

# FALL RIVER'S AFFLICTIONS.

## THE CITY AND ITS RUINED MILLS.

STUNNING EFFECT OF THE LATE DEFALCATIONS—THE FORMER REMARKABLE PROSPERITY OF THE TOWN—THE BORDEN-DURFEE MONOPOLY—APPEARANCE AND CHARACTER OF CHACE AND HATHAWAY THE DEFAULTING TREASURERS.

From a Special Correspondent.

FALL RIVER, Mass., Thursday, April 25, 1878.

Fall River has not experienced such a commotion as has been furnished by the recent defalcations since the great fire of 1843, which burned over 20 acres of the town, and caused a loss, considered immense in those days, of some \$600,000 to \$700,000. Irregularities, as they are delicately termed, have not been common here, as they have been, unfortunately, in so many other places. Indeed, there have been in this community few of those rascalities which have made so much noise and scandal in other parts of the land. Consequently, the wholesale robberies of Chace and Hathaway have startled and terrified the town which has always prided itself on its commercial integrity and honor.

Confidence has for the time been totally destroyed, confidence in all human honesty and morality, and to such an extent that hardly anybody would be surprised if any and every mill Treasurer should be found guilty of plundering the corporation, or if any Pastor, however revered heretofore, should be proved to be a libertine and scoundrel of the worst type. Fall River has always been noted for its orthodoxy, and orthodoxy of the strictest sort. Nearly all its business men are church members, and in fact church membership is so much a matter of course that to be outside the evangelical pale is, or rather has been, to incur prejudice, if not to excite suspicion. There has been a good deal of the feeling here that a man could scarcely be upright and trustworthy unless he had made a profession of religion. Whether this feeling has not prompted many persons to join church who would not otherwise have done so, is open to discussion—it has probably had its influence, and by no means a small influence. Under the circumstances, liberal theology has been discountenanced, and very little of it exists. There has been for years, and still is, an Unitarian Society, but it is very conservative Unitarianism, and has not flourished.

I mention these things to show how much the Fall Riverians have been and are shocked by the demonstrated villainy of Chace and Hathaway, both understood to be devout members of Congregational bodies. Chace has been ranked as a model Christian, having been Superintendent of Sunday-schools, and prominent in all religious movements. Regularly educated, and possessed of considerable oral talent, he has been a general speaker at religious conventions and on most ecclesiastic occasions. Many orthodoxists ascribe the wrong-doing of the Treasurers to the general corruption of society, resulting from want of faith and indifference to divine teachings, and favor, therefore, the holding of a religious revival in the city at the earliest opportunity. The time would seem to be fitting, since, owing to the concussion of mill credit, there is not likely to be for many months a revival of trade, or a revival of any other secular kind.

Fall Riverians have always attributed much of their prosperity to the grace of God, acknowledging such grace in most of the commercial plans and enterprises in which they have embarked, and frequently referring to it in papers and documents relating entirely to trade. A recent pamphlet on the rise and progress of the town says: "Fall River is the outgrowth of home industry and good management, which, under the blessing of a benign Providence, have given her a foremost rank in manufacturing cities." All this manifests their conscientiousness in religious matters, and explains why they have been so violently shocked by the late defalcations.

Fall River, though now the great cotton-spinning centre of the Republic—the Manchester of America—(it manufactures much more than half of all the print cloths made in the country,) has had a sudden and rapid growth as a point of commercial importance. When the cotton business was begun, 60 years ago, there were then only 30 dwellings and 200 inhabitants. The first cotton factory was built in 1813, and had 896 spindles. The Troy Cotton and Woolen and the Fall River Manufactories were founded in that year; but the growth of the village was extremely slow, the increase in population for an entire decade (1820-30) having been less than 300. During that time two more companies were formed, and in 1840 there were eight mills, with 32,084 spindles—about the number now in one good-sized mill—and the population was 6,738. In 1860 there were 13,240 people and 11 mills, representing 192,600 spindles. In 1870 there were 18 mills, 544,606 spindles, and 27,191 inhabitants. The greatest increase, however, in manufacturing enterprises occurred in 1871 and 1872; 15 new companies having been formed, the necessary land bought and laid out, the mills and tenements erected, the machinery made and put in place, and a new career entered upon. The shares in the mills had been \$1,000, but the Legislature passed a law making the shares \$100 each, so that the poor as well as the rich, particularly the operatives, could become owners in the business which had been so prosperous.

