

The Anti-Saloon League of America

DEPARTMENT OF PUBLISHING INTERESTS

ERNEST H. CHERRINGTON, GENERAL MANAGER

Personal & Confidential

Westerville, Ohio

Washington D.C. Jan 9, 1921.

Dear Anderson —

I had hoped to get to New York tomorrow, but I find that it will be impossible for me to do so, consequently I am writing you fully regarding the Black Belt Farm Company matter.

Enclosed herewith you will find a copy of a letter I am sending to the stockholders. It gives the situation as I see it.

Since seeing you in Washington I have been busy in an effort to plan some way of financing this project so as to feel safe in taking over the stock of the company on some such basis as that suggested in our last meeting.

From this general letter to the stockholders, you will see that over and above the amounts otherwise provided for there must be raised in cash from some source about \$30,000. in order to meet the immediate demands and to provide for this year's operations along the lines of the program suggested.

As you know about 80% of the stock has been held by five persons. This means that in raising the necessary funds from the stockholders we cannot expect a loan of more than \$3.50 a share from the smaller stockholders to meet immediate imperative obligations, and not more than \$6.50 per share to meet the further necessary \$16,500. This would mean not more than \$2,750 from smaller stockholders for immediate needs and not more than \$3,300 for the program of 1921, or a total from them of not more than \$6,050. The other 80% of the stock would need to provide \$10,750 for immediate obligations and \$3,200 for the 1921 program, or a total of \$23,950.

By taking over 80% of the stock so that I can use it for collateral or in any other way I may see fit, I can probably raise \$18,000 of this amount in some way. This will leave me about \$6,000 short of necessary funds.

This brings me to your letter of December 20th and the two propositions you present. Mindful as I am of the fact that you purchased most of your stock of me at par plus interest, and because of the real sporting spirit you have ^(shown?), as well as because of the fact that I am confident that with a majority of the stock in my hands and the policy of the company largely up to me I am confident of success if necessary funds can be provided, and in view of the fact that I have the opportunity to secure a majority of the stock in addition to your shares, I feel inclined to suggest to you a possible third proposition.

namely:

Proposition # 3.

You keep your 150 shares and take pot luck with me, using your shares and your credit where necessary to get under the propositions we must face in the proposition that the number of your shares be on to mine.

That would mean that of the \$13,500 immediately needed you would provide \$13,50 for each share or \$2025, and that of the \$16,500 additional for 1921 program you would need to provide \$475 or a total of \$4500. This of course would be additional to the loans you have already made but while your old loans should continue at 6%, it would be fair for your new loans amounting to \$4500 to bear interest at 8% since I must pay that for much of the money I shall have to put in. This \$4500 loan could be divided into the following installments: \$1000 within the next few days; \$1500 on February 15th; \$1000 on March 1st; \$500 on May 15th; and \$500 on July 1st.

Proposition # 2

In case you do not see your way clear to go in on this proposition I am willing to work out with you the second proposition presented in your letter (the optional proposition) on the general basis outlined by you, with the understanding that you retain 10 shares and with the further provision that you will loan either to the company or to me \$1500 @ 7% interest for a period of one year. (\$500 within ten days, \$500 February 15th and \$500 March 1st)

Proposition # 1.

If you cannot see your way clear on either of the above propositions I will take the first proposition outlined in your letter (Notes \$40 a share). You retaining either 10 or 15 shares if you so desire, provided you will loan to me or to the company \$1000. for one year at 6%. (\$500 within the next ten days and \$500 on February 15th.)

I have carefully figured on every phase of this matter. I think I know where we are and what must be done. The cards are on the table and it is up to you. From a purely selfish point of view I suppose I should prefer these propositions in the order of one, two and three. As a matter of fact however, taking everything into account I rather prefer them in the order of three, two and one.

This letter is being sent special delivery so that you will get it early on Monday after you have gone over it won't you kindly write me care The Dressell Hotel somewhere Monday so that I may know your attitude in the matter and plan accordingly.

Cordially - Ernest H. Cherrington.

DIRECTORS
ERNEST H. CHERRINGTON
PRESIDENT
P. A. BAKER
VICE PRES. & GEN. MGR.
E. J. MOORE
SECY. & TREAS.
WAYNE B. WHEELER
HOWARD H. RUSSELL

The Black Belt Farms Co.

INCORPORATED

Benton, Alabama

ADDRESS OFFICE OF THE PRESIDENT AND SECRETARY, WESTERVILLE, OHIO

Westerville Ohio

January 3, 1921

To the Stockholders of
The Black Belt Farms Company:-

The Stockholders meeting of the Black Belt Farms Company held on December 15th last was not well attended, only one stockholder who is not also a director being present.

At that meeting the General Manager, Doctor Baker, presented a written report calling attention to the difficulties which the company has encountered during the past several years and the reasons for the failure to realize what we had all hoped and expected would be realized in operations.

The stockholders present felt that it would be well for at least a digest of Doctor Baker's report to be sent to each stockholder in the company and so requested. I do not know whether you have received such a digest as yet, but if not, Doctor Baker will undoubtedly send it soon.

The facts brought out in discussion at the meeting were such as to convince those present that some immediate steps should be taken to protect the interests of all concerned and save the company from serious financial embarrassment.

After spending some time in going into the reports furnished by Doctor Baker and Miss Mager, the bookkeeper, I went to Montgomery and have spent most of the past week in an effort to ascertain the full situation. In company with Doctor Baker I called upon the leading creditors, made a survey of the company's assets and liabilities, and discussed with several the questions of how our financial obligations can be met and the question of future policy.

