

**Carl G.
Fisher
Corporation**

CARL G. FISHER CORPORATION

MIAMI BEACH, FLORIDA

U. S. A.

August 25, 1939.

To the Stockholders,
Carl G. Fisher Corporation:

At a meeting of the Board of Directors held on July 24, 1939, there was declared a dividend of \$5.00 per share, payable August 25, 1939, to stockholders of record August 15, 1939, on the outstanding common capital stock of this corporation. Therefore, we are pleased to enclose herewith a dividend check, representing the amount of the dividend which you are entitled to receive on the number of shares registered in your name as of August 15, 1939. Inasmuch as your corporation's fiscal year closes as of August 31, 1939, its books of account for the current year have not been closed.

A very careful estimate of current income has been prepared by the Officers of the corporation, and after having been reviewed by the Directors, it was the concensus of opinion that the current income (before Federal taxes) will approximately equal the amount of dividend authorized and now being disbursed.

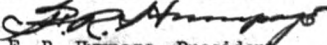
In addition to the sale of two parcels of real estate, the sources of income have been chiefly derived from the operation of the Flamingo and Lincoln Hotels, and from dividends received from the Miami Beach Bay Shore Company, in which your corporation owns a very substantial interest. The Miami Beach Bay Shore Company owns or controls three hotels, namely, the Nautilus, King Cole, and Boulevard; these hotels, combined with the Flamingo and Lincoln Hotels, which are directly owned and operated by your corporation, are known and commonly referred to as the Fisher Group or Fisher Hotels. All five hotels having been successfully operated over a period of years, the Flamingo and the Lincoln Hotels being the oldest of the group, have established a most enviable reputation, and the good will value of these is quite considerable. We, therefore, take this opportunity to bespeak for them your favorable consideration in the event that you personally, or your friends, intend to visit Florida this coming winter season.

The annual report to the stockholders will be mailed as soon as reasonably possible after the close of our fiscal year, when the net or current income for the present fiscal year, ending August 31, 1939, can be accurately determined.

The writer regrets having to advise you that Carl G. Fisher, our most beloved friend and adviser, past President and Founder, and guiding spirit of this corporation, which so proudly cherishes the good will of his distinguished name, passed away on July 15, 1939. It was his visionary spirit and indomitable energy which pioneered in the creation and development of Miami Beach. His loss is not only a personal one to those of us who have been associated with Mr. Fisher over a period of many years, but to all of those who have known or have ever come in contact with him, and among his other admirable qualities is that of having had the foresight to build around him an organization which, even though he has passed on, can and will carry on and thus maintain the prestige and success which have attended his past efforts.

Respectfully yours,

CARL G. FISHER CORPORATION


F. R. Humpage, President

CARL G. FISHER CORPORATION

MIAMI BEACH, FLORIDA

U. S. A.

December 21, 1940.

TO THE STOCKHOLDERS OF THE
CARL G. FISHER CORPORATION:

At a meeting of the Board of Directors of this Corporation, held on December 12, 1940, there was declared a distribution of \$17.50 per share, payable December 21, 1940, on the outstanding capital stock of this Corporation to stockholders of record December 12, 1940. Therefore, we are pleased to enclose herewith a check representing the amount which you are entitled to receive on the number of shares registered in your name as of December 12, 1940.


The Internal Revenue Act provides that distributions by a Corporation may be made from current earnings but that the said earnings cannot be computed until the Corporation's books have been closed for the year, and as this Corporation's fiscal year will not end until August 31, 1941, it is impossible to definitely determine at this time how much of the present distribution is from current earnings and how much represents a liquidating dividend. However, for income tax purposes only, the Corporation has attempted to arrive at an estimate of what its earnings for the fiscal year ending August 31, 1941, will be. That estimate indicates that 33% of the enclosed distribution is from current earnings (taxable dividend) and 67% is a liquidating dividend (return of investment).

