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RECEIVER RAISES RATES AND QUESTION OF AUTHORITY

WATER COMPANIES RESIST NEW MOVE AND ATTORNEYS FIND SERIOUS DEFECT IN METHOD OF PROCEDURE

Alleged That Receiver Does Not Have Legal Control of the Affairs of C. D. Company as Insolvent Concern. Plausible Explanation of Railroad's Refusal to Advance Money. Action on Behalf of All Creditors Suggested As Remedy for Complications

Notice given by Receiver, Holabird to the mutual water companies that he will no longer recognize their contracts with the California Development Co. and that the rate for water will be raised from 50 cents to 80 cents an acre foot after October 1 has brought the situation to a head and seems to have given to the water-users the jolt that was required to make them sit up and take notice of the fact that they are vitally interested in the water question.

The presidents of the mutual companies having declined, under astute legal advice, to assent to any modification of their contract or to any increase of rates, it remained only for the receiver to exercise what he believed to be his legal authority to disregard the contracts and to terminate relations unprofitable to the property under his control. The mutual companies will now question his right to annul the contracts and will resist the increase of rates.

Following is the notice given by the receiver:

NOTICE OF INCREASE.

To Imperial Water Company No. — Gentlemen:—The experience of the Receiver since his appointment, and the investigation and reports of his engineers have demonstrated that it is impossible to meet the expense of carrying on the system of the California Development Company at the rates fixed by the various contracts of that company with the various companies, and it has, therefore, become imperative that the Receiver refuse to further assume the burden of said contracts.

You are, therefore, hereby notified that the Receiver will henceforth deliver no more water under the contracts of the California Development Company to the various water companies and will no longer recognize as binding upon him any of the obligations contained in such contracts, and that on and after October 1st, 1910, water will only be sold and delivered by the Receiver to your company, and to the other water companies, upon payment monthly in advance at the rate of eighty cents (80c) per acre foot.

Respectfully yours,
W. H. HOLABIRD,
Receiver of the California Development Company.
September 15, 1910.

It would be foolish and unfair to blame the receiver for the condition that has been brought about by the attempts of one creditor of the C. D. Co. to protect itself at the expense of all the rest. He has been forced into a difficult and probably an untenable position by the interests that caused his appointment, induced him to undertake an impossible task and then left him to "hold the bag." Apparently he is standing with his back against the wall, confronted by the responsibility of maintaining the canal system and delivering water, and having no money with which to keep the canals in condition for the safe and sure delivery. His only source of revenue is the sale of water, and he finds the water companies unwilling to provide what he needs because of contracts and agreements made prior to his appointment, which contracts he does not deem binding upon him as receiver. Undoubtedly he is acting in accordance with the advice given by his attorneys.

Col. Holabird was appointed receiver at the request of the Southern Pacific in an action brought to protect that company's mortgage interest in the property of the C. D. Co., and the appointment was generally approved at the time because it was given out that the Southern Pacific assumed the burden of maintaining

and operating the system and would supply all the money required, taking receiver's certificates therefor. Presumably Col. Holabird undertook the task because he had been led to believe that the Southern Pacific would back him with its resources and enable him to go ahead with the program of improvement that had been mapped out by the engineers and apparently approved by the higher officers of the railroad. This program was presented to the court and the railroad attorneys tried to have it approved and resisted the efforts of other creditors to have it either rejected or materially reduced. At that time the Southern Pacific was willing to advance all the money and take receiver's certificates. The proposed expenditure was reduced almost one half by the court, certificates were issued and the Southern Pacific bought them. The work was done and the value of the property upon which the Southern Pacific held the mortgage was enhanced to that amount. Apparently the railroad had not lost a cent on the operation, as the certificates were believed to be first liens and the value of property to be acquired eventually at receiver's sale was increased.

Then came an emergency demanding the expenditure of more money to avert serious damage if not disaster to the property. The amount required was less than the sum that had been cut off the original estimate for improvements, which the Southern Pacific apparently had been willing and even eager to advance. The receiver asked the railroad to take his certificates for the amount required and was told that not another dollar would be advanced. He went "higher up" and was turned down coldly and decisively. Why?

