

DIRECTOR DIES , BEKA RECORD COMPANY UP FOR GRABS . . .

By Hugo Strötbaum

On 14 March 1908 **Ernst Loewe, Director of BEKA**, died.

In the EMI Archives is some interesting Gramophone Company correspondence which throws some light on the period immediately following the death of Beka's director Loewe and the shock-waves his death caused.

The correspondence on Beka runs from 23 March to 26 April 1908 and consists mainly of telegrams and letters, exchanged between **Joseph Berliner**, director of the DGAG factory in Hanover, and **Theodore B. Birnbaum**, Managing Director of The Gramophone & Typewriter Ltd. in London and two letters written by **Birnbaum** to **James Muir**, head of the Calcutta branch.¹

Beka, a medium-size record company, started in 1903 as **Bumb & Koenig G.m.b.H.**

Here are two letters from the archives of EMI which date back to the very beginnings of Beka. They show how Beka's first products were received by the Gramophone people in Paris and London after their introduction in 1904.

On 24 September 1904 Alfred Clark of the Cie. Française du Gramophone, the Paris branch of the Gramophone Company, sent Theo. B. Birnbaum Esq., Managing-Director of The Gramophone & Typewriter Ltd. in London the following message:

Dear Mr. Birnbaum,

There is a firm in Paris named STRANSKY Frères², who have just brought out a series of Records called the "Disque Ideal", "Beka Record". I have a set of samples in my office, which I shall show you when you come here. They are of splendid quality and very good records; in fact, they are better than any records that I have heard that are not Gramophone Records. They make them the size of the "Odeon" Records, that is to say just slightly larger than ours.

Can you give me any information about them?

Alfred Clark

While Alfred Clark was full of praise for Beka's products, Birnbaum took a totally different view. On 27 September he wrote back to the Cie Française du Gramophone in Paris:

Dear Sirs,

Beka Rekord [sic]: We enclose you copy of the advertisement of the Beka Rekord, cut from the "Phonografische Zeitschrift", which has been brought out by a firm called Bumb & Koenig of Berlin. So far, the samples we have seen have been extremely bad, and we are informed that those shewn at the Leipzig Fair were equally so. I shall be very interested to see the Records

¹ See also **ADDITIONAL DOCUMENT (A)** at the back

² Charles and Edmund Stransky, pianodealers at 20, rue de Paradis, Paris (arr. X).

which you have secured. I have never considered Bumb & Koenig as likely to turn out anything which would require serious consideration.

Yours truly,

The Gramophone & Typewriter Limited

Birnbaum would soon be proven wrong: in a relatively short time the young Beka record company evolved into a reasonably successful enterprise, which soon was operating on a worldwide basis.

Even after the merger with by Lindström in 1911, Beka continued to exist as a (semi-) independent subsidiary within the Lindström concern.

Immediately after Loewe's death obituaries, extolling the virtues of the deceased, appeared in the two leading trade journals of the time, the *Phonographische Zeitschrift* and *Die Sprechmaschine*.³

However, from the correspondence found at EMI it becomes clear that through the death of Ernst Loewe other things suddenly came to the forefront. The financial situation of the company turned out to be far from favourable and behind the scenes there were serious worries about the future of Beka.⁴

In late February 1908 the *Phonographische Zeitschrift* brought the following news:

Herr **F. M. Prescott**, ein langjähriges Mitglied der Branche und früherer Direktor der International Talking Machine Company, ist, wie wir hören, **von Amerika unterwegs nach Deutschland** und wird dieser Tage hier eintreffen, um einige Monate hier zu bleiben.⁵

(We hear that Mr. F. M. Prescott, a long-time member of our profession and former director of the International Talking Machine Company [Odeon] is on his way from America to Germany and will arrive here shortly for a stay of several months.)

Having accumulated a handsome fortune, Frederick Marion Prescott⁶, had decided it was time to withdraw from the record business and in early 1907 he had returned to his native America for good.

And now the *Phonographische Zeitschrift* reported that Frederick Prescott was on his way to Europe again...

Was this just a personal visit for old time's sake, to see how his old co-workers⁷ were doing, or was Fred Prescott heading for a new business adventure?

Was the transition from energetic entrepreneur to laid-back poultry farmer more difficult than Prescott had envisaged?

As the story unfolds, the connection between the crisis at Beka and Prescott's presence in Europe gradually becomes clear.

³ See also **ADDITIONAL DOCUMENT (B)** at the back

⁴ See also **ADDITIONAL DOCUMENT (C)** at the back

⁵ *Phonographische Zeitschrift*, Jahrg. 9, No. 7, p. 180.

⁶ See also **ADDITIONAL DOCUMENT (D)** at the back

⁷ Like Dan Smoot, Raymond and Hans Gloetzner and Leo B. Cohn.

On 20 March 1908 Joseph Berliner sent a three-page telegram, marked *confidential*, from Hanover to Theodore B. Birnbaum, Managing-Director of the Gramophone & Typewriter Company in London:

"Will you consider taking over Beka Company 19000 shares 22000 bankcredit 70000 net turnover 16000 matrix account 15000 stock all pounds sterling 13000 matrices first shells reserved for copies million and half record output modern pressplant 35 presses no mixing plant consider advisable with regard to Indian business par value for shares plus five percent commission. Eventually accepting London stock at market price. Financial year closing end March. Telegraph reply "Hotel Kaiserhof Berlin."

Joseph Berliner

Taking over the Beka Company? Was Beka to undergo the same fate as Prescott's International Zonophone Company five years earlier?

Birnbaum apparently found Berliner's telegram too cryptic and sent back a wire, asking for more details.

On 23 March 1908 Joseph Berliner (Hanover) replied with a long detailed letter⁸:

Dear Mr. Birnbaum,

On the 20th inst. I sent you from Berlin the following telegram:

"Will you consider taking over Beka Company 19000 shares 22000 Bankcredit 70000 net turnover 16000 Matrix account 15000 stock all pounds sterling 13000 matrices first shells reserved for copies million and half record output modern pressplant 35 presses no mixing plant consider advisable with regard to Indian business par value for shares plus five percent commission. Eventually accepting London stock at market price. Financial year closing end March. Telegraph reply "Hotel Kaiserhof Berlin", and received from you the following telegram: "Don't understand your wire write giving full particulars".

*Perhaps you have seen in the last number of the Phonographical Journal [= Phonographische Zeitschrift] that the other day the death occurred of Mr. Loewe, who for many years had been the manager of the Beka Company, having in particular managed the Company's business in India. It is true that on the one part this man devoted an astonishing amount of energy to his Company, **but on the other hand he involved the Company in heavy expenditure, so that prior to the appointment of a new manager, it was considered by the financiers of the Beka Company, namely the Bank for trade and industry (Darmstadt Bank) of Berlin and Hanover, whether an attempt could not be made to transfer the Beka Company to us.***

For this purpose I was asked indirectly by the local manager, Mr. Schneider, of the branch of the Darmstadt Bank to state my opinion on the proposed amalgamation. Before expressing myself one way or the other I made it a condition that I should be allowed to inspect incognito, the Beka at Berlin, and to be provided with every information as to the manner in which it carries on its work. Thereupon on the 20th March I had a lengthy interview with Consul Marx⁹ of Berlin, who is manager to the Darmstadt Bank and Chairman to the Board of Directors of the Beka Company. Consul Marx then submitted to me the rough balance sheet of the Company closed at the end of February as well as the current weekly reports which had been drawn up in the same way as is customary to draw up the accounts of our own Company. After this interview with Consul Marx I went in the company of his secretary to the Beka Works, where whilst remaining absolutely incognito, I inspected the factory.

⁸ For the original German text see: **ADDITIONAL DOCUMENT (E)** at the back.

