

«Вращение  
к держателям  
обширных,  
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**TELEGRAM SENT TO ALL MEMBERS OF THE BONDHOLDERS'  
COMMITTEE APRIL 1, 1932.**

Sent to:

CRAIG B. HAZLEWOOD, VICE PRESIDENT FIRST NATIONAL BANK, CHICAGO, ILL.  
FRANK W. BLAIR, PRESIDENT, UNION TRUST COMPANY, DETROIT  
FREDERICK G. CURRY, VICE PRESIDENT, CITY BANK FARMERS' TRUST CO., NEW YORK, N. Y.  
H. K. HALLETT, CHAIRMAN OF BOARD, ATLANTIC NATIONAL BANK, BOSTON  
DAYTON KEITH, VICE PRESIDENT CHICAGO TRUST CO., CHICAGO  
JOSEPH E. OTIS, CHAIRMAN OF BOARD, CENTRAL TRUST CO., ILLINOIS  
WALTER J. SUGDEN, JAMES SUGDEN CO., BOSTON  
CHARLES W. WESTON, VICE PRESIDENT, MANUFACTURERS' TRUST CO., 55 BROAD STREET,  
NEW YORK, N. Y.

"WE HAVE RECEIVED NOTICE FROM MR. RICKABY OF SIMPSON, THATCHER & BART-  
LETT THAT YOU HAVE DECIDED IMMEDIATELY TO APPOINT RECEIVERSHIP ON THE 103D  
STREET AND RIVERSIDE DRIVE BUILDING STOP TRUSTEES OF THE ROERICH MUSEUM  
WISH TO WARN YOU OF THE DISASTROUS EFFECTS OF SUCH ACTION FOR OUR ENTIRE  
BUILDING AND THE BONDHOLDERS FOR WHICH WE WILL HOLD YOUR COMMITTEE RE-  
SPONSIBLE STOP AS ALREADY EXPRESSED TO MR. RICKABY WE ARE READY TO PUT UP  
NECESSARY SUM IMMEDIATELY FOR SETTLEMENT OF DEBTS STOP AS YOU ARE WELL  
AWARE OUR PRESENT SITUATION IS DUE TO FAILURE OF THE AMERICAN BOND & MORT-  
GAGE COMPANY TO FULFILL ITS OBLIGATIONS TO US IN RETURNING \$320,000 UNSOLD  
BONDS TO US STOP WE ALSO WISH TO WARN YOU THAT YOU ARE TAKING THIS ACTION  
DURING THE ACTIVE DEVELOPMENT OF OUR CAMPAIGNS FOR FUNDS AND WHILE WE ARE  
APPEALING FOR TOTAL TAX EXEMPTION AND ON EVE OF THE RENEWAL OF LEASES  
AND YOUR ACTION THREATENS TO DESTROY SUCCESS OF ALL THESE MOVEMENTS STOP  
IN VIEW OF THESE CIRCUMSTANCES AND SINCE AN ASSIGNMENT WAS MADE OUT ONLY  
TWO WEEKS AGO TO THE MANUFACTURERS TRUST COMPANY TRUSTEE OF THE MORT-  
GAGE WE WISH TO STATE THAT THIS ACTION IS ENTIRELY UNJUSTIFIED AND THAT WE  
WILL HOLD THE MEMBERS OF YOUR COMMITTEE RESPONSIBLE STOP IN VIEW OF OUR  
READINESS TO SETTLE OUR DEBTS WE THEREFORE URGE YOU TO REVOKE IMMEDIATELY  
YOUR DECISION FOR APPOINTING A RECEIVERSHIP WHICH WE UNDERSTAND IS TO TAKE  
EFFECT ON MONDAY MORNING APRIL FOURTH"

IN BEHALF TRUSTEES ROERICH MUSEUM

LOUIS L. HORCH PRESIDENT



Letter Concerning Riverside Drive and 103d Street Building Bond Issue.



ROERICH MUSEUM  
310 Riverside Drive, New York, N. Y.

Office of the President

NEW YORK, April 25, 1932.

*To the Holders of*

FIRST MORTGAGE BONDS, SERIES "A" AND "B", ISSUED BY THE ROERICH MUSEUM, SECURED BY TRUST INDENTURE MADE TO THE CHATHAM PHENIX NATIONAL BANK AND TRUST COMPANY (NOW MANUFACTURERS TRUST COMPANY) AS CORPORATE TRUSTEE, AND CHARLES C. MOORE AS INDIVIDUAL TRUSTEE, ON THE PROPERTY KNOWN AS RIVERSIDE DRIVE AND 103RD STREET BUILDING, NEW YORK CITY.

DEAR BONDHOLDER:

You have undoubtedly received a request from a self-constituted Committee of Bondholders asking you to deposit your Bonds with them. I am asking you in your own interests not to do so.

There are three classes of people interested in this situation:

1. You, as the holders of the Bonds, whose money was used in the enterprise and who must depend upon its success for the return of your investment;
2. The members of the Museum and its Trustees, who, for upwards of ten years, have given unceasingly of their time and their money to build and bring to success this cultural center for men and women;
3. The general public, whom we count upon for continued and increasing support in order to insure its complete success.

The Bondholders' Committee, the Manufacturers' Trust Co., which claims to be the Successor Trustee under the Mortgage, and their respective Counsel, who are pressing this foreclosure, are strangers to the enterprise. They have no interest in you or us except in so far as we afford them an opportunity to profit by our common misfortune. If you have had any previous experience with bondholders' committees during this period of depression and know something of their exorbitant fees (which you must pay), you will appreciate what I mean. Of the many different issues of bonds called for deposit by bondholders' committees, do you know of a single instance in which the result obtained by the bondholders' committee was favorable or satisfactory to the bondholders? But in every case it is immensely profitable for the members of the bondholders' committee and for their counsel.

The Roerich Museum is a non-profit-making educational institution chartered by the University of the State of New York, and organized and maintained for the purpose of affording the public the widest possible opportunities for education and culture.



Our tenants are resident-members of our institution, and because they have the privileges of enjoying and receiving without extra charge the benefits of our institution and sharing its cultural life, they pay a much greater rental than that which prevails in the neighborhood, for similar apartments. In fact, the leases of the apartments expressly provide that the lessee "may avail himself or herself of all museum privileges and shall also be entitled to attend all special lectures and concerts as well as classes for instruction in connection with the arts as given, held and conducted" by the Roerich Museum. It is unquestionably due to this feature that we have a much higher percentage of occupancy than any other building in the neighborhood. This is confirmed by outstanding real-estate agents familiar with renting conditions in the vicinity. Since the income derived from these tenants is required to pay the greater portion of our maintenance and operating expenses and to provide the funds for the payment of your interest and sinking fund, it is most essential that nothing be done to disturb in the slightest degree our tenants, or to impair the rental value of the property by changing its tone or character, since any interference therewith would permit our tenants to break their leases.

You and we are the only ones vitally interested in saving this venture. You have your money at stake; we have not only our money but our ideals and our life work.

Over a million dollars of my personal funds are invested in this Institution, and our Trustees have personally contributed liberally to this cause with no thought of their personal profit. Unfortunately the difficulties of the American Bond and Mortgage Company and its failure to market our Bonds in accordance with their agreement, necessitated our disposing of the Bonds at a tremendous discount, with resultant substantial loss. The embarrassment caused thereby required our Trustees to drain themselves of their personal resources in order that the Building might be completed and the investment of the Bondholders thereby secured. Then followed this terrible depression with tremendous loss of rental and revenue and the cutting down of the assistance we would normally receive from our friends and patrons. They, too, have suffered losses in common with the rest of the world. Despite these difficulties we have carried on. We have paid all of the interest coupons on your bonds up to and including December 15th, 1931. As yet we have made no monthly instalments on account of interest for January and February, and only a partial payment for March, but we had hoped to raise the necessary money to meet the instalment of interest which would mature on June 1. We felt certain that our friends would come to our assistance, and supply the deficiency between the amount available from the earnings and the amount required.

