

KOZER IS ONE OF DIRECTORS

Prominent men are Quoted in Empire's Praise; Letters Praised

(Continued from page 1) ... which will be most gratifying.

Kozer concluded his glowing testimonial letter as follows:

"A further appeal to me is the fact that there are no bonus stocks or other inducements favoring one set of stockholders to the detriment of other classes of stockholders. All of the stockholders in the Empire Holding corporation share equally in the profits of the various insurance companies of which the Empire Holding corporation holds the stock. I am glad to be associated with the organization and to have had the opportunity, with the background which I have of the insurance business of the state, to be identified with it, and feel confident that the personnel possessed of the integrity of those who are associated with it and the fact that it will have able underwriters for the various classes of business which will be written by it, that it cannot be otherwise than successful and return to those who have confidence in its personnel and business ability, substantial dividends upon their investments therein."

Kozer's subscription to \$20,000 worth of Empire Holding company stock, an amount which entitled him to a directorate, was made June 2, 1931, according to the books of the company. Kozer, unlike Judge Coshaw, did not pay \$2000 down in cash but gave his 60-day note for \$500 as first payment and contracted notes for the balance of \$19,500 on his stock to be paid over a five year period. Whether Kozer ever paid the first \$500 note is not revealed in records now in the hands of the state corporation commissioner.

The loose-leaf prospectuses used by Oregon's vast holding company grew as the tide of Empire swept throughout the state. In the elaborately printed and engraved cards which salesmen and directors carried and used liberally on "investors" there was emblazoned the company's significant insignia; a drawing revealing a staunch pioneer surveying his vast domain and lettered in an over the "pioneer's" head were the significant words: "Serving an Empire."

VanWinkle Is One Of Firm's Investors
The Empire Holding corporation soon had added several prominent Marion county stockholders to its rolls and their letters, all written on significant stationery, to their selling kits.

April 1, 1931, I. H. VanWinkle, attorney-general, joined the ranks, writing on the letterhead of the state of Oregon, legal department: "I am highly in accord with the plans for the organization as outlined by your Mr. Flournoy, of a number of insurance companies, which I am convinced will find a valuable field of service in Oregon and the entire Pacific coast. I am willing to assist your company in any way possible and am pleased to become a subscriber for a block of your capital stock." The "block" referred to was evidently a subscription for \$75, payable in notes due within three years after April 1, 1931.

U. G. Boyer, county clerk here,

writes April 7, 1931, on official county stationery: "I am satisfied after reading your prospectus and having the plan of your corporation explained to me by your own Judge O. P. Coshaw: that there is a field for a holding corporation in Oregon, such as yours, for writing life, casualty, fire and title insurance, and a mortgage company."

County Clerk Boyer's letter continues: "I have known your Judge Coshaw for a number of years, and feel that a man of his reputation is well qualified to lead your company, and by this act I am convinced of his intentions to make the Empire Holding corporation one of the greatest institutions of its kind in Oregon. Basing my judgment upon the statements above made, I am handing you my subscription for stock, being satisfied that this will be a profitable investment." Mr. Boyer's subscription does not appear in the audit of July 31, 1931, his stock evidently having been paid for prior to that time.

Colonel E. Hofer, long-time resident of Salem and now living in Portland where he heads the firm publishing The Manufacturer, writes Judge Coshaw, president of the company, April 30, 1931, that the greatest inducement to me is my check for stock certificate sold to me by your Miss Ethel Gordon in the Empire Holding corporation. My life-work has been to build for the betterment of the state of Oregon. I think it is highly commendable that Oregon men should develop such an institution as the Empire Holding corporation. You may expect my hearty cooperation at all times in the building of this organization. The colonel does not indicate the amount of his subscription and the state's audit July 31, 1931, does not reveal it.

Normal School's President Approves
President J. S. Landers of the Oregon Normal School at Monmouth writes July 2, 1931, that "I believe the organization fills a unique place in the financial interests of the state. It gives every promise of great growth and extended influence." The president concludes his letter by the statement: "I shall be glad to commend the interests and the stock of the corporation to my friends whenever opportunity presents."

Landers' subscription on the books of the company is dated June 19, 1931, \$500 worth of stock being purchased. He gave a \$125 note for 90 days in payment and offered two year notes, payable semi-annually, for the balance of \$375.

Walter Smith and G. A. Coffey, Salem insurance men, issued a letter to the Empire company April 12, 1931, declaring: "After a most thorough investigation we are convinced both of the safety and profit of an investment in the Empire Holding corporation and hand you herewith our subscriptions for a block of your capital stock." Smith and Coffey both show as debtors of the company to the extent of \$750 each on July 31, 1931. Apparently they were \$1000 stock subscribers individually paying \$250 in cash on their individual purchases.

The potency of Judge Coshaw's name and business judgment in development of the Empire Holding company throughout the state, is superbly illustrated in the "Letters" prospectus by the cooperation the company received from various attorneys, some of whom prospectuses, in widely varied parts of the state.

