

March 11, 1941

Major J. G. Phelps Stokes
Mrs. Catherin Campbell
Mrs. Gisela I. Fritsch
Miss Frances R. Grant
Mrs. Sina L. Fosdick

Re: Nicholas Roerich Painting
& Art Collections, Inc.

Dear Sir and Mesdames:

After several conferences with Messrs. Shapiro & Stern of Greenbaum, Wolff & Ernst, the attorneys for Mr. Louis L. Horeh, an offer has been made to turn over to you between 100 and 150 paintings of Professor Roerich in settlement of the Supreme Court action of Maryland against Louis L. Horeh, Nettie S. Horeh and Nicholas Roerich Painting & Art Collections, Inc.

In the event that after further negotiation I can succeed in getting the offer increased to about 300 paintings, it is my opinion that it be accepted. Before continuing my negotiations I desire to procure from you definite instructions with respect to such proposed settlement.

To aid you in arriving at a proper decision I desire to point out the following facts with respect to this litigation.

When I was first consulted with respect to this matter I was given to understand that you and your associates in the Roerich Museum were in possession of proof, documentary and otherwise, establishing,

- (a) the legal right of Miss Grant and Mrs. Fosdick in and to three shares of capital stock of Nicholas Roerich Painting & Art Collections, Inc. (hereafter for brevity referred to as the Painting Company) and
- (b) that such Painting Company was the legal owner of substantial and valuable assets, consisting of paintings and other art collections.

After the purchase of the judgments recovered by Mr. Horeh, et al., against Miss Grant and Mrs. Fosdick (among others) on many occasions, both at joint conferences and by letters, I requested that there be delivered to me the documents or other data which would tend to substantiate the representations abovementioned.

After great delay I was finally advised that none of your associates were in possession of any documentary evidence supporting the claim of title to stock in the Painting Company. No one seemed to have any receipt for the stock or any other written evidence, such as a voting trust or other agreement explaining the delivery of the certificates to Mr. Horch or to any other person.

You can readily understand that in the absence of such proof it becomes quite difficult, if not practically impossible, to establish our title to the capital stock in the Painting Company.

Even if it were assumed that we were successful in proving our title to the three shares of capital stock in the Painting Company, (the total capitalization of the company being seven (7) shares), we next come to the question of the value of such stock or the question of what assets the Painting Company possesses.

While I was originally advised that complete records of the Painting Company's assets were in existence and would be made available to me, no such data has been delivered to me. After much pleading I finally received from Miss Grant a copy of the 1930 (8th edition) Catalogue of "Roerich Museum". Miss Grant accompanied this catalogue with her letter stating that the Painting Company had title to all of the 1,006 paintings listed therein. She failed, however, to furnish the details explaining how the Painting Company acquired such title or to furnish any documentary evidence establishing same.

During the conferences which we had with Shapiro & Stern, we were advised that of a total of 1,034 paintings of Professor Roerich, (which included those listed in the catalogue) Mr. and Mrs. Horch claimed to be the owners of 598 by purchase from Professor Roerich, and that the balance of 436 are owned by the Master Institute of United Arts, Inc., the latter having acquired title through the foreclosure of the real property of Roerich Museum.

While we have no desire to accept at full face value Mr. Horch's claim that he purchased and paid for 598 paintings, we cannot overlook the documentary proof and testimony previously given by the parties in the Supreme Court action and proceeding with respect to title to the stock in the Master Institute of United Arts, Inc., and likewise in the proceeding involving the income tax liability of Professor Roerich together with the decisions in such actions and proceedings. In the trial of such actions, Mr. Horch produced various checks, letters and bills of sale tending to establish such purchases.

We are not unmindful of the fact that the purpose and intent of the bills of sale were disputed by your associates. In spite of such dispute the decisions in both the Supreme

Court proceedings and in the income tax proceeding supported Mr. Horch's claim. The claim of the Master Institute of United Arts, Inc., ownership of 436 paintings may possibly be far weaker than that of Mr. Horch's claim to the other 598 paintings.

Considering the absence of further data proving and supporting title to the paintings in the Painting Company, coupled with the testimony, documentary evidence and decisions in the above mentioned actions and proceedings, I am brought to the conclusion that it is very likely Mr. Horch can establish personal title to the 598 paintings abovementioned. This leaves but 408, or at most 436 paintings which might be proven to belong to the Painting Company.

If we overcome the difficulties above indicated and establish title to three shares of stock in the Painting Company (or even five if we include the two shares presumably owned by Professor and Mrs. Roerich), you at most would be entitled to three (or five) sevenths of approximately 400 paintings.

It is in the light of all of the foregoing that we recommend a settlement on the basis of the delivery to you of 300 paintings. The manner of determining which of the 1,006 paintings are to be delivered to you has not as yet been agreed upon and will be the subject of our next discussion with the attorneys for Mr. Horch in the event the quantity is agreed upon.

The only matters now being settled are title to the paintings of Professor Roerich. If the settlement is consummated all parties will be required to do all acts and sign all necessary documents and releases to clear the title to such paintings. All of this will be without prejudice to any other claims of any of the parties.

Your instructions with respect to this matter should not be delayed.

Very truly yours,

LILLIAN D. ROCK

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