

# The Crisis at Cadwalader

By William Hamilton Osborne.

"Campion, with an established business and a great scheme—"

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MANUEL FERTIG, one of the few counsellors at law in Cadwalader, stepped softly from one room to the other and closed the door behind him. Peter Campion, builder and contractor, sat at the window, moodily tapping his fingers upon the window sill. Fertig touched him on the shoulder.

"So you want to go through bankruptcy, too?" he queried.

Campion nodded. "Why, is there anybody else?" he asked.

"Come with me," returned the lawyer. With Peter Campion he retraced his steps and entered his private office. At the off side of the desk there sat another man.

"Hello, Pantaneous," exclaimed Campion. "Hope you're not indulging in the luxury of the law."

"That's what I am," returned Pantaneous. He hesitated for an instant. "Oh, thunder!" he finally exclaimed, petulantly, "you might as well know it, Peter. I'm broke. My wife is raising the diabolical. We've spent all my money and all her money. I'm going to put up stakes and take a job somewhere. \* \* \* I'm going through bankruptcy, Campion. Fertig, here, is going to put me through."

Peter Campion, the builder, laughed uneasily. "Well," he said at last, "I don't mind telling you that I'm going through myself."

Pantaneous rose from his seat. "You, Campion?" he queried. "I thought you were good for any amount of money, sure."

"So does the town," returned the builder, "but the town don't know."

Fertig leaned back in his arm chair with his thumbs in his armpits. "It's a great note, gentlemen," he commented, "when the whole country is going mad and property that a couple of solid men in the town of Cadwalader are considered as worth a dollar an acre to the right man. But the right man never came along so far."

"Good," returned Fertig; "you're a property owner. And Campion here is an O. K. builder and contractor. Good combination! Campion," he queried, "how much is your credit worth at the State Bank here?"

"Not a dollar."

"At the Cadwalader National, then?"

"Not a cent," wailed Campion; "if it had been well, I'd say I could have borrowed ten thousand I could have pulled through all right and possibly made money. But as it is—"

"How much can you borrow of any one man here in town, then?" asked the lawyer.

"Possibly a thousand. The town believes I'm good."

Fertig rubbed his hands. "Oh, I've been waiting for two such ducks as you," he repeated unctuously; "two well known, solid business men in town, of good families—prosperous men like you."

"Prosperous?" they wailed, in unison, "and on the eve of bankruptcy?"

"Oh, no," returned Fertig; "not bankruptcy. Why, thunderation, you can't go through bankruptcy. The law won't stand for it, you see."

"Why not?"

"Because," protested Fertig, "your assets far exceed your liabilities." He held out his hand. "Oh, yes, they do," he persisted; "here's Pantaneous. He owns three hundred acres, worth—"

"Three hundred dollars," said Pantaneous.

"Three hundred thousand dollars," smiled the counsellor at law; "and here's Campion, with an established business and a great scheme—"

"A great scheme," faltered Campion.

"Sure," returned Fertig; "you're going to develop those three hundred acres. You're going to beautify them with little Colonial cottages. Green shingles. White paint. \* \* \* Oh, yes. And here am I, the tail end of the triumvirate. Take us altogether, ideas and all. We're worth a million. Not that I have a dollar in real cash. Still, we're worth a million just as we stand. And behind that million we've got another million."



"Three hundred acres, worth—three hundred thousand dollars."

"Another million!" they exclaimed.

Fertig nodded. "Our names, our solid business reputation," he explained, "are worth at least that much. Come now," he commanded; "sit down and let us reason together."

For fifteen minutes he did all the talking. Finally Campion smothered in disgust. "Why, it'll take a hundred thousand dollars to put that through," he said.

"Where'll you get a hundred thousand dollars, anyway?"

"From the State Bank here in town," smiled Fertig.

"The State Bank won't let you have a hundred thousand cents."

"Oh, yes it will. It will let us have two hundred thousand dollars, just as soon as we get the cash to buy it."