The Corporation wishes to point out that it will not be able to inform its stockholders as to the exact percentage attributable to current earnings and the percentage attributable to a liquidating dividend until the books have been closed at August 31, 1941. At that time the Corporation will notify its stockholders as to the respective percentages.

The Corporation also wishes to point out that when the stockholders have received the exact percentages, it may be necessary for certain stockholders to file amended returns for the year in which the enclosed distribution is received. All of the above, of course, is subject to subsequent audit by the Bureau of Internal Revenue.

Yours very truly,

CARL G. FISHER CORPORATION,


F. R. Humpage, President.

FRH:AVM
Enclosure

CARL G. FISHER CORPORATION
MIAMI BEACH, FLORIDA
U. S. A.
August 10, 1941.

Mrs. Margaret C. Fisher,
C/o Mrs. Emmett Carson,
London, Ohio.

Dear Margaret:-

This last week we have been checking up the taxes assessed against the Carl G. Fisher Corporation and other of our affiliated interests, etc., and the party we sent over to the County Tax Assessor's Office to investigate, reported back that although the former Carl G. Fisher residence at 650 West 51st Terrace received Homestead Exemption last year, that an application had not been filed for this year, and, therefore they had assessed that property as having a value of \$12,400.00.

Last year the property was assessed at \$3100.00. That, of course, was on the basis of their assessing for 25% of the values; whereas, this year, all property is assessed at its full value instead of on a 25% value.

The County Assessor's Office also stated that they had received from you, or somebody, (their records are not quite clear) instructions to have this property assessed to you, instead of in the manner as it was heretofore assessed. I don't know anything about any such instructions having been issued. It is quite possible - in fact, probable - that they are all mixed up over there. In any event, I am submitting this information as it comes to me, and will appreciate hearing from you as to what, if anything, you know that has been done to change the conditions as they existed prior to the making of assessments this year.

Kindest regards,

Sincerely,



F. R. Humpage.

FRH:AVM

CARL G. FISHER CORPORATION
MIAMI BEACH, FLORIDA
U. S. A.

August 12, 1942.

Mrs. Carl G. Fisher,
P. O. Box 136,
Maitland, Florida.

Dear Margaret:-

Sorry that I could not immediately answer your letter of August 8th, which was received on Monday, but have had so very many things to take care of that I haven't had time to do all of the things that require being done, to say nothing about attending to any of my correspondence. In fact, Mrs. Marks, Mr. Smethurst and myself worked last Sunday morning on some income tax matters that we hadn't been able to attend to during the week.

As requested, I have had prepared and there is enclosed herewith a Statement of Receipts and Disbursements of the Estate, continuing from the last entry on the Statement previously furnished you, i.e. March 19, 1942, up to and including the close of business last night, i.e. August 11th.

The income tax returns of the Carl G. Fisher Corporation for the fiscal years ending August 31, 1939, 1940 and 1941, had been examined by an Examiner of the Bureau of Internal Revenue and had been accepted as filed; but about six weeks ago the Bureau re-opened the cases and had a re-examination made, on the theory that the reorganization of The Carl G. Fisher Company (which reorganization was completed in November of 1935) was what is known as a "taxable" reorganization and, therefore, that certain transactions, and particularly the question of dividends paid by the Corporation to its stockholders were, in their entirety, taxable as dividends paid out of earnings, instead of liquidating dividends — that is, return of investment from the sale of assets.

Very recently some of the stockholders, who have filed their income tax returns and have reported that a certain portion of the Fisher Corporation dividends received by them was a liquidating dividend and/or a return of investment, have been advised by the Bureau of Internal Revenue that the Bureau has not accepted as correct the report of the Fisher Corporation that those dividends were non-taxable, and have assessed those stockholders an additional amount as a deficiency.

Of course the Fisher Corporation is going to protest and, if necessary, carry to the Board of Tax Appeals, that issue which has been recently raised by the Bureau of Internal Revenue. I don't know how long that may take, nor are we positive as to what the result will be, but this we do believe, and that is, that the Bureau is entirely wrong in their very recent determination that there is a deficiency in the payment of income taxes by the Fisher Corporation for the years 1939 - '40 - '41.

