

Introduction

In the great novel by Alex Haley, the history of a certain black family was carried down for many generations by word of mouth and so has the history of the Layne family and the Layne Foundation been carried. This author now feels the time has come to put in writing the history of the great accomplishments of the individuals responsible for the Foundation's success so all parties interested can be apprised.

Many years have passed since the founding days so this author with the assistance of the available people have done their best to report as accurately as possible the true story. Many thanks to all that have contributed.

Chapter I

In the spring of 1926 aboard the Lurlene Steamship on its return voyage from the Hawaiian Islands, Mr. Mahlon E. Layne (always known as M. E. Layne) and Wesley M. Mason (affectionately called W. M. by Mr. Layne) were seated in deck chairs reminiscing about the previous twenty-five years of their lives. Their wives were elsewhere aboard the ship enjoying the greatest trip of their lives. Mr. Layne required a full-time nurse who traveled with them, as his illness was serious and proved fatal the following year.

The excuse for the three-week trip was valid, as the Hawaiian Government had solicited an expert in water irrigation for a problem on the Island of Molokai. Mr. Layne was well-qualified with forty years of experience as President and co-founder of the Layne & Bowler Pump. Co. and inventor of his patented vertical centrifical pump. Mr. Mason was Layne's constant companion and administrative officer of all the Layne & Bowler operations. This combination business and pleasure trip proved historical for both men's lives as history unfolds.

Mr. M. E. Layne and his brother Lawrence L. Layne were sons of a South Dakota farm family. They experienced the tortures of the pioneer's life and the great depression with the severe winters of the 1890s. Mahlon was well over six feet tall with superior strength. His schooling was limited to the early grades in a one-room schoolhouse but his understanding of water well drilling and the use of water was unlimited. Lawrence was the scholar and continued his education to receive his degree at the Dakota Wesleyan University and became an ordained Methodist Minister.

At the turn of the century, M. E. Layne, with a small crew and his home-made drilling rig, traveled the prairie states, living in wagons and tents to drill shallow wells for the farmers. His slogan, "Water or no pay," attracted many farmers, as well water was the only source for human and livestock consumption other than a minimal rainfall. Irrigation for farmers was unheard of in this part of the country.

Windmills using a vertical rod moving up and down to pump the water from these shallow wells was a common practice. The wells varied from fifty to well over one hundred feet to the water table. All mechanical pumps then had to be placed into the water to operate. The horizontal centrifugal pump commonly used to pump water from streams was unsuccessful to pump water from drilled water wells. Mr. M. E. Layne, the mechanical genius, designed and patented the vertical centrifugal pump which placed a small-diameter pump down the depth of the well into the water and by means of a long vertical shaft from the earth's surface having a pulley with power, produced unbelievable amounts of water.

The Layne & Bowler Pump Company was co-founded by Mr. Layne and a partner, Mr. Bowler, who withdrew from the company after a short time. Small machine shops were producing pumps for Mr. Layne in limited quantities. Crude gasoline or steam engines provided the power. Business was thriving and to fill the demand for pumps, machine shops were acquired and were converted into pump factories in Memphis, Houston and Los Angeles. Sales offices and service yards were set up in many parts of the United States. The well drilling business had been dropped with the birth of the new pump.

Mr. and Mrs. M. E. Layne had become the proud parents of four sons, Lewis, Lloyd, Leslie and Ollyn. Life was difficult in the early years as Mr. Layne was away from home much of the time drilling wells. While he was working in northeast South Dakota, it was his custom to place his wagon and tent on the farm of Mr. and Mrs. Archie Heaphy, a family whom he had met years before and with whom he had become very good friends. Mabel Heaphy, the youngest daughter of seven children, had married a man named Wesley M. Mason.

Wesley M. Mason was born in southern Ohio and at an early age with a limited one-room-schoolhouse education left home to become a depot agent in a small town in northern Minnesota. In his free travels on the railroad, he met and later married Mabel Heaphy and made their home in St. Paul, Minnesota. On holidays, the young couple would have free passes and made frequent visits to her parents on their farm near Watertown, South Dakota. Mr. M. E. Layne and Wesley M. Mason became very close friends with much in common. Mr. Mason learned of the farmers' needs and their lack of banking facilities so he promptly sold their St. Paul home, moved with wife and two children to Bancroft, South Dakota to open a bank in this town of less than one hundred population.

The Bank of Bancroft was opened in 1904 with a capital of \$3,000.00, a small brick building and one lady employee. The farmers needed someone to process and cash their grain receipts besides a place to keep their savings. Banking business prospered and within the next few years, six additional banks were opened in nearby towns. The Mason family had increased by two more children, a daughter, Gertrude, and a son, Robert. Schooling for these four children in the one-room schoolhouse was deemed inadequate, so the decision was made to move to Huron, South Dakota, a city of ten thousand population.

In 1914, the seven banks were sold in a liquidation process whereby Mr. Mason semi-retired, dealing in land and mortgages from a room in their new home.

Mr. Layne moved his family to Los Angeles where he located the Layne & Bowler Pump Co. The World War I years had given the company tremendous growth but the following years of 1919-1921 were causing cash-flow problems. At this point, Mr. Layne convinced Mr. Mason to move to Los Angeles to assume the position of Vice-President and Treasurer of the Layne & Bowler Pump Co. on a one-year trial basis. The Mason family was delighted to move from the rigors of South Dakota to the land of sunshine, good schools and universities. The economy was improving and Layne & Bowler prospered at all three factories.

The Laynes' oldest son, Lewis, had served in WWI as an Airforce pilot. The pleasure of flying proved disastrous, for in an accident he was killed while flying in New York state.

It was the fondest hope of Mr. and Mrs. Layne that their remaining sons would take over the three factories as their independent companies. Lloyd was to have the Memphis plant, Leslie to have the Houston plant and Ollyn the one in Los Angeles. All three sons had had extensive training in all phases of the business. Lloyd in Memphis and Leslie in Houston assumed command immediately, following by great success. Ollyn may have been too close to his parents, but whatever the reason was, it was decided that he would take \$500,000.00 for his share to venture on his own.

Reverend L. L. Layne had been an active minister in the Methodist Church near Mitchell, South Dakota. Mr. Layne wanted his brother with his wife and three daughter to have a better life in the Los Angeles area, so he made all this possible with his generosity.

