

## Something of the "Trade-booming" Schemes of the Brenard Manufacturing Co., of Iowa City, Iowa

Another of the Piano Contests Which Clever Salesmen are Working on Retail Merchants All Over the United States. The Twenty-five Per Cent. Trade Increase Guarantee and the Promissory Notes, the Former of Which is No Guarantee at All and the Second of Which Come Home to Roost as the Property of Innocent Third Parties. An Inside Description of the Whole Scheme by a Man Who Knows.

Special Correspondence of "Grocery World and General Merchant."

Chicago, Ill., March 28, 1912.

Several months ago I sent the "Grocery World and General Merchant" some correspondence describing some of the slick schemes which are constantly emanating from Iowa City, Iowa, such as piano contest schemes, jewelry assortment schemes, toilet goods schemes and so on. They are worked on grocers, general storekeepers, and on retailers in all other lines so long as they have stores.

The latest piano contest scheme to emanate from Iowa City is that of a concern calling itself the Brenard Manufacturing Co. The real partners are T. O. Loveland and J. L. Records, who formerly worked a jewelry scheme under the name of the Equitable Manufacturing Co. The salesmen for this concern sometimes give its address as Chicago, and sometimes as Iowa City. It is a fact that their headquarters are in the latter place.

This concern operates a piano contest scheme for retail merchants. Their salesmen go to a retailer and paint in vivid colors the increase in business which their piano contest will give him. In fact they guarantee that it will increase his trade 25 per cent. When the proper point arrives they induce him to sign the following contract:—

THE BRENARD MANUFACTURING Co.  
Not Incorporated.  
P. O. .... State .....  
..... 1912  
Brenard Manufacturing Co.

Gentlemen:—On your approval of this order, deliver me at your earliest convenience, F. O. B. factory or distributing point, the piano and advertising matter described on this and reverse side, in payment for which I herewith hand you my six notes, payable to your order, aggregating \$300. If order is not approved and shipped by you, the notes are to be canceled and returned to me.

My last twelve months' sales were \$30,000. My next twelve months' sales to be \$36,000, and that if 20 per cent. of my gross sales does not amount to \$300 for the next twelve months you will pay me the deficiency in cash and send your bond for \$300 to cover this agreement with me.

To make the last above clause binding upon you I agree to take the shipments promptly, carry out the contest plan, promptly meet all obligations entered into under this agreement, keep the piano well displayed in my store, issue piano notes for each cent purchased, and every sixty days of this contract to report to you my gross sales and promptly furnish you all information you request to enable you to assist in pushing the contest.

In consideration of the special methods set forth in your copyrighted plan and the special terms and agreements herein, this order cannot be countermanded.

This order consists of the following: 1 Upton piano, mahogany finish, represented and described on reverse side; 1 book, "The Upton Piano Contest and How It Increases Your Business"; 20 posters, 28 x 36; 200 nomination letters, 1 electrotype of piano, 500 \$5 and \$1 trading cards, 1 set of "Display Card" signs, 1 instructions for newspaper advertising, to be done with expense to vendor, 36,000 certificates in six colors for piano notes of denominations of 5 to 10,000 votes.

Price .....	\$315
Less allowance for settlement with order .....	15
Net .....	\$300
Signed .....	Purchaser.

In the contract the amount of business done is of course filled in from the retailer's own statement. The figures \$30,000, etc., are merely used for illustration.

The second paragraph is supposed to embody the guarantee of 25 per cent. increase which the salesman has made, but a little analysis will show that it does not embody such a guarantee at all. Understand that the salesman has called on the retailer asking him how much his sales were the past twelve months and has been informed that they were \$30,000. He has then informed Mr. Retailer that they would guarantee to increase his business 20 per cent. and

that his sales would therefore be not less than \$36,000 for the next twelve months. He has also told him that if the contest does not increase his business 20 per cent. the house will make good the difference, or, in other words, he tells him that if 20 per cent. of the gross sales does not equal \$300 for the next twelve months that the deficiency will be made up in cash. If you multiply the \$30,000 sales by 20 per cent. you get \$6,000, so you see the clause is giving no guarantee whatever to the retailer, because if he should only sell \$15,000 worth of goods, 20 per cent. would equal \$300, the original price paid for the piano with advertising service, therefore if the piano contest causes him to lose half of his trade the 20 per cent. guarantee would avail him nothing.

Next read the paragraph below carefully and notice what the retailer must do in order to hold the house even on this meaningless guarantee. He agrees to promptly furnish all information the house requests.