The Internal Revenue Agent who examined the Fisher Corporation's returns for the years 1939 - '40 and '41, has stated to our Auditor, Mr. Smethurst, that in his opinion the tax returns of the Fisher Corporation as filed were and are

August 12, 1942.

correct; furthermore, that in his opinion the reorganization of The Carl G. Fisher Company was a non-taxable reorganization; and, finally, that the Fisher Corporation and/or its stockholders who filed their returns ~~and~~ correctly reported that a certain portion of those dividends which they received were liquidating dividends (as they were advised by the Fisher Corporation) were not taxable. However, it is quite apparent that the Internal Revenue Agent has been overruled by his superiors, and I presume, as is often the case, the Bureau of Internal Revenue is taking the position that they have everything to gain and nothing to lose by making claims of this nature. Even though they should, in the final analysis, fail in their attempt to prove a deficiency in taxes paid they will have lost nothing except the time of those employed in an effort to prove that they are right.

I mention this because at this time it appears that it would not be proper for the Executors of the Estate to deplete the Estate of all of the cash in their possession, and, therefore, we must, for the time being at least, refrain from paying out very much more to you as Beneficiary, until we are in a better position to determine to what extent, if any, the Government's position may be substantiated, or otherwise.

However, I think it will be quite possible for the Estate to take care of the tax payment of approximately \$437.00, plus interest, due this month; and Mr. O'Connor has informed me that if this payment is received at his office by August 24th, it will be quite all right. However, I think this payment should be made immediately, as there is no useful purpose to be served by postponing it. And the payment should be made so that as it comes to the Office of the Collector of Internal Revenue, it should show that the payment was made for and on behalf of Rutherford-Collier, Inc. Seemingly the best way to handle it would be for a check of the Executors to be made payable to your order, and by you endorsed over to Rutherford-Collier, Inc., and by Rutherford-Collier, Inc. endorsed over to the Collector of Internal Revenue at Jacksonville, Florida; and a letter be addressed to Mr. O'Connor, Deputy Collector of Internal Revenue, Miami, outlining for what purpose the check is offered in payment.

Tomorrow I will have prepared a check and also a form of letter, which you can copy or send "as is", together with the check, etc.

Now, as regards future payments: As I mentioned^{ed} in my letter of August 6th, after these first two payments are made, which when made will pay the deficiency for the taxable year ending July 31, 1939, we can then discuss with Mr. O'Connor the splitting up of the payments for the deficiency of \$5,525.06, assessed for the fiscal year ending July 31, 1940.

This question of extra assessment against the Carl G. Fisher Corporation, and also stockholders who received dividends from the Carl G. Fisher Corporation, is a situation which is rather difficult to explain, but I have done the best I could, under the circumstances, to make it clear to you. Hope my explanation is sufficiently clear so that you at least get a general idea of what is involved and what it is all about, etc.

Will make a special effort to write you tomorrow and take care of other matters.

Sincerely,

F. R. Rumpage
F. R. Rumpage.

Rec'd 63, 973
McK 10, 700
H. H. H. 39
41, 159
cash 10, 913.

CARL G. FISHER CORPORATION

Miami Beach, Florida

Financial Statement

Fiscal Year Ending August 31, 1942

Balance Sheet

Statement of Income and Profit and Loss

CARL G. FISHER CORPORATION - - - MIAMI BEACH, FLORIDA

BALANCE SHEET

August 31, 1942

ASSETS*

CASH ON HAND AND IN BANKS		\$	66,202.30	
NOTES AND ACCOUNTS RECEIVABLE			53,669.79	
INVENTORY—REAL ESTATE			269,792.04	
SECURITIES OWNED:				
Stocks Owned in Other Companies	\$2,879,682.08			
Less—Liquidating Dividends Received	22,857.00	\$2,856,825.08		
Bonds and Mortgages		229,735.54		
Treasury Stock—1351.85 Shares at Cost		33,796.25	3,120,356.87	
FIXED ASSETS:				
Flamingo Hotel Property	\$2,167,416.93			
Less—Reserve for Depreciation	1,249,063.59	\$	918,353.34	
Office Furniture and Fixtures	\$	820.60		
Less—Reserve for Depreciation	170.44		650.16	
Miscellaneous		355.00	919,358.50	
OTHER ASSETS:				
Montauk Beach Trust			1,947.89	
TOTAL ASSETS			<u>\$4,431,327.39</u>	