Having made this survey, I am sending to the stockholders this report because I feel that every one who holds stock in the company should know the situation and I also feel that as a member of the Board of Directors I should give to you the facts as I have found them and the impressions I have received.

As you know, Doctor Baker, as General Manager, has *had* the main burden of this project to carry. He has given a great amount of time and energy and worry to the very perplex-

ing problem which has been presented in the effort to conduct the operations of the company and to secure the desired results for all those who have invested in the enterprise. He has had a very burdensome responsibility in this matter and should have the grateful appreciation of every one interested, for the time he has given and the efforts he has put forth to make the company a financially paying proposition.

The causes for the failure of operations during the past several years to come up to expectations, have been many. Most of them have been such as no one could foresee and no one could prevent.

The operations of the company extend, as you know, over a period of five years. During one of these years the company made what was equivalent to a good profit on the entire capital stock, but during each of the other four years it has lost money in operations. Thereasons for these losses may be summed up as follows: - first, the failure of Mr. Metcalf to make good on his promise to furnish the necessary funds for operations; second, the unprecedented flood which ruined one year's crops; third, the depletion of the working force on the plantation by the war draft; fourth, the burning of the store last spring, and fifth, the terrific slump in prices of products which occurred just before harvesting our crops this year.

In a little over four months' time this year the price of cotton fell from 43 cents a pound to a little above 13 cents a pound. What this alone has meant to us you can readily see when it is borne in mind that our cotton crop this year (which, by the way, was only about half a crop) was 131 bales of 500 pounds each, and that almost four-fifths of the decline occurred before we could get our cotton picked, ginned and ready for market. Our loss in the decline of cotton prices this year amounted to almost \$20,000. To this, moreover, must be added the loss sustained by the terrific drop in prices of all the other produce raised, and the further net loss of over \$5,000 by the burning of the store and all its contents.

The causes enumerated above have constituted the difference between what otherwise would have been a splendid profit and what has actually been a very substantial loss.

In other words, but for these unforeseen events, the company would now be in a very prosperous condition in spite of other fundamental difficulties and handicaps which will be mentioned in another part of this letter.

The failure this year is all the more tragic because of the fact that but for the slump in prices and the fire, the company would have retrieved most of the losses of the past five years.

Back of the misfortunes, however, which have been responsible for our losses, are certain fundamental difficulties which have been responsible for placing us in a condition where such misfortunes as those named above could seriously

cripple and embarrass us. One of these difficulties lies in the fact that we have been attempting to operate what should have been a \$250,000 proposition with a ~~small~~ capital of \$65,000. The Black Belt Farms Company should have been capitalized probably for \$250,000 instead of \$65,000. If this had been done, the land would have been paid for, including additional improvements which are necessary to put the plantation into first class shape, and sufficient money would have been provided for equipment, working capital, the cattle industry, the hog and poultry industry, timber operations, and other farm activities, which, during these years would have been netting the company such a revenue that even the difficulties enumerated above could not have seriously embarrassed us. As it has been, we have been too greatly dependent upon cotton. We should have been in a position that a cotton failure any year would not prove to be an embarrassing handicap. However, there were many reasons why the capital was not enlarged a few years ago when the question was considered. It would probably have been impossible to have enlarged it at that time unless we could have found some one or more with money enough and faith enough to furnish a large amount of additional capital necessary, and since this could not be done it is hardly necessary to go into other reasons or ^{but} wait our inability to do what might have been wise if it could have been done.

Another fundamental difficulty which, of course, is related to the lack of sufficient capital, arises from the fact that we have had almost 6,000 acres of land, (5,855 acres to be exact) and we have been really utilizing fewer than 1,500 acres, in round numbers, or about one acre out of every four. Thus, three-fourths of the acreage has been lying there, at an expense of interest, taxes and other carrying charges, without income except in rare instances where timber was sold off the land. The unreasonableness of such a proposition is so self-evident, so far as farming operations are concerned that it is not necessary to go into further details on this point. Suffice it to say, that there are approximately 4,000 acres of open land and wood land together which have not been used in any way, all of which produces grass and makes fine pasture, and yet this grass has grown up and died from year to year without being of any service whatsoever in connection with the company's farming operations.

This unused pasture land is undoubtedly capable of caring for 750 to 1,000 head of cattle. The cost of providing additional necessary fencing would, at most, not exceed \$2,500. It is safe to assume that cattle on this land between March and November of any year would put on an additional two hundred pounds per head without any feed whatsoever except the grass. Moreover, there are probably two hundred acres of wild cane growing on this land near the swamp, which of itself without being cut would provide feed for the entire winter months for probably 300 or 350 head of cattle, without the necessity of using corn or any other grain. All this grazing land, moreover, is well provided with running water the year around.

From the information I have received from many reliable sources, there is probably no other section of the United States which from every point of view is so admirably fitted for the raising of cattle as the territory known as the Black Belt in Alabama, in the very heart of which our plantation is located.

