter of February 6,
enclosing letter of Mr. Charles F. Stern dated February 5,
1931, which I return herewith.

Enclosed please find copy of Settlement Sheet be-
tween you and Mr. Stern as of December 31, 1926.

The following is a statement of the operating
profit or loss of the Cuyamaca Water Company, a Partnership,
during the period it was under the joint control of you and Mr.
Stern:

Operating profit from 5-31-23 to 12-31-23, per books	45381.58	
Operating profit from 1-1-24 to 12-31-24, per books	7798.74	
Operating loss from 1-1-25 to 12-31-25 per books	4528.63	
Operating profit from 5-31-23 to 12-31-25 per books	48651.69	
Less adjustment for Casualty Insurance applicable to above period	1579.81	
Net profit from 5/31/23 to 12-31-25 as shown on Settlement Sheet		47071.88
Operating loss from 1-1-26 to 12-31-26 per books	34526.30	
Interest to Ed Fletcher on Henshaw interest and option deposit	13765.00	
Loss from 1-1-26 to 12-31-26, per partner- ship returns and Settlement Sheet		48291.30
Net loss from 5-31-23 to 12-31-26 per Settlement Sheet		<u>1219.42</u>

Colonel Ed. Fletcher

-2-

Feb. 17, 1931.

You will note that the figures shown hereon
are reflected upon the copy of Settlement Sheet attached
to this letter.

Trusting that this will give you the informa-
tion you desire for Mr. Stern, I am

Very truly yours,

Raymond M. Wansley
Certified Public Accountant

RMW:AD
Enc.

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	9469.15			
Agreed basis as of 5/31/23		90000.00		
Original Option Deposit			5000.00	
Balance of Purchase Price			347500.00	347500.00
Notes				
Disc. allowed on balance			13750.00	13750.00
when paid				
Sundry Notes returned by			110781.61	
Murray Estate				
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		21950.60 (a)	21950.60
Profit on sale " (2)	29367.04		146835.30 (b)	146835.30
Profit on sale from				
Notes returned			(2) 110781.61	
Stern-Fletcher settlement				
on sale		(2)	(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 Prof- its accounted for	109095.75	102810.00	483791.06	482225.96
	Ed Fletcher	C F Stern	Total	
Income per Partnership Returns:				
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) 1765.00	None		

WILLIAM ELDRED
PUBLIC ACCOUNTANT
RAYMOND M. WANSLEY
CERTIFIED PUBLIC ACCOUNTANT
PAUL H. CRANDALL
CERTIFIED PUBLIC ACCOUNTANT

CORRESPONDENTS
SAN FRANCISCO
NEW YORK
WASHINGTON, D.C.

ELDRED AND WANSLEY
PUBLIC ACCOUNTANTS
CONSULTANTS ON FEDERAL TAXATION
ELECTRIC BUILDING
SAN DIEGO, CALIFORNIA

March 2nd, 1931.

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

Dear Sir:

Reference is made to our conversation of this afternoon in which you stated that Mr. Charles F. Stern does not remember having received any copy of "Settlement Sheet of Charles F. Stern and Ed Fletcher, December 31, 1926", copy of which I sent you in my letter of February 17, 1931.

My records show that Mr. Stern was mailed a copy of the Partnership Return of the Cuyamaca Water Company for the year 1926 with above mentioned Settlement Sheet attached, by Registered mail, receipt No. 82676, dated at San Diego, California, Station D on March 12, 1927 and that said Registered package which was addressed to him, c/o Pacific Southwest Los Angeles was receipted for on March 14th, 1927 as follows:

C. F. Stern by P. Chapman

I hold the Registry Receipt and the Return receipt and carbon of letter written to Mr. Stern enclosed in the Registered letter. Attached hereto is a copy of the carbon copy of the letter to Mr. Stern in which you will see that it is clearly set out that the Settlement Sheet in question was enclosed with the Return.

As I remember, Mr. White called me up on March 14, 1927 and discussed the manner in which the profit from the sale of the Cuyamaca System had been reflected upon the Return and Statement. If the Return and Statement are not in Mr. Stern's files it is possible that they are in the files of Mr. White to whom he may have referred them. I do not know who has them now; I only know that I sent them to Mr. Stern.