Well; if the Southern Pacific lawyers had discovered that they had blundered in their method of procedure and that the certificates issued by the receiver were valueless, or if the keen heads of the company had made the discovery, the receiver's application for further aid would have been treated just as it was treated. Morally and equitably the Southern Pacific, having taken full control of the canal system and virtually dismissed the officers of the C. D. Co., was bound to assume all responsibility, back up the receiver to the limit and protect the valley from preventable injury.

Col. Holabird has been under the impression that he was appointed receiver for a bankrupt concern, given control of all its property and business and burdened with the responsibility of managing its affairs and continuing the delivery of water to the farmers of the valley. As a matter of record fact, he was made receiver for the property mortgaged to the Trust Company and for that only. He was not made receiver of the California Development Company in insolvency. In the application for appointment of a receiver, it was not alleged in any form that the company was insolvent, and the company was not placed in the hands of a receiver for the benefit of all its creditors. The action was taken by a mortgagee for the protection of its own interest alone. That is one of the grounds upon which the mutual companies will resist the attempt of the receiver to raise rates. They may plead that the receiver has no authority to conduct the business of the C. D. Co., to receive rentals or to spend its revenues for any purpose. If they should be sustained in that contention, the certificates issued might be valueless and the refusal of the Southern Pa-

cific to buy any more would be accounted for.

In the opinion of some lawyers Col. Holabird is not the receiver of the California Development Company and never has been vested with any authority over its contracts except as they apply exclusively to the mortgaged property and that even the court has no power to authorize him to change the rates fixed by the contracts.

The affairs of the C. D. Co. and the mutual companies seem to be tied in a Gordian knot, and the more the railroad lawyers pull at it the tighter it binds. But possibly there is a way to cut that knot. Suppose the mutual companies, representing the principal creditor of the C. D. Co., the body of water-users, whose money built the system, should go into court, allege that the C. D. Co. is insolvent (an allegation that was not made in the case now before the court) and ask for the appointment of a receiver for the protection of all the creditors, would not most of the tangles and complications that now look hopeless be eliminated?

In the final settlement, neither the Southern Pacific nor any other creditor would recover the full amount of its claim, but all would share equitably in the division of proceeds of sale and the interests of the holders of water-stock would be considered, as they are not considered by the litigants now in court. Any creditor, of course, would like to get the full amount of his claim and let the others whistle, but the others are not very wise if they sit idly by and let one get away with the whole works.

In the meantime a step toward preservation of water rights would be intervention of holders of water stock in the case now before the court, and it is understood that a complaint in intervention on behalf of one of the mutual companies is being prepared.

Naturally the directors of the mutuals and most of the water-users "went up in the air" when notice of the receiver's action was made public, and some of them denounced him unsparingly and with no consideration for the difficulties of his position and no remembrance of the hard and conscientious work he has done to keep water flowing in the canals.

No order of court, directing or authorizing the increase of rates, had been made, and the question of the receiver's power to abrogate contracts without specific order of court has been raised. Judge Cole explains that although no order was asked for or made, the matter was discussed by the receiver and himself and the increase of rates was treated as a matter of business, to be determined by the needs of the canal system.

The Water Commission, the presidents of mutual companies and water-users generally will meet in Imperial today, and it is expected that Attorney Haines will be present and assist in threshing out the water situation.

It is probable that the Commission of Eleven will make its final report to the presidents, perhaps a majority and a minority report on the irrigation district question, and ask to be discharged.

NEW ELECTRIC COMPANY

Stock Concern Formed to Manufacture and Sell Electric Fixtures and to Handle Valley Wiring Work.

El Centro adds to its prestige as the commercial center of Imperial Valley this week by the opening for business of the recently formed Imperial Valley Electric Company. This concern is located in the Holt building on the south side of Main street recently occupied by the El Centro National Bank. A portion of its stock has arrived, and next week an advertisement in the Imperial Valley Press will tell prospective patrons of the offerings of the new concern.

The company has been incorporated under the state laws, and its capital stock is placed at \$10,000, a large proportion of which has been subscribed. The shares are placed at one dollar each, and numerous local people have taken stock.

Besides doing general electrical work in the various valley towns, it is the purpose of the new company to manufacture electric fixtures and appliances and to do repair work at its shops to be established here.

J. W. Finch is the president; C. F. Ferguson, secretary, and V. L. Wildermuth, treasurer.

MICHIGAN SPINNERS, BUY VALLEY COTTON

Two Bales to Be Tested in Amazon Knitting Mill at Muskegon

Company Contemplates Installation of Cotton Mills Near Los Angeles.— Growers Advised How to Select the Best Seed For Their Next Year's Planting.