All the foregoing history was very indelible in the minds of these two successful men then stretched out on the lounge chairs on the Lurlene returning to Los Angeles. Mr. Layne was aware that his months or years were numbered and was concerned, not for the of money for Mrs. Layne, but the outcome of the Los Angeles factory and its many loyal employees. Mr. Mason, then fifty-two, would welcome early retirement to manage his own personal affairs. Layne & Bowler had three top-management people, Mr. Edward C. Wagner, Mr. Harry Watkins and Mr. Warren Bremer, who had been with the company for many years and were worthy of every consideration.

Many hours on this return trip to Los Angeles were in the discussion of the future planning for Mr. and Mrs. Layne and the outcome of the Layne & Bowler Pump Co. of Los Angeles. At the request of Mr. Layne, it was then decided it was the responsibility of Mr. Mason to present a feasible plan as soon as possible for the disposition of the Layne estate.

A memorable trip was had by all, arriving safely back to their respective homes.

Chapter II

The year of 1927 was one to be long remembered. It was the year following the memorable trip to Hawaii in the Lurlene. The Layne & Bowler Pump Company had survived the recession years that following World War I and the company was now going through a very

prosperous time under the guidance of Mr. Mason. Actual cash was scarce because of the required inventory and the financing of the contracts on sales.

As the corporation was wholly owned by the Layne family, there would be potentially a large estate tax (in cash) in the event of Mr. M. E. Layne's passing. The doctor and medical bills were staggering. Under all these pressures, Mr. Mason with the assistance of Mr. Robert L. Williams, the company attorney, planned, drafted and filed the Articles of Incorporation, a Non-Profit Religious Educational Foundation.

The original five Directors elected their Officers as follows:

Mrs. M. E. Layne, President
Mr. W. M. Mason, Vice-President
Mr. E. C. Wagner, Secretary-Treasurer
Mr. L. L. Layne
Mr. R. L. Williams

The funding assets of the Layne Foundation were some cash and a large portion of the common and preferred stock of the Layne & Bowler Pump Co.

This eventful year closed with the funeral of Mahlon E. Layne, age 62, at the Forest Lawn Mortuary on December 27, 1927. The three sons with their families came from distant places to join this huge gathering of long-time friends and employees to honor the passing of this great and generous man.

For the following eleven years, Mrs. Layne with the assistance of Mr. L. L. Layne served the Board faithfully. The assets of the Foundation were primarily Layne & Bowler Stock and with their dividends, cash was distributed to many philanthropies.

Mr. and Mrs. M. E. Layne had been very active members of the Pentecostal Church of God, later changed to Assembly of God, and had been large contributors. The Pump Company had purchased some thirty acres of land in the early days of Costa Mesa as a future home for the factory. This plan was abandoned so a charitable gift of this acreage was given to the Assembly of God Churches to become the site of the Southern California College as their own religious school.

Mr. Irvin Rattan, a retired Assembly of God Minister, and his wife Bertha proposed to Mrs. Layne a worth-while project which was approved by the Board. The Layne Hospitality Home of San Diego was founded as a temporary residence for Navy men on leave for a Christian environment under the direction of the Rattans. A large old home was purchased and remodeled to sleep thirty men, serve meals and provide recreation. A small bus was purchased to transport these guests as they arrived from their ship and elsewhere. The Rattans with the assistance of the Assembly of God Churches made this Home a great success for many years. After the passing of Mr. Rattan, the project became too great for Mrs. Rattan alone, so the Home was disbanded by

the sale of the property. As a pension to Mrs. Rattan, a modular home was purchased by the Layne Foundation and is maintained for her during the remaining years of her life.

The Good Samaritan Mission at 512 So. Towne Ave. in Los Angeles was sponsored by the Layne Foundation. This Mission consisted of a two-room building, one room with chairs and a lectern where a Christian service was held for the forgotten men of Los Angeles. Following the service, the men advanced to the second room where they were treated to a delicious breakfast. An automatic pancake machine (invented by Ollyn Layne) supplied the pancakes to go with egg, bacon and coffee for these hungry people.

The Midnight Mission of Los Angeles was providing food and lodging for the homeless transients. Christian Ministers were furnished by the Layne Foundation on a Sunday basis for the interested guests of the Mission.

The Los Angeles city jails were provided with Christian Ministers for Sunday services by the Foundation under the direction of the Rev. Mr. L. L. Layne.

Mrs. Layne maintained a generous posture for grants to religious schools, public charities and individual cases. Cash balances in the Foundation were constantly minimal because of the generous program under her direction.

In 1939, Mrs. Layne was 75 years of age and desired to retire from the active life of the Foundation and to liquidate her remaining Layne & Bowler stock. Mr. Mason was elected President, Mr. L. L. Layne Vice-President, and Mr. E. C. Wagner Secretary-Treasurer. Mrs. M. E. Layne and Mr. Williams continued as Directors on the Board.

For the next five years, Mrs. Layne lived a retiring life filled with many rewards until her passing on June 4, 1944. The Church of the Recessional in Forest Lawn Cemetery had an overflowing gathering of relatives and friends to honor this beloved great lady. She was put to rest beside her husband with the graves adorned by a large granite headstone engraved "LAYNE".

Chapter III

From the first Layne Foundation Board Meeting, the Directors, from which the Officers were elected, were owners or employees of the Layne & Bowler Pump Co. Mrs. Layne had strong feelings as to the support of charities and direction of grants, all of which received the full support of the captive Board. Mr. L. L. Layne worked very closely with Mrs. Layne in all her endeavors. Mr. Mason, with his banking experience, managed the investment program of loaning money to churches for their building programs. and in turn created income for the philanthropies. Mr. Wagner, Secretary Treasurer, kept the books and minutes with the assistance of Mrs. Kate Lohr, a long-time faithful employee of the Pump Co. The fifth member of the Board was Mr. Williams, the attorney for the Pump Co. and was called upon for any legal questions.

In July 1940, Mr. Williams passes away and to fill the vacancy created on the Board, Mrs.

Layne's personal attorney, Mr. W. J. Clark was elected to serve.

