

W. J. Hammer  
Aug. 17-06

**CONFIDENTIAL**

**No.**

From the  
**WILLIAM J. HAMMER**  
Scientific Collection

**New York Electric Music Company**

# NEW YORK ELECTRIC MUSIC COMPANY

**O. T. CROSBY . . . . . President**  
**F. C. TODD . . . . . Vice-President**  
**A. H. S. POST . . . . . Treasurer**  
**H. F. STEVENSON . . . . . Secretary**



## DIRECTORS

**H. C. BROWN . . . . . H. C. Brown & Co., Bankers, Baltimore and New York**  
**OSCAR T. CROSBY . . . . . Washington, D. C.**  
**N. W. JAMES . . . . . N. W. James & Co., Lumber Dealers, Baltimore**  
**LOUIS B. DAILY . . . . . The Corporation Trust Co., Jersey City, N. J.**  
**A. H. S. POST . . . . . 2nd Vice-President, Mercantile Trust & Deposit Co., Baltimore**  
**F. C. TODD . . . . . Local Manager, General Electric Co., Baltimore**  
**J. G. WHITE . . . . . President, J. G. White Co., New York and London**



# NEW YORK ELECTRIC MUSIC COMPANY

---

**DESCRIPTION** The purpose of this circular is to lay before you a financial proposition connected with an entirely new art, the generation and distribution of music electrically by the Cahill Telharmonic System. This is not merely a new invention or device used in a known or existing art, but an entirely new art; quite as new and as different from anything which has preceded it as was the Bell Telephone at the time of its introduction.

## TELHARMONIE—THE MUSIC OF THE FUTURE

In the ordinary process of telephoning the voice of one person, the speaker, sets up a succession of weak electric currents in the wires joining the two instruments. These currents correspond to the vibrations of the sending diaphragm, and cause similar vibrations in the receiving diaphragm. If instead of the human voice, which is very complex, we let the sound wave of a note from any musical instrument fall upon the telephone diaphragm, we are able to describe just what vibrations arise in it, because we know just what vibrations in the string (as of a piano) or in the column of air (as of a flute) have created the note itself. And knowing the vibrations of the telephone diaphragm, we know just what sort of electric currents are set up in the circuit. It is this knowledge which lies at the basis of the Cahill invention.

We know the character of the currents which will be set up by instrumental music, and which will cause that music to be faintly reproduced. Why not make these currents once for all in dynamos and make them strong enough to produce loud sounds that can be heard throughout a hall? That is the whole thing in a nut shell—and that is what is shown in the Cahill Telharmonic Machine now about to be installed in New York City.

It is one machine, consisting of many dynamos, and each dynamo produces a particular sort of current—one of the many different kinds that could be set up in a telephone circuit by musical instruments. The artist, who performs at a key-board, is in fact throwing these dynamos into various groups and putting their current on the line. Thus causing to be produced in any number of telephones the particular note or notes required by the score. The different groupings will determine the *quality* of the tone—whether it will be like that of a clarinet or of a stringed instrument.

Several performers playing together, but on different key-boards, will thus produce several qualities, which means that complete orchestral effects will be had at the points where the translating devices (substantially telephones) are placed. Besides throwing the necessary dynamos into circuit, the performer has means of very delicately modulating these currents, thus permitting a most delicate expression of his own interpretation. Every listener in ten thousand halls will then hear this original personal expression of the musician at the Central Station. The business of the Telharmonic Companies is to sell the music thus produced. On one circuit it may be the work of a single performer; on others, that of a group of five or six producing orchestral effects.

Small machines, similar in principle to the large one now about to be installed, will be made. Those who, besides subscribing to the Central Station service, may desire to make music for themselves, such as churches, theatres and well-to-do private houses, will undoubtedly take many such.

**THE TELHARMONIUM HAS PASSED THE EXPERIMENTAL STAGE AND IS READY FOR COMMERCIAL OPERATION**

**PRESENT PLANS** The New York Electric Music Company was organized August 10th, 1904. It owns the exclusive license rights under the Cahill patents for the entire State of New York, and has made satisfactory arrangements for street subway space in New York City.