**The Bondholders' Committee, however, has destroyed that possibility.** We reasoned with them. We pleaded with them. We told them we had friends who would come to our assistance. We told them of our plans to launch a campaign to raise funds with which to discharge in full our Bonded indebtedness so that your Bonds would be paid before maturity. We felt that our activities were of such a character that the public would come to our support. We showed them the literature already printed and which we were about to send out. **Our appeal fell upon deaf ears.**

We signed an agreement drawn by the Counsel for the Bondholders' Committee under which we assigned all the income of the institution for the benefit of the Bondholders. We consented that they supervise our expenditures, and as further evidence of our good faith, consented that our hands be so tied that we could not make any expenditure in excess of \$250 without supervision and countersignature.

Notwithstanding the fact that we delivered this assignment of our income to the Counsel for the Bondholders' Committee, on March 19th, as requested by them, within ten days thereafter, the Manufacturers Trust Co., alleged successor Corporate Trustee under the Mortgage, at the instance and request of the same Bondholders' Committee, commenced a foreclosure suit against us and secured the appointment of a Receiver of the property without our being given an opportunity to be heard in opposition. For some reason, which we cannot understand, the foreclosure suit was started in Bronx County instead of in New York County, where the property is located, and a judge sitting in Bronx County was called upon to appoint a Receiver of this property located in New York County.



Why, when we had signed and delivered the paper drawn by the Counsel for the Bondholders' Committee, in which we had assigned all the net income from the property for the benefit of the Bondholders, and were further prepared to proceed with our campaign to raise additional money to help us discharge our obligations to the Bondholders, was this suit brought and the property saddled with the burden and expense of receivership which almost invariably, as everyone knows, is disastrous?

I am informed that the Receivers' fees will amount to five per cent. of the gross income collected and his attorney's fees may run as high. Are the Manufacturers' Trust Co. and their Counsel, who instituted the foreclosure suit, working for nothing, or do they expect to receive handsome fees? Do you know, that if you deposit your Bonds with this Bondholders' Committee you are bound by the terms of the Deposit Agreement to pay their fees fixed by themselves which in every case they have handled, has amounted to 5% of the face value of the Bond, irrespective of what the Bondholder receives in return? **May that not be one explanation for what has happened?**

Do you, as reasonable men and women, believe that a Receiver is better able to conduct this property successfully than the unselfish and sacrificing men and women familiar with its work and devoted to its cause, and whose lives are wrapped up in its success?

We enclose herewith a copy of a telegram which we sent to every member of the Bondholders' Committee, begging that the Receivership be avoided, to which we received no response. We ask you as the persons most vitally interested financially whether you sanction the destructive tactics of this Committee? If you believe, as we do, that they are not acting solely in the interests of the Bondholders, but are motivated by other considerations; if you believe that this problem must and can only be solved by you and ourselves jointly, then we ask you to hold your Bonds and not to deposit them. We say to you that we are the only ones who can save your investment because the impulse and motives which impel us to save our venture are not prompted by desire for personal gain. With your cooperation we will struggle on to complete success and through our success **you will receive payment in full of your investment.**

Bear in mind that Receivership means waste and destruction of property and money—your property and your money, since you have the first lien on it. **And all expenses which are being incurred must be paid by you.** If our activities cease, not only is there the greatest danger of losing most of the tenants, but the property will also lose the benefit of the partial tax exemption which it now enjoys to the extent of one-third assessed valuation for taxes (by reason of our being an educational institution) and which in dollars and cents means approximately \$25,000 per annum. It will also void completely our pending applications for complete exemption from taxation, which if successful will destroy the myth that there is peril because of the non-payment of the 1930 and 1931 taxes.

And so we take our appeal direct to you. We ask you to join with us in a common defense of our property. If you wish to join us will you be good enough to write a note of encouragement telling us that we can count on your support? So as to avoid any further hostile action at the hands of the Bondholders' Committee, the Corporate Trustee or the Receiver, because of our direct appeal to you, we ask that you be good enough to write at once to the Manufacturers' Trust Co., 55 Broad Street, New York, and Carter, Ledyard & Milburn, Attorneys for the Manufacturers' Trust Co., 41 Broad Street, New York, demanding that they apply at once for an order vacating the Receivership and warning them of the danger of interference with the men and women who are conducting the activities which are so vital to the successful operation of the property upon which your security depends. And will you also be good enough to send us copies of such letters. If, by any chance you have already deposited your bonds, will you write at once asking their withdrawal. If a penalty is imposed as a condition of withdrawing your bonds, we will, without expense to you, secure counsel who will represent you to get back your bonds.

I want to assure you that the administration of the Museum's affairs has been scrupulously honest and efficient in the highest degree; that no Trustee as such receives any salary; and that only small salaries are paid to the administrative heads of our various departments who devote



their entire time and their efforts to the essential activities of the institution. Without these activities, this Building would be merely another apartment hotel of which as you know there is a tremendous oversupply, and which, as is generally known, are poorly rented, despite very low rentals, and are generally unsuccessful.

If you live in the city or nearby, will you please come and make personal investigation for yourselves? We will welcome you and give you an opportunity to judge for yourselves whether we are entitled to the confidence which we are asking you to repose in them. If you cannot come yourselves, send your friends. We are willing to abide by their report.

We will write to you shortly, telling you of the response which the Bondholders have made to our appeal and outlining a program by which your investment may be saved in full and by which we may be able to carry on our good work for your ultimate good.

If you have sold your bonds will you be good enough to let us have the name and address of the purchaser? If you have friends who own bonds, will you be good enough to give us their names and addresses? If you have deposited your bonds will you please let us know when and where you did it and what effort you are making to withdraw them.

I am enclosing a form, upon which I would have you note some information, which we would like to secure, and which I ask you to return to me as promptly as you can.

Thanking you for whatever assistance you will give us and assuring you of our whole-hearted desire to work out the payment to you of your Bonds, believe me,

Very truly yours,

LOUIS L. HORCH,  
*President.*



Letter Concerning Riverside Drive and 103d Street Building Bond Issue.



**ROERICH MUSEUM**  
310 Riverside Drive, New York, N. Y.

Office of the President

New York, May 10, 1932.

*To the Holders of*

FIRST MORTGAGE BONDS, SERIES "A" AND "B", ISSUED BY THE ROERICH MUSEUM, SECURED BY TRUST INDENTURE MADE TO THE CHATHAM PHENIX NATIONAL BANK AND TRUST COMPANY (NOW MANUFACTURERS TRUST COMPANY) AS CORPORATE TRUSTEE, AND CHARLES C. MOORE AS INDIVIDUAL TRUSTEE, ON THE PROPERTY KNOWN AS RIVERSIDE DRIVE AND 103RD STREET BUILDING, NEW YORK CITY.

DEAR BONDHOLDER:

Do not allow yourself to be disturbed by the second call letter sent out by the Bondholders' Committee and **do not be stampeded into depositing your bonds.**

Through their untrue statements the Bondholders' Committee is urging you to betray your own interests, because your only guarantee for preserving this Building and completely protecting your capital interests is by cooperating with us in our common task of saving this Building and working towards its complete success. As far as we know, no member of the Bondholders' Committee or Mr. Rickaby, their counsel, has ever entered this Building.

Please note that the Committee did not deny any statement made by me in my letter of April 25, 1932. In fact, they even admit, inferentially, that they intend to charge you, as they have done in the past, 5 per cent. of the face amount of your bonds for the lawyers and Committee Members. On your bond issue, if all deposited, these fees would amount to about \$100,000. And they get this irrespective of what you may get. Do you realize what this means? In an affidavit filed by their own attorney, Mr. Rickaby, the Committee admits that it has already called for deposit issues sold by the American Bond and Mortgage Company amounting to \$80,000,000 and that it intends to call about \$36,000,000 more, making the stupendous total of \$116,000,000. Do you imagine they are doing this altruistically? Figure it out for yourself. If they succeed, they will get 5 per cent. of \$116,000,000; or \$5,800,000 as fees of the Bondholders' Committee and its lawyers. Are you going to permit yourselves to contribute to this sum—and destroy your building besides?

