

THE FORGOTTEN TYCOON

BY DAVE DYER

The search for a lost ancestor uncovers a forgotten stock scandal from the 1920s.



Clayton Pickard, ca. 1923

My search for a long-lost ancestor uncovered a stash of documents and photos, unopened since 1923, that gave an inside view into a forgotten stock scandal from Buffalo's boomtown days—and painted a portrait not of my relative but of the optimistic, visionary tycoon behind it all: Leonard Rambler Steel.

I grew up hearing about my grandmother's only brother, Clayton Pickard. Born in Ingersoll, Ontario, in 1890, he was the family member marked for success. By the early 1920s he was a businessman with a wife and three small children. And then he vanished. But he left just enough footprints for me to discover this amazing story. At first, I had no good

leads, but the Oxford County Library in Ingersoll provided birth records for Clayton and a 1910 announcement for my grandmother's wedding where he was best man. When I visited the library, I found another person was researching the Pickard family, Clayton's grandson. Unfortunately, he knew almost nothing about his grandfather, nor did his father, now eighty-four, who had not seen his dad since he was five years old. Like me, he had always wondered about Clayton, even though his mom claimed he was dead. Now, I was searching for both of us. I did pick up two leads from him: Clayton lived in Buffalo, New York, and he worked for a company called the L.R. Steel Company.

Time Capsule

Visiting Buffalo, I discovered that Clayton Pickard had intentionally changed his name to Clayton Picard, claimed to be French, and lived under the radar until his death in 1962. I found his grave and thought that my search was done. Actually, I was just starting.

That evening in the hotel, I recalled that his son said Clayton worked for the L.R. Steel Company in Buffalo. I Googled the name to see if they were still in business, and found an eBay listing for a set of documents from the L.R. Steel Company. They were categorized as "Americana."

Back home, I realized I had an unopened time capsule from the Roaring Twenties. I started going through the newsletters looking for anything about Clayton. He had been, at least for a bit, a vice president and one of the early employees. But I kept finding other, more interesting things about the company and its boyish, enthusiastic founder, Leonard Rambler Steel. I was getting an inside look at the ambition and genius of a chain store tycoon.

L.R. founded his chain store empire in Buffalo in 1919. Five and dime stores were all the rage, and customers were eager to forget the frugality of the preceding war years. There were fortunes to be made bringing new inventions, like electric lights, to the public.

Stock Sales

L.R. had his own Big Idea, the first of many, about how to



BUFFALO SALES WOMAN DOES SPLENDID WORK



Mrs. Ethel McParlin

Manager Stevens of the Buffalo branch office has a real saleswoman in the person of Mrs. Ethel McParlin. Mrs. McParlin joined the sales force three weeks ago. The first week she produced twelve shares, the second week nine shares and the third week thirty-six shares. She is a plugger every minute and promises to be one of the top-notch producers in the campaign for "a Million in June."

make his stores successful. If the customers actually owned the stores, they would never shop anywhere else. So, he sold stock in his stores, not through the stock market, but directly to customers through

a sales force of up to 5,000 people. He found an untapped source of enthusiastic labor for his commission-driven sales positions: women. There were numerous stories about women who left the secretarial pool to take a chance in sales and went on to make big bucks. He also hired elderly people; salespeople in their 80s were common at L.R. Steel, and many of them were profiled in the company's newsletter. Opportunity for all was the attitude.

L.R. wanted to make sure that at least 75 percent of what people needed for everyday life was available in his stores. His goal was to have his store be the main retail outlet in a medium-size town. The stores sold clothing, kitchen items, linens, furniture and, eventually, food.

