

Montauk - Summary analysis

May 24th, 1924.

Mr. Roy Chasin,
Hudson Motor Car Co.,
Detroit, Mich.

Dear Roy:

At the meeting the other evening, nothing was actually agreed upon. The long drag of at least three years before any returns of any size come in seems to bother most of these New York people.

In about ten days will possibly be able to give you some further information.

Yours -

GCF-mc

Montauk survey

June 2, 1924.

Mr. Roy Chapin
Detroit, Mich.

Dear Roy:

I wrote you the other day that Mr. Mitchell had deferred matters for some ten days or so. I think it would be better if you would write him direct and tell him how much you are interested. I think that if Mr. Mitchell felt that he could put his hands on a group of men who would be good for around six to seven million dollars that the deal would go through immediately.

There is easily one million dollars profit in the property in the next twelve to fifteen years, and I think all of the money we invest can be taken back out of the property in four years. If everything breaks favorably we can take half of it back in two years, and all of our investment - with a good profit besides - in less than four years.

I don't want to be too optimistic and I don't want to tackle any job without plenty of money to do it right. If I had at Miami Beach one million dollars, three years ago when I needed it, I could have an extra five million dollars in cash.

The Montauk property is the last piece of big property to be had in this country, and it is by long odds the finest location I have ever seen. There is about twelve thousand acres of property of which about six thousand can be sold. Our average price per acre for residential property at Miami Beach is about \$23,000.00, and at the present time our best commercial property at Miami Beach is bringing from \$30,000.00 to \$100,000.00 an acre. Sales out of our office at the Beach this year were over seven million dollars, but turn over sales out of other offices, which means property that we had previously sold, were probably ten million dollars.

Our four combined companies at Miami Beach with an initial investment of less than five million dollars, will show a profit of over thirty million dollars when all of the property has been disposed of; however, if it had been possible to have had more money when we needed it, this profit could have easily been a good many million dollars more than we will make. Some of the lots at Miami Beach which we sold just a few years ago for less than \$5,000.00 in the business district are now selling at from \$25,000.00 to \$60,000.00 each.

Personally, I do not mind the job at Montauk. It is very easy and ridiculously simple, provided, we have at least six million dollars to spend in three years; but I don't want to tackle the job unless we do have this much to go on.

I am nicely out of the woods now, and don't care for any more worry over finances. I have several million dollars worth of two and three year notes that are high grade, and I have told Mitchell that if he could handle one million dollars worth of these notes that I would put in one million dollars towards Montauk promotion, if they could find the other five million dollars; otherwise, I am going ahead on my own hook, on a smaller promotion here in New York, which will only require about two million dollars.

Anytime you are down, I will be glad to talk further with you.

We just finished the fastest race in the world at Indianapolis, breaking all records for attendance, durability of cars, speed of cars - and not one accident of any kind.

Yours -

I am going ahead on my own hook, on a smaller promotion here in New York, which will only require about two million dollars. I could handle one million dollars worth of these notes that I would put in one million dollars towards Montauk promotion, if they could find the other five million dollars. I have several million dollars worth of two and three year notes that are high grade, and I have told Mitchell that if he could handle one million dollars worth of these notes that I would put in one million dollars towards Montauk promotion, if they could find the other five million dollars.

Page Two - Mr. Chapin.

Cards

July 26th, 1924.

Dear Roy:

I have today signed an option for approximately ten thousand acres of land at Montauk Point. This includes several lakes and some twenty-five miles of water front. The price for both pieces of property after survey is approximately two million dollars.

If you and Howard want to do anything more regarding this property, I wish you would run down and see me, and we will go out and look at it.

I am going to leave here August 1st, for Miami, and will return about the 11th or 12th.

I have a boat here that can take us out to the property in about five hours.

Yours -

Mr. Roy Chapin,
Hudson Motor Car Co.
Detroit, Mich.

The Seward Prosser House,
Woods Hole, Mass.

C. H. 15

Moorestown, N. J., May 18, 1925.

Mr. Carl G. Fisher;
Port Washington, L. I.

Dear Carl;

I had a pleasant outing with you yesterday. The girls enjoyed the antique pipe, and thank you for the same.

My visit had a little disappointment attached to it, however, about which I feel frank to speak of, and that is about the Montauk proposition. I understood that you were going to give it the go-by some time ago, and still hope it is not too late for you to retire gracefully from the proposition. There are several points against it from my viewpoint and I do not hesitate to enumerate them.

First, the location is too far from New York from a commuter's standpoint, and too close for exclusive residence proposition.

Second, it being so close to New York the Jew element will enter into it much to your disgust.

Third, disagreeable influences will be brought upon you to do things that you would not ordinarily do. From the fact of the capital invested by others will create the impression that their wishes should be carried out, although from the start complete control will be put in your hands.

Fourth, tropical situation of the land subject to winds will make it impossible to grow foliage successfully at that point.

Fifth, there will be a lot of labor and worry on your part.

Sixth, from a monetary standpoint you do not need it, and why do you do it?

Please receive these suggestions from one who has your interest at heart, and has the greatest admiration for your confidence. I, thus, make bold to speak candidly on the subject.

With kind regards, I am

C

Yours very truly,

IAC/MLA

Henry G.

Port Washington, L.I.

May 19th, 1925.

My dear Irving:

I have yours of the 18th. I hope you will be able to get up enough suction and pressure to make the old pipe work.

Regarding Montauk: I am going to get a crowd together to go ahead with Montauk. I am going to let this crowd do all the work. I am going to give them some suggestions, but they can go ahead and make or break themselves.

I do not agree with you at all regarding the location. I think it is most ideally located. I do not care to have control. I think the men who will have really the control of the work will be in better shape to have the control than if I should have it.

You can grow any kind of foliage at Montauk under protection, but it is not necessary to grow foliage of any kind at Montauk in order to make it beautiful. There will not be a lot of labor and worry on my part. I will shake the labor and worry from my back like a duck shakes water.

From a monetary standpoint I certainly do not intend to consider Montauk at all, but I would like to see a place every two or three weeks where the steam shovels are throwing dirt and the buildings are going up. If I put a million dollars in Montauk it would mean absolutely nothing to my estate or to my finish; but I am sure that Montauk will be a success. The people who will conduct Montauk are all bold business men with money and with brains and vision.

I appreciate what you have to say on the subject, and I am sure such letters as yours are always agreeable - even if I can't agree with you on your viewpoint. The deadly point of all business is the employee, assistant or associate who always agrees with everything you have to say. Of course, I am not going to go ahead with Montauk unless the rest of the crowd raises six million and this amount is necessary to make it a success. I would like to see a lot of my friends make some money at Montauk who have not been at Miami Beach in time.

CGF-mc

Sincerely,

June 10, 1925.

Mr. Irving A. Collins,
Moorestown, N. J.

My dear Irving,

I have yours of the 8th. Kohlhepp has been here for the past three weeks. He is trying to straighten out our tax matters in Washington which has been considerable of a battle. We are leaving today at 2:00 o'clock for Miami where we have some other troubles to straighten out. I will be there probably 4 or 5 days then will return here.

We have not taken on the big job yet. We are marking time and waiting for the other fellows to go ahead. As far as I can see now they're all dodging the actual work. They are perfectly willing to get in with their money but they want someone else to do the work, and I'm not looking for more work.

Kohlhepp is here in the office now and I have just suggested to him that he call you up at once. Will see you when I return.

Yours,

CGF*JJG.

Moorestown, N. J., June 8, 1925

Mr. Carl G. Fisher,
Port Washington, L. I.

Dear Carl;

I am getting low on smokes. Is your stock so you can spare me any? If so I would appreciate it if you would send me some.

I am leaving on July 6th for a six weeks tour to the Northwest coast with the whole family.

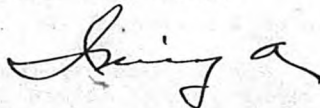
By the way, what has become of Kohlhepp? I have not seen him since I was there at your home. I have had no answers to several letters I have written him.

I am gratified to see the sales continue; \$866,000 for Bay Shore, and \$507,000 for Alton Beach.

I will be glad to hear from you if you have a moment, and of course I am very anxious to know whether you have taken on that new big job or not.

With kind regards, I am

Yours very truly,



IAC/MLA

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Mr. W. A. Kolbapp

Mr. Joseph G. Coppa

July 29, 1926

Real Estate Survey of L.I.

Montauk

analysis

Montauk Beach has no competition on Long Island, nor is there any development that can be used as a comparison.

There is very little selling activity and prices within 50 miles from New York range from \$50 a front foot to \$100 a front foot, the later price mostly on water frontage.

There is not a solitary development on Long Island today offering permanent improvements such as we plan in the form of hotels, clubs, golf courses, bathing casinos, etc.

This is my report based on my last week's survey of real estate conditions on the Island.

In conducting this investigation, I divided Long Island into several districts namely: The Suburban Area, between New York and Mineola; The North Shore Area, in the vicinity of Great Neck, Oyster Bay and Huntington; The South Shore Speculative Area, between Amityville and Patchogue, and the district concerning which we were more vitally interested, in the vicinity of the Hamptons.

I will detail the operating and sales features and the outstanding subdivisions later on in this report, attempting now to give you my general impression of the existing real estate situation.

IDLE HOUR

The largest and most active sales development on Long Island at the present time is Idle Hour being sold by the E. A. White organization in the vicinity of Oakville, approximately 50 miles from New York City, and a maximum train ride of two hours. It is a former estate of W. K. Vanderbilt and the area of development is approximately 260 acres. Two hundred were placed on the market about three months ago and according to that company's report, is approximately sold out and sixty acres of land inferior to the first offering is now being placed before the public. It is situated off Montauk Highway and is bounded on the west by Connetquot River and partially on the south by the artificial canal created by the Vanderbilts.

Development	Distance from N.Y.C.	Time from N.Y.	Size	Selling Prices per Front Foot			Usual Improvement	Permanent Improvements	Terms of Sale	Published Sales	Restrictions
				Inside	Cur.	Water					
Nassau Shores	55 miles	1 H-20 H	640 ⁺ acr.	\$34.50	\$44.00	\$72.00	No sewers	(9 hole links) (\$100,000 club) (house 0- 50 A.)	15% Cash 1-1/2% Monthly	Allege 1/2 Sold	None
American Venice	58 miles	1 H-25 H.	400 Acr.	\$40.00	\$50.00	\$100	No sewers	(Claim million \$) (half - \$400,000) (spent since Apr) (mostly Fill)	25% Cash 2% Monthly	About 1/3	Yes
Idle Hour #1	49 miles	2 Hours	200 Acr.	\$50.00	\$58.00	\$100	(No sewers) (Gravel Wks) (Oil Roads) (Water)	None	20% Cash 1-1/2% Monthly	Almost Sold Out	Elastic Maintenance
Idle Hour Add.	49 miles	2 Hours	80 Acr.	\$18.00	\$20.00	\$70.00	" "	" "	20% Cash 1% Monthly	Just Opened	" "
Rippa	91 miles	3 H-47 H.	1,450 to 2,500	(Bought \$10 Ocean Front) (Foot - Market Value) (\$75 to \$100 - Unimproved			None	None	None	None	None

Mr. W. A. Kolhepp

July 29, 1926

Mr. Joseph C. Copps

Real Estate Survey of L.I.

- 2 -

In its approximate center is the Vanderbilt home and 128 acres of land which is being held for golf course purposes according to sales talk. The development company's only effort has been the laying out of temporary oiled roads and they guarantee gravel sidewalks, water facilities, but no sewers. The inference is that the Vanderbilt home which is an immense structure of 110 rooms, will be used for club purposes and a golf course will be created with the 128 acres. For the purpose of determining what they were going to give their clients in the way of permanent improvements, I interested them in making an offer to me of the Vanderbilt mansion and the 128 acres of golf course for \$500,000. This can be purchased and is therefore not to be used for the benefit of the property holders. It is purely a lot selling scheme, with nothing but roadways, such as there are, and water furnished.

I have a complete sales map of this, with all lots and prices marked thereon. Prices range from \$30 a front foot for inside lots, to \$100 a front foot for waterfront lots. Lots run in size from business lots 20x100, to residential lots with 100 foot frontage and approximately 200 foot depth. The sales map indicates that approximately all of this section has been sold out with a few exceptions.

The addition of 60 acres known as Idle Hour South is inferior property running back of the first section, and has just been offered for sale. The price ranges from \$40 a front foot inside lots, to \$70 a front foot for water lots. These lots average 50 foot frontage and 125 to 150 foot depth. The same improvements as outlined above prevail.

PHIPPS INTERESTS

The only potential competition that we might expect will come from the Phipps holdings on the Atlantic Ocean and Shinnecock Bay, immediately west of Southampton. The Phipps Interest purchased two years ago 3 1/2 miles of ocean frontage running from a depth of 1,000 to 1,500 feet, back to Shinnecock Bay for \$10 and ocean front foot.

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Mr. W. A. Kolhapp

July 29, 1926

Mr. Joseph C. Copps

Real Estate Survey of L.I.

- 5 -

This area comprises about 1,400 acres. It is valued on the Southampton market today, in its undeveloped state, at from \$75 to \$100 a front foot. The impression in Southampton is that Phipps is waiting for our development to assume some definite form at Montauk at which time he will extensively develop his holdings in the Southampton vicinity, with the construction of similar units as we are contemplating in our development only on a smaller and exclusive scale.

The Phipps property is ideally located. It is bounded on the east by several fine estates recently erected and the interests are now negotiating with the City of Southampton to construct a 3-1/2 mile concrete road through the property at a cost of half a million dollars; the City of Southampton to pay the tax and the Phipps people to assume the other half of the cost. This, as I have said, is apparently a potential competition. My survey of Long Island indicates that this is the only development that might put in any improvements such as hotels, bathing beaches, etc.

SUBURBAN DISTRICT

I paid little attention to the suburban district between New York and Mineola because they are within easy commuting distance of New York and an entirely different proposition from what we have. The principal developments were put on some years ago. There is, however, considerable lot selling in this district offering nothing new to the purchaser than home sites with no improvement program.

NORTH SHORE

The North Shore in the vicinity of Oyster Bay and Great Neck was not given much study because most of the development in that neighborhood consists of home sites such as the Russel Gardens and Roslyn sites. Homes are being financed and exploited by mortgage companies. Fell & Tibbets placed on the market the Van Austin estate at Sands Point. They purchased 6,000 acres a year ago for \$6,000 an acre. I understand that they are dividing this into two acre tracts, ranging from \$4,500 to \$5,500 and costs.