Up to about the time of the civil war, the whole business of the town had been controlled and monopolized by the members of two families, the Bordens and Durfees, and their connections. The first of them to make money was Holder Borden. He grew rich by operating in cotton; lived and died a bachelor, leaving all his property to his three sisters, married to Dr. Nathan Durfee, Matthew Durfee, and Joseph Durfee, (Nathan and Matthew being brothers and Joseph a distant relative,) who became wealthy by their wives' inheritance. Col. Richard Borden and Jefferson Borden, brothers, were uncles of Holder Borden, and made fortunes in the Fall River Iron Works, by ownership of the wharves, interest in the railways, banks, and divers enterprises. S. Angier Chace, the defaulting Treasurer of the Union Mills, married Dr. Durfee's oldest daughter, and Joseph Durfee married, for his second wife, Chace's sister, who died, leaving one daughter; and she married Dr. Durfee's only son. Holder Borden Durfee, Treasurer of the Fall River Manufactory until requested to resign for lending \$10,000 belonging to the manufactory, to his brother-in-law, uncle-in-law, &c., S. Angier Chace.

Dr. Durfee's second daughter married Col. Borden's fourth son, Matthew, (he has been President of the Mercantile Library, and is in business in your City,) and Dr. Durfee's niece was married to Col. Borden's son Edward. Major Durfee married for his first wife Dr. Durfee's mother-in-law, Mrs. Borden, when she was a widow, and he married for his second wife a Miss Mary Brayton. The sole product of the second marriage was B. M. C. Durfee, who died several years ago, aged 25, leaving the largest estate here—valued at \$4,000,000 or \$5,000,000—to his mother, as he died a bachelor without will. He had three uncles—John S. Brayton, Slade Brayton, and David Brayton—who grew rich from the management of his estate during his minority. David Brayton's daughter Nannie was married to Jefferson Borden's youngest son, Norman, and in this way the two families have married back and forth, until nobody has, nor have they any conception how they are related to one another. The connections of the Bordens and Durfees are ten times as intricate as the most intricate Chinese puzzle, and any attempt to unravel them would be dangerous to one's sanity.

The Bordens and Durfees owned and controlled the mills, the wharves, the steam-boats, the lines of railway, the banks, and the principal kinds of business, so that no one could get into or get away from the town, procure a loan, hire a house, buy or sell or make a trade, or do anything without contributing to the Borden-Durfee revenue. Fall River was in danger of dying of Borden-Durfee plethora, for any new movement or fresh enterprise was impossible without co-operation with some member or members of the eternal families. Business might have gone on everlastingly in the old ruts if Charles Shove, Hale and Robert Remington, Stephen and William Davol, and others, who, by some mystery, chanced not to be linked matrimonially or otherwise with the Bordens and Durfees, had not endeavored to achieve something outside and independent of those widely-pervading and generally-absorbing persons.

As examples of the Borden-Durfee permeation, let me give the organization, as it was a few years since, of some of the old companies:

*The American Linen Company.*—President, Jefferson Borden; Treasurer, Walter Paine, 3d, (Borden's son-in-law;) Directors, Jefferson Borden, Phillip S. Borden, (his nephew,) Richard B. Borden, (his nephew,) George B. Durfee, (his son-in-law and grandnephew,) and Walter Paine, 3d, again.

*American Print Works.*—President, Jefferson Borden; Clerk, George B. Durfee; Treasurer, Thomas J. Borden, (another of Jefferson Borden's nephews;) Directors, Thomas J. Borden, Jefferson Borden, Nathan Durfee, (nephew by marriage,) and George B. Durfee.

*Massasoit Steam Mill.*—President, Nathan Durfee; Clerk, Charles Durfee, (Nathan Durfee's nephew;) Treasurer, Holder Borden Durfee, (Nathan Durfee's son;) Directors, Nathan Durfee, S. Angier Chace, (Nathan Durfee's son-in-law,) and Holder B. Durfee.

Nobody can read of the officers of these and other of the older organizations without wondering why the Bordens and Durfees were not at least occasionally allowed to occupy some place in the different companies of the city. Why should they have been so absolutely and forever excluded from holding office?

After the interruption of the long-unbroken Borden-Durfee dynasty, the first mill built was the Union, (incorporated 1859,) of which S. Angier Chace was chosen Treasurer and continued to be until the discovery of his defalcations. At the time he was or had been an officer of 11 different companies, Treasurer of the Union Mills, Director of the Border City Mills, of the Fall River Manufactory, of the Fall River Manufacturers' Insurance Company, of the Fall River, Spool and Bobbin Com-

pany, of the Fall River Steam-boat Company, of the King Philip Mills, President of the Manufacturers' Gas Company, Director of the Massasoit Steam Mills, of the Sagamore Mills, and of the Slade Mills. Much of the uneasiness felt here is doubtless owing to the many connections of Chace, who, it is feared, may have done to any of the other corporations what he did to the Union Mills.