Two bales of Imperial Valley cotton were shipped this week by the J. R. Loftus Co. to the Amazon Knitting Mills Co. at Muskegon, Mich., on an order transmitted through the Press office from the president of the company, who is visiting Southern California and is considering the advisability of establishing a mill near Los Angeles. The cotton was ordered shipped regardless of price and freight rates. It is the purpose of the purchaser to work the cotton into knitted fabric with the machines in use at Muskegon to test its suitability for the class of goods that the company manufactures.

The establishment of cotton mills at Los Angeles and San Diego will be beneficial to the valley growers, as it will make a competitive market on the coast and fix a price for cotton. At present the only coast buyer is the Oakland mill, and the price is the lowest figure that the grower can be induced to accept. As the Oakland mill does not require much highgrade cotton, its offered price is determined largely by the price of the lower grades of Texas cotton.

The Loftus Co.'s cotton bulletin for Sept. 20 urges upon growers the importance of carefully selected seed for next year's planting, and says:

"A good plan is to go over your fields from time to time and pick the largest five-lock bolls from the best developed stalks; save them until you have a bale when it can be ginned, sacked and stored for next year's planting. Carefully selected seed will give you a larger yield per acre and higher grade cotton."

Concerning market conditions the bulletin says:

"The general conditions of the market have remained practically unchanged. Futures have declined somewhat but the gambling end represents in no way the actual market price of cotton for any length of time. Today's New Orleans spot quotations for middling cotton are as follows:

January12.38
March12.46
May12.52
July12.50
September12.95
October12.47
December12.42

DAIRY BUSINESS GROWS

Fully Two Thousand Milk Cows Added to Valley Herds During the Past Year, Say Stock Dealers Here.

An addition of fully 2000 high grade milk cows to the dairy herds of Imperial Valley during the past twelve months is the estimate of F. L. Davis, of the firm of Crawford & Davis. This firm has handled more dairy stock in Imperial Valley than any other concern, and has kept close track of the development of the dairy business during the past season.

Crawford & Davis have shipped in cows in 200 and 300 lots from San Diego County and the San Bernardino Valley; Kaiser Brothers shipped in 500 head, and other shipments have been made to individuals, that the estimate of an increase of 2000 cows is considered a conservative one.

This stock has been scattered out to all parts of Imperial Valley in bunches of from ten to sixty, and in many cases they have gone to ranches where dairying was not carried on before. Eleven "strings" of dairy cows have been placed in the Mesquite Lake district within the past six months. Twelve have gone into Holtville district. The sales of the Crawford & Davis Company for the past six weeks amount to almost \$20,000. Many small shipments have

been made by individuals to the Brawley district.

Good dairy cows are cheaper in Imperial Valley than they are in Los Angeles, the same grade of animals which sell for \$150 in the city are selling for \$125 in the valley.

The steady, sure income derived from dairying has proved attractive to many ranchers, and the dairy business is certain to expand to large proportions. With feed plentiful all the year round, and the consistent increase in demand for dairy products, Imperial Valley is certain to lead the state in this line.

DELOZIER CO.'S SUCCESS

Wins Two Prizes and Salesman's Award for Season's Sales of Hoosier Kitchen Cabinets.

Expert salesmanship and the judicious use of advertising space exclusively in the Imperial Valley Press have landed three good prizes for the Delozier Furniture Company, of El Centro, in a contest for the sales of Hoosier kitchen cabinets. The firm received notification of its success in this season's contest this week.

The Delozier Furniture Company receives first prize in a class wherein it had to compete with fifty-one towns, many of which were much larger than this city. In the award of the second prize they were competing against 400 other towns. A special award of \$50 was also made to A. J. Delozier for salesmanship. The portraits of J. G. Delozier, manager of the company, and A. J. Delozier, the salesman, are published in the furniture publication issued by the Hoosier Company, and a complimentary article on the local firm appears in the same issue. This is sent out broadcast throughout the United States, and Mr. Delozier states that already he has received numerous communications regarding El Centro through this source.

During this campaign this firm disposed of fifty-nine of the kitchen cabinets, and in a previous campaign they placed thirty-six of these useful kitchen conveniences.

