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About the Institute

The Hunt Institute for Botanical Documentation, a research division of Carnegie Mellon University, specializes in the history of botany and all aspects of plant science and serves the international scientific community through research and documentation. To this end, the Institute acquires and maintains authoritative collections of books, plant images, manuscripts, portraits and data files, and provides publications and other modes of information service. The Institute meets the reference needs of botanists, biologists, historians, conservationists, librarians, bibliographers and the public at large, especially those concerned with any aspect of the North American flora.

Hunt Institute was dedicated in 1961 as the Rachel McMasters Miller Hunt Botanical Library, an international center for bibliographical research and service in the interests of botany and horticulture, as well as a center for the study of all aspects of the history of the plant sciences. By 1971 the Library's activities had so diversified that the name was changed to Hunt Institute for Botanical Documentation. Growth in collections and research projects led to the establishment of four programmatic departments: Archives, Art, Bibliography and the Library.

GEORGE P. GARDNER, JR.
100 FEDERAL STREET
BOSTON, MASSACHUSETTS 02101

April 27, 1981

Austin S. Ashley, Esq.
Bingham, Dana & Gould
100 Federal Street
Boston, Massachusetts 02110

Dear Austin:

I know your job has not been easy. I also know that you are trying to do the best thing for the School. It's the way you have been going about it that I take exception to.

For some reason, despite urging by Portfolio Committee members to hold a meeting - and a note from you saying such a meeting was going to be held - in all the time since January you have not once called your Portfolio Committee together.

The Executive Committee meeting in Miami should have shown you the error of rushing into things without careful verification. Now comes the April 16 memorandum (which I notice was neither signed nor initialled by you) full of assorted details which no one at this moment is equipped to confirm or refute, much less the ex officio members of the Portfolio Committee. It seems to me they have every right to expect what you submit had been scrutinized and discussed by the Portfolio Committee beforehand. It was not.

I'm afraid the bulk of the April 16 memorandum has done little to clarify but a lot to confuse, and possibly damage. Of great concern is the tone of the April 16 memorandum. Maybe you should reread it with an eye to the way in which it casts doubt on the professionalism of the current adviser and others.

The adviser should be evaluated essentially on the basis of the performance of the portfolio - or if not on that basis, on some basis that is well understood.

I agree with the conclusion in the April 16 memorandum that in 1980 the performance was indeed very good. I also agree with you that the fee was very reasonable. As to other comments, I believe the

April 27, 1981

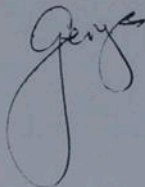
current adviser has a right to know what you have circulated about him so he can have an opportunity to speak to these matters with you and the Portfolio Committee.

I am also puzzled by the suggestion that your request for proposals from five possible advisers will "... put the foregoing into perspective". Since the "foregoing" is 13 paragraphs of varied details and comments I think you are wide off the mark.

I would be the first to agree to the selection of a new investment adviser if the Portfolio Committee meeting together on the basis of agreed-upon figures, understanding of the meaning of those figures and having had an opportunity for discussion with the current adviser and others, were to come to the conclusion that our current adviser's portfolio achievement does not measure up.

Such Portfolio Committee would have to be composed of people who had business experience in the investment area - but it would not have to include me.

Always sincerely,



GPGjr/hk

cc: Mr. John W. Weeks, Portfolio Committee Member
Mr. G. Burke Wright, Portfolio Committee Member
Mr. John G. Smith, Ex Officio
Dr. Catherine C. Lastavica, Ex Officio
Dr. Hugh L. Popenoe, Ex Officio

RECEIVED

APR 16 1981

April 16, 1981

To the Members of
The Portfolio Committee:

Mr. George P. Gardner, Jr.
Mr. John W. Weeks
Mr. G. Burke Wright
Mr. John G. Smith
Dr. Catherine C. Lastavica
Dr. Hugh L. Popenoe

Since the meeting in Miami in February where questions regarding Blewer's performance were raised, I have taken pains to examine with care the records for 1980 in order that we may all have a more precise idea of how the portfolio was managed during the year than was suggested at the meeting. The reason for undertaking this task was that the adviser was not particularly responsive to my requests for specific information about certain transactions and results of performance during 1980 (perhaps because its own records did not readily provide information of the kind I was looking for).

The records examined were the adviser's reports to the Committee, the monthly statements of Blythe Eastman Paine Webber Inc. ("PW") who acted as custodian for part of year, reports of New England Merchants National Bank as custodian, statements of the School's current account with The First National Bank of Boston and brokers' confirmation slips relating to purchases and sales of securities.

The picture which emerges is not clear.

The adviser's reports contain a number of errors. A notable example is that for December, 1980. Initially this showed total assets of \$7.501 million, which is the figure the adviser used to measure its own performance, but it was quickly recognized that the total figure overstated the value of a Treasury Bill by \$297,000, and a revised version of the report was circulated showing total assets of \$7.204 million. This, too, it turns out, is not correct since it omits accrued interest on Treasury Bills of \$56,000 and cash in a demand account in the amount of \$336,000 but includes \$8,000 said to be in a savings account. According to the depository the balance in that savings account was zero at year end.

The adviser's pricing of portfolio securities at December 31st differs from the custodian's in several respects. The adviser's values exceed those of the custodian by a total of \$100,000. Impala Platinum, for example, is over-valued by \$48,000 and the pricing of over-the-counter issues is somewhat more optimistic than might be considered appropriate.

In fact, Impala Platinum is not regularly quoted, causing one to wonder about the wisdom of carrying such a security in an endowment portfolio.

About mid-year, New England Merchants National Bank was appointed custodian of the securities in the portfolio. PW had previously acted in that capacity for a number of years. The bulk of the securities were turned over to the new custodian shortly after the appointment but at December 31, 1980, the custodian had not received from PW 583 shares of Western Bank of Coos Bay, Oregon paid in July as a stock dividend. Another security, which was incorrectly held by PW in street name from 1976 until this summer, was in re-registration from April 10 to July 7 but for reasons unknown was not delivered to the custodian until November 6.

The adviser claims total return of \$1.444 million for 1980 or 25.4%. Correct arithmetic, based on the adviser's figures, would indicate 23.5%. On the other hand, the custodian's records indicate a total return of \$1.719 million or 27.9% which surpasses the adviser's claim. Income from interest and dividends was \$411,000 or 6.7% which is 1.7% less than was claimed by the adviser. Capital appreciation of \$1.308 million exceeded by \$380 thousand the amount obtained by the adviser. Of that total, \$586 thousand was unrealized and due to the rise in the market. The balance of \$722 thousand in realized gains resulted from successful timing of trades in the second half of the year. By way of comparison (and having in mind that the ratio of fixed income securities and the like to equities has average about 45:55) if 45% of the portfolio had been invested in prime commercial paper and 55% in an index fund with the rate of return guaranteed to equal that of Standard & Poor's 500 stocks and requiring a minimal fee, total return would be approximately \$1.457 million or 23.7% or \$262 thousand less than was achieved by the adviser in 1980.

Historically, the adviser has not performed as stunningly as in 1980. In some years it has done better than the New York Stock Exchange Index and in other years not so well. Cumulatively over the years it has been within 2.6% of the Index. 1980 was a banner year.

The excellent performance in 1980 was achieved at a cost, however, which can only be regarded as exorbitant. Conventionally, turnover in an endowment portfolio is in the rate from 15% to 25%. In the EAP portfolio, turnover was 181% and commissions on the trades were paid at an average price of 21 cents per share throughout the year. Negotiated commission rates have been available since May, 1975 and now-a-days an endowment portfolio would ordinarily pay no more than something in the range of 5 to 10 cents. Total commissions paid by EAP in 1980 were \$93 thousand of which \$80 thousand went to PW. A more normal annual cost for commissions would have been of the order of \$6 thousand. Had there been less volatility in the account the income stream might have been larger, too. (Actual income in 1980 was less than the estimate of \$550 thousand mentioned by Mr. Weeks in budget discussions in May by \$139 thousand.)

Whether similar churning of the account took place in prior years should perhaps be looked into. I understand that the School's independent accountants in Honduras at one time commented (informally) on the volatility of the account and that this matter was brought to the attention of the chairman of the portfolio committee on September 28, 1979. It seems to me that in the future the independent accountants should scrutinize the records of the custodian as part of their annual audit.

The experience with call options was disappointing despite the contention of the adviser that a profit of \$8 thousand was made. The custodian's records indicate a net loss of \$39 thousand on option transactions. So if there had been no option trading in 1980, portfolio appreciation would have been that much greater.

The adviser has submitted a report of Portfolio Volatility and Diversification which is intended to provide, among other things, some measure of the risk factor involved in the composition of the portfolio as compared to that of the securities market as a whole; in other words, to assign a "Beta" rating to it. The Beta of the market as a whole is 1. A lower Beta indicates lower risk and higher Beta indicates the opposite. The adviser suggests that in July the EAP portfolio had a Beta of 0.89 which would be favorable if true. Unfortunately, the number is spurious since only 65% of the portfolio was used as a basis for the calculation and is consequently serious misleading.

The adviser's annual fee for 1981 was billed at \$11,251.81 on the basis of the erroneous first version of the December 31, 1980 statement. On the basis of corrected figures, the charge should be \$10,806.31 (assuming that uninvested cash is not a part of the portfolio for this purpose). In any event, the amount is modest, being less than half and even less than a third of what would normally be charged by a professional adviser for a portfolio of \$7.5 million.

In order that we all have something to help us put the foregoing matters into perspective, I have requested written proposals from five investment advisers with offices in Boston who have experience in the handling of endowments:

- (1) Battery March Financial Management
- (2) Massachusetts Financial Services
- (3) New England Merchants National Bank
- (4) Scudder Stevens & Clark
- (5) Thorndike, Doran, Paine & Lewis

Copies of the proposals by New England Merchants National Bank, Massachusetts Financial Services and Thorndike, Doran, Paine & Lewis have already been forwarded to you. The other two should be ready shortly.

The first question that has to be answered is simply whether the needs of the School and its ability to attract additional gifts to the endowment

would not be better served by an adviser other than the one now at work? My own feeling is that they would be. The next question is who should that adviser be?

My recommendation, which I address particularly to the Chairman of the Board of Trustees, is that the response to these questions be made the task of a small select committee whose membership should not include any of the four regular members of this committee so that intimations of prejudice or conflict of interest on the part of any of them can be avoided.

A.S.A.

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APR 27 1981

Subject: MEMORANDUM
EAP Endowment

To: EAP Trustees

From: Catherine Coolidge Lastavica, Second Vice-Chairman

As you may know, Mr. Ashley has reviewed the management of the EAP portfolio during 1980. I feel that his report of April 16th raises problems of importance to the School. Since these matters concern all trustees, I am forwarding a copy of his report to you.

To reinforce my own recollections, I resorted to my files, and so, to put this report in its proper perspective, Mr. Blewer was retained in 1972 upon the recommendation of Mr. Gardner who had known him for a number of years.

Mr. Blewer was informed that Paine-Webber would expect to be paid through brokerage fees, but were not promised all the brokerage business. Further, Mr. Blewer was charged with the duty of finding competitive quotations (from other investment houses) where there seemed to be a possibility of a saving.

I look forward to seeing you at the May meeting in Washington.

ccl:s
enclosure

BLYTH EASTMAN PAINE WEBBER
INCORPORATED
100 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110
(617) 423-8200

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APR 9 1981

GEORGE P. GARDNER, JR.
MANAGING DIRECTOR

April 6, 1981

Austin S. Ashley, Esq.
Bingham, Dana & Gould
100 Federal Street
Boston, Massachusetts 02110

Dear Austin:

You may want a rough idea of my availability during the rest of this month. I seem to be all right for the 7th and 8th; the 9th is a problem; the 10th would seem to be O.K.; the 13th A.M.; 14th P.M., 15th any time; 16th from Noon to 2:00 is O.K., and then O.K. from 4:00 p.m. on; the 17th seems to be Good Friday but I can certainly be available; the 20th and 21st are O.K.; the 22nd in the A.M.; 23rd and 24th are bad; 27th O.K.; 28th any time before noontime; 29th is bad; 30th O.K.

As I said when we last talked, I think the first order of business is to have a thorough discussion and evaluation of the present status and our present money manager. If it is then decided we need to look elsewhere and could benefit from discussions with other possible managers I agree that we should work off a list of a relatively few names. One that I suggested as having had a particularly good record is Batterymarch.

I hope Bob Brady has been helpful to you in establishing a clearer record of some of the questions that seemed to be bothering you. If there is anything you would like to discuss with either or both of us please don't hesitate to ask.

