



The con-man Pandolfo, his Pan Motor Company and his long journey to Fairbanks

- Rick Larrick

Samuel Pandolfo founded several large enterprises on his way to Fairbanks - all with what can be politely called very creative financing. The greatest of these endeavors was the Pan Motor Company. Pandolfo's life is a fascinating story that runs mostly through the Southwest U.S., Minnesota, and then to his end in 1960 in our city.

The startup of the Pan Motor Company was unique. It was most typical to start an automobile company in the



Samuel C. Pandolfo,
Founder and President of
the Pan Motor Company
(Photo courtesy of St.
Cloud Antique Auto Club)

early 20th century by first designing and building a car. It was unheard of to start one with only an idea, selling stock in a company that had no car design or prototype. But then, Samuel C. Pandolfo was not typical. Neither was the car typical. By most accounts the 1919 Pan was of fine design and well ahead of its competition.

Sam Pandolfo started as a teacher, and then in 1905, he discovered selling. He made a fortune as a young man selling life insurance throughout the southwest United States. Pandolfo was extremely persuasive, and since sales commissions were usually 90% of the first year's premium, his persuasion made him a lot of money. He took on more lines of insurance and he hired legions of salesmen who trained beneath him. His methods made those folks lots of money too. As his territory expanded, he began using the automobile as business transportation over his multi-state region as well as to display his status. He was a

very effective salesman and sales manager. His creative methods gained the attention of the Texas Insurance Commissioner. His license was revoked. But by then automobiles were becoming popular and his automobile experience as a traveling salesman left him with a bold idea.

By spring of 1916 in the United States, a network of roads was beginning, cars were becoming more reliable, and prices were becoming more affordable. Sam Pandolfo had definite design ideas from his sales days – for things like seats that reclined to a bed, a cookstove for the rear bumper, and extra fuel and water tanks that fit securely to the running boards. He enlisted two other individuals, and together the trio started selling stock in this idea that was to become the Pan Motor Company. By fall, the three were bound for Chicago where they made several important contacts and arranged for Delaware incorporation of their company. The company was capitalized at \$5 Million – but that meant that Pandolfo was authorized to sell \$10 Million of stock, because for every \$10 Share, half – or \$5 – went to the “Capital Fund” and the remainder to the “Surplus Fund”. Pandolfo was to pay all stock sales expenses from the “Surplus Fund” and all expenses of the company until the company found a location – but whatever was left was Sam Pandolfo's to keep. The *Automotive Trade Journal* carried the news of the new company, and it was greeted with quite some fanfare.

With no car as yet and no factory, Pandolfo kept up a blizzard of pamphlets, letters and brochures both to prospective stockholders and to those already subscribed. With a growing hoard in the capital fund, Pandolfo contracted the engineering firm of Reed & Glasser in Indianapolis to design and build a prototype car. He ordered ten. His instructions were for “a handsome car, rugged enough to withstand the Western terrain, with a ten-inch

clearance for the hog-back roads it would have to travel, with a seat the folded down to make a bed, and to sell for less than \$1500.” He then started writing to Chambers of Commerce through the U.S. to find a suitable location for a factory. Persuaded by several leading bankers and businessmen of the city who wished to invest in his company, Pandolfo chose St. Cloud, Minnesota for the plant.

News in St. Cloud in March, 1917 was of the new factory. Early news stories said it would consist of three large units costing \$5 Million to construct. One new plant would make pleasure cars, one trucks, and one farm tractors. By summer buildings were being constructed on the site. Also by summer, a whole new subdivision of houses was being built – 52 new homes in 25 different designs and sizes, along with paved streets and sewers. By June the ten prototype cars arrived. In a giant promotional picnic, more shares in the new company were sold. The turnout at the picnic exceeded the population of the town, with an estimated 70,000 persons attending. Parking had to be provided for 5000 cars (in 1917!) and 15,000 pounds of beef was served. Most importantly lots of new shares of stock in the Pan Motor Company were sold.

