

## My Motion Picture Adventures

The Liberty Loan work completed, I offered my resignation to Secretary Glass on September 14, 1919. McAdoo telephoned me from New York, where he was in law practice, asking me to be there the next day. D. W. Griffith was purchasing the Flagler estate, facing Long Island, for an eastern motion picture studio, and he was committed to make two films — *Way Down East* and *Orphans of the Storm*. Among his stars were Lillian and Dorothy Gish, Richard Barthelmess, and others.

I made a two-year contract with Griffith and succeeded with great difficulty in raising \$2,000,000. I found great resistance among investors because they regarded motion picture production as highly speculative. I persuaded two Wall Street men to go on the board of D. W. Griffith, Incorporated. Griffith — the genius who produced *Birth of a Nation* — was an extravagant producer who would not consent to banker control.

At the end of the two-year period I resigned and undertook the organization of a finance plan that would make bank credit available to the picture industry. This plan was to organize a company that would have enough paid in capital so

that it could indorse bank loans of picture producers and protect itself by taking 6 per cent and a small percentage of the profits, thus applying the law of averages. I ran into a depression in the early 1920's, and it took two years before I could sell the idea to a financial man. That man was Jeremiah Milbank, a director of the Chase National Bank, and a controlling figure in the Southern Railway and in the Borden Company, which had been financed by his father.

Milbank's proposal was that he start me out with \$100,000 and see what I could do with it. We organized Motion Picture Capital Corporation; he took preferred stock for his \$100,000, and we divided the common stock 50-50. I was president. I agreed to take no salary until it had been earned. My first deal of \$75,000 made us a net return of over \$20,000; other successful operations with our limited capital proved the soundness of the plan. Wall Street was relenting, and we increased our capital to \$1,500,000.

The growth of the company enabled us to have the stock listed on the New York Stock Exchange, and it was not long before the paid in capital was \$3,750,000. We got credit lines at nineteen banks, enabling us to borrow bank money to lend to the producers by depositing a margin of 25 per cent in cash of our own money. Our outstanding loans averaged around \$10,000,000, and in four years of operation we financed nearly four hun-

dred motion pictures costing over \$50,000,000. Four of these were Samuel Goldwyn films starring Ronald Coleman, Rod LaRocque, and Vilma Banky. A \$1,000,000 advance went to Cecil B. DeMille for part of the production costs of *King of Kings*.

In addition to operating the finance company I raised \$4,000,000 for a new company, North American Theaters, of which I was also president. We purchased forty theaters of the Jensen and Von Herberg chain in the Pacific Northwest; a half interest in fifty theaters in the San Francisco area; several more in southern California, and several in Iowa. We built the Fifth Avenue Theater in Seattle and the Broadway in Portland.

After operating this chain for two years, I approached the bankers who had financed the West Coast Theaters (nearly 400 houses in southern California) and suggested that a merger of our companies would bring us control over the entire west coast. The merger was made. Our stockholders approved. Shortly thereafter, we sold the combined chain to William Fox at a big profit. When the 1929 crash came, the new owners had to go through receivership.

After nearly five years of operation, the Motion Picture Capital Corporation found its outstanding loan volume of \$10,000,000 shrinking. The reason was that we had made motion picture investments respectable in Wall Street, and the big

distributors through whom our producers released came to Wall Street for money. They then told their producers that they would have to come to them for financing and make use of their studios.

At that time the Stock Exchange had a rule against the listing of investment trusts. Investment trusts were increasing, and one big Wall Street banking firm — C. D. Barney & Company — controlled four such companies with a capital of approximately \$16,000,000. In order to give their companies the benefits of stock listing they made a proposal to us that we issue \$5,000,000 of new common stock in Motion Picture Capital Corporation which they would then purchase in order to get control of the company. This transaction was completed; the capital was raised to nearly \$9,000,000; I resigned as president and was succeeded by John Hanes of the Barney Company, and the nature of the business was changed.

Mergers with other investment trusts followed, ultimately resulting in the Tri-Continental Corporation, now one of the largest investment companies in the world with a capital of more than \$250,000,000. My 3,000 shares of motion picture stock rose to more than \$60 a share in the crazy speculative era preceding the 1929 stock market break. During this period I began selling at \$40, eventually at \$12. In the depth of the 1929 panic

the company's stock went as low as \$1.50 a share.