Always sincerely,



GPG/hk

BCC: G. Burke Wright, UB
John W. Weeks, Mus.Sci.
Robert C. Brady, PWJC

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APR 10 1981

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146 MAIN STREET
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HYANNIS, MASSACHUSETTS 02601
TELEPHONE: (617) 771-2181

9 April, 1981

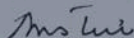
Mr. John W. Weeks, Secretary-Treasurer
Escuela Agricola Pan Americana, Inc.
Museum of Science
Science Park
Boston, Massachusetts 02114

Dear John:

I believe the custodian's second version of the 12/31/80 statement of security positions is correct in showing 11,675 shares of Western Bank of Coos Bay Oregon. The other 583 shares that make up the 12,258 figure that you mentioned were in the hands of Paine Webber on that date. Whether they still are I have no idea.

Regards.

Sincerely,



Austin S. Ashley

ASA/rw

File

ESCUELA AGRICOLA PAN-AMERICANA, INC.
MUSEUM OF SCIENCE
SCIENCE PARK
BOSTON, MASSACHUSETTS 02114

April 6, 1981

Mr. Richard E. Pitts
New England Merchants - Trust Department
28 State Street
Boston, Massachusetts 02107

Dear Dick:

Here is the summary of investments from Blewer at 12/31/80, about which I spoke to you this afternoon. I would greatly appreciate your checking this against your statement of property held at the same time. You will notice several differences in book values and two differences in shares held (Helmerch & Payne and Western Bank Coos Bay). Also, as I mentioned, there is no mention of any Deutschemark time deposits on Blewer's statement.

I will greatly appreciate your trying to reconcile one statement with the other, and letting me know at your convenience.

Sincerely yours,

John W. Weeks
Secretary-Treasurer

JWw:b
enc

JOHN M. BLEWER, INC.
INVESTMENT COUNSEL
105 EAST 80TH STREET
NEW YORK, NEW YORK 10021
(212) 744-9330

JOHN M. BLEWER
PRESIDENT
FREDERICK F. NAGLE
VICE PRESIDENT
GRACE G. VELIZ
SECOND VICE PRESIDENT

April 6, 1981

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APR 7 1981

CONNECTICUT OFFICE

P. O. BOX 1250
MADISON, CONN. 06443
(203) 767-0097
(203) 767-2063

DR. DOUGLAS H. BELLEMORE
ECONOMIST

FRANK S. BERALL, ESQ.
GENERAL COUNSEL

Austin S. Ashley, Esquire
Bingham, Dana & Gould
100 Federal Street, 35th floor
Boston, MA 02101

Re: Escuela Agricola Pan-Americana, Inc.

Dear Mr. Ashley,

We would like to make the following recommendations on behalf of this fund:

<u>Sell</u>	<u>Price</u>	<u>Approximate Principal</u>	<u>Income</u>	<u>Gain (loss)</u>
3,600 Exxon 124 First National Bank (Anchorage)	68 425	244,800 52,700	21,600 1,240	78,000 (52,000)
7,000 Texaco	37	<u>259,000</u>	<u>18,200</u>	<u>(24,000)</u>
		556,500	41,040	2,000
<u>Buy</u>				
4,000 Southern Pacific	49	196,000	10,400	
400M+ Treasury Bills due 2-28-82	-	<u>360,500</u>	<u>48,000+</u>	
		556,500	58,400	

We believe that, in most large oil companies, costs will now rise faster than product prices (especially refining costs). The account will still retain a major exposure to energy development, as follows:

Austin S. Ashley, Esquire
April 6, 1981
Page Two

	<u>Price</u>	<u>Market Value, 4/1/81 (000s)</u>
8,880 Big Three Industries	34-3/4	308.6
4,600 Helmerich & Payne	47-3/8	217.9
3,000 N.L. Industries	71	213.0
10,000 Royal Dutch	39-1/2	395.0
9,200 Wyoming National*	29-1/2	<u>271.4</u>
		1,405.9

* Note: leading bank in Caspar, Wyoming

With the increase of gas reserves in the West and the new Administration, the prospects for a natural gas pipeline in Alaska have diminished. While the First at Anchorage has never reported an earning decline, the stock has lost attraction. Unlike with Wyoming Bancorp. (earlier sold at a good profit), the First at Anchorage is not a likely target for out-of-state control, and should be sold.

Southern Pacific is one of the leading railroads. Unlike with Santa Fe and Union Pacific, in which EAP did so well last year, Southern Pacific is not primarily interesting for its "energy" holdings. Southern Pacific will gain materially from a freer regulatory environment; computerization in freight capacity; and more productive use of its high real estate holdings. Southern Pacific's earnings should improve from \$5.78 in 1980 to \$7.50 this year, and \$10.00-\$11.00 in 1982, with still higher earnings possible in a strong economy thereafter.

This winter, the portfolio has benefitted from two corporate banking events:

- (1) The proposed purchase of Amax by Standard Oil of California;
- (2) The proposed spin-off of major real estate properties by Dillingham Corp.

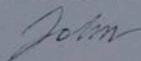
Austin S. Ashley, Esquire
April 6, 1981
Page Three

The transactions outlined above would bring total equities (including Dillingham) down from 73% to 68%. Thanks to high interest rates and mainly "basic value" stocks, income is at a high.

Let me plan to call shortly on the trades.

With all best regards,

Sincerely yours,



John M. Blewer

JMB/emp

cc: Mr. Gardner via express mail
Mr. Weeks via express mail
Mr. Wright by hand

ESCUELA AGRICOLA PAN-AMERICANA, INC.
MUSEUM OF SCIENCE
SCIENCE PARK
BOSTON, MASSACHUSETTS 02114

File

March 31, 1981

Mr. Austin Ashley
Bingham, Dana & Gould
100 Federal Street
Boston, Massachusetts 02110

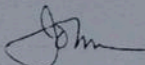
Dear Austin:

Further to my letter to you of March 23rd, I'd like to add some thoughts on our present Investment Manager, John Blewer.

I had not meant to intimate that his departure has already been decided without at least an Investment Committee discussion, just because I referred only to new possibilities. On the whole, it seems to me that Blewer has handled our account satisfactorily even though there may have been more activity than sometimes seemed warranted. Furthermore, I still haven't been shown that Blewer did anything wrong, or unethical, despite the admonitions of John Lastavica.

In short, I hope that we can get together soon as a committee to discuss our problems. Meanwhile, I have received the copies of the bank statements you requested, except that one month was missing. I've requested this, and as soon as everything is complete, I'll send it over.

Sincerely,



John W. Weeks
Secretary-Treasurer

JWW:b

cc: B. Wright
G. P. Gardner, Jr.

ESCUELA AGRICOLA PAN-AMERICANA, INC.
MUSEUM OF SCIENCE
SCIENCE PARK
BOSTON, MASSACHUSETTS 02114

March 23, 1981

Mr. Austin S. Ashley
Bingham, Dana & Gould
100 Federal Street
Boston, MA 02110

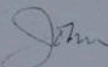
Dear Austin:

Please excuse the delay in formally acknowledging yours of the 17th. I did talk to Bob Brady at Paine Webber, and he promised to send you directly the information you requested. With regard to your question about a separate checking account, in addition to the general account of the school, there is a special account at the First which was used ten years ago in connection with the fund-raising office here in Boston. It has been on a dormant status in recent years, but has never been closed out, and only carries a very nominal balance.

Today I received a copy of Burke Wright's letter of the 18th. On page 2, I heartily subscribe to his comments in paragraph 1, and would like to add the following:

Back in the fall of 1979 this Museum went through the exercise of picking an investment manager, being unhappy with the performance of the Boston Safe, investment manager of our endowment portfolio at that point. We narrowed a list of candidates down to four - Thorndike, Doran, Paine & Lewis; Putnam Capital Management; Standish Ayer & Wood; and Scudder Stevens & Clark. All of these made presentations to the Museum's Investment Committee, and Thorndike, Doran, Paine & Lewis was finally chosen to manage our account. They seem to have done a good job in the 18 months they have had our account, and I'd like to recommend them for your consideration. In closing, I would like to add that I think our EAP Investment Committee should get together sometime soon to discuss all this.

Sincerely yours,



John W. Weeks

cc: George P. Gardner, Jr.
Burke Wright



1271 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10020
212 / 397-4122

G. B. WRIGHT
Vice President
Public Affairs Department

March 18, 1981

Mr. Austin Ashley, Esq.
Bingham, Dana & Gould
100 Federal Street
Boston, Mass. 02110

Dear Austin:

Further to our conversation last week, I am attaching a rough approximation of the form which I used in the monitoring of some of our pension funds during the period in which I had that responsibility.

In one sense it oversimplifies, because additions to managed funds should be time-weighted to accurately reflect their investment. However, if additions are not frequent and/or not sizeable, the results are not greatly distorted, and the simplicity of the form makes up for the complication of time-weighting.

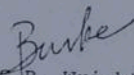
I suggest we consider such a form for our own EAP fund manager. Examined quarterly, it would give us a good indication of their performance as well as comparison with the established indices. It is simple to prepare and most managers are quite willing to put it together each quarter for a meeting with the committee.

Also, in reference to our conversation, if we are going to consider a change in fund managers, I believe we should ask for presentations by three or four firms who work in this area as well as our present firm, who should be given an equal opportunity to present his "credentials". Perhaps we could schedule a meeting sometime in April or May to hear these presentations from the two firms which you have contacted as well as any others which might be suggested, although I'd limit it to a total of four or five.

As I indicated to you by phone, I would be reluctant to place fund management under a bank trust department. Many endowment and pension funds are managed by banks, of course, but my own experience with some of our company's pension funds showed that investment counseling firms provided much better performance over time than the bank trust departments. Obviously this is a generalization, but I for one would look very carefully at a bank's performance and personnel before voting to place the EAP funds in their hands. I speak of investment management by banks, and not of custodial functions which are quite apart and where banks are commonly used and perform quite well.

These are just a few thoughts which I wanted to share with you and the Committee, and if I can be of any help please let me know.

Sincerely,


G.B. Wright

GBW:mg

cc: Mr. John Weeks
Mr. George Gardner

RECEIVED

MAR 17 1981

BINGHAM, DANA & GOULD

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TELEPHONE: (617) 771-2161

17 March, 1981

Mr. John W. Weeks
Museum of Science
Science Park
Boston, Massachusetts 02114

Dear John:

Thank you very much for the summary sheet you sent me. This puzzles me a bit since it suggests that annual income could have been substantially less than what I had supposed it actually was. Of course, earnings on the Paine Webber cash funds may not be included, but that would only seem to be part of the seeming short-fall. It would be a big help if you could let me have

(i) the summary numbers for the first seven months of 1980;

(ii) copies of the custodial reports of Paine Webber for the months of 1980 during which they acted as custodians; and

(iii) copies of the periodic reports during 1980 of (a) investments in the Paine Webber cash fund and (b) any other accounts that the School may have had with Paine Webber.

*Confirmations
each time
an entry made*

As for the last two items, maybe you could simply ask Paine Webber to send me the copies.

Is it correct to assume that you maintain no separate checking account for the School?

Sorry to be such a pest.

Regards.

Sincerely,

Austin S. Ashley

ASA/rw

(Draft of performance report
of an endowment fund)

	<u>Quarter ended Mar. 31, 1981</u>	<u>12 months ended Mar. 31, 1981</u>	<u>Since Inception (date)</u>
Market value, beginning of period	\$10.	\$5.	(Similar figures)
Additions during the period	<u>2.</u>	<u>2.</u>	<u> </u>
Sub-total A	\$12.	\$7.	
Market value, end of period	15.	15.	
Current quarterly dividends (reinvested)	<u>1.</u>	<u>1.</u>	<u> </u>
Sub-total B	<u>\$16.</u>	<u>\$16.</u>	<u> </u>
Increase or decrease (B minus A)	\$ 4.	\$ 9.	
as % of sub-total A	33%	56.5%	
Dividends as % of sub-total B (annualized yield)	N.A.	25%	
Increase/decrease S&P 500 during the period	10%	15%	
Increase/decrease Dow-Jones Industrials during the period	10%	15%	

JOHN M. BLEWER, INC.
INVESTMENT COUNSEL
105 EAST 80TH STREET
NEW YORK, NEW YORK 10021
(212) 744-9330

RECEIVED

MAR 11 1981

JOHN M. BLEWER
PRESIDENT
FREDERICK F. NAGLE
VICE PRESIDENT
GRACE G. VELIZ
SECOND VICE PRESIDENT

CONNECTICUT OFFICE

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MADISON, CONN. 06443
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(203) 767-2063

DR. DOUGLAS H. BELLEMORE
ECONOMIST

FRANK S. BERALL, ESQ.
GENERAL COUNSEL

March 11, 1981

Austin S. Ashley, Esquire
Bingham, Dana & Gould
100 Federal Street
Boston, Massachusetts 02110

Re: Escuela Agricola
Pan-Americana

Dear Mr. Ashley,

First, let me summarize some requests for clearance on investment actions in this account:

	<u>Price</u>	<u>Approximate -</u>	
<u>Sell</u>		<u>Principal</u>	<u>Income</u>
3,000 Amax*	57	171,000	7,200
Treasury Bills-market value		<u>233,000</u>	<u>34,950</u>
		404,000	42,150
<u>Buy</u>			
300M Hitachi, Ltd. ca 7% Cv. due 3/31/96	100	300,000	21,000
2,000 A.T.T. (makes 8,000)	52	<u>104,000</u>	<u>10,800</u>
		404,000	31,800

* Sold March 6, 1981

Since it is best not to anticipate precisely the future development of the proposed acquisition of Amax by Standard Oil of California, we would also like to have your approval that we be able to sell the remaining 5,000 Amax at our discretion, and place the proceeds of sale in U.S. Treasury Bills.

