

THE STATESMAN'S GREAT SEASHORE TRIP CONTEST

Standing of Candidates

These standings represent the votes polled in the ballot box for the candidates up to noon, Tuesday, August 19:

Table listing candidates and their vote counts for the Statesman's Great Seashore Trip Contest. Includes names like Allen, Bernice, Alky, Mrs. T. M., Amort, Rose, etc.

worse until it became necessary for the Ladd & Tilton bank of Portland, the principal creditor and holder of stock of the company as collateral, to take over the direction of the company's affairs with a view of liquidation or reorganization. In May, 1920, a syndicate agreement was entered into by the principal creditors in an attempt to secure additional capital through the sale of stock to those interested in seeing the plants maintained and operated at Salem and The Dalles. This undertaking, however, did not prove successful.

At a stockholders' meeting, held on July 16, 1920, S. L. Eddy, Cameron Squires, E. A. Clark, G. F. Judd and Mason Wittenberg were chosen directors of the new company. E. A. Clark was elected president of the board of directors and thereby became the active manager of the company's affairs. At this meeting steps were taken towards wiping out the two subsidiary corporations, through which The Dalles and Salem plants were controlled and operated, and have this company take over their assets and assume their liabilities. A statement of the assets and liabilities of The Dalles and Salem companies was submitted and showed the following:

Assets table showing The Dalles King's Products Co. at \$619,418.86 and Salem King's Products Co. at \$668,125.25. Total assets: \$1,287,544.11.

An analysis of the items composing these assets disclose that a large part were paper assets only, and that the total value claimed was far in excess of actual value.

It appears that the Pacific Evaporator company, a small corporation, was the owner of patents covering certain processes used by the King company.

These rights were held through an agreement entered into by and between the King company and the Evaporator company. This agreement was cancelled by mutual consent on July 16, 1920, but no sooner had it been cancelled than the King company was notified by F. N. Clark, brother of E. A. Clark, that he was the exclusive licensee of the Pacific Evaporator company's patents and, as these rights were needed by the King company, offered to assign them to said company for \$750,000 taking common stock of the company in payment. This appears to have been accepted.

On July 28, 1920, the capital stock of the company was increased to \$3,000,000, of which \$1,500,000 was preferred and \$1,500,000 was common, \$750,000 of this common stock appears to have been issued to F. N. Clark for the above patent rights. On August 6, 1920, a permit was secured from the corporation commissioner to sell the \$1,500,000 preferred and remaining \$750,000 common stock. The stock held by Clark was later surrendered and cancelled.

On August 12, 1920, certain of the creditors made a proposal to accept preferred stock in payment of obligations held by them and an underwriter's agreement was entered into with this end in view. On August 14, 1920, preferred stock was issued to the following parties:

Table showing shares issued to various parties: F. N. Clark (2357), E. A. Clark (2357), Mary A. Wittenberg (550), Mason Wittenberg (750), Ralph S. Wittenberg (750), Stettler Mfg. Co. (430), F. A. Douty (260), American Lifeograph Co. (72). Total: 7526.

It has developed that the greater part of the indebtedness covered by the above subscriptions was held by the Ladd & Tilton bank.

At a stockholders' meeting held August 16, 1920, Cameron Squires, S. L. Eddy, P. W. Cook, F. A. Clark, F. N. Clark, F. A. Douty, Geo. F. Judd, C. C. Cook and Ralph Wittenberg were elected directors of the company. In the meantime (August 11, 1920) steps were taken to organize the King's Food Products Company of Delaware—a \$10,000,000 corporation—and its organization was completed and the first meeting of stockholders held on September 7, 1920, when the following directors were elected: E. A. Clark, S. L. Eddy, G. F. Judd, F. N. Clark, F. A. Douty, G. F. Martin, A. L. Dundas and C. C. Cook. The board of directors elected E. A. Clark president and general manager.

The stock of the Delaware company was divided into preferred with a par value of \$100 and Class A and Class B common with no par value. At meetings held September 7th and 14th, 1920, propositions to sell all of the assets of the Oregon company were considered and accepted. An agreement was also entered into with the Dundas-Martin company for the sale of the preferred and Class A common stock of the company. Under this agreement the preferred stock was to be sold for \$100 per share and the Class A stock for \$50 per share, or a total of \$150 per set. The stock was to be sold in sets and out of the selling price of \$150 per set \$30 was to be retained by the Dundas-Martin company as commission—the remainder, \$120 per set, to be paid to the Delaware company. The Class B stock it appears was to be given to the Dundas-Martin company as a bonus.

In the proposal, referred to above, whereby the assets of the Oregon company were to be sold to the Delaware company, it was claimed that the assets of the Oregon company were \$1,361,985.34 and that the debts were only \$491,387.34. It has developed that the assets were greatly overvalued and that subterfuges were resorted to cover up the actual indebtedness of the company which on August 14, 1920, amounted to approximately \$1,367,000. Had it been stated that the assets were \$491,000 and the liabilities \$1,367,000 it would have been more in accord with the facts.

--SALEM-- 20 Wednesday, August

Grand Stand Chair Seats on Sale at Patton's Book Store.