⁹ **Consul Salomon Marx**

Originally it was my intention to discuss the whole matter with Mr. Rodkinson¹⁰, but when ringing up on the telephone his place in the Ritterstrasse, I was informed that Mr. Rodkinson was away from Berlin, and presumably at that moment with you in London. Thereupon I thought it advisable to send you a wire so that you could discuss in a general way the contents of my telegram with Mr. Rodkinson. It never occurred to me that you should be unable to understand my telegram but when I received your reply I communicated with manager Leo B. Cohn¹¹ in order to discuss with him the matter in so far as it related to the competition of the Beka Company with ours. Mr. Cohn at once understood my telegram. The telegram gives the rough figures in so far as they would have to be considered when purchasing the shares, namely Matrices Account £16,000 Stock £15,000, Matrices in stock 13,000 individual numbers, and it was then pointed out that in the same way as is done by us all, the first Shells of Matrices are only used for copying purposes, whilst the black plate is pressed from the copying matrices. Further there exists a record pressing plant equipped in an up to date manner consisting of 35 Presses, but no rolling plant. Finally there are liabilities about £19,000 in shares and a loan of about £22,000 advanced by the Darmstadt Bank. Finally there is the statement as to the annual turnover which is £70,000 net. The Pressing plant on an average turns out upwards of 5000 records per day or one and a half million records per annum. The business year closes on the 31st March. The conditions demanded are that the shares representing £19,000 should be taken over at par plus 5% commission to the broker working on behalf of this business between me and the Company. We must consider the amount of loss we might possibly sustain by taking over the assets of the Beka Company, and on the other hand the advantages we might derive from the affiliation of this Company to ours.

I am of opinion that we should be paying for the Matrix Account a few thousand pounds more than the thing is worth, but that we should get the stock at a few thousand pounds less than its value. On the other hand it is by no means impossible that the price of the shares could be beaten down by us i.e. that we could acquire them below par because the Darmstadt Bank would be anxious to have the bank credit of about £22,000 better secured than it is at present and it would become better secured by our taking over the shares.

*On the other hand the Beka Company must as a matter of fact be regarded as a serious competitor of ours directly they get the right man to manage it. **Now the right man can be secured at present in the person of Mr. F. M. Prescott**, under whose management the Beka Company would cause us a great deal of inconvenience and might in some districts even become dangerous. On the other hand Mr. Ludwig Wild¹² would possibly also have to be considered, who however is in no wise informed of my negotiations. [to be continued below]*

Of course, the management of The Gramophone Company was constantly keeping an eye on the rivalling companies like Odeon, Favorite, Lyrophon and Beka, and was always ready to counteract developments, which ran contrary to their interests. A take-over was an effective way of neutralizing the competition...

During his six-year career in Germany Frederick Prescott had built up a solid reputation as a businessman and he no doubt had kept in touch with his colleagues in the industry in Europe, even after his return to America.

¹⁰ **Norbert Mortimer Rodkinson** was Head of the Deutsche Grammophon Aktien-Gesellschaft, the German branch of the Gramophone & Typewriter Ltd., in Berlin from 1904 to 1908.

¹¹ **Leo B. Cohn** (the surname "Cohn" was later changed into "Curth") had joined the DGAG in the spring of 1907. Prior to that he had been manager of the International Talking Machine Company (Odeon).

¹² **Ludwig Wild** was Head of the Vienna Branch of The Gramophone Company from 1901 to 1905. In 1905 he was replaced by John Hartkopp, who in his turn was replaced by Karl Friedrich Vogel in 1906. In 1907 the Vienna Branch was closed. See also: **ADDITIONAL DOCUMENT (F)** at the back.

The fact that Frederick Prescott is mentioned as a possible candidate for the leadership of Beka suggests that either at some stage Prescott had declared himself available for the position of director, or, at least, had been sounded for the job. All things considered, a very plausible explanation for his presence in Germany round the time of Ernst Loewe's death...

[Letter of 23 March 1908 continued]

*The Matrices of the Beka Company in particular in so far as business outside Germany is concerned are valuable and according to Mr. Cohn's opinion in some cases even superior to ours. **Particularly valuable are the Indian and Chinese matrices** and at present a great business is being done by the Beka Company with these Matrices. As a matter of fact at the present moment the Beka Company would appear to be our only serious competitor at Calcutta. By getting the Beka Company under our control the monopoly in India would be secured to us at least for several years to come.*

The chief disadvantage of the Beka Company at present consists in that it does not make its own materials, but buys them from Spremberg¹³. These materials are considerably worse than ours and yet at the present moment the Beka Company notwithstanding the recent drop in the price of shellac is still paying Mark 1,40 per kilo (at which price the small quantity of scraps is taken back) whilst our materials only cost us about 80 to 85 Pf per kilo, consequently the manufacture of the records sold at present would alone bring us in a net profit of something like 200,000 to 300,000 M per annum but in the opinion of Mr. Cohn this turnover of records could be increased to 2 or 3 million records directly we use the Beka record for the same purpose, for which properly speaking, the Zonophone record was originally intended namely for the purpose of fighting to death the various records which are now cropping up here, there and everywhere. As regards fighting our competitors we have in so far as the Zonophone is concerned only arrived at the halfway house whilst the Beka would enable us to carry into execution the original plan as far as may be required. Even should, under such circumstances, the sale of records bring us in little or no profit we should still get the benefit of the increased output of our own factories¹⁴ and both experience and common sense teach us that this would increase our profit. As a matter of fact it is from this point of view that at present negotiations are being carried on with [d']Erlanger and Ullman¹⁵. Since our factories actually exist we must of course try and keep them going as much as possible.

The sum expended by the Beka Company for recording purposes amounted last year to about 152,000 M. The whole of this sum being written off against the profit realised in the financial year expiring on the 31st March. The total profit is likely to amount to M. 180,000 to 200,000 and it is intended to apply the remainder as a sinking fund for Matrices and machinery so that in the same way as last year, this year also nothing would be distributed to the shareholders. The Beka Company is thus following the same conservative methods that we followed in the beginning of our own Company. The managers of the Darmstadt Bank on their part would without hesitating apply for another year or two the whole profit in writing off but the Company would then have at its disposal such large reserve funds that in this respect also the Beka Company would have to be considered as a powerful concern.

The Board of Directors of the Beka Company will not be able to postpone much longer the filling of the post vacated by the death of its manager, Mr. Loewe, and I must therefore request you

¹³ Almost certainly the "Isolatorenwerke G.m.b.H., Spremberg, Lausitz" (see Phz of 4 Oct 1905 and PhZ of 4 Jan 1906: ".... Sind die Lieferanten der ersten Pressereien der Welt und liefern beste Schallplattenmasse am Markt."). Another option is the Firm H. Römmler in Spremberg (Niederlausitz), which was founded in 1867 ("Aus Abfällen der heimischen Textilindustrie wurden erstmals Grammophonplatten, Isoliermaterial und Formteile aus Kaltpressmasse hergestellt und verkauft." (source: www.sprela.de))

¹⁴ By "the increased output" Berliner probably meant the output from the new Gramophone factories that had been or were being built in countries outside Germany (Hayes and Calcutta).

¹⁵ Baron Frédéric d'Erlanger (of Emile d'Erlanger & Co., London) and Ch. & J. Ullman.

to discuss at the earliest possible moment this matter with Mr. Williams¹⁶ in order to decide whether the matter should be entered amongst the subjects to be discussed at the next Board Meeting. I have given an undertaking to communicate to Consul Marx at the earliest possible moment my decision as to whether the question will be submitted by me to our Board of Directors. In my opinion as well as in the opinion of Mr. Cohn it would be desirable to get control of the Beka Company because it would be useful and remunerative for our own Company.

Seeing that a few days' time has already been lost owing to the exchange of telegrams I request you to transmit by wire to Hanover your decision and that of Mr. Williams. I will then further negotiate the matter either with manager Schneider of the Darmstadt Bank at Hanover or with Consul Marx of Berlin.

I beg to repeat that in my opinion we should have to wait a long time for an opportunity equally advantageous as that now suddenly offered by the decease of Mr. Loewe.

I remain, with kindest regards,

Yours truly,

(Signature) [of Joseph Berliner]

And since Beka – just like the Gramophone Company - did a lot of business in India, it was only natural that Birnbaum would keep the manager of the Calcutta Branch of the Gramophone Company in India, James Muir¹⁷, also posted about the uncertain situation in Berlin.

On 26 March 1908 Theo. B. Birnbaum (B/C) wrote James Muir the following letter, marked *PRIVATE & CONFIDENTIAL*:

Dear Mr. Muir,

It may interest you to hear that Mr. Loewy [= Loewe], the manager of the Beka Company, has died suddenly, and that the Dresdener [= Darmstädter] Bank, who are the financial backers of the Beka Company, have offered us the Beka concern on easy terms, which, however, we are not disposed to entertain.

*From the figures submitted, the financial position of the Company is, in my opinion, anything but satisfactory, although I have no doubt that **if the Bank can find a new manager they will elect to carry on the business.***

While we are not at liberty to disclose this information, which was placed at our disposal as possible purchasers, you might be able to instil Valabhdas¹⁸ with a feeling of insecurity as to the future by hints, more or less vague, of impending changes and rumours as to the dissolution of the Company.