Con -

Mr. W. A. Kolhepp

July 29, 1926

Mr. Joseph G. Copps

Real Estate Survey of L.I.

- 4 -

Louis Valentines Interests purchased a number of acres in the North Shore vicinity for \$5,000 an acre and are contemplating to see it at \$1,500 an acre under the name of Cornwell Estates.

My opinion is that this is run by "Binder Boys."

JEWISH DISTRICT

The district between Amityville and Oakdale on the South Shore, commonly known as the Babylon District is apparently a mediocre attempt by "Jewish Boys" to duplicate some of our Fly-By-Night Florida Developments. In this category run Nassau Shores put on by the Harmon organization, typically Jewish; Biltmore Shores, put on by William E. Fox, the movie producer; Shores of Seville and American Venice.

Of the group American Venice is doing the most work. They have a Venetian Canal proposition. I talked to one of the developers of the American Venice because the fact that they have a dredge working and are doing considerable road work attracted my attention. I think the information he gave me was correct. They expect to spend a million and a half on this work and claim to have already spent \$400,000. The tract covers 400 acres and their price ranges from \$40 a front foot inside lot, to \$100 a front foot on the artificial water way. They are not however, offering any permanent improvements in the form of hotel, clubs, etc. They claim about 1/3 of the subdivision is sold. I will detail various activities in this section in this report later on.

In order to effect a comparison with various outstanding subdivisions on Long Island, I am attaching hereto a working form which in a concise manner will give you the distance from New York, the time from New York, the area under development, selling price per front foot, improvements, terms of sale, amount of sale and restrictions. I will keep this report before me and make changes and additions as I gather more information.

I am also attaching hereto, copies of plots and subdivisions that I obtained with information marked thereon.

The following is a detailed report of representative subdivisions:

Mr. W. A. Kolhepp

July 28, 1926

Mr. Joseph G. Copps

Real Estate Survey of L.I.

- 8 -

NASSAU SHORES (Map 1)

Nassau Shores is a 600 acre development, 58 miles from New York in the vicinity of Amityville put on the market by the Harmon Company who claim to have extensively operated since 1887, their activities starting in Cincinnati and covering a large part of the East. They are 1 hour and 20 minutes by train from New York.

The only improvements on the property at the present time are an administration building in the form of a single story bungalow, and a nine-hole golf course laid out. A \$100,000 club house has been proposed but no attempt to build it has been made as yet. Maintenance of the club house and golf links is guaranteed over a period of five years after which time the property owner may purchase it. All lots are 20 foot frontage and average 100 feet in depth. Five canals are proposed but only one actually constructed. This is about 1,000 feet long. Terms of sale are 15% cash, 1-1/2% monthly payment. The Sales Manager claims that 1/2 the property has been sold. Oil roads are to be put in. Gravel sidewalks but no sewerage is contemplated.

There is no activity in the sales line now. It is a mediocre proposition.

Mr. W. A. Kolbapp

July 29, 1926

Mr. Joseph C. Gopp

Real Estate Survey of L.I.

- 7 -

AMERICAN VENICE (Map 2)

American Venice in the vicinity of Lindenhurst, is 36 miles from New York and 1 hour and 25 minutes by train. Considerable work is being done. It is a 400 acre tract of land. One dredge is working in the main canal and a crane and bucket is working on one of the lateral canals. A good force is working on a concrete road. A bridge is being built on the east side of the main canal. I had a lengthy talk with one of the developers who had a tinge of Jewishness about him. He maintains that a million and a half will be spent in improvements mostly for fill work and the creation of four canals, and that \$400,000 has already been spent in this work. He states that about 1/5 has been sold.

The main canal is 80 feet wide and two miles long and the lagoon is 240x500. They claim a fill of 1,250,000 cubic yards in the 400 acre development at a cost of \$450 per acre. Pine bulkheading is being used. Twenty foot concrete roads are to be put in on either side of the main canal, but the rest of the roads are oiled. Sidewalks varying from 5 to 5 feet as offered with the property and gas and electricity but no sewerage. Lots restricted to erection of a \$5,000 home. Company reserves the right to approve plans. Twenty foot setbacks in vogue.

Prices vary from \$40 a front foot for inside lots to \$100 a front foot for water frontage. The lots average 20x100 feet in dimensions and it is necessary for the purchaser to buy two lots which makes the proposition practically 40x100. The property on Merrick Road running back of the first lateral canal has been disposed of. The terms are 25% down, 2% a month of sales contract. A deed of mortgage to be given when 35% of the total sale price has been paid in.

Special inducements will be offered to contractors for building purposes on a bulk allotment of lots but the proposition must be submitted to the developers for price. No permanent improvements are offered such as hotels, golf courses, etc. Hotel sites are reserved along the water front for anyone who might care to build.

There is more bustle about this development than any other described, but it is very small.

Mr. W. A. Kollogg

July 23, 1926

Mr. Joseph C. Copps

Real Estate Survey of L.I.

- 8 -

SHORES OF SEVILLE

Shores of Seville is located in the vicinity of Massapequa. A poor attempt to put on a Spanish type subdivision. Sales Office on property closed and no one in vicinity that can give any information. Administration building now under construction. Poorly kept golf course adjoining. Confidential information from Real Estate Editor of New York Times says account with this paper cancelled because of failure of subdivision to fulfill promises of improvements and construction made in development. I thought it unnecessary to investigate further, at their New York Office, 1430 Broadway.

FREEPORT PARK TERRACE - MERRICK ESTATES - MERRICK-FOX DEVELOPMENT - SEAFORD HARBOR - Nothing but lot selling developments in this vicinity with temporary streets cut through. Seaford Harbor, however, is a large tract of land with about twenty houses. Amity Harbor has three cranes working on a fill proposition and has about a dozen cheap houses on it.

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Mr. W. A. Kolhepp

July 29, 1928

Mr. Joseph C. Gopps

Real Estate Survey of L.I.

- 10 -

IDLE HOUR (Map 3)

Idle Hour comprises two subdivisions, the first of which was put in about three months ago and is said to be practically sold out. The second one, known as Idle Hour South is now being offered to the public. It is located near Oakdale, 50 miles from New York, two hours running time. It is a former estate of W. K. Vanderbilt. The E. A. White organization is handling it and it is to be developed by Barks Incorporated, 146 Pierpont Street, Brooklyn. The holdings of this company is said to be 800 acres a portion of which is lowland, but only 200 acres were placed on the market in the first subdivision and 60 acres in the addition. The property fronts on the Montauk Highway.

Idle Hour is an out and out lot selling proposition and no permanent improvements outside of graded roads and water being offered to the purchasers. The general impression is given, however, that the W. K. Vanderbilt home, a mansion of 100 rooms with enclosed tennis court and 128 acres of reserved land, will be used for club house and golf course to the benefit of the prospective purchasers. This, however, is not true because I led their salesmen into offering me the sale of both the mansion and the 128 acres supposedly reserved for a golf course and several other farm and work house units in the holdings. The prices as I have stated in the general report, run from \$80 to \$100 a front foot in the first section and from \$16 to \$70 a front foot in the second section. The best thing that could be said about the property is that it is splendidly landscaped with trees and shrubbery as a Vanderbilt estate would be. An artificial canal runs through the property built by Vanderbilt a number of years ago but the rotten bulkheading would indicate that before many months it would become a creek with no retaining walls.

Lots range in size from 20x100 on Montauk Highway which is the business section. Residential lots average 100x200 feet in depth. Three concrete and brick residences that are said to range from \$12,000 to \$24,000 in value are now being built on the property. Oil roads, gravel sidewalks and water are guaranteed but there is no provision for sewerage, electricity or gas. For the maintenance of streets and sidewalks a charge of \$50 is being made for each lot holder in the first section, payable annually for a period of five years. In the second section a maintenance charge of \$25 is made payable 5% a year for five years.

Mr. E. A. Kolhepp

July 29, 1926

Mr. Joseph C. Copps

Real Estate Survey of L.I.

- 11 -

In the second section a maintenance charge of \$25 is made payable \$5 a year for five years. A vague sort of restriction is being placed on the construction of houses with the minimum cost of \$10,000. Architectural supervision is hinted at, but the salesman informed me that the company would be very "lenient" in these restrictions.

I was able, after considerable work both in New York Office and on the property, to obtain an authentic copy of the first section as well as map with prices marked thereon and the number of lots still open for sale. I also had the opportunity to get a copy of the second section but as it was practically all for sale, took only representative prices.

There is no comparison or competition in Idle Hour because, first, they do not plan any permanent improvements such as we will offer to our clients and second because the best of their property has already been disposed of.

The development company has about 400 acres of lowland South of the section under sale which they are offering and claim it cost about \$465 an acre to fill it. No price has been settled, however.

The terms of sale on the first subdivision are 20% cash, 1-1/2% a month. The second subdivision known as Idle Hour South, 20% cash and 1% a month.

JOSEPH C. COPPS

JCC:EP

Montauk seminar

August 4, 1925.

Mr. Henry B. Joy,
#1830 Penobscot Bldg.,
Detroit, Mich.

My dear Mr. Joy,

After you had left here the other day, it occurred to me that you might be interested, with five or six other good men, in putting the Montauk deal thru. It's a three years' job and would require seven million dollars distributed over the three years. This will provide two large hotels, one small hotel, a casino, opening the lake into the sea, bathing casino, three golf courses, two polo fields, three golf clubs, thirty miles of roads and some thirty or forty houses. The average price on this property is \$250 per acre, which is the cheapest property I know of in America today for this purpose. The distance from New York is 120 miles; there is 10,000 acres, which is three times as much property as we had at Miami Beach. I will put a million dollars into the plan; Howard Coffin told me that he thought he and his friends could raise another million, and I have a dozen or so other people who said they would put in from \$50,000 to \$150,000, apiece. We have made more than a hundred million dollars for our customers in Florida and these same people would buy millions of dollars worth of Montauk. My experience has been that there is nothing as safe as financing real estate. Personally, I don't want the work of the organization on this job. It's a job that has a lot of pleasure in it and there is nothing about the entire situation or the least difficulty that we have not more than overcome at the beach. We had to spend over \$2000 an acre on the swamp at the beach before you could even walk over it, while this other property is in beautiful condition for immediate development work. There is not a single first-class resort in the whole United States, with the exception of Miami Beach. Aside from the speculative investors in this country, the real "under the shirt" idea is pleasure in the open among beautiful and highly restricted surroundings. The option on this property expires the first part of this month but I think the options can be renewed for another thirty days at the same figure. There are only two parcels of land to buy. I am satisfied that the lake sites on the sloping hills of this property alone will sell for several millions the first year the property is put on the market. It won't make a particle of difference in the plan if the hotels do not pay expenses the first year. I spend around \$250,000 a year at the

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beach in giving it attractions that make Miami Beach what it is and establishes the values there. I have an organization that could just play with this property as compared with the work down south. The job at the beach was ten years work - - this could be easily finished up in three. Think it over and if you want to have some real fun in life I believe this kind of work would give you what you are looking for.

Very truly yours,

GGF:JGG.



HENRY B. JOY

"TREASURE HILL"
KIDD'S WAY
WATCH HILL, R.I.
RADIO IAHM

August 9", 1925

Carl G. Fisher Esq.
Port Washington, L.I., N.Y.

My Dear Carl:-

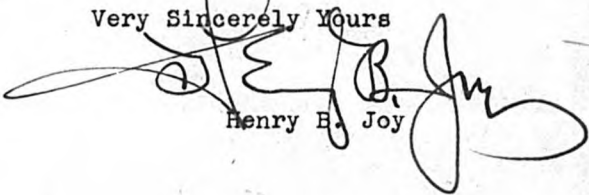
My days of embarking in new enterprises I fear are over. My chief job now is to enjoy the new work of others.

I certainly am strong for the proposition and think it would be a great winner but think it not advisable for me to indulge in the pleasure of joining you. Thanks nevertheless for the kind thought of me.

It certainly is a wonderful location and would be fine for yachts to center there with adequate harbor facilities.

Another advantage is that it would extend "Rum Row" and ought to increase the business of that important branch of American trade.

Very Sincerely Yours


Henry B. Joy

Moorestown, N. J., August 31, 1925.

Mr. Carl G. Fisher,
Port Washington, L. I.

Dear Carl;

Before I left last night I tried to telephone you to tell you of the nice vacation I had and how much I enjoyed the boat races in spite of the disappointment of the "Shadows" failure to win the cup.

I leave for Florida Thursday afternoon, and I will run over to Ledorsdale and look up the Shadow H and see if I can get my nerve up to own such a big boat.

Now that you have determined to go on with Montauk I would appreciate being associated with you and will be glad to lend my assistance in any way possible that you see fit to trust me with.

With kind regards, I am

Yours very truly,



IAC/MLA

Sept. 1st, 1925.

Mr. Irving Collins,
Moorentown, N.J.

My dear Irving:

I have yours of the 31st, and am glad that our past relations have been such that you would like to come along on the Montauk deal.

I feel better about the situation there every day.

Very truly yours,

CGF:FB

C

Montauk

November 5, 1926

Mr. H. S. Firestone
Firestone Tire & Rubber Co.
Acron, Ohio

My dear Mr. Firestone:

I got back from Miami Beach several days ago and we are just beginning to realize what the cyclone did to us and realize it hit us a good many bumps from a good many angels.

We took on the Montauk Development with thirty-four subscribers, most of whom had made money at Miami Beach and were still holding investments there. The cyclone hit a great many of them pretty hard, besides slowing up mortgage notes that they had depended on and also slowing up ours. We are in a position to carry these customers who originally paid from fifty to sixty per cent of their purchase price. When we took up Montauk, I subscribed for \$3,000,000 worth of Class B, voting stock at par and \$2,000,000 worth of non-voting stock at par. There is about \$1,000,000 worth of Class B, and Class A stock which cannot be taken up at the present time by the subscribers who had the first offer and over sub-scribed at the rate of two and one half to one, and we cut down the subscriptions to individual subscribers. I would like very much if you would take some of this stock with me, as Montauk presents ten times the possibilities as did Miami Beach. We have ten thousand acres there, no ~~filling or building~~ ^{needed} necessary. There are polo fields, golf courses and marvelous residence sites for the summer months.

