

CHALLENGER AIRLINES COMPANY

A CHRONOLOGICAL ACCOUNT 1941 TO 1950

by Ken Schultz

The company was incorporated in Wyoming, December 31, 1941, by Charles W. Hirsig II, as Summit Airways Inc. Hirsig came from a Wyoming pioneer ranching family which settled in the Cheyenne area in the 1880's. At the age of seventeen, Hirsig, in 1928 received the first private pilot's license issued in Wyoming. He was engaged in ranching, but kept an interest in flying, and in 1941, after selling his ranch, and prior to buying another ranch, his good friend Bill Walker of Plains Aviation in Cheyenne, asked him to help out on a temporary basis to manage the Laramie branch at Brees field, Laramie, Wyoming. Plains Aviation which was headquartered in Cheyenne, wanted to concentrate on its large Civilian Pilot Training (CPT) operation in Cheyenne. The Laramie branch was sold to Hirsig who had become very interested in aviation. He organized Summit for the purpose of carrying on fixed-base aviation activities at Laramie, which specialized in student training. The company in conjunction with the University of Wyoming at Laramie, trained pilots under the CPT programs for the Army and Navy.

In 1944, Charles W. Hirsig II, as founder, president, and principal stockholder of the corporation, filed an application with the Civil Aeronautics Board (CAB) Docket No. 1091, for a Certificate of Public Convenience and Necessity to engage in air transportation in Wyoming, Colorado, and Nebraska, using Beechcraft Model D-18S aircraft. Mr. Hirsig was killed in an airplane accident on January 15, 1945. After Hirsig's death, George J. Forbes, president of the 1st National Bank of Laramie, a director and one of the original incorporators of Summit became president. Mr. Hirsig's stock was purchased by Fred M. Manning of Denver, whose principal occupation was in the oil well drilling business, and who owned or had an interest in a number of oil drilling operations in the Rocky Mountain area. The CAB permitted the applicant to supplement the record to reflect the resulting change in ownership and management.

The CAB in the decisions listed in the SERVICE IN THE ROCKY MOUNTAIN STATES AREA CASE, Docket No. 152 et al, March 28, 1946, awarded Summit Airways Inc., a Temporary Certificate of Public Convenience and Necessity, effective March 28, 1946 until March 31, 1949, designated as U.S. Air Mail Route No. 74.

"George W. Snyder Jr. of Salt Lake City, Utah, who had been engaged in aeronautical activities since 1936, as a pilot-civilian and military, and airplane charter service operator, also submitted an application to the CAB in the SERVICE IN THE ROCKY MOUNTAIN STATES AREA CASE, Dockets Nos. 700 and 1071, as Challenger Airlines, Inc., (Midwest Airways). Challenger Airlines Inc., was organized as a Nevada corporation in June 1945 for the purpose of carrying out the plans and prosecuting the applications filed under the name of Midwest Airways. Midwest Airways is a trade name which was adopted by George W. Snyder Jr., at the time the original applications were filed." Challenger Airlines Inc., was organized with Snyder as president, and with the financial backing of Claude Neon Inc., of New York, inaugurated an intrastate airline service in Utah, and non-scheduled flights to Phoenix, Arizona, on March 4, 1946, using Beech Model D-18S aircraft. He started the service to Phoenix, to demonstrate and establish the need for these routes. The CAB however, denied the applications in its decisions of March 15, 1946, in the SERVICE IN THE ROCKY MOUNTAIN STATES AREA CASE, Docket No. 152 et al. The airline could not survive without receiving a certificate of public necessity and convenience, and mail pay from the CAB, so all flying operations ceased on November 9, 1946, and the Corporate name was changed to Altair Inc. in December 1946, which then continued to do business as a Beechcraft Distributor, and fixed base operator. Snyder still wanted to start up an airline, so with the financial backing of Claude Neon Inc., he purchased the dormant Certificate of Public Necessity and Convenience from Summit Airways Inc. In January, 1947, the controlling stock of Summit Airways Inc., was purchased from Fred M. Manning, George J. Forbes, and Fred O. Rice, by Claude Neon Inc.

At the annual stockholders meeting January 7, 1947, the name was changed from Summit Airways Inc., to Challenger Airlines Company, and George W. Snyder Jr. was elected President and General Manager.

On January 9, 1947, the Laramie Republican and Boomerang, on pg. 1, reported; .. Forbes [V.P. of Finance] also announced today that Summit Airways [Challenger] had purchased three DC-3 planes from the Pennsylvania Airline Company ...“ [NC 65135, NC 65276, NC 65385] Snyder moved all operations to Salt Lake City, Utah, where a hangar was leased on the airport and the main office was located downtown in the Felt Building.

