

P6680  
9-5  
Pp.

# AN AMERICAN SPA

WITH THE

“PENDLETON ARMS” HOTEL,

GROUP OF COTTAGES,

CASINO

and 18 HOLE GOLF COURSE

AT

the Famous Health-Giving Waters of

BERKELEY SPRINGS, WEST VIRGINIA

---



It is a lamentable fact that the great majority of chronic invalids and others, mostly belonging to the well-to-do classes in America, who are in need of what is called “Spa Treatment,” go abroad to obtain it.

This fact is stated with no object of boosting an American institution, but as a necessary prelude to an attempt at reaching a plan by which that state of affairs may be dealt with.

Our population of the gouty, rheumatic and dyspeptic varieties go to Europe in shoals—to Karlsbad and Marienbad, to Ems and Wiesbaden, to Homburg and Kissingen, to Vichy and Contrexeville and others, scattering proverbial American prosperity wherever they go.

A comparatively small minority, of course, visit some well-advertised American resorts, but in the main a good many of our native Spas, with waters of unquestioned value, are practically moribund and exist only as a pleasant retreat for some overworked farmers of the neighborhood, who after harvest time seek rest and recuperation there.

Now “Spa Treatment” is a considerable industry bringing the means of livelihood and prosperity to numberless European towns and in many instances the wealth creator of whole provinces and states, due to the tremendous influx of health-seeking humanity from all parts of the world.

Wiesbaden alone, with a population of about 100,000, receives annually about two hundred thousand visitors for treatment, out of which patronage a gross revenue of over twenty-five million dollars a year is obtained.

On the other hand, it is a question whether at present more than five hundred people visit Berkeley Springs during the year, although it possesses numerous springs with health-giving waters; a climate of surpassing salubriousness and a beauty of landscape equalling if not far superior to anything in Germany, France or Italy.

Springtime is long and delightful and the summer, owing to the altitude and the mountain air and constant breezes, is known for its moderate mid-day temperature and cool nights.

For many generations the virtues of the waters have been tried by people from all sections of the country, while physicians of the highest standing pronounce them equal to the most effective waters of the celebrated European resorts.

It is asserted that people will keep on flocking to Europe for the sake of enjoying a variety of new impressions and that the foreign Spas will always attract American pilgrimages for that reason.

This may be only partly so, for while there is absolutely no patriotic spirit about a gouty liver or a dyspeptic stomach, ailing people will readily patronize an American health-resort, if only given the opportunity of finding:—

Sanitary appointments which will secure for their impaired condition a restorative treatment of the best character,—

Under the supervision of medical specialists of high reputation acquired here and abroad,—and

Provided they can also find superior hotel accommodations with recreational and social advantages for their families accompanying them.

On these assumptions we have perfected all plans for the erection of a four-hundred room Hotel to be called "Pendleton Arms Hotel," four cottages, Casino and eighteen hole Golf Course on the tracts of land situated in the County of Morgan, State of West Virginia, comprising about 600 acres acquired from the Van Rensselaer estate to cost approximately \$2,675,000, to substantially cover which we are issuing \$2,500,000 7% First Mortgage, Amortization, Participating Bonds.

The State of West Virginia in which the ownership of all the Springs rest, is to give us a long-term lease for the operation of the Springs around which a Sanatorium is going to be built and the waters of which will be piped to the "Pendleton Arms Hotel" for the use of guests in need of same.

Full co-operation on the part of the Baltimore & Ohio Railroad Company has also been secured and plans for the erection of a new station as well as making a stopping point at the region of the Springs for all express trains running between New York and Chicago and special Pullman service, are being worked out.

# \$2,500,000.00

7% FIRST MORTGAGE, PARTICIPATING AND AMORTIZATION GOLD BONDS,  
CALLABLE ON ANY INTEREST DATE AT 120.

Secured by

PENDLETON ARMS HOTEL, FOUR COTTAGES, COMPLETE EQUIPMENT FOR ALL  
BUILDINGS, 18 HOLE GOLF COURSE, CASINO, GARAGE AND  
EQUIPMENT WITH LAND CONTAINING 600 ACRES

at

BERKELEY SPRINGS, MORGAN COUNTY, W. VA.