Despite the restrictions of an ongoing world war, the plant grew and grew. The assembly buildings were connected by tunnels. The most modern drop forge plant in the nation was built, along with a heat treat plant, die shops, and the engineering building. Some of the best and brightest automotive engineers and plant leadership was hired from the major auto companies in Detroit and brought to St. Cloud. A tank tread tractor was designed and a prototype built. As the factory was going up, a second generation prototype car, the Pan 250 was designed and assembled. This car further developed many of the design details Pandolfo wanted to promote – the “tourist sleeper body” and the “Pandolfo Combination Compartment Tank” that mounted on the rear bumper with not only storage for extra gas and oil, but an ice box for sandwiches. Price of the car was \$1250 fob St. Cloud.

By 1918, the plant was a reality. While car production was sporadic, and centered mostly on cars for promotions and some targeted give-aways, much of the capacity of the drop forge plant had been sold to the majors, and it was busy making parts for Chevrolet, Nash, Buda, the US Navy, and others. The drop forge plant was impressive, with 17 large forge hammers that had been obtained through special permission of the War Industries Board.

In the fall of 1918, three Pan Model 250 cars made an 11,000 mile promotional tour of the Southwest US. On September 28th the Pans became one of the few model cars to make the trip to the top of Pike’s Peak (and back) without modification or incident. Promotion efforts increased. Pandolfo believed that large investors would not invest in a company without that company having a strong background in the business, so he targeted his stock sales only to small investors. A typical sale was for 25 or 50 shares (@\$10 per share), and the sale was often done on the new installment

basis (with the first proceeds going to Pandolfo, just like in the days of selling insurance). Agents (many of whom formerly sold insurance for Pandolfo) were hired in many



states for a 15% commission paid from Pandolfo’s share. One attraction of the stock was that every holder would save the “middleman’s profit” of 15% on a new Pan, with a discount for that amount to shareholders purchasing a car direct from the factory – when the new cars were available. Stock sales were brisk at over \$400,000 per month, and enough stock was sold to guarantee capital for the new car launch, to make Pandolfo personally a very rich man, and lastly to attract the attention of the Minnesota State Securities Commission. Long hearings were held with great publicity – but Pandolfo was cleared with a slap on the hand and stock sales were permitted to continue, although with reduced commissions.

As the war ended in the fall and the all new 1919 Pan Model A was designed, the promotional effort accelerated further, despite a grand jury investigation of Pandolfo and his Board of Directors, this time on mail fraud in the sales of stock. In June, the first of the hand built Model As were produced with nearly all Pan produced parts. To juice the sales of stock for continuing capital, a grand leather bound promotional piece called “Pictorial Proof of Progress” was produced to document the company. Extensive pictures of the plant, the cars, the production lines, and the Pan Town neighborhood were included – all proof of the successful new car and the Pan Motor Co.

By spring of 1919 the first assembly line production order for 30 of the all new Pan Model A went to the plant. Nearly all parts were locally manufactured, and because it was assumed that local production would be less expensive, the price of the new car was set at \$1058.

1919 Model A Pan Car



While the test trips of the new automobile were all grand successes, most publicity was now centered on the multiple grand jury investigations underway. The charges of mail fraud were brought, and multiple lawsuits were filed against Pandolfo and the Pan Motor Company.

The trial before Judge Kenesaw Mountain Landis was long and colorful. Counter allegations of a conspiracy against the company were made. The focus of the trial was the optimistic claims of target production dates and milestone claims made in the early literature and letters to share-holders which were claimed to be intentionally misleading. While the details of the case against Pan mostly centered on the inflated claims in the stock sales publicity; most legal experts today would probably concur that the evidence used to convict him would never be allowed in court today. Over 600 pages of testimony were taken from more than 200 witnesses. Pandolfo was convicted of mail fraud, but all members of the Board of Directors of the Pan Motor Company were acquitted. Pandolfo resigned as President of the Pan Motor Company. Judge Landis sentenced Pandolfo to ten years in prison and a \$4000 fine. The conviction was appealed.