Layne & Bowler were seeking another attorney to replace Mr. Williams for the company affairs. Mr. Charles Watkins was selected to fill this position and he agreed to employ Miss Frances Stogdill, who had been Mr. Williams' secretary, for her excellent work. After the outbreak of World War II, Mr. Watkins applied for a commission in the Navy and upon acceptance was sent to the University of Arizona for small-craft instruction. After receiving his rank of Lieutenant Commander, he was made Captain of a Mine Sweeper to serve in the South Pacific during World War II. On May 25, 1945, his ship was hit by a Kamikaze off Okinawa but managed to limp back to Pearl Harbor at 3 1/2 knots, taking thirty-one days. Mr. Watkins was relieved of command of his ship to have a thirty-day leave, and was then assigned to duty at the Bureau of Ships in Washington D. C. until his separation from the Navy on December 10, 1945.

Mr. Watkins returned to Los Angeles to resume his law practice including being retained by Layne & Bowler. To fill the vacancy created by the passing of Mrs. Layne, Mr. Watkins was elected to become a Director of the Layne Foundation.

In 1948, the Layne & Bowler Pump Co. was a private corporation with most of its stock owned by the Foundation. It was to the mutual interest of all the stockholders to sell their stock in order to liquidate their investment. The most logical purchasers were to the three principal executives of the company, namely Messrs. Edward C. Wagner, Warren L. Bremer and Harry Watkins. The sale of the common stock was made to them at an agreed price with a cash payment and a note which was paid over the following two years. The preferred stock was redeemed by the corporation. This netted the Foundation almost a million dollars which was needed for its activities.

At the Annual Meeting of the Foundation in February 1951, the five Directors were re-elected. The officers elected were Mr. Mason, President, Mr. L. L. Layne, Vice-President, and Mr. Charles Watkins, Secretary, Treasurer. It was noted in the minutes that Mr. Wagner had served the Foundation faithfully as Secretary-Treasurer from 1927 to 1951 and he received heartfelt thanks for a job well done.

The Foundation's office had been in the office of Layne & Bowler since 1927. With Mr. Watkins becoming Secretary-Treasurer, the office of the Foundation was moved to his law office at 215 W. 7th Street, Los Angeles. Under the direction of Mr. Watkins, Miss Stogdill took charge of all the bookkeeping, correspondence and minutes. Only the highest praise can be given to Miss Stogdill for her devoted service to the Foundation with her retirement in January 1975.

The new office was a convenient place to hold the meeting. It had been the custom of the officers to meet at the Clifton's Cafeteria for a 5:00 p. m. dinner and then convene at the office for the meeting. Many individuals representing their organizations requested an audience to hear their pleas for financial support. Many hours were spent to accommodate them.

At the Annual Meeting of February 1952, Mr. Mason's health (he was now 78 years old)

was such that he desired to step down from the presidency to the vice-presidency, and so Mr. L. L. Layne was elected President.

Chapter IV

Under the leadership of Mr. L. L. Layne, the activities of the Foundation remained about the same, grants to universities and loans to churches at 5% interest. Mr. Mason, Mr. L. L. Layne and Mr. Wagner had served on the Board since 1927 and they were concerned about its continuance into the future. It was (felt to be) necessary to bring younger people onto the Board. The most likely candidate was Mr. Mason's younger son, Robert, who was born in 1908 and was well-known by Mr. Layne and Mr. Wagner. Robert had worked for Layne & Bowler during high school and college summer vacations. He had attended the University of Southern California as a math-science major but had switched to law and accounting in hopes of a better future. In 1930, employment was presented to him with a furniture manufacturing company where a future investment was possible. This was accepted and a college degree was deemed unnecessary. The furniture factory survived the great depression of 1933, and through stock acquisitions, Robert was sole owner of the company by 1941.

In 1936, Robert fell in love with a wonderful, beautiful girl named Bernice Wallin and was their pleasure to have the Rev. L. L. Layne perform the church wedding ceremony. The couple was blessed with two sons, Robert Jr. and Wesley M. Mason.

In addition to Robert's activities in the furniture manufacturing business, his father encouraged and taught him the real estate loan business. With this knowledge and his accumulated savings, the real estate loan business was very fruitful.

At the Annual Meeting of the Foundation in February 1954, Robert H. Mason was elected to the board as the fifth Director to fill the vacancy of Mr. W. J. Clark. [R. H. Mason is the author of this paper.]

Mr. L. L. Layne, President, served the Board with great pride and honor up to his passing January 13, 1957. He left behind his beloved wife, Lena (short for her christened name Felina) and three daughters, Lela, Valoris and Ruth. The Forest Lawn Mortuary was the location of a huge gathering of relatives and friends to honor the passing of this faithful follower of Jesus Christ.

Lela L. Layne, the oldest daughter of Rev and Mrs. L. L. Layne was born in Clark, South Dakota June 17, 1913. After graduation from Whittier College, she taught homemaking in the Los Angeles Unified School District.

Harold L. Semans was born October 29, 1911 and was raised a Quaker in Whittier, California. Lela and Harold were blessed in finding each other and having so much in common, fell in love and were married April 10, 1933. Rev. and Mrs. Layne were so proud of their son-in-law and having their first grandchildren, Robert Leland, born January 17, 1935 and Lowell

Lawrence, born July 14, 1937.

Harold's further education was interrupted for two years during his employment for Layne & Bowler from 1937 to 1939 in the production and engineering departments. Then he continued his education by graduating from Santa Barbara State College in 1941 and going directly into teaching Industrial Arts and Math in the Los Angeles Unified School District. Harold continued his education to receive his Master's Degree in Education Administration from Claremont Graduate School in 1957. With these credentials, Harold stepped into secondary school administration in 1960, until his retirement in 1975 as an Administrative Dean.

Mr. Semans' life in the field of education was interrupted by his term in the Navy during World War II. With his educational background, he entered the U. S. Navy as a Lieutenant j. g. in communications and navigation, serving on the USS Bailey (DD492) in the Pacific Theater of Operations. Following this, he stayed in the Naval Reserve and retired from the Navy as a Lt. Commander.

Harold and Lela had a rewarding life with their extremely successful sons marrying wonderful girls, of which Lowell and Deane have three children. The sad note came when Lela passed away of cancer on May 19, 1959.