Earl A. Nott, district attorney for Yamhill county, writes April 28, 1931, addressing his letter to Judge Coshaw as president of the Empire corporation: "I have just subscribed for some stock in the Empire Holding corporation and I am frank to say that no small part of the inducement for so doing consists of the fact that you are at the head of the corporation

and that there are also other prominent men associated with you in whom I have great confidence."

Nott then further commends the corporation by saying: "I feel that this enterprise like most others depends for its success largely upon the management. This feature seems to be well taken care of by the high character of the personnel of its leadership, and because of these facts, I feel that this investment is good in spite of the present unfavorable conditions." Nott is charged on the company's books with \$325, due within two years and payable semi-annually, according to the July 31, 1931 audit.

Similarly, W. T. Miller, district attorney for Josephine county at Grants Pass, writes Judge Coshaw March 3, 1931: "It is a great pleasure to send herewith my subscription for a block of stock in the Empire Holding corporation. This is certainly a great field for such an organization, and I am sure that with you as its guiding head, it is sure to have a great future. I feel assured that an investment in your company will prove to be very profitable to all who participate in it." District Attorney Miller is listed July 31, 1931, in the audit of the Empire company, as a debtor to the extent of \$2250, due semi-annually over a three-year period.

Over in eastern Oregon at La Grande, another attorney was listening to the call of Empire. He was George T. Cochran, senior partner in the law firm of Cochran and Eberhard, the latter for many years state senator from Union county. February 14, 1931, Cochran, wrote Judge Coshaw, in part, as follows:

"I have investigated your Empire Holding corporation with a great deal of interest and have found that it is being organized along the lines of good business principles looking towards honest investment. "I am further impressed with the fact that there is no bonus stock. I feel, therefore, that there are great possibilities in an investment in the corporation, and I hand you herewith my application for \$20,000 for stock in your company. "Having entered your company I am indeed glad to recommend this investment to anyone who may be interested."

Cochran dated his investment February 9, 1931, according to the company's books. Of the \$20,000 due, \$5000 was to be paid in six months and \$15,000 was to be paid in annual installments of a five-year stretch. Cochran's credits on his subscription total \$556.50.

The swelling group of facsimile letters made the prospectus of the Empire Holding company more inviting. Here, there and yon, from almost all quarters of the state and even from Salt Lake City, Keller's old stamping ground, were pouring in subscriptions to the Empire Holding company. Consistently laudatory letters, on official stationery, accompanied the checks. What proportion of the total subscription letters received found their way into the "Letters" prospectus is not known but it was a galaxy indeed of business, legal, professional and official testimonials which Empire salesmen had to present to the unaware "investor," desperately anxious as always to get in "on the ground floor" of some enterprise which was soon to sweep him into the Valhalla of security holders.

The Statesman herewith notes succinctly other "investors" who appear in the Empire's prospectus. Similar Phrases In Many Letters
It is to be noted in passing that the majority of letters contain the phrase "a block of stock," indicating clearly that while the sig-

natures and the letterheads were different, the glowing testimonials for the Empire Holding corporation were being produced from the same facile typewriter.

The following men subscribed for \$20,000 each in capital stock of the Empire Holding company, thus entitling them to directorates. The subscription letter of each man is reproduced in the prospectus:

Dr. C. L. Ogle, Jr., physician and surgeon at Grants Pass, who wrote "I am convinced investments made in this company will prove to be very profitable and safe."

Joseph G. Vollmer, Portland attorney, who declared "I am glad to recommend the investment to anyone concerned as being sound."

"Seldom does the opportunity of purchasing insurance stock at anywhere near the par value present itself. This is the first time I have ever had the privilege of making such an investment." The identical words appeared two months earlier, February 10, 1931, when Dr. William H. Dale at Eugene wrote the Empire company his stock order and his acceptance of a directorship!

Alfred E. Peacock, M. D. at Marshfield, took \$20,000 and accepted a directorate and wrote: "While it was with some sacrifice, for my subscription for the amount necessary to qualify me as a director, I have done so gladly." Peacock's exact sacrifice does not appear on the books of the corporation since his June 4, 1931, subscription was paid for entirely with notes, one for \$500 due in 90 days and one for \$15,000 due over a five-year period. The Empire company, in truth, aped Soviet Russia consistently, most of its stock payments, when cash, mortgages or bonds were not available, consisting of five-year plan notes.

The selection of W. C. Hagerly, president of the Oregon Mutual Fire Insurance Co. as president of the unincorporated Empire Casualty company, and Hagerly's acceptance of the presidency at an annual salary of \$6000 beginning February, 1931,

added fresh fuel to the prospectus fire.

Scarcely had Hagerly been paid the initial year's salary than the salesmen were out and a very fine swath they cut as they used Hagerly's prestige to induce his friends and his agents to take "a block of stock" in the Empire Holding company. In the prospectus entitled "Letters" no less than ten men subscribed for stock, mentioning Hagerly as their reason for subscribing. Three of the agents use Hagerly's own company's stationery for their subscriptions and these promptly find their way into the prospectus.