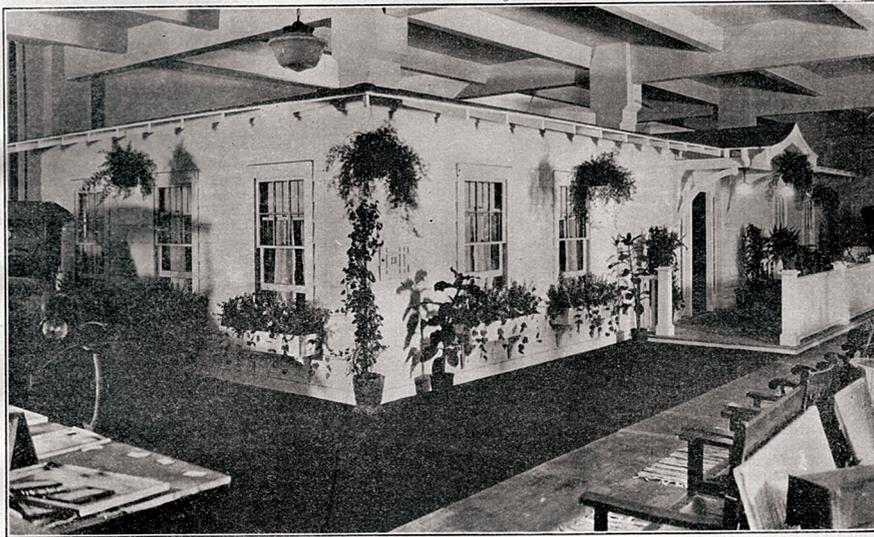
To emphasize the completeness of his offerings, he decided to arrange the store as if it was a small home. He displayed this concept by



Above: Steel sold stock in his store directly to customers.

Below: Leonard Rambler Steel

Left: The Steel's company newsletter profiled employees.



This is a view of the exterior of the attractive bungalow, which, completely furnished with goods obtainable in Steel's Department Stores, was one of the chief features of the exhibition in the Lincoln Building, Buffalo, arranged for the gathering of executives and managers held on July 8, 9 and 10.

Steel built a small bungalow inside his downtown Buffalo headquarters, furnished entirely with items from his stores.

Below left: Steel emphasized that a certificate of stock in his store was better than a thousand dollars.

Below right: Steel localized his marketing by making three-hour films about his life and company, which the public was invited to watch in the theater for free.

building a small bungalow inside his downtown Buffalo headquarters, furnished entirely with items from his stores. There was even a new Ford parked in the driveway. People could feel at home while they shopped.

He did not want customers to leave if they got hungry, so he started including cafeterias or candy shops in the stores. He bought a poultry farm to provide fresh eggs and chickens for his cafeterias, and he bought a sugar plantation in Florida to supply sugar for his candy shops. When the chicken farm could not meet demand, he turned the lawn of his estate north of Buffalo on Ellicott Creek into yet another chicken farm. Finally, to guar-

antee a supply of power for his empire, he bought a coal mine in Virginia. L.R. wanted to control his supply chain and cost was no concern.

Big Ideas

Every idea was over the top. He gave free meals to veterans at Christmas. He provided a free picnic, complete with 10,000 lollipops for several hundred poor children.

He developed a plan to make Niagara Falls into the commercial center of the world, sort of a permanent World's Fair dedicated to the glory of technology and the marvels of electricity. He planned 200 buildings and an airport. He threw a party at his estate on October 13,

1922, for 1,500 people to celebrate the idea and he ordered 2,000 chicken dinners. He scheduled thirteen speeches by various dignitaries because, after all, it was Friday the Thirteenth.

At the height of his success, he had seventy-five stores in sixty-one different cities. To fund this rapid growth, he sold stocks. His biggest idea of all—and maybe his biggest downfall—was his ability to easily sell stock. In one telling passage, he compares his stock certificate with a thousand-dollar bill. He said each is just a piece of paper but only the stock certificate can pay a good dividend and go up in value. In at least one case, he financed construction of a new store in Denver by paying his employees so well that he was able to get enough donations from them to build the store debt-free.

L.R. decided to make his own film about his life and his company, so he hired a production team to film the stores. The first showing of his film, *From the Pennsylvania Hills to the Chain of Steel Industries*, was in March 1922 to packed houses. He would rent a movie theater in a

A THOUSAND DOLLAR BILL.

