

THE SECURITIES COMPANY OF MILWAUKEE INC.

★
110 EAST WISCONSIN AVENUE
MILWAUKEE, WISCONSIN

ROBERT W. HARRIS
PRESIDENT

PERSONAL.

January 7, 1939.

Mr. Ed Fletcher,
c/o Ed Fletcher Company,
1020 - 9th Avenue,
San Diego, California.

My dear Mr. Fletcher:

I have your letter of December 28th in which you outline the possibilities of a very interesting piece of business and in which you ask me some questions which are most difficult to answer.

In the first place I don't think it is feasible to try to purchase these bonds in the open market in the amount that you are talking about. There are something around \$48,000,000. or \$49,000,000. of these issues and, when you consider picking up 30% of any issue of this kind in a limited space of time, aside from any favorable or unfavorable developments in the company's operations itself, you inevitably run the market price right up.

I am giving you herewith the volume of trading on the curb for the whole year of 1938, together with the range for 1938, as well as the closing sales on these various issues yesterday:

	Volume on the Curb 1938	STANDARD GAS Range 1938		Closing Sales Jan. 6, 1939.
		High	Low	
6's of 1948 Stamped	\$1,360,000.	63½	38	62
6's of 1948 Conv. Stamped	899,000.	63½	39½	61 7/8
6's of 1951	2,838,000.	64	57½	61
6's of 1957	81,000.	63	53½	61½
6's of 1966	1,743,000.	63½	36½	61
	<u>\$6,921,000.</u>			

Mr. Ed Fletcher, -2-

January 7, 1939.

This information translated in connection with your problem means that if we had been able to have your order for these bonds during the year 1938, and if we had been able to purchase every Debenture in the market against all other bidders, we would have been able to buy in somewhat less than half of what you have in mind. Of course, a substantial buying order such as you are considering would cost substantially higher prices on the Exchange, so at the moment the question of trying to buy them in the market should not be considered.

Immediately upon receipt of your letter I talked to one of my friends, without divulging the source or the reason of my inquiry, and asked him if he would get for me, either through the Securities Exchange Commission at Washington or through the court records in New Jersey where this particular company went through 77b, a list of the larger holders of these various Debentures. I am waiting for that information now and I am hoping it will show some substantial holdings of these Debentures among institutions, banks and corporation accounts.

If your principals are ready to act, the next move, of course, would be to endeavor to purchase blocks of these bonds off the market in from \$100,000. to \$1,000,000. in a block. You and your principals ought to realize, however, that the amount you are willing to purchase should be kept in the dark. If you look at the high and low in the price range I have given you, you will realize that the holders of some of these Debentures in 1938 can sell their holdings at the present levels and take a very nice profit. You will also realize that probably a great majority of the owners of these Debentures would take a fairly substantial loss in selling at the present levels. This ability to take a loss will help in picking up bonds, particularly in November and December of the year when people or corporations have substantial profits for the year and are looking for opportunities to take a loss.

I hope sometime next week to have a partial list at least of the larger holders of these Debentures, which I will mail out to you for your confidential information. Meanwhile I am not doing any checking with Mr. Yawkey, as my friend Harold L. Geisse has told me something about you.

Mr. Ed Fletcher, -3-

January 7, 1939.

To your principals

I am delighted to have this letter from you and this company can be of real service in working out this problem, because we are entirely independent and responsible, but your principals, whoever they may be, do not need to show their hand in a substantial purchase of this size. For that reason I suggest that you do not write any more letters outlining the possible amount you are interested in, because that figure in itself, if it got out, would move the price up at least 10% to 20%.

As soon as I have any additional information, I will write you.

Very truly yours,

Robert Baird
President.

C

December 28, 1938.

Securities Company,
Milwaukee, Wis.

Attention Mr. Baird, President

Gentlemen:

I have a possible purchaser for \$15,000,000 of Standard Gas & Electric debentures. At approximately what price do you think you could secure same and what length of time would you want, also what would be your compensation, representing my people.

I would be pleased to hear from you on this subject and will later put you in contract with the principals. I would only be acting as agent.

I refer you to C. C. Yawkey, Wausau, Wisconsin; John Hoffman, Vice-president National Bank of Bay City, Michigan; E. J. Engel, vice-president A. T. & S. F. Ry, 80 East Jackson Blvd., Chicago or any San Diego Bank.

Yours very truly,

EF M

January 19, 1939

Mr. Robert W. Baird, President
Securities Company of Milwaukee, Inc.
110 East Wisconsin Avenue
Milwaukee, Wisconsin

My dear Mr. Baird:

Thanks kindly for your letter of the 7th which will
be treated confidential.

I am taking the matter up with my principals, and you
will hear from me immediately that they are ready to go into
action. We must have a little better understanding with the
"powers that be" first.

Thanking you again for the information contained in
your letter, and hoping that we can work together soon,

Sincerely yours,

EF/jv

Ed Fletcher Papers

1870-1955

MSS.81

Box: 1 Folder: 25

General Correspondence - Baird, Robert W.



Copyright: UC Regents

Use: This work is available from the UC San Diego Libraries. This digital copy of the work is intended to support research, teaching, and private study.

Constraints: This work is protected by the U.S. Copyright Law (Title 17, U.S.C.). Use of this work beyond that allowed by "fair use" requires written permission of the UC Regents. Permission may be obtained from the UC San Diego Libraries department having custody of the work (<http://libraries.ucsd.edu/collections/mscl/>). Responsibility for obtaining permissions and any use and distribution of this work rests exclusively with the user and not the UC San Diego Libraries.