Mrs. Charlotte K. Thompson was a counselor in public services for the Los Angeles Unified School District. Her educational background included graduation from Northwestern University, attending Chicago Training School and Garrett Theological Seminary. After working several years in Chicago in the field of social work, Charlotte moved to Los Angeles where she met Harold in the school system. Their common Christian interests drew the two together and they were married in 1964. Harold and Charlotte are a great team in their expertise on religion and service to the Foundation.

Mr. L. L. Layne and Mr. W. M. Mason dreamed of the day when Harold Semans could become a Director of the Layne Foundation, which came true at the Annual Meeting in 1957.

Chapter V

At the Annual Meeting in 1957 after the passing of Mr. L. L. Layne, Mr. E. C. Wagner was elected President, R. H. Mason, V. P. and Charles Watkins Sec. Treas., with W. M. Mason and H. L. Semans the other Directors.

The assets of the Foundation as of January 1, 1957, being the net worth, were:

Cash	\$ 190,000
Notes secured by Deeds of Trust	\$1,120,000
Layne Hospitality Home--San Diego	<u>\$ 50,000</u>
(Rounded figures)	1,360,000

Mr. E. C. Wagner was very much occupied as an executive and major stockholder of the Layne & Bowler Pump Co. And Mr. W. M. Mason was in poor health. So the activities of the Foundation were actively carried on by the other three Board Members. These activities were streamlined by eliminating all except grants to universities, civic charities, Layne Hospitality Home and the normal loans to churches. A student scholarship program was installed, replacing many of the outright grants. This program allowed the schools, under the direction of the Deans of Admission, to select students at the junior and senior levels in religious education for their paid tuition. These same students would then be accepted to receive scholarship aid if applied for the next three years in a theological seminary of their choice.

This scholarship program attracted many students which resulted in yearly cash payments at peak years of:

1973	\$110,000	1975	\$170,000
1974	\$159,000	1976	\$131,000

Tuition costs were advancing with inflation and the assets of the Foundation were threatened to a point that a motion was passed whereby all schools were advised of the discontinuance of the scholarship program by not approving any new applicant after July 1, 1975. For the years from 1958 through 1981, a total of \$1,226,000 was given in scholarship aid. During the same period of time, public charities received \$172,000 and other grants \$135,000. In order to produce sufficient income for this much in expenditures, it was necessary to increase interest rates to 9 1/2% on all new loans.

On October 7, 1961, Mr. Wesley M. Mason passed on to his Creator at the age of 87 years, seven months, after several years of declining health. His family and many friends paid tribute to this generous man for his time and talent that he had given without pay to the benefit of so many people. The funeral service was held at the Forest Lawn Mortuary and his casket was placed beside his wife's, who had predeceased him in 1932.

By the time of our Annual Meeting in 1965, Mr. Wagner had retired from Layne & Bowler and moved to Rancho Bernardo. He was certainly entitled to retirement from the Board, as he had served faithfully from 1927 to 1965, a period of thirty-eight years. The Board Members and everyone involved with the Layne Foundation were deeply grateful for his generous contribution of service.

The Board was now down to three members with two unfilled vacancies. The Foundation was performing efficiently under three experienced people, however additional members were sought to preserve its continuance.

Mr. Richard Nida, a long-time personal friend of R. H. Mason, was invited and elected to become a Director on the Board at the Annual Meeting of June 14, 1966. Mr. Nida was born in Illinois, raised and educated in San Diego. He received degrees in Social Science from San Diego State and the University of California at Berkeley. He followed his father's profession in the field

of education, advancing from teacher, vice-principal and high school principal in the Los Angeles system, and prior to his retirement, taught classes at the University of Southern California. He has written numerous articles and published several textbooks in professional fields. Mr. Nida has contributed immensely to the Foundation's loan program and charitable activities.

Mr. Paul Britt, a long-time associate and friend of R. H. Mason, was invited and elected to become a Director on the Board at our Annual Meeting of February 5, 1968. Mr. Britt had been a resident in Los Angeles County for many years. He received his college degree in Business Administration and majored in accounting. As a wholesale furniture representative for several factories, he represented the factory owned by R. H. Mason. The Los Angeles Furniture Mart was founded by thirty-eight furniture manufacturers, including Mr. Mason, who later became very active on its Board of Directors and was Treasurer for many years. The position of Controller became available, and upon Mr. Mason's recommendation, Mr. Britt obtained the position and proved himself to be outstanding in his services, until his retirement in 1976. As a Foundation Board Member, Mr. Britt contributed immeasurably to its policies and planning. Unfortunately, his time did not permit his continuance, necessitating his resigning in 1974. We missed him greatly.

Wesley M. Mason, son of R. H. Mason and grandson of Wesley M. Mason Sr., was invited and elected Director on the Board on November 21, 1974, replacing Mr. Britt. Wes was born and raised in Los Angeles. He graduated from Woodbury University in Business Administration. As there was no formal education for the furniture manufacturing business, Wes was interested and went to work in his father's company to seek its possibilities. The small factories were at the mercy of the large ones and in 1969, the company was acquired by a sale, relieving Wes of his job and really doing him a favor. Wes went on to other endeavors with far better success. As a stockbroker, in a sales company, in household moving sales and then real estate sales, he improved his occupation. Wes went on the Board at the age of 31, and with his background, he should prove very valuable on the Board.

By 1968, the Board under President R. H. Mason had streamlined the Foundation's activities to a point where only one formal Board Meeting was needed per year. All important mail was directed to the Secretary, Mr. Watkins, who answered it directly or forwarded the loan requests to Mr. R. H. Mason, and requests for grants or donations to Mr. Semans. All the Board Members were advised by mail of the important activities. Close communications were maintained by telephone. Mr. Mason was a member of the Jonathan Club of Los Angeles and it was his pleasure to host the Annual Meetings by having an excellent buffet dinner followed by the Annual Meeting, held in a private room. These meetings continued through 1975 with great success in always bringing fine men together with friendship and a feeling of great honor to contribute their services to such a worthwhile Foundation.

Chapter VI

In 1975, Mr. Watkins found it advisable to move his law office near his home in Studio City to eliminate the driving and congestion into downtown Los Angeles. The new convenient office at 4063 Radford Avenue proved very comfortable for Mr. Watkins and Miss Stogdill, his

secretary. This was now the corporate office of the Foundation.

