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Hertz, John D.

Hertz
May 10, 1932

Mr. Irving A. Collins
Moorestown
New Jersey

Dear Irving:

In your letter of the 7th, since it has been decided to give Mr. Hertz a mortgage on the fourth polo field and the grounds surrounding as well as the Bay Shore Gold Course, I think it best to go ahead and make these corrections in the mortgage.

We agreed to give Mr. Hertz \$25,000, which I believe it will be necessary to do without any more attempts to change this figure, but to take credit for the \$4800 on the mortgage as and when the subject comes up in future settlements.

The \$4800 and McKay's fee can be taken care of when I get a chance to see Mr. Hertz. I certainly don't believe that Mr. Hertz would expect us to pay the \$4800, which the club owes us for work and money expended, and I don't think Mr. Hertz should expect us to pay the school board for their rental of the barns. I believe that you can get the rental down from the school board to about \$500 and perhaps we can do a better job of reducing this rental than the Polo crowd can do themselves.

Mr. Hertz has been absent from the City to Southern California, and may return within the next week or two. I am sending him a copy of this letter today.

Yours,

CGF/L

Copy to:
Mr. John McKay,
1st National Bank Building
Miami, Fla.

December 7th 1932.

Mr. John Herts,
231 South LaSalle Street
Chicago, Ill.

Dear John:

We have had a Mr. Alexander of the Universal Film Corporation around Miami Beach looking for a location for a new plant. Mr. Alexander was brought to me by John Reed.

I made an offer to sell him LaForce Island, which pleased him tremendously, but was too small for his purpose.

Then I took him over your property, and he seems to be well impressed with it, and would like to have a price on same. I called Jack McKay, and he in turn called Ed Romph for his advice, but Ed had no suggestions to make regarding price. Jack told me last night that the only price he could name was \$400,000.00 which did not interest Mr. Alexander at all, and all things considered it would not interest anybody that I know of, on this property.

It occurred to me that we might be able to make you a trade if we can make a sale. We would be willing to trade you our polo fields for the \$300,000 mortgage you hold for your property west of the road, with six hundred feet of ocean front. I would then attempt to sell this property to Mr. Alexander for \$275,000, and if necessary cut it to \$250,000. We would be compelled to pay John Reed a net commission of \$10,000, which I think would be fair.

My interest in the sale is to make some sort of a trade of the polo fields for the mortgage. We could give you the barns as they stand, and they could be torn down and rebuilt in the middle of the polo fields, giving you a very handsome layout, and if you wished, you could play on two fields only, and sub-divide the other two. This transaction, if we could make it, would get you a fine investment in the polo fields, which I consider twice as good as your present investment, and give you \$250,000 or \$275,000 cash, if the deal can be made.

I am not at all sure that Mr. Alexander would pay this price. I definitely learned that he would not be even interested in considering \$400,000 or \$350,000.

Mr. John Hertz - #2

The 600 feet of ocean front could be so restricted that it would not damage the balance of the ocean front, which after all is the only valuable property, for the next eight to ten years.

At the present time, many distress lots are available right in the heart of Miami Beach at from \$800 to \$1500.00; lots that we sold for three to four thousand dollars are offered freely on the market for this price. There is this splendid advantage in Miami Beach property, that we do find buyers at these low prices prevailing, where property in other cities is not saleable at 10 cents on the dollar, while our prices here, even though they are distress, are bringing 30 to 35 cents on the dollar.

We are renting more houses this year than we ever rented before, but of course at figures which were undreamed of before this year. Houses that formerly rented for \$3,000 a season are freely quoted now at \$1,000 to \$1200.00. Just how long this condition of affairs will exist of course nobody can tell.

I am trying to put this picture to you just as I see it. If the property were mine, and even if I was not pushed for funds, I would accept the figures I am quoting you.

I would like to have you wire me your reaction to the possibilities. If no chance at all to deal just say yes or no, because I want to help Mr. Reed locate Mr. Alexander if possible. Instead of 5% commission, Mr. Reed, at my suggestion, reduced his commission to a net figure, and I am perfectly satisfied to have him have all of it.

I believe the holding of the balance of the ocean front property may in time cash in on your investment but I am figuring your property the same as I figure my own property, and that is - that taxes and interest are consuming my property very rapidly.

These are all the facts as I see them, and I would appreciate your wiring me or calling me on the phone. I am in the office every day between ten and one o'clock and at the house every evening between five and six o'clock.

Yours,

Hertz
December 15, 1932

Mr. John Hertz,
Paramount Publix Corporation
Times Square, New York.

Dear John:

I have yours of the 10th.

Of course I would much prefer to make the deal if I could, for our polo fields to clean up our transaction, but we could not think of making a trade unless we had the other property sold, and this man is the only man I have seen around here who really has cash.