Another fundamental difficulty, also related to the lack of necessary capital, is the lack of necessary scientific knowledge as to the soil and character of the land on all parts of the plantation. A full survey should be made by an expert engineer in this line and expert scientific management should so far as possible be employed to make each part of this great plantation produce that for which it is best adapted. Results that have been secured elsewhere by such methods prove beyond a doubt the value of such procedure, and the writer has a strong conviction that if it had been financially possible for the Black Belt Farms Company to have pursued such a course in the last few years this plantation would have been financially profitable in a large degree in spite of other handicaps and reverses. Such a course, however, requires money, patience, time and faith. Many agricultural schools and colleges are turning out hundreds of men fitted for this kind of work. Most of these men have a foundation of practical knowledge of agricultural operations, having themselves been raised on farms.

Another fundamental difficulty, to my way of thinking, is our failure to have realized to a very much greater degree upon our timber resources on the plantation. My investigation convinces me that there is sufficient timber on different parts of the plantation to keep a good saw mill working at full capacity for several years, and had it been possible to finance timber operations sufficiently to have had this timber cut, sawed and marketed during the last few years, we certainly would not be in the financial difficulty in which we find ourselves today.

These fundamental difficulties for the most part can yet be overcome, but money promptly provided will be required. Herein lies the secret of success or failure for the future, so far as the Black Belt Farms Company is concerned.

Our Present Financial Situation.

The book records and accounts, together with other items which are not yet on the books, indicate values of assets and liabilities in round figures as follows. (These figures are based on actual cost of land and improvements and not on present market value or selling price of land).

ASSETS.

Land and improvements (cost), current assets, live stock, equipment, machinery, inventories of produce, bills and accounts receivable, etc. \$175,000.00

LIABILITIES

Mortgages on land	\$100,000.00	
Other notes, bills and accounts payable including accrued interest	37,500.00	
Reserve for depreciation of machinery and buildings and depletion of timber	10,000.00	
Capital stock fully paid and outstanding	<u>65,000.00</u>	
Total liabilities		212,500.00

Of course the land and improvements are carried on our books at actual cost of same. We, however, have the right to believe that this land is worth much more than we paid for it, if it could be sold. The present, however, is not a good time to sell land in the south. Land values there go up and down with the price and production of cotton. When the cotton crop is good, land is in demand and high in value. When the cotton crop is low in price, land values are low and there is but little demand.

So far as the \$100,000 of mortgages is concerned, the only portion of these mortgages which will be due before January 1, 1922, represents about \$6,000 and the probabilities are that this \$6,000 can be extended and will not need to be paid during the coming year. The only interest on these mortgages which will need to be paid during the year is about \$1,600, and a goodly part of this can be handled after we begin to realize on our crops in the fall.

So far as the item of \$37,500 of other notes and accounts payable is concerned, \$17,500 is in the form of notes and accounts with accrued interest payable to the stockholders for loans made to the company by stockholders. These we assume can all be carried over. \$20,000 of this amount is in the form of notes at bank and other outstanding notes and accounts which must be met.

We have canvassed the situation with most of the creditors to which this \$20,000 is due, and find that of this amount probably \$6,500 can be carried over until we harvest our 1921 crop. The balance of \$13,500 must be paid. This amount must be raised among the stockholders, and we have secured in most instances enough extensions of time to enable us to communicate the facts to the stockholders and have time to receive loans in cash from them. Most of this we must have within the next two weeks. In order to get these various extensions we have been compelled to endorse paper personally in many instances.

Problems and program for 1921

With the \$13,500 referred to above provided for, we will then be in position to face the year 1921, which presents another real problem but one which now happily seems more likely to have an easy solution than many which the company

has been compelled to face in the past and the immediate problem of raising \$13,500 in quick cash which we now face.

The program for operations of the plantation during 1921 as I view it should be along the line of the following suggestions.

First, we should rent as much cultivatable ground as possible to the negroes on rent notes, the amount of which will be the first item to come out of the proceeds of their crops in the fall. This in fact has already been started. Approximately one thousand acres has already been rented, the rent notes amounting to a little less than \$5,000. From present prospects it is safe to estimate that at least 500 more acres will be rented on the same basis. This will bring an income from the rental of a total of 1500 acres of close to \$7,500. Of course the negroes will need to be advanced for living expenses during the summer to the extent of probably \$7,500, but this amount and the amount for rental will come out of the crops before any other items.

Second, we should again operate the store on the plantation as a company store just as we did before the store burned last spring. This can probably be done with an outlay of \$2,500. We are confident that the store can be made to pay all expenses of its own operation, including store keeper, and in addition bring a profit to the company of at least \$2,500 per year. I am making my estimates of store possibilities on the basis of our own experience in running the store and the experience of the man to whom we have rented a small store building on the place since last spring.

Third, we should farm about 300 acres ourselves, having our overseer, who must be there in any case. There will need to be about six negroes to do the work under the direction of the overseer, on this 300 acres. The farming operations on this tract should include probably 75 acres of cotton, 75 acres of corn, 100 acres of peanuts, 25 acres of cow peas, and 25 acres of cane, potatoes and velvet beans. From these operations on 300 acres it is conservative to estimate a gross income of at least \$5,000.

Fourth, we should buy and put on pasture in February if possible, at least 750 head of cattle (we already have 40 head). This would mean an investment of \$10,000 in cattle. Some of these cattle would probably be one year old calves but most of them should be two years old. It is conservative to estimate that 750 cattle of this kind which we can now buy for \$10,000, can be pastured on our land with very little expense and can be sold in November or December for probably \$17,500. Practically the only expense necessary, aside from the purchase of the cattle, will be that for completing the fences around pastures and this will require not to exceed \$2,500.

We should begin operations at once looking to the

sale of timber during the year, in which I believe there are splendid possibilities. This, however, will require a working capital of, at least, \$2,500.

