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January 16, 1939

Mrs. Raymond Lee,
38 Eaton Square, S. W. I.,
London, England.

Dear Jeanette:

Just before the close of the year I sent you copies of the letters which I sent to Mr. Hewitt enclosing checks to be credited to your account as a result of your investment in the Land and Development Companies. Perhaps I did not give you as much detailed information as I should.

We really have been up against a very difficult situation. A year ago last spring mobs of racketeers visited all the homes we were building; beat up our men and drove them off their jobs, nearly killing my own nephew and sending several of our men to the hospital. Our employees were all perfectly happy and satisfied with their relations with us, and all stood loyally by us. We have always run an open shop. As a result of all this, I felt the only thing for me to do was to take a definite stand for law and order. I organized a group of business men and it finally developed into a meeting of 3,300 people in our Municipal Auditorium, which I lead, demanding police protection for peaceful working people.

We finally won out. Our men all returned to work, but ever since that time the city administration, who confidentially were siding with the unions, have done everything within their power to crucify us. They have raised our taxes; have withdrawn fire protection in our Land Company property on the Kansas side; have threatened to disconnect our sewers; have threatened to build a huge trafficway through the Plaza so as to by-pass all traffic, etc., etc. I would prefer that you would not talk about this to anyone so that it might get back to anyone where it would result in further retaliation, but I do want you to know the facts.

Kansas City is not growing. We have more than 15% less children enrolled in our schools in the last five years. We have 3% less telephone connections in greater Kansas City than in 1929, while Wichita, Tulsa, Oklahoma City, Dallas and some other towns have some twelve to fifteen percent more. For this reason I am very much disturbed about the absorption power of our market to buy our land sufficiently rapidly to overcome our tax carrying and maintenance loads. Most of our subdivisions in Kansas City, Missouri have not produced enough profit in the last ten years even to pay taxes.

There has been so much feeling develop in Kansas City against the constantly increasing taxes and general conditions of the city, that there has been a decided trend toward buying outside the city limits. This makes a serious situation because 91 1/2% of all our combined investments are in Kansas City, Missouri. We are threatened with immense increase of taxes upon all of our Kansas City, Missouri property.

our sales force, although our Investment Company (the selling organization has taken loss every year for more than ten years. We have kept up our volume of

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advertising and have done everything we could to speed up sales. The Land and Development Companies (in which you happen to be the fortunate owner of stock) are the only two companies that have made any money on their operations. This has been due to the fact that we have been able to keep the business buildings (owned by this company) fairly well occupied although it has taken much strenuous effort. As a matter of fact, it is remarkable that we were able to pay dividends in the Land and Development Companies under all the adverse conditions confronting us and I am very proud of it. I am not so sure about the future.

As you probably know this region has been suffering from a six years' drought and the prices on farm product have been exceedingly low, and of course, Kansas City is largely dependent upon agriculture which makes our situation rather perilous. According to the law of averages we should begin soon to get some rains, and at the same time get some

good prices for farm products, and run into an era of prosperity.

Furthermore, we are confronted with fear on every hand. In trying to sell larger homes we have found thoughtful business men so fearful of what will happen in Washington - - so fearful of increased taxation, and the unbalanced budget - - in addition to all kinds of business restriction - - that they hesitate to commit themselves to the extent of buying a larger home.

The J. C. Nichols Land Company built a home three years ago at 800 West Meyer Boulevard which we carried for the longest period in the whole history of our company without selling. Fortunately we sold it a month or two ago to a man from Manila, taking some loss, but we are greatly relieved. This is a house which sold for \$42,000.00. Up until three years ago we were selling such houses regularly - - just about as fast as we built them.

The Land Company is carrying a house in Mission Hills which we have had built for more than a year, and holding at \$47,500.00. We ran an exhibition on this house, sending invitations to a very preferred list - - people whom we were sure could afford this kind of a home - - but we are still carrying it.

Today we are confronted with the fact that we have put fairly high restrictions on some of our unsold ground during a time when we thought it was fair, but the market for such property seems to have disappeared. I believe if Washington would balance the budget it would be helpful and give business men some confidence in the purchase of our higher priced homes and ground. Until this situation does develop, I think we have a rather discouraging outlook.

