

San Diego, Calif.,
December 31st, 1938

Mr. C. R. Hutchinson,
333 Plaza,
San Diego, Calif.

Dear Sir:

I herewith make formal demand upon you for the repayment to me of the sum of Five Hundred (\$500.00) Dollars, with legal interest from May, 1938. This demand is based upon a sale by you to me in May, 1938 of stock of United Polytechnical Institute, formerly known as Aero Reserve School-Western Division, Inc., and later known by its current name, Beam Rays Incorporated.

The said sale of stock was illegal and improper for the following reasons:

a - The sale was made contrary to the terms of the permit issued on June 8, 1938 by the Commissioner of Corporations of the State of California, in which all sales of the escrowed stock of the corporation were prohibited, unless made with the written consent of the Commissioner. No such written consent to any sale was ever asked or received. You personally knew the terms of this permit, because you were one of the persons present at a meeting of directors on June 25, 1937, when the terms of the permit were presented to the Board of Directors.

You took my money as payment for a sale of stock; and later attempted to convert the said sale into a loan to the corporation.

On August 12, 1938, you persuaded the Board of Directors of what was then Beam Rays, Incorporated to issue a note to repay the money payment made by me to you; and you stated that this was a loan to the corporation made under the authority of a resolution of May 2, 1938 under which you were permitted to make loans for the corporation, in the name of the corporation and to deposit the funds in the name of the corporation in a certain designated bank. You did not make any such loan in the name of the corporation in May, 1938 and you did not so report or arrange at any meeting of the Board of Directors, such as the meetings of May 25, June 15 or July 5.

But at the meeting of August 12, in accordance with some plan or design which was not then revealed, you persuaded the Board of Directors to issue the said note and you persuaded me to accept the said note as evidence of the loan to the corporation and you agreed to give me the said stock as a gift, in return for my having made the loan, in May, 1938, to the corporation.

No such loan was made at that time; and the present form of this transaction is a sham arranged by you in order to avoid the fact of the sale of stock made by you to me in May, 1938, contrary to the terms of the permit from the office of the Commissioner of Corporations.

b - The original issue of all of the said stock was authorized by the Board of Directors of the original corporation on June 1, 1937 to Benjamin T. Cullen who made an offer to assign to the corporation a license agreement which he had received from Aero-Reserve School, Inc., a Virginia corporation permitting him to sell its educational course in a certain territory.

Your Minutes show "the offer of Benjamin T. Cullen was thoroughly discussed and it was declared that the corporation was organized for the express purpose of acquiring the right to use, sell and operate the educational course devised by the Virginia corporation." At that meeting the directors authorized a resolution to be presented to the Commissioner of Corporations requesting permission to issue to Cullen, Olmstead, Hutchinson 4997 shares of stock in consideration of the assignment of the said license agreement.

This was practically all of the stock of the corporation, except for the three qualifying shares that had theretofore been issued.

At a later date, this license agreement from the Virginia corporation was abandoned by this corporation and thereby the primary purpose of the corporation, as set out in your Minutes and in your Articles of Incorporation, was abandoned; and thereby the express consideration for the issuance of all of the said shares of stock was destroyed.

Thereafter it was the duty of the directors to advise the Commissioner of Corporations that the sole consideration for the issuance of the said shares of stock had been withdrawn, by act of the directors of the corporation and that the stock, then held in escrow, should be ordered returned to the treasury of the corporation, as cancelled stock.

Your stock issue thereupon became invalid and wholly without consideration; and you, knowing all of these facts and the legal conclusion therefrom, had no proper right to attempt to sell any rights in the said stock or to use the said stock as a bait to secure a loan to either yourself or the corporation.

For these reasons I demand the immediate return of the money which you secured from me in May, 1938, together with interest.

I herewith tender and offer to return to you and to the said corporation, Beam Rays Incorporated, the promissory note which you persuaded me to take in order to disguise this sale as a loan to the corporation and whatever document I have indicating rights in fifty shares of the stock now held by an escrow party, under the direction of the Commissioner of Corporations of the State of California.

Dated at San Diego, California, this 31st day of December, 1938.

RAY REYNOLDS

Ray Reynolds

Signed in the presence of:

OSCAR L. THOMPSON

Witness

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PROPOSAL TO C.R. HUTCHINSON

January 11, 1939

C.R. Hutchinson
355 Plaza
San Diego,
California.