Sixth, we should repair and keep in full operation the water mill. The repairs necessary together with the expense of operating for the year, including the cost of one negro who will give all his time to this one thing, will not exceed a total of \$500, including both the necessary immediate outlay and the expenses for the year. The power cost of the water mill is practically nothing. The springs that feed the ponds which furnish the water power never go dry and it is possible from this power to operate the mill every day in the year. The gross profit from operating this water mill for a year I conservatively estimate at \$1,500. Thus there can be realized on the water mill alone, over and above all expenses of repairs and operation, probably \$1,000 of profit during this coming year.

The financial propositions for operations in 1921, as I see them, are about as follows:

First - Permanent investments.

Cash capital for store,	\$2,500
Cash investment for fences for pastures,	2,500
Cash capital for lumber operations	<u>2,500</u>
Total necessary permanent investments	7,500

Second - Season's investments in order to make crops.

Advance to negroes	7,500
Cost of operating 300 acres, including help, additional seed, fertilizer, general farm expenses, etc.	2,000
Investment in cattle	10,000
General overhead expenses of entire plantation	14,000
Cost of repairs and expense of water mill	<u>500</u>
Total current expense and investments for the season	34,000

The permanent capital thus necessary to be supplied, together with the general expense and investments in operations for the season amount to a grand total of \$41,500.

Over against these outlays, expenses and investments, however, ~~for~~ the year's operation of the plantation on the above basis, we will have every reasonable expectation of the following income:

Rentals from negroes	\$7,500
Return of advances made to negroes	7,500

Gross income from 300 acres which we farm ourselves	5,000
Net profits from store operations	2,500
Sale of cattle at end of the year	17,500
Possible net income from lumber operations	5,000
Gross income of water mill	<u>1,500</u>
Total estimated income for 1921	46,500

This would mean a net profit in operations for the year of \$12,500, or \$5,000 more than enough to pay back the \$7,500 of permanent investment.

If this can be done, and I confidently believe that it can be done, it will make a decided difference in the completion of the entire project by January 1, 1922.

Of course we believe that it is easily possible and reasonable to expect that we may realize in operations the amounts enumerated above, nevertheless, even though unforeseen events should make the profit on cattle only \$5,000 instead of \$7,500 and cut the profit from timber operations in half and reduce the income from the 300 acres farmed by ourselves to \$3,000 instead of \$5,000, and cut the returns from the water mill \$500, there would still remain \$5,000 of net profits which would be almost 8% net profit on the capital stock of the company.

Over and above all profits in operations, however, that might come from the foregoing program, there should be considered the great benefits to the plantation itself which would come by virtue of the operation of such a program as that outlined. This program carried through during the year 1921 would undoubtedly place the plantation by the end of the year in such a condition that it could certainly more easily be sold and that it certainly would sell for much more than is possible in its present condition. Should 1921 be a good year, such a place as this will be greatly in demand and my own strong conviction is that by operating such a program as that outlined, the plantation would sell in another year for as much more than it would now sell for as is represented by the entire proposed outlay in operations for the year 1921, to take no account of the income from operations. Consequently I am thoroughly convinced in my own mind that from every point of view such a program should be followed.

The question of securing the necessary cash to finance this program for 1921 is, of course, no small question. The expense of the program naturally divides itself into the following parts, listed in order of their absolute necessity and their practicability from a money outlay point of view.

First, necessary fixed overhead expense, including interest, taxes, general expenses, etc.	\$14,000
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Second, advance to negroes on account of rental arrangements,	7,500
Third, operation of 300 acres for ourselves, outlay during the year	2,000
Fourth, operation of the water mill, which calls for an outlay of	500
Fifth, Permanent cash investment in store	2,500
Sixth, Permanent cash capital for timber operations.	2,500
Seventh, Permanent cash investment in cattle operations, in the way of fences, \$2,500; current investment in cattle \$10,000	
Making a total for cattle of	12,500

Of this total of \$41,500 necessary for operations in 1921, we have tentative arrangements which I believe can be depended upon to materialize, by which \$25,000 of this amount can be cared for, provided that the remaining \$16,500 can be secured promptly from other sources which are not now visible. If this \$16,500 can not be provided for from outside sources in some way it will of course mean that the cattle and lumber operations will of necessity be postponed until the money can be secured. Of course if we should do nothing at either the cattle business or the lumber business we could reasonably expect to pay expenses and make a profit of perhaps \$2,500 without help from either the lumber or cattle operations, since if we eliminate these two activities the general overhead expense should naturally be reduced from \$14,000 to approximately \$11,500.

The situation, therefore, in brief is simply this: if we can immediately raise the \$13,500 now imperatively needed to satisfy our creditors, we can go forward with operations for 1921 on the tentative arrangement referred to and feel sure of breaking even and making a small profit during the year, without going into the cattle business or the lumber business. If we should pursue that policy, however, we should nevertheless keep in mind both of these operations, continue our efforts to get the necessary cash, begin lumber operations as soon as we can raise \$2,500 in outside cash, and go into the cattle industry just as fast and just as extensively as we could get money for it, even though it were in the form of small investments from time to time, instead of making the entire \$12,500 investment at once.

There are, undoubtedly, many encouraging factors which should be considered in connection with this whole project.

