

Consolidation in post-repeal American breweries: the Atlantic Brewing/Bohemian Club example

Herman Wiley Ronnenberg

Introduction

In 1956, Atlantic Brewing Company of Chicago adopted into its family twin breweries - both named 'Bohemian Club' - one of Spokane Washington, and the other of Boise, Idaho. The distant twin adoptees were hardly infants. This two-plant brewing company was over 20 years old in each post-Prohibition location, and had earned both loyal followers and strong name recognition in that forgotten part of America in the drainage of the Columbia River. Harold S Lederer and his brother Leo M Lederer of Atlantic Brewing

felt that pooling of physical resources, know-how and of two organizations in the same industry is consistent with a trend in the brewing field.¹

Could these unsophisticated westerners - staunchly independent and rugged, yet with convoluted family trees reaching back to the gold rush - provide new life-blood to a cosmopolitan Mid-western corporation? Was this a practical, reasonable way to expand their marketing area, and return profitability to the company? The roots of these three companies, as

well as the business situation in all of American brewing during that era help reveal the possibilities and limitations of this unlikely merger.

Bohemian Club Brewing of Boise

The Bohemian Club brewery of Boise began when John Krall, a man as colorful as the gold rush era in which he first flourished, used his ever-growing pool of capital to open several breweries in southern Idaho.² In 1861, Krall made big money mining in fabulous Florence, Idaho's first great gold camp. Then, he went to Lewiston to run a bakery, and was soon on to Placerville in the Boise Basin to again operate a bakery. In 1864, Krall left Placerville, and went down the mountain to settle in the capital of the territory, Boise City. He opened a Bakery, saloon and brewery with a succession of partners in Boise and briefly owned a brewery in Rocky Bar. In 1868, Krall's new Boise partner was Joseph Misseld, lately of California, who eventually became the sole owner in 1870.

Misseld unexpectedly drowned in the brewery well, suicide, accident, or foul



Figure 1. Joe Misseld, brewery owner grave marker, Boise, ID.

play no one knows. In March of 1878, his widow sold the brewery to Idaho City businessman and former Idaho City brewery owner, John Brodbeck. Brodbeck fared well and expanded greatly as he competed for two decades with the only other Boise brewer, John Lemp, to become the larger business. Brodbeck finally sold to Henry Muntzer in December of 1900. Muntzer had been a successful brewer in Butte, Montana, and apparently wanted a rapid return on investment, not a long tenure in Idaho. Muntzer continued expansion and improvements in the plant, looking for a quick turnover and profitable sale.

In June of 1905, the era of individual ownership in Idaho breweries ended when a group of investors with strong connections to Spokane, Washington formed a corporation, and bought the brewery. The principals in the corporation were Charles Theis, WJC Wakefield, William Huntley, and James Cronin.³ They hired William Stoehr as manager of their newly acquired brewery. They and four other prominent capitalists

formed the Idaho Brewing and Malting Company of Spokane with \$200,000 in capital stock.⁴ They intended to remodel and increase the 20,000-barrel capacity of the Boise plant, and operate in both cities.⁵

Theis praised Boise's potential:

Boise is growing wonderfully showing prosperity on every hand. It is always a pleasure for me to come to Boise, things are so brisk and up-to-date. The whole country is growing. I noticed especially as I came in, as far to the west as Weiser, that new farmhouses were dotting the landscape on every side. With the big area of new land to be opened by



100 Per Cent Pure

The highest standard of excellence in beer production is reached in that delightful home brand, **Boise's Best Beer.** Call for it.

BOTH PHONES 445

Idaho Brewing & Malting Co.

Figure 2. Idaho Brewing and Malting Co., Boise. Forerunner of Bohemian Club circa 1909.

the government irrigation project here, I am satisfied that Boise and southwestern Idaho have a great future before them.⁶

These investors were destined to own the company for some decades to come.

Idaho used local option elections to go dry on a county-by-county basis until 1916, when the remaining counties were forced into prohibition by a state-wide law. Idaho Brewing and Malting Company became Idaho Products Company and they processed agricultural products as they waited out prohibition. In 1918-19 they had a contract with the government for 500,000 pounds of dehydrated Idaho

potatoes to send to our Great War expeditionary forces in France. The war ended too quickly for the contract to be fulfilled.