The Committee asks you to inquire of your local banker about the members of the committee? Yes, by all means do so. Also ask your local banker to **name one single issue handled by this Committee in \$80,000,000 that turned out satisfactorily to the Bondholders?** But did the Committee members fail to get their fee? Certainly not.



They tell you that Underwriters sometimes take 10 to 15 per cent. What has this to do with Bondholders' Committees? They carefully omitted telling you that some Bondholders' Committees work for 2 per cent. Why was this overlooked?

Let your local banker also tell you of the Delancey Clinton Commercial Buildings and others, with their disastrous losses to bondholders, and the huge fees of this same Bondholders' Committee. Do you wish to be victims of the same methods?

The Bondholders' Committee tells you in very bold type that funds will not be available for the payment of interest which matures on June 15, 1932. But do you realize that the Bondholders' Committee is responsible for this and that their actions have lost you this possibility? **Heretofore, as you know, we always managed to raise the necessary funds required to pay your interest coupons at maturity.** As in the past, our friends would have come to our assistance and supplied the deficiency between the amount available from earnings and the amount required. Now the earnings from the property are in the hands of the Receiver appointed at the instance of this Bondholders' Committee, and they dare to tell you that your interest coupon will not be paid on June 15, 1932.

The Committee has tried to confuse you by stressing the failure to pay taxes. But, as I mentioned in my last letter, we had secured from the City an exemption from taxation of one-third of the assessed valuation of the property because of our educational activities. If anything happens to the Roerich Museum, this exemption will be lost and taxes on the full valuation exacted by the City. This will add approximately \$25,800 a year to the carrying charges of the property. Proceedings are now pending for complete tax exemption, and if successful would relieve your property entirely from this tax payment. If the Committee's plan goes through, full taxes will be levied of about \$75,000 a year against you.

As to the sinking fund, it is a matter of common knowledge that in these times such payments, known as amortization payments, are temporarily waived and the failure to pay them is not regarded with any degree of concern. With a little time, and a little indulgence, and a little cooperation from our bondholders, we will pay the principal and interest on your bonds.

Concerning the campaign of \$3,000,000, the Bondholders' Committee is deliberately misconstruing this, when they say it was not a success. It was the action of the Bondholders' Committee that damaged this campaign aimed to raise money to pay off your investment in full and cancel the Mortgage before maturity. In fact, that Campaign, which naturally took several months of preparation, was beginning its inaugural work through Committee meetings, rallies and preparation of literature when this act of the Bondholders' Committee, so hostile to your interests as well as our own, arrested what would have been the greatest boon to you.

However, this Campaign can still move forward. Our friends are still willing to help us launch the Campaign, if you will help us to oust this Receiver and to assist us in preserving your capital and protecting this great Building.

In regard to the statement that the Roerich Museum constitutes an enormous drain on the property income, we again claim that this is a gross untruth. Quite the contrary, the Roerich Museum enhanced the income of your Building by \$100,000. The resident tenants of the Roerich Museum Building are paying on an average of \$200 per room per year more than other similar apartments in the vicinity, a fact substantiated by a survey of properties of the neighborhood made by a leading real estate authority. That means that on 325 rented rooms you are getting \$65,000 more rental than would be the case if the Roerich Museum were not there. The Roerich Museum, through tax exemption of one-third, saves you \$25,800 in taxes. And through other cultural activities of the Roerich Museum, the Building aggregates at least \$10,000 additional income. Do not let this statement in the Committee's letter deceive you, as to the true situation, because the cost of the cultural activities is small in comparison with its advantage to you.

Now, let me answer the other false assertions of the Bondholders' Committee. The intimation that Professor Roerich, Louis L. Horch and the officers of the Roerich Museum are receiving large salaries is a malicious falsehood. Professor Roerich, the founder of the Roerich Museum



and one of the greatest figures in international culture, has made the greatest contributions and devoted all his time for the entire period to this institution **without ever receiving any salary**—in fact, even the interest of 4 per cent. due to Professor Roerich on the indebtedness of the Museum to him was reduced this year to \$2,500 because of the depression.

As to myself, the Bondholders' Committee states that I personally guaranteed the payment of the bonds. That is quite true. In fact I took this responsibility so deeply that in August 1929, shortly before the completion of the Building when the American Bond and Mortgage returned \$320,000 of bonds unsold and the contractors threatened to stop the work and place liens on the building, I personally advanced \$102,000 to complete the Building and protect your interests. Of this sum only \$21,500 was ever returned to me. If this sum had not been advanced by me, the Building would have been lost; your entire investment would have been ruined and, of course, you would never have received any interest whatsoever in the last few years. In view of this and in view of the fact that I have given my entire fortune to the institution, you may see what a careless and unfounded statement is being made to you by this self-constituted committee.

As to salary, although Mrs. <sup>Horch</sup> ~~Hunt~~ and I have given our complete time to the institution, we have never received one cent of salary, and the only sums I have received have been a total of \$10,000 in three years, constituting interest on the vast sums I have advanced to the Building and amounting to approximately  $\frac{1}{2}$  of 1 per cent.

Furthermore in order to meet the pension of the depression the Roerich Museum constantly reduced its salaries in proportion. The highest salary paid to a member of the Roerich Museum staff is \$250 a month. The other salaries run under \$200 a month. For certain persons giving full time to the Museum, living quarters are also supplied. These salaries are certainly modest. Ask the Bankers what they will get out of this adventure? Then compare the two. Judge for yourself whether this Building will be saved by us—who love this Building, who want to protect it and to preserve the capital investment—or by this Bondholders' Committee, who have handled so many buildings, and none satisfactorily to the Bondholders.

As to the statement made by Mr. Hazelwood regarding the curtailing of expeditionary expenses, this is another attempt to deceive you, since all expeditions were paid for privately by Professor Roerich and myself, and the monies of the Museum have never been spent for expeditions. So you see the attempt made to malign this work!

As to the Press, of which the Bondholders' Committee writes, the books published are sold and bring monies to the institution, so that this statement is deceptive.

As to the statement concerning the operating agreement—the untruth of the charge is seen when we tell you that although the Bondholders' Committee secured the operating agreement, on the basis that it was to be tried for six months, the expenditures did not increase. Moreover, no expenditure was incurred during the ten days in which this agreement was permitted to stand without the permission of the Committee through their lawyers.

Moreover, indicating how little your interests were regarded by this Committee, they never permitted the agreement to be adequately tested. Their actions throughout were indicative of their determination to get a receiver despite any evidences of possible adjustment to the contrary, although I would have saved the Bondholders the huge expenses entailed in Receivership.

In regard to the statement that our Counsel accepted the situation and desired to cooperate with the Receiver, we again call your attention to the telegram enclosed in our last letter in which we warned the Bondholders' Committee that they were ruining your interests. To this, why did they never reply. Mr. George Gordon Battle—one of New York's leading attorneys, acting without compensation—urged this Committee to prevent the waste of foreclosure and receivership. He wrote as recently as March 22nd begging the Committee to preserve your equity. He said: "Of course, a foreclosure proceeding would mean the destruction of everything we have been striving to accomplish and should be avoided at any cost." In another letter written on May 3rd, Mr. Battle said: "I did not however nor did Dr. Horch nor any of his associates at any time consent to the institution of these proceedings or to the appointment of a receiver. On the



contrary, the bringing of the suit and consequent appointment of a receiver was strenuously and vigorously opposed by Dr. Horch and his associates and myself as was within our power." Mr. Battle resisted a receivership. Write to him if in doubt. In addition, you will be interested to know that we visited Mr. Weston, Vice-President of the Manufacturers Trust Company and member of the Bondholders' Committee, and Mr. Rickaby urging them not to permit Receivership and warning them that their action would ruin the Building and the Bondholders' interest. Against all our pleadings they were adamant, because without imposing a Receiver this Committee would not have received the fee.