LIABILITIES AND CAPITAL

MONTAUK BEACH COMPANY, INC.		\$	2,809.66	
RESERVE FOR UNCOMPLETED DEVELOPMENT			69,016.18	
EMPLOYEES' DEPOSITS (Social Security Taxes)			15.92	
TOTAL LIABILITIES			<u>\$</u> 71,841.76	
CAPITAL STOCK OUTSTANDING				
(23,425 Shares—no par)	\$2,546,555.28			
Less—Liquidating Dividends Paid	596,021.29	\$1,950,533.99		
VALUATION SURPLUS			2,455,138.24	
OPERATING SURPLUS (Deficit)		46,186.60	\$4,359,485.63	
TOTAL			<u>\$4,431,327.39</u>	

*Assets are shown at cost to this company or at book value of predecessor companies.

NOTE: Additional Federal Income Taxes for the three years ended August 31, 1941, in the amount of \$59,043.97 are in dispute, although Examining Agents of the Bureau of Internal Revenue had approved the returns as filed for those years.

STATEMENT OF INCOME AND PROFIT AND LOSS

For the Year Ended - - - August 31, 1942

INCOME:

Flamingo Hotel Operating Income		\$	34,394.68
Dividend Received			30,050.00
Rentals Received			6,187.50
Other Income			895.12
TOTAL INCOME			<u>\$71,527.30</u>

EXPENSES:

Executive and Administrative	\$20,816.67		
Insurance	2,955.25		
Advertising	2,185.22		
Legal and Accounting	1,339.10		
Rent and Miscellaneous Office Expense	3,674.20		
Moving and Storage Expense	1,751.98		<u>32,722.42</u>

PROFIT, BEFORE DEPRECIATION AND TAXES:

			\$38,804.88
Depreciation	\$45,092.29		
Taxes	23,717.67		<u>68,809.96</u>
NET LOSS			<u>\$30,005.08</u>

ANALYSIS OF OPERATING SURPLUS ACCOUNT

BALANCE (Deficit)—September 1, 1941		\$	8,041.61
DEDUCT:			
Net Loss for the Year	\$30,005.08		
Federal Income Tax Paid for the Fiscal Year			
Ended August 31, 1941	8,129.91		
Expenses Paid for Former Subsidiary	10.00		<u>38,144.99</u>
BALANCE (Deficit)—August 31, 1942			<u>\$46,186.60</u>



CARL G. FISHER CORPORATION
MIAMI BEACH 40, FLORIDA
U. S. A.

January 4, 1949

To the Stockholders of the
Carl G. Fisher Corporation:

There is enclosed herewith a printed copy of this Corporation's
Financial Statement for the fiscal year ended August 31, 1948.

During this Corporation's fiscal year ended August 31, 1948
there was a cash distribution on March 12, 1948 to the Stockholders
of record as of March 6, 1948, of \$10.00 per share and you were
advised in a letter dated March 12, 1948 (which accompanied your
dividend check) that we would notify you of our auditors determina-
tions as to what percentage was paid out of earnings and/or return
of capital.

Our auditors having completed the annual audit now advise us that
all of the \$10.00 distributed during that fiscal year was paid
out of capital (liquidating) and therefore not taxable as dividends.

Of course it should be understood that the aforementioned as
determined by our auditors is subject to final audit by the Bureau
of Internal Revenue.

The above information is submitted in the event that you may have
occasion to make use of same in the filing of your income tax
returns for the calendar year ending December 31, 1948.