Mr. Peter J. Davy, C. P. A. with the firm of Davy & Snyder in Covina, had been the Foundation's accountant for many years. The Board had confidence in Mr. Davy and trusted him with Power of Attorney to sign the Annual Tax Returns. The Foundation was classified by the I. R. S. as a "Private Non-Operating Foundation" and as such did not pay any income tax, but did pay an Excise Tax. From the revised law of 1965, this excise tax was 4% of the net investment income. Starting with 1978, the law was changed, reducing the rate to 2%. [But] the 1973 revision of the law imposed a 15% tax on the Foundation's "Undistributed Income" for every year following certain years the accumulated amount was not distributed.

From the analysis of the 1977 tax return, Mr. Davy advised the Board of the potential tax liability for 1978, and the years following, if the yearly income and any accumulated income was not distributed. The facts were alarming, as we [thus] had the option of giving our total income to grants and charities or to the government in the form of taxes. Either option was the demise of the Foundation in just a matter of years. Cash for church loans would be less than the principal payments on existing loans, which would be inconsequential. As a temporary solution to eliminate this huge taxation, Mr. Mason searched and proposed a contribution commitment to the Fuller Theological Seminary, to be effective over the following three years. Fuller had plans to build a new assembly building at a cost of two million dollars and as a memorial to the Layne Family (the building to be named "Layne Hall"). \$500,000 was to be contributed by the Foundation.

At the Foundation's Annual Meeting held August 24, 1978, a motion was made and passed, four in favor and one opposed, to make this commitment. Mr. Davy had given the Board a letter dated July 20, 1978, assuring them that the commitment would solve the tax [situation] temporarily.

With the Fuller commitment confirmed, the activities of the Foundation were slowed down. Only one church loan was made in 1978 and none in 1979 to start the accumulation of cash needed for Fuller. Scholarships, grants and gifts per year dropped to \$60,000 from \$120,000 average for the previous years. The cash balance as of December 31, 1979 had increased to \$509,000, where the total assets of the Foundation were \$2,332,000. On the tax return prepared by Mr. Davy, the credit for a "Set aside for a specific project" was not allowed, because permission was not asked for from the I. R. S., or granted in accordance with the regulation. An additional tax of \$15,782 was paid for the year of 1979.

On May 14, 1980, Mr. Mason attended a meeting at Fuller to learn of their inability to proceed with their project as planned, which resulted in our letter of May 23, 1980, withdrawing our commitment.

The year of 1980 presented many problems. The scholarship [fund] was down to \$12,000, so contributions were increased to \$91,000, still leaving undistributed income at \$184,000, which caused a tax of \$27,604.

The [seemingly] final blow to our problems occurred May 13, 1981, but receiving a letter from the I. R. S. requiring a full audit for the years of 1979 and prior year ending December 31, 1978. Mr. Davy met with Mr. Alan Dreizen of the I. R. S. at the Foundation's Office. A full day was spent on the audit for the years required, with no final determination. Early in July, Mr. Mason called Mr. Davy, who reported that no conclusion was made from the audit, and there was no more that he could do. Mr. Mason then called Mr. Dreizen to set up an appointment to review the audit.

Mr. Mason and Mr. Dreizen met at the Federal Building, offices of the I. R. S., to discuss the audit and in particular the Fuller commitment which was not included in the 1978 and 1979 returns. A request to file amended returns was agreed upon and submitted September 3rd. On September 15th, Mr. Dreizen called to report that the amended returns were unacceptable, whereupon Mr. Mason requested another hearing.

Mr. Mason then researched the possibilities of amending the 1978 and 1979 returns for relief of this taxation, [as well as] some possibility to eliminate the tax for future years [in order to] make a viable Foundation for years to come. [The difficulty was that] there was no precedent in cases of record similar to the Layne Foundation's "Exempt Purpose". The closest case involved student loans by Foundations whereby the cash paid to make the loan was considered as "Qualified Distribution" and the payments to principal on the loans are considered "Distributable Income". Based on this principle, Mr. Mason filed amended returns for the years of 1978 and 1979, but bringing computations forward from 1973 and requesting refunds for 1978, 1979 and 1980 totalling \$44,350. Three months later, on December 16, 1981, a letter was received from the I. R. S. that the amended returns were accepted and refund checks with interest would be forthcoming. This was wonderful news, but the greatest blessing was that the I. R. S. was recognizing loans made to churches as "Qualified Distribution" and principal payments as "Distributable Income". Church loans were again possible, and with careful management, the tax would be minimal. The Board was very grateful for the pleasant cooperation and assistance of Mr. Alan Dreizen, along with his professional manner.

On June 30, 1981, Mr. Watkins closed his law office and under a semi-retirement program, opened an office with other attorneys at 4444 Riverside Drive, Burbank. Mrs. Nadine Stine, who replaced Miss Stogdill in 1975, performed a commendable service as secretary to Mr. Watkins and the Foundation until her retirement June 30, 1981. The office of the Foundation was officially moved to Mr. Mason's home in Newport Beach, California.

Chapter VIII

The "I. R. S. Report of Examination", dated December 16, 1981, was the most important document ever received to determine the destiny of the Layne Foundation. It then became possible to continue with church loans without paying an excise tax on undistributed income, because the church loans were deemed distribution of income. The capital growth of the Foundation had lagged the rate of inflation to a point that all cash flow must go to church loans if it were to have a viable future. From our experiences, church loans where the funds were used

for construction of new buildings was the most effective use of the money for the most people for the growth of the Christian Religion.

The Layne family, Mason family and people connected with the Layne & Bowler Pump Co., followed by their descendants have contributed most of the Board of Directors of the Foundation in the past. It is hoped that the generations of these families will continue and attract other interested Christian personnel that will devote sufficient time in their lives to propagate the Layne Foundation.

From the available records, the total capital of the Foundation after the liquidation of all the Layne & Bowler stock on February 28, 1951, (figures rounded) was:

2/28/51	\$ 944,000	1/1/75	\$2,148,000
1/1/55	\$1,338,000	1/1/80	\$2,329,000
1/1/60	\$1,448,000	1/1/81	\$2,424,000
1/1/65	\$1,670,000	1/1/82	\$2,605,000
1/1/70	\$2,044,000	1/1/83	\$2,941,000

It is reasonable to project under the "Exempt Purpose" of church loan policy the following capitalization as of:

1/1/85	\$3,625,000	1/1/95	\$11,390,000
1/1/90	\$6,430,000	1/1/2000	\$21,000,000

In conclusion, may we all give thanks to the Layne family and all the Board Members who have been so generous with their time and talent for the success of the Layne Foundation in its support of the Christian Religion.