In regard to the Committee's assertions of what the Bondholders desire, we may inform you that our first letter has brought us gratifying responses, and with them several letters citing the grievous and unfortunate experiences of your fellow-bondholders with this same Committee. A substantial amount of bondholders are already with us, and if you wish to save your building we ask you to work with us. We assure you of our desire, beyond everything else, to preserve this Building, which is a monument and pride to this country, and we wish to protect your capital interests. There is no doubt that we will be able to do so, if you lend us your cooperation in vacating this Receiver and in carrying out our common task.

If you have not yet answered our first reply, please do so at once, filling in the enclosed form. Your help in saving this Building and in protecting the Bondholders' interests is needed. Write us that you are withholding your Bonds. If you have already deposited them, write at once and ask for their withdrawal, and without expense to you we will secure counsel who will represent you and get back your bonds.

A plan for your protection is being promulgated. We have been delayed in giving out any definite plan because we believed that our first duty was to endeavor to prevent the wastes of receivership. Legal steps in that direction have been instituted. We will shortly address ourselves to a plan for your benefit, to preserve your Building and equity. We may assure you that this plan will indicate our great desire to protect your capital invested in the Building and your interest; to preserve the Building, and to unite with you in our common task to carry on this work to the utmost success.

Very truly yours,

LOUIS L. HORCH.

POSTSCRIPT: Our attorneys are taking legal steps to have the Receiver dismissed. Please write to the Bondholders' Committee and ask them two questions: "Why did you handle this matter so as to wander to Bronx County for a receiver, when the property is in New York?" and "If you did not do this yourself why did you defend this unusual step in the subsequent court proceedings?" Until you have a satisfactory answer to these questions you have a right to be suspicious.



# NEW YORK STATE FEDERATION OF WOMEN'S CLUBS

MRS. WILLIAM DICK SPORBORG, President  
HAWTHORNE AVE., PORT CHESTER, N. Y.

ORGANIZED 1894



Port Chester, N. Y.  
May 19th, 1932

First Vice-President  
MRS. CHARLES G. MOORE  
77 Depew Ave., Buffalo

Second Vice-President  
MRS. ALMERON W. SMITH  
Plandome, Long Island

Third Vice-President  
MRS. EDWARD CAMERON  
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Fourth Vice-President  
MRS. MICHAEL M. LUCID  
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Recording Secretary  
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Corresponding Secretary  
MRS. MALCOLM P. MacCOY  
560 West 180th St., New York City

Treasurer  
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General Federation Director  
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Seventh District  
MRS. EVERETT M. HARTER  
10 Seward St., Dansville

Eighth District  
MRS. ERNEST PERRY  
46 Park St., Warsaw

Ninth District  
MRS. LAWRENCE H. VAN DEN BERG  
New Paltz

Mr. Louis L. Horch  
President, Roerich Museum  
310 Riverside Dr. New York City

My dear Mr. Horch:-

The distressing situation overhanging the Roerich Museum has just come to my attention. I am writing to you to ascertain if there is any way in which the organized womanhood of New York State represented by several hundreds of thousands of members in our Federation can be of any assistance.

We have watched with ever increasing interest the outstanding educational work which your unique institution has achieved and have appreciated your far reaching influence on the cultural life of the present day.

Aside from the distinct advantages that groups like ours find in your institution, it is my personal opinion that it would be an irreparable loss for New York and this country were the influence of your Museum, which is free to the public, cut off. These are essentially anxious times when the standards of education and culture should not be lowered in this country.

Because of my interest and my concern I have made inquiry as to the facts of the immediate plight of the Roerich Museum. I have learned with dismay that instigated by strangers to its interests a receiver has been imposed aimed at the foreclosure of the museum property which would destroy the museum and its building. I am wondering if the interests of the bondholders themselves would not best be served by the continuation of the Roerich Museum Building under the Directors of the Roerich Museum who have self-sacrificingly dedicated their entire means as well as their lives to its upbuilding and success?

Is there any way in which the great numbers of women in New York State who are interested could help to arouse public opinion or bring to the direct attention of the bondholders our belief that their own interests as well as that of the public could best be served by an understanding and agreement that would permit the work of the Museum to go forth rather than continuing a procedure that might make their own loss the greater, the loss to the public a grave one and the future of the Roerich Museum problematic if not irreparably fatal?

The General Federation of Women's Clubs as well as the New York State Federation of Women's Clubs have gone on record at their conventions endorsing the policies and principles of the major work of the Roerich Museum. If we in New York can serve you during these anxious days, please call upon. We stand ready personally as well as officially to cooperate.

Sincerely yours,

*Constance A. Sporborg*  
Mrs. William Dick Sporborg

President New York State Federation of Women's Clubs.



Letter Concerning Riverside Drive and 103d Street Building Bond Issue.



**ROERICH MUSEUM**  
**310 Riverside Drive, New York, N. Y.**

Office of the President

NEW YORK, July 1, 1932.

*To the Holders of*

FIRST MORTGAGE BONDS, SERIES "A" AND "B", ISSUED BY THE ROERICH MUSEUM, SECURED BY TRUST INDENTURE MADE TO THE CHATHAM PHENIX NATIONAL BANK AND TRUST COMPANY (NOW MANUFACTURERS TRUST COMPANY) AS CORPORATE TRUSTEE, AND CHARLES C. MOORE AS INDIVIDUAL TRUSTEE, ON THE PROPERTY KNOWN AS RIVERSIDE DRIVE AND 103RD STREET BUILDING, NEW YORK CITY.

DEAR BONDHOLDER:

It is with great pleasure that we advise you that our efforts to remove the Receiver of the Roerich Museum Building have been successful. To-day the Appellate Division of the Supreme Court of New York unanimously reversed the order appointing the Receiver and ousted the Receivership.

The effect of this decision is to restore the direction of the property to the Directors of the Roerich Museum, where it properly belongs.

We congratulate you, dear bondholders, upon the victory which lifts from your shoulders and from ours the burden and expense of Receivership with its ruinous consequences.

We are now free to devote all our efforts to working out a plan of reorganization, to the end that your investment in the property may be protected and ultimately paid in full.

You will hear from us shortly. In the meantime, the income will be preserved for the benefit of the bondholders. Meanwhile, hold on to your bonds and do not deposit them.

With many thanks for your spirit of cooperation, believe me,

Cordially,

LOUIS L. HORCH,  
*President.*



88/8

*Committee*

HARVEY WILEY CORBETT,  
*Chairman*  
JOHN O'HARA COSGRAVE  
WILBUR F. HOLT  
RALPH V. D. MAGOFFIN  
ARLEIGH PELHAM  
THEOPHILE SCHNEIDER  
MRS. LIONEL SUTRO

RIVERSIDE DRIVE and 103rd STREET BUILDING

(ROERICH MUSEUM)

**BONDHOLDERS' PROTECTIVE COMMITTEE**

*First Mortgage Series "A" Bonds*

*Depository*

**EMPIRE TRUST COMPANY**

120 Broadway, New York City

*Counsel*

SIEGFRIED F. HARTMAN  
46 Cedar Street  
New York City

*Secretary*

ARLEIGH PELHAM  
70 Pine Street  
New York City  
Tel. Bowling Green 9-2310

alt  
29/12, 1932

*To the Holders of*

FIRST MORTGAGE BONDS, SERIES "A",  
ISSUED BY THE ROERICH MUSEUM.

*Dear Fellow Bondholders:*

The various conflicting communications which you have undoubtedly received from the Roerich Museum and from the Hazlewood Committee, so termed, acting generally for the many defaulted issues of the American Bond and Mortgage Company and at whose instance an apparently relentless attempt is being made to foreclose the mortgage on the Roerich Museum Building, must by now have convinced you of the necessity for **independent** concerted action by bondholders who require that their investment in the securities of the Museum should be protected and safeguarded permanently, efficiently and economically. This, we are sure you will agree, can be best accomplished by a Committee chosen by and from among the bondholders themselves who, working without compensation, will address themselves exclusively to a sound and understanding solution of the problem, rather than by a self constituted committee of total strangers, dealing by wholesale with many different defaulted issues, personally familiar with the peculiar problems of none of them, and apparently unable to envision any solution for the bondholders' protection other than proceedings utterly destructive and ruinous to every one except those deriving fees therefrom.