He also agrees to issue piano notes to each one cent purchase and to report every sixty days gross sales. When the salesman goes into the store he shows up these two clauses in a glowing way to the retailer, who does not catch on to these technicalities, but really believes the house is to increase him 20 per cent. in trade and that if the contest does not increase his trade the house will make up the shortage. He does not detect the artifice contained in the second or third paragraph. Should he read it over and detect it, the salesman would explain to him that the gross sales means the gross increase in trade, but the printed language will remain the same.

Not one retailer out of one hundred will remember to comply with all of these requirements, but his failure to do so will invalidate the Brenard concern's guarantee.

A retailer who is guaranteed a 20 per cent. increase in trade does not find out the truth for several months, because he cannot know how much his trade is to be increased as a result of his piano contest for several months, therefore before the "scales are removed from his eyes" he has signed up the notes, accepted his piano with advertising service and the notes have been discounted to "innocent holders."

The salesmen of the Brenard Manufacturing Co. have a particularly convincing method of approaching retailers. The salesman represents to the customer that the concern is thoroughly responsible, that they will give a bond guaranteeing their part of the contract. They produce to the retailer a few testimonial letters they have received from each State in the Union, they also exhibit a letter signed by Korab, cashier of one of the banks in Iowa City, stating that the mercantile agencies report the concern worth a large amount of money, etc. The salesman also offers to deposit notes in a local bank to be held by the banker until the piano and advertising service is received. The retailer therefore has confidence that he is getting a square deal and signs up the notes.

When the salesman takes the order he has the retailer sign the notes attached to same. These notes are sent in to the house with the order and detached and "sold" to the "innocent holders." Later on when the customer wakes up and finds that he has been deceived the attorney who has charge of the "law department" of the Brenard company writes him inclosing him a copy of the contract, pointing out to him that he was allowed \$15 for signing the notes in advance and that he agreed to it.

The "innocent holder" business has probably already been explained to the readers of your paper. The law is that if A gives B a note, upon B's promise to do something for it, and B transfers the note to a third party who knows nothing of the circumstances, the third party can collect the note from A even though B has not done one of the things he agreed to do.

The attorney in Iowa City who collects these notes for the so-called innocent holders is named E. A. Kennedy. Mr. Kennedy claims to be representing the innocent holders or the bank, but does not claim to represent the Brenard Manufacturing Co., but the real facts are

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that he is paid a salary by the Brenard Manufacturing Co. for his services. The notes are so endorsed over to these so-called innocent holders before date of maturity and the proof is on the retailer to show that they are not in the hands of an innocent holder; therefore the deluded retailer, in order to show up any fraud which may have been practiced on him, must send to Iowa City, employ an attorney and take depositions there in order to sustain his defense, which is very expensive; therefore most retailers, after they discover their position, pay up the notes saying nothing, resolving that they will never "do so any more."

Formerly quite a number of the banks of Iowa City handled this "innocent party" notes of retail merchants, but there finally arose so much scandal over it that about a year ago Chief Bank Examiner Roberts, of Des Moines, Iowa, got after all the banks. He forbid them to handle any of these "securities." When he "sat down" on the banks for handling this class of paper there was quite a commotion, but they were finally all compelled to discontinue taking this class of securities. The Iowa City State Bank, however, one of the smallest banks in Iowa City, handles some of it still. Outside of this bank, the men who make a business of handling a great deal of this retailers' paper are J. C. Cochran, W. I. Pratt, Samuel Mercer, W. D. Cannon, Jr., and one or two others. Retailers all over the United States have been sued by one or the other of these men who claimed to hold the piano contest notes as innocent third parties. Pratt ran a toilet goods scheme for years under the name of the French Importing Co., W. I. Pratt & Co., and Pratt & Cannon.

Among the other things shown retailers by the Brenard Company's salesmen are often letters of recommendation from retailers who have used their piano scheme. I am told it is very easy to get these letters. Without doubt some retailers succeed with it, and if only ten out of a hundred do, naturally each one of the ten will be glad to give such a letter. There is not a word said, however, of the large numbers of retailers who have been compelled, by the method here described, to pay a large sum of money, ostensibly to an innocent third party, but really to the Brenard Manufactur-

ing Co., for something which has not been of the slightest benefit.

Among the substantial business men of Iowa City, particularly those who are fully informed as to the schemes which are bringing down upon the city hundreds of denunciations by retailers all over the United States, there is a strong and earnest feeling that the State Bank-

ing Department should go still further and stop altogether the traffic in the notes of credulous and innocent retailers. Iowa City is the seat of the State University, and of many other high-grade enterprises and institutions, and its fair name is believed to have been seriously damaged already.

