

# New Independent Telephone Company Will Enter Rich Field

## First Offering of Stock In the Southern Telephone-Electric Company

The telephone has become one of the most important factors in the business and social life of the entire world. This is especially true of the United States. The telephone's constantly in demand by the people, and although furnished at a very reasonable rental, it has been found to be a very profitable investment. Large percentages have been made by those holding securities of telephone companies.

The Southern Telephone-Electric Company was organized principally to conduct a telephone business in one of the richest sections of the United States, viz.: The State of Texas, constructing and operating both long distance and local telephone systems. The Southern Telephone-Electric Company is not only a telephone company itself, but also a telephone construction company. It will work along lines somewhat similar to those employed by the Empire Construction Company of the Pacific Coast, thus assuring large and continuous profits for its stockholders.

Mr. E. L. Swaine, President, in speaking of the plans of operation, states as follows: "The Company now owns the Fort Worth Long Distance Telephone Company, and will soon acquire extensions for the construction and operation of local exchanges in a number of towns in the State of Texas.

"The Company will hold control of the long distance lines, which will enable us to protect the business of the local exchanges, besides bringing a good revenue.

"When a local plant has been constructed and in operation a company will be formed among the business men of the community. They will subscribe for the stock, as it will pay a good interest on the investment, and they will be the owners of the property in their own town.

"The Southern Telephone-Electric Company will receive for such plants from the new local companies part cash and part bonds, based on the earning power of the companies, which cash and bonds will give a very good profit on the work of construction and place us in a position to turn over the funds again in another locality.

"The profits of the telephone business have proved very satisfactory, paying good percentages on bonds and stocks, besides enabling the companies to lay aside a fair surplus. This refers to the operating companies, from which class we expect to secure a portion of our earnings, the greater part to come from the profits on construction. It is the intention to set aside for sale only sufficient stock to provide capital to carry on the work in hand, which will enable us to pay very satisfactory dividends on the outstanding stock.

"Our representative now in Texas writes of the great possibilities there, and we are looking forward to remarkable success."

## The Southern Telephone-Electric Company

Is a corporation duly organized and incorporated under the laws of the territory of Arizona. The capital stock is ten million dollars (\$10,000,000), divided into one hundred thousand (100,000) shares of a par value of one hundred dollars (\$100) per share. The stock is fully paid and forever non-assessable. There is no preferred stock and no bonded indebtedness. Each and every share of stock is on an equal basis. The organization or charter member price of this stock has been placed at \$25 per share. Every share of stock issued at the present time has been paid for in full at that price. Not one single share of promotion stock has been issued. The officers and directors of this corporation have paid the same price, \$25 per share, for their own stock that they offer it to their friends and acquaintances.

The purpose for which this Company was organized, to acquire, develop and carry on a system of independent or home telephone plants, both local and long distance, in one of the richest telephone fields in the United States, will be dwelt upon at length hereafter.

The territory, or field, which has been selected by this board of directors is one of the richest in the United States and at present almost overlooked, except by the interests controlled by the Bell Telephone.

The charter of the Southern Telephone-Electric Company is broad, permitting the company to carry on the business of constructing and operating telephone plants, long distance lines and equipment, electric power and lighting plants, and any and all business pertaining to the acquiring, operation or development of the telephone and electric lines. The charter permits this company to act as a holding company. In other words, grants the corporation all privileges of holding the stock of other corporations—in fact, to carry on all of the business at present contemplated. It covers all exigencies which can possibly be foreseen, facilitating the future development of the independent telephone business in the State of Texas.

The affairs of the corporation will be under the management of the following Board of Directors:

- E. L. Swaine, General Manager of the Home Telephone and Telegraph Company, of Los Angeles, Cal.
- H. J. McHugh, Chief Installer and Pacific Coast Sales Agent of the Kellogg Switch Board and Supply Company.
- N. F. Wilson, San Francisco, Cal.
- Ernest A. Olds, Superintendent of Construction of the Home Telephone and Telegraph Company, of Los Angeles, Cal.
- H. L. Edwards, Superintendent of the Contracting Department of the Home Telephone and Telegraph Company.
- F. J. Norris, Cashier of the Occidental Trust and Savings Bank, of Los Angeles, Cal., and formerly auditor of the Home Telephone and Telegraph Company.
- J. N. O. Rech, Attorney, Los Angeles, Cal.
- Edgar A. Sharp, Attorney, Los Angeles, Cal.