We have already sold in the last sixty days, property at Montauk to the value of \$700,000 without any advance campaign or particular effort to sell, expecting to wait until next Spring to offer the property for sale as our maps will not be completed until that time. We are selling property at Montauk at very unusual low prices. The prices established during this developing period are better than \$11,000 per acre, and this, I am quite sure will reach better than \$20,000 per acre in the next twelve to fourteen months. A one hundred or two hundred ^{thousand} dollar investment in Montauk will give you tremendous returns in from seven to eight years, and aside from these returns, I am sure you will have a wonderful thrill in coming to Montauk and getting a lot of fresh air and see the most wonderful outdoor play ground in the world, with the single exception of Florida, and I don't know as there is much difference.

C

November 5, 1926

In addition to the stock holders interests in Montauk, I am at this time setting aside a fund of \$5,000,000 in securities to guarantee carrying out of the program at Montauk, and this money will be expended if necessary with out any obligations to the stock holders except to return it to my account when ever they are in a position to do so. This makes it a plain proposition that I am betting \$8,000,000 against two or three of my stock holders and giving my stock holders the same return on my money as I get.

I would like very much to have you and your name on my list, which at the present time includes Howard Coffin, Roy Chapin, Webb Jay, Jim Allison, Calleb Bragg, Irving Collins and myself as the larger stock holders. Please think the matter over and let me hear from you. If you are going to be down this way in the next few days, I would like to take the boat and run out to Montauk and show you the property.

We are having tremendous assistance from horsemen, polo players, hunting clubs, rowing clubs, tennis clubs and golf clubs in this vicinity, which is a much different picture than we had to contend with at Miami Beach. By the first of April we will have completed a polo field, one half mile gentlemen's driving track, an eighteen hole golf course, moving picture theatre, fifty modern priced homes and twenty residences to sell at about \$30,000 each. We will have a new depot and a big part of the line from Montauk to New York will be double track. We will also have our two hundred room hotel completed. This is going under roof now. We will have our yacht basin in the Lake and piers completed. We have already cut through from the Sound to the Lake and have sixteen feet of water in the Lake from Long Island Sound. We have sixty-three miles of wonderful roads up to this date all finished and we will have one hundred miles completed by May first and two hundred miles of road completed in one year after May first. Our gravel and sand at Montauk cost practically nothing except loading and hauling. We have an unlimited supply.

A large part of the property at Montauk is elevated to about one hundred or one hundred and fifty feet above Sea level. We have six lakes on the property, the largest two and one half miles long and one and one half miles wide with twelve feet of water in the center. We have about fifteen miles of ocean and sound front and about twelve miles of lake frontage. We have already completed a dock in Fort Pond Bay Harbor with thirty-five feet of water at the landing. We can practically land the Aquitania at this dock. We have rail road connections at the Pennsylvania dock as well as our own docks.

In Miami Beach we made over \$100,000,000 for our investments; we will do even better than that at Montauk.

Mr. H. S. Firestone

- 3 -

November 5, 1926

Kindly let me hear from you.

Very truly yours,

CGF:JD

P. S. I am mailing you a booklet on Montauk under separate cover.

CGF

Marked

December 2, 1926

Mr. Howard Coffin
Dervian
Sapelo Island
Georgia

Dear Howard:

I quote telegram received from Dick Hoyt: "After careful consideration my partners present feeling is unwise for us make public distributing offering Montauk shares stop Hayden and I would still be interested in inviting several substantial New Yorkers to make trip over property with idea of placing desired capital in substantial blocks privately"

Caley Bragg and Kohlhepp go North to-night.

We are finding it very difficult here, to press the great many people who owe us large sums of money. We will just have to be content and give them time to pay. We will be all cleaned up with seventy-nine repair jobs within three weeks, and one hundred miles of roads will be open and cleaned up. Our expense is running somewhat higher than we had at first anticipated, but we are doing a good job, and visitors will find Miami Beach on the map, except a little ragged around the ears.

Bragg is going to take another fifty thousand dollars worth of stock in Montauk, and I want to get five hundred thousand dollars more as quickly as possible and I would like if you will and can, to take another one hundred thousand dollars. The new stock we want to put out now is half voting and half non-voting, and all at the same price I paid for it.

I have never received the weather reports which you spoke of when I was at Sapelo Island.

Best regards to Mrs. Coffin.

Yours,

CGF:JD

C

December 16, 1926

Montauk
Summaries

Mr. Webb Jay
Miami Beach
Florida

My dear Webb:

The other day Mr. L'Ecluse sold to Mr. Fordham C. Mahoney, six and six tenths acres of my thirteen acre hill at Montauk for sixty thousand dollars. Mr. Mahoney expects to put a very handsome house on this property at once.

I would like very much for you to have a little of this hill and all the surrounding ground you wish. I think that about four and a half acres would take in all that you need to give you ample protection. We are keeping this hill marked off for you, but I thought possibly you might prefer some other location, and as a matter of fact, I want you to be one of our stock holders anyway. I would like to suggest that you take from forty to fifty thousand dollars of Montauk stock with the understanding you can transfer this for the purchase of lots later in the Spring if you desire. Either the lots or the stock will make you a handsome profit.

The week before last we sold ninety-seven thousand five hundred dollars worth of property, and this week, the sales already amount to thirty-six thousand. This brings our total sales and lay-aways to around nine hundred thousand dollars, with over six hundred thousand dollars closed up and the money in the bank.

Our principal stock holders are Howard Coffin, Roy Chapin, Victor Eberhart, Ed Romfh, Caleb Bragg, Albert Champion, Jim Allison, John Levi, myself, and several members of our organization. For your confidential information, we have already established a sales price on residential lots of ten thousand dollars an acre, and business lots, sixty thousand ~~thousand~~ dollars. We anticipate in selling between one and two million dollars worth of property in the Spring without any trouble. So far, we have done no advertising. We have recently closed a deal which has not been entered on our books as a sale with a very wealthy Club man in New York, for twenty acres of property to be devoted to a polo village. He is going to do all the work at his own expense. Just now we are closing a contract with a New York prominent architect for a Norman Village at Montauk. This work is also to be done at the expense of this gentleman, with the help of his organization. We will be able to accommodate anchors for five hundred yachts in May.

Mr. Webb Jay

- 2 -

Dec. 16, 1926

I would like very much to have you with us in this deal as I am satisfied it will make you a very handsome profit. Our organization's subscription in stock was over-subscribed almost three to one, but conditions in Florida this Fall and last summer made it impossible for a large number of our subscribers to take their full subscription. As a result, there is some stock available at this time on exactly the same basis I paid and that all the others entering the Company paid.

Drop me a note if you are interested, or stop in and see me most any morning next week.

Yours,

CGF:JD

C*O*P*Y

Montauk

January 5, 1927

Mr. Howard Coffin
Sapelo Island
Georgia

Dear Howard:

Hayden Stone and Company, as you know, are very seriously considering making us a loan of three million dollars. Their terms, however, would cost us ten percent and we would obligate ourselves to five million dollars in security from Miami Beach. We would also obligate ourselves to allow them at the end of three years to subscribe for one million five hundred thousand dollars worth of our stock at par. At the end of three years this stock should be worth from three hundred to five hundred dollars per share. At a meeting of the Board of Directors here yesterday, it was decided this was too much to pay for this loan. Any collateral we would post would be subject to a great deal of substitutions and change for the reason that we are making a great many new deals on payments and interest. Almost every contract calls for some manipulation on account of interest and payments. This would cause us delay and confusion in making substitutions.

Weather conditions at Montauk Beach are such that we cannot get more than fifty percent efficiency from carpenters, plumbers and plasterers. We decided we could save a lot of money by shutting down on the hotel until Spring and to also discontinue road work until Spring. Since the office building is practically completed, we can finish it up so it will be ready for occupancy in March.

Our directors thought best if we can make collections here this winter and sell one million dollars worth of additional stock or notes that it would not be necessary for us to pay this heavy premium to Hayden and Stone, and also be bothered with additional Board of Directors Meetings and additional directors in our Company; and I feel rather relieved they decided as they did. Our directors do not object to paying ten percent on a million dollars and give security for a million dollars and in addition to ten percent to give a bonus on our land which at the present selling price is equal to eighty thousand dollars. Now, if you and your associates can take this million divided into over a period of six months, we can amply secure you. We will guarantee the land values to return the sum of eighty thousand dollars in three years from this first of January as premium.

I wish you would reconsider and be on our Board of Directors.

Last week the sales at Montauk were over ninety-nine thousand dollars, bringing the total of closed sales and contracts to seven hundred seventy-five thousand dollars, and layaways over three hundred thousand dollars.

Mr. Howard Coffin

- 2 -

January 5, 1927

Hope you can get down soon and if not let me hear from you by return mail, as I want to arrange for this loan as early as possible. Collections here continue to be slow, but we expect considerable business in February and March.

Yours,

CCF:JD

February 1,
1927.

Mr. H. S. Firestone,
Akron, Ohio.

My dear Mr. Firestone:

I am sending you under separate cover a booklet of Montauk. Our Montauk Corporation purchased ten thousand acres there, with the Pennsylvania Railway Station right in the center of the property. We have five beautiful lakes on the property and one of them we have just opened up connecting with Long Island Sound and giving us fifteen feet of water into the lake.

We have one large hotel almost completed, an office building, about fifty houses, and fifty miles of roads. We have a water plant in and a large dock which will permit vessels drawing thirty-five feet of water to land at this dock.

We have made no sales announcement as we wanted to get our hotels and accommodations in shape before we made an active campaign for sales. However, we have three working salesmen in New York who have sold more than a million dollars worth of our property at Montauk to previous customers who purchased and made big profits from our early sales here at Miami Beach.

The general slow up in conditions here at Miami Beach makes it necessary for me to get additional stockholders in Montauk. I was fully prepared to finance the entire Montauk development myself before last summer's troubles struck us here at the Beach. Some of our stockholders in Montauk are Mr. Roy Chapin of the Hudson Motor Company, Mr. Howard Coffin, Secretary of Labor Davis, Mr. Caleb Bragg, my old friend, Jim Allison, Mr. Ed Romfh of the First National Bank is also a small stockholder, and Mr. Albert Champion. I know you would enjoy the work we are doing at Montauk and I would like to have you join us for some amount that will make you interested in our plans.

Yours very truly,

CGF S

Montauk Summaries

Port Washington, L.I.,
June 8, 1927.

Mr. Albert Champion,
A. C. Spark Plug Co.,
Flint, Michigan.

Dear Albert:

In continuation of our recent correspondence:
The history of the Montauk stock issue runs about as
follows:

When Mr. Fisher decided on this development there was a great demand from his associates and people who had profited by his developments in the past to participate, or in their own expression, "get in with him on the ground floor" of any new work he might have. On account of this, it was decided to issue two kinds of stock with equal participation:

Class B stock, 30,000 shares, to be held by Mr. Fisher and those financially associated with him at that time.

Class A stock, 20,000 shares, non voting but with equal participation, for the people described above who were anxious to invest on an equal basis with him but without a vote, leaving the development in his control.

It was Mr. Fisher's idea to put practically all of his available cash into this Class B stock -- no particular amount except the control. Also it was his idea to loan to the Montauk Beach Development Corporation any and all surplus cash that he might have coming in from his other developments. This was in accordance with his actions in the past on his other

Mr. Albert Champion,
June 8, 1927.
Page 2.

companies. He has loaned and endorsed to the limit of his financial responsibility on all of his projects, standing ready at all times to lose if necessary his entire worth to make his projects a success and to allow his associates to take a loss only after he had taken his.

As you know, the unfortunate situation in Miami interfered with the collections that naturally were to be expected, and made necessary the financing of recent date. The only changes in the Class B voting stock are that Mr. Bragg has taken an additional 500 shares, you have taken an additional 1,000 shares, Mr. Collins has sold to Mr. Fisher the interest that he intended taking as trustee, and Mr. Allison has done the same thing. This has increased Mr. Fisher's holdings to 13,467½ shares.

A great number of Class A stockholders were those who had been affected by the Florida situation and it was decided at a Board meeting after the storm that a limit be given subscribers to avail themselves of the amount of their subscriptions that had not been taken up and they were notified of the time limit and after that all applications were void and stock was issued for just what had been paid in by these stockholders.

In a few days you will receive an extract from the last Board of Directors meeting whereby a certain consideration is given to all stockholders who came in prior to the recent financing, which will put them on a par with the purchasers of the bonds we sold as to purchases of land at Montauk.

Trust that this is the information you desire, and anything further that I may be able to furnish you please do not fail to call on me. I had hoped to see you when you were here. Give my best regards to Mrs. Champion.

Sincerely yours,

Robert H. Tyndall.

RHT:T

623 Ogden Street,
San Antonio, Texas.

Sunday April 15, 1928.

My dear Mr. Fisher:

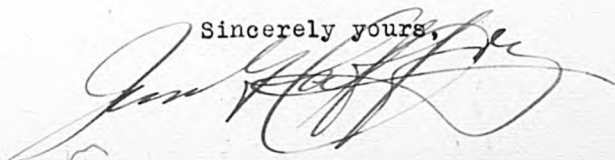
Going over my old files today I found a copy of a memorandum written to you on June 13, 1927 about three weeks after I joined your organization. The thought occurred to me that at this time when your thoughts are turning to Montauk you might be able to generate an idea from this lengthy survey which I made at a time when the proposition and organization was in practically the same position as it is now after another Winter.

I am not presuming to think I can teach you anything about your own business, however sometimes we learn even from the dumb, and if this memo starts you thinking at a time which is propitious then I shall risk your wrath. Memos and events proved to me that you had never read this memo because I noted the attention you paid to parrots.

Learning that you have dismissed Drump to take effect at a date in the near future I am wondering whether you have considered the investment you have made in him during an unproductive period. He was picked by me for a different job for which he is very well qualified. You have him out of his element now. He is a good office sales executive and can handle men. I am thinking more of your investment now than I am of his employment. I think you need a sales executive now to get started before waiting too long like you did last year due to confusion. A few more dollars spent during the Summer may repay you for the expenditure you have already made. If you fire him now you will have nothing but a red mark on the ledger. If he is not satisfactory otherwise that's different. This is just an afterthought and has nothing to do about the memorandum in general.