I tried to act very quickly, because I knew what would happen if he got caught by a lot of dealers, and he finally did get into the hands of a crowd at Hollywood and also some people in Miami, who were trying to make a deal on some properties over there that are in distress. I told John McKay yesterday over the phone that I was afraid we had lost him.

However, I am trying to get him back on the phone this afternoon, and see definitely if he has gone from your location. We offered him the Honey property right north of yours with 2000 feet of ocean front at a low figure, but apparently he did not want to attempt to fill the back property, and also to wait for the work to be finished. We get very little information from him, as he is a very hard, close buyer, but a very nice gentleman and seems to know his own job thoroughly.

I am under some embarrassment in this promotion for the reason as I told you, John Reed brought the man to me, and I of course jumped into the deal with the thought that some good might come out of it regarding our polo fields.

There is not much more I can say now, until I get another contact with Mr. Alexander. I wired you the information had been given to me that he was with the Universal Film Corporation, but I corrected same, as Mr. Alexander is associated with the United Film Corporation. Do you know anything about the United Company?

John Hertz - #2

Do not go to any further expense or trouble until you hear further from me. It looks like the cold weather up north is going to be our best friend, for a while at least.

Hope you will get down soon,

Regards,

Yours,

CARL G. FISHER

CGF-HM

Copy to:
Mr. John McKay,
First National Bank Bldg.
Miami, Fla.

Hertz
December 31, 1932

Mr. John Hertz,
Paramount Building
Times Square, New York.

Dear John:

Here's a ticket for the Golf Clubs,
either La Gorce or Bay Shore, for you and your
family this season.

We hope to see you down soon. It is
wonderful weather.

The United man has not closed yet,
and we are still in hopes to have some proposi-
tion to offer you soon.

Yours,

CARL G. FISHER

CGF-MS
Enclosure.

Hertz
January 23rd 1933

Mr. John Hertz,
Miami Beach, Fla.

Dear John:

Glad you are back in town. Some of these days in the near future, when you have a little time to spare I would like to talk to you about some ideas I have for the sale of the Polo Fields.

I am not entirely sold on this plan myself yet, but it looks like it might have possibilities the latter part of March or the first of April; at least I would like to have you think it over.

Yours,

CARL G. FISHER

CGF-HM

Hertz

March 2nd 1933.

Mr. John Hertz,
4901 Collins Avenue,
Miami Beach, Fla.

Dear John:

We have gone over our finances here carefully, and confirming my conversation with you yesterday, we can see our way clear to get twenty-five thousand dollars (\$25,000) for your mortgage when due, and if in the meantime we can consummate some of the sales that are in process, we can increase this payment another twenty or twentyfive thousand dollars, but we cannot do more than that.

We have had two prospective loans on the property, both prospects entirely cancelled through the bank trouble, also had a very substantial prospective sale on the "K" which was cancelled this morning, the prospect leaving in a hurry for St. Louis. The same old trouble, - finances.

If you care to renew the mortgage we will be very glad to give you the barns to put on your new property, the main part of these barns is quite substantial, and would look very well if they were moved and of course dressed up.

A further thought! Would you consider our office building as a payment, guaranteeing a substantial rent? We believe that this might be worked out, if you would care to consider it.

Yours,

CARL G. FISHER

CGF-HH

Hertz
March 24th 1933.

Mr. John O. LaGorce,
National Geographic Magazine,
Washington, D.C.

Dear Jack:

I am enclosing herewith carbon copy of a letter which we addressed to John D. Hertz, holder of a First Mortgage of \$275,000 on the Bay Shore Polo fields, etc., which was due on March 21st 1933.

The attached letter will give you a very clear idea of the effort that we have made to meet the requirements imposed by Hertz, and will tell you exactly to what extent we went in an effort to meet those requirements.

We of course, are very sorry that this affair has gotten to the point where Mr. Hertz has found it necessary to institute foreclosure proceedings, however, we believe our position to be tenable, and that we can successfully defend our position, at least up to the point of delaying the foreclosure proceedings until such time as we are in a position to pay the whole amount due, and I might say in this connection that Mr. Collins and myself are of the same mind, both as to our refusal to accept the conditions forced upon us, as well as our ability to defer the final payment until such time as necessary funds for payment of the mortgage as a whole can be accomplished.

We feel that if Mr. McKay had made the necessary effort to effect a friendly settlement that it could have been accomplished without unnecessary expense. Of course the inclusion of Mr. McKay's legal fees would not have been considered because no legal talent would have been necessary to settle the matter in a friendly way..

The collateral as you know, is worth several times the amount of the mortgage, and we did all we could to raise the additional money that we did raise, and the raising of the last \$25,000 caused us to make material sacrifices, which amounted to at least \$25,000.