Yours very truly,

THE GRAMOPHONE COMPANY LIMITED

¹⁶ **Edmund Trevor Lloyd Williams**, shareholder and chairman of the board of the Gramophone Company.

¹⁷ **James Muir**, since mid-1907 manager of the Calcutta Branch of the Gramophone Company, should not be confused with **Kenneth Muir**, manager of The Gramophone Company (Italy) Ltd. in Milan.

¹⁸ An industrious member of the Bhatia community, **Valabhdas Rumchordas**, had gone into business with Lakhmidas Raojee Tairsee in 1902 and established the firm of *Valabhdas Rumchordas and Co.*, (later changed to *Valabhdas Lakhmidas and Co.*, in 1905) at 19 Hummum Street, Fort, Bombay. This firm became agents for EDISON, COLUMBIA and PATHÉ products as well as dealing in cycles, soaps and motor cars. By 1905, *Valabhdas Lakhmidas and Co.*, had established the Talking Machine and Indian Record Co., with branches in Calcutta, Delhi, Madras and Rangoon, Burma, as a separate business to handle its activities in the music and recording industry. Within a short time they became the **sole monopolists of the Beka Record G.m.b.H., Berlin, for India, Burma and Ceylon**, and later controlled the ODEON RECORD label in India for almost twenty years as well as manufacturing records in India. (from: *The Gramophone Company's First Indian Recordings 1899-1908* by Michael Kinnear, p. 10)

Here we learn for the first time that Beka's financial backer, the Darmstädter Bank, had offered the Beka concern to The Gramophone & Typewriter Ltd..

And although Birnbaum qualifies Beka's financial position as "*anything but satisfactory*", he is convinced Beka will continue as an independent company, once a new manager has been found.

On 27th March 1908 Joseph Berliner in Hanover writes the following letter to Director Theodore Birnbaum, London.¹⁹

Dear Mr. Birnbaum,

BEKA COMPANY

I am in receipt of your favour of the 26th inst.²⁰ It stands to reason that the Company's Debit and Credit balance, otherwise there could be no profit. The difference between £33,000 Debit and £41,000 - which was given to me as the Credit - was represented by Book Debts, Cash, Bills, Stock of Raw Materials, Sundry Assets, after deducting Creditors for Goods, a small amount. I did not think it necessary to go into these details because it is not a question of deficit for the Company. I only gave you the principal figures which might be of importance in judging the value of the business. I do not know how you arrive at your figure of £2,000. for Pressing Plant. I did not give you this figure, and so far as I can recollect, the Plant Account stands at £5,000 in the Books.

In reply to a verbal enquiry I was assured to-day that the Gross Profit after deducting all expenses, percentages, &c., will amount to about M. 180,000. I have asked for copy of the draft Balance Sheet up to the 29th February, which I saw myself, and suggested that it would be better to send me a draft balance up to the 31st March of this year, in sufficient time for me to be able to lay it before the next Board Meeting, the 8th April.

You cannot very well compare our own Matrix Account with that of the Beka Company, because we have been longer in existence than the Beka, and can also write off considerably larger amounts. If, on the other side, our Shares stand at 350%, whilst the price of Beka is only par, and possibly a rather lower offer would be accepted, a portion of the premium of 250% for Gramophone shares certainly lies in the internal value of the Company, with regard to which our Matrix Account (which only stands in our Books at £ 30,000) undoubtedly forms a very valuable asset. Moreover, I pointed out in my letter of the 22nd inst.²¹ that we were paying perhaps a few thousand pounds too much for the Matrix Account.

*If under our contract with the Victor Company²² we have actually to hand over a part of the [Beka] business for China and South America [to Victor], the Victor Company, on the other hand, would have to recoup us for a part of our outlay, so that to this extent the cost price of the Beka Company would be lessened. **I was not aware that the Beka Company was doing an important business in South America; India, China, Egypt, Austro-Hungary, and the Balkans were especially mentioned to me. In France too and notably in England, the Beka seems to be well introduced.***

*With regards Prescott, I have received no information. It was only quite by accident that I heard from Mr. Cohn of **the negotiations which were in progress with Prescott.** I assume that Mr. Cohn must have heard of them from Mr. Prescott himself, with whom he worked together for a number of years. However, I thought it of importance to point out the possibility to you in any case.*

¹⁹ For the original German text see: **ADDITIONAL DOCUMENT (G)** at the back.

²⁰ This letter is not available.

²¹ This letter is not available: **22** is probably a typo for **23** March 1908.

²² See also: **ADDITIONAL DOCUMENT (H)** at the back.

As I have already written to you in my letter of the 22nd of this month, my conversation with Mr. Cohn was principally in the direction of obtaining information as to whether negotiations with the Beka Company were of any importance, or whether we might not perhaps consider the Beka as a negligible quantity. This, however, does not appear to be the case.

I shall shortly refer again to this subject. Meantime, I await your further news with interest.

With kind regards,

(Sd) Jos. Berliner.

Here at last is convincing evidence that Prescott's visit to Germany was commercially motivated and directly connected to the difficult situation at Beka. Prescott was apparently involved in negotiations with the Beka people and its financier, the Darmstädter Bank.

From what we read about Beka director Ernst Loewe in the *Phonographische Zeitschrift* of March 1908 we may conclude that he had been ill for some time and that his prospects of recovery were slim from the very start:

Im Januar d. J. kam er [= *Ernst Loewe*] zurück von einer sechsmonatlichen Geschäftsreise aus Indien zurück, nachdem er schon einmal vor 2 Jahren dort gewesen war.²³

Bald nach seiner Rückkunft zeigte sich die schleichende und tückische Krankheit.

Er hat sie wohl selbst unterschätzt, denn noch am Tage vor seinem Tode fehlte er nicht auf seinem Platze im Bureau. So ist er wie ein Held vor dem Feinde, mitten in seinem Werken, die Gefahr der Krankheit missachtend, gefallen.

No doubt, Prescott – while still in America - had been approached by his European contacts as a possible successor of Ernst Loewe...

²³ Ernst Loewe was in India from ca. mid 1907 until Jan 1908. His **first** visit to India must have taken place ca. late 1905 - early 1906.



BUMB & KOENIG
G. M. B. H.
Berlin SO. 36,
Heidelbergerstr. 75/76.

**MANUFACTURERS
OF THE
BEKA
DISC RECORDS**

JUST ARRIVED
FROM ENGLAND

**THE LATEST
THE NEWEST
THE BEST**

Musik-Fachausstellung
Berlin Philharmonie
5. - 20. Mai 1906.

**Disques
„Idéal“**

Enregistrés dans tous
les pays du monde.

Les meilleurs!
Les plus modernes



Advertisement in *Talking Machine World* illustrating Beka's global ambitions (1906)

In his book *The Gramophone Company's First Indian Recordings 1899-1908* Michael Kinnear remarks the following about this division of territories:

“Besides serving the market in India, the new factory would also serve the gramophone and disc record requirements for the whole of Asia, except for Japan where The Gramophone Company's associate company, The Victor Talking Machine Company, of Camden, New Jersey in the USA, had set up operations in Tokyo and Yokohama, Japan, to handle the Japanese and Chinese markets. Under an agreement made in 1907 between these associated companies, the matrices of the Chinese and Japanese repertoire taken by Fred Gaisberg in 1903 and released by The Gramophone and Typewriter, Ltd., on GRAMOPHONE RECORD 7inch discs, were transferred to The Victor Talking Machine Company in February 1908.”²⁴

On 9 April 1908 Theodore Birnbaum (B/G) wrote James Muir of the Calcutta branch of The Gramophone Company Limited a letter marked *PRIVATE*, asking him for information on the turnover of Beka in India:

Dear Mr. Muir,

Beka Company.

Referring to my last letter re. purchase of the Beka Company, can you give me any information as to the approximate turnover of the Beka in India.

I have been wondering whether we could possibly consider the purchase of the Beka Company in view of the importance of their Indian trade.

Of course, the purchase of the Beka would involve taking over their contracts; but as owners of the "B" [= Beka] we might probably be in a favourable position to negotiate for the termination of the Valabhdas²⁵ Gramophone contract, while we should certainly supply his requirements from the Indian Factory²⁶ which, in view of the heavy expense incurred in installation, is a very important consideration.

