

PROSPECTUS IS SALES FACTOR

Assures Empire Company's Big Sales; Magazine Helps Promotion

(Continued from page 1)

and expensive book stock. Full-page cuts of the "modestly paid" officers and directors adorned the opening pages. The screen of the engravings was fine and the print in above reproach.

Opening the prospectus "Letters" was a full-page picture of Oliver P. Coshaw, former chief justice of the Oregon supreme court. The jurist's glowing letter of approval followed. Then came a series of letters from responsible eastern lumber companies praising I. H. Fetterly for his work as a lumberman but saying little of his experience in the insurance business.

W. R. Adams, M.D., F.A.C.S., in a letter written November 12, 1930, "accepts with pleasure the position of vice-president and director. 'Your company should be congratulated upon being able to secure the services of such a man as Judge Oliver P. Coshaw, Chief Justice of the Supreme Court as your president,'" writes Adams, and the letter goes well forward in the prospectus.

Jay H. Stockman's picture appears next, followed by his letter written November 12, 1930, to Judge Coshaw. "Your being at the head of this institution is an absolute assurance to the stockholders that it will be run in a successful business-like manner," testifies Stockman. He adds: "It really gives me pleasure to hand you my subscription for stock in the amount of \$20,000."

Next in the gallery of faces looms that of the sales counselor, Frank J. Keller, Jr., himself. Keller's physiognomy was well bulwarked by no less than ten letters from Utah friends who praised highly Keller's character and his business ability. Harvey H. Cluff, attorney-general for Utah, wrote August 28, 1930, "as an organizer and promoter of real substantial concerns, Frank Keller, Jr., has, in my judgment, no superiors and few equals."

M. H. Welling, secretary of state of Utah, writes a general letter September 15, 1930, praising Keller's work in Utah and saying companies he organized are "each one demonstrating the wisdom of Mr. Keller and his associates." H. C. Hicks of the New York Mining Exchange issues a letter which tells it was into the prospectus saying he has found Mr. Keller "a man of great capabilities and a man of honesty and integrity." "Cheerfully I bespeak for Mr. Keller your confidence and respect," writes Carl E. Marcussen, president of the Pacific National Life Insurance company of Salt Lake City.

"I have found Mr. Keller to be a man of his word. He has kept faith with me in all respects," says Alex E. Carr of the Inter-mountain Title Guaranty company of Salt Lake. In a letter written September 17, 1930, Keller even sees to it that a letter from The Westerner, 606 Dooly Building, Salt Lake, is incorporated into his record. E. W. Kelly, president of The Westerner, writes "I have always found Mr. Keller to be a man of his word and worthy of trust in every respect."

Thus the first five officers and directors furnished the first portion of the elaborately prepared prospectus on the Empire Holding company. The prospective stock purchaser who reads the list of the Oregon supreme court, earnestly buttonholing, leading the list with a complete and unqualified endorsement of the company's operations. There followed the story of I. H. Fetterly, handsome former president of Savannah, Ga., and glowing testimonials of his ability as a lumberman. Next loomed the picture and strong letter of Dr. Adams of Medford, fellow of the American college of surgeons, Jay H. Stockman, general counsel, former assistant in the district attorney's office in Portland, came next with his letter of stock subscription and support. Completing the quintet, whose pictures The Statesman today publishes, was Frank J. Keller, Jr., general sales counselor, master mind, chief executive, and instigator of the Empire Holding company which in seven short months swept up \$175,000 in cash and securities from 850 stockholders throughout the state of Oregon. When the company was inspected July 31, 1931, by the state corporation commissioner, its cash assets were \$55, its bills payable were \$8900.

With the quintet of leaders in the Empire Holding company duly displayed, the prospectus launched into accounts of the smaller men in the organization. First came A. E. Otis of the Mathis-Otis Men's wear store in Portland. "After a lengthy and thorough investigation of the possibilities of an investment in the Empire Holding corporation I am glad to hand you herewith my application for \$20,000 for stock," writes Otis. The letter of Otis was accompanied in the prospectus by his full-page picture. Oddly enough in the list of the officers shown by the Empire Holding company July 31, 1931, no notes from Otis appear or is there any record that he paid for his stock in cash. Whether he cancelled his subscription made in his letter of January 21, 1931, is not known.