It is of course fortunate that if this had to come that it should take place at the closing of the season rather than at the beginning. However, we do not feel that there will be any unpleasant reaction or that prospective sales will be in any way affected, as a matter of fact, we are of the opinion that when the facts become known, we will have the full approval

Mr. J. O. LaGorce - #2

and backing of the community at large.

My conscience is entirely clear in this matter, I feel that we have acted very fairly at least, and that we have done everything we possibly could and that we are right in our contention.

Both Irv Collins and myself feel that when and as we are required to make a settlement that we will then be prepared to take the mortgage up.

If the polo crowd wish to continue to play polo, there is not reason why they cannot play on Hertz fields, as they have now had several years to get them in shape, and they only need to add the barns. As you remember we offered to give Mr. Hertz our barns, if he would move them to the new location, either this Spring or next Spring.

I wanted you to know these conditions, so that if the matter were brought to your attention you would be fully informed.

Yours very truly,

CARL G. FISHER

Enclosure.

Hertz
March 24th 1933.

Mr. Harold E. Talbott, Jr.,
230 Park Avenue,
New York City.

Dear Hal:

We had a final conference yesterday with Jack McKay, representing John Hertz, and the result of the conference can be better explained to you by sending you a copy of a letter which I wrote to Hertz and the banking interests, with a copy to Jack McKay, which I am attaching herewith.

We are very sorry that this affair has gotten in this shape, and have tried to express our general thought regarding the conditions imposed upon us, mainly we think, through McKay's lack of effort to effect a very friendly settlement of the whole mortgage question.

You will notice that the additional burden to us would be the taxes on the field, but particularly McKay's legal fees, which were entirely unnecessary as payment could have been made on the mortgage and the mortgage renewed with a letter.

The collateral as you know is several times the value of the mortgage, however, we did all we possibly could to raise the money, and in one way or another the raising of the last \$25,000 cost us sacrifices here, which would equal at least \$25,000.

I thought you should know these conditions and I have sent a copy of the attached letter to Mr. Keys and Mr. Flinn.

I feel that we have acted very fairly at least, and have done everything we possibly could, and that we are right in our contentions that there is no reason each year an extension is made to add additional collateral costs and burdens to the present loan. We can, we feel, extend for a considerable time any settlement of this contract at which time we will become prepared to take it up.

Harold E. Talbott - #2

If the polo crowd wish to continue to play polo, there is no reason why they cannot, on Hertz fields, as they have now had several years to get them in shape, and they only need to add the barns. As you remember, we offered to give Mr. Hertz our barns, if he would move them to the new location, either this Spring or next Spring.

Yours,

CARL G. FISHER

CGF-EM
Enclosure.

Hertz

March 25th 1933.

Mr. Elmer Stout,
Fletcher American National Bank,
Indianapolis, Ind.

My dear Mr. Stout:

I am enclosing herewith carbon copy of a letter which we addressed to John D. Hertz, holder of a First Mortgage of \$275,000 on the Bay Shore Polo fields, etc., which was due on March 31st 1933.

The attached letter will give you a very clear idea of the effort that we have made to meet the requirements imposed by Hertz, and will tell you exactly to what extent we went in an effort to meet those requirements.

We of course, are very sorry that this affair has gotten to the point where Mr. Hertz has found it necessary to institute foreclosure proceedings, however, we believe our position to be tenable, and that we can successfully defend our position, at least up to the point of delaying the foreclosure proceedings until such time as we are in a position to pay the whole amount due, and I might say in this connection that Mr. Collins and myself are of the same mind, both as to our refusal to accept the conditions forced upon us, as well as our ability to defer the final payment until such time as necessary funds for payment of the mortgage as a whole can be accomplished.

We feel that if Mr. McKay had made the necessary effort to effect a friendly settlement that it could have been accomplished without unnecessary expense. Of course the inclusion of Mr. McKay's legal fees would not have been necessary to settle the matter in a friendly way.

The collateral, as you know, is worth several times the amount of the mortgage, and we did all we could to raise the additional money, that we did raise, and the raising of the last \$25,000 caused us to make material sacrifices, which amounted to at least \$25,000.00.

Mr. Elmer Stout - #2

It is of course unfortunate that this had to happen, but on the other hand, it is in a sense fortunate that it came at the closing of the season, rather than at the beginning. However, we do not feel that there will be any unpleasant reaction or that prospective sales will be in any way affected; as a matter of fact we are of the opinion that when the facts become known, we will have the full approval and backing of the community at large.

My conscience is entirely clear in this matter, I feel that we have acted very fairly at least, and that we have done everything we possibly could and that we are right in our contention.

Both Mr. Collins and myself feel that when and as we are required to make a settlement that we will then be prepared to take the mortgage up.

I wanted you to know these conditions, so that if the matter were brought to your attention, you would be fully informed.

Yours very truly,

CARL G. FISHER

CGF-EM
Enclosure.