I know you and the organization now better than I did last year and you have my heartiest and sincere wishes for a successful year at Montauk. My interest has not waned even tho my efforts are elsewhere.

Sincerely yours,



623 Ogden Street,
San Antonio, Texas.

Sunday April 15, 1928.

My dear Mr. Fisher:

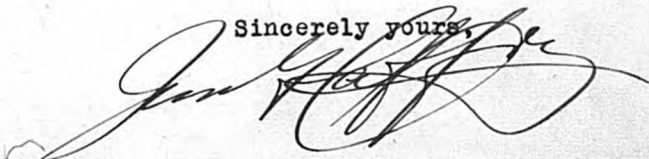
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Sincerely yours,



MONTAUK BEACH DEVELOPMENT CORPORATION

MEMO. TO Mr. C. G. Fisher

DATE June 13, 1927

FROM J. G. Caffrey

SUBJECT _____

In my opinion, the time has arrived when serious consideration should be given to the marketing of the property and I shall be very frank in telling you of the impressions which I have gained since entering the organization.

Except from a development standpoint -- the development has progressed far enough -- and in this connection it is my opinion that the development has advanced to such a point where it will support a real sales campaign, there are a few things which would materially aid the sales campaign such as the completion of the streets in the business section and the lighting system in this section. There is no question that if the business area were completed in this manner that it would be a great stimulus to sales which would be reflected all over the property. I also believe that if money could be provided for a Casino on the ocean, and if this is impossible then for an enclosed swimming pool at the hotel, that it would assist sales.

The conditions of the roads generally, at the present time, will prove no draw back as far as sales go. However, in the program outlined in the memorandum from the General Superintendent, there is provision for the completion of practically all the roads which would leave nothing to be desired from this standpoint. The water supply, sewerage and lighting situation will be well taken care of if we follow the plan outlined by Ringwood and nothing further in this direction would be necessary to a successful selling campaign.

I therefore believe that if we can follow along the lines of the combined memorandums, that we could, without further expenditure this year, accomplish a great deal in a selling way if our sales policy can be changed with respect to organization and commissions.

During the past week, we have had a great deal of favorable publicity and we have created a great deal of good will. A remarkable number of people have visited the property and without a doubt, an excellent impression was made upon practically all the visitors. To one who had the interests of the organization at heart and who was present during the activities of the last two weeks, it was rather alarming to think of the inadequate organization we had to take advantage of this valuable publicity and to bring about the desired result, namely, the selling of the property. Millions of dollars have been spent to create a beautiful picture, to put stability back of the development, to inspire confidence in the buying public, but practically nothing has been done to accomplish the ultimate end and that is the disposal of the property. Even the most preliminary steps were neglected, some of which are as follows:

1. Securing of proper maps for salesmen to have, has been left to the last minute. It is only now that we are getting a supply of adequate

MONTAUK BEACH DEVELOPMENT CORPORATION

MEMO. TO Mr. C. G. Fisher,

DATE June 13, 1927.

FROM J. G. Caffrey

SUBJECT _____

PAGE #2

maps and even yet, it is not satisfactory.

2. No accurate pricelist has been prepared. We are using a pricelist admittedly temporary which is bound to create confusion and perhaps dissatisfaction when it is adjusted unless it is completed almost immediately.
3. No adequate system of detail with respect to the sale has been planned. The present system is to take the purchaser's check, give him nothing in return as a receipt, unless in a hap-hazard fashion; the purchaser has nothing to indicate the lot or block number, the amount he has paid for it, when he is expected to close, or the unpaid balance. There is no contract to protect either the purchaser or the company against misrepresentation; there is nothing to protect either the company or the purchaser from fraud on the part of a salesman if the deposit is made in cash.
4. No definite program has been outlined with respect to a sales organization. As you know, since I took up the duties as Asst. Gen. Mgr., I have had very little time to devote to the selling end of the proposition; that I have been taking care of current matters and attempting to get the organization generally running smoothly and through the proper channels. However, I have given considerable thought and have made the best of my opportunities to study the problem which I believe confronts us in marketing the property and wish to make the following suggestions. I first want to say that maps will be available for the salesmen this week. Second, the pricelists, unless we can get them by the beginning of next week, should be the ones which we submitted to the New York Trust Company. I am informed that the new pricelists will not be ready for at least six weeks. Third, I have framed the proper kind of a sales memorandum which will remedy one of the conditions. Fourth, I would like to get definitely settled this week the program we are to pursue tied in the budget so that there is no question as to what we expect to do within the next four months in order that I may turn over to the proper departments definite information and eliminate any question or confusion from the minds of the organization in the field. This will enable me to devote my time to the proper organization of a sales staff which we greatly need.

There is a great deal of unfavorable comment in our apparent laxity to create sales. The reason for this is useless to discuss because what I am trying to do at the present time, is to start from this point and disregard what has happened in the past and to give you my idea as to how we are to accomplish the job of marketing the property during the coming selling season.

I believe the only way to successfully market the property is to put on an

W-110 10

MONTAUK BEACH DEVELOPMENT CORPORATION

MEMO. TO Mr. C. G. Fisher,

DATE June 13, 1927

FROM J. G. Caffrey

SUBJECT _____

PAGE #3

adequate sales force, the number of which will be governed by the character of the men which we can secure. I believe too much stress has been placed on the fact that we are likely to get salesmen who will misrepresent the property to the purchaser. It is my experience that salesmen will not misrepresent property unless they are allowed to do so by the executives. It is also my opinion that you can handle twenty men along the proper lines as well as you can handle five or six men. I also believe that the objection to a large sales force, because it will give the impression that we are chasing people and thereby create sales resistance rather than bring desired results, is not well founded. (It is well to remember that you can put a hundred salesmen on Long Island and New York City without even causing a ripple on the Real Estate market. This is in striking contrast with Miami where a hundred salesmen would give the impression of a high pressure sales organization seeking to put over a purely promotion proposition. The only people who will come to Montauk either from a recreational standpoint or from an interest in the purchase of real estate, are the people who are brought here by our own organization; brought here by publicity or advertising, or personal contact through salesmen. The first will create the interest and curiosity and the second will, in a small measure, tie in with the publicity but the real advertising and interest will be created by personal contact through the proper kind of salesmen.

I hope you will not be too strongly influenced by our experiences in Florida because I believe that we were materially aided in Florida by the tremendous amount of advertising and publicity which was given the Miami area generally, particularly by Coral Gables, by their tremendous advertising campaign and through their running of buses etc., and while I don't discount the fact that you were the pioneer and courageous enough to start the procession, I believe that the ease in which it was sold was due to the vast number of people attracted there and then, when they arrived, the selling of your property became by comparison, an order taking proposition due to your foresight in developing and your natural, logical location.

Also, there is no question in my mind that there is only one real winter resort in the United States and that is Miami, Florida. No other city in Florida enjoys the natural advantages that Miami does. No such condition exists here. Long Island, for practically one hundred miles, is literally covered with beautiful homes and wonderful resorts and for this reason, the competition is so much greater than that confronted by Miami with respect to other Florida cities that there is no comparison. Not only have we Long Island, but the entire Atlantic Coast from Norfolk to Maine. Therefore, Montauk Beach cannot expect to make a run away race as Miami did in the south.

I hope you will not get the impression that I think Montauk Point does not offer greater things than the other resorts do. I am thoroughly convinced that Montauk Beach offers something that nothing on the Atlantic Coast offers, but

W.P.H.C. 10

MONTAUK BEACH DEVELOPMENT CORPORATION

MEMO. TO Mr. C. G. Fisher,

DATE June 15, 1927.

FROM J. G. Caffrey

SUBJECT _____

PAGE #4

I am also convinced that there is sufficient competition; that it will require a strong vigorous sales campaign to acquaint the buying public with the facts sufficiently to make them choose Montauk Beach rather than all the other offerings presented to the public.

There is only one way to do this in my opinion, and that is to have a sufficient number of clean-cut, hard-hitting salesmen who can stand on their own feet and produce. In order to do this, we must meet the conditions existing here. We must pay the commissions which other firms pay. We must allow the salesmen to make sufficient money at this time to build up their enthusiasm and give them sufficient financial support which will inspire them to produce business. The usual rate of commission on propositions of this nature in the north, is 10% and no other commission is adequate for a selling proposition so far removed from the monied centers. The expenditures necessary to be met by salesmen require that we pay 10% commission. The importance of putting forth our best foot during the next three months I believe requires that we pay 10%.

In this connection, I wish to point out that in my opinion, unless we go over the top during the next three or four months, we will have a serious set-back and that it will be doubly hard to get started next spring. I have talked to Stuart Gayness, who I know you have a great deal of confidence in, and I think the only reason why he has not talked to you along these lines, is because of his timidity. He informs me that he cannot do any volume of business on a 7% basis. He informs me that if we are satisfied for him to go along making a few sales through his own efforts, that he can do that, but if we expect him to produce any volume of business, it can't be done on 7%. I know that you believe if we raise the amount to 10%, that Gayness, Webb, LaCluse, etc., will demand an over-write over and above that, but I believe that this proposition is of such importance that we can dispel any such thoughts because any of the parties mentioned who will insist upon placing a barrier between you and the success of the entire proposition to satisfy their own selfish desires, should not be considered.

Next to the change in the rate of commission and the way it is to be paid which will in itself take care of the second proposition, namely the securing of the proper kind of salesmen, is the importance of having someone devote their entire time to sales promotion and by that I mean getting in touch with the various Chambers of Commerce through the Island, visiting the Rotary Clubs, the Kiwanis Clubs, etc., always looking for the proper kind of salesmen, assisting these salesmen in various ways, tying our sales organization into our various publicity stunts, etc.

In this connection, I request that you allow me to get the right kind of an Assistant Sales Manager in view of the fact that I realize that you don't approve of an over-write proposition and would rather pay a salary and bonus. If satisfactory, allow me to select a man whom I think will fit the position

MONTAUK BEACH DEVELOPMENT CORPORATION

MEMO TO Mr. C. G. Fisher,

DATE June 13, 1927.

FROM J. G. Caffrey

SUBJECT _____

PAGE #5

and find the necessary funds by eliminating some other salaried men from the payroll. I think that by careful scrutiny, I could find five or six thousand dollars a year to pay this kind of a man. I am inclined to think that with prospects of success of this proposition, I could get a high calibre man. I have a man in mind for the job.

It is a great mistake in a proposition of this kind for any executive to try to scatter his efforts over too big a field. I believe in the past a mistake like this has been made in several instances. From now on, this is a selling proposition; nothing is so important in my mind as the promotion of sale and I ask that you be tolerant with me in the expenditure of money in order that I may secure the results which I believe in your heart you desire.

In submitting this memorandum, I have been prompted only by a conscientious desire to be of service to you in putting over what I believe to be the biggest thing you have tackled and which I believe is causing you a great deal of concern.

I have also submitted this not in the spirit of adverse criticism but of constructive criticism and it is needless to say that I shall be governed by your ultimate decision and advice in regard to the entire proposition.

Very respectfully yours,

J. G. CAFFREY

JGC/ELL

April 25, 1928

April 25, 1928.

Mr. J. C. Geffrey,
623 Ogden Street,
San Antonio, Texas.

Dear Jim:

I have yours of the fifteenth. As you know, this past winter we were trying very much to cut expenses and I asked Drumpelman if he thought he could sell enough property to earn the salary which we were free to pay him for six months' trial. He said he thought he could, so he went on on that basis. He has no doubt produced good contacts with Chambers of Commerce and other people but he certainly is no salesman. He may be a good office executive -- that remains to be seen, and I thought it might be worth while to try him for another two or three months and I have wired him asking him if it does not interfere with any other engagements he may have to hold off for a few days until we can talk with our Board of Directors.

We have a new Board and are very well financed, and in the meantime things are going fine at Montauk. We have a casino going up, not at our expense; we have a Night Club going up, not at our expense; we have six independent houses of the better class, and we will soon start three more of our own, besides some smaller houses. We think we have a deal made for the second hotel. We have a program laid out for a million and a half to two million dollars in the coming twelve months and we are going to be going in good shape.

I suppose you know how Miami Beach is going. We wound up the season in a blaze of glory. Over a million dollars worth of property sold here on the Beach in the last few days, and a total of two and a half million for the season. Practically all of the ocean front property is gone and some magnificent houses are going up, such as Lasker's, Roy Chapin's, Gold's (of St. Louis) and half a dozen others I cannot mention.

Mr. J. C. Gaffrey,
April 25, 1928,
Page 2.

We are very well satisfied with the season here. Our hotels had a splendid season and instead of the losses which we had last year we had a profit of \$200,000. I thought you might be interested to know what is going on.

Thanks very much just the same for your letter.

Very truly yours,

CGF:T

CARL G. FISHER
INDIANAPOLIS
AND
MIAMI BEACH, FLORIDA

MONTAUK
SUMMARY

M E M O R A N D U M

CONCERNING - MONTAUK BEACH DEVELOPMENT CORPORATION

October 14, 1930.

This Corporation was organized under the laws of Florida, October 27, 1925, with authority to deal in real estate. Early in 1926, it acquired title to its principal holdings at Montauk, and from time to time has increased these holdings by the purchase of contiguous lands.

These purchases have amounted to a total area of 9619 acres, of which 1625 acres are underwater land, leaving 8094 acres of upland. They represent a total purchase price of \$2,861,558.90, being at the rate of \$293.00 per acre for "raw upland".

The attached Schedule A enumerates these purchases which range from a low of \$189.00 per acre, to a high of \$3,414.00 per acre.

The subdivision, development, and sale of the central portion of the Corporation's property (approximately 2400 acres) was immediately begun, and has been continued to date.

The attached Schedule B enumerates the sales to date, aggregating 308 acres, which have averaged a gross selling price of \$8,578.00 per acre, and range upward from a low of \$2,700.00 per acre. In addition to these sales 105 acres were conveyed as a bonus to certain underwriters of bonds in the year 1927, 220 acres were conveyed to the State of New York (without payment) and 65 acres were conveyed to others for advertising and other purposes.

The present holdings of the Corporation, in addition to underwater lands, therefore consist of 7,400 acres of upland. Applying the cost of \$293.00 per acre in a raw state as above set out, this remaining acreage represents a "raw" cost of \$2,148,200.