Production of the Model A began and plant started in full swing, but financial problems due to the adverse publicity and due to Pandolfo not being available with his stock sales expertise began to plague the Pan Motor Company. Pandolfo was occupied with his appeal and with his new venture, the Pandolfo Manufacturing Company. The Manufacturing Company had been founded at the same time as the Motor Company, but separate and wholly owned by Pandolfo. The company's Handy-Pandy Metal Folding Table was ahead of the TV tray by 25 years. Also produced was the Combination Compartment Tank, the "Simmons Wheel of Steel", a fender mounted luggage rack called the Handy-Pandy Luggage Carrier, a coffee maker, a contraption called the "Spud-Masher", and several other items advertised as "Made-O-Metal" brand. Pandolfo was also occupied with the IRS which was pressing claims of nearly a half million dollars in taxes and penalties against his 1917, 1918, and 1919 incomes.

By early 1922 everything collapsed. Production ceased at the Pan Motor Company after producing nearly 750 cars (several remain today). His house burned and his wife left him. The Pandolfo Manufacturing Company was auctioned at Sheriff's sale, Pandolfo's property was foreclosed for taxes, and Pandolfo's appeal failed and he was ordered to serve his sentence. He again appealed – this time to the Supreme Court. In 1923 the Supreme Court refused to hear his case and ordered him to serve his sentence. Pandolfo went to Leavenworth. What remained of the plant and property of the Pan Motor Company was sold to the Diamond Motor Parts Company (later to become National Bushing). Stockholders received nothing.

Pandolfo was released in 1926 and returned to St. Cloud where he was literally greeted with a brass band and a hero's town celebration. It only took him a year before he started a new enterprise – this time a "health food" greaseless do-nut

shop and a contract with a Chicago manufacturing plant for production of the "Pan's Peerless Greaseless Do-Nut Cooker" which he would promote. He raised money by issuing personal notes paying 7% interest and being perpetually renewable as long as the interest was paid. Going one step further, he would also accept a personal note from creditworthy individuals for the entire principal and then sell those notes to small town banks that would cash Pandolfo out. He traveled the west putting on vaudeville shows with hired performers to gather a crowd so that he could pitch his promissory notes and his Do-Nut pans. Again selling Do-Nuts was not profitable, but the promissory note scheme (just like the insurance business and Pan Motor stock) was bringing in lots of cash and profitable commissions for Pandolfo. The business grew. In 1930 it incorporated and started selling stock. The Pan Health Food Company was now making Do-Nuts, Pan's Potato Chips, Pan's Grandma Cookies, and Pan's 10-cent Fruit Pies. Brochures were published and were noted for clever sayings. One ad listed his motto:

PANDOLFO'S MOTTO IS

A Quitter Cannot Win, and a Winner Never Quits
Also – Any Dead Fish Can Float downstream,
But it Takes a Live one to Swim Up.

The Pan Health Food Company was driven into receivership in 1931. It seems Pandolfo rarely made full payment on any installment purchase, and defaulted on many of the notes. With capital hard to raise in the 30's despite whatever clever promotion, Pandolfo kept mostly to himself throughout the decade.

In 1938 Pandolfo went back into insurance with its lure of up-front cash. He founded the Old Line Insurance Shares Corporation, incorporating in New Mexico. By all accounts, his corporate bookkeeping was creative. By November of 1942 he was back in Leavenworth, again for mail fraud and violating the securities and exchange laws. In 1944 he applied to the President of the United States for a pardon, which was at first denied, but he was paroled as soon as eligible in 1946 at age 71. Six days later he was back at work, successfully selling insurance for Banker Union Life in Colorado, and somehow on November 9, 1947 he quietly received his pardon. He largely stayed out of the public spotlight, only surfacing publicly again in 1949 as a focus of interest with the ongoing fraud trials of Preston Tucker and the natural comparisons of Tucker Motors to the Pan Motor Company.

By 1956, either Pandolfo got bored, or more likely his past methods began to catch up with him again, so at age 81, like others before him, he sought broad opportunities and fresh territory in Alaska. In preparation for Alaska, he gathered volumes of letters of recommendation from congressmen, senators, and others of influence.