In the summer of 1932, Stoehr believed legal beer would be returning soon and he made plans to reequip the plant, and go back into brewing, and employ up to 100 men. In 1933, the Idaho Brewing and Malting Company was renamed Bohemian Club Breweries, Inc, part of the Spokane based corporation that was capitalized at \$250,000. The post-Prohibition officers were: Chas Theis, president, Ed Theis, vice president, HC Allgaier, secretary, and William Stoehr was manager and master brewer.⁷

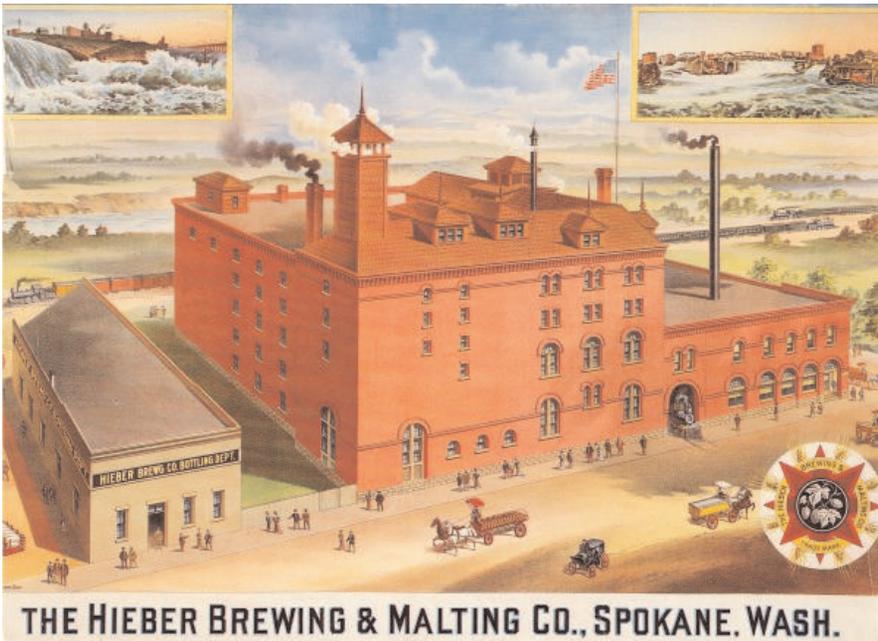


Figure 3. Heiber Brewery Spokane. This was the forerunner of Bohemian Club in that city.

Bohemian Club Brewing of Spokane

John GF Hieber started the Union Brewery and Malthouse in Spokane about 1892. Charles Theis, acting for the same investors who bought the Boise brewery, bought this brewery in 1905, renamed it the Inland Brewing and Malting Company, and moved the equipment and men into a larger building on Second Avenue between Walnut and Cedar. The investors obviously wanted to quickly become large players in regional brewing.⁸ Spokane and Boise were and remain the largest cities between the Seattle/Portland coastal area and Minneapolis on the Mississippi River. The incorporation of the Spokane Brewing Company in 1902 from the Galland-Burke Brewery may have led the purchasers of Inland to believe that growth was the only road to remaining competitive in the area.



Figure 4. Inland Brewing, Spokane, beer tray.

When prohibition came to Washington State in 1916, Inland Brewing was brewing Carbonated Fizz, then later Inland Special, another near beer, and by 1929 called their legal brew Bohemian Club. Near beer sales slipped everywhere throughout the twenties but Inland had an alternate business plan. During 1917 the company became a vinegar manufacturer under the name of Inland Products Company, and by 1922, they were 'The Home of the 22 Varieties' by producing sandwich spreads, pickles, catsup, etc.⁹ Inland Products Company grew their own cucumbers and tomatoes for processing and marketed over a very large area.

In 1933, this all came to a halt. They did not want to be food processors; they wanted to be brewers. They were the only local concern ready to sell real beer again on April 7, 1933.