The development of the Corporation's properties (largely confined to the central portion of 2,400 acres of upland) has been carried out continuously to date. These developments include approximately 34 miles of improved roads and streets, 16 miles of pole lines, 17 miles of water mains, piers, bridges, jetties, yacht basin, channel, boardwalk, etc. The capital expenditures for the same have been \$1,589,600.00 as enumerated on the attached Schedule C.

The "raw" cost of the remaining 7400 acres of land (\$2,148,200.00) plus capital expenditures for tangible development, exclusive of all buildings, to date (\$1,589,600.00), therefore amounts to \$3,737,800.00, being at the rate of \$507.00 per acre for the remaining 7400 acres. The above cost is exclusive of buildings and without giving effect to carrying charges on land or depreciation of improvements.

In addition the company has expended the sum of \$3,422,400.00 in the construction of buildings, golf courses, etc., all of which are enumerated in the attached Schedule D. This item applied to the remaining 7400 acres now owned by the Corporation is at the rate of \$462.00 per acre, making a total cost of \$3,029 plus, per acre, and amounting to the sum of \$7,624,200.00.

In addition to the above expenditures now represented by 7400 acres of land, with buildings and other tangible improvements, the company has expended to date \$1,286,042.46 for engineering, advertising, carrying charges, overhead and other intangible development costs over the past 3 years (see Schedule B). This item represents the "going concern" value of the enterprise and is at the rate of \$318.00 per acre for the 7400 acres of upland now owned by the Corporation. Adding this item to the "developed cost" of \$1,029 plus, per acre, (supra) realizes a total cost to date of \$1,347 per acre for the remaining 7400 acres owned by the Corporation, being the sum of \$9,980,242. The Cost of the assets of the Corporation as of this date, may therefore be summarized from the above as follows:

Land (Remaining 7400 acres of Upland)	-	\$2,612,200.00
Tangible Development Assets	-	1,286,042.46
Buildings, Furnishings & Investments	-	3,422,400.00
Intangible	-	3,286,042.48
		<u>\$9,980,242.48</u>

The Liabilities of the Corporation are now as follows:

Notes Payable	-	\$ 948,723.97
Accounts Payable	-	154,790.65
Purchase Money Mortgages	-	679,250.00
Bonded Indebtedness	-	5,034,000.00
Deposits on Contracts	-	12,845.00
Advance Rental on Hotel Garage	-	8,335.33
		<u>\$8,657,945.95</u>

The above statement of assets and liabilities may be readily reconciled with the July 31 Balance Sheet.

It is to be noted that the above cost of \$1,347 per acre is less than 16% of the average selling price to date (\$8578) and that applying this average selling price to the remaining 7400 acres realizes a valuation of \$63,477,200 in addition to saleable buildings, etc. which cost - \$3,422,400, making a total valuation of \$66,899,600.

Assuming the development cost to date (\$5,945,642 exclusive of Buildings) has serviced only 25% of the 6094 acres originally purchased, and must be continued at the same rate, the resulting deduction must be \$1,836,926, leaving a net value of \$65,062,674.

Oct. 16. 1930.

39 1/2 Bond St

N.Y. City

Dear Sempster

(before delivery)

The following was added to the memo. dated Oct. 14. copy of which

I sent you :

Page 2. opposite to the cost of
\$9,980.242.⁴⁸ add :

"In addition the corporation has
\$622,416.³³ deferred payment sales-
receivables".

Please have Wachs compare year copy
accordingly before using it -

I am writing one the three letters

3
in hand - pending the return of
Keep next week - some encouragement
on one of them - but nothing
definite to rely on.

There are tough times for
everyone!

Yours

HW

(To save stenographer fees I shall
write you in long-hand - Walter
can type if you cannot read it!)

MOORESTOWN SUMMARY

Moorestown, N. J., November 11, 1930.

Mr. Carl G. Fisher,
Miami Beach, Fla.

Dear Carl;

I went to New York yesterday and had a very interesting meeting with Mr. Keys. I will try to convey to you the consensus of that meeting.

The subject does not look good with the present condition of the money market in New York and the feeling and fear of investment it does not make Mr. Keys very strong about refinancing, but when pressed to the question as to the best way to refinance and his idea of it, it is as follows:

First and foremost: the stockholders are froze out entirely. Second, form and underwrite a snydicate for \$5,000,000. to be known as first mortgage bonds. This snydicate to be assessed as, if and when the money will be needed; for instance, \$750,000. for each of two years up to May 1, 1932, to pay running expenses, mortgages falling due and interest on the present bond issue up to May 1, 1932. Then at that time the balance of \$5,000,000. will be assessed to discharge the present first mortgage bonds and the balance on the mortgage area. Thus at May 1, 1932 it will start off with the first bond issue of \$5,000,000., next preferred stock to be issued to take up the present second mortgage bond of \$1,000,000.; next to issue second preferred stock to take up the bills payable representing money advanced by you to the amount of \$1,000,000.

Common stock to be issued to the amount agreed on, which would be payable entirely and given as bonus to the underwriters of the \$5,000,000. snydicate. Thus it would cut off any common stock from the present second bond holders or from you, representing your bills payable, or from any present stockholders.

Perhaps Mr. Keys would allow the present second bond holders to have a small interest in the stock in consideration of their land warrants attached to the present second bond issue.

He has agreed to take \$1,000,000. of the new \$5,000,000. bond issue and wants you to take \$1,000,000. also. In this way each he and you will have one-fifth of the common stock subscribed.

His idea is that the interested real estate selling concerns would receive as bonus some of this common stock, perhaps 25% of the issue. It would then mean that the new bond holders would get 75% of the new issue of the common stock to be divided as they see fit.

C

He is not very enthusiastic about being able to get a group together to raise this \$5,000,000., but he says he would try if it seemed advisable.

He has definitely decided there is no hope of getting any money out of the Pennsylvania Railroad, but wants to keep their moral support and wants to put one of their group on the Board of Directors.

He believes it will be necessary for him and his new associates to take complete charge of Montauk and the Board of Directors would consist of that class of people. It is his idea to call in a group of men and get them to underwrite this proposition, assuring them of the great potential value of this property and issue common stock with that potential value in mind. He said it was positively necessary that some inducement of this character be offered as it would be physically impossible to float a bond issue at this time without common stock attached.

I asked him distinctly his connection or attitude towards Davis and he said Davis would be very useful to him in getting the new organization set up and asked that he stay on for the present. I assured him I was not interested in Davis' future connection with the new company, but I did want to know at the present time whether Davis should be let out and whether he, Keys, believed this or whether he would like Davis to stay on and help him. He assured me he would like Davis' services.

Now as far as Davis is concerned in this new company, he will have to paddle his own canoe and do as he sees fit. Personally I am under the impression Keys is to retain him after the new set up is under way. Yet I think it is Davis' idea to be the King pin on the new set up, but let them settled that themselves.

I asked Mr. Keys distinctly as to the advisability of your going on the Board and his candid opinion was it would be much easier for him to get his own group together and select the Board from them, thus eliminating (I regret to say) your name.

This latter clause, Carl, needs due consideration and if that is all that is necessary to put the deal over you had better abide by it, because it is going to be a tough job to get this refinanced before the bond issue comes due.

This is a bitter pill, loosing all this money, but the sooner it is swallowed the better because the very first thing he showed me was the guarantee under the present bond issue, and he pointed out the fact that you as endorser of the bond issue would be called on first without running down and selling out Montauk to obtain as much as possible to meet the indebtedness and bond issue, and then go against you for the balance.

C. Carl G. Fisher Sheet #3.

This made cold shivers run down my back. I asked him how they would proceed and he said the course of procedure would be immediately to apply for receivership of C. G. Fisher Company; that in turn would tie up your company, Alton Beach, Miami Beach Bay Shore and all the other companies allied with the C. G. Fisher Company.

My conclusion is, we must use all speed to get Montauk refinanced before 1932. Mr. Keys says he positively must work at this and get it ready for the selling season of 1931 because it will take two years to establish confidence in the people of the future in Montauk, to get them to buy anything in Montauk, and the future and present holders of property there must be assured that the bond issue due in 1932 will be taken care of and not foreclosed as he says it has been rumored.

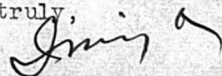
Mr. Keys asked me if I would come over and sit in on any conferences. I told him I would be only too glad to, but to do it I must know your views distinctly and how far I can proceed. I wish you would write me fully on the receipt of this letter your acceptance or rejection to any part of this suggestion of refinancing on Mr. Keys' part.

If you should want to underwrite \$1,000,000. of the \$5,000,000. issue you would be subject to \$150,000. assessment immediately as soon as this is organized, \$150,000. perhaps November 1931 and the balance of \$700,000. May 1, 1932. Perhaps you might get some of the heaviest stockholders at the present time to go in with you on this underwriting \$1,000,000. Perhaps Brag, Coffin or some of the other heavy ones.

As I understand it, the A and B class of stock, there are about \$2,000,000. subscribed outsiders other than yourself. If you want to, you could give them one share of the new proposed second preferred stock for two shares of their holdings in Montauk Beach stock. It was proposed by some one that you exchange C. G. Fisher Company stock for their present Montauk stock in ratio of one share of your stock to five shares of Montauk stock. Please don't consider this for one minute as you would be just getting a lot of busy body people in the C. G. Fisher Co. affairs and you would get in a lot of trouble. My advice to you is, whatever you do, don't give any C. G. Fisher Co. stock to any of the present holders of Montauk stock.

Carl, this is a long letter. I have tried to give you the present situation as I view it. Please answer it fully, and candidly and distinctly, as if I am to sit in on any of these conferences I must have your ideas explicitly, so when I am asked a question I want to be educated enough to say "yes" or "no".

Yours very truly,



IAC/MLA

November 14, 1930

Mr. Irving A. Collins,
Moorestown, New Jersey

My dear Irvi:

I have your letter of November 11th discussing your conversation with Mr. Keys.

As I told you and as I told Keys, I was for any project or method of financing that he could arrive at for Montauk, as I have the utmost confidence, not only in his ability, but his squareness.

Regarding my name being eliminated: I am perfectly willing to be off the Board, off the Management, and out of the ownership if necessary. That is the answer to that question. I am glad to be relieved of the responsibility, and it would be my pleasure to see the project continue and become successful, although I do not participate officially or financially.

I am in full accord of the raising of \$5,000,000 of new money as outlined in the plan of G.M.Keys, because I realize that he knows what can and can not be done. I am willing, if possible, to go in for \$1,000,000 of this new financing, but at the present moment, I can not see where I am going to raise that amount of money, but if my subscribing to it is absolutely necessary to make the plan go through, I am willing to do so, provided the amount above ~~the~~ \$1,000,000 that I have up to date advanced in open notes, be applied on my subscription. In that manner, I would not be called upon to make the initial \$150,000, and it would give me a breathing spell to raise the additional \$150,000 next fall, and it might be possible that I could liquidate some assets or get somebody to take a part of my subscription, even at a discount and a loss to me.

You understand my financial position as well as anyone, especially after I am submitting the figures showing the cash I must raise this

Mr. Irving A. Collins

year for my other commitments.

I do not want to trade C.C.Fisher Company stock for Montauk stock, but should I participate in the new money and have a participation in the new common stock, I am willing to pro rate that among the stockholders who purchased stock in Montauk Beach, other than myself. I am willing not to participate in the distribution for my \$2,000,000.

Regarding Davis: Keys has answered the question, and I will continue carrying Davis along until Keys decides to use him in the new organization, which of course, is his affair.

I think I have answered all of your questions. First, regarding my attitude regarding being a part of the management or member of the Board; second, my agreement with the financial plan Keys has set up, or any plan he proposes because of my belief in him; third, my attitude toward the C.C.Fisher stock in trade for those that might lose with me in Montauk.

This letter is to give you full authority to act and answer these questions as above.

Yours,

GGF:A

C

B U D G E T

THE ALTON BEACH REALTY COMPANY THE CARL G. FISHER COMPANY CARL G. FISHER

	<u>NOVEMBER</u> <u>1930</u>	<u>DECEMBER</u> <u>1930</u>	<u>JANUARY</u> <u>1931</u>	<u>FEBRUARY</u> <u>1931</u>
Interest on Flamingo mortgage	\$24,000.00	-	-	-
Interest on Lincoln mortgage	-	4,687.50	-	-
Florida Normal and Industrial Institute (Note of Carl G. Fisher)	-	5,000.00	-	-
Federal income taxes	-	3,994.15	-	-
State, county and city taxes	-	45,000.00	-	-
Jane Johnson	2,676.67	2,676.67	2,676.66	2,676.67
Margaret G. Fisher	1,000.00	1,000.00	1,000.00	1,000.00
Carl G. Fisher (including Port Washington properties)	10,000.00	10,000.00	10,000.00	10,000.00
Boat expense	5,000.00	5,000.00	5,000.00	5,000.00
Payroll	6,100.00	6,100.00	6,100.00	6,100.00
Miscellaneous	2,500.00	2,500.00	2,500.00	2,500.00
Construction:				
Lincoln hotel cottage fence	2,500.00	2,500.00	-	-
Fisher's tower	7,500.00	7,500.00	-	-
Fletcher American National Bank	-	100,000.00	-	-
James M. Cox (curtailment of note)	-	25,000.00	-	-
Damages - Shadow K collision	-	15,000.00	-	-
Montauk Beach Development Corporation	-	-	100,000.00	-
Treiber Diesel Engine Corporation	-	-	40,000.00	-
Opening hotels	2,500.00	5,000.00	5,000.00	-
	<u>\$63,776.67</u>	<u>\$240,953.32</u>	<u>\$172,276.66</u>	<u>\$27,276.67</u>

THE PENINSULA TERMINAL COMPANY

State, county and city taxes	\$ 6,500.00	\$ -	\$ -	\$ -
Payroll	1,900.00	1,900.00	1,900.00	1,900.00
Miscellaneous	1,000.00	1,000.00	1,000.00	1,000.00
Construction:				
Car float and aprons	-	18,325.00	18,325.00	25,655.00
Car float slips	-	-	7,500.00	7,500.00
Engine and tracks	-	-	7,500.00	7,500.00
Briggs' yacht base	12,000.00	-	-	-
Federal income taxes	-	13,000.00	-	-
	<u>\$21,400.00</u>	<u>\$ 34,225.00</u>	<u>\$ 36,225.00</u>	<u>\$43,555.00</u>

Summary:

The Carl G. Fisher Company, et al
The Peninsula Terminal Company

\$504,288.32
135,405.00

\$639,693.32

(NOTE)

Maturities under Flamingo and Lincoln mortgages during 1931 amount to \$81,600.00 and \$43,531.25, respectively. Amount due Irving A. Collins in 1931 on purchase of Treiber stock is \$66,268.31

IRVING A. COLLINS
MOORESTOWN, NEW JERSEY

Mem to

November 15, 1930.