On January 27, 1947, Summit [Challenger] purchased a C-47, at Hill Air Force Base, Ogden, Utah, from the War Assets Administration. [It was flown to Van Nuys, California, where Timm Aircraft Corporation converted it to a DC-3C, as NC 55376], which brought Challenger’s fleet to four DC-3’s. An AT-6 was also owned by the Company, which was used for pilot route familiarization, and occasionally to fly a mechanic and parts to a city where a DC-3 had a mechanical problem.

The Wyoming Secretary of State received and recorded the Certificate of Amendment changing the name of the Corporation from Summit Airways Inc., to Challenger Airlines Company on February 7, 1947, so that is the official date reported on all subsequent documents.

The CAB reissued the temporary Certificate of Public Convenience and Necessity to Challenger Airlines Company for Route No. 74, March 21, 1947. Preparations were made to start operations as soon as possible, and approval from the Civil Aeronautics Administration (CAA), was received late Friday afternoon, May 2, 1947. Challenger inaugurated service May 3, 1947, and The Deseret News, Salt Lake City, Utah, May 3, 1947, reported; “Challenger Airlines Opens S.L.-Denver Route. Christened ‘Centennial Queen’ ... a twin engined 28-passenger plane took off from Salt Lake Airport at 7 a.m., today to begin regular daily flights over the new Salt Lake-Denver route of Challenger Airlines Company... Piloting the plane on the inaugural flight was Albert H. Hall, with Robert J. Nicholson as copilot.... Saturdays initial flight calls for stops at Kemmerer, Rock Springs, Rawlins, Laramie, and Cheyenne, Wyo., before reaching the Denver terminal.” The Flight Agent [Steward] was Calvin E. Cowley.

Challenger achieved full-scale operations on July 10, 1947, on all segments of Route 74, with service to Billings, Montana.

Snyder in an interview, stated that the company had financial problems soon after inauguration of service, due to inadequate mail pay, and Claude Neon Inc., not providing the agreed on monthly budgeted cash. “we had set up a budget of \$25 or \$30,000 a month, and two months later they’d send \$10,000”... “they had all their funds locked up”... “they were involved in a SEC, or a civil action which absolutely precluded them from meeting the budget that we had given them, and we had agreed on.” In answer to the question, how were we making it at that time, in ‘47?

Snyder replied; “...one of the principal ways was a lot of money that I had put in it... and I met a few payrolls and things of that kind, [personally]..., it was in excess of \$50,000... and I just lost it.... so we started seeking other sources of Capital...”

Challenger reported the operations of the Company in a Stock Offering Prospectus, September 3, 1947, pg. 9. “...the Company route, designated as No. 74, connects the terminal points of Salt Lake City, Utah; Denver, Colorado; and Billings, Montana, via the intermediate points of Evanston*, Kemmerer, Rock Springs, Lander-Riverton, Thermopolis*, Worland, Greybull, Cody-Powell-Lovell, Rawlins, Laramie, and Cheyenne, Wyoming; Ft. Collins and Greeley, Colorado. (*Service indefinitely suspended due to airport conditions.) At the present time, the Company operates an airline system over approximately 3,226 route miles (airport to airport) and serves directly 16 cities in the states of Utah, Colorado, Wyoming, and Montana. ...Scheduled flights as of the date of this Prospectus totaled 6,452 airplane miles daily. ... the number of Company employees is about 155...”

A REPORT TO STOCKHOLDERS (March 7, 1949), referred to the year 1947, as, "... During this period the company operated under a severe financial handicap due to under-capitalization and inadequate rates of air mail compensation..."

On August 13, 1947, the company filed a petition to amend the original CAB Order (E560), so as to increase the temporary compensation to be paid to Challenger for transportation of mail (35 cents per airplane mile on a direct airport-to-airport basis). The CAB on October 20, 1947, found that: 1. A temporary rate of 35 cents per airplane mile is substantially less than Challenger's reported need... 2. On the basis of reported results, the temporary rate of 35 cents per airplane mile is inadequate to prevent the exhaustion of Challenger's working capital... The CAB ordered new temporary rates of: 60 cents per airplane mile, May 3, 1947, to October 31, 1947, (Retroactive); 55 cents ... November 1, 1947 to January 31, 1948; 50 cents... February 1, 1948 to April 30, 1948; (and additional date-date, cents per mile rates)

THE POWELL TRIBUNE, [Wyoming] Thursday, May 29, 1947, reported; Challenger Secures Advisory Experts. Challenger Airlines company has retained Donald A. Duff and associates of Denver to serve as consultants to the recently certificated airline for its operations in 19 communities of four western states, George W. Snyder Jr., president and general manager, announced this week. Mr. Duff, prominently identified with air transportation since 1932, will serve Challenger as an advisor on organization, sales and traffic. He formerly was associated with the Pennsylvania-Central Airlines, its predecessor companies, and with Northwest Airlines, where he was traffic and sales manager. He came west in 1943 as executive assistant to the president of Continental Airlines.