The officers of the company are:

- E. L. Swaine, President; N. F. Wilson, First Vice-President; H. L. Edwards, Second Vice-President; E. A. Olds, Third Vice-President; J. N. O. Rech, Secretary; F. J. Norris, Treasurer; H. J. McHugh, Chief Engineer.

The men who will have charge of the field work and operation of the affairs of the Southern Telephone-Electric Company are all practical, successful telephone men, of unquestioned integrity and special ability in their particular branch of technical effort.

The chief engineer for this Company, Mr. R. J. McHugh, has been associated with the Kellogg Switch Board and Supply Company for a number of years. During that period he has installed some of the largest telephone exchanges in the United States, notably those of Baltimore, Cleveland and St. Louis.

The Home Telephone Company of Los Angeles, which has been one of the most prosperous and successful telephone corporations of the United States, has had as its General Manager Mr. E. L. Swaine. The administrative affairs of the corporation will be under his management, ably assisted by Mr. H. L. Edwards. Mr. Edwards has also been connected with the Home Telephone Company of Los Angeles for a number of years and has won an enviable reputation for himself by carrying out a successful campaign for the securing of contracts in Los Angeles in the face of a tremendous opposition on the part of the Sunset Telephone Company.

Mr. Ernest A. Olds resigns as Superintendent of the contracting department of the Home Telephone Company to devote his entire time to the Southern Telephone-Electric Company. Mr. Olds is the man who set the first pole for the Empire Construction Company in Los Angeles, since which time he has been continuously employed as Superintendent of Construction of the Home Telephone & Telegraph Company and the Home Telephone Company of Los Angeles. In addition to these duties Mr. Olds has acted as consulting engineer in the construction of numerous small suburban telephone plants constructed by independent corporations.

Mr. F. J. Norris, formerly auditor of the Home Telephone Company of Los Angeles, and at present cashier of the Occidental Trust & Savings Bank, will act in the capacity of Treasurer of the Southern Telephone-Electric Company, thus assuring a careful and economical management of the financial end of this enterprise.

Further information as to the standing of the men behind this proposition seems unnecessary, as their long continuous record of success and their practical experience in their chosen work are sufficient evidence of their ability to carry out the plans and assure success of the Southern Telephone-Electric Company. Remember, also, that these gentlemen have sold and are selling their interests in other telephone corporations and placing their available funds in the stock of the Southern Telephone-Electric Company at the same price and on the same basis as the stock is offered to you.

The territory in which this corporation will operate is no less than the cotton belt of Texas, a belt containing a greater population than the three Pacific States, California, Washington and Oregon, combined. This is today, in the minds of these men, the best and richest territory in the United States for the operations of such a corporation. Let us emphasize the fact that these men are familiar with the telephone situation throughout the United States and that they have chosen this rich cotton belt of Texas because it offers greater inducements and quicker and surer profits than any other territory. The company already possesses the keynote to the entire territory. It has already purchased long distance telephone lines, which are constructed and in operation; also rights of way for long distance lines and franchises for constructing independent telephone systems in cities and towns up and down this belt. In fact, so much work has already been done and so much progress made that no other company, even should it possess the same financial advantages and the same able Board of Directors, could possibly become a competitor. This is a big element in the success of this corporation.

## Great Profit In Telephone Business

That there is good profit in the telephone business is a fact so universally acknowledged that it seems unnecessary to dwell upon it. A small investment in the stock of the Bell Telephone Company has made many an independent fortune. At the present time there are more independent telephones in the United States than Bell telephones, and there is just as much money to be made out of an investment in telephone securities now as there was when you could have bought Bell Telephone stock cheap. Furthermore, you do not now have to take the risk that was necessary when the telephone business was in its infancy. Since its inception the telephone business has been classed among the most lucrative fields in which large capital can be invested. At the present time throughout the country independent telephone companies, wherever established, working side by side with the Bell Telephone Company, are enjoying a much greater success than the great monopoly. Two important factors create these conditions.

First—The average red-blooded individual has no love for any great monopoly, and public sentiment has been a

great factor in establishing and making a success of the independent or home telephone lines.

Second—The independent telephone lines have an advantage in being able to place new and up-to-date equipment at the disposal of their subscribers without being compelled to lose the capital which the Bell has already tied up in old and less effective equipment.