Chace is not at all the kind of man one would suspect of dishonesty and malfeasance in office. He is a graduate of Brown, somewhat above medium height, rather slender than otherwise; has light brown hair, blue-gray eyes, a long, thin, intellectual nose, chin not strong, sandy whiskers clipped short and growing only on the cheek, pale complexion, very quiet, reserved manner, seldom speaking unless spoken to, his whole appearance and out-giving indicating a thoughtful, cultured, introspective nature. He was neither popular nor unpopular; but most persons had absolute confidence in his integrity, even when they had not in his business capacity. Neither he nor the members of his family have ever made any display or have seemed to have luxurious or extravagant tastes. Indeed, they have not lived, apparently, in accordance with what was supposed to be their means. Chace has three children, two sons—one married—and a daughter, a maiden, but affianced—at least she was before her father's downfall. His defalcations have evidently been prompted by considerations other than those pertaining to his household. The public here has been curious and puzzled to know what he has done with the money—\$500,000—that he has embezzled. It is thought that he paid off the debt of the Massasoit Flour Mill (\$150,000) when it was closed—it had been running at a loss for years—with the proceeds of the notes given illegitimately by him as Treasurer of the Union Mills, and that he also discharged in the same way the obligations (\$150,000) of his father-in-law's (Dr. Durfee) estate. These, with certain speculations, may explain how he got rid of the greater portion of the amount, though it is thought that if he had so used the money, he would have been willing to avow it, instead of refusing to make any disclosure whatever.

The prosperity of the Union Mills has caused the building of many subsequent mills. They were always pointed to as an example and encouragement, and their success has aroused the determination of the Fall Riverians to have more of the same sort. The Union shares, originally \$1,000, have been sold as high as \$8,000, and \$6,000 has been frequently paid. But for the Union, it is questionable if there would have been half as many mills here as there are to-day. The Union has undoubtedly made money until recently by its legitimate business, and its prosperity and excellent credit have enabled Chace to put any amount of its paper upon the market at low rates.

The Treasurers of the mills generally have been thoroughly trusted by the Directors, who have exercised no restraint upon them, not even any prudent supervision. They have made contracts, borrowed money, purchased supplies, provided for payments, financed, managed, controlled, have been, in short, the whole mills in their own person. Except for the blind and culpable confidence of the Directors, these defalcations would not have been possible. The Union has just completed its third mill. It was Chace's policy to have a third, because the new building gave him a pretext for getting paper discounted as Treasurer.

The Border City is one of the newest mills, having been incorporated in 1872. The first intent was to have one mill, with a capital of \$400,000 or \$500,000; but it was afterward decided to have two mills, with a capital of \$1,000,000, only three-quarters of which, it seems, has ever been paid in. George T. Hathaway, the defaulting Treasurer of the Border City and Sagamore Mills, has done an enormous quantity of lying to the Directors and everybody else from the very start. He has hardly ever told the truth; and yet his word has been accepted as final in all transactions. The Border City has never paid but three dividends—the last one last July—of 5, 4, and 4 per cent.