Atlantic Brewing Co. of Chicago

Chicago's Rudolph Lederer in 1933, as Prohibition ended, renamed his brewery 'Atlantic.'¹⁰ The roots of the company go back half a century to 1881, when the Pohl Brothers opened a brewery at 27/35 Cooper St.¹¹ In 1882 to 1884, Pohl and Henry owned the company. Paul Pohl was the owner from 1884 to 1905 when the company name was changed to the Paul Pohl Brewing Company. The address then was 2335/2344 Cooper St. From 1913 to 1915 the brewery was named Tabor Brewing Company. From

1915 to 1932 it was called the North American Brewing Company and alternately, after being incorporated in 1924, as Bosworth Products Company. Cooper Street had been renamed Bosworth, which apparently gave the company its new name. Rudolph Lederer acquired control in the early 1920s as the plant sat idle.¹² The Lederer family held all stock in the company through a trust.

Brewing label specialist Bob Kay has examples of North American Brewing Company labels over printed with 'Bosworth Products Co, Successor.' The company had permit L-59 to brew cereal beverage, commonly known as near beer, and produced this from 1928 to 1933. However, near beer sales in America in 1931 were only one-third of the 1924 total. Only the return of real beer had the potential to save these breweries. Atlantic had only been brewing real beer again for two years when Rudolph died in 1935. His son Harold S Lederer took charge. The business plan at this stage was to emphasize kegging their flagship brand, Tavern Pale (and its varieties Tavern Dark and Tavern Pale Bock), for tavern sales, not bottling for home sales. Bob Kay referred to this as their business plan A, expanding the tavern sales of their beer. Lederer added brands Atlantic Tavern Pale, and Extra Pale Atlantic about 1936. New bottling equipment went into the plant in the late 1930s and canning began about 1952. All over America packaged beer was growing in sales and kegged beer was dropping. Home refrigerators and a cul-

tural desire for individual packaging were possible explanations. Atlantic was trying to stay competitive by redirecting its marketing efforts.

After Repeal

In 1933 Congress passed and FDR eagerly signed the Cullen-Harrison Bill making 3.2% beer legal again in states where it was legal under state and local laws. Breweries scrambled to get their beer on the market by 7 April, the first day allowed. On 1 April, one year after repeal, 669 breweries were licensed to operate.¹³ Within two years 750 brewers had re-opened with intention to slake the long developed national thirst, and with great hopes for profit. Many failed to realize these dreams and the number of breweries slowly declined for the next 50 years. Boise and Spokane versions of Bohemian Club were divisions of the same corporation and had a shared vision of their future. State laws in both states soon allowed brewing.

The company officers in Spokane were: Charles Theis, president, HL Cerashy, secretary, and Richard Muzetka, master brewer.¹⁴ The family legend of the Muzatko descendants said that Richard was a brewmaster in Bohemia but he refused to kiss the hands of dignitaries who visited his brewery and was forced by his independent nature to flee to America. Soon his brother John followed him to America, and after Repeal was the brewmaster at Boise. Several other

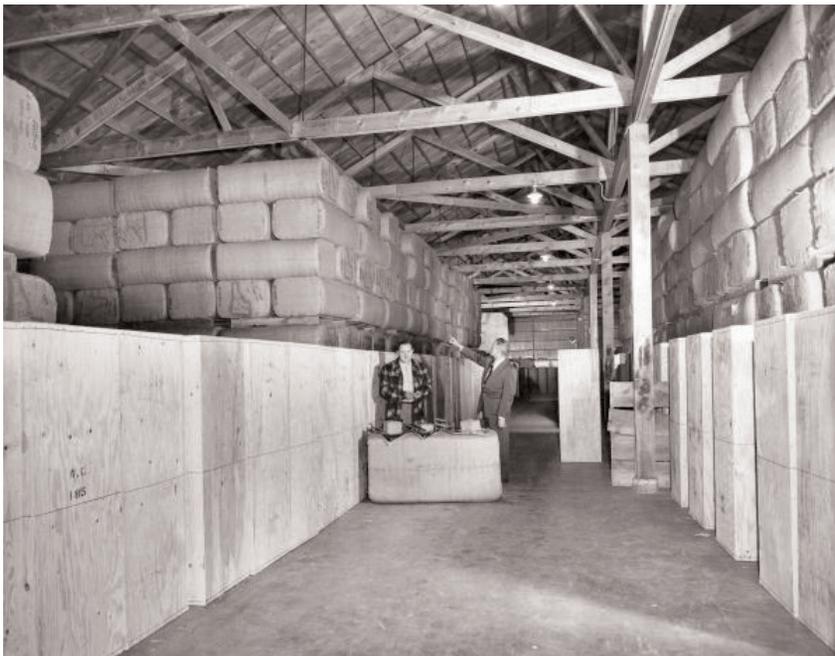


Figure 5. Richard Muzatko and unnamed official examine the storage area in Boise's Bohemian Club Brewery.

members of the family worked for one or the other of the Bohemian Club breweries.