Very truly yours,

ELDRED AND WANSLEY,

By *Raymond M. Wansley*
Certified Public Accountants.

RMW:D
enc.

ELDRED AND WANSLEY

WILLIAM ELDRED
PUBLIC ACCOUNTANT
RAYMOND M. WANSLEY
CERTIFIED PUBLIC ACCOUNTANT
PAUL H. CRANDALL
CERTIFIED PUBLIC ACCOUNTANT

ELDRED AND WANSLEY
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ELECTRIC BUILDING
SAN DIEGO, CALIFORNIA

CORRESPONDENTS
SAN FRANCISCO
NEW YORK
WASHINGTON, D. C.

March 4, 1931.

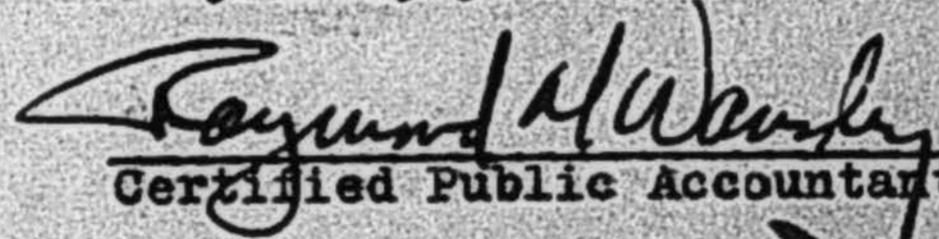
Colonel Ed. Fletcher,
1020 Ninth Street,
San Diego, California.

Dear Sir:

Enclosed please find copy of a letter and basis for settlement prepared for you on January 20, 1926. I believe that this is the document which Mr. Stern requested in his letter to you of February 26, copy of which was attached to your letter of February 28.

I am sure that you furnished Mr. Stern with a copy of this report at the time that I submitted it to you, but apparently Mr. Stern has a very poor filing system as well as a very poor memory.

Very truly yours,


Certified Public Accountant.

RMW:AD
Enc.

May 8, 1931.

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

Dear Sir:

Reference is made to your letter of April third, 1931, in which you quote from a letter received from Mr. Stern on that date. Mr. Stern has raised the question of whether or not I have clearly stated the discount received from the Murray Estate by you and Mr. Stern upon completion of the contract for the purchase of the Cuyamaca Water System, upon my settlement sheet as of December 31, 1926.

The books of the Cuyamaca Water Company show the following amounts paid in connection with the purchase of the Murray interest in the Cuyamaca Water Company by yourself and Mr. Stern, said amount being charged to the joint account of you and Mr. Stern and borne equally by you in the settlement:

September 1924 - Cash	8,250.00
May 1925 - Cash	13,558.33
July 1925 - Cash	1,050.00
August 1925 - Cash	904.17
September 1925 - Cash	904.17
October 1925 - Cash	875.00
November 1925 - Cash	1,633.34
December 1925 - Cash	962.50
January 1926 - Cash	971.76
January 1926 - Escrow Settlement:	
to A. L. P. Bank	210,282.50
to Murray Estate	518,464.96
Total	<u>757,856.73</u>

Colonel Ed. Fletcher

May 8, 1931.

In the settlement sheet prepared by me for you and Mr. Stern as at December 31, 1926 the above payments were reflected as follows:

	Ed Fletcher	C. F. Stern	Total
1923 Interest	20,850.00	20,850.00	41,700.00
1924 Interest	6,562.50	6,562.50	13,125.00
1925 Interest	5,250.00	5,250.00	10,500.00
1926 Interest	12,515.87	12,515.86	25,031.73
Principal	347,500.00	347,500.00	695,000.00
Discount	13,750.00	13,750.00	27,500.00
Totals	378,928.37	378,928.36	757,856.73

The statement as included in the settlement sheet accepted the interest as previously deducted upon your income tax return for 1923, 1924 and 1925 as the basis for the allocation of interest for those years. The discount was allocated on the basis of five percent of the prepaid balance rather than five percent per annum on the prepayments. Accruing the interest each year and using the figure for the discount as calculated by Mr. Stern gives the following results:

Interest @ 6% on \$695,000 for 7 mo. in 1923	24,325.00
" " " " " " 12 " " 1924	41,700.00
" " " " " " " " " 1925	41,700.00
Payments on principal:	
To A. L. P. Bank	145,000.00
To Murray Estate	550,000.00
Less discount (approximate)	51,558.33
Interest on balances due for Jan. 1926 and interest on approximately \$65,000 borrowed from A. L. P. Bank to pay interest in prior years	6,690.06
Total	757,856.73

The above statement clearly shows when the interest is properly allocated and the discount properly computed, that you and Mr. Stern received the full amount of discount which was due you in the final settlement of the Murray Estate, and that a revision of the figures to conform with the above re-statement of facts would not alter the settlement between yourself and Mr. Stern.

Colonel Ed. Fletcher

- 3 -

May 8, 1931.

I regret that my statement did not reflect the true amount of discount and that for this reason you and Mr. Stern have been misled as to the facts of the settlement with the Murray Estate. However, I have never had any cause to investigate the settlement with the Murray Estate and the corrections as made do not affect the settlement between you and Mr. Stern, which was the transaction which I was checking.

I trust that this explanation will clear up the matter entirely to your complete satisfaction.

Very truly yours,

(RAYMOND M. WANSLEY)

Certified Public Accountant.

RMW:AD

San Diego Athletic Club

(copy)

July 3, 1931.

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

Dear Sir:

Reference is made to your letter of June 30, 1931, in which you request a complete history and record of each of the Athletic Club notes upon which F. M. White, R. T. Robinson, Jr., and yourself are joint or several endorsers or guarantors. Mr. Neil Brown, Chairman of the Executive Committee of the San Diego Athletic Club, has verbally authorized me to give you this information. I am sending a copy of this letter to him.

The following is information concerning the six notes which the San Diego Athletic Club owes to San Diego banks, having a total of \$48,504.00, and upon which one or more of the above named men are endorsers:

(1)

Note to Bank of America, Main Office, San Diego, - Balance	<u>11,690.00</u>
Endorsed by F. M. White, R. T. Robinson, Jr., Ed Fletcher	
Original note made on 12-30-27 for \$25,500.00,	
Present note dated 6-22-29, due 9-20-29 -	21,500.00
1929-1930 payments on account	<u>9,810.00</u>
Balance at 6-30-31	<u>11,690.00</u>

(2)

Note to Security Trust and Savings Bank of San Diego - Balance	<u>11,872.00</u>
Endorsed by F. M. White	
Original notes made in Jan. 1928 for	7,500.00
in Feb. 1928 for	17,500.00
in Apr. 1928 for	<u>25,000.00</u>
Total	50,000.00
Paid on account in 1928 - 1929 -	<u>5,000.00</u>
Balance (carried forward)	45,000.00

(Copy)

July 3, 1931.

Colonel Ed Fletcher - 2

Balance (Brought forward)	45,000.00	
Trans to note of F. M. White and Ed Fletcher to Bank of America	15,000.00	
Trans. to note of San Diego Athletic Club to F.M. White	<u>8,000.00</u>	<u>23,000.00</u>
Present note dated 6-27-29, due		22,000.00
9-25-29, - 7%		<u>10,128.00</u>
Paid on account An 1930		<u>11,872.00</u>
(3)		
Note to First National Trust and Savings Bank of San Diego - Balance		<u>5,572.00</u>
Endorsed by F. M. White, Original note made in Feb. 1928 for 10,000.00		
Present note dated 8-29-29 due		10,000.00
2-16-30 - 6%		<u>4,428.00</u>
Paid on account in 1930		<u>5,572.00</u>
(4)		
Note to First National Trust and Savings Bank of San Diego - Balance		<u>5,572.00</u>
Endorsed by R. T. Robinson and Ed Fletcher Original note made in Feb. 1928 for \$10,000.00		
Present note dated 2-10-29, due		10,000.00
8-9-29 - 6% for		<u>4,428.00</u>
Paid on account in 1930		<u>5,572.00</u>
Balance 6-30-31		
(5)		
Note to First National Trust and Savings Bank of San Diego - Balance		<u>4,572.00</u>
Endorsed by R. T. Robinson and Ed Fletcher Original note made in Feb. 1928 for 10,000.00		
Present note dated 2-10-29, due		10,000.00
8-9-29 - 6% for		1,000.00
Paid on account in 1929		<u>4,428.00</u>
Paid on account in 1930		<u>5,428.00</u>
Balance 6-30-31		<u>4,572.00</u>