First, the northern section of the plantation, until this year has been practically cut off from the railroad, the town of Whitehall, and the short cut route to Montgomery, by Big Swamp Creek. A splendid new bridge has just been completed, which puts that portion of our land which has the largest amount of timber, within a very short distance of the railroad and station at Whitehall. In fact, some of this land

is within a half mile of Whitehall, across the bridge.

Second, the southern part of our plantation has been cut off from Montgomery during the winter months because of the impassable condition of the swamp. Bridging and grading, with a high levee, for a distance of about a mile, has just been completed across this swamp at an expense to the county of almost \$30,000, thus making the main part of the plantation accessible by highway from Montgomery and the east during the entire year.

Third, the completion of a few more miles of highway during the coming spring months will complete one of the finest highways in the South, from Montgomery to Selma, the Jackson Highway. This highway goes directly through our plantation.

Fourth, the improvements, including buildings and fences on our plantation, have been put there during the last several years at a minimum of expense. Most of these improvements were put on the plantation during 1916 and 1917. The materials and the labor employed for the same improvements would now cost more than twice as much as they did cost when these improvements were made. They are, therefore, much more valuable than the amount expended for them and the amount which we necessarily carry on our books as their value.

Fifth, the value of farm lands in this section of the South is constantly growing. This is not a good time to sell, because of the temporary depression caused by the slump in cotton and other products, but if 1921 should be a fair year, generally, I believe the plantation should be sold at a good profit. In order to do this, however, we must operate the place and put it in as high a stage of cultivation as possible, because one year of neglect would make a plantation like this very difficult to sell at its fair value.

Sixth, there is at present every indication that the drainage of Big Swamp Creek will soon be begun and rapidly pushed to completion. The minute that Big Swamp Creek is drained, this plantation, in my humble opinion, will be worth at least \$50,000 more than it is today.

We can make good on this proposition if every stockholder will do his part and lift his share of the load. I confidently believe that it is entirely possible under the program outlined above to save what we have invested and make the investment eventually profitable, but this can be done only if every one will lift his share. We are facing a crisis in which, if we do not take the right course, it will be very easy for all of us to lose everything we have invested in this enterprise. But while we are facing this crisis we are also facing a great opportunity.

I am willing to do more than my part, and I am willing to secure my share of the necessary money to come from the

stockholders. Practically every dollar of what I secure for this purpose will have to be borrowed, and it will not be an easy task for me, but I am willing to do this and to make the necessary provision referred to in this letter for the coming year's operations on the basis suggested. Whether we go forward or stop depends, therefore, upon the willingness of every stockholder to arrange in some way to borrow personally if necessary sufficient funds to provide his share of the money that must be raised.

Trusting that we may all be able to meet this crisis as it should be met and to grasp the opportunity which is presented, I am

Very respectfully,

EHC/IG

Jan 10, 1921

Mr. E. H. Cherrington,
The Hotel Driscoll,
Washington, D.C.

(Personal & Confidential)

Dear Cherrington:

I have your letter with the enclosure of one to the stockholders, which I have gone over only very hastily as yet because in a general way I was conversant with the situation anyhow.

As to your hand-written personal letter (this reply is written by Miss Odell who is in on the deal), it amounts in substance to your coming back to me with a little more of a sporting proposition in that with the investment of a little more money by way of a loan to the company, to be secured by notes, I have a chance to share in the profits if any instead of being restricted to an upshot limit of 6% on my investment, according to my proposition #2, which is your proposition #2.

I have had two working principles: (1) When you are dead certain that you have got hold of a losing proposition the sooner you get out the less you lose; (2) If you have taken punishment, don't quit just when things are turning your way. It is pretty hard sometimes to tell where to strike equilibrium..

I have always believed that this Black Belt proposition is fundamentally sound. I still believe that if there had been a consistent policy and some other things which were done wrong but might reasonably have been done right had been done with fair efficiency we would today be sound and not facing a crisis even though we might not have had any dividends so far and that we would have had some profit in the potential increase in the value of the land.

I would hate like the dickens to have my own confidence in my own judgment shaken. There is a certain psychological element in wanting to win out on this. Unless you are able to make it go I would not get out whole even on my second proposition. If you do make it go then we will get out and perhaps have a little profit above interest, and so I wired you as follows:

"Accept proposition three subject ability to raise the money which think I can do."

39. 59 4. 095534

Mr. Cherrington-2-

I don't know exactly where that first \$3500 is coming from although if certain things work out right I suppose I will be able to apply the money which I have been trying to get hold of to take up about \$5000 of notes I have at the bank secured by all the collateral I possess, and if this does come through I presume I can let that stay.

You say the next ten days for this first \$1000. Give me the last day you have loose around the premises, indicating where the money has to be at that particular date, and I will do my "derndest" to get it there.

I understand from Dr. Moore that you have a note for me covering all the loans I made during the year 1919. This will be at 6% and I note that the new notes are to bear 3%.

I am in hopes in going into this that there won't be any more advances necessary ~~after~~ this year. I presume what profit is shown in operation can be kept on hand to cover advances and then after that allowed to accumulate until a working capital is developed. So long as we are safe and moving in the right direction. I will not be much concerned about dividends. Eventually of course the loans should be repaid and when that is done with interest then I am willing to go without dividends to develop the proposition to the point that will further increase the ultimate dividends.

I take it for granted that you do not want anything said about this arrangement to any of the other folks. I wish you would in due time let me know just how much you are willing to have said. I can understand how it might be that some of them might think if they got the impression that I had stayed in that I had deliberately acted like the old decoy steer out in the stock yards and had started the movement for unloading the stock at \$40, when as a matter of fact I was never more earnest in my life about unloading, assuming that to be the only basis upon which sufficient inducement could be offered to you to clean it up and save us all from worse damage.

