

New York, N.Y.
September 23, 1946

Princess Farid es Sultaneh
Morristown
New Jersey

My dear Princess:

In accordance with the conversation had last Saturday between you and Mr. Merrill, and your request, - I am making the following proposition and account.

At the outset of the conference, I understand that Mr. Merrill expressed the idea that it would be advisable to take up and settle certain details, such as the value of articles involved in this matter, but that you and your son, who was present, wanted Mr. Merrill to specify a lump sum of money that I would pay to you in full satisfaction of any and all property demands which you believed you might make against me.

I also understand that Mr. Merrill then offered, in my behalf, to make a down-payment of cash in the sum of \$10,000., and the further sum of \$20,000 – sixty days from date, in consideration of your surrender to me or my nominee of the stock delivered by me to you in the Leadville Western Mines, together with a full release of all claims and demands which you have, or had, or might have against me, also together with a return of all personal property, not referring to jewelry, which I received from you, and which came into my possession, as well as a certain sapphire ring, diamond and ruby bracelet and a synthetic ruby ring received by me from you under certain circumstances hereinafter mentioned.

After this offer had been made, you requested that I make an accounting to you of the moneys received from the authorized sales of all jewelry given to me, with a statement of moneys disbursed by me on your account. This, Mr. Merrill agreed to furnish, this Monday, the 23rd instant.

After you had left, you returned and insisted upon a bond being given, guaranteeing the payment of the \$20,000. Mr. Merrill then told you that it would be impossible to furnish such a bond, since no responsible party would execute the bond without the \$20,000 cash being put up, that I did not have that sum available to put up to the surety and that, if I had such a sum I might better add it to the down-payment, give it to you and close the matter. The bond question was not settled and your appointment for 4:30 this Monday afternoon remained in effect.

The items of jewelry delivered to me by you, to sell, were as follows:

- (1) 1 ladies diamond marquise ring
- (2) 1 diamond and emerald necklace

- (3) 1 diamond chain (broken up)
- (4) 1 sapphire ring
- (5) 1 diamond and ruby bracelet
- (6) 1 synthetic ruby ring

I sold all of these items for the sum of \$29,200. It is to be presumed that I secured the best price obtainable after the most diligent efforts. For the first item, I was given \$23,000. and \$6200 for the remaining items.

This transaction of the marquise ring was with Appel & Van Cleef, at the corner of Fifth Avenue and 42nd St., where you had had the ring for sale for a long time, to which concern you had taken me yourself. You will also recollect that this firm have showed and endeavored upon numerous occasions to sell the ring. The necklace brought \$2500., the chain \$250., the sapphire ring \$1750., the bracelet \$1500., and the synthetic ruby ring \$200.

Mr. Merrill, I understand, informed you that I had the last three items, which he proposed should be returned to you. Mr. Merrill was mistaken as to my present possession of these three articles. However I am quite certain that I can obtain them and turn them over to you as part of the arrangements, as proposed by Mr. Merrill, and should I not be able to do so, the offer will be increased by an amount equal to the amount for which I sold them.

I understand that you demand the return of certain other personal property, sent to me by you. These articles were, 3 sets of dishes, 4 candleabras, 2 brass lamps, 12 serving dishes, a rung, and 2 porcelain vases. I understand that you sent to me more articles than those enumerated, but I understand that you know that they did not reach me and have never been in my possession. I am in a position to prove this statement.

The truck owned by you, in which some of the missing articles were shipped, and of which you delivered to me in a bill of sale, was sold by me for \$600., after I had expended \$220. on account of its cracked block. I did not handle the trucking or packing of any of these articles. I understand that a glass vase, sent by you, was broken in a collision and that Murane who transported some of the articles has made an affidavit that certain linen and silverware were stolen enroute. In any event, I did not receive these articles.

You can have all of the articles which I received, but I doubt that their value to you would equal the expense of careful packing and shipping to you. I suggest that you fix a reasonable price therefor. Perhaps you and Mr. Merrill can come to an agreement, and the amount added?

Of course, unlike the jewelry understanding, when that was turned over to me, -all the other property was a gift from you to me, but that is immaterial as far as this adjustment is concerned.

To make clear the transaction as to the jewelry, the facts are that you turned over these articles to me to sell for as much as I could get for them. You did this so that I might not lose control of the mining properties in Arizona, in which I had invested a fortune. With the help mentioned, I was able to buy 200,000 shares of stock in the company controlling these properties and, in this way, recovered control..

In return for whatever I might derive, as proceeds from the sale of the jewelry, I gave you my note for \$50,000., payable in August 1946 and delivered to you the 200,000 shares of stock, as security, with the understanding that the sum of \$50,000. in the note would be sufficient to cover any obligation on my part and that my actual obligation would be the total, for which I might be able to sell the jewelry after the deduction of the sums disbursed by me on account of certain income tax litigation, referred to hereinafter. Mr. Merrill informs me that at the conference, you acquiesced in this statement of our agreement.

When I first met you, before the jewelry transaction was thought of, you were in great distress on account of certain income tax matters. The United States had determined deficiencies for the years, 1937-'38-and '39. Your then attorney had filed a protest and a petition to the U.S. Tax Court for a re-determination. The Income Tax Bureau Office in New York City had no confidence in you, accused you of evading payment of upwards of \$200,000. taxes for a prior year, and was most antagonistic toward you. Your case had been adjourned four times, and the Bureau claimed that these continuances had been obtained improperly. The Bureau bitterly accused your attorney of non-cooperation and discourtesies. This trial was set for the September 1945 term at New York, and all pleas for further continuance were unavailing.