On November 18, 1958 the State of Alaska incorporated the Alaska Reserve Underwriting Corporation. While Samuel Pandolfo was President, he did not have himself listed as one of the incorporators. Two of the individuals

were from the lower 48, but the remaining seven were all from Point Barrow, Alaska. The registered office for the corporation was "Brower's Store in Point Barrow" and the corporation's purpose was "to form all kinds of insurance companies, purchase real estate, everything". Capitalization was \$1,562,500. Samuel Pandolfo and his second wife, Agnes, settled in Fairbanks (the listed principal place of business for Alaska Reserve Underwriting), taking residence in Apartment 534 of the Northward Building. He published a 56 page biography, "A Brief History and Background of Samuel Pandolfo" to explain himself as he began anew in insurance. Records of the Alaska Reserve Underwriting Company were stricken in 1962 as it was by then out of business.

Samuel Clements Pandolfo died at St. Joseph's Hospital on January 27, 1960. He was survived by his wife Agnes, a sister Lena in Arlington, Virginia, his son Samuel in Denver, and his daughter Vivian in El Paso. Services were held at the Fairbanks Memorial Chapel on February 1st, and he was buried in Birch Hill Cemetery, where today a marker celebrates his founding of the Pan Motor Company.

Members interested in Pandolfo should read John Dominik's book "The Legend of Sam Pandolfo". I also have some literature, stock certificates, and a copy of the large 1918 leather-bound Pan book "A Pictorial Proof of Progress". In the early 70's Jill and I lived in the Pan Town home that was built for and belonged to Leroy Brown, Pan's Vice President of Manufacturing. (We sold a 1948 Packard for down-payment on the house). For a good summer trip, drive your old car up to Birch Hill and pay your respects to Fairbank's only true auto baron!



This Pan Model A is owned by private collector Roy Bernick

Specifications of the 1919 Pan Model A (from "A Pictorial Proof of Progress"):

MOTOR: Pan design, 4-cylinder, 3 1/2" bore, 5 inch stroke, actual horsepower 45-50

CARBURETOR: Stromberg horizontal type

IGNITION: Remy distributor, closed circuit type; 6-volt, Gould battery

LIGHTING: Auto-Lite

STARTING: Auto-Lite

COOLING: Thermo-Syphon

TRANSMISSION: Pan design, selective type, 3 speeds forward and reverse. Shafts mounted on ball bearings. Gear ratios, direct drive on high, 4.9:1; intermediate 10:1, low 19 1/4:1; reverse 15 3/4:1.

CLUTCH: Borg & Beck; standard 8" dry plate

FRONT AXLE: Pan design, Timken bearing equipped

REAR AXLE: Pan design, three-quarter floating, Timken bearing equipped throughout

SPRINGS: Rear, Hotchkiss drive, semi-elliptic, 2 inches wide, 50 inches long. Front semi-elliptic, 1 3/4 inches wide, 36" long.

FRAME: High carbon, pressed steel; depth of channel section 6 1/8 inches.

BRAKES: Emergency brake internal expanding, mounted at rear of transmission case. Service brake, internal expanding, mounted on rear wheels. Both brakes enclosed and dust proof.

DRIVE SHAFT: Standard Spicer universal joints, tubular construction.

WHEEL BASE: 108 inches

TREAD: Standard.

WHEELS: Second growth hickory, artillery type, 12 spokes front and rear, Firestone demountable rims.

TIRES: 33x4 all around; non-skid on rear.

ROAD CLEARANCE: 11 inches

BODY: Five passenger, Pandolfo "Tourist Sleeper" Model, also Sedan and Roadster.

TOP: One man type equipped with side curtains opening with doors.

EQUIPMENT: Boyce moto-meter, Stewart-Warner speedometer, electric horn, complete set of tools, tire pump, jack, tire carrier in rear; Pandolfo combination compartment tank.

WEIGHT: 2,300 pounds fully equipped.

Bibliography:

The Legend of Sam Pandolfo, by John J. Dominik, 2003

The St. Cloud Times (11/6/2003 and 12/27/2005)

Pantowners AACA chapter website

A Pictorial Proof of Progress, Pan Motor Company, 1918

MYSTERY OF THE MONTH by Ron Allen

Garry Farnham is holding two mystery items in the following photos that we would like some feedback on. If anyone can identify what these automotive related items are, we would appreciate your sharing that information with us. You are welcome to use your imagination like the actors on the Hollywood Squares TV show. I personally think they are 19th century torture devices.



Garry's WHATIZIT?