A piece of paper stamped by the Government becomes a thousand dollar bill. A piece of paper stamped by Steel Services becomes a thousand dollar certificate of shares—in time worth more than a thousand dollars by virtue of dividends and increased value of Steel Securities. There's value for you!!



THE "MOVIE MAN" WILL BE COMING YOUR WAY WITHIN A SHORT TIME, SO BE PREPARED. MOVING PICTURES WILL BE MADE OF EVERY BRANCH OFFICE OF THE SERVICE CORPORATION AND OF EVERY STORE NOW OPERATED AND TO BE OPERATED BY THE L. R. STEEL COMPANY, INC., AND THE L. R. STEEL COMPANY, LTD. THESE PICTURES WILL BE ASSEMBLED INTO ONE GREAT FILM TO BE PROJECTED ON A SCREEN AT THE SECOND ANNUAL CONVENTION TO BE HELD AT ELMWOOD MUSIC HALL, BUFFALO, N. Y., NEXT OCTOBER.

WATCH FOR THE "MOVIE MAN" AND BE READY FOR HIM WHEN HE ARRIVES IN YOUR CITY. MORE DETAILS IN CONNECTION WITH THIS INNOVATION LATER.

L. R. STEEL, President.

COURTESY OF THE AUTHOR

IMAGES: COURTESY OF THE AUTHOR

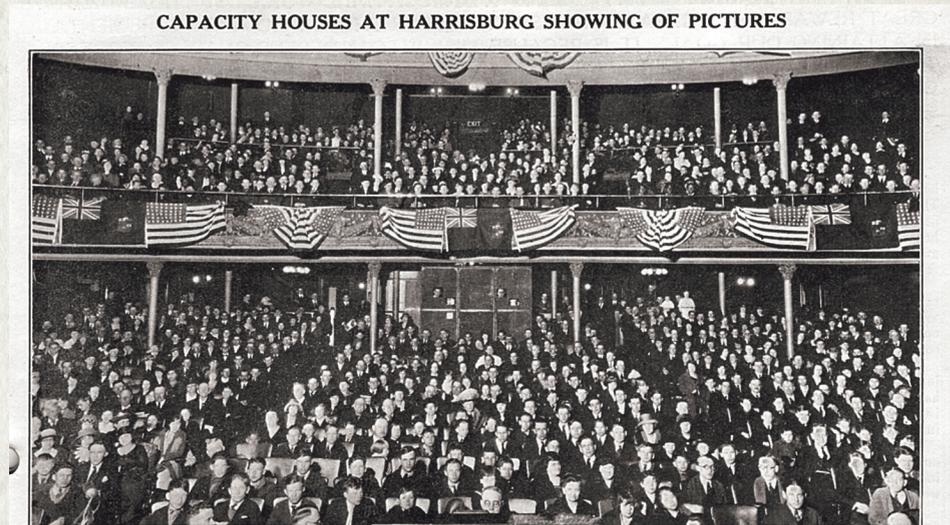
small town and give away tickets through ads in the local newspapers. All you had to do to see a free movie was write your name and address on the ad and present it at the door. A brass band in front of the theater helped grow the crowd. These tickets were leads for the salesforce. But they normally were not needed; people lined up the next day at the store to buy stock. He made fifty copies of his three-hour film, and, amazingly, each one had a different ending featuring the local Steel's store. He had localized his marketing and the people were enchanted.

Rapid Downfall

Even though he hired as many salespeople as possible, there wasn't enough revenue to support the rapid expansion and low prices of his stores. An acquisition went bad and the Attorney General of Maryland had him indicted for fraud. This threw sand in the gears of his perpetual motion machine and the revenue from stock sales dried up quickly.

There were more indictments in New York and L.R. was removed as the leader of his own company as bankruptcy loomed. There were attempts to keep the stores running but without the money from the stock sales and the optimism of the visionary leader, it was not going to work.

Then things got worse. L.R. was determined to buy his company out of bankruptcy by borrowing the money to



This picture shows the interior of the Orpheum Theatre, Harrisburg, Pa., at one of the presentations of "Pennsylvania Hills to the Chain of Steel Industries." The crowd here shown is typical of the attendance at all the performances.

do it. He was on a midnight train from Buffalo to Detroit to ask Henry Ford for \$1 million to fund the transaction when he suddenly died as the train was approaching Toledo—dead of a stroke at only forty-four.