Dear Sir:

In view of all conditions and all relationships to the owners of the Rife Ray machine and the ideas embodied therein, Dr. Royal Raymond Rife and Philip Hoyland, and to Beam-Rays, Incorporated, and to the stockholders thereof and to any other persons, firms or corporations having any connection with the said Rife Ray machine; and in consideration of a cash consideration, receipt of which is acknowledged by you, you agree, by signature hereon in quadruplicate

- (1) That you surrender and return back to the said Rife and Hoyland, Owners, all right, title and interest in the Rife Ray or the idea or machines or practices embodying said Ray or said idea and that you renounce all interest therein and in contracts arising therefrom, as owner or otherwise.
- (2) That you surrender and return to Beam Rays, Inc., all rights in the stock thereof, wherever you have an interest therein, no matter in whose name the rights to such stock may now be standing; and that you particularly agree to be present in person or by appropriate proxy to cause to vote favorably the stock or stock rights owned or held in the name of Beth Willman,

W.V. Blewett,
Benjamin T. Allen,
A.W. Olmstead,
C.R. Hutchinson,
H.C. Bertheau,

in Beam-Rays, Incorporated, at a meeting of the stockholders

thereof, to be held at San Diego, on January 18, 1939 (or at any other date) at which the proposal will be presented to approve and authorize

(A) Cancellation of Agreement with Owners of Rife Ray Machine and Idea;

(B) Formation of New Corporation to manufacture and distribute Rife Ray Machines, with capital of \$100,000 to consist of 5000 shares of preferred stock, 6%, cumulative, and 5000 shares of common stock, all stock with voting rights, all stock at \$10 par value;

(C) Said stock to be issued to the Owners in consideration of a contract with the New Corporation for exclusive rights to manufacture and to distribute, with the express right to assign or sell all or part thereof;

(D) The Owners to give back to the New Corporation the Preferred Stock and half of the said Common Stock, under the express agreement that the New Corporation issue to or for the following, in consideration of their waiver and surrender and release of all claims against Beam-rays, Inc., the Owners, C.R. Hutchinson, the New Corporation, as Creditors, Stockholders or otherwise,

George W. Edwards	-	50	shares Preferred and	50	shares Common Stock
C.W. Ernsting	-	250	" " "	250	" " "
Ray Reynolds	-	50	" " "	50	" " "
Edith Henderson	-	30	" " "	10	" " "
W.H. Van Wart	-	40	" " "	20	" " "
Charles W. Winter	-	100	" " "	50	" " "
Benjamin F. Cullen	-	20	" " "	10	" " "
A.W. Olmstead	-	5	" " "	5	" " "
Pete Willman	-	10	" " "	5	" " "

(E) That the Owners surrender their stock rights back into Beam-Rays; and that all of the stock thereof be thus surrendered to Beam-Rays, Incorporated; and that thereafter, in due course, Beam-Rays, Incorporated be duly and legally dissolved, after settlement of all claims by creditors or otherwise;

(F) That the above matters are all subject to such changes as the Commissioner of Corporations may require; and also subject to minor changes in amounts or classes, as the Owners may determine;

(G) That, subject to the order of the said Commissioner, all other stock in the New Corporation may be offered for sale to the public at par or better, from time to time, as the corporate requirements and as official permits may warrant;

(H) That the New Corporation will apply to have the stock listed in (D) actually issued to the persons named therein at the earliest date acceptable to the said Commissioner;

(I) That the Owners and the New Corporation will offer to negotiate a new agreement with the British interests, in spite of the breach of agreement by such British interests, and will offer to credit on any resulting contract, the moneys heretofore received by Beam-Rays, Incorporated, the Owners, Hutchinson, Couch or others, so that no claims may fairly be asserted thereafter against them for or on account of receipt of funds;

(J) That the Owners will, in an agreement with the New Corporation, reduce the royalty payments substantially,

and the Owners may consider fully, in order to facilitate manufacture of the Rifle Ray Machines, for a period of at least two years.

(3) That you make every proper effort to assist the Owners to carry out the above-outlined plan and that you expressly and openly indicate your approval thereof at the said meeting.

ROYAL RAYMOND RIFE

PHILIP HOYLAND

Owners

ACCEPTED:

C.R. HUTCHINSON

WITNESS:

Beam-Rays, Incorporated,

January 13, 1939

Box 1702

San Diego, California.