Austin S. Ashley, Esquire
Escuela Agrícola Pan-Americana
March 11, 1981
Page Two

Let me plan to call you (or Miss Watson) on Friday in regard to these approvals.

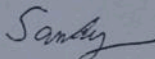
On overall rate of return, it occurs to me that it might be useful for the data on the EAP portfolio to be on an outside performance system, such as that at A.G. Becker, which would supplement the record that we have. Such a performance tracking system provides a summary means of reviewing periodic results, and can be obtained at little or no effective cost.

Specifically, as I have mentioned at past meetings, it is our objective to produce total principal results in line with broad averages, like the N.Y. Stock Exchange Composite or the S. & P. 500 Stock Index (even though the account is never 100% in stocks); to produce a higher yield than either such index; and to accept lower yields in so doing. Basically we achieved these objectives in 1980 and since the start of our work with this portfolio.

Even while helping in analyzing the record, we do respectfully suggest that the Committee and our firm meet to loosen up investment discretion again and to set targets and parameters on 1981. More attractive equity markets are likely, probably in the last half of the year.

With all thanks in advance for your consideration,

Sincerely yours,



John M. Blewer

JMB/emp

cc: Mr. Gardner
Mr. Weeks
Mr. Wright

(See Attachment)

P.S. To Mr. Ashley and Mr. Weeks:

Mr. Ashley's letter to Mr. Weeks of March 9, 1981 just arrived.

Two areas are worth considering:

(1) Are the differences in cash balances between the New England's records and ours raising questions? We use trade dates in recording transactions; their records reflect settlement;

(2) Income received varies a lot between periods. For example, right now most of the Treasury Bills are due 10/8/81 and 12/3/81 (since we chose to "lock in" a 15% average interest rate, lest rates go down). But, though accrued income is high, it will not be recorded as received until the Bills mature.

RECEIVED

MAR 16 1981

M E M O R A N D U M

To The Members of The
Portfolio Committee

Herewith for your review are two proposals regarding the management of the School's endowment fund, one by New England Merchants National Bank and the other by Gardner and Preston Moss Inc., an old Boston-based management firm.

It is my hope that the Committee might meet in Boston on some convenient date in April -- say in the week of the 16th -- at which representatives of the proponents would have an opportunity to develop for the benefit of the Committee the line of thinking on which their respective proposals are based. The Committee could then make a decision as to what would be in the best interest of the School so far as the management of the portfolio is concerned.

Will each of you please let me or my secretary (Miss Watson) know which days would be possible for you to join such a meeting?

Bo Bohley
A.S.A.

Enclosures

13 March, 1981

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MAR 18 1981

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GENERAL COUNSEL

JOHN M. BLEWER
PRESIDENT

FREDERICK F. NAGLE
VICE PRESIDENT

GRACE G. VELIZ
SECOND VICE PRESIDENT

March 13, 1981

Austin S. Ashley, Esquire
Bingham, Dana & Gould
35th Fl., 100 Federal Street
Boston, MA 02101

Dear Mr. Ashley,

This is a brief note to confirm today that, with reference to our letter of March 11, 1981, the Committee approved the purchase of 2,000 A.T.T.; approved discretion in regard to the sale of 5,000 Amax; and decided not to buy the Hitachi convertibles.

Let us also confirm that we recommended, and the Committee approved today, these transactions:

<u>Sell</u>		<u>Approx. Market Price</u>	<u>Approx. Princ.</u>	<u>Estimated Annual Inc.</u>
\$390,000	U.S. Treasury Bills due 5- 7-81	95.99	374,393.50	56,752
245,000	U.S. Treasury Bills due 8-13-81	91.30	223,685	32,932
40,000	U.S. Treasury Bills due 10-8-81	87.99	<u>35,196</u>	<u>6,520</u>
			\$633,274.50	\$96,204

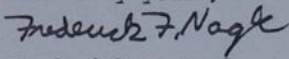
<u>Buy</u>		<u>Approx. Market Price</u>	<u>Value</u>	<u>Estimated Annual Inc.</u>
5,000	CPC International	62	\$310,000	17,000
5,000	IBM	64	<u>320,000</u>	<u>17,200</u>
			\$630,000	\$34,200

In as much as we have permission to sell AMAX, we believe it is appropriate to maintain our current account balance.

With all best regards,

cc: George P. Gardner
John Weeks
G. Burke Wright

Sincerely yours,



Frederick F. Nagle

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MAR 10 1981

BINGHAM, DANA & GOULD

100 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

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146 MAIN STREET
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9 March, 1981

John W. Weeks, Secretary-Treasurer
Escuela Agricola Pan-Americana, Inc.
Museum of Science
Science Park
Boston, Massachusetts 02114

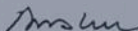
Dear John:

I am bogged down in my efforts to find out just how the EAP endowment has been making out. The information which I presently have at hand -- the Blewer monthly reports, and those of the custodian which you provided and the confirmations of security transactions -- do not give the whole story and indeed raise some questions. In order to gauge the rate of return, one needs to know the monthly balances of the interest-bearing accounts and what the actual dividend and interest income was. The custodian's record shows these only in part. Income from the Paine Webber cash fund, for example, is not reflected there.

If one compares amounts expended with proceeds received -- so far as the records in hand show -- it looks as if there were overdrafts from month to month. How the apparent shortfall was made good -- or how it is to be explained away -- is not clear to me at the moment. That is why I need some help from you. I have to assume we weren't borrowing to make ends meet. No doubt you have a running record of some kind that shows exactly what the fund received and what it spent each month. If you could let me have a copy of that, I should find an easy answer to my questions. Perhaps Mr. Blewer can be of assistance, too.

With kindest regards.

Sincerely,



Austin S. Ashley

ASA/rw

cc: Mr. John M. Blewer

RECEIVED

FEB 24 1981

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DR. DOUGLAS H. BELLEMORE
ECONOMIST
FRANK S. BERALL, ESQ.
GENERAL COUNSEL

Memorandum to the
Investment Committee of
Escuela Agricola Panamericana

Investment Policy and Results in 1980,
and Investment Strategy in 1981

A. Results in 1980

In calendar year 1980, adjusted for net capital additions of \$133,520, the EAP portfolio appreciated \$928,484, or 17.0% excluding income. Ordinary income averaged 8.4%, so that the combined or aggregate return on capital was 25.4%.

Our fee is 15/400 of 1% per quarter, and New England Merchants' arrangement was in place for less than seven months. Depending on other charges that are properly allocated to the account, we expect that the net return was slightly over 25% for the year.

(1) Common Stocks

During the year, virtually all the capital appreciation resulted from common stocks. The portfolio started the year with \$3,588,940 or 58.4%, invested in common stocks. Based on month-end statements, during 1980 the assets were 63.4% invested in stocks. In value, capital appreciation from stocks was \$948,385 for the year.

Again, based on month-end statements, the common stocks yielded on average about 5.3%, so that the combined common stock return for the year was about 37%.

(2) Bonds and Other Senior Securities

At the beginning of 1980, the other 41.6% was invested as follows:

Cash equivalents:	\$ 961,286
Foreign bonds:	893,379
Corporate bonds:	191,250
Convertible securities:	<u>507,350</u>
	\$2,553,265

The large "cash equivalent" position was maintained through the year. This was just as well, since virtually every other fixed income issue was down for the year. Based on month-end figures, the "cash equivalent" yields averaged 11.3%.

The only straight dollar bond, a 9 7/8% utility issue, was sold on March 9, 1980, at \$184,020, in our expectation that interest rates would go higher.

All the foreign bonds were German mark bonds. Of the DM 1,600,000 face amount of these bonds at the start of the year, all were sold as of March 18, 1980 for an aggregate of \$761,674, for a 1980 loss of \$131,705.*

Thereafter, with one exception, the portfolio's reserves were held in short-term U.S. dollar paper for the rest of the year.

The one exception was a DM time deposit, bought for \$685,000 on July 28, 1980, which matured on September 15, 1980. This time deposit was taken out when rates on short-term Treasury Bills had declined over 6% to the 8% level, and, with interest rates in Germany still rising, the mark seemed reasonable. However, by maturity, U.S. interest rates were rising again, and the Polish situation was deteriorating; so that we brought the funds back.

* However, since the bonds had been bought one to three years previously, their gains over original cost was about \$22,970.

At the start of the year, the portfolio held three convertible securities:

- (a) \$210,000 face amount of Wyoming Bancorporation, 7-1/4, due September 1, 1996. This was converted into common stock on November 6, 1980, with the bond up 59 points, or \$123,900;
- (b) 2,000 Dillingham Corp., \$2.00 preferred. With 1,000 additional shares brought on September 9, 1980, the position closed the year up \$10,000;
- (c) 4,000 United Technologies \$3.87 preferred, sold at a \$25,000 loss for the year.

B. Use of Calls

Calls were sold against three common stock positions. All call positions were fully "covered" at all times. In the case of 5,000 Texaco (50 calls) and 5,000 Union Carbide (50 calls), the calls were repurchased and the shares sold on December 1 and 2 respectively. On 5,000 Exxon, the call was still outstanding at the end of the year.

The calculation of profit and loss in respect to covered calls involves a calculation of profit or loss from the calls proper, and a separate calculation in respect to the shares, for the time during which the calls were outstanding.

The reason is that the covered calls involve a hedged transaction.* In each case, alternative decisions available would be to (1) hold the stock without calls, or (2) to sell it. To sell calls against the position is to indicate uncertainty on the prospects of the position; without reflecting the conviction of judgment or incurring the commission cost of actually selling it.

A question has again come up on the potential profitability of selling calls. At our October meeting, I mentioned that they might add a 5% annual return on the positions: that is, if 20% of all the assets were used in this manner, they might add 1% a year to overall results.

* A covered call is historically and otherwise considered a conservative position. It is quite apart from an uncovered call, which is high leveraged, and is more analogous to commodity or currency futures.

Twenty years ago, it was common for a few wealthy individuals to increase their rates of return 15%-20% by selling covered calls, and also puts, by far larger number of smaller speculators. Demand was greater than supply, and premiums were high. The profitability of selling options has steadily declined and we doubt that the experience of even 2 or 3 years ago is still pertinent to the question.

(3) Summary of 1980 Results

Excluding income, the 1980 results can be summarized as follows:

Common Stocks*	+948,385
Corporate Bonds	- 7,230
Foreign Securities	-131,705
Mark time deposit	+ 10,134
Convertible Securities [≠]	<u>+108,900</u>
	+928,484

C. Transfer of Assets to the New England Merchants

The letter directing transfer of the securities was received by Paine Webber on June 9th; Paine Webber confirmed it would initiate the transfer to New England Merchants on June 12th. By June 24th, substantially all the securities had been transferred to New England Merchants. One security was delayed due to a name change.

The reliability of their service and statements has been good, but an unfortunate error of language, indicating the sale of a call on Xerox, prompts us to require that they write a prompt correction to all parties if such an error should recur in the future.

* Including covered calls: see appendix

[≠] Including Wyoming Bancorporation, until its conversion

B. Discussion of 1980 Results

1) Common Stocks

The three major decisions of the year were as follows:

a. To greatly increase the common stock position in May 1980. The account had been quite low in common stocks pending the outcome of the financial stress generated by the tight credit policies of the Federal Reserve in late winter. Largely as the result of net stock purchases in May 1980, we brought the common stock ratio up sharply from 38.3% on April 30 to 63.1% on May 31.

On April 30, 1980, the New York Stock Exchange Combined Index was still reasonable, at 63.44. Between March 31 and April 30, 91 - Day Treasury Bills had fallen from 14.24% to 10.39%. By May 31, 1980, their yield had fallen to 7.75%.

A similar decline in short-term rates had preceded a 50% + market advance in the first half of 1975, under similar circumstances in which earnings held up well relatively, and credit conditions were relatively favorable.

The decision in May 1980 to increase stock positions made a successful year possible.

b. In November 1980, we began to take a less aggressive approach. For example, a position in Campbell Red Lake (a gold producer) was sold in November 7, preceding the first purchase of Texas Utilities and of Central and Southwest. Also, the Texaco and Union Carbide calls were sold, providing moderate downside protection on 10,000 shares.

In December, instead of switches only, net selling was actively pursued. Two of the three call positions were bought back, on the assumption that the stocks might subsequently decline more than the call.