Probably, you will be able to give me approximately either the estimated turnover in sterling, or the estimated number of records sold per annum. Personally, I should put Valabhdas' turnover at about £20,000 to £25,000 per annum.

Yours very truly,

THE GRAMOPHONE COMPANY LIMITED

Details about the outcome of the negotiations between Prescott and Beka are not known. Fact is that Frederick Prescott, “*merchant*”, on 25 March boarded the SS “*Amerika*” at Hamburg and arrived back in New York on 5 Apr 1908. I guess he went straight back to his farm in Riverdale, New Jersey...

So, the conclusion seems justified that the parties involved could not come to an agreement...

²⁴ From: *The Gramophone Company's First Indian Recordings 1899-1908* by Michael Kinnear, p. 29.

²⁵ In 1907 Valabhdas Lakhmidas and Co. (Churchgate Street, Bombay) were the wholesale distributing agents for “**Gramophone**” products in Western India. This wholesale agency arrangement was also short-lived as the Gramophone and Typewriter Ltd., felt that Valabhdas Lakhmidas and Co. were giving preference to “**Beka**” products, for which this company had been “the sole monopolists” in India since 1906 (from: *The Gramophone Company's First Indian Recordings 1899-1908* by Michael Kinnear, p. 33).

²⁶ In May 1908 the Calcutta branch of The Gramophone Company moved its premises from 7 Esplanade East to Sealdah, Calcutta, where a new pressing factory had been built. This factory was officially opened in December.

A few weeks later, on April 26th 1908, Joseph Berliner sends Birnbaum an outline of the sales figures of Beka covering the period of April 1907 to March 1908.

Dear Mr. Birnbaum,

Beka Co.

The sales of the Beka Comp. for the year 1/4. 07 – 31/3. 08 are given me as follows :

Germany	M. 619.529. 59	
India	298.998. 85	
Straits Settlements	63.491. 75	
China	19.032. 05	(preceeding year M. 94.079. 40)
Japan	4.237. 47	(preceeding year M. 16.703. - -)
Nederl. Indies	6.679. 40	
England	46.831. 80	
Other Countries	172.619. 46	
Tot.	M. 1.231.420. 67	

The figures of the trial-balance p. 31/3. 08 show practically the same picture with 1 month added as those of the 28/2. 08 which are in your hands.

The definitive figures of the yearly balance p. 31/3. 08 are promised to me as soon as possible.

I may mention that the Beka people would in consideration accept Gram. ord. shares at – or even a little over – market price; also the Darmstädter Bank would for their Credit-Balance.

Kindly acknowledge receipt & oblige.

Yours faithfully,

Jos. Berliner

Here the EMI correspondence on Beka ends.

The correspondence here presented may not be complete, but it gives an impression of the goings-on, after Beka director Ernst Loewe had died.

The Gramophone Company must have decided against taking over the Beka company. Director Ernst Loewe was probably replaced by Arthur Bodanski. Contemporary trade journals did not report on how the succession of Loewe eventually was arranged or how Beka's financial troubles were overcome.

Prospects may have looked gloomy for the Beka Company at first, but in the end it continued to exist as an independent firm.

In 1910 the Beka Record Aktiengesellschaft joined forces with the Fritz Puppel company, and thus developed into an organization which produced both records and the machines to play these records on.

In 1911 the Beka record company was taken over by the Lindström concern, but even then kept a certain degree of independence.

ADDITIONAL DOCUMENTS

ADDITIONAL DOCUMENT (A)

This article is based on the following documents in the EMI Music Archives:

- a telegram of 20 March 1908 from Joseph Berliner (Hanover) to Theodore Birnbaum (London)
- a letter of 23 March 1908 from Joseph Berliner (Hanover) to Theodore Birnbaum (London)
- a letter 26 March 1908 from Theodore Birnbaum (London) to James Muir (Calcutta)
- a letter of 27 March 1908 from Joseph Berliner (Hanover) to Theodore Birnbaum (London)
- a letter of 9 April 1908 from Theodore Birnbaum (London) to James Muir (Calcutta)
- a letter of 26 April 1908 from Joseph Berliner (Hanover) to Theodore Birnbaum (London)

ADDITIONAL DOCUMENT (B)

Below are two obituaries of Ernst Loewe which appeared in *Die Sprechmaschine* and the *Phonographische Zeitschrift*:

Ernst Loewe †

Am 14. März verstarb plötzlich der Direktor der Beka-Record G. m. b. H., Herr Ernst Loewe. Mitten in der Ausführung großartiger Pläne und mitten in der Ausarbeitung neuer, großzügiger Ideen ging hier eine Arbeitskraft zu Ende, der es gewiß beschieden gewesen wäre, noch Gewaltiges in unserer Branche zu leisten.

Bei einer seltenen Ausdauer und Energie gehörte Loewe zu jenen stillen, fleißigen Menschen, die man kaum sieht und noch weniger hört, vergleichbar dem Räderwerk der Turmuhr, das nur wenige kennen, während alle Welt die außen angebrachten Zeiger beachtet. Ein Mann mit solchen Charaktereigenschaften wird stets, gleichviel auf welchen Posten er gestellt ist, seine ganze Tatkraft für die Sache einsetzen, und es kann nicht Wunder nehmen, daß sie gedeihen muß.

Loewe, der aus der Apothekerbranche stammte, übernahm im Jahre 1901 die Adler-Phonograph Co. und wurde damit einer der unsrigen. Wie stets in seinem Leben, stieß seine Arbeit auf Widerstände aller Art, und es bedurfte eines so ausgesprochen festen und willensstarken Charakters, wie ihn der Verstorbene besaß, um über die Schwierigkeiten aller möglichen Art hinwegzukommen. So gelang es ihm auch, das von ihm in recht bescheidenen Grenzen übernommene Unternehmen zu einem sehr geachteten in der Branche heraufzuarbeiten und sich einen guten Namen zu schaffen.

Als im Frühjahr 1904 der bekannte Schokoladenfabrikant und Großindustrielle Stollwerck, der die deutschen Edison-Patente vor längerer Zeit erworben hatte, daran ging, den Großvertrieb dieser Fabrikate in Deutschland in die Hand zu nehmen, da fiel seine Wahl auf unsern Loewe, der mit seinem anerkannt organisatorischen Talent den Vertrieb in geeigneter Weise vornehmen sollte. Die

Tätigkeit, die sich dem Verstorbenen hier bot, war wohl die geeignetste, die er sich selbst hätte wünschen können, und jeder, der ihn kannte, wußte, daß er die Aufgabe, die gestellt worden war, glänzend erfüllen würde. Aber die mißgünstige Fee, die seinen Lebensweg begleitete, brachte es zustande, daß er die Tätigkeit aufgeben mußte, kaum daß er sie begonnen hatte. Edison hatte nämlich, nachdem er seine Patente an Stollwerck verkauft hatte, die gleichen Patente auch noch einmal an die National Phonograph Co., an der er überaus stark persönlich beteiligt ist, zum zweiten Male verkauft, und da es unserm Stollwerck nicht zusagte, einen derartigen Prozeß mit Edison persönlich zu führen, so gab er [= *Stollwerck*] das Unternehmen auf, das ihm sicher Gewinn und Befriedigung gebracht hätte, nachdem er einmal sich der Kraft eines Ernst Loewe versichert hatte.

Damals hatte die Firma Bumb & König nach jahrelangen Versuchen endlich die ersten wirklich guten Beka-Platten auf den Markt gebracht, und da die Einführung einer neuen Platte auch schon zu damaliger Zeit einer ganz besonderen kaufmännischen Kapazität bedurfte, so kam es dieser Schallplattenfabrik überaus gelegen, daß eine Kraft wie Ernst Loewe zu haben war. Mit der Begründung der Beka-Record Co. m. b. H., an der Loewe beteiligt und deren Geschäftsführer er wurde, gelang es der Bekaplatte sofort, sich einen Platz, und zwar einen ehrenvollen, in der Reihe der Plattenmarken zu sichern.

(source: *Die Sprechmaschine*, 4. Jahrg., No. 12, p. 356 (21 March 1908))

Ernst Loewe †

Der Tod hat schon wieder eine klaffende Lücke in die Reihe der Berliner Sprechmaschinen-Industriellen geschlagen.