You have seen one instance of the tactics employed by that American Bond and Mortgage Committee in the attempt instigated by them and which has been judicially declared to have been entirely without justification, to secure the appointment of a Receiver for the property by arranging improperly to commence a foreclosure suit in Bronx County instead of in New York County where the property is situated and in otherwise ignoring mandatory statutes governing the appointment of receivers. This unlawful receivership has now been vacated by an appellate court. Meanwhile, however, the property which constitutes your security has been seriously though, we hope, not permanently damaged by the receivership. In addition to the injury to reputation which inevitably follows a hostile receivership, the enterprise appears to have been materially damaged by the manner in which this receivership was conducted. The appearance of the premises and the service were allowed to deteriorate. The Receiver even withheld from the Museum funds which were not part of the rents which he was authorized to receive and which were urgently required for the general activity of the Museum. As a result, the educational and cultural activities of the Museum were curtailed. Those that continued were promoted solely by the Trustees of the Museum without any cooperation from the Receiver. Great dissatisfaction followed among the tenants. Now that that receivership has been vacated, it will require the most earnest and assiduous efforts on the part of the management to restore the former tone and efficiency. All this prejudice to your interests could have been avoided but for the policy pursued by the American Bond and Mortgage Committee.



Despite the bitterness of the controversy, even the American Bond and Mortgage Committee has found itself compelled by the facts to admit the following salient points:

1. The continued existence and activity of the Museum are necessary, not merely for cultural considerations, but because the Museum is a factor of great importance *from a business standpoint* in maintaining the value of your security.
2. The Museum and its cultural and educational work are indispensable for keeping up *the present high rental value of the building*, which is your security, as well as for ensuring a continuance of the present *high percentage of rented space* and are also indispensable in holding down *the maintenance and carrying charges* of the building through the partial tax exemption which this educational institution secures as a matter of law for the property.

Each of us who has signed this communication is, like you, a bondholder or the representative of a bondholder. Each of us is intent upon the preservation and protection of the investment. We believe, that, from a strictly business standpoint, that investment can best be safeguarded through the continued existence of the Museum as an integral element of this situation. Each of us likewise is convinced that elimination of the Museum, or proceedings calculated to destroy the cultural activities which have created the character and extent of its present tenancy, would result in grave prejudice to, if not the ruin of, our investment. In reaching that conclusion we leave entirely out of consideration the civic loss which would follow destruction or curtailment of the work of the Museum.

With these fundamental principles as a platform, we have taken the initiative of banding ourselves together as a Committee for the protection and preservation of the bondholders' rights.

The personnel of this Committee as now constituted is as follows:

- HARVEY WILEY CORBETT, Chairman,  
Architect, of Corbett, Harrison & MacMurray, Chairman of Architectural Commission,  
Chicago Worlds Fair; also one of the architects of Rockefeller Center.
- JOHN O'HARA COSGRAVE,  
Author, Journalist, formerly Sunday Editor New York World.
- WILBUR F. HOLT,  
Formerly Treasurer and Director, W. A. Harriman & Co. Inc.
- RALPH V. D. MAGOFFIN,  
Professor, New York University.
- ARLEIGH PELHAM,  
Attorney, of Shiland, Hedges and Pelham, Representative of the Estate of Benjamin  
Adriance, which holds \$100,000 face value of these bonds of the Roerich Museum.
- THEOPHILE SCHNEIDER,  
President, Balch, Price & Co.
- MRS. LIONEL SUTRO,  
Treasurer of the Community Council.

*None of the members of this Committee is acting on any other bondholders' committee. Unlike the American Bond and Mortgage Committee, which is acting for a great many issues, our Committee will confine itself exclusively to the protection of your bonds.*

This Committee does not purpose to be a "close corporation". We want it to be truly representative of all of you, and we invite your suggestions as to additional members who could lend weight and strength to the protective work which we propose to undertake.

We are frankly in sympathy with the Museum. At the same time we shall not permit our sympathy to becloud our business judgment. We shall stand unalterably for the greatest possible security to the bondholders.



***We shall cooperate in fostering the Museum only to the extent that we believe it is desirable to do so for the preservation of your investment.*** On the other hand, we are definitely and unequivocally opposed to ruthless foreclosure and destruction.

We feel sincerely that our Committee has a constructive mission and that the best interests of the security holders will be subserved by supporting our Committee as distinguished from the American Bond and Mortgage Committee.

The investigation and study already made fully warrant, in our opinion, the conclusions expressed above. However, it is our purpose that the Committee, including such new members as may be elected upon your suggestion, shall continue intensive study and examination of the accounts and financial situation of the Company and shall investigate thoroughly the legal and all other aspects of the situation. In the course of that study and investigation, we shall report from time to time the conclusions which we reach, and as soon as possible place before the bondholders a specific and constructive plan of reorganization which will preserve and safeguard your investment.

The Committee has organized under a Deposit Agreement dated as of July 25, 1932, now in course of completion and designating as its Depositary, ***Empire Trust Company, 120 Broadway, New York City.*** A copy of the Deposit Agreement will be gladly furnished upon request. At this time, however, we take occasion to point out to you certain features of our Deposit Agreement which differs radically from that under which the American Bond and Mortgage Committee is operating:

A.

***Under our Deposit Agreement the members of the Committee (other than the Secretary) will receive no compensation whatever for their services. Each of them has agreed to act without remuneration solely in the interests of the bondholders.*** On the other hand, the Deposit Agreement of the American Bond and Mortgage Committee specifically provides that its Committee, consisting of eight members, shall receive compensation. Our examination of plans of reorganization proposed by the same Committee in connection with other defaulted issues of the American Bond and Mortgage Company shows that the expenses, including the compensation of the Committee, amount to at least 5% of the face amount of the bonds. This means approximately \$100,000 on your bonds, regardless of what amount if any, you may receive.

B.

Our Deposit Agreement gives you the right to withdraw your bonds in the event of dissatisfaction on your part with any plan of reorganization that may be proposed by the Committee. The only condition is that you pay your fair pro rata share of the expenses of the Committee (not including any compensation for the Committee itself) which have accrued up to the date of your withdrawal. For your protection it is further provided that in no event can the maximum amount of such expenses chargeable to you upon withdrawal exceed 2 per cent. of the face amount of your bond. The Deposit Agreement of the American Bond and Mortgage Committee, on the other hand, does not permit of withdrawal by way of dissent from such plan of reorganization as they may propose except upon payment of your pro rata share, *as may be determined by them*, of all of the expenses of the Committee (including the compensation of the Committee itself). There is no limitation in their Deposit Agreement as to how much such expenses may be. In other words, you have no assurance as to how much you will be required to pay as a condition of withdrawal though you know in advance that you will have to pay your share, *to be determined by that Committee*, of a sum, now unlimited, covering not only the compensation of that Committee but also the fees of its counsel, and other expenses.

You will readily observe from the foregoing that by depositing your bonds with our Committee you will not incur any danger of having your bonds burdened with a disproportionate amount of expense. In no event can the expense upon withdrawal exceed the restricted maximum of 2%.



Our effectiveness in the enforcement of your rights will be measured by the extent of the support which we receive from you.

If you are in sympathy with our aims and purposes, please, in your own interest, do not delay expressing your concurrence with our views and carrying it into action by promptly depositing your bonds with our Depositary, which will thereupon issue to you a transferable Certificate of Deposit.

If your bonds have been sold or transferred to another, please advise us of the name and address of the transferee. In any event, the Committee will appreciate your advising it of the name and address of any other holders of bonds known to you.

***If you have already deposited your bonds with the American Bond and Mortgage Committee, you can deposit with our Committee the Certificate of Deposit issued to you by the American Bond and Mortgage Committee.*** Our Deposit Agreement provides expressly for the representation not only of bondholders but also of those who have deposited with the other Committee but now desire to have this Committee represent their interests.