Because December was a recent and decisive month for the account, price changes since the December transactions are indicated at Appendix I.

C. General Comment on Investment Strategy

1) Senior Securities

Our continuing preoccupation is with the potential risk ratios of accounts, and balance in them (not to be knocked down by any single group of events). If we knew in advance that stocks would appreciate persistently, a 90%-100% stock position might be in order. But with high and volatile interests rates and inflation, great market instability persists, and economic instability is frequently in question.

If, as has often occurred, the stock market declines 20%, perhaps a stock portfolio would show a nominal return for a year of - 14% (including 6% income). If inflation were 10%, the "real" decline would be 24%. One such year, or two of them within a period of years, might permanently impair the significance of the portfolio.

Hence, it seems best to hedge this basically stock-oriented portfolio. In some years, the hedges are the only assets that appreciate.

This year, the hedge will be high-grade short-term paper. If U.S. Treasury Bills or Notes persistently yielded more than the rate of inflation (as has been usually true of Germany and Switzerland), a tax-free account would have much of its investment strategy solved. However, with forty years of basically cheap credit policies in the United States, such yields have usually not been available; and never on a sustained basis.

Long-term bonds have been a disastrous solution. Their yield is often less than the inflation rate (or marginally more), and at a 10% rate of inflation, the principal will decline 94% in buying power in 30 years.

Therefore, in order to give our accounts balance, and to insulate them from sudden or profound shakes in the economy and the financial system, we have diversified the EAP portfolio conservatively, but, unlike many investment managers, we have preferred not to use long-term U.S. dollar bonds, but to use instead foreign currency (hopefully "hard currency") bonds. Although this policy hurt results in 1980, it has usually helped in the last ten years. The memo of February 20, 1980 discusses this matter further.

2) Common Stocks

As Dr. BeFlemore's papers demonstrate (see Table AT-4 Memorandum

of December 4, 1980) U.S. corporate dividends have persistently kept up with inflation, over 10, 20 and 50 years. This is an important investment consideration. (bond coupons are not raised, but dividends are). This consideration may help determine a relatively inactive common stock policy in a taxable, income trust (where taxes on long-term and short-term gains are best avoided), or in an account, such as a pension fund, where large continuous capital additions help permit the "dollar-averaging" of long-term positions.

However, the EAP portfolio is not taxable, and, in down stock markets, the volatility of the market can quickly produce negative annual returns. It is for this reason that we have periodically reduced EAP's stock level when risks appear high and bought back other shares later.

If the United States economy should have the tonic of a severe recession, or the financial systems a severe contraction, it would be possible to accumulate a major common stock position with a view to a three or four year investment, or longer. However, the brief economic interruption of March 1980 could not lay the base for a sustained period of sound "real" growth. With reported profits expected to be good, and a rapid, if temporary, decline in short-term interest rates, we viewed last spring's market level as reasonable, but opportunistically. When in December 1980 speculative activity and volatility strongly picked up, and this when we could see that the monetary base and combined public and private uses of credit had reapidly expanded since mid-1980, it was time to reduce the risk level once again.

D. Investment Strategy in 1981

1. Common Stocks

Please refer to our current memo of February 20, 1981, "The Economic and Energy Outlook and Implications for Investment Strategy." We are enclosing the final draft, which is quite complete, so that you can read it with the other material now enclosed.

As of February 20, 1981, the EAP portfolio is 64% invested in common stocks. We would expect to raise this gradually and have the ratio back at 70+% by the end of 1981. We would expect to accelerate this process on any decline of over 10% from current levels, emphasizing, unlike in 1980, capital equipment, rather

than energy stocks.

This month, our only present thought is to increase the A.T. & T. position from 6,000 to 8,500 shares (see the memorandum of February 18, 1981).

Senior Securities

If, through monetary policy, the Federal Reserve attempts to slow inflation this year, the financial and psychological effects could be severe, as they began to be in March 1980, and as they were in 1974. Given the internal ratios of the major banks and cash flow problems at certain corporations, major default, and threats of default, are not out of the question.

In 1981, it might be possible to improve senior security yields over that of Treasury Bills, but we plan to use these techniques lightly;

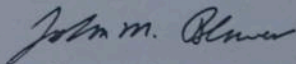
- (a) Foreign currency bonds: not likely. Even the yen may not turn strong against the dollar at present interest differentials;
- (b) Long-term U.S. Government. Speculative. Private and government credit demands may collide by summer, raising interest rates considerably;
- (c) Commercial paper or CD's. In 1981, these might be used sometimes for part of EAP's reserves; but (1) with rigorous regard for the quality of the paper, given the possibility of a credit crisis and (2) for part of the reserves only, since the opportunities for liquidity in the stock market may suddenly become very great.

Administration

In February 1980, at the start of a longer trip, I asked Ms. Grace G. Veliz, our Vice President, to visit Mr. Dixon and update with him our coordination on administration. Ms. Veliz accomplished this work. Enclosed for your interest is her memorandum to me of March 12, 1980. I am not enclosing the other material that she brought back on the school or on the general economy of Honduras, since you have undoubtedly seen it.

At the Investment Committee meeting last October, the impact of U.S. Government aid was discussed. If, in fact, this aid is materially changing EAP's budgetary prospects, it would be worthwhile to discuss any implications to investment strategy at our next meeting.

Sincerely yours,

A handwritten signature in cursive script that reads "John M. Blewer". The signature is written in dark ink and is positioned above the typed name.

John M. Blewer

060-919000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/20/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV INCOME	YLD MKT	TAX LOT DATA
<u>SENIOR SECURITIES</u>								
5411150 BILLINGHAM CORP \$2 CV PFD			2.00					
	2,000	26.25	33.25	52,495.40	66,500.00	4,000	6.0	09-17-79
	1,000	31.58	33.25	31,579.88	33,250.00	2,000	6.0	09-09-80
***	3,000	28.03	***	84,076.28	99,750.00	6,000	5.0	***
642599A NEW ENGLAND MERCHANTS SVGS ACT 5.000%								
	3,926,720	100.00	100.00	3,925.72	3,926.72	196	5.0	01-30-81
	79,227,450	100.00	100.00	79,227.46	79,227.46	3,961	5.0	02-19-81
***	83,154,180	100.00	***	83,154.18	83,154.18	4,157	5.0	***
1279360 U S TREASURY BILLS				5/07/81				
	390,000	95.99	95.99	374,393.50	374,393.50	56,752	15.2	01-28-81
127936X JS TREASURY BILLS				8/13/81				
	245,000	91.30	91.30	223,685.00	223,685.00	32,932	14.7	12-23-80
127936Z U S TREASURY BILLS				10/08/81				
	1,140,000	87.99	87.99	1003,148.70	1003,148.70	153,134	16.3	12-10-80
127937B U S TREASURY BILLS				12/03/81				
	140,000	88.85	88.85	124,389.61	124,389.61	19,049	15.3	02-11-81
	750,000	89.32	89.32	569,938.96	669,938.96	100,080	14.9	02-18-81
	60,000	89.33	89.33	53,593.00	53,598.00	8,058	15.0	02-20-81
***	950,000	89.26	***	847,926.57	847,926.57	127,188	15.0	***
				-----	-----	-----	-----	-----
				2616,384.23	2632,057.95	390,155	14.8	
<u>COMMON STOCKS</u>								
0168810 A M F INC.								
	6,000	21.94	20.00	131,612.00	120,000.00	1.24	7.440	6.2 02-06-81
JOHN M. BLEWER, INC.								

PAGE 1

060-019000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/27/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV	ESTIMATED INCOME	YLD MKT	TAX LOT DATA
02312710 AMAX INC	8,000	43.63	39.37	349,044.60	315,000.00	2.40	19,200	6.1	01-05-81
03017710 AMERICAN TEL & TEL	6,000	52.97	53.12	317,824.30	318,750.00	5.00	30,000	9.4	02-09-81
08967110 BIG THREE INDUSTRIES	1,260	41.73	55.75	52,575.20	82,845.00	1.20	1,512	1.8	01-10-80
	840	42.57	55.75	35,761.72	55,230.00	1.20	1,008	1.8	01-11-80
	340	43.17	65.75	35,264.12	55,230.00	1.20	1,008	1.8	01-14-80
	1,500	67.22	65.75	100,831.00	98,625.00	1.20	1,800	1.8	10-09-80
***	4,940	50.77	***	225,433.04	291,930.00		5,328	1.8	***
15235710 CENTRAL & SOUTH WEST CORP	12,500	12.96	12.37	161,950.00	154,687.50	1.58	19,750	12.8	11-13-80 A
	12,500	12.94	12.37	161,687.50	154,687.50	1.58	19,750	12.8	11-14-80
	15,500	13.93	12.37	215,903.04	191,812.50	1.58	24,490	12.8	12-23-80
***	40,500	13.32	***	539,540.54	501,187.50		53,990	12.8	***
30229010 FXXON CORP	2,500	48.67	70.50	126,544.47	183,300.00	6.00	15,500	8.5	05-16-78
	1,000	50.18	70.50	50,175.30	70,500.00	6.00	6,000	8.5	01-24-79
***	3,500	49.09	***	176,719.77	253,800.00		21,600	8.5	***
32238710 FIRST NATL BANK OF ANCHORAGE	40	587.50	475.00	23,500.00	19,000.00	10.00	400	2.1	02-09-73
	40	837.50	475.00	33,500.00	19,000.00	10.00	400	2.1	10-02-74
	34	987.59	475.00	33,573.00	16,150.00	10.00	340	2.1	01-06-76
	10	1352.00	475.00	13,520.00	4,750.00	10.00	100	2.1	08-19-77
***	124	839.50	***	104,093.00	58,900.00		1,240	2.1	***
39109010 GREAT NORTHERN NEKOOSA CORP	7,000	39.38	38.75	275,651.40	271,250.00	1.80	12,600	4.6	12-23-80

JOHN M. BLEWER, INC.

PAGE 2

060-019000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/20/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV	YLD INCOME	TAX MKT LOT DATA
42345210 HELMERICH & PAYNE								
	3,000	41.44	42.12	124,327.20	125,375.00	.22	560	.5 10-02-80
	1,500	43.16	42.12	69,048.90	57,400.00	.22	352	.5 10-05-80
***	4,500	42.04	***	193,376.10	193,775.00		1,012	.5 ***
45255320 IMPALA PLATINUM HLDGS ADR								
	10,000	6.09	7.18	60,877.20	71,880.00	1.30	13,000	18.1 04-30-80
	6,000	7.23	7.18	43,373.20	43,128.00	1.30	7,800	18.1 07-02-80
	8,000	11.72	7.18	93,721.00	57,504.00	1.30	10,400	18.1 11-21-80
***	24,000	8.25	***	197,971.40	172,512.00		31,200	13.1 ***
58283410 MEAD CORP								
	6,200	29.64	27.75	183,755.64	172,050.00	1.90	11,780	6.8 04-05-79
	600	25.23	27.75	15,135.91	15,550.00	1.90	1,140	5.8 10-19-79
	3,200	22.90	27.75	73,284.32	83,300.00	1.90	6,080	5.8 04-22-80
	2,000	25.71	27.75	51,429.80	55,500.00	1.90	3,800	6.8 07-08-80
***	12,000	26.97	***	323,605.67	333,000.00		22,800	6.8 ***
62915610 N L INDUSTRIES INC.								
	3,000	62.79	63.87	188,364.04	191,625.00	1.40	4,200	2.2 09-17-80
69430810 PACIFIC GAS & ELEC								
	14,000	21.28	21.12	297,931.00	295,750.00	2.72	38,030	12.9 12-23-80
78025730 ROYAL DUTCH PET 20 GLD NY REG								
	3,000	77.59	88.25	232,775.20	264,750.00	6.50	19,512	7.4 01-21-79
	2,000	80.38	88.25	160,763.60	175,500.00	6.50	13,008	7.4 11-27-79
***	5,000	78.71	***	393,539.80	441,250.00		32,520	7.4 ***
88169410 TEXACO INC								
	7,000	41.19	33.12	288,352.40	273,875.00	2.60	18,200	6.6 11-05-80
88284810 TEXAS UTILITIES								
	10,000	17.06	17.12	170,560.00	171,250.00	1.76	17,600	10.3 11-13-80
JOHN M. BLFNER, INC.								