Mr. Carl G. Fisher,
Miami Beach, Fla.

Dear Carl;

I have not as yet received your reply to my long epistle in reference to my visit with Mr. Keys. I admit it was a long letter and needs quite a little thought before answering it. Perhaps it is on the way North now.

However, on my arrival home I wrote Mr. Keys, as per copy enclosed, and also copy of his reply.

It is my proposal to make a date with him next Wednesday to talk further over the situation, and while I do not want to show haste in pushing this forward, I want to show him we are willing to co-operate and help in any way possible to get the refinancing under way as soon as possible.

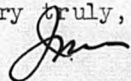
I don't think we are in any way or position to bluff Mr. Keys about this deal, but I do believe that he is a man that will not abuse faith placed in him. I feel if he is shown that we trust him he will not take advantage of us.

I am anxiously waiting your letter which most likely will be here early in the week before I go to New York on Wednesday.

I am forwarding you copies of my correspondence with him and from him and I trust you will do the same with me so at all times we will be on the same street level.

Awaiting your further advice, I am

Yours very truly,



IAC/MLA

COPY

JK

November 11, 1930.

Mr. C. M. Keys,
39 Broadway,
New York City, N. Y.

Dear Mr. Keys;

Yesterday's visit with you was very educational and interesting to me. I want to thank you for the time you gave me, and for the lunch.

I have done a lot of thinking since my visit with you and regret that Mr. Fisher will come out so bad in the deal, and I am wondering if you can see your way clear to set it up so he will get a little of the Common Stock.

Your set up is \$5,000,000. first mortgage bonds to take up the present first bond issue, the land mortgage, and have about one and a half million to function for two years. The first preferred stock would represent the present second bond issue. The second preferred would represent approximately the \$1,000,000. that Mr. Fisher has supplied Montauk with cash during the last year or so.

Fourth would be Common stock. It seems to me that the second bond issue should have a little Common Stock in some way or other, because they have land warrants attached to their bonds.

Would it be presumptuous for me to think it could be financed as below; distributing Common Stock 60% of the new five million dollar bond issue, 20% for promotion purposes, 20% for the present second bond issue and Mr. Fisher,

You mentioned yesterday about Mr. Fisher taking a million of the five million dollar issue, and unless he should get some outside help from the present stockholders I don't think he could do it, but I know he will endeavor to do whatever he can do along that line.

Of the present stock issue, both A and B classes, there is issued \$3,945,760. of which over \$2,000,000. is owned by others outside of Mr. Fisher and he feels as though he would like to be just to these stockholders and not have them to lose all they put in, so if he could get part of the above 20% allotted to the second mortgage bond issue and Mr. Fisher he could perhaps distribute this among the present stockholders outside of himself, and he could use

Mr. C. M. Keys Sheet #2

this distribution of the stock along with the second preferred stock he is to get for the cash he has invested the last year. In this way he might feel he has done the best he could for the outside stockholders.

Will you please let me hear from you as to how you feel about the above proposition.

I hope I may have the pleasure of calling on you again within the next few weeks, and trust it will lead up to a solution of our knotty problems.

Thanking you again for your courtesy and with kind regards, I am

Yours very truly,

IAC/MLA

C O P Y

November 14, 1930.

Mr. Irving A. Collins,
Moorestown; N. J.

Dear Mr. Collins;

I have your letter of November 11th. The situation is not exactly as you suppose it to be. It is not a question of what I want to do about the equity in these properties, it is a question of what I may find it absolutely necessary to do in order to swing any kind of a reorganization under the present conditions.

The first reaction of every responsible interest who looks at this property is that there is no equity at the present time, and I think that this judgment is correct. The logical further reaction is that whoever puts in the money, the work and the character to create an equity should have the disposal of that equity.

You may be sure, as far as I am concerned, I am placing the highest value possible on the goodwill and the actual value of the Miami-Fisher connections. You may also be sure that if humanly possible to make any reorganization of this company I will make as good a fight as possible to keep some equity, but it is not possible for me at this time to see that that can be done. I can however assure you that the Fisher interests can participate on the same basis as anybody else. I have also myself stipulated that both the second mortgage bonds and the advances on notes that have been made are to stand definitely ahead of the common stock in all respects; in other words as to accrued interest at a reasonable rate and as to principal.

Let me assure you that if it becomes possible to finance this enterprise I shall make every effort I can to protect the interest of Mr. Fisher, but I do not think it possible to go any further than I have in the preliminary suggestions so far made.

Sincerely yours,

C. M. KEYS

MONTAUK BEACH DEVELOPMENT CORPORATION

MONTAUK, LONG ISLAND

January 7, 1932.

TO THE STOCKHOLDERS OF THE MONTAUK BEACH DEVELOPMENT CORPORATION

Inasmuch as certain negotiations which have been pending during the past sixty days, looking toward the reorganization of the corporation's affairs and the conservation of its equities, have not successfully been concluded, it seems highly advisable at this time that the stockholders of the Montauk Beach Development Corporation be advised as to the status of the corporation's finances and affairs.

Since July, 1929, the requirements of the corporation for operating costs and expenses, interest on bonds, and other carrying charges in excess of income, have been supplied through loans from, or purchases of real estate by The Carl G. Fisher Company, and these loans and purchases to date aggregate in excess of \$1,500,000.00.

Due to continued unfavorable business conditions during the past two or more years, The Carl G. Fisher Company advises us that it is not physically able to make further advances to the Montauk Beach Development Corporation, and the income of the corporation itself is not at all sufficient to take care of its operating and carrying charges.

To date all obligations have been promptly met with the exception of installments on three purchase money mortgages which matured during 1931, and on which extensions were obtained. At the present time unsecured current obligations of the Corporation, exclusive of purchase money mortgages, aggregate considerably less than \$10,000.00. In addition, the company has one note in the amount of \$20,000.00 secured by a pledge of receivables as collateral, given to secure funds to effect a reorganization and foreclosure of a valuable property in Montauk.

On the other hand, however, the income of the corporation has diminished to a point where it is not sufficient to provide for even a substantial portion of the corporation's ordinary expenses, to say nothing of interest and principal installments on mortgages and bonds. On the first of January, there was a maturity of an interest installment on a purchase money mortgage amounting to \$8,343.75. On the tenth of January, there will be approximately \$50,000.00 required to pay taxes. In addition, between January 1st and April 30th, we will have various purchase money mortgages maturing in an amount aggregating approximately \$150,000.00, some of which, of course, can be extended. There are no funds in sight at this time to meet any of these items.

The big problem facing the corporation, however, is the maturity on April 30, 1932 of its first and second mortgage bonds, of which there are approximately \$2,740,000. of firsts and \$1,000,000.00 of seconds outstanding.

Negotiations have been constantly under way in an effort to provide funds to meet these various obligations, or to arrange some manner of carrying them for

a further period, but so far, regrettably, there have been no very encouraging results obtained due almost entirely to the very demoralized state of money markets.

Of the corporation's sales, which aggregate to date about \$2,750,000.00, approximately \$2,418,000.00 in cash have been collected, and of the remaining outstanding \$332,000.00 approximately \$249,600.00 have not matured, leaving a balance of \$82,400.00 which is now due and most of which can be collected only by litigation or by trading. In other words, of a total sales of about \$2,750,000.00, a very small proportion of the total can be classed as uncollectable or slow.

The Directors feel that all the stockholders are quite familiar with the fact that continued business depression has resulted in severe losses in all lines of business and industry. This condition has naturally been felt more keenly in enterprises like our own than it has in almost any other line of business endeavor. Had it not been for the financial support which The Carl G. Fisher Company has given to our Corporation, we would, in all probability, have found ourselves two years ago facing the same situation which we are facing today.

All the Directors as well as the stockholders who are closest to the situation, have unbounded faith in the future of Montauk, and are confident that the optimistic prospects prevailing at the beginning of the work at Montauk could still be realized if some way could be worked out to carry the property until the return of normal business conditions.

Obviously an emergency exists in the affairs of the corporation. The Board of Directors wants the stockholders to be fully informed as to true conditions in corporate affairs, and invites you to make further inquiry, as well as suggestion as to how this emergency can be dealt with. If enough stockholders deem it advisable, a general meeting will be called to discuss the entire situation.

All correspondence in this matter should be addressed to the Corporation's Office at Montauk, New York.

MONTAUK BEACH DEVELOPMENT CORPORATION



MONTAUK BEACH

LONG ISLAND, N. Y.

120 MILES OUT IN THE COOL ATLANTIC
Like A Trans-Atlantic Voyage With None Of Its Discomforts

June 3, 1932

TO STOCKHOLDERS AND LANDOWNERS OF THE MONTAUK BEACH DEVELOPMENT CORPORATION

You have perhaps already learned that on May 6, 1932, in an action brought before Judge Robert A. Inch, in the Federal Court in Brooklyn, N.Y., William H. Robbins, of Bay Shore, L.I., and Otis S. Carroll, of Brooklyn, N.Y., were appointed co-Receivers in Equity of the Montauk Beach Development Corporation.

The mere statement, without further explanation, that Receivers have been appointed, can be so readily misleading that considerable misunderstanding will naturally follow, and for that reason this letter is written in order that all stockholders, property owners and others interested in Montauk may understand the developments leading up to this action, and the possible outcome of the situation.

On May 1, 1928, the Corporation borrowed \$3,000,000 on its First Bond and Mortgage, guaranteed by the Carl G. Fisher Company of Miami Beach, Florida, and \$1,000,000 on its Second Bond and Mortgage, both of which Bond Issues matured on April 30, 1932. The proceeds of these two loans were used to redeem the then outstanding balance of a previous issue of First Mortgage Bonds amounting to \$1,392,000, to complete certain development projects which were considered essential for the operation and sale of the property, and for the general costs and carrying charges for the operation of the Corporation's affairs.

This cash was exhausted on July 1, 1929, and since that date the cost of operating the properties has been met almost entirely by unsecured loans made to the Corporation by the Carl G. Fisher Company, and by sales of property to the Carl G. Fisher Company for cash. To date the unsecured loans referred to aggregate \$1,120,323.98, and the cash purchases by the Carl G. Fisher Company and Mr. Fisher personally, have aggregated \$569,668.92.

Due to the generally depressed condition of business, and the particularly inactive real estate markets, the Corporation was not able on April 30, 1932 to provide the cash funds with which to meet the maturing bonds which aggregated \$3,741,000. Likewise, the Carl G. Fisher Company was unable to advance any additional cash to help meet these maturing bonds.

A strenuous effort was made during the past winter to bring about a reorganization of the affairs of the Corporation, and to secure extensions of the maturing obli-

gations, but due to the unfavorable financial conditions prevailing, these efforts did not have a successful conclusion, so that on May 1, 1932, the Corporation was actually in default in the payment of principal and interest of both of its first and second Mortgage Bonds, and was threatened with immediate foreclosure.

In view of these conditions it seemed almost imperative that steps be taken if at all possible to maintain the property intact and to provide for the operation of the property during the coming season in order that some plan of reorganization might be evolved, or that the process of liquidation might be carried on in an orderly manner, with the hope that some equity might be preserved for the stockholders. The only plan which seemed feasible for the accomplishment of these results was through Equity Receivership in the Federal Court, and, accordingly, after careful consideration of the matter by some of the principal stockholders and the Directors of the Corporation, and upon advice of attorneys, it was decided that the Corporation should consent to the appointment of Equity Receivers.

This action resulted in the appointment of the two Receivers as stated in the first paragraph of this letter.

Both of these gentlemen are lawyers of excellent standing, and we are convinced that they will do everything in their power to conduct the operation and sale of the assets of the Corporation in as helpful a manner as possible, from the standpoint of the stockholders, consistent with their duties and obligations to the creditors.

It should be understood, however, that there is a probability that the liquidation of the assets will leave little if anything for the stockholders. Bankruptcy and immediate foreclosure, we felt sure, would most certainly wipe out stockholders' equities almost immediately, and Equity Receivership, while it by no means assures preservation of any equities for stockholders, seemed to be the only chance for the preservation of such equities.

A feasible plan of reorganization has been suggested, which requires an investment of additional cash in order to afford protection for the present equities. We feel certain that such a reorganization could be effected on an attractive basis for the stockholders and property owners at Montauk if they were in a position to protect their present investment. We are not requesting or recommending your participation in such a plan, but we are suggesting that it might be to the advantage of all stockholders and landowners if a general meeting could be held in the near future, at which time all the facts could be presented and a general discussion could be had on the subject of reorganization.

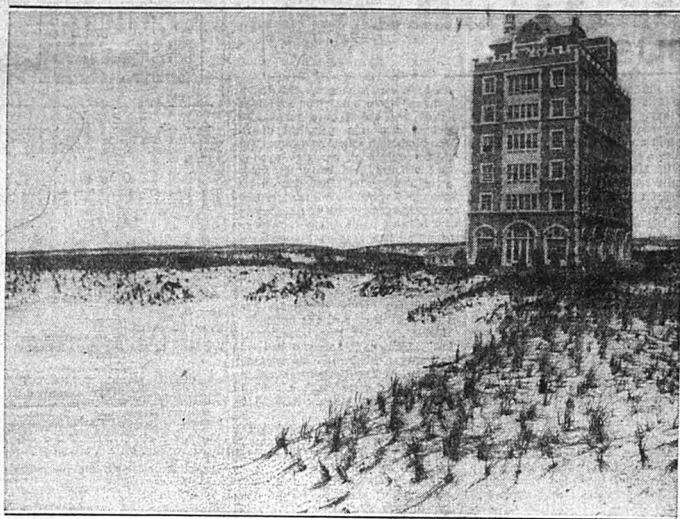
Such a meeting should, in our opinion, be held in New York at as early a date as possible.