This is not a situation where bondholders can safely stand on the side lines and await developments. It is a situation to which the famous truth, "United we stand, divided we fall" is urgently applicable.

You are therefore urged to deposit at once with our depositary, Empire Trust Company, 120 Broadway, New York City, your bonds or any Certificate of Deposit which you may have received from the American Bond and Mortgage Committee. A form letter of transmittal and an addressed envelope are enclosed herewith.

Do not delay. The sooner we have your support the sooner can we demand recognition of your rights.

We invite inquiry. Please address all communications to the Secretary.

ARLEIGH PELHAM, Secretary,  
70 Pine Street,  
New York City.

HARVEY WILEY CORBETT, Chairman,  
JOHN O'HARA COSGRAVE,  
WILBUR F. HOLT,  
RALPH V. D. MAGOFFIN,  
ARLEIGH PELHAM,  
THEOPHILE SCHNEIDER,  
MRS. LIONEL SUTRO,

Committee.





## ROERICH MUSEUM

310 RIVERSIDE DRIVE  
NEW YORK, N. Y.

### OFFICE OF THE PRESIDENT

*To the Holders of*

FIRST MORTGAGE BONDS, SERIES "A" AND "B", ISSUED BY THE ROERICH MUSEUM, SECURED BY TRUST INDENTURE MADE TO THE CHATHAM PHENIX NATIONAL BANK AND TRUST COMPANY (NOW MANUFACTURERS TRUST COMPANY) AS CORPORATE TRUSTEE, AND CHARLES C. MOORE AS INDIVIDUAL TRUSTEE, ON THE PROPERTY KNOWN AS RIVERSIDE DRIVE AND 103RD STREET BUILDING, NEW YORK CITY.

DEAR BONDHOLDER:

Today you are entitled to receive the interest due on your bonds. We exceedingly regret that it is not being sent to you, but feel that this is not due to any fault on our part. While we controlled and managed the property, you received your interest regularly on the due date. The self-appointed "Bondholders Committee" put the property in receivership, and since then our hands have been tied. You are not receiving your interest today.

We have been devoting all our time and energy trying to work out a plan which will definitely preserve your interest, safeguard your investment and protect the success of the Roerich Museum Building. Everything is now being done to solve the present problem in a way which we are confident will meet with your full approval.

In the meanwhile we feel that in justice to the Roerich Museum and to ourselves, you are entitled to a statement in reference to certain matters which appear in affidavits of the Receiver and others, which have been sent out by the "Bondholders' Committee".

It is stated that Professor Roerich and I have been receiving large monthly salaries. This is absolutely untrue. We have both labored for the museum for years as well as made great contributions and neither of us have ever received one cent of salary. This is substantiated by a letter dated May 17, 1932, which I have received from Messrs. Weinberg and Josephson, certified public accountants, stating:

*"We have audited your records from October 1, 1929 to March 31, 1932. During that period there is no record of any payment of salary either to you or Professor Roerich."*

As a matter of fact I personally advanced over \$1,000,000. to the Museum and its affiliated institutions. Over \$400,000. of this was a gift. In September, October, November and December 1929, when the American Bond and Mortgage Company failed, I advanced \$165,616 to insure the completion of the Roerich Museum Building. This is also attested by the certified public accountants in a letter, in which they say:

*"\*\*\*\*had these payments not been promptly made by you, numerous liens would have been placed on the building, much to the detriment of both the Museum and the bondholders, and but FOR YOUR ASSISTANCE IN ADVANCING THESE FUNDS THE BONDHOLDERS MIGHT NOT HAVE RECEIVED INTEREST PAYMENTS IN 1929, 1930 and 1931."*



88/11

In the Receiver's affidavit it is also stated that he did not get co-operation from the Roerich Museum. The fact is that he was given not only all the books which were then in use, but also all books, statements and documents in regard to the Roerich Museum Apartments and its real estate since its organization. We have done everything within our power to give the Receiver all the information to which he was entitled and resent the statement that we have failed to co-operate.

The "Bondholders' Committee" has also sent out a statement from the Receiver in which it is said that during the six months' period ending March 31, 1932, "there was advanced to the Roerich Museum from receipts of the Roerich Museum Apartments the sum of \$78,666." However, it is not stated that \$59,082.62 of this amount was used to meet the expenses of the building, INCLUDING THE PAYMENT OF INTEREST ON YOUR BONDS. The statement is likewise made that "the operating deficit of the museum to September 30, 1931 was \$560,185.08". But it is not stated from this amount up to that time, over \$468,000. was paid towards the carrying charges of the building and INCLUDED in the AMOUNT SO PAID WAS THE SUM OF \$237,470.13 TO YOU AS INTEREST ON THE BONDS.

Statements are also made that some apartments are occupied rent free by certain persons connected with the museum. The facts are that only four of these persons receive any salary from the museum, and because of the modest amount of the salaries paid to them, they receive living quarters instead of additional compensation. None of the others receive any salary and in return for their services they are given living quarters. This is entirely justified and is dictated by good business judgment. Without their presence the cultural activities which bring to the Roerich Museum Building higher rentals, tax exemption and other financial benefits, could not carry on. Not only does this mean a tax saving in the sum of over \$25,000 a year but that the museum is the principal attraction in the rental values of the apartments and has resulted in our ability to keep the property nearly fully rented in spite of general conditions, and the fact that other apartment hotels have many vacancies.

The "Bondholders' Committee" also sent you an affidavit from Harry J. Koerper, who is now employed by the receiver, in which it is stated that the property is not benefited by the educational features of the museum. The falsity of this statement can best be judged by the following letter which Mr. Koerper himself wrote in February 1932.

*"I wish to state that as managing director of the Roerich Museum Apartments, that the educational and cultural privileges of the Roerich Museum Apartments have of course been the greatest attraction in bringing the Roerich Museum Apartments its resident members.*

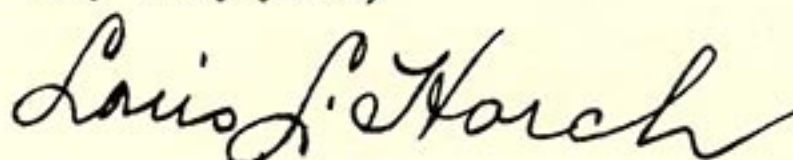
*"It is also my conviction that to these cultural advantages may be attributed the higher fees which Resident Members are willing to contribute for the Roerich Museum Apartments, as compared with apartments in this vicinity."*

The fact is that the operation of the Museum has NOT resulted in a loss to you. On the contrary, the Roerich Museum Apartments cannot exist as a profitable venture without the presence of the Museum. The direct financial benefits to you far exceed all expenses incurred for the Museum. If these expenses are not paid, the building will necessarily suffer. Many tenants will not remain if the activities of the Museum, guaranteed by their leases, are discontinued.

The property is specialized and needs the Museum to protect your investment. We have also always recognized that your investment must be fully protected and have made this a paramount consideration. Only by the continued and united cooperation of you, the bondholders, and the directors of the Roerich Museum will the building be saved from disaster.

We therefore ask you not to deposit your bonds now. We will send you a report and a definite program before July 1, 1932.

Very truly yours,



President.



38

Letter Concerning Riverside Drive and 103d Street Building Bond Issue.



ROERICH MUSEUM  
310 Riverside Drive, New York, N. Y.

NEW YORK, August 12, 1932.

IMPORTANT

*To the Holders of*

FIRST MORTGAGE BONDS, SERIES "A", ISSUED BY THE ROERICH MUSEUM, SECURED BY TRUST INDENTURE MADE TO THE CHATHAM PHENIX NATIONAL BANK AND TRUST COMPANY (NOW MANUFACTURERS TRUST COMPANY) AS CORPORATE TRUSTEE, AND CHARLES C. MOORE AS INDIVIDUAL TRUSTEE, ON THE PROPERTY KNOWN AS RIVERSIDE DRIVE AND 103RD STREET BUILDING, NEW YORK CITY.