WILL ISSUE BOOKLET

Chamber of Commerce to Co-operate With M. & M. Association in Publication of Descriptive Matter.

A well attended meeting of the El Centro Chamber of Commerce was held at the City Hall on Wednesday night, and various matters of interest to town and valley were discussed.

Secretary C. W. Collins made a financial report and also a report of his work at the State Fair at Sacramento, in which the Imperial County exhibit, made through the activeness of El Centro organizations and individuals, won several prizes and attracted much attention.

The president of the Chamber was instructed to appear before the Board of Supervisors and ask for the payment of \$100 to cover the expense of making this display.

The matter of issuing a descriptive pamphlet or booklet for El Centro and Imperial Valley was discussed and the advertising and publicity committee was instructed to co-operate with a similar committee from the El Centro Merchants' and Manufacturers' Association in the issue of an edition of at least 10,000 of such books, which it is estimated can be prepared for \$1000.

After a general discussion of the hospital situation, in which the work and enterprise of Central Hospital, founded by Dr. Virgil McCombs, was highly commended, the Chamber voted to adopt a resolution inviting the Sisters of Mercy to establish their hospital in El Centro if they intend to locate such an institution in Imperial Valley. It is understood that negotiations are pending for the purchase of the Central Hospital by this order.

The matter of establishing a cemetery was discussed and the Chamber was notified that an organization was now being effected for this purpose, so no definite action was taken by this body.

It was decided to change the regular meeting night of the Chamber of Commerce to the second Wednesday of each month.

SECURES NEW MINISTER

Rev. W. G. Conley Comes from Covina to take Charge of State-street Christian Church.

Rev. W. G. Conley, who has been located at Covina, has been engaged as pastor of the State-street Christian Church, and regular church services will be resumed by this organization tomorrow, in the Holt Opera House. Mr. Conley will preach at both morning and evening services.

A conference of the Sunday School teachers was held last evening, and they have arranged to care for Sunday school attendants tomorrow morning at 10 o'clock, when the fall and winter work will be organized.

A meeting of the trustees of this church will be held during the ensuing week, at which time it is expected that definite arrangements will be made to resume the construction of the church edifice at Fifth and State streets.

MAY GIVE A CIRCUS

Central High School Student Body Plans for Raising Funds to Help Sustain Athletic Events.

The first meeting of the executive committee of Central Union High School student body was held Thursday afternoon, and the matter of raising funds for sustaining the student body activities during the school year was discussed. The open air circus, which made such a decided hit last year, was proposed and taken under advisement. It is certain that some sort of open air entertainment will be given, and probably the high school circus will again shine forth in all its glory.

Delegates representing the Amateur Athletic Association of Imperial Valley will convene in El Centro on October 1, and the student body made plans for the entertainment of these delegates. They consist of representatives of all the high schools of Imperial Valley and Yuma High School and Heber Collegiate Institute.

This year the number of athletic single events will be reduced, and plans will be made to hold all-day meets in which various events will be scheduled.

Central High School has had a busy week, organizing for the year's work. Forty-nine students were enrolled the first week.

SIXTY NEW MEMBERS

El Centro Methodist Church Has Good Growth During Year Just Closing All Departments Flourishing.

The conference year for the El Centro Methodist Church closes tomorrow, when Rev. D. K. Burnham will conduct the last services before leaving for the annual conference of Southern California, which convenes at Fresno on September 28.

All departments of the church work are in flourishing condition, and the prospect is good for the erection of a commodious church edifice during the ensuing year, at a cost of from \$6000 to \$8000. During the year the pastor has received sixty persons into church membership. The Epworth League and Sunday School have both grown remarkably, and the prospect for the ensuing year is bright.

Regular church services will be held tomorrow, with Sunday School at 10 o'clock, R. H. Clark superintending; preaching at 11 o'clock by Rev. D. K. Burnham, whose subject will be "The New Commandment." Theodore Cressley will lead the Epworth League, at 7 p. m., and the subject will be "Waiting For God." At the evening preaching service the pastor will speak on the subject of "A Wise Choice For a Young Man."

Mr. Burnham will leave on Monday for the annual conference.

COTTON CATCHES FIRE.

A blaze in the seed room at the cotton gin on Wednesday afternoon called out the fire department. The fire was extinguished, however before the chemical engine arrived. Two calls in one week tend to keep the volunteer fire ladders in good practice.