R. O. PRATT.

## One Hundred and Thirty West Philadelphia Grocers Band Together to Do Co-operative Buying

**Not Connected With the Central Retail Grocers' Association, Though Many Retailers Belong to Both. Will Add Two Per Cent. to Cost and Distribute to Members Without Profit. Raise Capital by Sale of Stock. Will Manufacturers Sell Them?**

Mr. W. H. Alexander, whose grocery store is 1324 Conestoga street, and who is president of a new co-operative buying concern called "The Associated Grocers of West Philadelphia," told a "Grocery World and General Merchant" representative during the week just what the institution is and what it hopes to do.

According to the president, the association is formed for co-operative buying solely. Up to date it consists of around one hundred and thirty retail grocers, all of West Philadelphia, some of whom, among themselves, have been doing co-operative buying in a small way for several weeks. Several of the members are also members of the Philadelphia Retail Grocers' Association, but the two associations have no official connection with each other.

The Associated Grocers of West Philadelphia have leased the first floor of a new warehouse at Fifty-seventh and Vine streets, and have made arrangements to get as much more space in the same building as they shall come to need. The weekly meetings will be held there also.

To provide the necessary capital, stock will be offered to the members. The officers figure out, however, that but little capital will be necessary, as each man will pay for his share of the goods on the Monday night following the purchase, which will give the organization the money in hand by the time its own bills come due.

Each member will also pay dues, and the association will have even another source of income. Everything sold will have 2 per cent. added to it to cover the estimated expenses of doing business. The expenses, however, are not expected to reach 2 per cent., and the difference, if any, will go into the treasury.

The new association expects some difficulty in buying proprietary articles, according to the president. The president, however, told a "Grocery World and General Merchant" representative that they had been surprised at the large number of manufacturers' representatives and brokers who had already come forward and offered to sell them. All the flour men, he said, except Gold Medal, had agreed to handle their orders. The association has evolved a unique plan of getting in touch with first hands on the various products—it will invite manufacturers' representatives, brokers and wholesale grocers to be present at the weekly meetings and bid against each other.

The other officers are: Vice-president, W. H. Gurk; secretary, W. D. Davis; assistant secretary, H. C. Smith; treasurer, W. C. Stricker; directors, Emil Genahr, James McDowell, William Evans, John King, Frederick Recknagel, A. S. Kelly, M. C. Strausser and F. J. Heidman. Only the secretary will receive a salary.

President Alexander also prepared the following public state-

ment regarding the enterprise of which he is the head. It gives some further details:—

The organization will meet every Monday night. At that time the jobbers and the manufacturers who sell directly to the retailers will be invited to meet the members at an open meeting. Representatives of each firm will be admitted to the meeting separately. He will name the prices at which he will sell his article. The prices will be compared with the offers of other firms and the organization will buy as a whole, the status of each retail merchant being equal. The lowest bidder on soap or sugar or flour, or whatever article is being considered, will be the supply house for the association at that time.

It will be the purpose of the co-operating grocers to eradicate competition among the retailers to a certain extent, and to make more keen the competition among wholesalers. The association will usually buy more than the daily demand requires.

All excess of stock on hand will be placed in the warehouse. The grocer who does not need crackers Monday, but who will find a sudden demand for them Wednesday will be able to buy from the association, drawing his stock from the warehouse.

The lowest possible figures on groceries will be obtained through this method, and the immediate result will be the reduction of costs affecting the household buyer.

The crux of this enterprise is of course what attitude manufacturers will take toward it, and what the organized jobbers will do by way of opposition.

**Indianapolis Mayor, Who Sells Farm Produce Direct to the People, Tells Pittsburgh People How to Do Likewise.**

**Accuses Wholesale Produce Dealers of Choking Markets. Munsey Opens Chain Store in Pittsburgh. Well Known Ex-Grocer Dies.**

Special Correspondence of "Grocery World and General Merchant."

Pittsburgh, Pa.,

March 28, 1912.

Mayor I. L. Shank, of Indianapolis, Ind., who recently went into the business of selling fruits and vegetables at cost to the public, addressed a large public gathering in Old City Hall Wednesday afternoon, talking on the work he has done in his home city in getting lower prices for the people. The speaker, formerly a commission man and auctioneer, gave his formulas for reducing the cost of living and urged Pittsburgh residents to adopt some of his ideas, which, he said, had been tried and proven worthy.

Mayor Shank accused the wholesale dealers of hampering farmers and gardeners by refusing to buy