Until 1936, Spokane bottled all Bohemian Club beer and sent some to the Boise brewery for distribution. That year Boise manager Stoehr announced that they were installing an \$18,000 pasteurization and bottling plant with a 100 barrel per 10 hour day capacity. The company seemed profitable and distributed stock worth \$750,000 in 1938. In 1939, a smart new taproom was added to the Spokane brewery.¹⁵ In 1948, the Golden

Age Brewery in Spokane, which began as the B. Schade Brewing Company in 1904, was sold to Bohemian Club and became their Plant #2 until they closed it in 1950.¹⁶ At the time of the purchase Edward Theis, president of Bohemian Breweries, Inc said:

Our reason for purchasing the Golden Age plant at this time is that Bohemian Club beer sales have increased to a point where we are now running our present brewery through out the winter months almost to capacity. Knowing that we could not possibly meet the much greater demand that will naturally come



Figure 6. Golden Age Brewery, Spokane, WA.

with warmer weather, and having already expanded our brewing facilities in both Spokane and Boise, Idaho, as much as our present locations will permit, we felt it imperative that we acquire the much needed brewing facilities that are available in this new plant. The move will enable us to increase demand by late spring.

Bohemian Club is now sold exclusively through out Idaho, Washington and Oregon, but has been unable to accept distributorships in many other territories where it has been asked because there is

no way of further increasing plant capacity at the present locations.

The combined capacity of the Boise plant and the two Spokane plants of Bohemian Breweries, Inc, will be approximately 350,000 barrels yearly. It is expected that employees will number 260. The distribution area will include areas of California, Montana and Oregon, as well as Washington and Idaho.¹⁷

Both Bohemian Clubs seemed to be doing well. In September 1949 the Boise branch won an award for their outstanding news-

paper advertising, and the following year won an award for safety at the plant. In 1952, architects Wayland and Flanell designed a remodel for the Boise plant. In 1956 the Spokane plant won an award for safety, and in 1957 both branches of the company won safety awards. The post-World War II brewing world was proving difficult for many though, with 185 American breweries closing between 1949 and 1959. The five largest brewers had almost 25% of the whole beer market by 1950. By 1954, over 200 breweries were for sale. Growth seemed to be the way to survive.

Atlantic Brewing Co began canning: in 1952 and it eventually reached a 500,000 barrel capacity. 'The Vintage Brew' and 'Sure it's different, it's brewed for men' were familiar slogans around Chicago in the 1950s. In that same period, Atlantic sponsored Miss Tavern Pale contests on local television. The 'It's brewed for men' theme included the tag, 'But women like it too.' Later cans and bottles included premium coupons, redeemable for gifts, compliments of the brewery.¹⁸ These ideas were good but insufficient.

Atlantic's profits were slipping, so they adjusted and headed in a new direction. Some of their financial woes may have been due to personal events instead of company ones. In April of 1956, the case of Sarah B Danning, as Trustee for the estate of Ruth Lederer Joslin, bankrupt, plaintiff-appellant vs Harold and Leo Lederer, and Morris Glasser as trustees and executors of the estate of Ellen

Lederer Burnstine, deceased, defendants - Appellees was adjudicated.¹⁹ Sarah Danning wanted a share of four family trusts including the fourth one, established by the deceased's brother, which consisted of all the stock of the Atlantic Brewing Company. The appellate case decision was that the District Court had correctly decided the case and the judgment was upheld that Sarah could not claim any of the trusts on behalf of the Lederers' late sister. The trust that held all the Atlantic Brewing Company stock was kept in tact. The company could begin to expand without that potential problem to inhibit them.

