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## Roper, Jerry Oral History Interview: Holland Furnace Company

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JERRY ROPER

INTERVIEW: 8 AND 10 JULY 1986

ON MILTON STEVENS:

"He made this big public flap that he was getting out because of mismanagement, but the true matter was that the banks kicked him out. The banks wouldn't finance him. It was rumored that he sold some assets he shouldn't." (8 July)

ON THE CHAMBERLIN GROUP, HOWARD PLAGGEMARS AND THE BEGINNING OF JR'S INVOLVEMENT WITH HFC:

Henry Hafer was Chamberlin's local representative. He was a New York attorney. He was there when Charles Trynin became secretary. JR replaced Trynin. (8 July)

"I don't know who the Chamberlin group really was, because the banks and Prudential. . . . Once the banks got themselves in the position where they said, 'If you don't want us to close you on the spot. . . .', really nobody was going to be there unless they said it was okay."

"Everything was collateralized. They had all the receivables collateralized and that meant all receivables had to pass through them (the banks). They kept the purse strings. When I say collateralized, it means the receivables (of HFC) were security for their (banks and Prudential) loans. Because there was a default, they had the right to step in. They took control of the receivables so they would have control of how much money would be paid to them and how much would be used to operate the company."

The Chamberlin group "arranged for the Thatcher purchase. And actually they were going to move out of Holland in relation to Thatcher. And as I recall, it was after Thatcher was sold (by HFC), I got involved in the first place. I probably started representing the company in the early part of 1965, and been named vice president in June or July of '65. I became a director in November '65, and in that interim, became secretary."

"Howard Plaggemars first became treasurer of Holland Furnace Company, and a very short time after that, he became president."

I remember him speculating with me why he was picked to be president." (8 July)

"I was doing legal work for the furnace company. I was first a vice president (made so by HP because he knew JR "wasn't going to do anything" when HP was running around and going back and forth to Europe), then later a secretary. I was coordinating all the lawsuits. There were a lot of lawsuits pending at the time -- complaints about various things having to do with the product and the question of sales tactics." (8 July)

"When Howard Plaggemars took over, they were basically liquidating and they were getting rid of anything that wasn't essential." JR and HP were both involved in two deals involving old HFC assets. They purchased the HFC picnic grounds from the company, along with Stuart and Seymour Padnos, Harry Myers (sp?), Keith Van Hart (sp?). (Now, Earl Welling owns the buildings on the grounds.) HP and JR also bought HFC's boat, "The Warm Friend," along with John Galien. "I think we bought that before Howard was associated with the company." Probably bought in 1964 and sold in 1967, "The Warm Friend" was a 40-foot Chris-Craft Express Cruiser. It was "basically for entertaining. Twenty feet was for afterdeck and it had an extremely small cabin for a 40-foot boat." (8 July)

"Howard Plaggemars was eminently effective in keeping the banks happy. He had a program that was a bunch of doubletalk. The banks thought it was great. He divided the company into two separate entities. One was that they were liquidating, and one was that they were operating."

"Whatever was in excess, they disposed of, and of course the banks wanted this. Everybody wanted us to continue as a manufacturer and build a quality product."

"The banks did not want to go out and take a chance on building a new company. But the product they sold, the Miracle Iron Furnace, was a deluxe product (the secret was the cast iron heat exchanger). And there was Silent Steel, a less expensive product. To try to get competitive down the line, they introduced Silent Steel. They just never produced the sales."

HFC also made "a deal with Trane to market an air conditioner."

But things were bad. "We had a meeting in Howard Plaggemar's office in June of July of '65 where we almost chucked the whole thing."

#### ON HARDY AND CO., THE RABINOWITZ DEAL AND ATHLONE:

"At the same meeting I was made a director (November 1965), we approved the sale of 20 percent of stock to Daniel Lyons, Eugene Keough, Harold Miller, Theodore Keel, Larry Doyle and

James Hodys -- senior partners of Hardy and Company." (Harold Miller was a CPA for H and Co.)

"The only thing that the Holland Furnace Company had to offer a new investor was that they had a tax loss. Well, you can't take advantage of a tax loss unless you are an owner of a company. These investors would get no benefit unless they had a significant share of a company. They bought from the (Furnace) company, at a price determined by the market, 20 percent of the stock. It's one of the surest ways to do a tax loss deal. And they did it and they did it right and they got their tax loss."

"The reason why they didn't form a separate company and buy the Holland Furnace Company, rather than invest in the Holland Furnace Company, is because the only way they could benefit is for them to own stock in the Holland Furnace Company. Holland Furnace had to be the surviving company for them to use its future profits to offset its past losses."

"Harold Miller was -- and is -- the brains behind that whole thing."

He was also a friend of Ted Simmons (of Prudential), and Prudential is the primary lending source (to Athlone) to this date."

The agreement was made in November 1965, but was not closed until February 1966, concurrent with the purchase of Rabinowitz, and "in the shift of power." "Obviously, if you make a deal with somebody for 20 percent of the stock, they're going to take over."

The board of director, which in November 1965 was only five people (HP, JR, Sime Stoebl, and two others), was expanded "to pick up Miller, Lyons, Keough, Keel and either Hodys or Doyle. They took control of the board. That was part of the deal."

"Then we had a board meeting in May of '66 when we elected a new board. That's when we adopted the three-year staggered board arrangement (now used by Athlone)."

The name was also changed to Athlone Industries. "I've heard all kinds of stories and I'm not exactly sure which one is true other than Harold Miller's mother was born in Athlone. They wanted an Irish name. Those guys were all Irishmen. Howard was looking at the name of Dublin Industries, but it was not available."

"Miller had the real power as Chairman of the Board, so he really was Chief Executive Officer. Howard was president. When Howard resigned, Miller became -- and still is -- Chairman of the Board and President."

ON END OF FURNACE LINE FOR ATHLONE:

"When they changed the name to Athlone, Holland Furnace became a division of Athlone Industries."

"They continued the furnace business until they sold it, which I believe was in '67 (NOTE: really March 1968). In the meantime, they had sold the office building and factory to Chemtron."

"Once the furnace business was sold, that was the end of the Holland Furnace Company. And in a sense, it was. From a corporate standpoint the Holland Furnace Company still exists, but that's a technicality."

Athlone paid off the debts incurred by HFC.

"When the new management took over, there still was an unresolved fine (\$100,000 by the 7th U.S. Circuit Court of Appeals). Howard had tried to resolve it with furnaces. I know it was finally paid, but they (the new management) sued PT Cheff in 1966 to recover an indeterminant amount. My recollection is Cheff paid maybe \$80,000 to Athlone. Mr. Cheff never admitted he was responsible for that fine, though. It was settled before a trial took place."

HFC stock had plunged to just a few cents a share. After the Rabinowitz-Hardy deal, it went up to \$3.00 by the end of February 1966. "When you get re-financing and you buy a couple professional businesses, it makes all the difference in the world. Within the first two or three years, it went to about \$63.00. But it went to \$15.00 relatively quick."

#### ATHLONE TODAY:

- Specialty steel - stainless, plate, alloy tool steel
- Importers of steel fasteners, nuts and bolts
- Consumer Products: Women's Shoes (Henshall Shoe Co.); Women's Swimming Suits (Gelfo, produce under "Sea Fashions"); Sporting Equipment (owns Dudley); Women's Blouses (owns a company that makes them).
- Hasn't been in the heating/cooling business since 1968.
- JR still on the Board of Directors today.