"Buy what?"

"To buy the State Bank," resumed Fertig. "Why," he laughed, "that's the first thing we've got to do. When we've done that—"

"They didn't jeer long. Fertig knew his business. The next day Peter Campion, the builder, whose credit was good for one thousand dollars, went about town and within the space of three hours borrowed that identical amount from each of fifteen of his fellow townsmen and gave his note to each for that amount. His credit, which had been good for one, had procured for him fifteen thousand dollars. By nightfall his reputation was dragging in the mud, but he had the fifteen thousand dollars. A week later Birdsall, the town surveyor, had completed for Pantaneous an elaborate map setting forth the proposed improvements of the three hundred acres of swamp land, its division into building lots and the concentration of the swamp into a miniature lake in the center of the tract. Within another week, Walsh & Walsh, the architects, had completed plans for a dozen different styles of small houses to be erected by Peter Campion on the tract. Within another week the Morning Mail had commented editorially upon the enterprise of two public spirited Cadwaladers, Campion and Pantaneous. Things on paper look so very good."

"Now," said Fertig, "we'll borrow a bit of money on these plans. We've got fifteen thousand and we need fifty."

"They went first to Cadwalader—J. William Cadwalader, there in town. Cadwalader shook his head. 'I'd like to go into it,' he admitted, 'but I'm a thread man. And I've got a thousand hands to pay every two weeks. And I've just built a new wing. Don't see how.'"

"Cadwalader," they told him, "this town was named after your family. It's your town. Come. If we're doing nothing else we're cleaning up malaria and the mosquitoes. Come, let us have ten thousand—twenty thousand. Do."

Cadwalader once more shook his head. "I'm a thread man," he returned, "and nothing else."

"We'll remember, Cadwalader," said Pantaneous darkly.

But Fertig only smiled. "Don't be too hard on Cadwalader," he said. "You're going to make your money out of the people he employs. See if you don't."

In another week the triumvirate had procured its \$50,000—a far cry from the bankruptcy court to say the least.



"Take us altogether, ideas and all. We're worth a million. Not that I have a dollar in real cash, still, we're worth a million."

"Now," said Fertig, "we'll buy the State Bank." They did it. It was capitalized at only \$50,000, and its stock was barely worth two hundred. They bought a majority of the stock, held an annual meeting, put in their own Board and their own officers—Campion, president; Pantaneous, vice president, and Fertig, secretary and treasurer.

"Now," said Pantaneous and Campion, "we can start right in to work."

"Sure," returned Fertig, "now we'll buy the Cadwalader National Bank. That's the next move, gente."

"Buy the Cadwalader National!" they gasped. "How can you do that? We had hard enough work getting that fifty thousand on bond and mortgage and notes of credit."

"Well," said Fertig, "we control the State Bank and the State Bank is going to buy the Cadwalader National. That's all I know. The State Bank has got stock that's worth \$300. It's got deposits, money in its vaults, and its got unlimited credit. So we'll buy."

"They bought, putting up the State Bank stock as collateral for the purchase. 'It's a pity there aren't any more banks in town,' said Fertig, 'because we could buy 'em all, putting up the stock of each as collateral for the purchase of the next. As it is—'

"Now we can start in," suggested Campion.

"No," returned Fertig, "not till we've organized the trust company."

"The trust company?"

"Oh, sure," said Fertig; "we'll have to dissolve these banks, you know. They're too restrictive. We don't want the national banks examiners dropping in here at Cadwalader, anyhow, and national banks don't know how to invest money. The government don't know how. The State Bank, too, has got to go. Our old State Bank law here is too narrow. We've got to let 'em go and organize a trust company. Then we can begin to do business, Campion."

"But," protested Pantaneous, "the people won't let you dissolve these banks. They won't let you organize a trust company."