Appendix II. The following was written by M. E. Layne's niece, Ruth, daughter of L. L. Layne. Her note to Harold Semans: "Harold, this is a copy of a composition I wrote for English in January 1936. Dad helped me write it so it is as he remembered it then. Ruth"

MR. MAHLON LAYNE, DEVELOPER OF UNDERGROUND WATER SUPPLIES

Mr. Mahlon Layne was born seventy years ago near Ottumwa, Iowa. There were eleven children in the family. He was the eldest. When Mr. Layne was seven, his father, Franklin M. Layne, a farmer, moved to a homestead near Swan Lake, South Dakota, about 28 miles from Sioux Falls. As there was no lumber, railroad, or road within fifty miles, his folks built a sod house for their first home. During their frontier life, the family endured many hardships and discouragements. "After Father paid the homestead filing fees and other expenses, he had less than a half dollar to take us through the summer on," Mr. Layne said. "If some Eastern churches hadn't sent us relief boxes, we and a lot of other homesteaders might have starved to death the next winter. For six years we cooked our meals and kept our house warm by burning prairie hay."

For a time there were no public schools, except one supported by voluntary contributions. Mr. Layne was deprived of school from the age of seven to fourteen and lost interest in attending it. From that time on his father was too poor to send him to school. Consequently, he worked at home in the summer and helped to take care of the stock in winter. He occasionally went to school a few days during the winter terms. Mahlon began his life work without having finished common country school.

When he was seventeen years old, an old-fashioned religious camp-meeting was held in the community where he lived. He attended and was converted to the Christian life. "This was the most important thing that ever happened to me," he asserted in one of our chats. "Becoming a follower of Jesus gave me ideals to strive for; and my faith in God has done more than any one other thing to take the worry out of life."

Having committed himself to the Christian life, Mr. Layne took a spiritual inventory, and found in his past conduct some things that did not square with his new ideals. So, even though it humbled his pride, he set about making those things right. He paid a storekeeper thirty-five cents for a whiplash he had taken, unnoticed, from the store four years before. In another case, a certain man had been suspected of stealing some corn, and young Layne had added his quota to the current gossip. He had gone so far as to say he had seen the man take the corn, when, as a matter of fact, this conclusion was based only on circumstantial evidence. He went directly to the man and apologized. Thus he stepped into manhood with his conscience clear, and the sincerity of his purpose emphatically demonstrated.

"My first interest in well drilling" Mr. Layne declared, "began, I think, when Father came home one day with the story of an unusual well that had been brought in on a neighbor's farm." The novelty of this well was that it "spouted right up out of the ground." Mr. Layne asserted that

he remembers the thought came to him that he would like to work on the rig that brought in such wonderful wells as that.

One day while he was working in the field, Mr. Layne was hailed by a man. Mr. Layne stopped and went over. It was the well rig man. "Mahlon," he said, "I need a helper." A chance to dig in the earth, to be around machinery, to strike water, to make wages. You bet, young Layne jumped at the chance.

After Mr. Layne had put in three months, his employer suggested that they become partners, the employer to furnish the outfit, Mr. Layne to manage it. For three summers they worked together. At the end of each season, they divided profits. Mr. Layne averaged a little better than a dollar a day.

When Mahlon was 21, he married. He thought then it was about time to get into business for himself. He didn't have any capital. His father-in-law knew that he had worked in the well business, and he offered to help Mr. Layne in any way he could. But he didn't have capital, either.

However, they looked over a number of oil rigs. Finally, they selected one priced at \$89.00, a small one-horse outfit. The next thing was to raise the \$89.00. By mortgaging three of his father-in-law's cows they were able to secure the money.

People were eager to get water. The rig set up and working was advertisement enough for customers. Within a year the \$89.00 was paid off, but it was several years before Mr. Layne really began to get ahead. He still had a lot to learn about the well-digging business.

One of the common notions in that country, where getting water was such a vital problem, was that water could be found by use of a "witch stick" or "water stick". Mr. Layne was about as superstitious as anybody. His first experiment with the "witch stick" was on his father's farm. He had dug two wells without getting water. As a last resort, he broke off a piece of willow, grasped it in his hands and started on a rambling circuit. Suddenly, only a hundred feet from a well that he had put down in the ground 60 feet without getting water, the stick actually twisted in his hands. At that, he believed the stick. Mr. Layne dug a well on that spot and struck an abundance of water. For months afterward, he relied on the "witch stick" and, strange to say, got water nearly every time.

When he moved out of that particular district, he observed that while he was still getting water, some of it was under mighty tough rock formations, and they got tougher and tougher, and the water level got deeper. The more he thought of it, the more he realized there was something wrong. He thought if he just knew more about underground conditions, he could get water more easily and more cheaply. When this conviction was definite, Mr. Layne threw the "witch stick" away and began to study and observe, to compare and test.

When he dug a well he noted the characteristics of the various strata, and considered their relation to the water supply, its depth and quantity. The more certain his results became, the

more credit he was given for being a "water wizard".

While Mr. Layne had greatly improved his operating methods, there was one thing that stumped him, and that was sand. The country was underlaid with it. Because of these formations, 75% of the wells he drilled were non-productive. Finally, he decided to get an auger that would bore a hole from 18 to 24 inches across. He reasoned that such a hole would allow more water to seep into the well through the surrounding sand than would come in through the drilled holes, only two to six inches in diameter, that he had been making.

The scheme worked to the extent that he was successful in a much greater percentage of the wells. This led him to strike out under a policy that instantly attracted attention, his "No water, no pay" policy. While this brought Mr. Layne plenty of business, he soon discovered he was not quite ready to undertake such an ambitious policy. The "big-auger scheme" didn't always work. He lost some money making good on his guarantee. It was up to him to find ways to handle the sand when the "big-auger scheme" failed.

Pondering the problem brought him to this conclusion: suppose the fine sand and mud could be removed; that would leave the hole lined with the coarser gravel. Wouldn't the coarser stuff act as a filter, and let the water through?

