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Statement in Re. Sale of Five Acres of Land in the Town of Ross

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Mr. Wallace S. Myers
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American Trust Bank Building
San Anselmo, California

My dear Wallace:

Elbert Hubbard said "Never explain -- your friends don't need it, and your enemies won't believe you anyway." I am disposed to agree with this philosophy, but when publicity is given to a matter conveying inferences which are not justified by the facts, I feel that I should let my friends know the facts. Hence, I have prepared a statement relating to the transaction mentioned in the testimony in the case of United States vs. Hallinan now on trial in the United States District Court in which I sold five acres of land situated in Ross, Marin County, to the Clay-Jones Building Corporation in January of 1949, and I am enclosing a copy of said statement to you herewith for your perusal.

I am giving this statement only to some of my close personal friends who I feel would like to know the facts in connection with this transaction which was given wide publicity in the local press.

Sincerely yours,

Jesse W. Carter

JWC:c
Enc.
On January 29th, 1941, I purchased twelve acres of land situated in the cities of San Anselmo and Ross in Marin County from Joelle R. Allen. Seven acres of this land were situated in San Anselmo and is known as the 165 Crescent Road property. This land was extensively improved and developed and I bought it for a home. Five acres were situated in the town of Ross on what is known as Bald Hill. This land was unimproved except for a fence around its exterior boundaries and a spring of water developed by the construction of a tunnel about eighty feet in length which was timbered to protect the walls from caving in. There was also situated upon this five acres of land an abandoned concrete reservoir which had the capacity of holding approximately 60,000 gallons of water. The spring and the reservoir were used at one time to supply water to the Crescent Road property. But the use of the reservoir had been discontinued when I bought the property. The water from the spring was piped down the hill about half a mile to a stone tank which had the capacity to store 135,000 gallons of water. This water was conveyed to the Crescent Road property by means of a two-inch pipe. The water from this
spring was sufficient to supply all of the uses on the Crescent Road property including domestic use, irrigation of approximately four acres in trees, shrubs and garden and a 35,000-gallon swimming pool.

There is a luxuriant growth of oak and bay trees and a small redwood grove on the five-acre tract as well as a variety of shrubs which are indigenous to that locality.

In 1947, I decided to sell all of the property which I purchased from Joelle Allen and listed it with a real estate broker at a selling price of $50,000.

On September 10th, 1947, Arnold Michaels offered to purchase the Crescent Road property for $40,000 which included some of the personal property situated thereon and a portion of the water from the spring on the five-acre tract. I accepted Mr. Michael's offer and conveyed this property to him on the 19th of January, 1948 in consideration of the purchase price of $40,000.

I retained the five-acre tract and a portion of the water from the spring with the intention of building a home thereon. I made extensive investigations with respect to the cost of improving the five-acre tract for residential purposes and fully intended to make use of said tract for the construction of a home where I intended to make my permanent residence.
While these investigations were in progress, I located a tract of land in Sleepy Hollow, Marin County, consisting of approximately sixty-five acres which I thought was more desirable for my purpose and purchased this sixty-five acre tract in March of 1948. I thereafter constructed a residence, guest house and stable upon said tract and have lived there since December of 1948.

At the time I sold the Crescent Road property to Arnold Michaels he insisted upon an agreement whereby he would have the first right to purchase the five-acre tract in Ross in case I should decide to sell it. After I purchased the Sleepy Hollow property and decided to sell the five-acre tract, and on April 19th, 1948, I gave Mr. Michaels notice that I would sell the five-acre tract to him for $7,500. On May 7th, 1948, Mr. Michaels advised me that he was not able to purchase the five-acre tract because of the cost of extensive improvements which he was making on the Crescent Road property, but he requested me to advise him whenever I had an offer to purchase the five-acre tract as he desired to purchase it if he was financially able to do so at that time.

I later placed the five-acre tract on the market by giving a verbal listing of it to Mr. Clyde Barnwell, a real estate broker from San Rafael, who advised me that in his opinion I was justified in offering the property for sale for
$10,000. Mr. Barnwell was the real estate broker who had negotiated the sale of the Crescent Road and Ross property to me in January of 1941 and was and is very familiar with this property. I conferred with several prospective purchasers who were interested in the purchase of the five-acre tract but no sale was made, the price asked being from $7,500 to $10,000.