In an interview George W. Snyder Jr., stated that "he had brought in Don Duff on matters of traffic and public relations." Snyder also stated that, "Don [Duff] was very helpful to me in certain areas, but ... I woke up one day with all of my files rifled..., and he went to [Claude] Neon [Inc.], and presented the story of how he could do this job..."

On February 12, 1948, The Salt Lake Tribune, and The Deseret News, Salt Lake City, Utah, reported; Donald A. Duff, has been elected chairman of the board of directors, and managing director of Challenger Airlines Co., by the majority stockholders of the company. Mr. Duff was hired as a consultant in May 1947 on matters of Traffic, and Public Relations. He was previously an executive assistant to the president of Continental Airlines, and held management positions at Capital Airlines.

On March 3, 1948, The Wyoming State Tribune, Cheyenne, Wyoming, reported; "At a meeting of Challenger directors in Laramie [Wyoming] yesterday, Duff was chosen president and managing director to succeed George W. Snyder Jr., of Salt Lake City, who resigned Feb. 29. .. Challenger Airlines Co., and Monarch Airlines Inc., have announced the consolidation of their traffic and sales divisions. . . . Announcement of the merger was made last night by Donald A. Duff, newly elected president and managing director of Challenger, and Ray M. Wilson, executive vice president of Monarch. Gerald S. Kitchen, general traffic and sales manager of Monarch, will supervise the combined divisions."

A REPORT TO THE STOCKHOLDERS (March 7, 1949), stated; "In March of 1948 because of the discontinuance in advancement of funds for working capital purposes by the majority stockholder [Claude Neon Inc.] the new management of the Company found it necessary to apply to the CAB for a substantial increase in the rate of air mail compensation."

The Salt Lake Tribune, March 28, 1948, reported; CAB Approves Challenger Mail Pay Hike. Increased air mail pay totaling \$363,000 has been granted to Challenger Airlines Co. in a decision by the Civil Aeronautics Board, Donald A. Duff Challenger president, said Saturday. ... The \$363,000 increased pay, of which \$81,000 is retroactive to the start of Challenger's operations on May 3, 1947, extends over that period to March, 1949, Mr. Duff said.

The Rocky Mountain News, and The Denver Post, April 11, 1948, reported; Challenger moving to Denver April 15. According to the News' "Transfer of the maintenance and overhaul departments of Challenger Airlines Co. from Salt Lake City to Denver will be made April 15, Donald A. Duff, Challenger president,

announced yesterday. The two departments will be consolidated with similar departments of Monarch Airlines. The move, Mr. Duff said, follows recommendations of the Congressional Aviation Policy Board that consolidation in the interest of saving operating expenses, be exercised whenever possible. The consolidation will affect approximately 40 employees, some of whom may be absorbed into Monarch's organization. Challenger will continue to maintain its operation headquarters in Salt Lake City, although the executive and accounting offices will be moved to Denver."

The Salt Lake Tribune, April 19, 1948, reported; Air Lines Open Joint Sales Office Today. Challenger Airlines Co. and Monarch Airlines Inc., will open a joint traffic and sales office Monday, in the Hotel Utah-lobby, Donald A. Duff, Challenger president, announced Sunday.

A REPORT TO THE STOCKHOLDERS, (March 7, 1949), stated; "In July [1], 1948, Flight Agents [Stewards] were replaced by Stewardesses, which has proved to be a highly successful move."

The Salt Lake Tribune, Sunday, October 17, 1948, reported; Challenger Notes \$29,481 Profit Made In Quarter. A profit of \$29,481.24, has been reported by Challenger Airlines for the quarter ending August 31. In announcing the figure, Donald A. Duff, president, said it was based on preliminary unaudited figures...

On November 10, 1948, the CAB, issued an order; "that an amended temporary certificate of public convenience and necessity be issued to Challenger Airlines company for route No. 74, and that such certificate shall continue in effect up to and including March 30, 1950,"

The Rocky Mountain News, Denver, Colorado, February 11, 1949, reported; Snowlocked Rawlins, Wyo., cut off completely from the outside world except by air, was the focal point for emergency relief activities yesterday as weary Wyomingites continued their six-week battle, against the weather. Rawlins was pounded by a 70 mile-an-hour ground blizzard that piled new snow on old drifts-some 20 and 30 feet high. United and Challenger Airlines on three flights, transported 5000 pounds of meat and 1740 pounds of bread into the town.... some 650 persons on three snow-bogged trains were still in town.