Dear Sirs:

You are hereby advised by the undersigned, one of the Owners of the Rife Ray Machine and the ideas embodied therein, that you have exercised or attempted to exercise powers greater than the corporation possesses, both from its Articles of Incorporation and from the contract claimed by it with the "Owners"; and further

That the corporation has improperly exercised powers and privileges in connection with the transaction approved by your Board of Directors on October 3, 1938, in reference to the Yale machine; and further

That your corporate stock rights and the power to reissue or transfer 4997 shares thereof, after the first original issue, are open to legal challenge; and further

That you have failed to make adequate distribution of the Rife Ray Machines and have not adequately performed your obligations as one claiming the rights to manufacture and distribute such machines;

Wherefore, the undersigned requests and demands that you release and surrender your agreement with the Owners and all powers and rights thereunder; that you return to the British interests all funds received from them under your claim of power and rights in excess of your actual rights and power; and that you surrender to the Owners all machines etc. possessed by

~~Beam-Rays, Incorporated, and all other persons claiming to be Owners of the Rife Ray Machine, and all~~
this connection, the undersigned tenders to you all stock, rights in stock, funds or anything received by him from you therefor, excepting only expense accounts and reasonable compensation for ~~services rendered to your corporation since May, 1938.~~

PHILIP HOYLAND
Philip Hoyland

EXHIBIT "B"

January 13, 1939

George W. Edwards,
John Ernsting,
Ray Reynolds,
Charles W. Winter,
Ray Williams,
Individually as Directors and together constituting the Board of
Directors of Beam-Rays, Incorporated.

Gentlemen:

As a stockholder of the books of Beam-Rays, Incorporated, I herewith make formal demand upon you, individually and collectively as the Directors of Beam-Rays, Incorporated, that you

(1) Take immediate steps to collect from C. R. Hutchinson the debt due from him to the corporation, evidenced by a note or otherwise;

(2) Take immediate steps to revise the contract heretofore made with certain British interests, in which this corporation claimed to exercise a license and power larger than appears to have been granted to it by the Owners of the Rife Ray machine;

(3) Take steps to collect back from Royal Raymond Rife, C. R. Hutchinson, the undersigned and Dr. Couch all moneys paid to them by this corporation in connection with the said contract with the British interests;

(4) Take steps to cancel the notes issued by this corporation to George W. Edwards, C. W. Ernsting (Viola Ernsting) and Ray Reynolds, under an attempt by certain persons to convert into loans to this corporation transactions claimed to be sales of rights in stock of the corporation; and further

(5) Take all necessary steps to present said transactions, together with all proof, such as the cancelled check held by Ray Reynolds, with significant endorsement, to the Corporation Commissioner of the State of California, with the request that he take

(6) Pass a resolution requesting the Ernstings to start civil actions on such transactions in the Superior Court of San Diego County and levy such attachments on the property of the Seller as the law may permit; and requesting Ray Reynolds to file

a formal complaint with the Commissioner of Corporations thereon as he may consider warranted by the law and the facts; and requesting George Edwards to institute an action in the appropriate court to determine, by declaratory judgment or otherwise, the rights of such stockholders in the corporation as against the said corporation on the said notes or otherwise, and as against the Seller;

(7) Take steps to investigate the original issue of 4997 shares of stock of this corporation, under its earlier name, about June, 1937, for an express consideration as set out in the minutes of June 1 and June 28, 1937, and the later abandonment or assignment of the said consideration and the failure to take any action in reference to the cancellation or return of said shares of stock; and all matters in reference to the subsequent transactions therein and the reasons therefor, as set out in the minutes of the corporation and as actually existent in fact; and to take such action thereon in the courts as may be deemed desirable; and to determine, among other things, if the actions of the Directors in developing Ray Machines are ultra vires of the corporation, in view of the Articles of Incorporation and the statement in the minutes of June 1, 1937, under which the aforesaid stock was issued, namely "The offer of Benjamin T. Cullen was thoroughly discussed and it was declared that the corporation was organized for the express purpose of acquiring the right to use, sell and operate the educational course devised by the Virginia Corporation", referring to a course in aeronautics, to be taught by the Western Aero-Reserve Corporation, predecessor in name to the United Polytechnical Institute, predecessor in name to Beam-Page, Incorporated;

(8) Take steps to cancel the resolution adopted about October 3, 1938, in reference to an arrangement with Dr. Yale, as improper and harmful to the interests of this corporation;

(9) Take steps to readjust all relations with the so-called "Owners" of the Rife Ray Machine in order to determine precisely what rights, if any, this corporation has secured or should secure from them;

(10) Take steps to collect from the British interests any amounts of money claimed by this corporation to be owing to it from them; and to take all steps to levy an attachment upon any property belonging to them which the Directors may be able to locate in the United States.

You are also notified that, if you fail to authorize and take such steps, the undersigned will, in his discretion, take legal steps, for and on behalf of this corporation and all the legal stockholders thereof, to accomplish any or all of the matters above set forth, in whatsoever manner the law of the State of California may permit.

PHILIP HOYLAND
Philip Hoyland
San Diego, California

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