Ernst Loewe, Direktor der Beka Record Co., ist am 14. d. Mts. gestorben. Seit etwa 6 Jahren gehörte er der Sprechmaschinenindustrie an. Zuerst als einer der Inhaber der Adler-Phonograph Co., trat er im Jahre 1904 bei Gründung der Beka-Gesellschaft als Direktor zu dieser über und ist seitdem ohne Unterbrechung als hauptsächlicher kaufmännischer Leiter dieser Gesellschaft tätig gewesen.

Rastlose und erfolgreiche Arbeit kennzeichnet diese ganze Epoche seines Lebens, so rastlos und aufopferungsvoll, dass der Keim zu seinem allzufrühen Hinscheiden dadurch entstehen musste. Ernst Loewe ist nur 43 Jahre alt geworden.

Im Januar d. J. kam er von einer sechsmonatlichen Geschäftsreise aus Indien zurück, nachdem er schon einmal vor 2 Jahren dort gewesen war. Bald nach seiner Rückkunft zeigte sich die schleichende und tückische Krankheit, die ihn nun hingerafft hat. Er hat sie wohl selbst unterschätzt, denn noch am Tage vor seinem Tode fehlte er nicht auf seinem Platze im Bureau.

So ist er wie ein Held vor dem Feinde, mitten in seinem Wirken, die Gefahr der Krankheit missachtend, gefallen.

Am Dienstag hat man ihn zur Ruhe gebettet. An seiner Bahre standen trauernd Gattin und Kinder, zusammen mit der grossen Zahl seiner Freunde und dem Personal der Fabrik, deren Entwicklung mit dem Namen Loewe unzertrennlich verknüpft ist. Wer den Verstorbenen kannte, weiss, welch vortrefflicher Mensch, welch vornehmer und stets gütiger Charakter er gewesen ist. Immer bereit, nicht nur seine Interessen und die des ihm anvertrauten Unternehmens zu wahren, sondern, so weit es eben möglich war, auch auf die Interessen anderer Rücksicht zu nehmen. Sein Andenken wird unvergessen bleiben. Trauernd steht die Sprechmaschinenindustrie an dem Grabe eines ihrer besten und tüchtigsten Vorkämpfer.

(source: *Phonographische Zeitschrift*, 9. Jahrg., No. 12, p. 378 (March 1908))

ADDITIONAL DOCUMENT (C)

In *Die Sprechmaschine*, 4. Jahrg., No. 10, p. 310 (7 March 1908) is the following announcement:

Berlin. Kaufmann **Max Levy** ist nicht mehr Geschäftsführer der Firma Beka-Rekord, G.m.b.H., seine Vertretungsbefugnis ist erloschen.

This announcement may have had to do with the crisis at Beka, but the exact implications are not known to me.

ADDITIONAL DOCUMENT (D)

Frederick Marion Prescott came to Europe in 1901 and founded the International Zonophone Company. The International Zonophone Company soon became The Gramophone Company's major competitor and in the summer of 1903 The Gramophone Company bought up the International Zonophone Company.

Thus a dangerous rival was effectively eliminated and things were back to square one. Frederick Prescott then founded a new company, The International Talking Machine Company (Odeon).

In early 1907, at the age of 38, Frederick Marion Prescott decided he had earned enough money, and that it was time to retire from the gramophone business and head back home.

In the *Phonographische Zeitschrift* of 21 March 1907²⁷ the following announcement was made:

In der Geschäftsleitung der International Talking Machine Co. m. b. H. [Berlin] Weissensee ist vor einigen Tagen ein Direktionswechsel eingetreten.

Sowohl der Gründer der Gesellschaft, Herr F. M. Prescott, als auch der seit etwa einem Jahre dort tätige Direktor Herr Leo B. Cohn sind ausgetreten, nachdem schon Herr Prescott vor längerer Zeit seine kapitalistische Beteiligung an der Gesellschaft, welche den grössten Teil der Geschäftsanteile Talking Machine Co. besitzt, abgetreten hatte.

Herr Prescott geht nach Amerika zurück, nachdem er nunmehr seit ca. fünf Jahren in Deutschland gelebt hat und einer der tatkräftigsten Förderer der deutschen Platten-Industrie gewesen ist.

Um so mehr darf man das Fortgehen des Herrn Prescott bedauern, als alle, die geschäftlich mit ihm in Berührung getreten sind, wissen, dass er ein überaus liebenswürdiger Charakter ist, der mit hoher geschäftlicher Intelligenz die Gabe verband, mit allen, mit welchen er geschäftlich zu tun hatte, auf gutem Fusse zu stehen.

Die Odeon-Gesellschaft hat sich unter seiner Leitung zu einem der einträglichsten Unternehmen der deutschen Sprechmaschinen-Industrie ausgebildet.

At the same time the following article was published in the German trade journal "*Die Sprechmaschine*" of April 1907²⁸:

F. M. Prescott, der Gründer der Internationalen Zonophon Compagnie, der diese

²⁷ *Phonographische Zeitschrift*, 8. Jahrg., No. 12, p. 323 (21 March 1907)

²⁸ *Die Sprechmaschine*, 3. Jahrg., No. 14, p. 314 (6 April 1907)

Gesellschaft im Jahre 1901 nach Deutschland brachte, gehörte zu den Pionieren der Branche.

Seine Interessen bezogen sich allerdings nur auf Platten.

Als im Jahre 1904²⁹ sein eigenes Unternehmen gegen seinen Willen auf die Grammophon-Gesellschaft übergang, begründete er die International Talking Machine Co., die Fabrikantin der Odeon-Platten.

Darüber hinaus organisierte Herr Prescott eine besondere Gesellschaft in London [= *The International Phonograph & Indestructible Record Co. Ltd in Liverpool?*] und die Fonotipia Co. in Mailand.

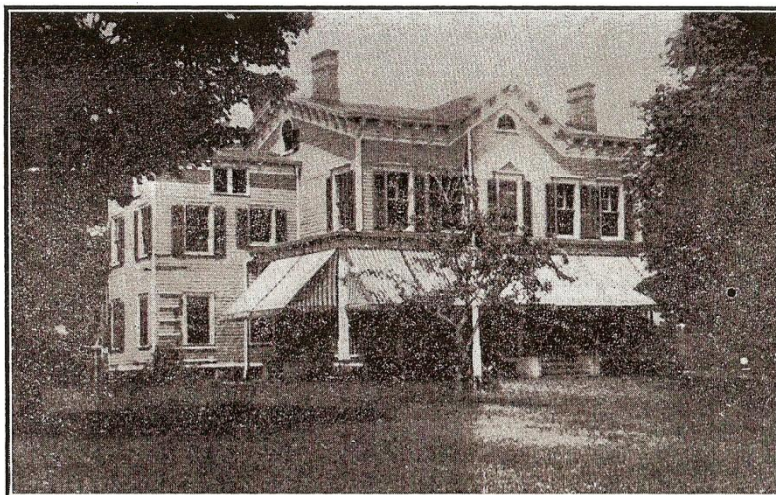
In den letzten Jahren ist es nach anfänglichen Misserfolgen Herrn Prescott gelungen ein grosses Vermögen zu erwerben, und er kehrt befriedigt in seine Heimat New York³⁰ zurück.

Erst durch diesen Mann wurde es offenbar, dass die Fabrikation der Platten kein Patent sei, und ihm müssen alle neueren Plattenfabriken für die Anregung der Idee dankbar sein.

Herr Prescott hat sich in Deutschland jeder Zeit der weitesten Sympathien der gesamten Branche erfreut, und wir sehen ihn mit Bedauern Deutschland und den europäischen Boden verlassen.

Prescott sold his shares in the I.T.M.C. and on 9 April 1907 Friedrich [sic] Prescott, accompanied by his wife Emma and the three children, boarded the SS "Pretoria" at Cuxhaven and sailed back to America. After an unusually long voyage the Prescotts arrived on 24 April at New York harbour. Their destination: Montclair, New Jersey. One month later we read in the *Phonographische Zeitschrift*³¹:

“Von Herrn F. M. Prescott, dem bisherigen Direktor der Odeon-Gesellschaft, erhielten wir dieser Tage ein Lebenszeichen aus Amerika. Herr Prescott hat sich in Riverdale [*New Jersey*], 40 km von New York, einen grösseren Landsitz gekauft, und gedenkt vorläufig im beschaulichen Landleben sich von den Anstrengungen der letzten Jahre auszuruhen.”



Home of the Proprietor of Riverdale Poultry Farm, Riverdale, N. J.

²⁹ See p. 30 in: *The Zon-o-phone Record. A discography of recordings produced by the International Zonophone Company and associated companies in Europe and the Americas. 1901-1903* by Ernie Bayly and Michael Kinnear.