Important Notice

Advertisement for Barnet's Circus featuring 'The Show That's Different' and 'Wild Animal Circus'. Includes text about 'Pocahontas' and 'No Street Parade Will Be Given This Year'.

The above proposal of sale provided that Mrs. Wittenberg should be paid \$330,000 for her interest, which consisted of 2050 shares of preferred and 3674 shares of common stock of the Oregon company, 200 shares of the Pacific Evaporator company and a \$40,000 note of the latter company, and that she should be paid by delivery to her of 2750 sets of shares (preferred and Class A) of the stock of the Delaware company, figured at \$120 per set, which allowed for the selling commission of Dundas-Martin company, which had contracted to sell the stock so conveyed to her.

It appears that the only thing taken over from Mrs. Wittenberg which had value was the 2050 shares of preferred stock in the Oregon company. This stock had value by reason of the arrangement between the Oregon company and the Delaware company which provided for the exchange of stock and the sale of the Delaware company's stock at a price which would insure par for the preferred stock of the Oregon company. The \$330,000, which appeared to go to Mrs. Wittenberg, applied to the payment of obligations of the Oregon company, most of which had been assumed by her.

The remaining interests in the Oregon company were taken over through the exchange of stock in the Delaware company at \$120 per set for the preferred stock of the Oregon company at par.

To acquire the Oregon company's properties, stock of the Delaware company was issued as follows:

Table showing Delaware company stock issued: Preferred .7,313 1/2 \$ 731,333.00; Class A—Common .7,313 1/2 365,667.00. Total: \$1,097,000.00.

Less selling cost . . . \$877,600.00. This stock when received by the stockholders of the Oregon company, who were practically all creditors or representatives of creditors of said company, was turned over to the Dundas-Martin company and sold to the public for \$1,097,000. The selling agents retained \$219,400 as commissions and turned over the balance, \$877,600, to the creditors of the Oregon company.

In addition to the above amount paid to the creditors of the Oregon company, the Delaware company assumed \$491,400, or the remaining debts of the Oregon company. To realize cash sufficient to meet this assumed indebtedness it was necessary to sell 4095 sets of shares of stock of the Delaware company to the public. The amount the agents retained \$122,850 and turned over the balance—\$491,400—to the Delaware company.

In order, therefore, to secure the cash to liquidate the total indebtedness of the Oregon company there was taken from the public \$1,711,250 to be distributed as follows:

Table showing distribution of \$1,711,250: Sales commissions \$ 342,250.00; Old debts of Oregon company paid . . . 877,600.00; Total: \$1,219,850.00.

Assumed debts of Oregon company to be paid 491,400.00. Total: \$1,711,250.00. When on September 14, 1920, the proposal to sell its business was made by the Oregon company to the Delaware company, its assets were given as \$1,362,000 and its debts, which were to be assumed, as \$491,400. An examination of the schedule of items making

up the amount claimed as the value of its assets will convince any fair-minded person that many of the items were mere moonshine and had no place in a list of assets. We are convinced that this setup of assets was made to provide an offset for the debts of the Oregon company, which appear to have been slightly in excess of this figure, and to justify the issuance of preferred stock in the Oregon (Continued on page 8.)

A New Telephone Directory For Salem

Will Go to Press September 1

Please arrange for any change you may desire in present listings or advertising as soon as possible and not later than September 1st.

The Pacific Telephone & Telegraph Company



LAST TIMES TODAY "The Dangerous Coward" Starring FRED THOMSON

Starting Tomorrow (Thursday)

Oregon or Bust!

THE MIGHTY tale of how the pioneers came to Oregon will thrill you as no other picture has ever done.

Its history—your history—our history—the picture that every man, woman and child should see who honors the fighting pioneers that founded this great state. Oregons own picture!

"The Covered Wagon"

James Cruze's Immortal Picturization of Emerson Hough's Historical Romance

LIBERTY THEATRE



PORTLAND BANK IS HELD RESPONSIBLE TO KING INVESTIGATORS

(Continued from page 1) how thousands of innocent people had savings of a lifetime taken from them and were left without hope of recovery.

King's Food Products Company (Oregon Corporation) This company was incorporated as the Farm Products company on March 10, 1915, with a capital stock of \$20,000. On October 5, 1915, its name was changed to the Dri-Fresh Co., and on April 17, 1916, its capital stock was increased to \$100,000. On October 16, 1916, its name was changed to the Wittenberg-King Co., and on Sept. 28, 1917, its capital stock

June 7, 1919, its name was again changed to the King's Food Products company, and its capital stock was increased to \$500,000, of which \$200,000 was common and \$300,000 preferred stock.

The company up to this time appears to have been controlled by Mrs. Mary Alice Wittenberg—the active management being in the hands of her sons. The properties of the company consisted of plants at The Dalles and Salem, which were controlled and operated through subsidiary corporations known as The Dalles King's Products company and the Salem King's Products company. The company had become deeply involved and funds for operation were secured only through personal guarantee of Mrs. Witten-

Advertisement for Betty Compson in 'MIAMI' at the Oregon Theatre. Includes text: 'Here's a "different" love story laid in the pleasure ground of the rich!' and 'Now Playing'.