The merger with Bohemian Club

Atlantic's Business Plan B was the acquisition of the Bohemian Club breweries to expand toward being a national brewer. A larger sales territory might help the bottom line. Edwin F Theis of Bohemian Club and Harold and Leo Lederer made joint announcements of the merger. Harold Lederer said in *Brewers' Journal*

If consummated, this move will strengthen the position of both breweries, the products they produce, and the markets they serve. It is our intention that the Bohemian Breweries will continue to brew and market Bohemian Club; we contemplate no changes of product or personnel. We intend to continue to develop the finest brewing materials and methods for both Tavern Pale Vintage Brew and Bohemian Club.²⁰

Little did they know that 1956 was to be their last profitable year.

Three months later the editorial writer for *Brewer's Journal* wrote

Two months ago on this editorial page, we said, 'The trend now seems to be forming that will see more and more mergers, consolidations and tie-ups between local and regional brewers. Executive management will prevail that will do the broad policy thinking for the various local units in the organization, while the single units operate more or less on a local level concerning day-to-day problems, taste preferences, markets, etc. The Amalgamations will continue.' One of the most widely separated (geographically) consolidations has been that of Bohemian Brewing of Spokane, Washington and the Atlantic Brewing Company of Chicago.²¹

The editor went on to name many examples of recent merges and consolidations.

Soon, Atlantic needed more acquisitions to stay competitive against their giant rivals. In 1958, they acquired the rights to Champagne Velvet (that soon became the new flagship brand of the company), Red Top, Red Top Ale, 20 Grand Ale, and Wunderbrau from the Terra Haute Brewing Co.²² Then, in 1959 they bought the Ambrosia Brewery in Chicago on 827 W 37th Place along with the rights to their Nectar Premium brand. They also bought a distributorship in Knoxville, TN. The company was the direct opposite of lean and mean. They were pumping out a dizzying variety of cans and bottles of

brands like Barbarossa, KC Best, Extra Select 82, Blackhawk Premium, Durst, Viking, Wild Mustang, Regal, Trophy, Kol, Goldcrest 51, Champetite, Riviera Dark, Prost, Excell and on and on.²³

This was a direct contradiction of the 1930s theory of promoting one flagship brand.

Quickly after the merger, Harold Lederer was named President of Bohemian's Spokane division, with brother Leo Lederer as vice president and advertising manager, Steve Collins, who had just been made president of the Boise branch, was vice president and general manager.

Soon, a memorable sales campaign in Boise had the catchy phrase 'Six Bo's to



Figure 7. Two cone top Bohemian Club cans, one from Spokane and one from Boise.



Figure 8. Brewery officers Dick Muzatko and Norbert Schliewe, 1961, Boise.

Go Joe'.²⁴ It was not enough to increase sales.

In Chicago, Atlantic tried a marketing scheme that has been remembered for years. The brewery placed ads in the *Chicago Tribune*, *Chicago Defender* and *Cicero Life* selling a quart, a steinie, and an export bottle as a group for a total of 25 cents. The quart alone usually sold for

52 cents. After three days the ads were cancelled due to the enormous response. The company increased their distribution almost 100%.²⁵ Discounting had only so much potential for profit, however. Soon the company was in trouble.

Brewmaster Joe Pickett, who had once briefly brewed near Boise, was the brewmaster at three Chicago area breweries simultaneously. Bob Skilnik, Chicago brewery historian, said he was qualified to be called 'The Hardest Working Man in the Chicago Beer Business'.²⁶ Pickett said:

Many Chicago breweries died of their own weaknesses. Many owners were not interested in perpetuity, just in making as much money as possible while putting very little back in to the businesses.²⁷

The Atlantic Company plan C was to close down breweries, sell assets and either await a miracle, or get out of the brewing business.²⁸ Historian Bob Kay blamed their failure on Chicago competition coupled with the ever-expanding national brands. At any rate, the 'get out of the beer business' option prevailed. In the winter of 1959-60 the Boise plant was closed. Manager RG Wright called it a victim of 'stone hard economics.' In 1960 there were only 229 active breweries in America; Boise had scads of company in its plight. 'The last and only brewery in the Gem of the Mountains was closed, and there would be no new one for a quarter of a century. All Bohemian Club beer was now brewed and packaged in