(Copy)

July 3, 1931.

Colonel Ed Fletcher - 3

(6)

Note to San Diego Trust & Savings

Bank - Balance	<u>9,226.00</u>
Original notes were made on 12-5-27 for	5,000.00
and on 12-12-27 for	<u>15,000.00</u>

The present note was dated 6-24-29, due 9-22-29 @ 6% for 17,000.00 and was endorsed by R. T. Robinson, Ed Fletcher and F. M. White - reduced by 1930 payments on account to balance of 9,226.00

In addition to the above you and Mr. White are signers on a note to the Bank of America, which has a balance of \$8,142.00. This note was originally for \$15,000.00, and was made in June, 1929, to reduce the indebtedness of the Club to the Security Trust and Savings Bank. This note draws 7% interest, and the last note of which I have record was dated October 29, 1930 and due April 27, 1931.

Mr. White accepted the notes of the Club in February, 1929, for \$5,000.00 and in April, 1929 for \$8,500.00, and in June 1929, for \$8,000.00. The first two notes were for cash advances to the Club, the third note was an advance by Mr. White for the purpose of reducing the note to the Security Trust and Savings Bank. The books of the Club show a note dated April 29, 1929, due April 29, 1930, interest 7%, present balance \$7,792.00. It is my remembrance that Mr. White's records show that this balance is correct but that he does not actually hold any note of the Club for this amount due him.

In connection with the 1929-1930 campaign for memberships, Mrs White advanced \$4,500.00 to Mr. George Parker as salary. On March 17, 1930, the Board of Directors authorized the amount to be refunded to Mr. White. During the year 1931 this account has been reduced in the amount of \$952.69, and on June 30, 1931, the balance due was \$3,547.31

Trusting that the above information will meet your requirements, I remain,

Very truly yours,
 (Raymond M. Wansley)
 Certified Public Accountant.

RMW:AD

WILLIAM ELDRED
 PUBLIC ACCOUNTANT
 RAYMOND M. WANSLEY
 CERTIFIED PUBLIC ACCOUNTANT
 PAUL H. GRANDALL
 CERTIFIED PUBLIC ACCOUNTANT
 GEORGE F. REUTER
 CERTIFIED PUBLIC ACCOUNTANT

ELDRED AND WANSLEY
 ACCOUNTANTS AND AUDITORS
 CONSULTANTS ON FEDERAL TAXATION
 ELECTRIC BUILDING, SAN DIEGO, CALIFORNIA

AUDITS
 SYSTEMS
 INVESTIGATIONS
 INCOME TAXES
 ESTATE TAXES
 INHERITANCE AND
 FRANCHISE TAXES

July 21, 1931.

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

Dear Sir:

We are enclosing the following documents, of which we have photostat copies for our files:

our
 Carbon copy of/letter to Mr. Charles F. Stern dated March 12, 1927;

Our receipt for registry of the above letter and enclosures, (1926 Income Tax return of Cuyamaca Water Company, a co-partnership, and Settlement Sheet supporting division of profits as shown on the 1926 Income Tax return between yourself and Mr. Stern) accompanied by pencil memorandum;

Return receipt for the above registered mail, No. 82676, signed by P. Chapman for Mr. Stern, on March 14, 1927.

Very truly yours,
 ELDRED and WANSLEY

RMW:AD

By Raymond M. Wansley
 Certified Public Accountant

Received the above documents -

July 22, 1931.

Filed in safe in private box.