In 1894 there were 300,000 telephones in use in the United States, or one telephone to every 230 people. In 1907 it is estimated that there are 5,600,000 telephones in use, or one telephone to every 16 people. Of this number the independent or home companies have 3,000,000 phones, against 2,600,000 of the Bell monopoly. These facts prove conclusively how important and necessary is the telephone to all business interests of the country, also making a most convincing argument in favor of the independent lines.

As an evidence of the profits of a telephone enterprise we need only point to the earnings of the Los Angeles company for four and one-half years:

1901 Gross Earnings.....	\$202,902; Net Earnings.....	\$108,875
1902 Gross Earnings.....	385,822; Net Earnings.....	150,142
1903 Gross Earnings.....	306,400; Net Earnings.....	182,520
1904 Gross Earnings.....	435,272; Net Earnings.....	195,532
1905 Gross Earnings, Six Months.....		273,375
Net Earnings, Six Months.....		119,485

## The "Western Telephone Journal" Has This to Say of the Future

"It is only a matter of time when the whole North American continent will be gathered under the banner of the Independents.

"No movement in the world's history has a brighter outlook than the one in which you are engaged. It has passed through the stages of doubt and difficulty. It has survived the attacks of the monopoly and its creatures.

*"The mighty wrongs and petty perils,  
The loud roar of foaming calumny,  
The small whisper of the paltry few,  
And the subtler venom of the reptile crew."*

"It only remains with courage and confidence to carry on the work until every citizen throughout the land shall be supplied with this means of conversing with his fellow men. I do not see why, at the most conservative estimate, the Independent development should not reach 10 per cent of the entire population within the next few years. This will require an investment of approximately \$600,000,000, and of this you may be sure every dollar of the money will afford a far more remunerative investment than as if the same amount was put into railroads, electric lighting or any other public utility.

"Do not be pessimistic about the future. As you provide the facilities the people will reach out for them. It is not many years since wise men in the Dominion Parliament predicted that the receipts of the Canadian Pacific Railway would not pay for the axle grease. Today we find two more transcontinental railways hurrying forward construction in a race to connect the Atlantic with the Pacific. This is only one illustration of how we may show timidity in estimating the possibilities of the future."

(Note: The foregoing was read before the recent Illinois State Convention. Mr. Deager is telephone expert to the Dominion House of Commons' select committee on telephone systems, Ottawa, Canada.—EDITOR.)

## New Telephone Company Offers Small Investor an Unusual Opportunity

The time has come when the people ought to own the public service corporations, and they are going to own them, too. Here is an opportunity for a small investor to buy stock that should ultimately make him financially independent. The conditions that make possible the success of this corporation are many times more promising than they were when the Bell Telephone stock was first offered to the public.

The money for carrying out the plans of this enterprise is being raised by the sale of common stock, which is the only form of security issued. The old-time method of bonding this property to the bursting point will not prevail in this enterprise. Not a dollar in bonds, preferred stock or security of any kind stands ahead or takes precedence over the common stock. Every man or woman that wants a share of this stock in the Southern Telephone-Electric Company will be on an equal footing first, last and all the time. The full par value of the shares is \$100, fully paid and forever non-assessable, but, like all large enterprises, the first stock sold must be offered at a big sacrifice in order to quickly raise sufficient capital to put the company on a good dividend-earning basis. A portion of the \$100 shares of the Southern Telephone-Electric Company is therefore offered at \$25 per share. The shares that are invested in at this low price of \$25 will, in a few months, not only be worth their full par value but many times more. The shares of the Home Telephone Company in Los Angeles could have been bought three or four years ago for only 10 cents on the dollar. These shares of common stock are now earning dividends, after the company has paid out thousands of dollars on a tremendous bond issue. Bear in mind that the Southern Telephone-Electric Company will have no bonds; that it has but one security—common stock—and that every stockholder is on an equal footing.

Shares of a certain bank in New York City that stand for \$100 value cannot be bought for less than \$3000. The Great Northern Railroad shares, at a par value of \$100, sell in open market for \$283. An investment of \$500 in Bell Telephone stock some years ago would have made you a millionaire today. There are many such cases, but

none of them will ever show such a surprising rise as will the shares of the Southern Telephone-Electric Company. Many a clerk, grocer, plumber, carpenter or other men of moderate means who have the foresight to realize the marvelous possibilities of this investment and buy at the present price will be numbered among our rich men five years hence.

