April 28, 1909.

Judge Hiram R. Steele,

New York City.

Dear Sir:-

Your letter relating to your claim for rebate to you and others of your firm, of fees and assessments paid upon lands which were made the basis upon which you and others subscribed for shares of stock of the Salt River Valley Water Users' Association, was duly received, and our answer has been delayed to enable us to present the matter to the Board of Governors and to ascertain upon what Mr. Davis of the Reclamation Service predicated his statement to you that there would be such a rebate to subscribers whose lands would not receive the benefits of the irrigation project.

It has never been the policy of the Association to make such rebates. It would have been wholly impracticable to proceed upon that policy for the Association could not know, as it has not the power to allot shares, who may or who may not eventually become shareholders and as such entitled to the benefits of the irrigation system. The allotments are to be determined by the Secretary of the Interior in accordance with rules laid down in our constating instruments and in our contract with the government.

Every owner of land within the area defined by the bounds of the Reservoir District as set forth in our Articles of Incorporation, was permitted to subscribe for one share of stock for each acre of land he owned with the full understanding that he acquired thereby only a chance

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to have those shares allotted, and in the meantime and until his chance had been determined he was to contribute ratably to the cost of the maintenance of the Association and there was no suggestion of rebate in the event the chance was determined against him. The whole risk of the chance was left to the subscriber as the Association obviously could not either guarantee that he would be allotted shares or object to an allotment of shares to him.

The contract seems to us to be a plain one. The allotment has not yet been determined upon and the obligation of the subscriber to pay assessment is continuous until that shall have been made. I assume, however, that where it seems that there is little, if any, probability of the ultimate allotment of shares to a subscriber that the Association would not attempt to enforce that liability. But that it should rebate what has been paid seems both unwise and unfair. The consideration for the payments was the chance for allotment of shares - every subscriber practically knew that there were more shares subscribed for than could be allotted; he knew that he had no chance to have shares unless he subscribed for them and helped to defray the cost of organization, etc. The payment of these charges was not in any sense payment upon account of capital stock.

The Board of Governors after careful consideration of your letter directs me to say that your claim for the rebate cannot be allowed.

Very truly yours,

President.

Salt River Valley Water Users' Assn.