These ten men induced into the Empire through Hagerly's election were, the prospectus shows: F. E. Siemens, Dallas; Charles L. Walker, Hillsboro; P. M. Bewley, St. Helens; H. E. Hoppe, Vancouver, Wash.; Roy Hesselbine, Vancouver, Wash.; R. L. Young, Mt. Angel; Chester P. Walker, Yamhill; C. L. Goff, Medford; Karl and Hurley, The Dalles; P. W. Thorne, Gresham.

These men, insurance agents for the Oregon Mutual Fire Insurance company, follow the other "investors" in using very warm terms in describing their purchase. "Low overhead . . . annually good opportunity . . . great success . . . very great enterprise . . . it means a tremendous lot for the people . . . profit accruing will be tremendous . . . one of the greatest new enterprises that has been brought to my attention in the northwest . . . immediate success" — these were some of the striking phrases culled from this group of letters.

"Our money has for the past man years gone to outside companies which, it appears to me, is almost a crime. The fact that Mr. Hagerly has become ac-

as your company," he wrote. The crystal blue waters of Grater Lake beam at the prospective "investor" as he thumbs the glowing prospectus of the builders of Empire!

M. A. Harrison, proprietor of the Blue Mountain garage at LaGrande came into the fold and into the prospectus "after a lengthy and thorough investigation through your Mr. C. J. Keller."

O. L. McKay who knew Keller in Salt Lake City, Utah, wrote Judge Coshaw: "It is with a great deal of pleasure and satisfaction that I accept the invitation of your executive committee to become a director of one of your companies and herewith hand you my subscription for \$20,000 of stock." McKay wrote on the letterhead of the Pacific National Life Assurance company of Salt Lake City but his exact connection with that institution does not appear.

Subscriptions Come From Near and Far
J. C. Robinson who was general manager of the Wulff Motor Co. at Reno, Nevada, wrote Judge Coshaw April 15, 1931, "You have had my efforts 100 per cent in the past in the building of this corporation and I can assure you that you will meet with the same cooperation in the future."

Into the prospectus went a vivid letter from Leonard F. Koepf, manager of the Commercial and Employees Loans, Inc., Portland. "After a most lengthy investigation . . . I take pleasure . . . \$20,000 stock," writes Koepf.

Down from Seattle, Wash., came a subscription from H. M. Dagg, city sales director of the Dagg, Deredene Manufacturing Co. Dagg leaped at the opportunity for a directorate and \$20,000 in Empire stock. He wrote: "After having given this matter and the personnel surrounding it a most rigid investigation . . . inquiring into the field . . . more

than satisfied . . . wonderful opportunity . . . heartily endorse . . . issue . . . honest investment security."

F. Thornton Smith of LaGrande on April 5, 1931, took a block of \$20,000 stock and accepted a directorship in the Empire company April 6, 1931. By a coincidence not explained by the editor of the "Letters" prospectus, whoever he was, Mr. Smith in LaGrande wrote as follows:

"Seldom does the opportunity of purchasing insurance stock at anywhere near the par value present itself. This is the first time I have ever had the privilege of making such an investment." The identical words appeared two months earlier, February 10, 1931, when Dr. William H. Dale at Eugene wrote the Empire company his stock order and his acceptance of a directorship!

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"Our money has for the past man years gone to outside companies which, it appears to me, is almost a crime. The fact that Mr. Hagerly has become ac-

tively interested makes me feel safe in identifying myself with this organization," wrote R. L. Young of Mt. Angel.

"I consider it the chance of a life-time to subscribe for capital stock in your company at par," wrote C. L. Goff, insurance agent at Medford.

Great Confidence Is Voiced by all
Lack of space forbids further testimonials to the enormous possibilities which lay before the Empire Holding company. All most without exception the "investors" were fairly overcome with confidence in the immediate success of their new, great, huge profit organization. Men whose letters, firm names and glowing testimonials further adorn the "Letters" prospectus include W. O. Gallaway, insurance, Hillsboro; George B. Robinson, Allan B. Kirk company, Portland; J. A. McFall, optometrist, Ontario; Harley H. Richardson, art dealer, La Grande; E. B. Parks, warehouseman, Eugene; H. E. Parker, secretary, La Grande Credit association; M. Clarke Webb, Equitable Life Insurance company agent at La Grande; F. F. Whittle, transferman, Ashland; C. C. Furnas, tire dealer, Medford; M. E. Jarman, druggist, Medford; Ernest L. Scott, Metropolitan Life Insurance agent, Medford; Drs. Reuter, Thompson, Coberth & Griffith, The Dalles; William S. Bolger, manager J. C. Penney, Medford; G. W. Goodwin formerly agency supervisor All America group of insurance companies, Seattle.

Tomorrow The Statesman will show where the money these men paid went to. It will make an analysis of the "assets" of the company July 31, 1931. It will detail some of the methods used by the Empire salesmen in their hurried sweep to "serve an em-

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