DEAR BONDHOLDER:

Yesterday morning again without notice to us, the Manufacturers' Trust Company made another application for the appointment of a Receiver for Roerich Museum. The ink was hardly dry on the order dismissing the first foreclosure suit brought by the Trust Company (in which you will remember they had also without notice to us secured the appointment of a Receiver in Bronx County) before they commenced this suit. No notice was given of this application, but anticipating that some such move would be made, our attorneys had written to the Justice sitting in that term of the court, requesting that he give us opportunity to be heard, which he did.

For weeks, in fact ever since the Appellate Division of the Supreme Court vacated the receivership unlawfully obtained in Bronx County, and under which the Roerich Museum suffered so much injury, we have devoted every minute of our time and made every human effort to come to an agreement with the Manufacturers' Trust Company under which the Museum could continue in operation under its own officers and Trustees, and the interests of the bondholders be protected and safeguarded.

Daily conferences were held between our attorneys and the attorneys for the Trust Company, and after patient and unremitting effort, an agreement was finally arrived at and put into final form for signature. More than that—tentative arrangements had been made for the execution of this agreement and for final closing, and the turning over to the Manufacturers' Trust Company of all moneys collected.

This was done in an earnest attempt on our part to avert receivership, and we had every reason to expect that we would be successful in so doing. Counsel for the Manufacturers' Trust Company approved the agreement in writing, subject to the approval of the Hazelwood Committee and the Corbett Committee. That agreement set forth the following recitals:



WHEREAS the building located on the mortgaged premises was constructed so as to house the activities of the Roerich Museum, including its museum, classes and other cultural and educational activities and with apartments for persons connected with the Museum and other apartments to attract tenants seeking a home in such an environment; and

WHEREAS the Trustee is advised that the presence of the Museum with its educational and cultural activities upon the mortgaged premises is advantageous to the property and that by reason thereof, the property not only brings a larger rental but has an increased occupancy, and enjoys the benefits and advantages of partial tax exemption, with the possibility of securing additional tax exemption, in whole or in part; and

WHEREAS the Trustee has been advised that it is for the best interests of the property and the bondholders that such educational and cultural activities be continued on said premises, and in order to accomplish said purpose and protect the interests of the bondholders, the parties are desirous of avoiding a receivership, with its attendant expense and damaging results to the property, and permit the continuance of the presence of the Museum at the premises, they have entered into an agreement this day, providing among other things for the assignment of the rents to the Trust Company;

We are informed that the Committee recently organized, consisting of bondholders or representatives of bondholders, of which Mr. Harvey Wiley Corbett is Chairman, actively participated in negotiations with the attorneys for the Trust Company and gave their **unqualified approval of the proposed agreement as being the best plan in this situation for protecting the bondholders' rights.** As we feared, however, the Hazelwood Committee and its attorneys not only refused their consent but on the contrary **arbitrarily insisted that the Trust Company make an immediate application for the appointment of a receiver.** This destructive attitude of the Hazelwood Committee and their counsel, of which we complained to you in our earlier letters, apparently has not changed. Apparently they cannot see the importance even in a foreclosure suit of preserving the property for the benefit of the bondholders "as a going concern", instead of an empty shell of a building. So, although the Trust Company and its attorneys, after full investigation, were willing to admit that the proposed agreement with its assignment of rents and other protective features would be beneficial to the bondholders, and that a receivership ought to be averted not only because of its expense but also because of its damaging effect on the property as a whole, the Trust Company was compelled by that Hazelwood Committee and its attorneys to put in a receivership.

We opposed this application with every means at our command, pointing out to the Justice how necessary it was for the protection of the bondholders that the Museum should continue in operation; that the present tax exemption of \$25,000 and the expectation of additional tax exemption may depend upon it and that admittedly the high percentage of occupancy and high rental value most certainly depended upon it. The Court plainly expressed its appreciation of these considerations, but held itself unable to carry out this constructive plan unless the Hazelwood Committee would join with all interested parties to avoid a receivership. This placed us practically at the mercy of the Hazelwood Committee and they did not hesitate to attempt to capitalize their position: **They not only repudiated the agreement and insisted upon a Receiver but also demanded that a total stranger to the Institution be appointed as sole Receiver notwithstanding the disastrous experience of the last 3 months under a strange Receiver who was finally ousted by the Court.** Fortunately, Mr. Hartman, attorney for the new Committee of Bondholders, of which Mr. Harvey Wiley Corbett is Chairman, was present and was able to repel the attack of the Hazelwood Committee and to satisfy the Court that their point of view was entirely unwarranted, and that if the Court, because of the attitude of the Hazelwood Committee, was unable to save the bondholders the damages that would result from a receivership, they should at least be minimized by continuing the connection of the Museum with the operation of the property through the appointment of Mr. Louis L. Horch, President of the Roerich Museum, as one of the Receivers. **Mr. Horch would serve without compensation.**



We are gratified to say that this new Committee has given every evidence of a willingness to study our problems carefully and impartially. While we expect no undue consideration from any of the bondholders, we do expect in your interests that the problems will be approached with understanding and vision—which point of view the Hazelwood Committee specifically lacks.

The result of this bitter struggle was a vindication of our point of view by the Court in appointing our President, Mr. Louis L. Horch, as co-receiver with Mr. Philip J. Dunn. Mr. Horch has definitely agreed to serve without compensation. In this way there are assured a continuity of management, maintenance of continued contact with the tenants and a preservation of the cultural atmosphere which has been shown to be so valuable an asset to the bondholders in maintaining the rental value of the property.

It is most regrettable that you should now be troubled with financial problems with relation to our securities—problems which we always hoped would be entirely averted. It is also most regrettable that this situation in which so much constructive work could be done for your benefit has been muddled by obstructive and destructive moves against us on the part of the Hazelwood Committee.

There were never any defaults in interest payments to you until the Hazelwood Committee started its proceedings against the Roerich Museum. Had not the Receivership action been instituted by the Hazelwood Committee, we had expected to pay your interest due you on June 15th, 1932. Our confidence was justified, you will agree, by the very fact that there is now over \$40,000 tied up by these unwarranted proceedings, which would have been available to you.

Since we are a non-profit-making institution, you will no doubt agree that our interests and yours are mutual and inseparable.

We also wish to extend our appreciation to those representing over \$1,000,000 of Bonds who sent telegrams and letters expressing their confidence in the integrity of the Roerich Museum and its management and voicing their protests against hostile receivership. We were happy to be able to present these to the Court, thus strengthening our fight against the arbitrary demands of the Hazelwood Committee.

We expect now to be able to devote our time to working out constructive measures for the protection of the bondholders and the Museum and we shall keep in constant touch with you and make frequent reports as to our progress. We shall be glad to have you make any suggestions which you think will be helpful.

Very sincerely yours,

TRUSTEES OF THE ROERICH MUSEUM.



5083 August 17a,

Ad Press

5083 August 17, 1932

Ad Press

*Committee*

HARVEY WILEY CORBETT,  
*Chairman*

JOHN O'HARA COSGRAVE

WILBUR F. HOLT

RALPH V. D. MAGOFFIN

ARLEIGH PELHAM

THEOPHILE SCHNEIDER

MRS. LIONEL SUTRO

RIVERSIDE DRIVE and 103rd STREET BUILDING

(ROERICH MUSEUM)

**BONDHOLDERS' PROTECTIVE COMMITTEE**

*First Mortgage Series "A" Bonds*

*Depository*

**EMPIRE TRUST COMPANY**

120 Broadway, New York City

*Counsel*

SIEGFRIED F. HARTMAN

46 Cedar Street

New York City

*Secretary*

ARLEIGH PELHAM

70 Pine Street

New York City

Tel. Bowling Green 9-2310

August 17th, 1932.

*To the Holders of*

FIRST MORTGAGE BONDS, SERIES "A",  
ISSUED BY THE ROERICH MUSEUM.