This was March 1923, right about when Clayton Pickard vanished and changed his name. Pickard was one of the company's original employees and was sometimes listed as a vice president. Pickard was not indicted for fraud in 1923, but he did not want to be associated with the company. Embarrassed by

his involvement, he disappeared, never to contact his family again. Clayton was not alone; the obituary for another executive sanitized his background to remove his years at Steel's.

L.R.'s final extravagance was to be buried in a mahogany coffin lined with silver and copper. His wife bought it before she knew she was broke. The bankruptcy documents showed that all his wealth was in Steel's stock, now worthless. His mansion was sold to pay taxes. His will

**INDICT 6 OFFICIALS
IN L. R. STEEL CRASH**
**Grand Jury Charges Violation of
Corporation Laws and Larceny
in Stock Sales.**

Top: Steel financed parties and dinners to publicize his company.

Middle: Steel's films packed theaters.

Bottom: Indictments for fraud began in 1922 and brought about the downfall of the company.

COURTESY OF THE AUTHOR



Top: Steel is buried in Buffalo's Forest Lawn Cemetery in an expensive coffin that was never paid for.

Bottom: Clayton Pickard is buried in Mt. Calvary Cemetery under the name Clayton Picard in an attempt to disguise his real identity.

IMAGES: COURTESY OF THE AUTHOR

dedicated \$10,000 to pay for the perpetual maintenance of his grave, including flowers on his favorite holidays, but there was no money to fund it. The best asset in the bankruptcy was the Denver store that had been built with donations from his employees; it was the only asset without debt. L.R.'s wife went from hosting elaborate parties in a mansion to living in a rooming house and working as a private nurse.

Was this a Ponzi scheme? It is natural to compare Steel to Charles Ponzi who was operating in Boston just a year or two prior. Actually, L.R. was much more successful than Ponzi. L.R. sold stock

to 60,000 people and raised \$26 million; Ponzi only had 20,000 investors who lost \$8 million. The important difference is that L.R. actually had an underlying business that he seriously tried to run while Ponzi just had an idea for a business and claimed to be running it.

Why was L.R. Steel forgotten? He was big news at the time, but the company eventually closed, the visionary leader died and was no longer in the news. The indictments were dropped so there was no flashy trial. It was 1923 and the market was providing new opportunities for the unhappy shareholders. The last reference to him that I could find in the Buffalo newspapers was from 1938 when his former mansion, then a children's home, burned to the ground.

All fifty copies of his film are missing, but, since they were circulating in numerous small towns when the collapse happened, I still hope that one is on a shelf in some barn or basement waiting to be discovered.

L.R. is buried in Buffalo's Forest Lawn Cemetery in an expensive coffin that was never paid for, and a few miles away in Mt. Calvary Cemetery, Clayton Pickard is buried under the name Clayton Picard in an attempt to disguise his real identity. The slight name change allowed him to live under the radar in Buffalo, invisible from his own family and friends until his death. ■

THE ARCHIVES CONNECTION

The newsletters were supplemented with research into legal documents, bankruptcy records, and newspaper articles from that period. A query to the New York State Archives yielded detailed instructions for locating the documents needed. I did research on the legal proceedings through the Erie County Clerk's Office and the Erie County District Attorney's Office. The original bankruptcy records were obtained from the National Archives. The *New York Times* included twenty-six relevant articles published between 1920 and 1923. Buffalo newspapers were read on microfilm in person in the Grosvenor Room of the Erie County Public Library. I used an interlibrary loan to the Clayton Library for Genealogical Research in Houston to read the original Pulitzer Prize-winning articles in the *Boston Post* on Charles Ponzi. The Buffalo and Erie County Historical Society also aided my research by recommending several books on the history of Buffalo. Ancestry.com was used to research some of the individuals mentioned in the newsletters.