PAGE 3

060-019000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/20/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV	YLD INCOME	YLD MKT	TAX LOT DATA
	10,000	17.06	17.12	170,600.00	171,250.00	1.76	17,600	10.3	11-17-80
***	20,000	17.06	***	341,160.00	342,500.00		35,200	10.3	***
98339810 WYOMING NATL CORP									
	2,000	28.25	28.00	56,501.00	56,000.00	1.44	2,980	5.1	07-27-77
	500	28.50	28.00	14,250.00	14,000.00	1.44	720	5.1	08-11-77
	1,000	28.50	28.00	28,500.00	28,000.00	1.44	1,440	5.1	08-16-77
	1,000	28.50	28.00	28,500.00	28,000.00	1.44	1,440	5.1	08-17-77
	500	28.50	28.00	14,250.00	14,000.00	1.44	720	5.1	08-22-77
	500	28.50	28.00	14,250.00	14,000.00	1.44	720	5.1	09-06-77
	500	28.50	28.00	14,250.00	14,000.00	1.44	720	5.1	09-07-77
	1,000	27.66	28.00	27,663.00	28,000.00	1.44	1,440	5.1	07-26-79
	2,200	24.47	28.00	53,834.00	61,500.00	1.44	3,168	5.1	11-21-80
***	9,200	27.39	***	251,998.00	257,600.00		13,248	5.1	***
				-----	-----		-----	-----	
				4596,222.06	4632,704.50		357,858	7.7	
ACCOUNT TOTALS				7,212,605.29	7,254,762.45		748,023	10.3 %	YIELD
YTD LONG TERM GAIN OR LOSS				206,329.23+	YTD SHORT TERM GAIN DR	LOSS	10,728.42+		
JOHN M. BLEWER, INC.									

PAGE 4

JOHN M. BLEWER, INC.
INVESTMENT COUNSEL
105 EAST 80th STREET
NEW YORK, NEW YORK 10021
(212) 744-9330

RECEIVED

MAR 3 1981

JOHN M. BLEWER
PRESIDENT
FREDERICK F. NAGLE
VICE PRESIDENT
GRACE G. VELIZ
SECOND VICE PRESIDENT

CONNECTICUT OFFICE

P. O. BOX 1250
MADISON, CONN. 06443
(203) 767-0097
(203) 767-2063

DR. DOUGLAS H. BELLEMORE
ECONOMIST

FRANK S. BERALL, ESQ.
GENERAL COUNSEL

February 27, 1981

Austin S. Ashley, Esquire
Bingham, Dana & Gould
35th Floor
100 Federal Street
Boston, MA 02101

Re: EAP - Hitachi, 7% Convertible

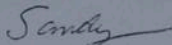
Dear Mr. Ashley:

We would like to buy \$300,000 on this issue on behalf of the School. The Company has great stature, a reputation for careful planning, and a high prospective rate of growth.

We would like to call for clearance on this on Wednesday, March 4.

With all thanks in advance for your good consideration,

Sincerely yours,



John M. Blewer

JMB/emp

cc: John W. Weeks
George P. Gardner
Mr. Wright

Turned down

BINGHAM, DANA & GOULD

100 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE (617) 357-9300
TWX: 7103210169
CABLE ADDRESS: BDDGDM BSN

RECEIVED

FEB 23 1981

EUROPEAN OFFICE:

5 CHEAPSIDE
LONDON EC2V 6AA
TELEPHONE 01-236 2182
TELEX: 888179
CABLE ADDRESS: BDDGDM B

CAPE COD OFFICE:

146 MAIN STREET
PARK SQUARE
HYANNIS, MASSACHUSETTS 02601
TELEPHONE (617) 771-2161

19 February, 1981

Frederick F. Nagle, Vice President
John M. Blewer, Inc.
105 East 80th Street
New York, New York 10021

Re: Escuela Agricola
Pan-Americana, Inc.

Dear Mr. Nagle:

Thank you for your letter of February 13, 1981, bringing us up to date on the recent EAP portfolio transactions, on the use of calls and on the status of the portfolio on February 3, 1981.

This information will be helpful to the Portfolio Committee and is appreciated. Perhaps we could impose on you a little further to inform us about the transfer of custody from Paine Webber to the New England Merchants Bank, as it is not clear to me why it apparently took several weeks to effect the complete transfer.

I understand that you are in the process of preparing a more complete report at this time. As you address various aspects of the portfolio, it would be helpful if you could outline your 1980 strategy for fixed income holdings and for equities. We would also like to know what were the yields on fixed income securities, and what was the time weighted rate of return on equities. In addition, how did the rate of return on equities compare to the S&P 500?

I believe you submitted an analysis of the beta coefficient in June, 1980. Could you update this report for us in view of the recent recomposition of the portfolio.

BINGHAM, DANA & GOULD

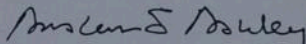
Frederick F. Nagle, Vice President
19 February, 1981
Page Two

I wonder if your records could readily provide us with a statement of cash flows for 1980? The Committee has nothing which indicates clearly what these may have been.

Your report on option trading is, I assume, intended to be all-inclusive. For the sake of completeness, would you be good enough to supplement it by separating and totaling the option trades independently from equity appreciation and equity transactions? I have seen very comprehensive reports on option trading carried on by others, defining the strategies used and those proposed for the future. Could we see yours?

We look forward to your further reports and analyses.

Very truly yours,



Austin S. Ashley

ASA/rw

cc: Members of the
Portfolio Committee

BINGHAM, DANA & GOULD

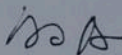
RECEIVED

APR 23 1981

To: G. P. Gardner, Jr.
J. W. Weeks
G. B. Wright
J. G. Smith
H. L. Popenoe
C. C. Lastavica

Herewith, for your consideration, is a proposal regarding management of the E.A.P. endowment fund received from Battery March Financial Management.

The Scudder Stevens & Clark proposal will be forwarded to you upon receipt.



Austin. S. Ashley

ASA/rw
Enclosures

23 April, 1981

BINGHAM, DANA & GOULD

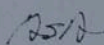
RECEIVED

APR 10 1981

To: G. P. Gardner, Jr.
J. W. Weeks
G. B. Wright
J. G. Smith
H. L. Popenoe
C. C. Lastavica

Herewith, for your consideration, are proposals regarding management of the E. A. P. endowment received from Massachusetts Financial Services and Thorndike, Doran, Paine & Lewis.

Proposals have also been requested of Battery March Financial Management and Scudder Stevens & Clark which will be forwarded to you upon receipt.


Austin S. Ashley

ASA/rw
Enclosures

9 April, 1981

RECEIVED

MAR 19 1981

To The Members of The
Portfolio Committee

Please note that in my memorandum to you dated 17th March,
the date appearing in the second paragraph should have been 16th
April and not 6th April. The real point, however, despite this
confusing note -- for which I apologize -- is that the time for
a meeting is now indefinite.

/rw

Roots
A.S.A.

18 March, 1981

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MAR 18 1981

To the Members of The
Portfolio Committee

I am withdrawing from consideration the proposal of Gardner and Preston Moss Inc. which was recently sent to you. Instead, I shall obtain as quickly as possible and submit to you one or two proposals by other independent management companies.

Depending on how quickly the alternative proposals can be prepared, it may be necessary for the meeting of the Committee, suggested in my previous note to you, to be held some time later than the week of 6th April.

I will keep you all informed.



A.S.A.

/rw

17 March, 1981

APPENDICES

- I. Comparison between purchases and sales transacted in December 1980 and their respective closing prices, February 20, 1981
- II. Option activity in calendar year, 1980
- III. Natural Gas Memo
- IV. The Economic and Energy Outlook and Implications for Investment Strategy (Draft copy)
- V. A.T. & T.
- VI. Escuela Agricola Pan America - Visit of February 14 and 15th, 1980 by Grace G. Veliz
- VII. The 1981-1984 Economy and Industry Projections

Appendix I

Comparison between Purchases and Sales Transacted
in December, 1980 and their Respective Closing
Prices February 20, 1981

2-20-81

<u>Purchases</u>	<u>Price</u>	<u>Value</u>	<u>Price</u>	<u>Value</u>	<u>% Change</u>
12/23 14,000 Pacific Coast Electric	21-1/8	\$297,931	21-1/8	\$295,750	(0.73)
12/23 15,500 Central & Southwest		\$215,903	12-3/8	\$191,812	(11.16)
9,200 @ 13-7/8					
4,500 @ 13-3/4					
1,800 @ 13-5/8					
12/23 7,000 Great Northern Nekoosa	39-1/2	\$275,651	38-3/4	\$271,250	(1.6)
		\$784,485		\$758,812	(3.27)

2-20-81

<u>Sales</u>	<u>Price</u>	<u>Value</u>	<u>Price</u>	<u>Value</u>	<u>% Change</u>
ao 12/1 5,000 Texaco	53-5/8	\$268,125	39-1/8	\$295,625	(27.04)
12/2 10,000 Lehman Corp		\$147,611	13-3/8	\$133,750	(9.39)
4,000 @ 14-3/4					
900 @ 15-1/8					
4,900 @ 15					
12/2 5,000 Union Carbide		\$239,632	54-3/4	\$273,750	14.24
2,300 @ 48-1/2					
2,500 @ 48					
12/2 3,000 Borden		\$ 74,846	25-5/8	\$ 76,875	2.71
1,500 @ 25-1/8					
1,500 @ 25-1/4					
12/2 6,600 Tenneco		\$325,670	45-1/8	\$297,825	(8.55)
1,000 @ 53					
2,300 @ 52-3/4					
1,000 @ 54-3/8					
3,200 @ 54-3/4					

<u>Sales</u>			<u>Price</u>	<u>Value</u>	<u>Price</u>	<u>Value</u>	<u>% Change</u>
ao 12/2	6,000	Norton Co.		\$332,816	51	\$306,000	(8.06)
		2,200 @	55-7/8				
		800 @	56				
		3,000 @	55-3/4				
12/3	5,000	Lehman Corp	14-7/8	\$ 74,375	13-3/8	\$ 66,875	(10.08)
12/8	10,000	Tri Continental		\$221,192	20-1/2	\$205,000	(7.32)
		2,000 @	22-1/2				
		8,000 @	22-1/4				
12/8	3,000	Colt Industries		\$138,600	49-1/2	\$147,375	6.33
		500 @	46-3/4				
		2,500 @	46-1/2				
12/8	10,000	International Minerals & Chemicals		\$550,145	55-1/2	\$555,000	.88
		7,900 @	55-1/4				
		2,100 @	55-3/4				
				\$2,373,012		\$2,258,075	(4.84)

Appendix II

Option Activity in Calendar Year, 1980

		Covered Call Activity		
1. Exxon		Closing Price 10/23/80:	77-7/8	
		Closing Price 12/31/80:	80-5/8	
Sold:	10/24/80	50 calls Exxon @ 80; 3-3/8	14,900	
Expired:	1/16/81	36 calls	14,900	
Exercised:	1/16/81	16 calls		
Difference:		1,400 shares Exxon 10/24/80 to 1/16/81	2,800	
		Realized Proceeds	\$16,900	
2. Union Carbide		Closing Price 11/6/80:	46-1/4	
		Closing Price 12/31/80:	50-1/4	
Purchased:	11/5/80	5,000 Union Carbide	(242,469)	
Sold:	11/7/80	50 calls Union Carbide	10,004	
		April 81 @ 2-1/16;		
Repurchased:	12/1/80	50 calls Union Carbide	(23,480)	
		April 81; 46 @ 4-5/8		
		4 @ 4-1/2		
Sold:	12/2/80	5,000 Union Carbide	239,632	
		Realized Loss	(16,313)	
3. Texaco		Closing Price 11/12/80:	42	
		Closing Price 11/13/80:	43-7/8	
		Closing Price 12/31/80:	48	
Purchased:	11/5/80	5,000 Texaco @	(203,750)	
Sold:	11/13/80	35 calls Texaco		
		April 45s @ 3-3/8	16,883	
	11/14/80	15 calls Texaco		
		April 45s @ 3-5/8		
Repurchased:	12/1/80	50 calls Texaco	(56,838)	
		April 45s @ 11-1/4		
Sold:	12/1/80	5,000 Texaco	\$268,125	
		Realized Gain	\$ 24,420	
		Proceeds Net to EAP	\$ 25,007	

RECEIVED

FEB 18 1981

To the Members of the
Portfolio Committee

Attached is a copy of a report from John M. Blewer, Inc.,
which I received today which relates chiefly to trading in
options by the Endowment Fund.

Enclosure
17 February 1981

John M. Blewer

A.S.A.