Hertz

March 27th 1933

Mr. Harvey Firestone, Sr.,
Firestone Tire & Rubber Company,
Akron, Ohio.

My dear Mr. Firestone:

You will recall that John D. Hertz held a mortgage on the Bay Shore polo fields, in the original amount of \$300,000. About a year ago, we renewed that mortgage by paying \$25,000, and adding to it the Bay Shore golf course, as additional collateral.

This last mortgage of \$275,000 became due on the 21st of this month, and we were able to get together \$50,000 and offered to reduce the mortgage by this amount, with request for renewal for another year of \$225,000.

I personally discussed this matter with John Hertz some weeks ago, but at that time he was rather non-committal, except to say that he would like to have the full amount of the mortgage paid when it became due.

Two or three days prior to the time that the mortgage became due, he sent his attorney, Mr. Jack McKay to us and asked that we proposed doing, and all subsequent negotiations have been with Mr. McKay.

We told him we were ready to pay \$50,000, and would like to renew for one year \$225,000 mortgage. What followed can best be explained by the enclosed letter which Irv. Collins and I sent to Hertz.

I am sending this to you, so that you may be fully acquainted with what has taken place in the event the matter comes to your attention, and also taking the liberty of asking if you would be in a position to help us out by taking over this mortgage, or if it is not possible to do this, if you have any suggestions to offer.

I want you to note particularly the conditions which Hertz attached to the renewal mortgage, even though the collateral is conservatively worth four to five

Mr. Harvey Firestone - #2

times the amount of the mortgage, he insisted upon putting a chattel mortgage on the tools and furniture etc., also having use of the polo fields without either agreeing to make use of them for polo; or on the other hand give us an opportunity to dispose of this property etc., to say nothing about injecting into the picture the matter of management of the King Cole Hotel, which of course has nothing whatever to do with the mortgage or the security.

Even now we are selling quite a little property for cash; sales already made and those in prospect which look good, will bring up the sales which passed through this office to between \$150,000 and \$200,000, and the hotels have done exceptionally well. Had it not been for the banking holiday we would have had a banner hotel season, as it is, the results have been so good as to permit us to clean up the major portion of our past due indebtedness in the way of interest on bonds and past due amortization, and I believe unless something most unusual occurs that next winter season will put an end to our troubles.

I will be glad to hear from you at your earliest convenience.

With best wishes,

Yours very truly,

CARL G. FISHER

CGF-HM

Hertz
April 1st 1933.

Mr. John D. Hertz,
4901 Collins Avenue,
Miami Beach, Fla.

My dear John:

Had a talk with Dan Mahoney yesterday, and I am sure there are many points about the letter that you refer to that you do not understand.

In the first place, it was absolutely necessary for us to get information to our Bondholders' Committee and Bankers regarding this action, and not let them have a distorted idea of same through other channels. A total of less than ten letters were written, and you can see that no attempt was made in the matter to injure you with our friends.

All of our various commitments at Montauk and Indianapolis are naturally interested in everything that goes on here, and we try and keep them informed as rapidly as possible.

Anticipating these payments we had advised most of the representatives of our bankers and bondholders committees that we expected to raise sufficient money to renew the mortgage on the same basis as last year.

You can imagine our surprise and chagrin when we were notified by the First Trust of a \$2,500.00 charge (which has since been reduced to \$1,000.00) a \$2,500 Jack McKay charge, a \$3,900 tax bill, and \$450.00 for revenue stamps, to say nothing of the change in the mortgage.

Enclosed herewith is a statement of the charges presented to us, totalling \$7850.00 a very large portion of which is needless. We have renewed much more than a million dollars worth of mortgages in this office, without ever finding it necessary to put a new burden on the debtor such as this.

Only the day before yesterday we renewed through the trustee in the bank, a mortgage more complicated than your mortgage, at a total fee of \$300.00, which included Court costs and lawyers fees for a case that has been in Court over six months. Such renewals as this one

Mr. John D. Hertz - #2

of yours we have made through our northern banks at an expense of \$100.00 to \$150.00. I personally feel that Jack McKay could have saved us this unnecessary expense, and that we could have given you a letter covering the golf course equipment as I believe you have agreed to, and we feel that the only real contention between us is regarding the taxes.

We have a claim against you which you probably know of to the amount of \$3,800.00 most of which is for gasoline, and McKay acknowledged that this bill is O.K., and that it would be paid. It is only a minor bill, but we have been scraping together \$1,000 at a time, here and there, to take care of these many obligations, and we had partially made arrangements with the school board for the continued use of the barns.

As stated we feel that we have done nothing that is out of line or unethical. If after you consider this statement, and understand the reason for our letter, you wish to talk the matter over further with me personally, I will be very glad to meet you at any time, and see what we can do for our mutual best interests.

Yours,

CARL G. FISHER

CGF-111
Enclosure.