According to my best recollection, I was driving along Lagunitas Road in the town of Ross on the 7th or 8th of January, 1949, when I saw Mr. Vincent Hallinan raking leaves in the driveway to his residence situated on Lagunitas Road and Glenwood Avenue in the town of Ross. I had been accustomed to driving along this road en route to the house of a friend in Ross. I stopped and talked with Mr. Hallinan for a moment and in the course of the conversation advised him that I owned five acres of land on the hill above his property; that I intended to build a residence thereon and live there but had purchased some acreage in Sleepy Hollow and was building there and was desirous of selling the five-acre tract. He stated that he would like to acquire some more property in Ross and that he might be interested in the five-acre tract as a place to build a cabin for the use of his boys and homesites them later on. He asked me what I wanted for the property, and I told him that I had been asking from $7,500 to $10,000, but if I could make a cash deal and avoid the broker's commission
I would be willing to sell the property for $5,000. He said he would like to look the property over, and either on that day or the day following I took him to the property in my automobile and he examined it. I told him that title was clear as I had paid off the encumbrance against the property when I sold my Crescent Road property. But I suggested that he have the title examined to satisfy himself as to its condition. He said he was willing to buy the property for $5,000 and asked me to prepare and execute a deed conveying the property to Clay-Jones Building Corporation. I prepared such a deed and it was executed by my wife and myself on January 12th, 1949. It is my recollection that this deed was delivered either on that day or the day following and I received a check from the Clay-Jones Building Corporation for $5,000. My bank statement shows that this check was deposited in my bank account at the San Anselmo Branch of the Bank of America in San Anselmo on January 13, 1949. I placed $5.50 in revenue stamps on the deed before delivering it.

I also assigned to the Clay-Jones Building Corporation an agreement between Arnold Michaels and myself relative to the reconditioning of the concrete reservoir on the five-acre tract and a division of the water from the spring situated on said tract and delivered said agreement and assignment along with the deed.
I have never seen or heard from Mr. Hallinan since the day this transaction was closed and I have never been on the five-acre tract since said date. I advised Mr. Arnold Michaels immediately that I had sold the five-acre tract to the Clay-Jones Building Corporation and also Mr. Frank Chamberlain, Mr. Robert Carey and Mr. Carl J. Riznic who owned land adjacent to the five-acre tract as I thought they should know that the property had changed hands.

Both Mr. Riznic and Mr. Carey owned property adjacent to this five-acre tract and both of them informed me that in their opinion any property in that locality had a value of at least $1,000 an acre. Mr. Riznic who owned about fifty acres adjacent to the five-acre tract stated that he would not sell any of his property for less than $1,000 an acre. Because of the spring and reservoir on the five-acre tract and the beautiful trees, it should have a much higher value than adjacent property which had no such facilities.

I received the tax statements from the town of Ross and County of Marin covering this property from time to time since the transaction and forwarded the same to Clay-Jones Building Corporation. I assumed that the assessor had failed to transfer the property into the name of the new owner on the assessment rolls. I found this situation to exist in other transactions I had had and did not think it was because the deed
which I had executed covering this property and delivered to Clay-Jones Building Corporation had not been recorded.

This entire transaction took place from ten days to two weeks after the Supreme Court of California had rendered its decision in the case of Hallinan v. State Bar of California, 33 Cal.2d 246. The opinion in this case was filed on December 28, 1948, and held that Mr. Hallinan had been guilty of unprofessional conduct in connection with the settlement of an action in which he led counsel for defendants to believe that plaintiff had personally signed the settlement papers. I participated in this decision. By the decision of the Supreme Court Mr. Hallinan was suspended from practice for three months which was in accord with the recommendation of the members of the local administrative committee which heard the evidence against him. The Board of Governors of the Bar had, however, recommended that he be suspended for one year.

At the time the transaction for the sale of the five-acre tract to Clay-Jones Building Corporation was consummated the above mentioned decision had not become final and it was later modified to provide that the three months' suspension take effect on April 1st, 1949.

At the time the above mentioned transaction took place it did not occur to me that the above mentioned decision
had not become final. This was probably due to the distractions of the holiday season which had just passed which may have diverted my attention from my official duties. However, there was nothing in connection with this transaction which would disqualify me from participating in further proceedings in the Hallinan case if any had taken place subsequent to the decision rendered on December 28th, 1948. It is my recollection that this case was not mentioned by either Hallinan or myself at any time during the real estate transaction. If there had been any question then as to the propriety of consummating this transaction before the decision of the Supreme Court in said case had become final, it would have been an easy matter to postpone the closing of the transaction until February as no petition for rehearing was filed and the decision became final on January 28th, 1949.

I reported the sale of the five-acre tract in my income tax returns for 1949 and paid federal and state income tax on the profit derived from the sale of said property.

During the summer of 1953 Mr. Al Nipper, a real estate broker in Marin County, called me on the telephone and asked me if I still owned the five-acre tract. I told him that I did not; that I had sold the same to the Clay-Jones Building Corporation in 1949.
I have never concealed any facts in connection with this transaction and have advised everyone who has conferred with me in regard to it as to when and to whom I sold the property and the purchase price paid therefor.

The only time that I was ever at the Hallinan residence in Ross except the time above mentioned was at a housewarming given at the Hallinan residence shortly after they moved there. Several hundred persons attended this function, I being among the invited guests. I do not remember the date of this housewarming but my recollection is that it was in 1945 or 1946.