It is not proposed that this Company shall be an operating company, but that it demonstrate to the public the practicability of furnishing electric music commercially, and then organize separate operating companies, controlled by the New York Electric Music Company, for parts of its territories ; the contemplated division of territory, subject to changes, being as follows :

		Population
<b>NEW YORK COMPANY</b>	For Counties of New York, Kings, Queens, Suffolk, Richmond and Nassau . . . . .	5,165,434
<b>BUFFALO COMPANY</b>	For Counties of Niagara, Erie, Orleans, Green, Wyoming, Genesee, Chautauqua, Cattaraugus . . . . .	851,862
<b>ROCHESTER COMPANY</b>	For Counties of Monroe, Wayne, Ontario, Livingston, Seneca, Alleghany, Steuben and Yates . . . . .	547,021
<b>SYRACUSE COMPANY</b>	For Counties of Cayuga, Schuyler, Chemung, Oneida, Madison, Oswego, Onondaga, Hamilton, Herkimer, Tioga, Tompkins, Courtland, Broome, Chenango, Jefferson, Lewis, St. Lawrence, Franklin . . . . .	1,059,040
<b>ALBANY COMPANY</b>	For Counties of Clinton, Essex, Fulton, Saratoga, Washington, Rensselaer, Albany, Schenectady, Schoharie, Otsego, Montgomery, Columbia and Warren . . . . .	795,049
<b>NEWBERG COMPANY</b>	For Counties of Ulster, Sullivan, Dutchess, Delaware, Orange, Putnam, Rockland and Westchester . . . . .	646,345

The experimental machine was completed by the inventor prior to the incorporation of this Company. The first machine intended for commercial use has been constructed by Dr. Cahill, the inventor, at Holyoke, Mass. This machine, now ready for installation, has a capacity sufficient to supply several thousand outlets or customers, and has fully demonstrated the possibilities of Electric Music. It is proposed to move this machine to New York. A lease is being closed for a desirable Broadway situation, at a rental of about \$30,000 a year. It is proposed to use this for demonstration and concert purposes, and from this station, for the time being, music for all of New York will be distributed.

After demonstrating the quality of the music produced and the commercial demand for the music, it is proposed to organize the subsidiary companies.

It is expected that it then will be possible to provide all the construction and installation expenses of operating companies from a sale of a part of the securities of the subsidiary companies, leaving to this Company a cash profit from the sale of the territorial rights as well as the control of the subsidiary companies, through the ownership of more than a majority of the stock.

**FINANCIAL PLAN** The present authorized capital stock of the Company is \$600,000, of which \$426,000 has been issued.

In order to provide funds to make the final payments on the machine, move it to New York and properly exploit the electric music system, it is proposed to increase the capital stock to \$750,000 and issue \$300,000 at par. Subscriptions to \$150,000 are already assured.

The financial condition of the Company will then be approximately as follows, to wit :

Capital Stock . . . . .		\$750,000
Telharmonic machine, cost in cash . . . . .	\$200,000	
Cash on hand . . . . .	200,000	
Cahill Telharmonic license rights for State of New York, subway privileges New York City, cost of legal and organization expenses and expenses since organization . . . . .	326,000	
Stock in Treasury . . . . .	24,000	750,000

**COST OF PLANT** The central station and house connection investment to supply ten thousand customers in New York City with music, would not amount, exclusive of building and distributing system, both of which will be rented, to more than \$600,000.

**OPERATING EXPENSES** Outside of subway rentals and royalties the expense of a central station, serving ten thousand customers, will be practically the same as one serving one thousand customers, and will probably be covered by the receipts from paid admission to the Central Station Concert Hall. *Twenty-five per cent.* of the gross receipts is a perfectly safe figure to take for all operating expenses, rentals and royalties.

**PROFITS** It is difficult to make any estimate based on known data of the probable profits or revenue which will not from the mere size or amount appear extravagant. In so entirely new an art the estimates are bound to be somewhat conjectural. There is, however, certain accurate, partly statistical, information from which the probable demand for and profit from electric music may be estimated with fair accuracy and conservatism.

**NUMBER OF MUSICIANS IN GREATER NEW YORK** There are, according to the *Musical Courier*, over 25,000 musicians in Greater New York. The union rate of wage is \$5.00 per day.

Allowing 300 working days the yearly amount paid them would be over \$37,500,000.00.

While all would not be displaced even when the art reaches its highest perfection, yet these figures at all events show the extent of the "market for music" in public or semi-public places.

**THE NOTES AND TONES PRODUCED BY THE TELHARMONIUM ARE AS PURE AND BEAUTIFUL AS THOSE PRODUCED BY ANY MUSICAL INSTRUMENT.**

**HOTELS, RESTAURANTS AND SALOONS** There were issued in Greater New York in 1905, 13,009 liquor licenses. This number includes the Waldorf, Delmonico's, Sherry's, Martin's and Hotel Astor, which pay upwards of \$25,000 per year for music. If establishments of this kind are entirely excluded it can be

safely assumed that one-fourth of the saloon and restaurant keepers would have music installed either as paying customers or through slot machine devices. Experience with present musical slot machine devices show that these earn on an average of \$1.00 per day. On this basis the revenue from the installation in one-fourth of the saloons and restaurants alone would yield the following amount annually :

3252 restaurants, saloons, etc., at \$300 per year, \$1,075,600.