SOLD TO YIELD 7.36% IN ADDITION TO A FULL PARTICIPATION IN THE  
ENTIRE NET PROFITS OF THE ENTERPRISE.

BONDS IN DENOMINATIONS OF \$500 and \$1000.

Dated AUGUST 1st, 1922.

TERM OF LOAN 5 TO 28 YEARS.

Interest payable February 1st and August 1st in New York.

## COST OF DEVELOPMENT

Pendleton Arms Hotel and Group of Cottages .....	\$1,900,000
Furniture, fixtures, equipment, etc.....	300,000
600 Acres of land, Roads and Golf Course .....	275,000
Automobiles, saddle horses, stables, garage and equipment.....	150,000
Casino .....	50,000
Total Cost.....	\$2,675,000

## EARNINGS

The holders of these bonds, in addition to receiving semi-annual interest of 7%, will be entitled to the net earnings of the hotel, cottages, casino, etc., during the life of said bonds, each bond being allotted its pro rata share of the net profits until retired.

We make this unusual concession not through any altruistic motives, but because there being no stock issued, the bond holders will furnish the bulk of the capital on which this undertaking will be carried out and for that reason they are entitled to it.

PENDLETON ARMS HOTEL

Berkeley Springs, W. Va.

Hewitt & Ash, Architects



## INCOME

Pendleton Arms Hotel of 400 rooms.....	\$400,000
Cottages .....	16,000
Hotel, Restaurant .....	480,000
Automobiles, stables, bath concessions, casino, golf, telephone, telegraph, news stand, cigars, etc.....	60,000
	<hr/>
Gross income from all sources.....	\$956,000

## OPERATION COST

Pay Roll.....	\$130,000
Food and Supplies.....	250,000
Heat and Light.....	25,000
Renewals .....	15,000
Taxes .....	15,000
Advertising .....	10,000
Music .....	8,000
Incidentals .....	5,000
	<hr/>
	\$458,000
Gross Income.....	\$956,000
Operating expense.....	458,000
	<hr/>
	\$498,000
Average yearly sinking fund.....	199,300
	<hr/>
NET INCOME.....	298,700

## ESTIMATED PROFITS OF BOND PARTICIPATIONS

\$298,700 is 11.95% on \$2,500,000.

It is estimated that from the first year's operation after the hotel, cottages, casino, etc., are completed and running at capacity, the holders of these bonds should earn 11.95% + 7.36% = 19.31%.

These earnings will increase for the remaining bond holders as the allotted amount is retired by drawings each year beginning with 1927 according to schedule.

Following is a chart illustrating the estimated increase in earnings year by year. It will be seen from this that those bond holders who are lucky enough to escape retirement before 1951 should enjoy an income ranging all the way from 19.31% to 193.61%. This may seem fantastic but it is well within the range of probability.