We do not wish to call such a meeting unless enough stockholders and landowners are interested in having it. Will you not therefore indicate your wishes on the enclosed card, sign the same and mail it to us. We will advise you of results as soon as we have received sufficient replies to enable us to interpret the wishes of the stockholders and landowners.

Very truly yours,

L. d. Daily Press - Jamaica

A HOUSE BUILT ON SAND



Office of the Montauk Development Company, Montauk

Ghost Building Rises 7 Stories on Dunes

Montauk Dream City May Come to Life Some Day

By SARAH WILFORD

Take this building in the photograph.

Put it in downtown Manhattan and it looks like a midget. Put it on Jamaica avenue, Jamaica, and it looks right at home. Put it where it is and it looks so silly there's nothing to compare it with.

This is the office of the Montauk Development Company which rises seven



Sarah Wilford

handsome red-brick and white-stone stories into the pure salt air of Montauk Point. It is a monument to a dream that almost did, and may yet, become a reality. It is the center of the bustling seaport that Carl Fisher, in ye olde boom days of 1928, planned to make out of the fishing village at Montauk.

The office building stands beside Montauk highway where the road for Montauk Manor swings off to the north, and it rises so absurdly out of sand dunes that motorists often stop and stare at it with their mouths open.

Reality in Dream City

The skyscraper is there but the seaport isn't. A real landmark in a dream city.

The story of Carl Fisher's \$12,000,000 Montauk enterprise is so well known that it hardly bears repeating, though there are angles that you may have forgotten and it is certain that no series of articles on Long Island would be

complete without mention of it. As it happens, reorganization of the entire enterprise is now being planned by friends of Fisher though he himself is living quietly in Florida where his other, equally levish, ventures were somewhat more successful. The idea is to buy it in when it comes up at auction for back taxes and start all over again.

The enterprise, beside the office building, includes the million-dollar hotel, Montauk Manor; a yacht clubhouse, the Montauk bathing pavilion, the polo field, the golf course and several thousand acres of undeveloped sand dunes.

Echoes of Boom Days

As echoes of the gold-rush days, the beautiful brochures prepared by Fisher's high-powered advertising department are as interesting as the office building itself.

There is the one in which, for purposes of romance, a titled—but nameless—visiting Englishman is taken for a stroll on the heather-covered downs of the rolling Fisher properties.

"Ahh," he exclaims, according to the guide who told it to the advertising department, "Ahh, here is all the charm of England and Scotland, three hours from New York."

Montauk is a paradise that eludes the most flattering tongue."

The visiting Englishman, having been so conveniently enthusiastic, was then taken on a wider tour and was shown Fort Pond Bay and the quaint village of Montauk.

To quote again from the brochure:

"It was in these deep guarded waters, he was told, men of vision see vast wharves jutting into the Sound and huge liners flying the flags of the world. Port Montauk

will bring America a day nearer Europe."

Beautiful Descriptions

The advertising man then went on to describe "the rolling hills on this narrow tip of island reaching out into the Atlantic, with its tossing waves ever murmuring a swishing rhythm on long miles of velvet beaches."

"The whole peninsula," he wrote, "is astir with mighty activity. Millions have been spent. More are being spent. Montauk will prosper. Its prestige endure."

But, alas! That was 1929.

The "two remarkable golf courses that nestle in the rolling terrain," the "magnificent yacht club," "the matchless paradise" for riding to the hounds and the glass-enclosed tennis auditorium (seating 6,000) languished like a lot of stocks we can think of.

The million-dollar hotel—which is really a superb hotel—couldn't meet the tax bills, let alone make any money. Even last year it was rented on a percentage basis and netted only \$18,000.

The receivers made almost as much out of the right to fish scallops out of Montauk Lake, and everything put together wasn't enough to meet a tax bill of \$870,000.

Perhaps the World Fair will put wealthy tourists back in the luxurious bedrooms at Montauk Manor and office workers and adding machines in the empty office buildings.

Perhaps 1950 will put those ocean liners in the deep guarded waters of the Sound.

We hope so—almost as much as Mr. Fisher. Even his advertising men couldn't exaggerate the beauties or the possibilities of Montauk Point.

December 27, 1935.

See article
attached

Miss Sarah Wilford,
Daily Press,
Jamaica, Long Island,
New York.

My dear Miss Wilford:-

I note your article which, as handed to me, gives credit through the Jamaica Press.

You have not been unkind in this article, but it might have been of considerable help to us to show that there is a fine road now over the sand dunes which cost more than a million dollars, and there is a beautiful piece of the Long Island State Parkway promoted by Robert Moses of the State Parkway Commission.

In addition, I think the photographs and cuts of our hotel are very imposing and attractive.

It takes a lot of time to combat influence and enormous investments in New York against a seaport harbor at Montauk. We have had these same trials here at Miami Beach, but this week they are finishing a 30-foot channel costing several million dollars, which will allow vessels from all over the world to enter this harbor, and, from your photograph, I believe you will live long enough to see Montauk a more or less quite substantial harbor for ocean-going ships that want to save time and still give passengers the maximum of safety.

Mr. Alfred E. Smith told me that on his first trip over the Parkway road to the Montauk Lighthouse, he thought for at least six miles that this road was one of the most scenic he had seen in Eastern United States.

I am sending you a booklet on Montauk which has some very handsome pictures, and some time this summer I would like to see you as our guest at the hotel for a week, so that you can get a closer view of the improvements that have been made there quite recently.

I wouldn't exactly call Montauk a "house built on sand", because the dunes are not sand. There is a big part of sand and heavy gravel in addition to boulders which are apparently about half as big as our hotel. I know we spent a lot of money trying to dig a boulder out of the ground back of the hotel, and we finally gave it up and allowed the boulder to remain there. We know that it extends at least 15 feet into the ground. The next time you are out to Montauk, would like to have you take a look at it.

Miss Sarah Wilford -- 2.

12-27-35.

We also have the finest water supply that we know of in the Eastern part of the country, and the weather reports over a period of many years give us many advantages over other Eastern resorts, in temperature, fog, and driving distance to New York; to say nothing of our harbors.

While Montau may be a "dream", it is quite a healthy dream as there have been over twelve million dollars invested there by our own Company, to say nothing of the investments by other companies.

There isn't a single ounce of hard feeling in this letter and I only hope you will get to Montauk this coming summer and take another look at the place.

I am sending you under separate cover a little souvenir from our Flamingo Hotel here at Miami Beach. You can use this for speculative purposes. If you will hold it in your hand a couple of minutes, looking straight East, you will see if you are hot or cold. If you are hot, you can make a bet on your opinions - but not over a dime.

Yours truly,

CGF:AVM

CARL G. FISHER.


MONTAUK

MONTAUK offers a scene, a setting and a completely rounded facility for summer vacation and enjoyment unsurpassed if equalled on the Atlantic coast.

The Manor, a superb English type of fireproof hotel; the Surf Club with its private cabana colony; the seaside Golf Club with its picturesque, sporty 18 hole course; the attractive Yacht Club; tennis courts, stables, invigorating cool climate with freedom from hay fever, all combine to provide the ultimate ideal of summer enjoyment, recreation and sport.

The following pages, reprinted from "The Social Spectator", show some of the properties of the Montauk Beach Company, Inc., recently organized on sound financial footing.

For information as to reservations and rates, address
The Manager, Montauk Manor, Montauk, Long Island.



AT the eastern tip of Long Island is a domain of surpassing lure and fascination to the summer seeker of sun solace, to the yachtsman, the angler, the golfer, the sportsman and sportswoman in every sphere. It is called Montauk. It is beloved by a legion of those in whose veins courses an abiding attachment to wide waters and vast terrain. On these pages is shown, from the camera of Frank Turgeon, noted society and aerial photographer, some of the charm that is Montauk.

C

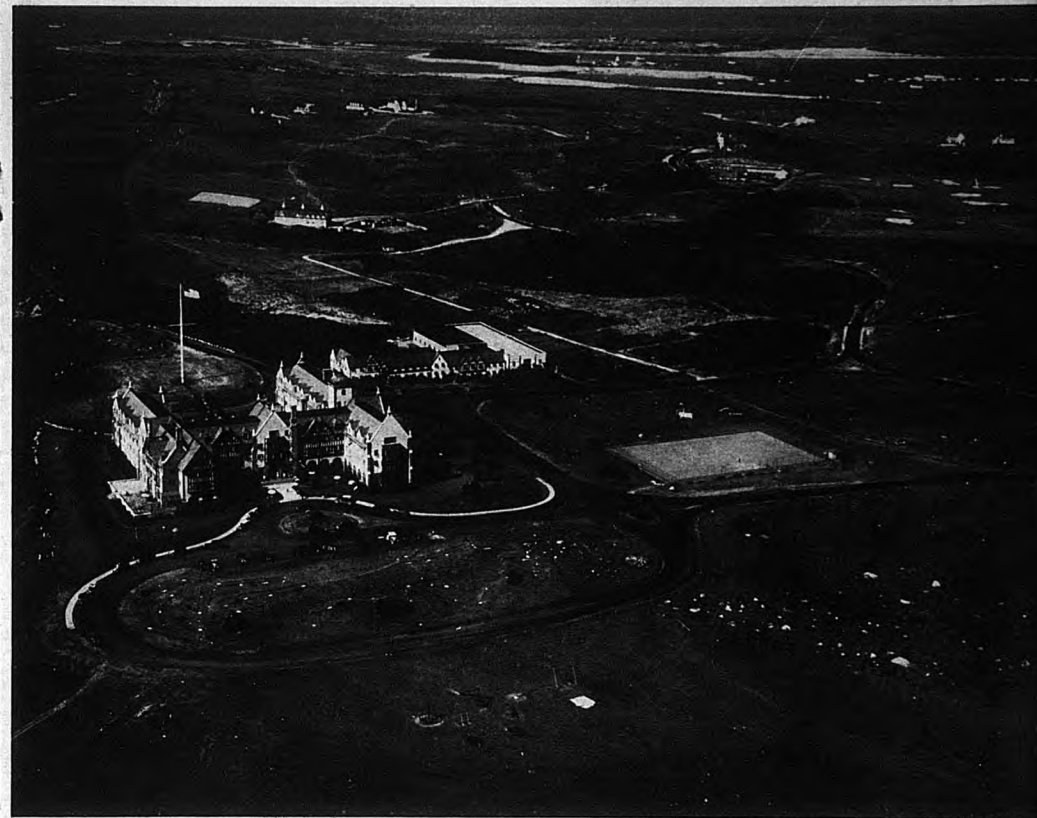


ITURGEON

Montauk ranks among the world's finest fishing grounds; mecca of anglers, rendezvous of yachtsmen. At the left is seen the Elco Angler "Banshee" taking it off Montauk in quest of broadbill swordfish; above is a view of the fine harbor in Lake Montauk, with yacht club in foreground.

FINE SEAS, FAIR HARBOR

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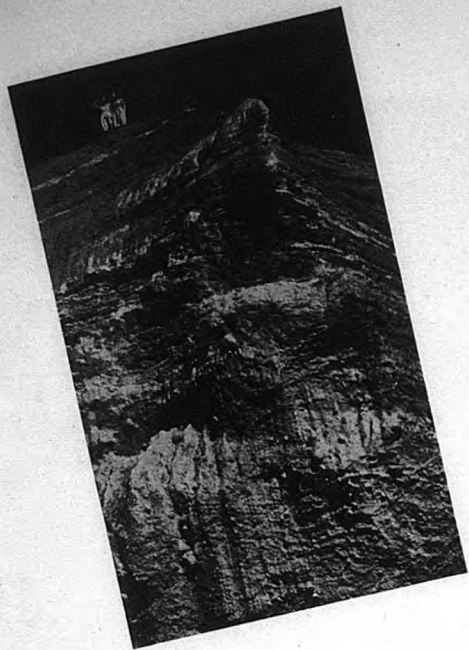


TURGEON

An hotel of today's modern structure and appointments, yet possessing a rare charm reminiscent of the old world—such is Montauk Manor. At the left is an entrance view, above is an air view with Long Island Sound in the background.

A NOBLE MANOR HOUSE

C



Montauk Point Light is famed among the world's noted beacons. Majestically perched upon bold headland and surrounded by wide expanse of rolling moors, it is an unfailing friend of mariners, an unceasing delight to the eye. Above is a glimpse of the cliffs looking up from the rocks below.

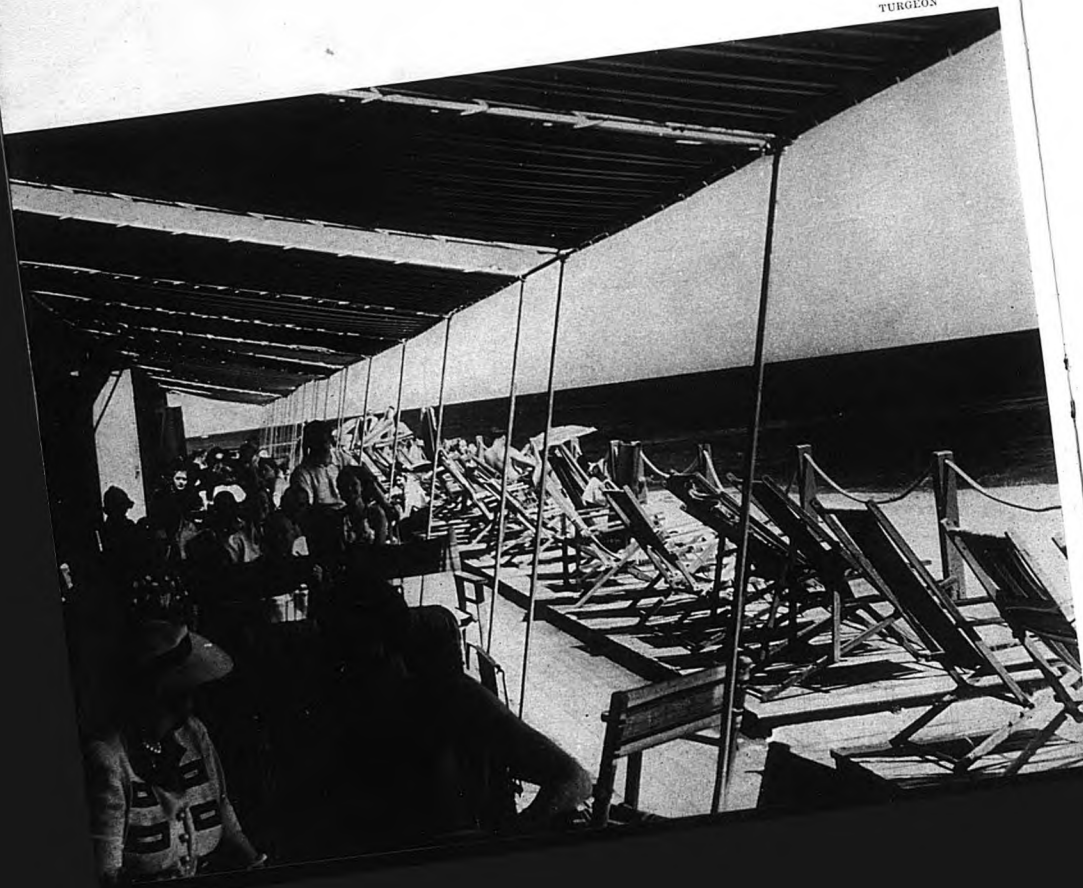


BOLD HEADLANDS,
ROLLING MOORS

GAY CABANAS, INVITING POOL

The deep blue Atlantic rolling in over a wide stretch of sandy beach offers superb ocean bathing, augmented by the waters of a magnificent pool. Below, a gay scene at the Surf Club; at right, vistas of the pool.