*Dear Fellow Bondholders:*

I.

We are glad to report the success of our first public effort to protect your investment against the tactics and policy of the Hazlewood American Bond and Mortgage Committee. Their attempt to force your property and its management into an adverse receivership has been frustrated. In view of their obstructive demands the Court was powerless to compel the adoption of the alternative constructive plan for which all of the other parties had labored and was legally compelled to order a receivership. When it became apparent that there was no legal way of preventing a receivership our efforts were directed toward securing one which would cause the least possible injury to the property. This was accomplished when the Court granted our request for the appointment of Louis L. Horch, the President and a benefactor of the Museum, as co-receiver with Philip J. Dunn, a New York attorney of recognized standing, to manage the property and impound the income during the pendency of the foreclosure suit. Mr. Horch will serve without compensation.

Mr. Horch's appointment has been hailed by the tenants and will undoubtedly make possible a continuation of many of the existing leases which would otherwise have been lost. We believe also that under Mr. Horch and his co-receiver the elements of value in the enterprise will be largely preserved. Mr. Horch has definitely agreed to consult with all interested bondholders as to matters of policy.

The Court's action in appointing Mr. Horch over the bitter objection of the Hazlewood American Bond and Mortgage Committee was in effect a just rebuke for their ruinous policy. If, as they were demanding, a total stranger to the situation had been alone appointed, the damage to you would have been irreparable.

This property, which is your security, is not just so much dead land, stone and mortar to be sold like a ton of coal and having a fixed value as a commodity without regard to who is its owner or manager. On the contrary, it is a living enterprise, dependent to a peculiar degree for its revenue and its success upon good will and personal service. Its many present tenants who demand a cultural atmosphere must remain content with their general environment; and new



88/14

tenants must be drawn by the appeal of an agreeable home with educational and cultural advantages. These "intangibles" which make for the success or failure of any such undertaking would have been destroyed and your security consequently ruined by the kind of receivership insisted upon by the Hazlewood American Bond and Mortgage Committee.

We therefore favored and urged the adoption of a well recognized alternative, frequently utilized to avoid the injurious effects of a receivership. It provided for:

1. A continuance of the Museum and the maintenance within stipulated limits of the cultural activities which bring tax exemption, higher rents and a high percentage of rented space;

**but coupled with**

2. An absolute assignment to Manufacturers Trust Company as trustee for the benefit of all of the bondholders, of all of the present and future income from the apartments;  
**and**

3. The payment out of this income only of expenses directly connected with the maintenance of the apartments, such payment, moreover, to be made only by an agent appointed by the trustee and acting under its supervision.

This plan would have afforded all of the security of a receivership without any of its destructive effects. The Trust Company was willing to admit that a receivership with its damage and expense should be avoided. It had also been independently advised that the Museum and its activities were an asset to the property in bringing its partial tax exemption and increasing the rental income; and the Trust Company stated in writing its entire readiness to execute an agreement reciting these facts and embodying this plan, upon its approval by the Museum and the two Bondholders' Committees.

The Museum was ready to sign.

Our Committee expressed its emphatic approval of the plan.

The Hazlewood American Bond and Mortgage Committee, however, not only objected to the plan but insisted arbitrarily upon the appointment of a Receiver; and even demanded the appointment of a total stranger to the situation. By this attitude, destroying the unanimity necessary to avoid a receivership, the Court was compelled to order a receivership, but plainly recognized the force of our position and minimized the damaging effects of receivership by continuing the present management through the appointment of Louis L. Horch as co-receiver.

## II.

We are now only at the threshold of the constructive work before us. Much remains to be done. As we have no reason to believe that the Hazlewood American Bond and Mortgage Committee will depart from its present policy, we appeal to you to express your dissent from that policy by immediately depositing with us your bonds, or, if you have already deposited with the Hazlewood Committee, then the Certificates of Deposit issued by them.

Although this Committee has been functioning only for a few days, our first communication to the bondholders has met with gratifying response. Substantial deposits of bonds and Certificates of Deposit of the Hazelwood Committee have already been made with our Depositary, the



88/15

Empire Trust Company. We have also received communications expressing sympathy with our aims from many others who have deposited with them and are desirous of withdrawing their securities.

If you have been in sympathy with the Hazlewood American Bond and Mortgage Committee it would be well to pause and consider whether you believe they are wisely and faithfully representing your interests. If you are not in sympathy with their aims and purposes, we appeal to you to unite at once with the many bondholders who have already deposited with us so that the strongest possible concerted stand may be taken at the earliest moment and the property which is your security may be preserved for your benefit.

### III.

Now that the management of the property is securely in the hands of persons who will not run it to the ground, our next problem will be to protect your interests by working out a plan of reorganization of a constructive character. For this we must have your cooperation and support through the deposit of your bonds. Otherwise the property may be disposed of in foreclosure in such a way that we may be unable adequately to protect your interests.

***Your deposits must be prompt because in the ordinary course a foreclosure may proceed to sale within from six to eight weeks.***

### IV.

Bear in mind that this Committee is acting without compensation and solely for the purpose of protecting your interests. Unlike the American Bond and Mortgage Committee, it is not interested in any other issues, but can devote itself exclusively to the enforcement of your rights. Furthermore, unlike the American Bond and Mortgage Committee, this Committee has provided a definite limit of expense to its depositors. In no event, under our Deposit Agreement, can the expense to you, in case you withdraw your bonds upon the publication of our plan of reorganization, exceed \$2.00 per \$100 face value. Our Deposit Agreement distinctly provides, moreover, that any plan of reorganization which is submitted by us must set forth separately the amount of the Committee's expenses and an estimate of its future expenses; so that if you dissent from this, or, in fact, any other item or feature of the plan, you may withdraw your bonds without bearing any expense other than the maximum of 2%. Bear in mind also, please, that this 2% is a maximum and that we are hoping to hold the expenses down so that they will be substantially less.

*from*  
*its*  
*depositors*

The Hazlewood American Bond and Mortgage Committee stipulates no limit to the expense to which you may be put. Its reorganizations have practically always cost ~~their bondholders~~ 5% or more. Furthermore, unless in their judgment, which is final, their expenses can be "readily segregated", ***any bonds deposited with them may have to bear the expenses of representing other issues.***

***We are concerned with no securities other than yours.***

### V.

Please bear in mind also that, unlike the Hazlewood American Bond and Mortgage Committee, the members of this Committee are all bondholders or representatives of bondholders, one of them representing the Estate of Benjamin Adriance holding \$100,000 of Bonds. Some of



88/16

them have for years been familiar with the Museum's affairs and have received honorary recognition from it for their participation in its cultural and educational activities.

VI.

*no H.*  
**If you have already deposited with the Hazlewood American Bond and Mortgage Committee, send us your Certificate of Deposit endorsed in blank.** Our Depositary will in turn issue to you a Certificate evidencing your deposit with this Committee.

Above all, we are interested in having the confidence of the bondholders. Do not hesitate to write to us expressing your views and asking for any information that you may require.

It is your investment that must be safeguarded and, unfortunate as it is that you must concern yourself with defaults and reorganizations, it is most important that you be satisfied you are being represented by a Committee which is endeavoring single-mindedly to realize the maximum possible for you.

We ask your cooperation and your deposits, not for ourselves, for we have no ulterior interest, but solely for the benefit of those who have already deposited and for the benefit of yourselves. A successful realization on your investment can be secured only by general and prompt cooperation.

*H* Again we urge you **in your interest** to deposit your bonds promptly with our Committee. A Letter of Transmittal is enclosed herewith.

Deposit at once.

ARLEIGH PELHAM, Secretary,  
70 Pine Street,  
New York City.

HARVEY WILEY CORBETT, Chairman,  
JOHN O'HARA COSGRAVE,  
WILBUR F. HOLT,  
RALPH V. D. MAGOFFIN,  
ARLEIGH PELHAM,  
THEOPHILE SCHNEIDER,  
MRS. LIONEL SUTRO,

*Committee.*