Later, Mahlon got a chance to test this idea. He drilled the hole, and put in the ordinary well screen then on the market. But there was still so much fine mud and silty sand present that the screen clogged, and he failed to get water. Yet the water was down there.

This is the way he solved the problem. He removed from the screen the fine gauze that was holding back the mud and sand. Then he put the pipe that was perforated back into the well. Now sand was brought up in such quantities that the pump lost its priming, and the leather and valves were cut up by the abrasion. He continued to pump, re-priming when necessary. After he had brought up great quantities of sand, he took the pipe out and put back the fine screen that had failed to work before the gravel was free of the fine sand. This time the water came through perfectly.

He went right back to the wells where he had failed during the preceding years and got water in nearly every one of them. With greater certainty of getting water, he laid additional stress on his slogan, and raised his prices. The fact that his prices were higher than any other driller's didn't hurt his business a bit. People pay cheerfully for results.

There is in human nature a strange perversity that bobs up just about the time a man is beginning to make progress in any business or vocation. A period of doubt and worry comes. The victim of attack wonders if he is getting on fast enough. He wonders if he is getting full reward for his effort, and he casts a rather envious eye on the joy or occupation of the other fellow. Mr. Layne went through this period. In the early nineties, he decided to branch out into other things. He sold his well business, although he kept a hold on it by continuing as collector and agent. From 1891 to 1893, a period of general business depression, in addition to contracting

wells, he sold farm implements, threshing machines, and windmills. He bought on credit and sold on credit, and his debts piled up. He realized that if he ever hoped to wipe his slate clean, he would have to make a change, and make it quickly.

Checking over himself, he very easily saw that the one thing he knew most about was the well business. He had gone further in that line than in any other. He discovered new facts about it. He had something to offer the business, his experience and first-hand knowledge. He quit everything else and plunged in again.

He heard that drillers in Iowa were having trouble with his old enemy and friend, sand. His "no water, no pay" policy made a big appeal. His work was brought to the notice officials of the Burlington Railroad; they gave him a contract, on which he made good. That led to work for other railroads and, in turn, opened the way for jobs in towns along the railroads.

Within 15 years, the business had grown until he was working from four to six rigs all the time, and operations had extended over portions of Nebraska, Iowa, Minnesota and Wisconsin, as well as South Dakota.

In 1901, some men interested in oil lands in Texas asked him to come down and see what the prospects were for drilling for oil on some of their properties. The first thing Mr. Layne learned was that one of the greatest problems the oil men had to contend with was the sand. Throughout the oil lands, it was the general theory that oil in the sands could not be recovered. Mr. Layne suggested using a screen. The oil men told him it wouldn't work; it wasn't worth "monkeying" with. A few years later, he applied his screen ideas to oil wells, and in doing so added millions of dollars to the value of the oil lands that otherwise might have been unproductive for years.

Mr. Layne's next-door neighbor in Houston happened to be sales manager for a wholesale hardware company. One day, Mr. Layne explained his trade ideas to his neighbor. As a result of the conversation, the neighbor became Mr. Layne's partner. This explains the firm name, Layne and Bowler.

When Mr. Layne went from Iowa to Texas, he was accompanied by a young mechanical engineer, O. P. Woodburn. Woodburn, the engineer, would work out Mr. Layne's ideas in the shop, and Bowler, the salesman, would get them into proper markets.

For the next ten or eleven years, Mr. Layne was required to work under extremely high tension. Finally, his business got so big that he couldn't keep up with the details as he had been doing. He quit field activities, and went into the office to become directing head. The field work had been his sole physical exercise and recreation; and when he went inside the inevitable reaction set in. His health began to fail. By 1918 his health was almost gone. He was confined to bed; but he didn't give up his contact with his business. When the directors and stockholders met, he met with them by telephone. In the same way, he kept in touch with the salesmen in all parts of the country. In 1927, Mr. Layne passed away in Prescott, Arizona where he had been forced to

retire for his health. He was 62.

In Mr. Layne's booklet on his 50th birthday, he gave some very sound advice to his sons. In it Mr. Layne expressed the outstanding principle his own career illustrated. "Choose your line and continue in it, until you exhaust and exceed all recorded data, and have contributed something new to the sum of total knowledge on the subject. When you do that, you need have no worry. The world will recognize you as an authority, and you can name your own reward."

Appendix III.

MY
FIFTIETH BIRTHDAY
GREETING

by
M. E. Layne
President
Layne & Bowler Company
Houston, Texas

Dear Children and Loved Ones--

The following was written on trains and by piecemeal, and in presenting this little booklet to you, on my half-century birthday, I wish to say that I have spent one-third of a century in ground water development research, for the benefit of mankind.

Also that ten days more, or the tenth day of August, 1915, will mark the twenty-ninth anniversary of sweet companionship with your mother.

Much of our life has been given for and shared with you boys, and now that each of you have taken a loved one, to make and develop a home of your own, Mamma and I are left alone in the old home of your childhood.

It is our wish that our hearts may be strengthened and lightened, and the old home often cheered and brightened, in the future, by the prattle of the grandchildren and the sweet graces of their mammas at each homecoming of our boys.

Our greatest wish is that each of you and your loved ones may live noble Christian lives, bringing up the little ones to know and love to do the right.

I commend to you the following quotations, which are basic principles, and sparkle with diamonds of truth, written by Solomon, the greatest recorder of wisdom the world has ever known.

Please memorize them. If rightly applied, they will be a real balance-wheel and ballast through life.

Proverbs 6: 20-23: "My son, keep thy father's commandment, and forsake not the law of thy mother."

"Bind them upon thy heart and tie them about thy neck." Prov. 3:1-7, "My son, forget not my law, but let thine heart keep my commandments.

"For length of days, and long life, and peace shall they add to thee; Let not mercy and truth forsake thee; bind them about thy neck; write them upon the tablets of thine heart.

"So shalt thou find favor and good understanding in the sight of God and man.

"Trust in the Lord with all thine heart, and lean not to thine own understanding.

"In all thy ways acknowledge Him and He shall direct thy paths."

You boys will be interested in knowing which of my discoveries, or inventions, I consider most important, making real success possible.

My greatest discovery was when I discovered myself, and realized that I was a big bundle of weakness, full of sin, ignorance and fear.

I sought God for pardon, strength, peace and wisdom.

He pardoned; and all strength, peace and wisdom comes from Him.