The SUNLINER NEWS , December, 1961, in an article for the fifteenth anniversary of Frontier Airlines, "Fifteen years of Aviation Progress Airlinck the West. ... The real opportunity to prove its value [Challenger] to the people of Wyoming came with the paralyzing blizzard in the month of February, 1949. Intrepid Challenger pilots flew thousands of passengers who had been immobilized by roof-high snow drifts which blocked highways and railroads over much of the state. Tons of fresh meat, bread, produce and Red Cross supplies filled practically every scheduled and shuttle flight to its gross weight capacity as Challenger's "Sunliners" roared off snow swept airports across Wyoming.

February 3, 1949. Service inaugurated to Casper, Wyoming.

The Salt Lake Tribune, February 27, 1949, reported; Airline Given Back Mail Transit Pay. Challenger Air Lines Co. will receive \$175,000 in retroactive mail pay, according to a recent Civil Aeronautics Board decision. John D. Lindsay, district traffic manager, Saturday was informed by Donald A. Duff, airline president, that a 70 cent airplane mile rate has been granted retroactive to the start of the company's operations in May, 1947.

July 1, 1949. Service inaugurated to Vernal, Utah.

The Wyoming Eagle, Cheyenne, Wyoming, Friday, September 9, 1949, pg. 1, reported; AIRLINE THREATENS TO END WYOMING SERVICE

President of Challenger says not enough traffic "Use it or lose It." were the words of Donald A. Duff, president of Challenger Airlines yesterday, when he informed Mayor Ben Nelson that Cheyenne and Wyoming stand a very good chance of losing the services of that company in the near future. The Challenger service to Cheyenne, the Big Horn Basin, and other Wyoming points, will be discontinued, Duff said, if it is not demonstrated that continuation of the service is required in the public interest to a sufficient degree to justify the cost burden on the government. Challenger has been providing service to Cheyenne

under a temporary certificate of public convenience and necessity which was issued for a three year period in May 1947. The certificate is due to expire March 31, 1950, Duff said.

The Rock Springs Daily Rocket, Rock Springs, WY., September 15, 1949, reported; Challenger will Receive \$123,000 in Air Mail Pay. A permanent mail rate order issued Wednesday by the Civil Aeronautics Board in Washington, D.C., will give Challenger Airlines \$123,000 in retroactive air mail compensation. Donald A. Duff, president of the airline, announced yesterday.

September 30, 1949. Harold S. Darr, the controlling stockholder of Monarch Air Lines Inc., filed an application with the CAB requesting approval of the proposed acquisition of controlling stock interest in Challenger Airlines Co., pursuant to an agreement of stock from Claude Neon Inc., majority stockholder of Challenger, and the merger or consolidation of the two air carriers.

Cervi's Rocky Mountain Journal, Denver, Colorado, Nov. 23, 1949, pg. 7, col. 1, reported;
Don Duff's On-the-line Policy Pays Off

The announcement last week that Challenger Airlines' business for the first half of November was double that of a year ago showed that Challenger President Don Duff's unorthodox promotional ideas were paying off. Last September Duff horrified his advertising agency (the Arthur Rippey Co.), and presumably violated every known tenet of good public relations, by bluntly telling Wyoming cities on Challenger's route that they had better whomp up airline business or lose the airline's services entirely. In the meantime, Challenger more than held up its end. Not only did the service itself, improve, but Duff went all out to help the local boys with promotional brochures, credit cards, special get-acquainted rates and group rates.

A report to the stockholders, dated November 23, 1949, states; "... all bank loans have been liquidated, including long term debt on aircraft...", and records for the "Nine Months ending September 30, 1949, a net income of \$28,585.96."

The Dsseret News, Salt Lake City, Utah, December 17, 1949, pg. 4b, reported; Burning the Mortgage (Article and photo). Photo shows Challenger Airlines Chief Stewardess Irene Replogle, burning the company mortgage. . . . R.C. Wilson, executive vice president of the First Security Bank of Utah, Salt Lake City, and Donald A. Duff, president of Challenger Airlines, are interested spectators. The First Security Bank financed the original purchase of the DC-3 aircraft used by the airline...

December 16, 1949. The Civil Aeronautics Board approves acquisition by H.S. Darr of 224,000 shares of common stock from Claude Neon Inc., the majority stockholder of Challenger Airlines Company, and merger of consolidation of Challenger Airlines Company and Monarch Airlines Inc., subject to certain conditions.⁴

May 15, 1950. The CAB approved the consolidation-merger of Monarch Airlines Inc., Challenger Airlines Company, and Arizona Airways, to form Frontier Airlines.

On June 1, 1950, Frontier Airlines inaugurated service over the combined routes of the three merged Airlines.