Yours very truly,

CARL G. FISHER CORPORATION



F. R. Humpage, President

FRH:A

Enclosure

CARL G. FISHER CORPORATION
MIAMI BEACH 40, FLORIDA
U. S. A.

March 5, 1949

TO THE STOCKHOLDERS OF THE
CARL G. FISHER CORPORATION:

At a meeting of the Board of Directors of this Corporation held on February 25th, 1949, there was declared a distribution of \$10.00 per share, payable March 5th, 1949, on the outstanding capital stock of this Corporation to stockholders of record as of March 1st, 1949. In accordance therewith we are pleased to enclose herewith check representing the amount which you are entitled to receive on the number of shares registered in your name as of March 1st, 1949.

As we have recently received cash payments from sources in which your Corporation has substantial interests, etc. a portion being in liquidation, it permits your Directors to pass on to you at this time the major portion of the additional cash accumulation.

Inasmuch as this Corporation's fiscal year will not end until August 31st, 1949, it is impossible to determine, at this time, what proportion of the present distribution is from current earnings and/or a return of capital. However, as soon as possible after the books of this Corporation have been closed as of August 31st, 1949, we will notify all stockholders of our auditor's determinations as to the representative percentages.

Very truly yours,

CARL G. FISHER CORPORATION

F. R. Humpage, President

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enclosure

CARL G. FISHER CORPORATION
MIAMI BEACH 40, FLORIDA
U. S. A.

November 15, 1950

To the Stockholders of the
CARL G. FISHER CORPORATION:

Enclosed herewith you will find Notice of a Special Meeting of the Stockholders of the Carl G. Fisher Corporation, to be held November 25, 1950 for the purposes therein set forth.

The Carl G. Fisher Corporation owns \$278,962.50 of the First Mortgage and Collateral Trust bonds of the Montauk Beach Company, Inc., a New York corporation, said bonds being dated June 1, 1938 and which matured June 1, 1948. These bonds have a cost basis in the hands of the corporation of \$208,122.25.

In addition, the Carl G. Fisher Corporation owns certain unsecured promissory notes issued by the Montauk Beach Company, Inc. in the principal amount of \$94,835.60 dated June 1, 1947 and which matured December 31, 1948. As a result of the financial difficulties of the Montauk Beach Company, only one interest payment was made on the bonds, to-wit: December 31, 1938. All interest on the promissory notes have been paid up to and including June 30, 1950. The Carl G. Fisher Corporation also owns 33,806.5 shares of the common capital stock of the Montauk Beach Company, Inc.

While recent operations of the Montauk Beach Company have shown some improvement, that corporation has not been able to retire either its bonds or notes.