The profits that this telephone company will make for its stockholders are almost beyond calculation. The natural rise in value of the shares, because of the extraordinary earning power, is likely to be such that an investment of \$100 at the reduced price at which the first shares are marketed may at the end of a few years stand for a quoted market value of \$2000 and a yearly income of \$300. If it does this, and it is not at all unlikely that it will, a man who invests \$500 in its shares now will have a yearly income of \$1000. Of course the only time such colossal profits can be made is at the very start. After this company organizes telephone company after telephone company, establishes plants in various cities and towns, increases its earning capacity day by day, its shares will rise high in value, and those who buy at the present price of \$25 will be the ones who will reap the biggest profits.

Nothing can prevent the success of this enterprise. Every possible safeguard surrounds the investment of the public's money in this stock. Telephones are a necessity. The telephone is the only public utility that thrives in hard times. We have tried to show you that this is your opportunity to lay the foundation of wealth. Whether you have much or little money, we say to you in all frankness and candor that you will be doing a wise thing if you invest every dollar you can spare in the stock of the Southern Telephone-Electric Company. Don't let fears or doubts deter you, but just make a careful study of the facts as we have told them and then let your own common sense and better judgment guide you.

Every man or woman who invests in the shares of the Southern Telephone-Electric Company at the ground-floor price of \$25 per share, at which we now offer them, will in all human probability be able ultimately to get dividends in excess of 40 per cent on the investment or be able to sell the stock within a short time for many times its present value. Twenty-five dollars buys a share today. Partial or installment payments may be made at the rate of 20 per cent down and 10 per cent per month until shares are paid for. At the present price of \$25 per share this means \$5 per share in cash or its equivalent with your subscription and \$2.50 per share per month for the next eight months. No interest will be charged on deferred payments. We want the small investor to participate in the profits of this great enterprise. We will give the same attention to a subscription for a single share as to that for a thousand shares.

## Installment Payments on Stock Can Be Made as Follows:

We are offering the full paid, non-assessable \$100 par value stock of the SOUTHERN TELEPHONE-ELECTRIC COMPANY on the following easy terms:

- \$25 buys 1 Share, par value \$100, pay down \$5 and \$2.50 a month for 8 months.
- \$75 buys 3 Shares, par value \$300, pay down \$15 and \$7.50 a month for 8 months.
- \$125 buys 5 Shares, par value \$500, pay down \$25 and \$12.50 a month for 8 months.
- \$250 buys 10 Shares, par value \$1000, pay down \$50 and \$25 a month for 8 months.
- \$625 buys 25 Shares, par value \$2500, pay down \$125 and \$62.50 a month for 8 months.
- \$1250 buys 50 Shares, par value \$5000, pay down \$250 and \$125 a month for 8 months.

You can contract for any number of shares, paying for them in the same proportion. You can pay more down and more per month if you desire, or you can pay in the entire balance due at any time, when a certificate will be issued. Make all remittances payable to the Southwestern Securities Company.

Come to our office, if you can, and we will explain to you all the details. If you cannot come, fill in the coupon below and mail to us, with remittance in registered letter, or by postal or express money order for the number of shares you wish.

This announcement is being made in all the important newspapers in the West today, and without a doubt subscriptions to the capital stock of this corporation will pour in. Owing to the great merit of this investment proposition and the excellent standing of the management we have every reason to believe that the small block of stock offered at the ground-floor price of \$25 per share will be quickly subscribed. For this reason we urge you to act promptly and fill out one of the coupons below and send it to our office immediately if you cannot call.

**SOUTHWESTERN SECURITIES CO.**  
300-301 TILFORD BUILDING  
PORTLAND, OREGON

## PURCHASE COUPON Southwestern Securities Co., Fiscal Agents

300-301 Tilford Building, Portland, Oregon.

Inclosed find \$..... in..... (any whether full or partial) payment for..... shares of stock of the SOUTHERN TELEPHONE-ELECTRIC COMPANY.

Name.....

Address.....

P. O. 4-21

## INFORMATION COUPON Southwestern Securities Co., Fiscal Agts.

300-301 Tilford Building, Portland, Oregon.

I am interested in your SOUTHERN TELEPHONE-ELECTRIC COMPANY, and if my request will not obligate me in any way I shall be glad to receive further information.

Name.....

Address.....

P. O. 4-21