However, my conscience is perfectly clear on this because the other fellows, most of them at least, have indicated they can't put any more money in and a fellow must either put more in or else expect to leave some skin on the gate when he gets out when we get in this kind of a pinch, and further, you will have a majority of the stock and absolute control and I am perfectly satisfied to have it that way. In fact I would have been willing at any time to have given you power of attorney and all voting control of my stock to have made a majority.

Yours very cordially,

State Superintendent.

P.S.

You will be interested to know that we sent our first payment to the National League on the new basis, but the Lord only

(over)

knows how long it will last unless we can get a big lift somewhere.

March 9, 1921

Mr. E. H. Cherrington,
Westerville, Ohio.

Dear Cherrington:

I have four notes aggregating
\$2250.00, as I indicated, as follows:

\$650.00, Feb. 1, 1918
650.00, May 7, 1918
600.00, June 1, 1918
350.00 Aug. 7, 1918

They are all signed by you as President and Dr.
Moore as Secretary.

I notice that the notes you are
giving me are all signed just by you as President.
Is that sufficient?

Miss Odell tells me that she has
no note for the \$130.00 which was sent about two
years ago,- that is, her full 20% constituting the
1919 assessment, which was paid all at once. Your
books should show that,- if not, she will try to dig
it out for you.

Yours very cordially,

State Superintendent.

A-0

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION



TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

RECEIVED AT

2 FEB 10 AM 12 55

A 540MB 96 NL

TD WESTERVILLE OHIO 9

WILLIAM H ANDERSON

541

906 BROADWAY NEWYORK NY

HAVE BEEN WRESTLING WITH BLACK BELT PROBLEMS EXCEPTIONALLY FORTUNATE
IN FINDING WAYS AND MEANS MEETING ALL EMERGENCIES UNTIL THE LAST AND
GREATEST WHICH COMES MONDAY HAVE PROVIDED ALL BUT ABOUT THREE THOUSAND
FAILURE TO MEET THIS WILL PRECIPITATE TEN THOUSAND OTHERWISE
CONTINUED FOR ANOTHER YEAR HENCE THIS VITAL OBLIGATION MET PLACES
US BEST CONDITION IN FIVE YEARS WITH FUTURE MOST PROMISING HAVE

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L
If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.	

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Telegram	
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If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.	

RECEIVED

A540MB SHEET 2

EXHAUSTED OTHER RESOURCES NEEDING NECESSARY REFINANCING PAST FORTY
DAYS AM WIRING FIVE PEOPLE UPON WHOM MEETING THIS CRISIS NOW DEPENDS
PLEASE SEND LARGEST CHECK POSSIBLE TEMPORARY LOAN WIRING IMMEDIATELY
HOW MUCH EVERY HUNDRED COUNTS

ERNEST H CHERRINGTON.

THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

25,000 OFFICES IN AMERICA.

CABLE SERVICE TO ALL THE WORLD

ROBERT C. CLOWRY, PRESIDENT

BELVIDERE BROOKS, GENERAL MANAGER

RECEIVER'S No.

TIME FILED

CHECK

SEND the following message subject to the terms {
on back hereof, which are hereby agreed to
Feb. 18, 1922

Mr, E. H. Cherrington,
Westerville, Ohio

Wire received on return. Cannot spare but will send
five hundred dollars if will save situation. Wire.

William H. Anderson.

Charge to A.S.L.)

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS WHICH ARE HEREBY AGREED TO

To guard against mistakes or delays, the sender of a message should order it REPEATED, that is, telegraphed back to the originating office for comparison. For this, one-half the un-repeated message rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED MESSAGE AND PAID FOR AS SUCH, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any UNREPEATED message, beyond the amount received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery of any REPEATED message, beyond fifty times the sum received for sending the same, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure messages.

2. In any event the Company shall not be liable for damages for any mistakes or delay in the transmission or delivery, or for the non-delivery of this message, whether caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this message is hereby valued, unless a greater value is stated in writing hereon at the time the message is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.

3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other Company when necessary to reach its destination.

4. Messages will be delivered free within one-half mile of the Company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the Company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

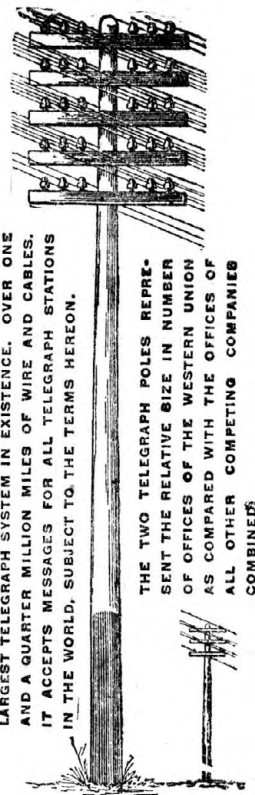
6. The Company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.

7. No employee of the Company is authorized to vary the foregoing.

ROBERT C. CLOWRY, PRESIDENT BELVIDERE BROOKS, GENERAL MANAGER

MONEY TRANSFERRED BY TELEGRAPH AND CABLE TO ALL THE WORLD

THE WESTERN UNION TELEGRAPH CO. IS THE LARGEST TELEGRAPH SYSTEM IN EXISTENCE. OVER ONE AND A QUARTER MILLION MILES OF WIRE AND CABLES. IT ACCEPTS MESSAGES FOR ALL TELEGRAPH STATIONS IN THE WORLD, SUBJECT TO THE TERMS HEREON.