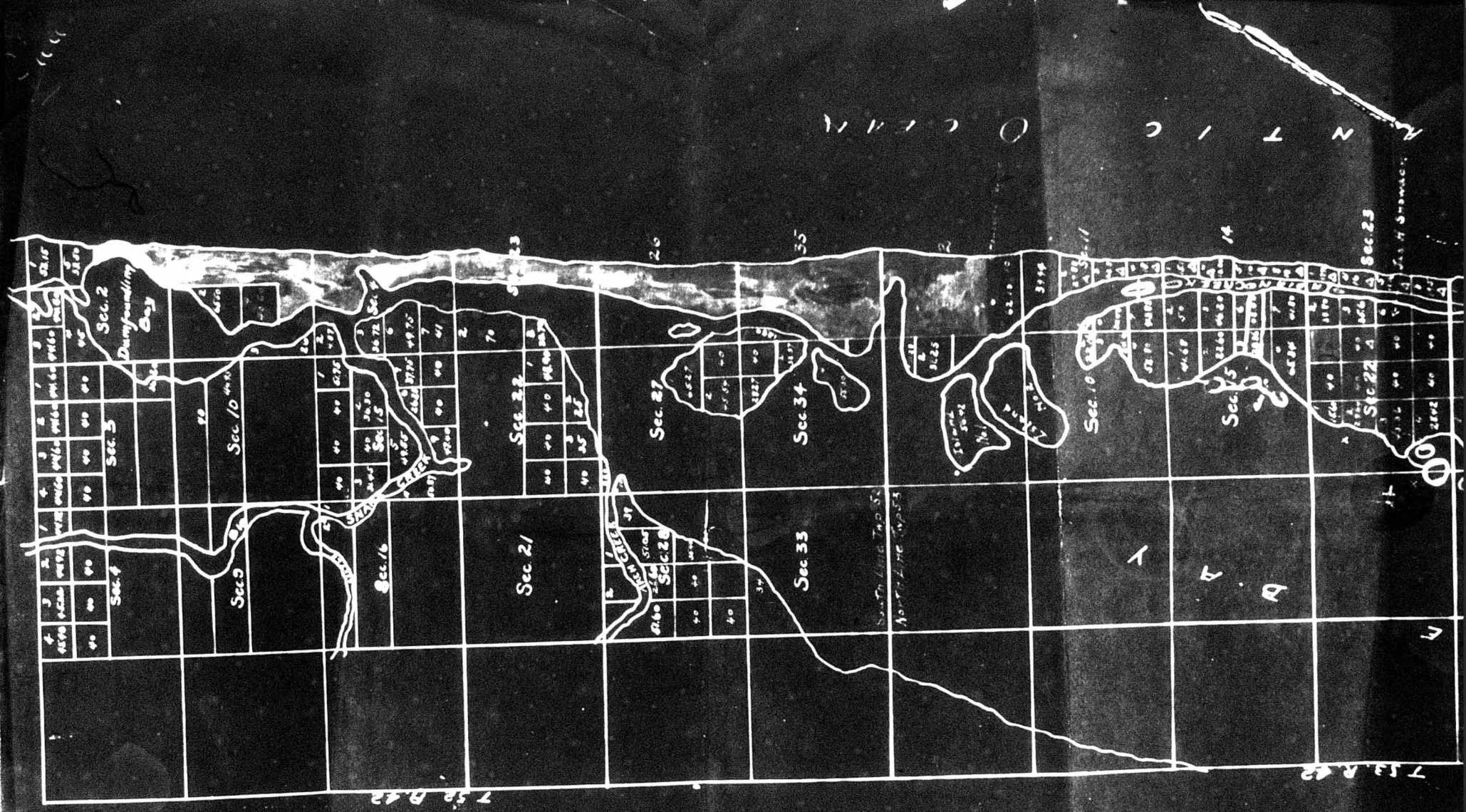
Inasmuch as the Montauk Beach Company is a real estate development company engaged primarily in the business of subdividing and selling lots, bankruptcy or receivership of that company is believed to be inimical to the best interests of all of its security holders. As a consequence, the Montauk Beach Company has recently adopted a Plan of Recapitalization whereby all of its outstanding, unsecured notes would be exchanged for \$280,000 of 3% Debentures, and all of its outstanding First Mortgage Bonds in the amount of \$800,000 would be exchanged for 80,000 shares of 5% Cumulative Preferred Stock with a par value of \$10.00 each and redeemable at \$10.50 per share. The Common Stock of the Montauk Beach Company, Inc. will continue to remain outstanding, unaffected by the Plan. All of the other holders of Montauk Beach Company, Inc. notes and First Mortgage bonds have consented to the Plan of Recapitalization of the Montauk Beach Company, Inc. and have agreed to exchange their respective securities in the manner as outlined above. Your corporation has been requested to approve the Plan and to likewise consent to the foregoing exchange.

Your directors have ratified and approved the Plan and recommend its adoption as being in the best interests of the Carl G. Fisher Corporation.