D. R. Shambrook of Roseburg appears next with a letter dated January 29, 1931, at Roseburg. "I am very well acquainted with Judge O. P. Coshaw," writes Shambrook. "If you are as successful in completing your organization, and I have information that you are attracting the outstanding business men of the state, then you will not go wrong," Shambrook declares.

At the same time Hagerty subscribed for the stock a contract was executed between him and the Empire Holding company providing that Hagerty should be president of the Empire Casualty company. The records of the company reveal that Hagerty never paid any cash for his stock. On his \$20,000 subscription a \$1000 bonus was immediately be applied as a bonus for his signing of the contract. Then he was to

LULLABIES BY EXPERTS



It isn't often that youngsters of such tender days as the four shown above are lulled to sleep by such world-famous voices as belong to Benjamin Gigli, famous operatic tenor, and Rosa Ponselle, noted soprano of the grand opera world. The two stars of the Metropolitan Opera Company visited Columbus Hospital, New York, to see for themselves what kiddies they will aid with the benefit Metropolitan performance in December. The lullaby experts have their hands full in their new role.

Shambrook then concludes his letter: "It is with pleasure that I am handing you my check for \$20,000 to pay for that amount of stock in the Empire Holding company. I consider myself very fortunate in having the opportunity to become a stockholder and director in your organization and I shall be pleased to interest my friends in this organization." The audit of the company's books July 31, 1931, shows the total cash receipts during January, 1931, were \$3650. What became of Shambrook's check for \$20,000 is a mystery. He does not appear in a list of not-giving shareholders nor does he show as a director of the Empire Holding company.

Next comes a full-page picture of one Stephen A. Hull. He has a handsome face, heavy hair, shiny eyes, and wears a turndown collar such as effected by Judge Coshaw in his later years on the bench.

Writing February 7, 1931, Hull says: "I agree, Mr. Fetterly, to subscribe for \$20,000 worth of the common capital stock of the Empire Holding company." Hull then writes a three-page description of his own financial and insurance experience, revealing a long line of promotional activities. At the time the letter was written Hull was operating a property management business in the Terminal Sales building in Portland. On the books of the company his subscription appears totally unpaid; save for a \$5000 one-year note and a \$15,000 note due over a five-year period.

Evidently the promoters of the Empire Holding company were anxious to secure anyone as a director who directly or indirectly knew the insurance business. Thus they approached W. C. Hagerty of McMinnville. Hagerty for many years was secretary-manager of the Oregon Mutual Fire Insurance company and for at least five years has served as its president.

His picture, full-page size, next appears in the prospectus accompanied by a letter written February 5, 1931, at McMinnville on the stationery of his company. Hagerty's letter, in full, follows:

McMinnville, Oregon, February 5, 1931.
Mr. I. H. Fetterly, Vice-Pres. & Gen. Mgr.
Empire Holding Corporation,
Portland, Oregon.

Dear Mr. Fetterly:

Through your official family and other sources, I have concluded my investigation of your company.

Having been in the insurance business for more than 26 years, I feel I am qualified to predict that your company will meet with great success, as there is a field for all the lines of insurance in which you propose to engage.

In conjunction with my associates, we have contemplated the organization of a casualty company to work with our Fire Insurance agency, but instead of carrying out these plans I have decided to accept a Directorship and the Presidency of your Casualty company.

We are the pioneer Mutual Fire Insurance company of the Pacific Coast, with over \$100,000,000 in assets and a force; are doing business in Washington, Oregon, California, Idaho and Utah; have over 500 agencies established in these states and all of our agents that I have talked with have expressed their willingness to act for your Casualty company as soon as you are qualified to do business. By having the cooperation of all our agents and agencies in these various states, you will get results immediately.

In subscribing for the necessary stock to qualify me as a Director under your plan of organization, you may rest assured you will have my cooperation to the fullest extent in both the matter of organization and the conduct of the casualty business.

Sincerely yours,
(Signed) W. C. Hagerty.

At the same time Hagerty subscribed for the stock a contract was executed between him and the Empire Holding company providing that Hagerty should be president of the Empire Casualty company. The records of the company reveal that Hagerty never paid any cash for his stock. On his \$20,000 subscription a \$1000 bonus was immediately be applied as a bonus for his signing of the contract. Then he was to

receive a \$5000 salary for the first year of his services from February 5, 1931 to February 5, 1932. This salary was to be immediately credited to his stock subscription, reducing the total amount due to \$14,000.