I also have a mystery historic photo for next month's newsletter issue. If you have any interesting or mysterious antique automotive related objects or photos you would like to share in a future newsletter issue, please contact me.

SOME DUES STILL NOT PAID

Marion Benhan said to check your address label on this newsletter. If your name is highlighted, she has you in her ledgers as having not paid your 2008 dues yet. Your dues and your camaraderie are important (not necessarily in that order though). Call Marion at 474-4966 or send payment to VLNAAC, PO Box 71253, Fairbanks, AK 99707.

AUTO MUSEUM CONTACT PERSON

Scott Grundy has been appointed as the VLNAAC contact for items pertaining to the Fountainhead auto museum currently under development in Fairbanks. Scott is working to assure that our inputs reflect a coordinated response from our club. He is coordinating information with Nancy DeWitt, a Fountainhead representative who is in charge of developing the museum displays. Scott has already shared photos of car museum layouts, displays,

signage, memorabilia, and etc. with Nancy. She seemed most appreciative. Nancy indicated to Scott that she wants to make it interesting to the general female population. Lynn (Scott's wife) said "good luck," but added that she was most interested in the displays involving people in period clothing, stories, memorabilia and **clean restrooms!** Scott suggested that perhaps the museum could include food preparation recipes that addressed cooking with motor oil. Scott added that Nancy didn't seem too impressed with that idea. Clearly, Scott needs our help. Please direct your inquiries and ideas to Scott at 457-3526 or grundy@mosquitonet.com.

Scott is currently looking for items that are specific to northern climes such as skis & tracks made for, or adapted to, an early vehicle (perhaps even an entire vehicle so equipped), fur blankets & clothing, foot warmers, period clothing, Alaskan memorabilia, & etcetera.



BIRTHDAYS AND ANNIVERSARIES



FEBRUARY BIRTHDAYS

10 Kathy Larson
12 Mebble Hansen
14 Richard Gresham
15 Gene Wescott
19 David Reid
21 Betty Carlson
27 Shirley Franklin

FEBRUARY ANNIVERSARIES

01 Ed & Laural McLaughlin
02 Dick & Joni Ellsworth
12 Loran & Marion Benham
14 Ron & Carole Stevenson

CLASSIFIED ADS



Model "A" Repairs: Bill Wright, an active VLNAAC club member, does re-babbitt work on A's, B's, and T's, complete engine rebuilds, and carburetor, oil pump and water pump rebuilds. Call him at 479-8506 or his cell phone 388-2118.

Welding, Repair and Fabrication! Need it done? I can do it! Tom (Blue) Hinchsliff 479-0478.

OFFICERS:

VLNAAC Website: oldcarsfairbanks.org

President	Willy Vinton	wvinton@acsalaska.net	907-456-2261
Vice President	Bill Wright	tong@mosquitonet.com	907-479-8505
Secretary/membership	Marion Benham	Mvbenham1@yahoo.com	907-474-4966
Treasurer	Don Oines	doines1@gci.net	907-452-4510
Director	Gary Nash		907-456-2103
Director	Ray Mcleod	mcleod@acsalaska.net	907-456-7877
Director	Scott Grundy	grundy@mosquitonet.com	907-457-3526
Newsletter	Ron Allen	ronandnancy@gci.net	907-488-3965
Webmaster	Wilma Vinton	wvinton@acsalaska.net	907-456-2261
Events Coordinator			

NEXT MEETINGS

The next general club meeting is Thursday, February 14 at the **Mayflower**. The **Mayflower** was chosen after our reservations for the Roundup were cancelled. Dinner starts at 6:00 PM and the meeting is at 7:00.

The Board Meeting is at 6:30 at the **Siam Square** at 59 College across from Sam's Club on Tuesday February 12. Everyone is also welcome to attend Board Meetings.

Newsletter Deadline

All materials for the newsletter should be in by the 20th of the month to be considered for the next newsletter. Email ronandnancy@gci.net or call 907-488-3965. Items can be mailed to Ron at his home address; 1288 Rangeview Dr, North Pole, AK 99705.

Have a story about how you got your car? A favorite trip? A real repair hassle? Send it in!



Vernon L. Nash Antique Auto Club
P.O. Box 71258
Fairbanks, AK 99707