JOHN M. BLEWER, INC.
INVESTMENT COUNSEL
105 EAST 80TH STREET
NEW YORK, NEW YORK 10021
(212) 744-9330

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FEB 17 1981

Bingham, Dana & Gould
CONNECTICUT OFFICE

P. O. BOX 1250
MADISON, CONN. 06443
(203) 767-0097
(203) 767-2063

DR. DOUGLAS H. BELLEMORE
ECONOMIST

FRANK S. BERALL, ESQ.
GENERAL COUNSEL

JOHN M. BLEWER
PRESIDENT
FREDERICK F. NAGLE
VICE PRESIDENT
GRACE G. VELIZ
SECOND VICE PRESIDENT

February 13, 1981

Austin S. Ashley, Esquire
Bingham, Dana and Gould
100 Federal Street, 35th Floor
Boston, Mass. 02101

Dear Mr. Ashley:

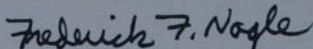
I am writing in response to your telegram received this morning. Enclosed are figures which were prepared for the meeting last week, which will be explained in a subsequent telephone call. I am also enclosing a Xerox copy of our internal asset run. As you will see, we currently have no options outstanding; the last position was particularly exercised or expired on January 16, 1981. Our most recent transactions included the following:

<u>Sold</u>	<u>Cost</u>	<u>Proceeds</u>
12,858 Western Bank Coos Bay, Oregon	\$106,417.95	\$ 81,209.24
21,172 Wyoming Bancor- poration	<u>210,300.00</u>	<u>393,150.81</u>
	\$316,717.95	\$474,360.06
<u>Bought</u>		
6,000 AMF	\$131,612.00	
6,000 American Tele- phone & Telegraph	317,824.30	

Austin S. Ashley, Esquire
February 13, 1981
Page Two

As I was prepared to do on February 6th, we would be glad to discuss the strategy, as well as the performance for the committee at your earliest convenience. We look forward to further conversations shortly.

Sincerely yours,



Frederick F. Nagle

FFN/sdl
Encl.

cc: John W. Weeks
George P. Gardner

Use of Calls,
October 1980 to Present

1. Exxon

1/79; 5,000 Exxon had been bought

a. 10/24/80: 50 Calls sold, at 80,
30 - 3
20 - 3 1/8 \$14,900.58
with Exxon at 78

b. 1/16/81: 14 Calls exercised
36 Calls expired
with Exxon at 80

c. Results:

50 calls: \$14,900.58
Exxon difference,
1,400 shares, 10/24/80 - \$ 2,800.00
1/16/81

	H	L	C	Net:	16,900.58
10/24	78 1/2	77 3/8	78		
1/16	80 3/8	79 3/8	80		

2. Texaco

11/5/80; 11,000 Texaco bought
6,500 - 41 1/4
5,500 - 40 3/4

a. 50 Calls sold at 45
11/13/80: 35 - 3 3/8
11/14/80: 15 - 3 5/8 \$ 16,883.94
with Texaco at 43 7/8 - 44 7/8

b. 12/180: 50 Calls repurchased at 11 1/4

(\$ 56,838.34)

Also: 5,000 Texaco:

a. Gain 11/5/80 - 11/14/80,
41 to 44 7/8 = 3 7/8 points

Gain X 5,000 = \$ 19,375.00

b. Gain 11/14/80 - 12/1/80

5,000 X 5.5 27,500.00
Net: \$ 6,920.00

	H	L	C
11/5	41 3/8	38 7/8	39 7/8
11/13	43 1/8	42 3/8	43 7/8
11/14	49 5/8	43 3/8	44 7/8
12/1	54 3/8	50 3/8	50 3/8

3. Union Carbide:

11/5/80: 5,000 Union Carbide,
 2,500 - 48 3/4
 2,500 - 47 5/8

Net: \$ 242,469.20

a. 11/7/80: 50 Calls sold at 2 1/16
 with Union Carbide at 46 1/4:

\$ 10,004.13

b. 12/1/80: 50 Calls repurchased
 46 - 45 1/8
 4 - 4 1/2

(\$ 23,480.22)

c. 12/2/80: 5,000 sold
 2,300 48 1/2
 2,500 48
 200 48 5/8

\$ 239,632.63

Net: (\$16,312.66)

	H	L	C
11/5	48 3/4	47 3/4	47 7/8
11/7	46 1/2	45 3/4	46 1/4
12/2	50 1/4	49 1/8	49 1/2

(60-019000)

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/03/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV INCOME	YLD MKT	TAX LOT DATA
<u>SENIOR SECURITIES</u>								
41115	BILLINGHAM CORP \$2 CV PFD		2.00					
	2,000	26.25	33.25	52,496.40	66,500.00	4,000	6.0	09-17-79
	1,000	31.58	33.25	31,579.88	33,250.00	2,000	6.0	09-09-80
	3,000	28.03	***	84,076.28	99,750.00	6,000	6.0	***
42599A	NEW ENGLAND MERCHANTS SVGS ACT 5.00%							
	57,524.720	100.00	100.00	57,524.72	57,524.72	2,876	5.0	01-30-81
27936F	U S TREASURY BILLS							
	140,000	96.25	96.25	134,753.30	134,753.30	15,610	11.6	10-14-80
27936G	U S TREASURY BILLS							
	745,000	95.64	95.64	712,545.94	712,545.94	74,894	10.5	09-16-80
27936H	U S TREASURY BILLS							
	390,000	95.99	95.99	374,393.50	374,393.50	56,752	15.2	01-28-81
27936X	US TREASURY BILLS							
	245,000	91.30	91.30	223,685.00	223,685.00	32,932	14.7	12-23-80
27936Z	U S TREASURY BILLS							
	1,140,000	87.99	87.99	1,003,148.70	1,003,148.70	163,134	16.3	12-10-80
				2590,127.44	2605,801.16	352,200	13.5	
<u>COMMON STOCKS</u>								
31271	TRAX INC							
	8,000	43.63	42.00	349,044.60	336,000.00	2,400	5.7	01-06-81
356711	FIG THREE INDUSTRIALS							
	1,200	41.73	59.00	52,575.20	74,340.00	1,200	2.0	01-10-80
JOHN M. HILF, INC.								

6000 QME

6000 ATT

PAGE 1

16L-019000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/03/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV	YLD INCOME	YLD MKT	TAX LOT DATA
	84	42.57	59.00	35,761.72	49,560.00	1.20	1,008	2.0	01-11-80
	84	43.17	59.00	36,264.12	49,560.00	1.20	1,008	2.0	01-14-80
	1,500	67.22	59.00	100,831.00	88,500.00	1.20	1,800	2.0	10-09-80
***	4,440	50.77	***	225,433.04	261,960.00		5,328	2.0	***
235710	CENTRAL & SOUTH WEST CORP								
	12,500	12.56	12.25	161,950.00	153,125.00	1.58	19,750	12.9	11-13-80 A
	12,500	12.94	12.25	161,687.50	153,125.00	1.58	19,750	12.9	11-14-80
	15,500	13.93	12.25	215,903.04	189,875.00	1.58	24,490	12.9	12-23-80
***	40,500	13.32	***	539,540.54	496,125.00		63,990	12.9	***
229-10	LAXON CORP								
	2,600	48.67	75.37	126,544.47	195,975.00	6.00	15,600	8.0	05-16-78
	1,000	50.18	75.37	50,175.30	75,375.00	6.00	6,000	8.0	01-24-79
***	3,600	49.09	***	176,719.77	271,350.00		21,600	8.0	***
238710	FIRST NATL BANK OF ANCHORAGE								
	40	587.50	475.00	23,500.00	19,000.00	10.00	400	2.1	02-09-73
	40	837.50	475.00	33,500.00	19,000.00	10.00	400	2.1	10-02-74
	34	987.59	475.00	33,578.00	15,150.00	10.00	340	2.1	01-06-76
	10	1352.00	475.00	13,520.00	4,750.00	10.00	100	2.1	08-19-77
***	124	839.50	***	104,098.00	58,900.00		1,240	2.1	***
109-10	GREAT NORTHERN NEKUSA CORP								
	7,000	39.38	39.00	275,651.40	273,000.00	1.80	12,600	4.6	12-23-80
34521	HELMERICH & PAYNE								
	3,000	41.44	41.25	124,327.20	123,750.00	.22	660	.5	10-32-80
	1,500	43.16	41.25	69,048.90	65,000.00	.22	352	.5	10-06-80
***	4,500	42.64	***	193,376.10	189,750.00		1,012	.5	***
25532	IMPALA PLATINUM HLDS ADR								
	1,000	6.09	7.18	60,877.20	71,880.00	1.30	13,000	18.1	04-30-80
	6,000	7.23	7.18	43,373.20	43,128.00	1.30	7,800	18.1	07-02-80

JOHN M. GILFILL, INC.

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61-61900

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/03/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV	YLD INCOME	YLD MKT	TAX LOT DATA
	8,700	11.72	7.18	93,721.00	57,564.00	1.30	10,400	18.1	11-21-80
***	24,000	8.25	***	197,971.40	172,512.00		31,200	16.1	***
28341	LEAD CORP								
	6,200	25.64	26.12	183,755.64	161,975.00	1.90	11,780	7.3	04-05-79
	500	25.23	26.12	15,135.91	15,675.00	1.90	1,140	7.3	10-19-79
	3,200	22.90	26.12	73,284.32	83,600.00	1.90	6,080	7.3	04-22-80
	2,000	25.71	26.12	51,429.80	52,250.00	1.90	3,800	7.3	07-08-80
***	12,000	26.97	***	323,605.67	313,500.00		22,800	7.3	***
91561	M L INDUSTRIES INC.								
	3,000	62.79	65.00	188,364.04	195,000.00	1.40	4,200	2.2	09-17-80
43.810	PACIFIC GAS & ELEC								
	14,000	21.26	20.87	297,931.00	292,250.00	2.72	38,080	13.0	12-23-80
12573	ROYAL DUTCH PET 20 GLD NY REG								
	3,000	77.59	90.62	232,776.20	271,875.00	6.50	19,512	7.2	11-21-79
	2,000	80.38	90.62	150,763.60	181,250.00	6.50	13,008	7.2	11-27-79
***	5,000	78.71	***	393,539.80	453,125.00		32,520	7.2	***
16941	TEXACO INC								
	7,000	41.19	41.87	288,352.40	293,125.00	2.60	18,200	6.2	11-05-80
28481	TEXAS UTILITIES								
	1,000	17.06	17.62	170,560.00	176,250.00	1.76	17,600	10.0	11-13-80
	1,000	17.06	17.62	170,600.00	176,250.00	1.76	17,600	10.0	11-17-80
***	2,000	17.06	***	341,160.00	352,500.00		35,200	10.0	***
77100	WESTERN BK COUS BAY ORE								
	3,464,889	8.69	7.25	30,111.18	25,119.72	.50	1,732	6.9	07-12-79
	4,619,718	8.95	7.25	41,361.35	33,447.96	.50	2,309	6.9	07-16-79
	419,874	8.75	7.25	3,075.60	3,044.81	.50	209	6.9	07-20-79
	3,755,519	8.33	7.25	31,269.82	27,213.01	.50	1,876	6.9	01-03-80

JOHN M. BLEWER, INC.

PAGE 3

60-019000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/03/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV INCOME	YLD MKT	TAX LOT DATA
***	12,858	8.68	***	106,417.95	88,870.50	6,129	6.9	***
141 WYOMING BANCORPORATION	25,164.43	9.92	20.00	250,000.00	403,288.60	.80	16,131	4.0 08-25-76
	1,007.87	10.22	20.00	10,300.00	20,151.40	.80	806	4.0 12-17-76
***	21,172	9.93	***	210,300.00	423,440.00	16,937	4.0	***
9815 WYOMING NAIL CORP	2,000	28.25	29.00	56,501.00	58,000.00	1.44	2,880	5.0 07-27-77
	500	28.50	29.00	14,250.00	14,500.00	1.44	720	5.0 08-11-77
	1,000	28.50	29.00	28,500.00	29,000.00	1.44	1,440	5.0 08-16-77
	1,000	28.50	29.00	28,500.00	29,000.00	1.44	1,440	5.0 08-17-77
	500	28.50	29.00	14,250.00	14,500.00	1.44	720	5.0 08-22-77
	500	28.50	29.00	14,250.00	14,500.00	1.44	720	5.0 09-06-77
	500	28.50	29.00	14,250.00	14,500.00	1.44	720	5.0 09-07-77
	1,000	27.66	29.00	27,663.00	29,000.00	1.44	1,440	5.0 07-26-79
	2,200	24.47	29.00	53,834.00	63,800.00	1.44	3,168	5.0 11-21-80
***	9,200	27.39	***	251,998.00	266,800.00	13,248	5.0	***
				4463,503.71	4738,207.50	343,484	7.2	
ACCOUNT TOTALS				7,053,631.15	7,344,008.66	695,685	9.5 %	YIELD
YTD LONG TERM GAIN OR LOSS				47,854.09+	YTD SHORT TERM GAIN OR LOSS			10,728.42+

JOHN M. BLEWER, INC.