Hagerty's contract provided that after the first year he was to receive \$6000 annually for his services as president of the Empire Casualty company and that at least half of this sum could be credited to his stock subscription. In five years he could thus accumulate a credit of \$15,000 which would have fully paid for his stock.

The fact that the Empire Casualty company was never organized, the fact that no money was ever set aside by the Empire Holding company for the use of this ghost concern, the fact that a policy was never written, seems to have been no deterrent to the employing of Hagerty as president at "modest and prudent salary."

He became, upon the company's books, a \$5000 a year officer, without an office, without a company and without a job!

Tomorrow The Statesman will complete its description of the prospectus issued by the Empire Holding company, showing how other prominent men like I. H. Van Winkle, attorney general, became stock subscribers; how President J. B. Landers of Monmouth Normal school added his name to the list; how Sam A. Koser, former secretary of state and Oregon budget director, "without hesitation," on May 26, 1931, submitted an application "for sufficient stock to entitle me to a directorate in the organization." Later The Statesman will probe the financial workings of the Empire Holding company, showing the amount of cash, bonds, mortgages and notes received, how the moneys were expended and the methods of high-pressure and unscrupulous sales promotion the organization employed.

Several Portland Residents Callers In Eldridge Area

ELDREDGE, Nov. 17—Sunday guests at the W. R. Palmer home were Miss Ruth Palmer and Mr. and Mrs. Claud Palmer of Portland and W. R. Palmer of Linton.

Mr. and Mrs. Elton Shaw of Portland called Sunday at the home of Mr. and Mrs. George Brown.

Mr. and Mrs. Marvin Peterson of Lake Labish are receiving congratulations upon the arrival of a boy November 6. Mrs. Peterson is a daughter of Mr. and Mrs. W. J. Wargnier of this place.

Mr. and Mrs. B. J. Miller were hosts at dinner Sunday for Mr. and Mrs. John Imah of Salem.

WOODBURN, Nov. 17—A profit amounting to \$9 was realized by the shrub and flower sale, given by the Woodburn Garden club in the Ogle building Saturday. A continual stream of people went through the building.

Along with the sale an interesting flower show was held. Chrysanthemums, dahlias, roses, Christmas roses, and other flowers were on display.

J. J. Hall was in charge of general arrangements for the sale. Mrs. Richard Yates and Mrs. H. F. Butterfield were in charge of the flower show, and Mrs. Walter Schoeller and Miss Ina Bonney attended to the arrangements for the sale.

Response as Usual To Red Cross Call, Reports D. McClain

SHELBURN, Nov. 17—Ben Denny and Bob Culver of Shelburn spent Saturday in Salem on business.

Mr. Boyers and family of Washington are now located on the Fred Grimes ranch south of Shelburn.

Dillon McClain is canvassing the Shelburn district in the interest of the annual Red Cross roll call. Mr. McClain reports that people respond about as usual despite the depression.

Mr. J. U. Wells, teacher of Shelburn school, is preparing a Thanksgiving program.

POLANSKI-HUMMEL CASE TRIED AGAIN

George-May Action Will go To Jury Today; Last Arguments are in

The case of Polanski vs. Hummel, which occupied a good deal of attention when it came up for trial a few months ago, will be retried before Judge L. H. McMahon, beginning today.

Polanski is seeking around \$50,000 damages for alleged malpractice of Hummel, Salem physician. Polanski alleged also that he was operated upon without his consent. When the case was tried before, the jury returned a verdict for plaintiff.

Final arguments in the damage case of Carrie George vs. Edmund May were heard by McMahon yesterday afternoon and the case will go to the jury this morning. This case started yesterday morning after the case of Johanna Filifit vs. Oregon Industrial Loan company went to the jury.

The jury found for the plaintiff in sum of \$1500 and interest, the full sum she sought. The action was to recover money paid for stock in the loan company.

Inasmuch as several similar suits are pending before the court, including those against the American Fidelity Investment company, the verdict in the Filifit case has been watched with considerable interest.

A motion for nonsuit was overruled by the judge who said it was for the plaintiff to show that the stock was worth less than \$1500 when purchased, and a question for the jury to decide. The company, in the motion, had contended that when purchased the

stock was worth \$1500 but that it had decreased in value.

Child Custody Hearing up in Circuit Court

Hearing on habeas corpus petition of Wanda Leone Isaak, was before Circuit Judge Gale S. Hill yesterday, but the matter was continued. The child is but nine months old, and is held by its grandparents, Bert and Mary Hackett.