**EXISTING MUSIC DEVICES** The estimate of the number of automatic banjos, pianos and other instruments operated by slot machines in Greater New York is over 3,000. The electric music system now produces music far superior to any of these devices. After paying to the occupier of the room in which they are installed a commission of 10 per cent. they earn on an average \$1.00 per day or per year \$900,000.

The Edison Phonograph Company manufactures 75,000 records daily, which sell for 30 cents each.

The sale of the Victor Talking Machine Company's machines and records in 1905 are reported to be over \$7,500,000, with a probable profit of half that amount.

**RENTED PIANOS** One of the largest piano manufacturers in the country states that there are over two hundred firms and individuals engaged in renting pianos in Greater New York, and that one Brooklyn firm alone (probably the largest) has over *eight thousand* rented pianos out. The usual rental is \$60.00 per year.

**ISOLATED PLANTS** Another source of revenue will be from the sale of isolated plants for use in churches, theatres and private houses. The profit on these will be at least \$1,000 each, and a conservative estimate would put the number of these sold at 200 a year for the first ten years. The number of pianos and organs now sold annually in New York City is very great. The Telharmonium will give a wider range of music than either.

**MARKET FOR MUSIC** As a further illustration of the revenue that may be expected from the operation of these Companies, the following list of probable customers, in Greater New York, that can be reached either through a direct rental or a pre-payment device, is given, with the *average* rate per day that could be expected.

	Rate per day
2827 Restaurants . . . . .	\$3.00
9350 Saloons . . . . .	1.00
556 Hotels . . . . .	10.00
1068 Churches . . . . .	
657 Schools . . . . .	.50
276 Hospitals, Sanitariums, Asylums, etc. . . . .	1.00
125 Theatres . . . . .	
663 Boarding Houses . . . . .	.50
1575 Dentists . . . . .	.50
5070 Barber Shops . . . . .	.50
5960 Doctors' Waiting Rooms . . . . .	.30
624,000 Residences, including Apartments . . . . .	.20

## **ELECTRIC MUSIC IS NOW COMMERCIAL MUSIC.**

These figures suggest a profit so enormous that there is a natural inclination to doubt them. However, when it is considered that this Company occupies toward the Telharmonic art the same relation that the original Bell Telephone Company occupied towards the art of the telephone, and when the known results to the stockholders of the original Bell Company are borne in mind, it would seem that these figures are not really extravagant.

It is not, however, necessary that the expectation based on the figures given be realized, in order to make the Company a very profitable one ; since a small fraction of the possible revenue suggested would be more than sufficient to pay annual dividends of several hundred per cent. on the entire authorized capital stock.

**SUBSCRIPTION** The Company offers for subscription \$300,000 of its stock at par. The right to reject or reduce subscription is reserved.

The terms of subscription are set forth on the attached subscription blanks. Subscriptions on attached blanks must be sent to A. H. S. Post, Treasurer, the Mercantile Trust and Deposit Company of Baltimore, Baltimore, Md. Negotiable receipts for all payments will be issued by that Company.

**OSCAR T. CROSBY, PRESIDENT.**

# NEW YORK ELECTRIC MUSIC COMPANY

Authorized Capital Stock, \$750,000

The undersigned hereby subscribes for the number of shares of the capital stock of the NEW YORK ELECTRIC MUSIC COMPANY set opposite my signature hereto, or to such part thereof as may be allotted to me by the Board of Directors of that Company.

I agree to pay therefor as follows:

*First.* Twenty per cent. (20%) within ten days of the notice of allotment, and

*Second.* The balance at such time and in such installments as the President of the New York Electric Music Company may, under the direction of the Board of Directors, direct and require.

Ten days' notice by mail to be given of the time and place of payment. All payments to be made to A. H. S. Post, Treasurer, at the office of the Mercantile Trust and Deposit Company of Baltimore, Baltimore, Md.

In the event of default in the payment of any subscription, said Company or its agent is authorized to offer for sale the shares subscribed for at any broker's board, or elsewhere in the City of Baltimore, without notice to me. The proceeds to be credited on the subscription, and the balance to be paid by the subscriber immediately upon such sale.

NAME OF SUBSCRIBER	ADDRESS FOR NOTICES	Par Value of Shares Subscribed for