PAGE 4

JOHN M. BLEWER, INC.
INVESTMENT COUNSEL
105 EAST 80th STREET
NEW YORK, NEW YORK 10021
(212) 744-9330

RECEIVED

FEB 10 1981

JOHN M. BLEWER
PRESIDENT
FREDERICK F. NAGLE
VICE PRESIDENT
GRACE G. VELIZ
SECOND VICE PRESIDENT

CONNECTICUT OFFICE

P. O. BOX 1250
MADISON, CONN. 06443
(203) 767-0097
(203) 767-2063

DR. DOUGLAS H. BELLEMORE
ECONOMIST

FRANK S. BERALL, ESQ.
GENERAL COUNSEL

February 13, 1981

Austin S. Ashley, Esquire
Bingham, Dana and Gould
100 Federal Street, 35th Floor
Boston, Mass. 02101

Dear Mr. Ashley:

I am writing in response to your telegram received this morning. Enclosed are figures which were prepared for the meeting last week, which will be explained in a subsequent telephone call. I am also enclosing a Xerox copy of our internal asset run. As you will see, we currently have no options outstanding; the last position was particularly exercised or expired on January 16, 1981. Our most recent transactions included the following:

<u>Sold</u>	<u>Cost</u>	<u>Proceeds</u>
12,858 Western Bank Coos Bay, Oregon	\$106,417.95	\$ 81,209.24
21,172 Wyoming Bancor- poration	<u>210,300.00</u>	<u>393,150.81</u>
	\$316,717.95	\$474,360.06
<u>Bought</u>		
6,000 AMF	\$131,612.00	
6,000 American Tele- phone & Telegraph	317,824.30	

Austin S. Ashley, Esquire
February 13, 1981
Page Two

As I was prepared to do on February 6th, we would be glad to discuss the strategy, as well as the performance for the committee at your earliest convenience. We look forward to further conversations shortly.

Sincerely yours,

Frederick F. Nagle

Frederick F. Nagle

FFN/sdl
Encl.

cc: John W. Weeks ✓
George P. Gardner

Use of Calls,
October 1980 to Present

1. Exxon

1/79; 5,000 Exxon had been bought

a. 10/24/80: 50 Calls sold, at 80,
30 - 3
20 - 3 1/8 \$14,900.58

with Exxon at 78

b. 1/16/81: 14 Calls exercised
36 Calls expired
with Exxon at 80

c. Results:

50 calls: \$14,900.58
Exxon difference,
1,400 shares, 10/24/80 - \$ 2,800.00
1/16/81

	H	L	C	Net:	<u>16,900.58</u>
10/24	78 1/2	77 3/8	78		
1/16	80 3/8	79 3/8	80		

2. Texaco

11/5/80; 11,000 Texaco bought
6,500 - 41 1/4
5,500 - 40 3/4

a. 50 Calls sold at 45
11/13/80: 35 - 3 3/8
11/14/80: 15 - 3 5/8 \$ 16,883.94
with Texaco at 43 7/8 - 44 7/8

b. 12/180: 50 Calls repurchased at 11 1/4

(\$ 56,838.34)

Also: 5,000 Texaco:

a. Gain 11/5/80 - 11/14/80,
41 to 44 7/8 = 3 7/8 points

Gain X 5,000 = \$ 19,375.00

b. Gain 11/14/80 - 12/1/80
5,000 X 5.5

27,500.00
Net: \$ 6,920.00

	H	L	C
11/5	41 3/8	38 7/8	39 7/8
11/13	43 1/8	42 3/8	43 7/8
11/14	49 5/8	43 3/8	44 7/8
12/1	54 3/8	50 3/8	50 3/8

3. Union Carbide:

11/5/80: 5,000 Union Carbide,
 2,500 - 48 3/4
 2,500 - 47 5/8

Net: \$ 242,469.20

a. 11/7/80: 50 Calls sold at 2 1/16
 with Union Carbide at 46 1/4: \$ 10,004.13

b. 12/1/80: 50 Calls repurchased
 46 - 45 1/8
 4 - 4 1/2 (\$ 23,480.22)

c. 12/2/80: 5,000 sold
 2,300 48 1/2
 2,500 48
 200 48 5/8 \$ 239,632.63

Net: (\$16,312.66)

	H	L	C
11/5	48 3/4	47 3/4	47 7/8
11/7	46 1/2	45 3/4	46 1/4
12/2	50 1/4	49 1/8	49 1/2

660-019000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/03/81

UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV INCOME	YLD MKT	TAX LOT DATA
SENIOR SECURITIES							
1150 DILLINGHAM CORP \$2 CV PFD		2.00					
2,000	26.25	33.25	52,496.40	66,500.00	4,000	6.0	09-17-79
1,000	31.58	33.25	31,579.88	33,250.00	2,000	6.0	09-09-80
3,000	28.03	***	84,076.28	99,750.00	6,000	6.0	***
599A NEW ENGLAND MERCHANTS SVGS ACT 5.000%		100.00					
57,524.720	100.00	100.00	57,524.72	57,524.72	2,876	5.0	01-30-81
936F U S TREASURY BILLS							
140,000	96.25	96.25	134,753.30	134,753.30	15,610	11.6	10-14-80
<i>140M TIB 12/3/81</i>							
936G U S TREASURY BILLS							
745,000	95.64	95.64	712,545.94	712,545.94	74,894	10.5	09-16-80
<i>2/19/81</i>							
936Q U S TREASURY BILLS							
390,000	95.99	95.99	374,393.50	374,393.50	56,752	15.2	01-28-81
<i>5/07/81</i>							
936X US TREASURY BILLS							
245,000	91.30	91.30	223,685.00	223,685.00	32,932	14.7	12-23-80
<i>8/13/81</i>							
936Z U S TREASURY BILLS							
1,140,000	87.99	87.99	1003,148.70	1003,148.70	163,134	16.3	12-10-80
<i>10/08/81</i>							
			2590,127.44	2605,801.16	352,200	13.5	

COMMON STOCKS

271 MAX INC							
6,000	43.63	42.00	349,044.60	336,000.00	2.40	19.20	5.7 01-06-81
<i>6000 AME</i>							
5711 EIG THREE INDUSTRIES							
1,260	41.73	59.00	52,875.20	74,340.00	1.20	1,512	2.0 01-10-80
<i>6000 ATT</i>							

JHN M. BLEEK, INC.

PAGE 1

160-019000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/03/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV	YLD INCOME	TAX MKT LOT DATA	
	840	42.57	59.00	35,761.72	49,560.00	1.20	1,008	2.0 01-11-80	
	840	43.17	59.00	36,264.12	49,560.00	1.20	1,008	2.0 01-14-80	
	1,500	67.22	59.00	100,831.00	88,500.00	1.20	1,800	2.0 10-09-80	
***	4,440	50.77	***	225,433.04	261,960.00		5,328	2.0 ***	
5710	CENTRAL & SOUTH WEST CORP								
	12,500	12.56	12.25	161,950.00	153,125.00	1.58	19,750	12.9 11-13-80 A	
	12,500	12.94	12.25	161,687.50	153,125.00	1.58	19,750	12.9 11-14-80	
	15,500	13.93	12.25	215,903.54	189,875.00	1.58	24,490	12.9 12-23-80	
***	40,500	13.32	***	539,540.54	496,125.00		63,990	12.9 ***	
9.10	TAXON CORP								
	2,600	48.67	75.37	126,544.47	195,975.00	6.00	15,600	8.0 05-16-78	
	1,000	50.18	75.37	50,175.30	75,375.00	6.00	6,000	8.0 01-24-79	
***	3,600	49.09	***	176,719.77	271,350.00		21,600	8.0 ***	
8710	FIRST NATL BANK OF ANCHORAGE								
	40	587.50	475.00	23,500.00	19,000.00	10.00	400	2.1 02-09-73	
	40	837.50	475.00	33,500.00	19,000.00	10.00	400	2.1 10-02-74	
	34	987.59	475.00	33,578.00	15,150.00	10.00	340	2.1 01-06-76	
	10	1352.00	475.00	13,520.00	4,750.00	10.00	100	2.1 08-19-77	
***	124	839.50	***	104,098.00	58,900.00		1,240	2.1 ***	
9.10	GREAT NORTHERN NEKOOSA CORP								
	7,000	39.38	39.00	275,651.40	273,000.00	1.80	12,600	4.6 12-23-80	
5210	HELMKICH & PAYNE								
	3,000	41.44	41.25	124,327.20	123,750.00	.22	660	.5 10-02-80	
	1,500	43.16	41.25	69,048.90	65,000.00	.22	352	.5 10-06-80	
***	4,500	42.04	***	193,376.10	189,750.00		1,012	.5 ***	
5320	IMPALA PLATINUM HLGS ADR								
	10,000	6.09	7.18	60,877.20	71,880.00	1.30	13,000	18.1 04-30-80	
	6,000	7.23	7.18	43,373.20	43,128.00	1.30	7,800	18.1 07-02-80	

JOHN M. BIRKBEK, INC.

PAGE 2

160-19500

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/03/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV	INCOME	YLD MKT	TAX LOT DATA
	8,000	11.72	7.18	93,721.00	57,504.00	1.30	10,400	18.1	11-21-80
***	24,000	8.25	***	197,971.40	172,512.00		31,200	16.1	***
8410	HEAD CUPP								
	6,200	29.64	26.12	183,755.64	161,975.00	1.90	11,780	7.3	04-05-79
	600	25.23	26.12	15,135.91	15,675.00	1.90	1,140	7.3	10-19-79
	3,200	22.90	26.12	73,284.32	83,600.00	1.90	6,080	7.3	04-22-80
	2,000	25.71	26.12	51,429.80	52,250.00	1.90	3,800	7.3	07-08-80
***	12,000	26.97	***	323,605.67	313,500.00		22,800	7.3	***
5610	N L INDUSTRIES INC.								
	3,000	62.79	65.00	188,364.04	195,000.00	1.40	4,200	2.2	09-17-80
4810	PACIFIC GAS & ELEC								
	14,000	21.26	20.87	297,931.00	292,250.00	2.72	38,080	13.0	12-23-80
5730	ROYAL DUTCH PET 20 GLD NY REG								
	3,000	77.59	90.62	232,776.20	271,875.00	6.50	19,512	7.2	11-21-79
	2,000	80.38	90.62	180,763.60	181,250.00	6.50	13,008	7.2	11-27-79
***	5,000	78.71	***	393,539.80	453,125.00		32,520	7.2	***
9410	TEXACO INC								
	7,000	41.19	41.87	288,352.40	293,125.00	2.60	18,200	6.2	11-05-80
4810	TEXAS UTILITIES								
	10,000	17.06	17.62	170,560.00	176,250.00	1.76	17,600	10.0	11-13-80
	10,000	17.06	17.62	170,600.00	176,250.00	1.76	17,600	10.0	11-17-80
***	20,000	17.06	***	341,160.00	352,500.00		35,200	10.0	***
1010	WESTERN BK COUS BAY ORE								
	3,464,889	8.69	7.25	30,111.18	25,119.72	.50	1,732	6.9	07-12-79
	4,619,718	8.95	7.25	41,361.35	33,492.96	.50	2,309	6.9	07-16-79
	419,974	8.75	7.25	3,075.60	3,044.81	.50	209	6.9	07-20-79
	3,753,519	8.33	7.25	31,269.82	27,213.01	.50	1,876	6.9	01-03-80

PAGE 3

JOHN M. BLEWER, INC.

60-019000

ESCUELA AGRICOLA PAN-AMERICANA GN FD

2/03/81

	UNITS OR SHARES	UNIT COST	MARKET PRICE	TOTAL COST	APPROX MARKET VALUE	ESTIMATED DIV	YLD MKT INCOME	TAX LOT DATA
***	12,258	8.68	***	106,417.95	88,870.50		-6,129	6.9 ***
10 WYOMING BANCORPORATION	25,164.830	9.92	20.00	200,000.00	403,288.60	.80	16,131	4.0 08-25-76
	1,007.970	✓ 10.22	20.00	10,300.00	20,151.40	.80	806	4.0 12-17-76
***	21,172	9.93	***	210,300.00	423,440.00		16,937	4.0 ***
10 WYOMING NAIL CORP								
	2,500	28.25	29.00	56,501.00	58,000.00	1.44	2,880	5.0 07-27-77
	500	28.50	29.00	14,250.00	14,500.00	1.44	720	5.0 08-11-77
	1,000	28.50	29.00	28,500.00	29,000.00	1.44	1,440	5.0 08-16-77
	1,000	28.50	29.00	28,500.00	29,000.00	1.44	1,440	5.0 08-17-77
	500	28.50	29.00	14,250.00	14,500.00	1.44	720	5.0 08-22-77
	500	28.50	29.00	14,250.00	14,500.00	1.44	720	5.0 09-06-77
	500	28.50	29.00	14,250.00	14,500.00	1.44	720	5.0 09-07-77
	1,000	27.66	29.00	27,663.00	29,000.00	1.44	1,440	5.0 07-26-79
	2,200	24.47	29.00	53,834.00	63,800.00	1.44	3,168	5.0 11-21-80
***	9,200	27.39	***	251,998.00	266,800.00		13,248	5.0 ***
				4463,503.71	4738,207.50		343,484	7.2
ACCOUNT TOTALS				7,053,631.15	7,344,008.66		695,685	9.5 % YIELD
YTD LONG TERM GAIN OR LOSS				47,854.09+	YTD SHORT TERM GAIN OR LOSS			10,728.42+

N. M. BLEWER, INC.

PAGE 4

Escuela Agricola
Pan-Americana, Inc.