His Word is my daily food, and the greatest real joy of my life comes from doing right, as the light shines on my way.

I am not attempting to define the reader's ideal of success, but, I am convinced that with well directed effort in one line, mixed with uprightness, patience, and sticktoitiveness, the highest degree of success is possible in each life.

The following quotation meets the issue:

Prov. 18:16: "A man's gift maketh room for him, and bringeth him before great men."

Therefore by continued self-development (your gift) along some special line, you will contribute a life of usefulness to mankind, eliminating many of life's surprises and disappointments, which tend to discourage and lead to despondency.

THE SHEPHERD'S PSALM

"The Lord is my shepherd, I shall not want,
He maketh me to lie down in green pastures,
He leadeth me beside the still waters,
He restoreth my soul;
He leadeth me in the paths of righteousness,
for His name's sake.

Yea, though I walk through the valley of the shadow of death I will fear no evil; for thou art with me, thy rod and thy staff they comfort me. Thou preparest a table before me in the

presence of mine enemies, Thou anointest my head with oil, my cup runneth over.

Surely goodness and mercy shall follow me all the days of my life, and I will dwell in the house of the Lord forever."

Remember, the first and most important thing is to get right ourselves.

Then it is that many of the seemingly difficult things will automatically correct themselves, and as you grow better and wiser your vision of life grows brighter.

Prov. 13:20: "He that walketh with wise men, shall be wise, but a companion of fools shall be destroyed."

Prov. 16: 31-32: "Commit thy works unto the Lord, and thy thoughts shall be established. He that is slow to anger, is better than the mighty; and he that ruleth his spirit, than he that taketh a city."

Selected: "Remember that when you are right you can afford to keep your temper, and when you are wrong you can't afford to lose it."

Some of the greatest difficulties you will encounter will be to overcome your unwillingness to apply yourself, and this will bring some costly mistakes. Then, too, scattered thought, and not working out the little details, in connection with your line of work, will be very, very detrimental.

Tight, or close, places will develop, which seem very unpleasant. Patient, honest effort will bring about a development which is worth more than money.

Though, seemingly, success comes slowly, it will come. Do right, and you will not be afraid of the face of man, and God will honor the effort.

After thirty-three years of close application to my line of work, I truly believe that separating oil and gas from Nature's storehouse, also developing and commercializing the underflows (Nature's balance-wheel between rain periods) is the greatest undeveloped piece of engineering work now before the thinking world.

EFFICIENCY

The man problem is the greatest hindrance to rapid advancement in the business world.

We cannot grow faster than technical, executive men can be developed.

We must have men that get the desired results without personal supervision.

You can buy crude material, hire thousands of skilled mechanics, but you must develop

the thinking efficient field man.

Alexander Hamilton expresses the thought I would get before you, and the method I have followed, and I believe you can be a success in no other way, in these words: "All the genius I have lies in this: When I have a subject in hand, I study it profoundly. Day and night it is before me. I explore it in all its bearings; my mind becomes pervaded with it. Then the effort which I make, the people are pleased to call 'the fruit of genius.' It is the fruit of labor and thought."

BE GOOD AND ACT NATURAL

No room in the business world for quitters. Therefore do not lie down, or go to sleep on your job.

If you are tired, take a rest; if you are sleepy, go to bed.

The business world will run over you if you lie down, and annihilate you if you attempt to sleep and dream your way through life's problems.

I would remind you of some of the most necessary qualifications and traits of character which prevail in the successful business life.

A clean character, honesty, willingness to work, reasonable conception and executive ability, coupled with good education and a strong physique, if possible, are some of the qualifications for the developing of a strong man.

The first four are absolutely necessary, the others to be desired. They will get the education and executive ability; also grow healthy and physically strong in their work.

Swell head, thin skin, and high temper are the greatest handicaps to self-development.

Use or lose is the law of life, in everything mental, physical, and spiritual.

Luke 19:13: "And he called his ten servants and delivered them ten pounds."

"Remember, life is not a riddle to be guess out, but a problem to be solved."

James 4:14: "Whereas ye know not what shall be on the morrow. For what is your life? It is even a vapor, that appeareth for a little time and then vanished away."

God will not invade or control your sovereign will; it is up to each individual to will to do right.

In early stages of plant or tree life, foundation for fruitage is laid, looking for a rich harvest in the autumn; so in our lives. Preparation for usefulness should be carefully considered, early in

life, in order that in the autumn of life we may bear much.

It is your graces and humbleness that your seniors and superiors appreciate and they will assist you in your search for knowledge and wisdom, if you approach them in the above manner.

You must learn to analyze men and propositions in order to recognize and eliminate error.

Mental and spiritual development are the real gems of life.

Condensed and concentrated thought is man's greatest power. It precedes and predominates all other man-controlled power.

Scattered thought weakens, discourages, and dwarfs your mind, thus lessening your power for usefulness.

Train yourself to think faster than lightning, convey your thought by electricity, send the product by express; the other fellow is waiting to pay all expense with a profit to you.

Your brain, God-given, self developed, makes life worth living.

In business develop and deal in the staples of life, eliminate luxuries; they are hazardous.

Your power for good and usefulness depends upon the kind of thought-food you relish and entertain.

By will power, through concentration of thought, enlightened by anticipation (which is the eyesight, or vision, of thought), you are able to develop a moving mind picture of useful inventions or solve the world's most difficult problems.

Useful knowledge is powerful. Unused education is like stylish clothing; if laid away it is of little use, gets musty and behind the times.

Remember that you cannot check on trying; you must do. Trying is good, doing is better.

Selected: "The world is looking for the man who can do something; not for the man who can 'explain' why he didn't do it."

Usefulness is attained by growth; man cannot develop into the greatest usefulness in a day or a few short years.

Recent research shows that the largest percentage of the world's greatest benefactors were at their best between 60 and 70 years of age, the result of close application and a good foundation laid in youth.

In your conversation, diversify; in your work, specialize.

Choose your line and continue in it, until you exhaust and exceed all recorded data, and have contributed something new to the sum of total knowledge on the subject. When you do that, you need have no worry. The world will recognize you as an authority, and you can name your own reward.

M3 Note: The Layne Company is listed on the Nasdaq Index, with the name Layne Christensen Co. I read recently that it has merged with Bowler. March 25, 1997