The father claims they are holding the child as debt hostage, but they say they are keeping it because the father should not have it. The father says he is competent to care for the child, Judge Hill is holding the matter open pending showing of satisfactory arrangement for the child's keep.

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HUNTINGTON PARK SUITS New Low Prices

46 of Our \$19.75 Suits Reduced to \$14.95 Extra Pair Trousers, \$4

Yes! We fit the tall, short, and heavy set. Superb fit, style and lasting durability. Notice our size range: 2-35's, 3-44's, 4-37's, 7-38's, 7-39's, 8-40's, 9-42's, 6-44's, 46 suits. Of course we can fit you.

Overcoats EVERY ONE IN STOCK Reduced

These coats are priced far below what you'd expect to pay for equal fit, style and quality in other makes of coats, worsteds and overcoats.

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Hunting for Bargains? Look!

Now for the big day

GOLDEN ARROW JUBILEE DOLLAR DAY

HITS THE BULLSEYE OF VALUE

Thursday & Friday Nov. 19th & 20th

SOCKS 6 pr. \$1 Men's fancy knit rayon socks. Good quality. Size 10 to 11 1/2.	Wool Socks Buy your wool socks on Dollar Day. Gray, black and brown. Size 10 to 11 1/2. 4 pr. \$1	Bleached Muslin Fine weave, soft finish, free from starch. Moderately priced. 10 yards \$1	Steel Wrench Genuine L.A. Beside Stillson pipe wrench. 18 in. length. A big bargain. \$1.00
Boys' Overalls Blue denim. Bib style. Heavy weight. Size 6 to 16 years. 2 for \$1	Ladies' Pajamas Warm, flannel-ette pajamas for winter. Colored words and trimmings. \$1	Beverly Prints Ward's superb All Silk Fabric. Regular 75c. Beautiful color combinations. 3 for \$1	Cotton Bedspreads Crinkle Bedspreads. White with Gold stripes. \$9x105. 59c each. 2 for. \$1
Ladies' Lingerie Best quality non-run rayon. Bloomers, panties & step-ins. Lace & applique trim. 3 for \$1	Child's Bloomers Sateen bloomers for children. The only thing for school. Durable. 4 for \$1	Rayon Check Make your frocks for less. Fine quality rayon dress material. 36" wide. 5 yds. \$1	Printed Pongee Imported Japanese Pongee in charming print combination. Fine quality. 3 yds. \$1

LADIES' HERE IS YOUR CHANCE All of Our 79c HOUSE FROCKS Reduced to 2 for \$1.

Suede Blazers \$1.00 Boys' Suede-cloth Blazers. Tan. Some with leatherette trim. Size 8 to 16 years. \$1.79 value.	Leather Caps \$1.00 Genuine black leather caps. Wool lined ear flaps. Size 6 to 7 1/2. A cold weather necessity.	Dress Socks 16 pr. \$1 Men's cotton dress socks in gray, tan or black. Size 10 to 11 1/2. Dollar Day Special!	Men's Pajamas Genuine Amosack pajamas. A real bargain! \$1.00 Men! Buy your flannel pajamas now. Fancy stripes. All sizes.
Children's Vests Children's non-run rayon vests. Pastel shades. With or without built up shoulders. 4 for \$1	Ladies' Slips Ladies' silk or crepe slips. Flesh color only. Fine lace trim. Size 34 to 42.. \$1	Pinnacle Prints A specialty with Ward's. Make attractive house frocks and children's clothes. 8 yds. \$1	Chiffon Hose 48 gauge pure silk chiffon hose. Attractive fall shades. Regular \$1.33 value. \$1
Silk Hose You who want hose without seams in the feet, buy this regular 49c quality. 3 pr. \$1	Work Shirts A shirt for the school boy. Buy now! \$1.00 Blue chambray work shirts for the boy. Sizes 8 to 10 years. 39c each.	Curtain Material Heavy rayon curtain material. A \$4 day special. \$1.00 2 yds. Looking for Bargains? Don't pass up this one. Ecru & beige. 39" & 48" in widths.	Frying Pans Cast aluminum fry pans. Medium size. Black wood handles. \$1

Have you heard about it? The Salem Lions club invites you to its Turkey Keno Party November 21, from 7 P. M. to 12 P. M. in the Bligh Theatre building.

MONTGOMERY WARD & Co. 275 N. Liberty Phone 3711 Salem, Oregon Your Neighbor Saves Money at Ward's—Why Don't You?