Meeting of
February 6, 1981

1. Policy in 3rd and 4th Quarters:

- a) In selection, decreasing emphasis on energy and commodity securities; first purchase of utilities
- b) Conservative stock/bond ratio, median within the historical framework of EAP (the November purchases being an exception)

2. Income high and rising:

	<u>December 31</u>
a) In 1979	\$ 436,281.00
b) In 1980 (Up as forecast)	657,762.00
c) In 1981 (Up again)	720,000.00

3. Economic Outlook:

Earnings & dividends - strong

Interest rates: (1) long-term - rising
(2) short-term - erratically high

Industrial emphasis through 1984 - Military, capital goods, probably shift to energy-using enterprises; avoidance of consumer-related companies

4. Probable market behavior:

- a) Stocks: strong long-term outlook, possibly weak short-term; large divergence (again) in industry and stock groups
- b) Bonds: lower average levels, in view of large Federal deficits, growth in the credit system, and creditors' insistence on "real" rates of return

F.F.N.

BINGHAM, DANA & GOULD

100 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE (617) 357-9300
TWX 7103210169
CABLE ADDRESS: BLDGGHAM BSN

RECEIVED

FEB 17 1981

EUROPEAN OFFICE
5 CHEAPSIDE
LONDON EC2V 6AA
TELEPHONE: 01-236 2162
TELEX: 888179
CABLE ADDRESS: BDGLONG

February 12, 1981

Mr. John M. Blewer
John M. Blewer, Inc.
105 East 80th Street
New York, New York 10021

Dear Mr. Blewer:

I directed a telegram to you today which says:

"On behalf of the Portfolio Committee of Escuela Agricola Pan-Americana, Inc., I have been authorized to request you to refrain, except with approval of the Treasurer or further instructions from the Portfolio Committee, from initiating any further transactions in securities for the endowment fund other than transactions relating to the liquidation of existing option positions."

The Portfolio Committee is initiating a review of the School's investment policies at this time and in this connection it would be most helpful if you could provide a written report covering, inter alia, the composition of the portfolio, investment performance and changes in issues held during the past year and comments on your current thoughts as to an appropriate over-all investment strategy for the fund. A section of your report should give a full discussion of trading in options from the time it was inaugurated.

I believe the last written report we had from you was in November of 1977. Such a report would, I believe, be of more use to the Committee at this particular time than a meeting (which you have suggested). The reason for this is that the members of the Committee, which includes the Chairman of the Board of Trustees, are widely scattered, geographically speaking, and that makes it difficult for the group to get together.

Very truly yours,

Austin S. Ashley

Austin S. Ashley

ASA/rw

9104201212

WU INFOMASTER

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BLODGHAM BSN

0180871043 1911EST

01 BOSTON; MA 2/12/81

PHS MR. JOHN M. BLEWER

JOHN M. BLEWER, INC.

105 EAST 30TH STREET

NEW YORK; NEW YORK 10021

ON BEHALF OF THE PORTFOLIO COMMITTEE OF ESCUELA AGRICOLA
PAN-AMERICANA, INC., I HAVE BEEN AUTHORIZED TO REQUEST YOU TO RE-
FRAIN, EXCEPT WITH APPROVAL OF THE TREASURER OR FURTHER INSTRU-
CTIONS FROM THE PORTFOLIO COMMITTEE, FROM INITIATING ANY FURTHER
TRANSACTIONS IN SECURITIES FOR THE ENDOWMENT FUND OTHER THAN
TRANSACTIONS RELATING TO THE LIQUIDATION OF EXISTING OPTION
POSITIONS.

AUSTIN S. ASHLEY

BINGHAM; BANA & GOULD

100 FEDERAL STREET

BOSTON; MASSACHUSETTS 02110

TXR 7103210163

BLODGHAM BSN

1

ACCEPTED

00001

1-PC

Austin S. Ashley, Esq.
Bingham, Dana and Gould
100 Federal Street
35th Floor
Boston, Massachusetts 02101

Jan. 28, 1981

Dear Austin:

Thank you for the copy of the January 19 letter from Mr. Nagle to you regarding the option trading for EAP.

Based upon reading the October 31 report to the trustees, I thought that the management of the account was not professional; but I find the January 19 letter misleading.

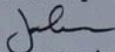
I was relieved to find that the manager sold a call option, rather than purchased it as I read in the October 31 report. There was no way for me to read the report correctly as it does not conform to the standard reporting practice on option trading or to conventional accounting. In the October 31 report, the option is shown with a minus sign - conventionally used to indicate purchases, not sales, on cash flow statements. The sale income from the option is subtracted from the purchase value of the stock, an inadmissible accounting practice. The report is a balance sheet on which minus signs are not conventionally used. For these reasons, I interpreted the report to be a cash flow statement, and the option a purchase.

My relief at finding from you at our most enjoyable lunch, last week, that it was a sale, was short-lived. When I received the copy of the January 19 letter from you and examined the matter further, I found that the following detail was omitted from the letter.

At some point in time before October 31, 1980, the manager sold call options with \$80 strike price on 5,000 shares of Exxon and received \$14,900. On December 19, 1980, Exxon closed at \$82.25; and, as paragraph 3 in the January 19 letter points out, 1,400 shares were called away. The stock might have been sold or the option was bought back; in either case the account lost a certain amount of money. If the option was bought back, the cost was 1,400 shares @ \$4.75 (option price on December 19), a total of \$6,650 plus commissions. The profit to the account was \$14,900 less \$6,650, or a net gain of about \$8,250. If the 1,400 shares had been sold, the opportunity loss would have been \$3,150 and the net gain \$11,750. In either case, the manager and the account were lucky, indeed. Had all the shares been called away, the buy-back would have been \$23,750 and the account would have a net loss of about \$8,850. In the rising market of the 4th quarter of 1980, most "covered call option sales" accounts showed substantial losses. EAP experience was therefore fortuitous; the 25.6% yield indicated in paragraph 3 does not recognize the risk involved.

My last paragraph is the kind of a report I would expect to get from an investment manager accustomed to option trading.

Sincerely


J. Lastavica

cc: Kitty Coolidge Lastavica
Vice Chairman, EAP

BINGHAM, DANA & GOULD

100 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE: (617) 357-9300
TWX: 7103210169
CABLE ADDRESS: BLDGGHAM BSN

RECEIVED

JAN 23 1981

EUROPEAN OFFICE:
5 CHEAPSIDE
LONDON EC2V 6AA
TELEPHONE: 01-236 2182
TELEX: 888179
CABLE ADDRESS: BGDLDN G

21 January, 1981

Mr. John G. Smith
Apartado 432
Guatemala City
Guatemala, C. A.

Dear John:

Since receiving copies of John Lastavica's letter to you of January 5, George Gardner and I have been in touch with the School's investment advisers, John M. Blewer, Inc., to find out what were the facts behind the option transaction that was brought into question. It turns out that there seems to have been a misapprehension of what happened. It was not a speculative transaction at all but, on the contrary, one of a kind which is by no means improper or, indeed, unusual, among fiduciaries and, moreover, which had been approved by the former Investment Committee. There has been no change in that decision by the Present Portfolio Committee.

I think the enclosed copy of the letter from Frederick Nagle of the Blewer organization to me probably explains the matter better than I can. In any event, I think there is no cause for alarm.

You will note that Nagle closes by saying (in effect) that John Blewer would like to meet with the full Portfolio Committee when he returns (from Australia) in February. As it occurred to me that it would be a good idea if you could join such a meeting, I have suggested to Nagle that Blewer might arrange to come to Florida on the 5th or 6th for such a meeting.

I shall be in touch with Blewer as soon as he gets back to New York to see if he could do that and will let you know what he says.

With kindest regards.

Sincerely,



Austin S. Ashley

ASA/rw
Enclosure

cc: George P. Gardner, Jr.
✓ John W. Weeks
G. Burke Wright

JOHN M. BLEWER, INC.
INVESTMENT COUNSEL
105 EAST 80th STREET
NEW YORK, NEW YORK 10021
(212) 744-9330

JOHN M. BLEWER
PRESIDENT
FREDERICK F. NAGLE
VICE PRESIDENT
GRACE G. VELIZ
SECOND VICE PRESIDENT

CONNECTICUT OFFICE
P. O. BOX 1250
MADISON, CONN. 06443
(203) 767-0097
(203) 767-2063
DR. DOUGLAS H. BELLEMORE
ECONOMIST
FRANK S. BERALL, ESQ.
GENERAL COUNSEL

January 19, 1981

Austin S. Ashley, Esq.
Bingham, Dana and Gould
100 Federal Street
35th Floor
Boston, MA 02101

Dear Mr. Ashley:

George Gardner was kind enough to forward Mr. Lastavica's letter of January 5th to me. As George and I discussed, I believe Mr. Lastavica misapprehends the nature of the transaction:

1. We did sell 50 class, Exxon @ \$80 due January 17, 1981 against the position in the portfolio of \$5,000 shares. This was a covered call; under no circumstances would we write a naked option in this account.
2. The strategy of selling covered call options was agreed to by the board as a means of increasing the portfolio's income. Covered call options would be written against positions which were potential candidates for sale. The selling of the call both increases the yield of the portfolio, and insures that the profit achieved is locked in.
3. The yield on this particular transaction on an annualized basis is 25.6%, including those 1400 shares called away at 80. By selling the calls, the account received additional income of \$14,900.58.
4. As you know, selling covered calls is permitted both by the ERISA Act of 1974, and by most applicable Fiduciary Law.

Page Two
January 19, 1981

5. Given the points raised in Mr. Lastavica's letter, I believe it would be prudent to schedule a meeting with the entire committee upon John Blewer's return in early February.

With best regards,

Sincerely yours,

Frederick F. Nagle

Frederick F. Nagle

cc: George P. Gardner, Jr.

FFN/ya

MEMO FROM

AUSTIN S. ASHLEY

12 January, 1981

To the Members of the
Portfolio Committee:

For your information and comment.

A.S.A.

RECEIVED

JAN 13 1981

January 5, 1981

Mr. John Smith
Chairman of the Board
Escuela Agricola Panamericana
Honduras

Dear John:

As you know, I have a professional interest in financial evaluation and measurement and, with Kitty's encouragement, have been reading EAP's financial and investment reports.

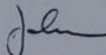
The October investment report reflects the purchase of call options on 5,000 shares of Exxon stock at \$80.00, maturing on the afternoon of January 16, 1981, for a price of \$2.98 per share. Of course, I do not know the status of the account at the moment, but there may still be time by selling these options at today's price of \$2.63 per share to recover a good part of the unnecessary \$14,900 expense.

I personally find it inadmissible to trade options on an endowment account, and I am sure you are aware that the structure of this portfolio and its risk would only be consistent with a doubling of the market value in the last 12 to 18 months; on the contrary, both income and price performance have been poor.

None of these things would have prompted my writing to you directly. The purchase of a naked call option as indicated in the report is consistent with the intent to maximize the risk in the account without adding to the rate of return. Only a person who does not understand the nature of the option market could have engaged in such a transaction. Perhaps it is time to seek professional management for the EAP portfolio.

I wish you the best of luck in 1981 and hope that our paths will cross more often, both in the States and in Guatemala and Honduras. I have to see your steam engine.

Very sincerely



John Lastavica

cc: Austin Ashley, Esq.
Chairman, Finance Committee, EAP

Kitty Coolidge Lastavica
Vice Chairman of the Board, EAP



From the desk of

DOT SAENGER 1/29/81

RECEIVED

Gentlemen: FEB 9 - 1981

After we reconciled BAR's December statement, we discovered that the purchase of 1,140,000 U.S. Treasury Bills due 10/8/81 was incorrectly coded as \$1,300,148.70 when it should have been \$1,003,148.70.

Enclosed is the revised appraisal ending 12/31/80.

Please accept our apology for this error. If you have any questions, please call us.

Dottie

John M. Blewer, Inc.

JOHN M. BLEWER, INC.

INVESTMENT COUNSEL

P.O. BOX 1250
MADISON, CONNECTICUT 06443

(203) 767-0097

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SECOND VICE PRESIDENT

DR. DOUGLAS H. BELLEMORE
ECONOMIST

FRANK S. BERALL, ESQ.
GENERAL COUNSEL

FINAL CORRECTED APPRAISAL

ESCUELA AGRICOLA PAN-AMERICANA GN FD

INVESTMENT EVALUATION

DECEMBER 31, 1980

TOTAL ASSETS

\$ 7,204,209.00

NET CAPITAL ADDITIONS

\$ 8,170.10

NET CAPITAL WITHDRAWALS

\$ 0.00

CAPITAL APPRECIATION
SINCE SEPTEMBER 30, 1980

\$ 104,036.90

ANNUALIZED INCOME

\$ 657,762.00

ANNUALIZED YIELD

9.1