"Won't they?" queried Fertig. "Not with two per cent. interest on daily balances? Not with a savings bank department paying three and a half? Look at Cadwalader's thread mill hands. They go to Morristown now to make deposits. Now, with a trust company we can keep their money here. All Cadwalader will deposit in our trust company. The money

And that meant a good deal to the town of Cadwalader. The Cadwalader Thread Works was employing a thousand hands, paid off every two weeks. This involved the support of five hundred families there in town. And J. William Cadwalader had been the first man in the town up to the last few months. But his wife began to shake her head.

"I don't know, Billy," she said to him, as she watched Campion's big motor car speed past the homestead, "if you only had just a little more progressiveness in you. Look how other chaps forge ahead. Look at Peter Campion—it galled her to see Peter Campion and his wife in their ostentatious luxury. Peter had once—well, proposed to Irene Cadwalader before she was Irene Cadwalader. She would never have married him under any consideration, but she didn't like to see the man she did marry fall behind.

"But I'm not falling behind, Irene," said Cadwalader. "I'm making more money every year. Ever since my father died this year my profits have increased. This year we've had two thousand more to spend right here in the house."

She shook her head. "It seems a steady grind, grind, grind."

"It is a steady grind," he assented; "it's got to be."

"But," she said, "it isn't for Campion and Pantaneous. And even Fertig. Just look at Fertig. Two years ago nobody thought anything of Fertig. It isn't much of a grind for them, it seems. Don't you understand, Billy? I'm thinking about you. Everybody seems to be getting rich so easily, everywhere. I don't want you to work so hard. I want things to come easier to you, for you. Isn't there some way, Billy—real estate or stocks, or something?"

Cadwalader smiled and kissed her. "I understand, little girl," he said, "but I'm a thread man and nothing else. I know thread. I've got to stick to it. I've got to be safe. But it's all right. I'm going to broaden out. I'm going to put up another new building and take on some more hands. I'm holding the trust down. And next year I can give you, maybe, five thousand more for family expenses, don't you see?"

"I don't want five thousand more," protested his young wife, "but I want you to get along, here in your own town. I

want you to be the biggest man here. Why, the town's named after you. I want you to be the richest man in town, Billy."

"I'll try," sighed Cadwalader. Yes, it was a grind, grind, grind. His wife was right.

Two weeks later he dropped into the Cadwalader Trust Company and saw Campion. Cadwalader wanted to borrow \$25,000 to build a new building, and said as much.

"Humph," said Campion, "I don't remember that you helped us much when we needed help."

"But I've got credit," said Cadwalader. Campion called in Pantaneous, and the two took a malicious pleasure in refusing to Cadwalader the money.

"It's all right," said Cadwalader. "I can get it in Morristown, then." He stroled to the cashier's window, handed in his check and withdrew his entire balance, some fifteen thousand dollars, and took it with him. As he went out, Fertig came in.

"We turned down Cadwalader on a \$25,000 loan," said Campion, gleefully. Power intoxicated him. Fertig stormed.

"You blamed idiots," he exclaimed, "and now he's left us. Why, confound it, we need that man's account. Here, we've been advertising to get every blamed piece

of yune account from \$1 up. And here's a man that's got to keep ten thousand on deposit for emergency all the time. And you turn him down."

"Well," commented Campion, "my wife says—well, hang it, Cadwalader puts on too many airs. There ain't room enough in this town for me and Cadwalader. Not on your life!"

Fertig smiled. "The more you feel that way about it," he suggested, "the more you ought to keep his money. You ought to have made that loan."

They didn't make it. They never got another chance. Morristown made it, and Morristown kept Cadwalader's deposit in its vaults from that time on.

"Anyhow," said Pantaneous, "we need that \$25,000 that he wanted for our scheme."