**WESTERN UNION ALL
TELEGRAPH COMPETING
COMPANY COMPANIES**

DIRECTORS
ERNEST H. CHERRINGTON
PRESIDENT
P. A. BAKER
VICE PRES. & GEN. MGR.
E. J. MOORE
SECY. & TREAS.
WAYNE B. WHEELER
HOWARD H. RUSSELL

The Black Belt Farms Co.

INCORPORATED

Benton, Alabama

ADDRESS GENERAL OFFICE 175 SOUTH HIGH ST., COLUMBUS, OHIO

August 22, 1922.

Mr. William H. Anderson,
New York N.Y.

Dear Mr. Anderson:-

I have just come from the Black Belt plantation, where I am glad to say I found a better looking crop than I have ever seen on the Black Belt plantation during the last six years. The cotton is beautiful, but of course the boll weevil is beginning to get in his work. What progress he will make with the top crop remains to be seen. Of course a good part of the cotton crop is so well advanced that the boll weevil cannot hurt it, and I am very confident that regardless of the boll weevil's action during the next few weeks, we will have a larger cotton crop for sale than the Black Belt Farms Company has ever had before. This fact, together with the fact that cotton is hanging around 22cents and 23 cents a pound, gives encouragement.

I am working out a complete report on the situation with the Black Belt Farms Company, and expect to furnish the same to every stockholder within the next two or three weeks, in fact, as soon as I can get time enough to put the facts and figures I have gathered, together. I am especially writing now to call your attention to an emergency which we face, which, while not as serious as it looked a few weeks ago, is one that must have immediate action.

The hardest financial situation we have faced came the first of this month, when a \$9,000 note, on what I had borrowed personally and loaned to the Black Belt Company, fell due. After working and worrying over that proposition for two months I finally arranged for another loan and got a partial renewal of the old note, which allowed me to solve that problem just a few days before the note came due. The only serious problem now which presents itself or which will need to be handled before next year is the proposition of the Chestnut mortgage. This mortgage is on the 2,560 acres known as the Chestnut plantation. The mortgage was originally for \$25,000. It has been reduced to \$23,600. Under the terms of the mortgage \$8,000 of the \$23,600 is due on Sept. 11th. I felt sure that under the circumstances and because of an adjustment and understanding we had with Mrs. Chestnut a year ago, she would probably insist on the full payment of the \$8,000, and during the past several months I have made every possible effort in every possible way to float a new loan of \$25,000 on the 2,560 acres. If we had secured a new loan it would have been a loan at 8% and we would have been compelled to pay 5% commission in order to get it. This would have made a difference of 1% in the interest annually, and it would have required an outlay of \$1250 commission to start with, so that the proceeds of a new \$25,000 mortgage would have been just about sufficient to take care of the Chestnut mortgage of \$23,600.

After failing at every point on the proposition of floating a new mortgage because of the fact that Northern institutions do not want to loan on Southern property, and the further fact that when we tackled Southern institutions they

did not have the money to loan, I finally went to see Mrs. Chestnut last week, and made an effort to get an extension of time. She had been depending upon the money, and was in the midst of a home building project, which made the situation doubly difficult to handle. However, I finally secured an agreement with her that we shall pay her \$3,600 and that she will continue the \$20,000 loan until next year when the balance of the mortgage falls due, and that when that time comes, she will renew the whole mortgage for \$20,000 for a period of years. From our point of view this is of course a better situation than if we had been able to secure a new mortgage, provided we are able to raise the \$3,600 and upon this everything now rests.

Personally, I have been bled white every month this year in order to meet the absolute demands and keep the operations of the plantation going. Two or three times I felt that I was not going to be able to meet the situation, and had decided to call upon you for help, but I finally muddled through. Now I am in a situation where I must call for help.

The crops on the plantation, including corn, cotton, oats, peas, peanuts, cattle, etc., will bring sufficient money between now and the first of the year to take care of interest that must be met on the other obligations, the advances that have been made by various firms in Montgomery and Selma, and all the other pressing obligations that will fall due between now and the first of the year. They will also take care of a part payment which falls due on another mortgage on the first of the year, and will enable us to care for one or two bank loans which have been carried for several years but which must be met by the first of the year. What we get out of the crops, also, as I figure it, will provide perhaps a thousand dollars which can be applied on this \$3,600 mortgage payment. (Fortunately the interest on this mortgage is already paid for the entire year;)

If we can meet this emergency and go through with it, we will get to the first of the year in so much better shape than I have known anything about, that there will be some sunshine in the sky on this proposition, but we must get through this emergency some way. I am writing to every stock holder, but from the best estimate that I am able to make, all that can reasonably be expected from them, I feel confident that we must have a loan of \$650 from you in order to meet the situation. I do not imagine you have much loose money around, but I feel sure you can probably arrange to borrow that much from some source if necessary, in order to help meet the present crisis. Of course, if you can do more than that it will help just that much and will make it easier, but I am trying to get every stockholder on this deal to come up with some help.

I am not writing to Miss Odell, but I wish you would take the matter up with her and see if she is willing under the circumstances to let us have a loan of \$150. The only loan she has made, according to my understanding, is \$130.