Relative to our shops, We have worked harder than ever before to keep them occupied. Naturally there has been some failures and some removals, and some turnover, which always entails some cost for remodeling, redecorating, etc., etc. But, in spite of all of this we have made about the best record of anyone in Kansas City.

As you probably know, the Development Company is carrying a large amount of undeveloped land which creates a large tax and maintenance load, and until conditions improve it does not seem likely that we can bring this vacant land into an income paying basis.

Personally, I have never worked harder in my life. I have averaged at least five nights a week in my office for the last two or three months, and I believe my whole organisation is working harder and more dilligently than ever before. We are not whipped, but we are fighting, and hope that we can continue our earnings inboth the Land and the Development Companies in which you are a stockholder. I have always appreciated your attitude toward our leadership and the confidence you have shown in is is a great stimulant.

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Very confidentially, our friend Mr. Hall, has not shown quite the same spiritiof appreciation that you and Frank Crowell always did, and he has caused us a lot of annoyance and unnecessary worry. You probably know that he is not feeling well, and he is very difficult to please.

Renee has been perfectly lovely - extremely appreciative of the dividends; she has a perfect understanding of the things we are up against, and has absolute confidence in us, which is very heartening. She is doing everything she can to patronize the tenands in our buildings, and urging her friends to do likewise. It certainly is stimulating to have such fine support as she is giving us all the time, and makes us feel like we want to give every ounce of strength we have to our stockholders.

Last week I had all of our salesmen down to my farm for a three day conference, and for three solid days and nights we did nothing but discuss ways, and means by which we could increase our sales in 1939. We increased their commissions; set up a campaign with prizes, and we are doing everything in our power to get more fight in our men. We

have never had finer support and more willing cooperation from our organization than we have today.

Perhaps if things would change in Kansas City and we would get better cooperation from our administration the situation would look less discouraging. However, I make no apologies for the fact that I had the courage to stand out for law and order and for the protection of the lives of our men and the protection of our property from vandalism. It cost us an immense amount of money, but if such a situation arose, I would take the same position again.

I often wish that you were living in Kansas City where you could be in position to help us in many ways. However, as I said above, I appreciate your great confidence and loyalty and want you to know that it is quite a sustaining factor when things have been going against us as they have in the last few years.

Jeanette, this letter sounds pretty pessimistic, but you are so far away and know so little about your investments here that I feel I should keep you advised. There are a good many things on the bright side, too. I think I have the support of the business men in Kansas City in a greater degree than ever before. I think most of them resent the attacks that have been made on our company. Our Plaza decorations this year at Christmas were more beautiful than ever before and there were immense crowds in the Plaza all the time. So much so, in fact, that we had to have extra traffic officers on the streets to handle the traffic. We have kept all of our property in excellent, clean condition and none of it presents a dilapidated or run-down appearance.

While we are confronted with increased competition with cheaper lands further out where good highways have been built) water lines and electric lines extended) far beyond the city limits, we still have control of, and own the best property within the city. Our big job is to convince people that it is better to buy in an established community with complete protection rather than going out to outlying lands and running the risk of uncongenial surroundings.

I am glad to tell you that my two sons and my son-in-law are all actively engaged in the business. Miller, particularly, has made a splendid record during the year and we have just promoted him to the position of handling our sales meetings and taking over the education of any new salesmen. I think I have developed a set-up so that if anything should happen to me, I have a good strong organization to carry on.

In all of the foregoing let me add, that one of my greatest pleasures and joys is in

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being able to continue to pay dividends in these trying times. Your uncle was one of the best friends I ever had. He believe in me implicitly and was always willing to take our losses with a smile and I know he would be immensely gratified that we have done as well as we have. I shall never forget his friendship as long as I live and anything I can do to make earnings for you whom I know he loved as much as he could his own child, will be ample reward to me.

I have said some things in this letter that it would be better not to be repeated because you never know where or how such things may get around and used in an injurious manner against me. Perhaps after reading this letter you had better destroy it.

Please give my very best regards to Colonel Lee.

Yours sincerely,

JCN ET