³⁰ Fredrick Prescott's "Heimat" was **New Jersey**.

³¹ *Phonographische Zeitschrift*, 8. Jahrg, No. 21, p. 528 (23 May 1907)

ADDITIONAL DOCUMENT (E)

Below is the original German text of letter of 23 March 1908:

**DEUTSCHE GRAMMOPHON-AKTIENGESELLSCHAFT
HANNOVER
DIRECTION
J.B./H.
1908.**

Hannover, den 23. März

**Herrn THEO B. BIRNBAUM
The Gramophone Company Ltd.,
LONDON**

Sehr geehrter Herr BIRNBAUM!

*Ich nahm Veranlassung Ihnen am 20. d. M. ab BERLIN wie folgt zu telegraphieren:
" WILL YOU CONSIDER TAKING OVER BEKA COMPANY 19000 SHARES 22000
BANKCREDIT 70000 NET TURNOVER 16000 MATRIX ACCOUNT 15000 STOCK
ALL POUNDS STERLING 13000 MATRICES FIRST SHELLS RESERVED FOR
COPIES MILLION AND HALF RECORD OUTPUT MODERN PRESSPLANT 35
PRESSES NO MIXING PLANT. CONSIDER ADVISABLE WITH REGARD TO
INDIAN BUSINESS PAR VALUE FOR SHARES PLUS FIVE PERCENT
COMMISSION EVENTUALLY ACCEPTING LONDON STOCK AT MARKET
PRICE. FINANCIAL YEAR CLOSING END MARCH. TELEGRAPH REPLY
HOTEL KAISERHOF BERLIN."*

Ich erhielt darauf Ihr Antworttelegramm:

" DONT UNDERSTAND YOUR WIRE WRITE GIVING FULL PARTICULARS."

Wie Sie aus der letzten Phonographischen Zeitschrift vielleicht ersehen haben werden, ist in den letzten Tagen der langjährige Geschäftsführer der BEKA Gesellschaft, welcher die Gesellschaft namentlich in INDIEN eingeführt hat, Herr LOEWE gestorben. Abgesehen von seiner intensiven Tätigkeit für die Gesellschaft, hat er aber auch derselben [= Gesellschaft] bedeutende Unkosten gemacht, sodass die Geldleute der BEKA, die BANK für HANDEL & INDUSTRIE (DARMSTAEDTER BANK) in BERLIN und in HANNOVER in Erwägung zogen, vor Wahl eines neuen Geschäftsführers den Versuch zu machen die BEKA Gesellschaft uns zu übergeben.

Zu diesem Zweck erhielt ich eine indirekte Aufforderung seitens des hiesigen Direktors Herrn SCHNEIDER der Filiale der Darmstädter Bank, mich über eine eventuelle Angliederung zu äussern. Vor irgend welcher Äusserung stellte ich die Bedingung, dass ich incognito die Beka in BERLIN besichtige, und alle Informationen über den Geschäftsbetrieb p.p. [= per procura] erhalten müsse. Ich hatte daraufhin am 20. März eine längere Unterredung mit dem Herrn Consul MARX in BERLIN, Direktor der Darmstädter Bank, und Vorsitzender des Aufsichtsrates der BEKA Gesellschaft. Herr Consul MARX legte mir die Rohbilanz der Gesellschaft per Ende Februar vor, und die laufenden Wochenberichte, welche Papiere in derselben Weise aufgestellt werden, wie in unsrer eigenen Gesellschaft üblich.

Nach Beendigung der Besprechung mit Herrn Consul MARX fuhr ich mit dessem Sekretär zur BEKA Fabrik, woselbst ich absolut incognito eine Besichtigung des Fabrikbetriebes vornahm.

Es war meine Absicht gewesen, die ganze Frage mit Herrn RODKINSON zu besprechen, doch hörte ich auf telephonische Anfrage in der Ritterstrasse, dass Herr RODKINSON von BERLIN abwesend, und voraussichtlich in London bei Ihnen sei. Ich hielt es für zweckmässig Ihnen darauf zu telegraphieren, damit Sie den Inhalt des Telegrammes mit Herrn Rodkinson kurzer Hand besprechen könnten. Ich erwartete nicht, dass Sie mein Telegramm nicht verstehen würden, setzte mich indessen nach Erhalt Ihres Telegrammes mit

Herrn Direktor LEO B. COHN in Verbindung, um mit diesem die Angelegenheit, soweit die Konkurrenz der BEKA unsrer Gesellschaft gegenüber in Frage kam, zu besprechen. Herrn COHN war mein Telegramm leicht verständlich. Es enthält die abgerundeten Ziffern, soweit solche bei einem Kauf der Anteile zu berücksichtigen wäre, nämlich MATRIZEN KONTO £ 16.000, LAGERVORRAETE 15.000 £ Sterling, VORRAETIGE MATRIZEN 13.000 einzelne Nummern, mit dem Hinweis, dass die sämtlichen ersten Shells der Matrizen in derselben Weise wie bei uns nur für Kopierzwecke verwandt werden, während das Pressen der schwarzen Platte von der Kopiematrize stattfindet. Ferner eine modern eingerichtete Plattenpresserei mit 35 Pressen, aber ohne Walzerei. Schliesslich die Passiva, zirka 19.000 £ GESCHAEFTSANTEILE und zirka 22.000 £ von der Darmstädter Bank gegebenes Darlehen. Schliesslich noch die Angabe des Jahresumsatzes mit netto 70.000 £. Die Presserei liefert durchschnittlich täglich über 5000 Platten oder 1½ Millionen Platten jährlich. Das Geschäftsjahr schliesst am 31. März. Die Forderung ist Uebernahme der Geschäftsanteile von 19.000 £ zu pari + 5% Kommission für den Makler, welcher zwischen mir und dieser Gesellschaft in dieser Angelegenheit arbeitet.

Wir haben zu berücksichtigen, welchen eventuellen Verlust wir bei Uebernahme der Assets der BEKA Gesellschaft erleiden würden, und andererseits welche Vorteile wir ziehen aus der Angliederung dieser Gesellschaft.

Ich glaube, dass wir das MATRIX ACCOUNT um einige 1000 £ zu hoch bezahlen, dass auch der Stock einige 1000 £ weniger wert ist. Dagegen wäre nicht ausgeschlossen, dass wir den Preis für die Geschäftsanteile herunterdrücken können, d.h. unter pari erwerben, da es für die Darmstädter Bank wichtig wäre, den Bankcredit von zirka 22000 £ durch unsere Uebernahme der Anteile gesicherter zu haben, wie heute.

Auf der andren Seite ist tatsächlich die BEKA Gesellschaft als ernsthafte Konkurrenz zu berücksichtigen, sobald der richtige Leiter an die Spitze kommt. Ein solcher Leiter ist momentan auch frei, und zwar in der Person von F. M. PRESCOTT, in dessen Hand die BEKA Gesellschaft uns äusserst unangenehm, und in einzelnen Distrikten sogar gefährlich werden könnte. In zweiter Linie würde auch eventuell LUDWIG WILD in Frage kommen, welcher indessen von meinen Verhandlungen in keiner Weise unterrichtet ist.

Die Matrizen der BEKA Gesellschaft, speziell so weit das ausserdeutsche Geschäft in Frage kommt, sind wertvoll, und nach Ansicht des Herrn COHN stellenweise besser wie unsere. Von besonderer Wichtigkeit sind die indischen und chinesischen Matrizen, mit denen die BEKA zur Zeit ein grosses Geschäft macht. Tatsächlich ist augenblicklich die BEKA Gesellschaft als unsere einzigste, ernsthaftere Konkurrenz in CALCUTTA zu betrachten. Eine Kontrolle der BEKA Gesellschaft in unserer Hand würde uns wenigstens für die nächsten Jahre das Monopol in Indien sichern.