WILLIAM ELDRED
PUBLIC ACCOUNTANT
RAYMOND M. WANSLEY
CERTIFIED PUBLIC ACCOUNTANT
PAUL H. CRANDALL

CORRESPONDENTS
SAN FRANCISCO
NEW YORK
WASHINGTON, D. C.

ELDRED AND WANSLEY
PUBLIC ACCOUNTANTS
CONSULTANTS ON FEDERAL TAXATION
ELECTRIC BUILDING
SAN DIEGO, CALIFORNIA

August 19, 1932.

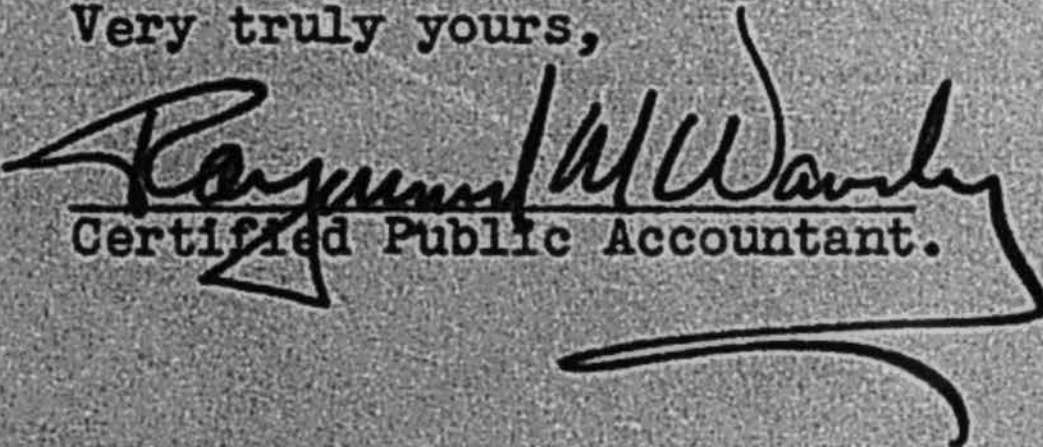
Colonel Ed Fletcher,
1020 Ninth Street,
San Diego, California.

Dear Colonel Fletcher:

I am returning herewith copy of letter of Charles Stern dated August 17, 1923, in re Henshaw's one-twelfth interest in the Cuyamaca System. I have today discussed this matter with your attorney, Mr. Harrison Sloane, and he advised me that the settlement of our case with the Treasury Department with regard to this item had no bearing upon your agreement with Mr. Stern in relation thereto.

I believe Mr. Sloane is going to write to you in this connection.

Very truly yours,


Certified Public Accountant.

RMW:AD
Enc.

Handwritten notes:
Stern
10-5

SA. "STERNSET"

STERNSET
(WANSLEY)

From the papers of Ed Fletcher, the following letters have been removed to the alphabetized correspondence files:

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"STERN SETTLEMENT"

"STERN SETTLEMENT"

SLOANE, Harrison:

Fletcher to Sloane, February 13, 1933

Oliver to Sloane, February 15, 1933

STERN, Charles F.

FERDINAND → Fletcher to Stern, (2 letters) December 19, 1940,
January 2, 1941

ELDRED, William and WANSLEY, Raymond M., Public Accountants:

to Fletcher, (2 letters) January 20, 1926, February 17, 1931

Wansley to Fletcher, (5 letters) March 2, 1931, March 4,

1931, May 8, 1931, July 21, 1931, August 19, 1932

FLETCHER, Ferdinand:

Fletcher to Stern, Charles F, (2 letters) December 19,
1940, January 2, 1941

SLOANE, Harrison:

Fletcher to Sloane, February 13, 1933

Oliver to Sloane, February 15, 1933

WANSLEY, Raymond M., of Eldred and Wansley, Public Accountants:

Wansley to Fletcher, (7 letters) January 20, 1926, February
17, 1931, March 2, 1931, March 4, 1931, May 8, 1931,

July 21, 1931, August 19, 1932

Ed Fletcher Papers

1870-1955

MSS.81

Box: 32 Folder: 17

General Correspondence - Wansley, Raymond



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