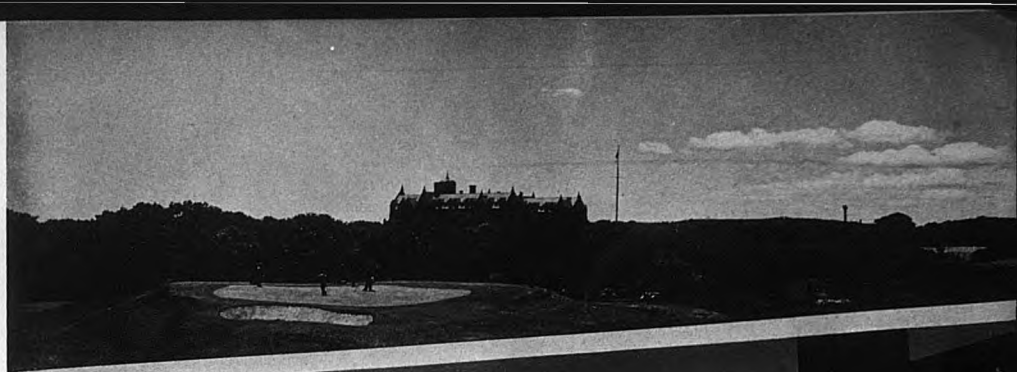
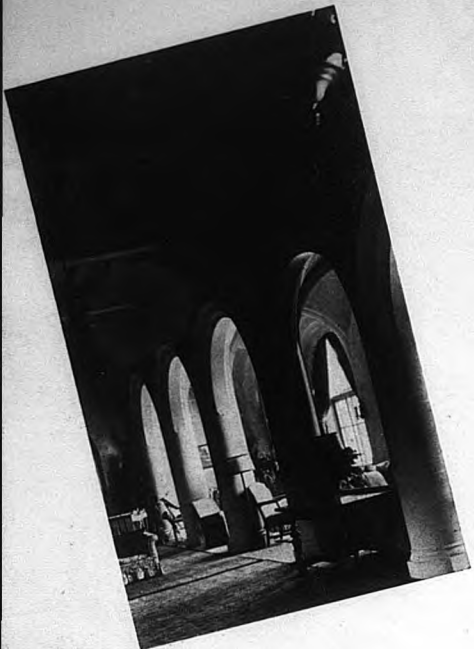
TURGEON

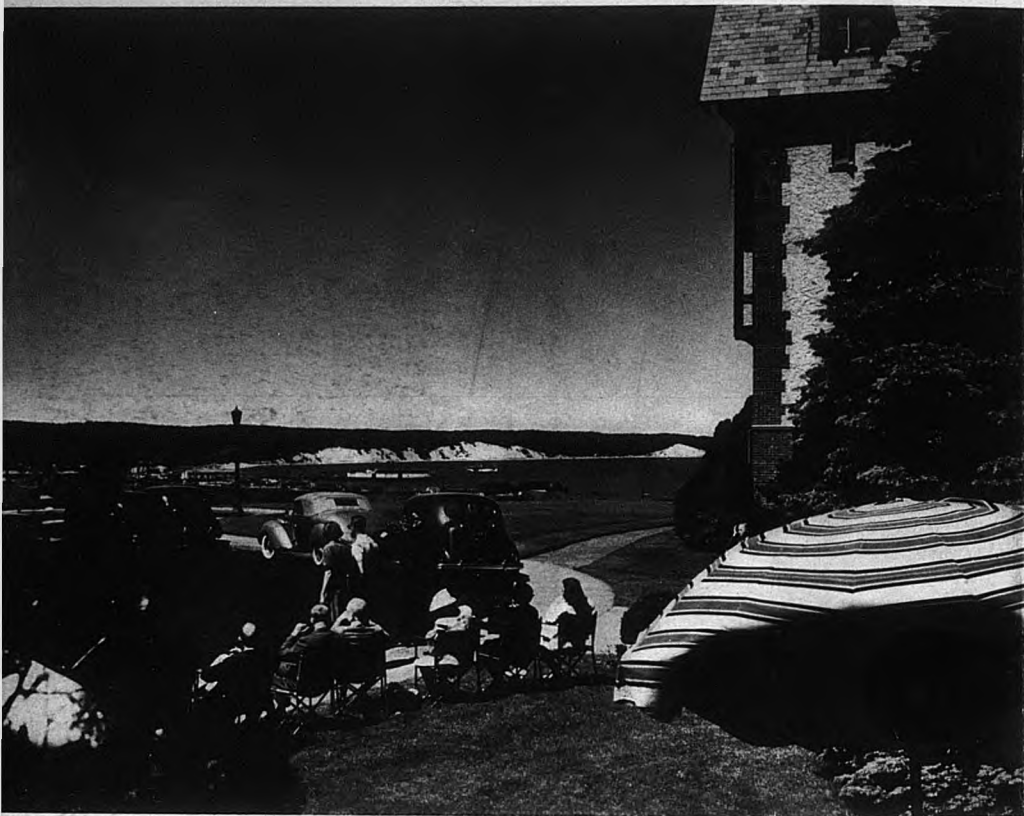


RIGHT ROYAL AND ANCIENT

The right royal and ancient game of golf finds incomparable setting at Montauk, over a course far renowned for sportiness and presenting at every turn enchanting views of ocean and sound. At right, a green overlooking The Manor; the Clubhouse, and partial airview of the course. On this page, a front view of The Manor and a glimpse of the arched main lounge.

TURGEON





TURGEON

The broad terraces of The Manor look out over Fort Pond Bay, where nestles a picturesque fishing village and beyond which are seen more of those bold cliffs that add so much to the Montauk scene.

BROAD TERRACES, IMPOSING CLIFFS

WHAT TO DO AT MONTAUK



SURF CLUB

Located on the ocean front, half a mile from the Manor. The facilities available to guests include a 50-yard salt water pool, surf bathing, locker rooms, cabanas, restaurant, and bar, with sun terrace.

The Cabana Club is a private Club for members only, operating within the limits of the Surf Club, and has its own bar and buffet.

Luncheon at the Surf Club restaurant, or the Cabana restaurant, is served without extra charge to guests of the Manor.

Water carnivals, beach games, surf riding, and music are features of the daily life of this delightful establishment.

MONTAUK GOLF CLUB

Montauk's 18-hole golf course has been likened to the famed Scotch seaside courses—a test for "pro" and amateur alike. It is a private Club, but the course is available for play by guests of the Manor.

TENNIS CLUB

Available for play by guests of the Manor. The equipment includes two superb indoor courts for all-weather playing, and three out-of-door play courts. Use of courts free to guests of the Manor.

RIDING ACADEMY

The finest stable horses are provided for use by guests of the Manor. The downs of Montauk offer many delightful rides of scenic splendor, and horses may be procured at any hour by telephoning the Academy.

MONTAUK YACHT CLUB

Guests of the Manor are offered the facilities of the fishing fleet of the Montauk Yacht Club, which is a private Club exclusively for Members. The world's most famous swordfishing grounds are found around Montauk waters, and practically every kind of North Atlantic fish in season.

The Management of the Manor will be happy to arrange for the chartering of fishing boats, either by individuals or groups, upon application.

ISLAND CLUB

A delightful spot for dinner and dancing, situated in Montauk adjoining the Yacht Club property. Facilities of the Island Club are extended to guests of the Manor upon application.

Aero Car Service, half-hourly from 8 a. m. to 6 p. m., is provided for guests between the Manor and the Surf and Golf Clubs.



Montauk

MANOR

ON
Long Island



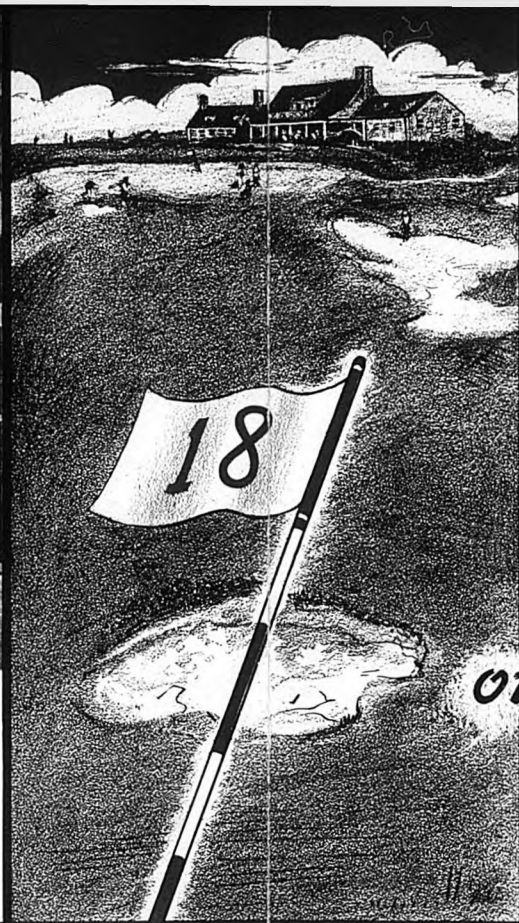
Open the doors

TO A

CHARMING

Vacation land

Gaiety



FISHING

Montauk offers the finest sword fishing grounds on the Atlantic seaboard. Black Bass, and other varieties too, abound in the fresh water lakes. The fleet of fast sea-going cruisers are manned by well known captains and guides, and are equipped with the latest type of tackle.

SWIMMING

The thrill of a high dive, the rush of vigor engendered by firm strokes—this is swimming in the 150 foot pool of the Surf Club where famous aquatic stars perform and competitive programs for adults and children are frequent attractions.

RIDING

The clop of hoofs over miles of bold headlands and rolling moors, the rush of keen air when the pace quickens, your choice of gentle or spirited animals, and an innovation in the East—a Dude Ranch—all make riding at Montauk a zestful experience.

MANOR TERRACE

Tea or a tall, cool drink, velvety green lawns above Fort Pond Bay where nestles a picturesque fishing village, each scene a vista of beauty, the Terrace is a perfect setting for idle day-dreaming or a friendly gathering.

THE SURF AND CABANA CLUB

The soothing murmur of cool ocean waves, wide stretches of white sand, colorful cabanas under sun-drenched skies — all encourage long lazy hours of sun-loafing after a brisk, invigorating dip in the Atlantic surf.

YACHT CLUB

Yachtsmen of recognized Yacht Clubs are cordially invited to drop anchor in our protected harbor. Dock space, tender service, rooms for members and their guests, galley, and bar overlooking the harbor, all offer complete relaxation to the Corinthian.

COMPLETE REST

GOLF CLUB

The 180 acre Golf Club with its picturesque, sporty 18-hole course is reminiscent of Scotland's bonny greens — a test for pro and amateur alike.

MONTAUK MANOR

A seabound summer home for the discriminating in America's most charming environment, boasts an enviable reputation as an American Plan, fireproof hotel of distinction with its 200 light, airy guest rooms, selected personnel, and unexcelled cuisine. Special quarters are provided for personal servants.

The Surf Club with its private cabana colony - the Golf Club with its picturesque, sporty 18-hole course - the attractive Yacht Club - Tennis Courts - Saddle Club - Dude Ranch - invigorating Cool Climate with freedom from hay fever, all combine to provide the ultimate ideal of summer enjoyment, recreation and sport.



AERO CAR

Comfortable Aero car transportation to and from the Clubs, without charge to guests.



AMPHITHEATRE

Equipped with private meeting rooms for Conventions, and recreational features, for guests.



TENNIS

Three clay surface tennis courts, offer an attractive inducement to one's daily program.



CHILDREN

Hostess-governess service available for children. Also expert instructors for all sports at Montauk.

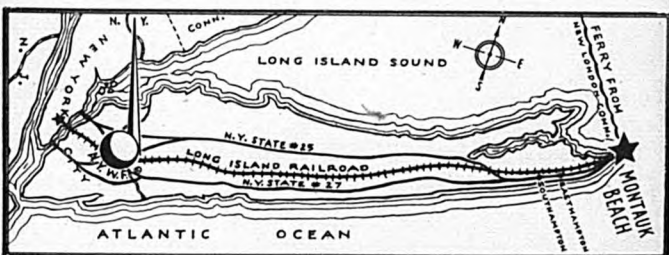


MANOR HOUSE

Guests of the Manor will find whatever relaxing pursuit is desired in this incomparable summer home at sea—a paradise where one yearns to lengthen his visit—and usually does. Those who desire complete privacy have a choice of cottages on our 1000 acre estate. You'll sleep under blankets at night and welcome crackling log fires that enliven the public lounges. Hay Fever sufferers enjoy virtually the same freedom from irritation that they would find on an ocean liner. Season from June through September. Special weekly, monthly and seasonal rates.

WORLD'S FAIR

Traffic problems solved! Guests of the Manor will avoid New York City traffic by using our direct train and automobile routes to the Fair grounds.



TRANSPORTATION

From New England via New London ferry; from New York two and one-half hours via air-cooled trains, or a delightful three hour drive along the suburban South Shore. Quiet waters for seaplanes.

NEW YORK OFFICE
551 FIFTH AVENUE

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