### *Simba and Talking Picture Epics*

Shortly after the Motion Picture Capital Corporation had been converted into an investment company, Martin and Osa Johnson, the celebrated makers of adventure films, returned from Africa with their picture *Simba*. This film had been made under the auspices of the American Museum of Natural History and financed by a syndicate of wealthy men including George Eastman, Daniel E. Pomeroy, some partners in the J. P. Morgan banking firm, and others. Although Mr. Pomeroy was a member of the board of directors of Metro-Goldwyn-Mayer, one of the largest picture distributors, that company refused to distribute *Simba* because it had no love interest. Mr. Pomeroy showed me the film, and my opinion was that it would have to be "road shown" with special publicity directed toward intellectual groups and the schools.

I made a contract for the world rights and formed an organization to exploit it. I rented the Earl Carroll Theater in New York for \$5,000 a week and spent \$9,000 advertising in New York newspapers for the opening. I sent letters to the nine thousand members of the American Museum of Natural History announcing that they would be given preference the first two weeks of the run. Music, written specially for the picture, was re-

corded and used instead of an orchestra. We even had a song written called "Safari," and had it recorded by one of the most popular singers of the day.

The picture ran thirteen weeks at the Earl Carroll Theater and made a net profit of more than \$1,000 a week. I then took it to Boston where it had a successful three-week run under the sponsorship of the Boston Museum of Science. By this time the picture had had so much national publicity that it was necessary to organize eight units, each unit employing advance agents and managers. Within a few months we showed it in 280 cities on a road show basis and at high prices.

It was not economically feasible to operate these expensive units in smaller cities so I organized a regular distributing company, Motion Picture Epics, with a set of exchanges. Despite the fact that Loews (Metro-Goldwyn-Mayer) would not sell to picture theaters, our exchanges sold it to 3,500 theaters at popular prices after it had been shown in many of those cities at road show prices.

Selling *Simba* in Europe turned out to be the most interesting experience that my wife and I had ever had. A big London distributor had agreed to distribute the picture in England on a percentage basis, but would not guarantee a net profit. I decided, therefore, to "road show" it in Europe. From the American Museum of Natural History I got letters to museums and zoos in Eu-

rope. From the J. P. Morgan firm in New York I obtained an introduction to their London office, and then I asked George Eastman to give me leads to the three managers of his European plants at London, Paris, and Berlin.

Eastman invited me to come up to Rochester. I arrived at his magnificent home early in the morning and had breakfast with him while his organist played beautiful music. I had often heard about Mr. Eastman's having breakfast with pipe organ music, but I never expected to participate in it. That day he took me through his wonderful film establishment. Around the corridor in his home he had one of the world's largest collections of small firearms. He showed me many of these rare pieces, and years later when I read that he had killed himself with one of these guns I could visualize the setting. This practical industrial giant, when he was informed that he had a cancer, left a simple note to the effect that "it might as well be now."

The Morgan office in London gave me a letter to the American Ambassador in England, Alanson Houghton. I told him that I had rented the Palace Theater — one of the best in London — and authorized him to invite all the world ambassadors who had offices in London for a gala opening. The theater was packed with dignitaries in full dress, and London newspapers ate it up. I had heard that the Prince of Wales (later the

King who abdicated) was planning a hunting trip to Africa. I telephoned his secretary and offered to give the Prince a special box for the opening. But the Prince was leaving for Africa two days before our opening, so I proffered him a private showing at St. James Palace, which he accepted.

When my three-week contract with the Palace Theater expired, I moved *Simba* to another theater where we ran for twenty weeks. It was a wonderful thrill to see the London school children swarm to this theater in busses packed to the doors. The same British distributing company that had previously declined to guarantee the gross was now happy to distribute the film to regular motion picture theaters throughout England, Scotland, and Ireland.

One afternoon while my wife and I were standing in the lobby of the Palace Theater a man and his wife came in and said that they would like to see the picture. He was B. Wilton, who had retired from active presidency of the largest shipbuilding plant in Holland. They lived at The Hague. The citizens of The Hague had wanted a new motion picture theater, and Wilton built it for them. He wondered if *Simba* would be a good picture for the opening. It was. My wife and I spent one of the pleasantest weekends of our lives as Wiltons' guests at their magnificent estate in the outskirts of The Hague. With them we motored to almost every place of interest in Holland.

After selling the picture outright to distributors in the Scandinavian countries, we went to Paris, where we spent three weeks trying to get a satisfactory guarantee, but Frenchmen seem never to be able to make up their minds. So we went on to Berlin for three weeks and had no difficulty in selling the picture outright for all of Germany including distribution. One of these German distributors had a branch office in Paris, and he took over the French distribution.

FRANK R. WILSON