Der momentane Hauptnachteil der BEKA Gesellschaft besteht darin, dass sie nicht ihr eigenes Material selbst machen, vielmehr dasselbe von SPREMBERG beziehen. Dieses Material ist wesentlich schlechter wie das unsrige, aber trotzdem zahlt die BEKA Gesellschaft momentan bei den schon reduzierten Shellackpreisen noch M. 1.40 per Kilo (zu welchem Preise auch die geringe Quantität Scraps zurückgenommen wird) während uns unser Material nur zirka 80 bis 85 Pfennig per Kilo kostet. Schon allein also in der Fabrikation der jetzt verkauften Platten, würde für uns ein Nettogewinn von zirka 200.000 bis 300.000 M. pro Jahr liegen. Dieser Plattenumsatz liesse sich aber, nach Ansicht des Herrn COHN, auf 2 bis 3 Millionen Stück steigern, sobald wir aus der BEKAplatte das machen, wozu eigentlich ursprünglich die Zonophoneplatte bestimmt war, nämlich zu einer rücksichtslosen Konkurrenz, gegen die jetzt überall auftauchenden verschiedenartigen Platten. Mit dieser Konkurrenz sind wir hinsichtlich Zonophone auf halbem Wege stehen geblieben, während wir mit BEKA so weit erforderlich den ursprünglichen Plan durchführen können. Wenn wir unter diesen Umständen an dem Verkauf wenig oder gar nichts verdienten, so hätten wir den Nutzen in dem vergrösserten output unserer Fabriken, womit erfahrungsmässig und naturgemäss der Gewinn steigt. Tatsächlich finden ja auch unter diesem Gesichtspunkt augenblicklich die Verhandlungen statt mit ERLANGER und

ULLMANN. Nachdem einmal unsere Fabriken existieren, müssen wir suchen dieselben möglichst voll zu beschäftigen.

Die BEKA Gesellschaft hat im vorigen Jahre zirka 152.000 M. auf Aufnahme Konto verauslagt, welche aus dem Gewinn des am 31. März ablaufenden Geschäftsjahres voll abgeschrieben werden. Der Totalgewinn dürfte M. 180.000 bis 200.000 betragen, und soll der Rest zur Abschreibung auf Matrizen und Maschinen Konto verwandt werden, sodass wie im verflossenen Jahre auch für das jetzt ablaufende Jahr kein Gewinn für die Geschäftsanteile zur Verteilung gelangt. Es ist dieses dieselbe konservative Politik wie zu Anfang in unsrer eignen Gesellschaft verfolgt. Die Direktoren der Darmstädter Bank würden auch nicht zögern noch weitere 1 bis 2 Jahre die ganzen Gewinne zur Abschreibung zu verwenden, dann aber würden derart grosse Reserven in der Gesellschaft vorhanden sein, dass auch in dieser Hinsicht die Beka Gesellschaft vollwertig zu betrachten wäre.

Der Aufsichtsrat der BEKA Gesellschaft kann nicht lange warten mit der Neubesetzung des durch den Tod LOEWE's freigewordenen Direktorpostens, und ich muss Sie deshalb ersuchen, sobald wie irgend möglich vorstehende Angelegenheit mit Mr. Williams zu besprechen, und sich zu entscheiden, ob dieselbe auf die Tagesordnung des nächsten BOARD MEETING gebracht werden soll. Ich habe es unternommen Herrn Consul MARX möglichst bald meine Entscheidung, ob ich die Frage unserem BOARD of Directors vorlegen will, zu übermitteln. Nach meiner Ansicht, wie auch nach Ansicht des Herrn COHN, wäre unsere Kontrolle der BEKA Gesellschaft wünschenswert, nützlich und gewinnversprechend für unsere Gesellschaft.

Nachdem durch den Telegrammwechsel bereits einige Tage verloren gegangen sind, bitte ich Sie mir Ihre und Herrn WILLIAMS Entscheidung telegraphisch hierher nach HANNOVER zu übermitteln. Ich werde dann entweder mit Herrn Direktor SCHNEIDER von der Darmstädter Bank, HANNOVER, oder mit Herrn Consul MARX in BERLIN weiter verhandeln.

Ich wiederhole, dass meines Erachtens eine so günstige Gelegenheit als momentan durch den Tod des Herrn LOEWE geschaffen, für uns so bald nicht wieder eintreten dürfte.

Freundlichen Gruss

Jos. Berliner

ADDITIONAL DOCUMENT (F)

That Ludwig Wild is being mentioned as potential candidate to replace Ernst Loewe is not all that surprising. After Ludwig Wild had resigned from his position as director of the Vienna branch in 1905 (I do not know the reason of his resignation), he immediately set about looking for a new job.

The advertisement below from the *Phonographische Zeitschrift* of February 1905³² speaks for itself:

³² *Phonographische Zeitschrift*, 6. Jahrg., No. 8, p. 148 (22 February 1905)



In the EMI archives is a letter from Norbert M. Rodkinson of the Deutsche Grammophon-Aktiengesellschaft in Berlin to Theodore Birnbaum in London, dated 16 February 1905, which clearly shows that Wild had already been in contact with Beka as early as 1905:

Dear Birnbaum,

*Mr. Wild had a long talk with me to-day and informed me that **he is negotiating with the Beka people**, but would prefer to keep up his Gramophone connection, providing we will give him the opportunity of establishing himself as a wholesaler in Vienna.*

It is not known to me what the outcome of these negotiations was. Was Ludwig Wild eventually employed by the Beka Record Company in 1905? If not, where was Wild between 1905 and 1908? The fact that his name was mentioned as possible candidate for the Beka leadership suggests that he was still active in the Gramophone business, and possibly even employed by Beka or acting as their business partner in some hitherto unknown capacity.

ADDITIONAL DOCUMENT (G)

Below is the original German text of letter of 27 March 1908:

**DEUTSCHE GRAMMOPHONE-AKTIENGESELLSCHAFT
HANNOVER
DIRECTION**

Hannover, den 27. März 08.

Herrn Direktor THEO B. BIRNBAUM, HEAD OFFICE, LONDON.

BEKA COMPANY:

Werter Herr Birnbaum!

Ich besitze Ihre gefl. [= gefällige] Zuschrift von 26. d. M.

Es ist selbstverständlich, dass sich Debet und Credit bei der Gesellschaft ausgleichen, da ja sonst kein Nutzen vorhanden wäre. Die Differenz zwischen £ 33.000.- Debet und £ 41.000.- von mir angegeben Credit liegen in Aussenständen, Cassa, Wechseln, Rohmaterialien-Vorräte und

diversen Assets abzüglich unbedeutender Warenschulden. Ich hatte es nicht für erforderlich erachtet, auf diese Details einzugehen, da ja ein Minderwert für unsre, Gesellschaft hierin nicht vorhanden ist, vielmehr gab ich Ihnen nur die Hauptziffern, welche für die Beurteilung des Geschäftes, als solches in Frage kommen konnten.

Ich weiss indessen nicht, wie Sie auf die Ziffer Pressing plant 2000 £ kommen. Ich habe Ihnen diese Ziffer nicht genannt, und steht auch nach meiner Erinnerung das Fabrik-Einrichtungs-Conto mit ca. 5000 £ zu Buche.

Auf eine mündliche Anfrage wurde mir heute bestätigt, dass der Rohgewinn nach Abzug aller Unkosten, Tantiemen etc. ca. rund M. 180.000.- betragen dürfte. Ich habe die Abschrift der Rohbilanz per 29. Februar 1908, welche ich persönlich eingesehen hatte, erbeten, und anheimgestellt mir besser noch die Rohbilanz per 31. März d. Jahres zu übersenden, und zwar so rechtzeitig, dass ich dieselbe noch zum Board Meeting am 8. April d. Jahres vorlegen könnte.

Sie können nicht gut unser eigenes Matrix Account mit demjenigen der BEKA vergleichen, da wir ja bereits länger bestehen, wie die BEKA, und auch wesentlich stärker abschreiben könnten. Aber andererseits werden unsere Shares auch mit 350 per cent bewertet, während für BEKA nur 100% verlangt werden, und vielleicht ein etwas niedrigeres Gebot angenommen würde. Ein Teil des Agios von 250 per cent für Gramophon Shares liegt doch sicher in dem inneren Werte der Gesellschaft, wobei unser nur mit 30.000.- £ zu Buche stehendes Matrix Account jedenfalls ein sehr wertvolles Asset bildet. Im übrigen hab ich ja in meinem Brief von 22. d. M.

daraufhingewiesen, dass wir das Matrix Account vielleicht um einige 1000 £ zu hoch bezahlten. Wenn wir tatsächlich unter unserem Verträge mit der VICTOR COMPANY dieser Gesellschaft einen Teil des Geschäfts für CHINA und SÜD-AMERIKA überliefern müssen, so muss uns doch die VICTOR COMPANY dagegen einen Teil unserer Anlage ersetzen, sodass sich also der Kostenpreis der BEKA COMPANY entsprechend verbilligt. Ich wusste nicht, dass die BEKA ein bedeutendes Geschäft auch nach Süd-Amerika macht, vielmehr wurde mit speziell Indien, China, Aegypten, Oesterreich-Ungarn und der Balkan genannt. Aber auch in Frankreich und namentlich auch in England soll BEKA gut eingeführt sein. Hinsichtlich PRESCOTT war ich in keiner Weise informiert, und hörte ich nur ganz zufällig von Herrn COHN, über die Verhandlungen, die mit PRESCOTT im Gange sind. Ich nehme an, dass Herr COHN dieselben von Herrn PRESCOTT selbst erfahren hat, mit welchem er ja lange Jahre zusammen gearbeitet hat. Aber ich hielt es doch für wichtig Sie auf alle Fälle auf die Möglichkeit hinzuweisen.