Please let me hear from you right away, as I shall be necessarily worrying about this whole situation until I am dead sure we are going to be able to meet the demand on Sept. 11th.

Very sincerely yours,

EHC/IG



August 29, 1922

Mr. E. H. Cherrington,
The American Issue Pub. Co.,
Westerville, Ohio.

Dear Cherrington:

I have your letter about the Black Belt proposition, which has been read very carefully. I haven't \$650 that I can send you. I confess I have that much in the bank now but imperative demands the first of the month will cut it below that.

It is not intended as anything of criticism of you for I appreciate the splendid and tremendous efforts that you have made to pull this thing through after it was wished on you, when I say that I just about strained myself to the limit to make the \$4500 extra that you asked for, and ever since I squeezed out the additional \$500 a number of months ago I have gone a good deal of the time on a margin that was considerably less than that amount.

Aside from my equity in my house, about all I have is in two holes,- the Black Belt and the money that I put in to finance the New York League in the days it was hopeless. I am sure I will get that some of these days if I live and I feel very sanguine of the other if you live, though I still think you ought to take out some term life insurance at the expense of the company. My endowment life insurance is borrowed on and all of my liberty bonds. Nothing goes here except collateral.

I will give you a note for \$650 if you can float it and will agree to take care of the interest and get it renewed from time to time until you can take care of it. I suppose this is not a long term loan. Of course if you need it for a considerable period and will get it for four months with a renewal understanding I could possibly take it up, but I don't want to have to do it any more than I would want to carry that \$500.

I would send a note along but I don't know to whom it should be payable. Probably it would be better to have a note made out direct to a bank there than to have it made out to you because it more clearly establishes the fact that it is a

Mr. Cherrington-2-

different borrower. Your Westerville bank might be willing to carry \$650 on me personally. I ought not to do this but I am doing it as an evidence of good faith and my willingness to help in this way.

I have not yet been able to buy a car or to build a garage in which to put one because I have had to finance the League so heavily and because I later had to put a lot more into the Black Belt than I expected. I could have built a garage and bought a good car, the two of which could have paid me as much interest as the Black Belt is at the present time, and still had some extra cash if I had not been caught in the same hole you were, but I felt like staying with you to the uttermost limit, the main difference between us being that I did not have anything else in the way of outside resources at all.

Miss Odell will lend you \$150, even though she is behind in her salary, but she asks me to say please don't come again.

Yours very cordially,

State Superintendent.

The Anti-Saloon League of America

DEPARTMENT OF PUBLISHING INTERESTS

ERNEST H. CHERRINGTON, GENERAL MANAGER

Westerville, Ohio

Westerville O.
Sept, 5, 1922

Dear Anderson —

I have just been
able to arrange for the loan
at the First National Bank at Westerville

I got it for six months instead of
four months. as I thought that would
probably be better —

Please sign and return the
enclosed note to me by return
mail if possible.

Hastily Yours.

Ernest H. Cherrington.

272 Van Cortlandt Park Avenue
Yonkers, N.Y.

July 26, 1924

Mr. E. H. Cherrington,
The American Issue Publishing Company,
Westerville, Ohio.

Dear Mr. Cherrington:

I have been checking up on Mr. Anderson's cash advances to the Black Belt Company and the records I have indicate as follows:

1918

January 29,	Ernest H. Cherrington.....	650.00	
April 15,	P. A. Baker.....	650.00	
May 29,	Ernest H. Cherrington.....	200.00	
June 14	Ernest H. Cherrington.....	150.00	
June 21	Black Belt Company.....	100.00	
June 28,	P. A. Baker.....	150.00	
July 12	P. A. Baker.....	200.00	
September 5,	P. A. Baker.....	150.00	
December 26,	E. J. Moore.....	<u>130.00</u>	
			\$2380.00

1919

February 21,	E. J. Moore.....	\$ 130.00	
May 6,	Black Belt Farms Co.....	520.00	
June 30, 1919	Black Belt Farms Co.....	390.00	
August 9	P. A. Baker.....	400.00	
August 29	P. A. Baker.....	<u>500.00</u>	
			\$1940.00

1920

January 22,	E. H. Cherrington.....	\$1000.00	
February 14	E. H. Cherrington.....	<u>1500.00</u>	
			\$2500.00

1921

February 14,	E. H. Cherrington.....	\$1500.00	
March 4,	E. H. Cherrington.....	1000.00	
May 18,	E. H. Cherrington.....	500.00	
July 5,	E. H. Cherrington.....	<u>500.00</u>	
			\$3500.00

1922

February 15,	E. H. Cherrington.....	\$ 500.00	
			\$ 500.00

1923

December 27,	E. H. Cherrington.....	\$ 350.00	
			\$ 350.00

Mr. Cherrington--2--

This makes a total of \$11,170.00. Mr. Anderson thought that following your proposition to him the latter part of 1920, or the early part of 1921, he agreed to advance \$4500 that year, but the stubs for that year show only \$3500, and then another advance of \$500 in February 1922, which probably accounts for \$500 of that, but I can't find the other \$500.

I had forgotten that Mr. Anderson returned the notes that had been given him to you with the stock that he wanted transferred to Mrs. Anderson, and thought they were still in the safe deposit box, but when I took the matter up with him he remembered they had been sent to you. I am sorry for the delay in getting this to you but when we see him just once a week it is so hard to get everything taken care of as promptly as it should be.

The letter Mr. Anderson wrote you accompanying the stock and notes will cover any other matters connected with the transaction.

Very truly yours,