Yours very truly,

CARL G. FISHER CORPORATION

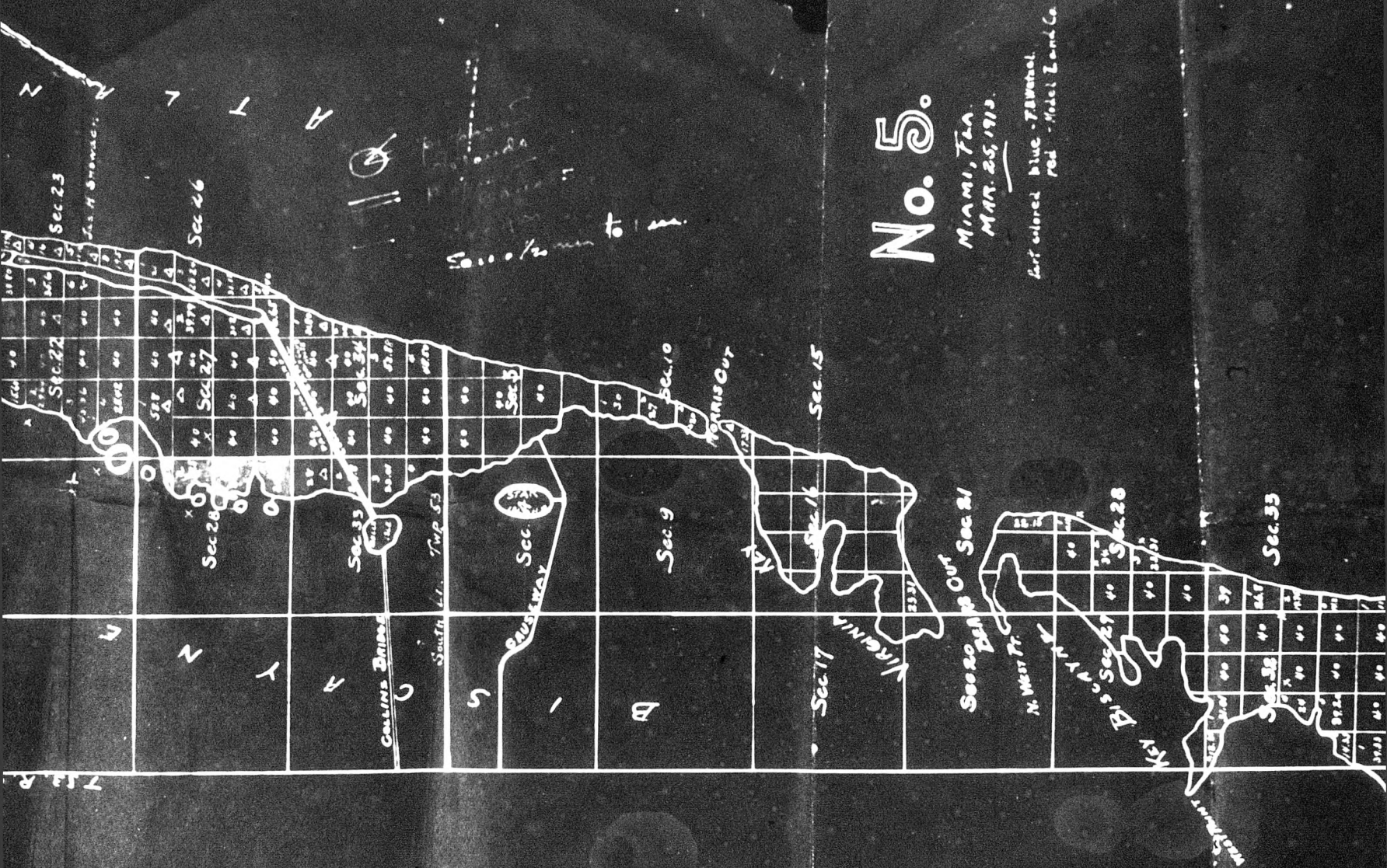
By: F. R. HUMPAGE, President



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7 1/2 R 42



No. 5.
 Miami, Fla.
 Mar. 25, 1912.

Art colored blue - Federal.
 red - Hotel Land Co.

to sea.

No. 5.

MIAMI, FLA.
MAR. 25, 1913.

Lot colored blue - FAWWEL.
red - Hotel Land Co.