Wie ich Ihnen bereits am 22. d. M. schrieb, habe ich meine Unterredung mit Herrn COHN in erster Linie nur geführt, um mich zu informieren, ob Verhandlungen mit der BEKA überall [= überhaupt?] von Werte wären, oder ob wir nicht vielleicht die BEKA als quantité négligeable betrachten könnten. Letzteres scheint mir indessen nicht der Fall zu sein.

Ich behalte mir vor, demnächst weiter auf die Angelegenheit zurückzukommen, und ich sehe auch Ihren weiteren gefl. Nachrichten jeder Zeit gern entgegen.

Freundlichen Gruss,

Jos. Berliner

ADDITIONAL DOCUMENT (H)

Here are some documents regarding the **division of territory** between the Victor Talking Machine Company and The Gramophone Company, or The Gramophone & Typewriter Ltd. as it was officially called since December 1900.

In the EMI archives is a letter (dated 14/4/1905) from Theo. B. Birnbaum (B/F) of the G & T Ltd. to Kenneth Muir in Cairo³³:

³³ In those days there was much discussion going on about territories, not only between The Gramophone Company and its sister company Victor, but also **within the ranks of The Gramophone Company itself**, as to

"I have yours **undated** enclosing copy of letter from the Victor Talking M/c Company to a Cairo firm. I have already taken up the question of **territory** with the **V.T.M/c Co.**, but through the absence of Mr. [Eldridge Reeves] Johnson in Philadelphia the matter has been shelved.

On the occasion of my visit to Philadelphia, Mr. Johnson presented me with a list of the territory which he claimed as the **V.T.M/c Co's**. This territory comprised **Egypt** as well as **the Crown Colonies of European countries**, in fact, **all countries** outside Europe: **India, Japan, British Africa and Australia**.

The situation has been thoroughly discussed and we have put our views before Mr. Johnson, claiming all Crown Colonies and all territory subject to the Patent Law of any country **which has been allotted to us**.

Egypt I have claimed as subject to Turkish rule and Turkish Patent Law.

The matter is by no means simple and Mr. Johnson will no doubt be prepared to justify his action of his interpretation of **our contract**."

On 28 July 1905 Theo. B. Birnbaum (B/G) of The Gramophone & Typewriter Ltd. (London) writes to Kenneth Muir (Milan):

"In the adjustment of territory, we have claimed Egypt for the English Company, though, so far, we have not come to a final settlement with Mr. [Eldridge Reeves] Johnson. We hope, however, we shall be able to settle matters in such a manner **that Egypt will remain the undisputed territory of the English Company**."

From these two letters it is obvious that there existed an agreement between Victor and The Gramophone & Typewriter Ltd. which dated from 3 Aug 1904 (prior to the 1907 agreement).

On the website of the *EDVR (Encyclopedic Discography of Victor Recordings)* we also find a reference to this agreement:

We know that Victor entered into an agreement on 3 August 1904 with The Gramophone Company listing certain countries where each company should have exclusive rights to patents and trade marks: this agreement gave India and Japan to The Gramophone Company, but China to Victor.

On 25 June 1907 the Victor Company and The Gramophone Company entered into a new agreement.

Part of this agreement involved the redefining of territories:

CLAUSE III OF THE 25 June 1907 AGREEMENT (pp. 3-4) DEALS WITH THE DIVISION OF TERRITORIES:

CLAUSE III. - Territory.

1. The following shall define the territory in which each of the Companies hereto may sell or trade in its general product of Talking Machines, records and accessories. Neither of the parties will directly or indirectly manufacture, lease or sell, or lease or sell to others for use or sale, any

which countries belonged to which branch. For instance, Egypt and Turkey were claimed by both the **Vienna branch** and the **Milan branch**.

Talking Machine or appliances in connection therewith in any country **save in their respective territories as outlined in this agreement.**

2. The **VICTOR COMPANY's** territory shall comprise all lands and islands between West Longitude 30 and West Longitude 170 including the *Americas*, the whole of *Greenland*, and all the *Aleutian Islands*, and shall comprise in addition the *Philippine Islands*, the *Chinese Empire* (including *Manchuria and all islands*, whether in Chinese or foreign possession, lying in such relation to the coast of the Chinese territory as to be geographically and commercially part of the Chinese territory (such as *Hong Kong*)), the *Japanese Empire* (including *Formosa and all islands*, whether in Japanese or foreign possession, lying in such relation to the Japanese Empire as to be geographically and commercially a part of the Japanese territory), *Annam*, *Cochin China*, *Tongking*, *Cambodia* and *Corea*.

3. **THE GRAMOPHONE COMPANY's** territory is **all the territory of the globe not included within the list and boundary lines as described in the foregoing clause as VICTOR territory.**

4. It is also understood in this agreement that, should it develop in the future that a comparatively small territory belonging to one Company should lie in such geographical position to the other Company's territory as to make it impossible for the Company entitled under this Agreement to such territory to properly control the movement of goods commercially, **as in the present case of Hong Kong & China**, that a readjustment shall be made whereby the difficulty may be obviated, and, if necessary, add the small territory to the territory of the Company having the greater interest at stake. This shall only apply to such cases as **Hong Kong and China, which are practically the same territory commercially although separated politically.**

5. It is especially understood that each Company shall put its export business under such methods as to enable them to best prevent the exportation of one Company's goods into the territory of the other Company.

.....

CLAUSE XIV. - CANCELLATION OF SUBSISTING CONTRACT.

1. **The Agreement between the parties dated the 3rd day of August 1904, shall determine [= terminate] immediately upon the execution hereof.**

The 1907 agreement between Victor (RCA) and The Gramophone & Typewriter Ltd. (HMV) was terminated in 1957³⁴.

On 3 August 1904 a similar (or identical?) agreement was reached between **Universal Talking Machine Manufacturing Company and Universal Talking Machine Company.**

On 7 July 1910 The Gramophone Company Limited sent a letter to The American Import Company in The Hague (Netherlands) "Re [Maurits] Stibbe". Attached to the letter was a four-page annex with a chronological survey of the corporate history of The International Zonophone Company from 1901 to 1905.

The last item on page 2 reads:

"Augst 10th, 1904. The signing on 3rd August 1904 of agreement between Universal Talking Machine Manufacturing Company and Universal Talking Machine Company approved on August 10th [1904]."

³⁴ Source: *The Guinness Book of Recorded Sound* by Robert Dearling, Celia Dearling and Brian Rust.

The following passage from *The Zon-o-phone Record* by Ernie Bayly and Michael Kinnear (p. 34) may provide an explanation:

In purchasing the American 'Zonophone' interests in September 1903, including the *Universal Talking Machine Manufacturing Co.*, and its distribution company the *Universal Talking Machine Company*, **the Victor Talking Machine Co. of Camden, New Jersey** reorganised the label.

After the Universal Talking Machine Manufacturing Co. and the Universal Talking Machine Company had been taken over by the Victor Talking Machine Company they were inevitably subject to the same agreements Victor was bound to.

In an interview with the American trade journal *The Talking Machine World* in 1906 Frederick Prescott is quoted as saying:

"You know," continued Mr. Prescott, with earnestness, "**the world**, in so far as the sale of their product is concerned, **has been divided between the Gramophone & Typewriter, Ltd.** of London, England, and **the Victor Talking Machine Co.**, Camden, N. J., the latter controlling South, Central and North America, and that part of Asia not included in the British colonies.

We [Odeon], however, operate everywhere, and with a catalogue of 14.000 titles do a splendid business at our prices."³⁵

³⁵ *The Talking Machine World* of 15 December 1906 under the heading "Prescott's Interesting Views".