**Illustration of Income Yield to Bondholders on Basis of \$298,700.00 Estimated Yearly Net Income**

		Bonds remaining after annual retirements	Interest Yield	Estimated Profit Yield	Total Income
From First year's operation after completion of Spa, to.....August 1, 1927		\$2,500,000	7.36%	11.95%	19.31%
For year ending.....	" "	1928 2,460,000	7.36%	12.15%	19.51%
" " ".....	" "	1929 2,415,000	7.36%	12.35%	19.71%
" " ".....	" "	1930 2,365,000	7.36%	12.65%	20.01%
" " ".....	" "	1931 2,310,000	7.36%	12.95%	20.31%
" " ".....	" "	1932 2,250,000	7.36%	13.25%	20.61%
" " ".....	" "	1933 2,185,000	7.36%	13.70%	21.06%
" " ".....	" "	1934 2,115,000	7.36%	14.15%	21.51%
" " ".....	" "	1935 2,040,000	8.36%	14.65%	22.01%
" " ".....	" "	1936 1,960,000	7.36%	15.15%	22.51%
" " ".....	" "	1937 1,875,000	7.36%	15.95%	23.31%
" " ".....	" "	1938 1,785,000	7.36%	16.75%	24.11%
" " ".....	" "	1939 1,690,000	7.36%	17.70%	25.06%
" " ".....	" "	1940 1,590,000	7.36%	18.80%	26.16%
" " ".....	" "	1941 1,485,000	7.36%	20.10%	27.46%
" " ".....	" "	1942 1,375,000	7.36%	21.75%	29.11%
" " ".....	" "	1943 1,260,000	7.36%	23.70%	31.06%
" " ".....	" "	1944 1,140,000	7.36%	26.20%	33.56%
" " ".....	" "	1945 1,015,000	7.36%	29.40%	36.76%
" " ".....	" "	1946 885,000	7.36%	33.75%	41.11%
" " ".....	" "	1947 750,000	7.36%	39.80%	47.16%
" " ".....	" "	1948 610,000	7.36%	49.00%	56.36%
" " ".....	" "	1949 465,000	7.36%	64.00%	71.36%
" " ".....	" "	1950 315,000	7.36%	94.80%	102.16%
" " ".....	" "	1951 160,000	7.36%	186.25%	193.61%

**SECURITY**

The bonds of this issue are secured by a closed first mortgage on hotel building and its equipment, four cottages and equipment, garage, stables and equipment, 18 hole golf course, casino and equipment and 600 acres of land and all other buildings and improvements which may be built from time to time on this acreage. This is in addition to the entire net earnings of the enterprise which belong to the bond holders.

The bonds are further safeguarded by the Amortization schedule shown on next page which provides for a yearly reduction of the loan by retirements.

The bonds are dated August 1, 1922, and will be retired by drawings beginning August 1st, 1927, as follows:—

Maturity Date	Amount of Bonds Retired Annually
August 1st, 1927.....	\$ 40,000
“ “ 1928.....	45,000
“ “ 1929.....	50,000
“ “ 1930.....	55,000
“ “ 1931.....	60,000
“ “ 1932.....	65,000
“ “ 1933.....	70,000
“ “ 1934.....	75,000
“ “ 1935.....	80,000
“ “ 1936.....	85,000
“ “ 1937.....	90,000
“ “ 1938.....	95,000
“ “ 1939.....	100,000
“ “ 1940.....	105,000
“ “ 1941.....	110,000
“ “ 1942.....	115,000
“ “ 1943.....	120,000
“ “ 1944.....	125,000
“ “ 1945.....	130,000
“ “ 1946.....	135,000
“ “ 1947.....	140,000
“ “ 1948.....	145,000
“ “ 1949.....	150,000
“ “ 1950.....	155,000
“ “ 1951.....	160,000
	\$2,500,000

Legal details in connection with this issue are passed upon by Messrs. Brown & Brown, Charlestown, W. Va.

Temporary bonds will be delivered, exchangeable for the Definitive Bonds when issued.

The bonds are offered subject to sale and approval of counsel, and when, as and if issued by us.

**SUBSCRIPTION PRICE 95 AND ACCRUED INTEREST.**

(We reserve the right to raise the subscription price without giving previous notice.)

**E. N. FORTSON & CO., INC.**

**67 Wall Street - - - New York City**

SUBSCRIPTION BLANK

E. N. FORTSON & CO., INC.  
67 Wall Street, New York

Date.....19.....

Sirs:

Please enter my order for.....bonds of \$.....denomination each of the \$2,500,000 Issue of First Mortgage 7% Participating and Amortization Bonds secured by first mortgage on PENDLETON ARMS HOTEL, COTTAGES, CASINO and EQUIPMENT located at Berkeley Springs, Morgan County, West Virginia.

I hand you herewith my check for \$.....which is 10% of the total amount of my subscription.

You may send the bonds to (Bank) .....

(Town) .....

(State) .....

with draft attached for the balance due on or about (Date).....19.....

Name .....

Address .....