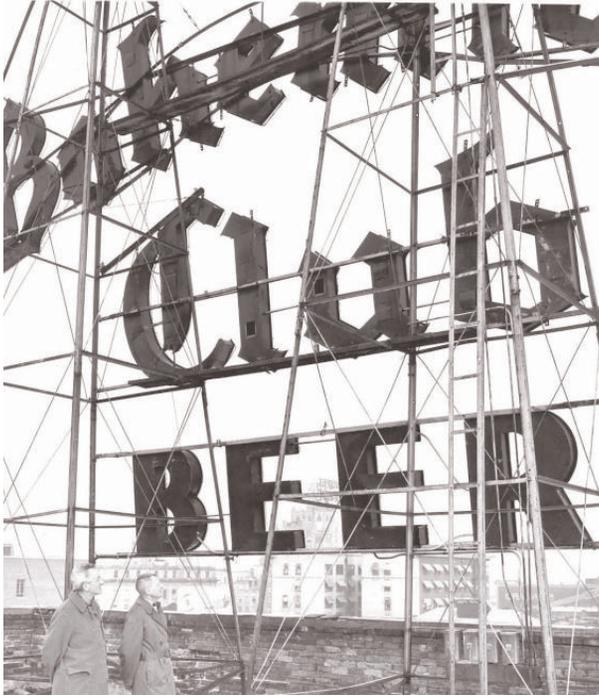


Figure 9. Roof sign from Bohemian Club, Boise, 1961-62 winter.

Spokane. The landmark brewery of Boise was demolished in 1962.

Spokane was not able to solve all woes either. In 1963 the Spokane brewery was closed. Atlantic's western assets mostly consisted of brand names with a tradition and market share. In 1965 Atlantic closed its main Chicago brewery and also their number two plant, the old Ambrosia Brewery. The Bohemian Club purchased had not helped in any way.

Much of the correspondence between Atlantic Brewing and Blitz-Weinhard

Brewing of Portland, Oregon concerning the sale of brand names to Blitz-Weinhard is extant.²⁹ In June 1962 William W Wessinger of Blitz-Weinhard wrote to Harold Lederer, after Lederer had visited Portland to pitch the proposition to the company that they buy his brand names, to say that they were very interested but needed more sales figures to study.³⁰ Letters went back and forth for some time, usually to confirm information from telephone calls. On 20 August, Fred Wessinger of Blitz sent a memo to his board of directors outlining the proposal as it stood at that time. They were not

going to purchase physical assets from Atlantic but were going to buy brand names and inventory from Spokane. In addition to a royalty on each barrel they would pay \$50,000 out right, and \$25,000 in 1963 and an equal amount in 1964. They anticipated \$70,000 in increased profits per year. In a memo of 22 October Blitz said they would set up a wholly owned subsidiary to market the new brands.³¹ They did not want the Blitz-Weinhard name on the labels.

On 6 November the agreements were sent to Lederer.³² A letter of the 29th said they were in the process of shutting down the Spokane plant and Blitz could take over inventory and brand names.³³ Blitz settled on Beaver State Distributing Company as the corporate entity to handle the former brands of Atlantic. By 2 May of the following year, 1963, Lederer was writing to see what was delaying his payment, and relating that he had a large note due to the bank and needed the money quickly. Through 1964 the companies exchanged letters regarding accounts receivable that had been passed on to Blitz, and late payments from Blitz to Lederer. Soon after the Chicago breweries were closed their brand names there sold to others. For instance, they licensed Associated Brewing to sell the Champagne Velvet brand. G Heileman Brewing of La Crosse, Wisconsin, purchased the name from Associated, and they in turn, after some court actions, sold it to Joseph Pickett & Sons of Dubuque, Iowa, years later.

Lederer Industries was the successor name for Atlantic Brewing. It dealt with their old brand names and defunct brewery property. Brewing was over at all the former Atlantic brewing sites. By the 1970s America's brewing diversity had virtually disappeared. The many consolidations and mergers had failed to save small and regional brewers who had to compete with large efficient national brewers. Spokane, Boise and the two Atlantic owned breweries in Chicago were a prime example of the harsh realities of competition, and the vigorous, if often misguided, attempts mid-sized brewers made to ferret out business solutions.

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