You owned valuable real estate from which a tax judgment could be collected. You asked me to help you. I recommended to you the employment of August Merrill of Utica, New York, a lawyer of outstanding ability and of long and wide experience. You had no money to pay at present or perhaps a fee in the future. Mr. Merrill came to New York City and, at my request, took your case. There was not time to prepare for the trial. Mr. Merrill, with the assistance of Washington counsel, secured through the Washington office, an adjournment of three months.

From that time until the January 1946 term, Mr. Merrill gave most of his time to preparation of the case for trial. The amount, involved, with interest, ran, as I recollect, to upwards of \$40,000. It became necessary for Mr. Merrill to secure the services of a New York accounting firm, a New York counsel and an actuary. I paid Mr. Merrill his fee and his expenses. The Bureau and Mr. Merrill, just before the trial was to commence, entered into a stipulation of facts, which was submitted to the Court and approved. This saved considerable expense, and furnished proof of facts without dispute. Moreover, it was doubtful whether all of these facts could have been established, because of the lapse of time and other difficulties.

Further, I recollect that Mr. Merrill, in one item, reduced, by this stipulation, your liability in the amount of \$1600. Mr. Merrill and his New York associate handed up to the Court an excellent brief, upon the preparation of which much time and hard work were spent. Although the Tax Court defeated you, both counsel and other good tax lawyers have expressed the opinion that you will succeed on appeal, which has been or is about to be taken.

You know you have paid nothing, toward the expense of conducting this case. Further, I have paid for the services and disbursements on appeal to the U.S. Circuit Court of Appeals on the 2nd Circuit and recently paid Mr. Merrill's associate, Herbert E. Kaufman, 11 West 42nd Street, the disbursements and his fee on this appeal, namely, \$1750.

Mr. Merrill made numerous trips to New York City in connection with this case. A much greater expense was my frequent trips made at your request from the Coast to New York.

Some of the items of disbursements made by me in connection with your matters are, as follows:

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H.E. Kaufman, Esq., Legal services and disbursements.....	\$ 1750.00
August Merrill, Esq., Utica, New York, for legal services rendered by him and his Washington associates, together with disbursements.....	1350.00
Expense of eleven trips made by me, at your request, from California to New York City, together with expense at New York City in connection with your business affairs, mostly, your income tax difficulties	8250.00
August Merrill, Esq., legal services rendered and disbursements incurred in connection with your 1937-1938 and 1939 income tax case, and your default in payment of your 1940 income tax deficiency.....	4000.00
Cash advanced to you on several occasions	3000.00
Your expenses of trips from New York City to Phoenix, Arizona, and return to Chicago, Ill.....	325.00
Expenses of two trips to Utica and Albany, N.Y.....	95.00
Numerous telephone and telegrams – not able to itemize or total.....	<u>?????</u>
Total Amount	<u>\$ 18,770.00</u>

Deducting these expenses from the total I received for the jewelry, leaves a balance of \$10,430. I have proposed to pay you \$10,000 in cash, leaving a balance of \$430. But, since I have proposed to return to you certain items of jewelry, I shall re-purchase them at once, if I can, else pay you what I received for them.

In receiving \$30,000., you are not only receiving, in any event, a substantial sum in excess of what I have received from you, without any reimbursement for what I have paid out in your behalf. So, by reason of my lump sum offer, a minimum of \$30,000., I suppose the expense items are of little concern to you.

This offer, as Mr. Merrill informed you, means that upon the payment to you of \$10,000 in cash, the second 200,000 shares of stock which I delivered to you is to be deposited in escrow, in any bank of your choice, under proper instructions to be delivered to me or my nominee, at any time within 60 days from the acceptance of this offer. While I do not expect that it will take me 60 days to call for the stock, I may need that time to acquire it. Mr. Merrill mentioned to me your statements as to your doubt of my taking up the stock. I do not see where you can lose, if I should fail to do so, you would be \$10,000 ahead and any legal remedies that you may have to collect more would be as available to you then, as now.

I want to call your attention to the stock you are holding. When we made our stock arrangement, I delivered to you a certificate of 200,000 shares, as agreed. Later, you asked me to have these shares made in smaller denominations. I did so and delivered to you a number of certificates for the first certificate. You said you did not have it with you, but that you would send it to me. This is a long time ago, and you have not sent it to me. Upon the down-payment of the \$10,000. you will return the certificate for the 200,000 shares.

I shall expect that, after the Circuit Court has passed on your appeal, any further expense in connection with this or any other tax case of yours, will not be an obligation of mine. Up to this time, my liability, under our arrangement, was contingent, and I was not in a position to know the moneys I would be required to disburse.

By reason of the personal property to be returned or paid for, it will not be possible to consummate the proposed agreement without some necessary delay. However, all this can be made a condition or conditions of the adjustment and I should not be released until I have complied with all the terms of the arrangement.

I am handing you two copies of this proposition. You may, if you wish to do so, mark "Accepted" on one of the copies, and after signing the same, return to Mr. Merrill, who will make the down-payment and prepare the escrow agreement and any other papers in conformity with the terms of this proposal.

Very truly yours,

C.V. Riccardi