Hathaway is only 34; is a cousin-german of Angier Chace, and sort of a protégé of his, having been born in or near the same village, Assonet, in this (Bristol) county, and having been a clerk for Chace for years in the Massasoit Flour Mill. He has been one of the most enterprising and pushing men in town, and has had the name of one of the best financiers. It has been a common remark here that George Hathaway could borrow money when no other Treasurer could, and at better rates. He has surely shown that he is a superb borrower, though he is like to prove a very poor payer. Amiable, agreeable, talkative, demonstrative, full of nervous energy, he has been very popular, and knows everybody for miles around. The failure of the Border City and Sagamore will cause great distress at home, because there are many small stockholders, poor men, widows, operatives, and the like, who have been persuaded by Hathaway into the investment. Nearly all the stock of all the mills is owned in or near Fall River, very little being held in Boston or New-York, and consequently the losses by the Union, Border City, and Sagamore are severely felt here. The feeling against Hathaway is very intense and bitter, especially since he refused to make any statement or disclosure about the mills' affairs. His evident determination to take advantage of legal technicalities has forfeited any sympathy which may primarily have been felt with him. He has been married several years, but has no children. What he has done with his stealings is far more mysterious than what Chace has done with his. It is believed by many, and the belief is spreading, that both Hathaway and Chace have been speculating in stocks in State or Wall street or in both, and have lost their hundreds of thousands in this manner. Hathaway (what an exceedingly unpleasant way he hath, by the way!) is self-made, having only a common-school education; but he is very intelligent, quick to grasp ideas, decide on a course of action, and arrive at conclusions from small data. In person he is rather tall, thin, brown-haired, blue-eyed, his features being good but not at all remarkable. He is careless in dress, like most Fall Riverians; he has a rustic appearance, and a driving, restless, somewhat unsettled mien. He is not at all a man of details, depending for them on others, and having little knowledge of accounts. Good as his reputation was, his defalcation has caused less amazement than Chace's, for he is a sanguine, ambitious, boldly speculative man, and his cousin's junior by nearly 20 years. Although Chace denies that he got any amount of money from Hathaway, it is thought that he got a great deal, and that the two have been associated in a number of illegitimate enterprises. Chace's rascality probably extends over a much longer time than Hathaway's, and yet the revelations to be made will be likely to be as startling in one case as in another.

Between the time of the building of the Union and Border City Mills, not less than 24 mills, excluding those two, were constructed, all of which, excepting three or four, manufacture print cloths. As has been intimated, more than half, probably two-thirds, of the new corporations owe their existence to the presumed prosperity of the Union Mills, always quoted as a practical reason for the increase of cotton-spinning interests here.

Up to April 10, when Chace's defalcations were discovered, Fall River's 38 or 40 mills had some 33,000 looms, 1,400,000 spindles, and used about 152,175 bales of cotton annually. They produced 377,000,000 yards of cloth annually, and represented over \$16,000,000 paid in capital, and about \$25,000,000 actually. They employed not far from 16,000 operatives, and their monthly pay-roll reached some \$400,000, or almost \$5,000,000 annually.

The latest statistics report the total number of cotton mills in the country at 847, containing 86,975 looms, and 9,415,383 spindles, manufacturing 588,000,000 yards print cloths. Of these New-England had 489 mills, containing 148,189 looms, and 7,538,369 spindles, manufacturing 481,000,000 yards of print cloths. The figures quoted would be much increased could they be given now; but allowing the most liberal increase, the great importance and enormous productivity of Fall River, as a cotton-spinning centre, are clearly shown. This city has regulated the print-cloth market of the country for several years, and the existing disturbances and interruptions must of necessity be widely felt. What their ultimate effect will be remains to be seen. New-York cannot fail to be concerned about the present disordered condition of things here, because your City is a very large buyer of this city's products, and has been for a long time. In fact, New-York, not Boston, has been the chief market for Fall River's manufactured goods.

While the main industry of this town is in print cloths, it is also largely engaged in printing calicoes, in the manufacture of iron hoops, rods, nails, castings, &c., and machinery. There are two calico-print works, both belonging to the American Print Works, which was founded in 1834. Their goods are varied and first-class, from the percale to the indigo print, and over 30,000 pieces are turned out each week. In the different machine shops machinery of many kinds is made, but most of it is designed for and used in the mills, so that Fall River makes its own machinery and prints much of its manufactured cloth.

Rumors of an alarming nature continue to be circulated in regard to other mills than the Union, Border City, and Sagamore, but they are not so many nor so wild as they have been. By going into the street, you can hear anything you like—that this or that corporation will be bankrupt in a few days, and that startling revelations may be looked for in entirely new quarters. It is impossible to say what may be developed—the community is prepared for anything—but the best opinion that can be arrived at favors the belief that the worst is over. Some of the weak mills will probably be forced to make new assessments; henceforth business will, for a while at least, be conducted on a careful and conservative basis, (lock the stable door, &c.,) and the system of mill management undergo a revolution.

Fall River has received such a blow that it has not yet begun to collect its scattered senses. It may be more frightened than hurt; but no intelligent mind can doubt that it has been badly hurt. Some years must pass before the city can regain the prestige and credit it has had. The future of the town is still assured, for print cloths are not harmed, and are as much a staple as flour or beef. The civilized world will be in demand until another order of things shall have been established. Fall River has undeniably been stunned by the exposures of the past fortnight, and fresh earthquakes may still occur. But in due time her busy, bustling, hopeful life will be resumed, she will stand on a firmer basis than heretofore, and the little lesson she has learned may serve her in the days to come.