For the first time, now, the triumvirate started to put the scheme into execution. It has already been outlined. It was a fair and square and legitimate scheme for any man to put his money into, if he so desired. It involved the development of three hundred acres—and more, since added—at the southern end of town; the grading and laying of streets; the laying of sewer pipes, water pipes, gas pipes; paving, patent sidewalk, curb; the setting out of trees, and the filling in of marshy ground, the manufacture of a well defined miniature lake with an artificial island; the discouragement of mosquitoes; the eradication of malaria; and dotting the whole expanse, to begin with, the erection of at least twenty-five small houses, with six or seven rooms, purchasable on the universal plan of payment by instalments. There was money in it, big money. Cadwalader, the town, had not yet wakened up. It lacked attractive homes. Its people were frugal, industrious, proud and good. At least one-half of them depended upon Cadwalader's Thread Works.

"It's those people who are going to buy and build," said Fertig, "their money is in this trust company. Their money is going to develop the tract. Their money is going to build the houses. And when their money has made it worth something they'll turn around and pay three prices for it. See if they don't!"

"We'll have to be careful about this," said Campion, "we can't loan too much to any one concern, you know. The law, you know. We've got to keep within the law."

Fertig laughed. "There'll be the Campion Heights Land Company, owner of one corner of that swamp; the Pantaneous Plantation Company, owner of another; the Fertig Avenue Realty Company, owner of another, and as many more corporations as you like. Oh, no, this trust company will be run according to law. We'll only loan on good bond and mortgage, and so much only to each concern. I'll take care of that."

The scheme was a success. Out of a wilderness, Birdsall, the town surveyor, and Walsh & Walsh, the leading architects, created a paradise. Newspapers gave it editorial space. The triumvirate became public benefactors. Their pictures were displayed in the local papers. A magazine article crept into the New York periodicals now and then on the comprehensive subject of "Beautifying a Town," and Pantaneous and Campion and Fertig got theirs.

"It looks good," said Campion one day while figuring out how little cement he could put into his concrete walls, "and it'll be all right if they don't discover that the trust company is backing it."

"Why, you blamed idiot," said Fertig. "I've been telling everybody that the trust company is behind it. That gives it strength. If you want a scheme to succeed, let people know that a bank is behind it. People don't know what a bank is. A bank is Bill Jones, of the Cadwalader Thread Mills, operative. But he doesn't think of that. He doesn't know or think that his money is doing all this. In his mind, it's the money of the trust company—he doesn't understand. But he's glad. He approves. And so do we. For we can afford to make twenty-five per cent. out of Bill Jones and pay him three and a half for the privilege, I guess."

Lots sold. Houses were built. New tracts were added. And the principle of the thing was good, and it was almost safe. The funds of the trust company were paid out to the laborers and artisans who made the actual improvements, the pickaxman and the landscape gardener. In turn that money came back into the coffers of the trust company. And the profits! The triumvirate were getting rich. And they were what they ever had been, solid, well known business men. In ten years more they would be millionaires in fact as well as in name.

Cadwalader was a thread man—still a thread man. He knew the business from the cotton seed up to the seam that the finished article sewed. Alert, careful, cautious, he noted suddenly that raw cotton was on the decline in price. He shifted. He had watched and waited for this to happen through many weary months. In the back of his head he had a safe, same business plan, cut and dried, ready for immediate use at an instant's notice. Yet he did nothing. He merely waited.

Suddenly the cotton buying world went mad. "Sell cotton," was the cry, "sell, sell, sell!"

He had seen cotton go up and go down to its limits. Cotton was a commodity, not a stock. It had its intrinsic value. It had gone to eighteen cents. It had gone to three cents. But its real value never had changed. Cadwalader understood and watched.

It was a spectacular raid, and attracted much attention. One day Fertig came in to the trust company building and closed the door behind him. "Boys," he said, "I've turned twenty-five thousand dollars selling cotton short. And there's the check. I bought at eight. I sold at six and a half." They gasped. They went down to Wall street and investigated. They were none of them fools. They

dreaded the fire. But investigation, sweeping as it was, satisfied them. They had real inside information, and that inside information assured them beyond doubts that cotton would touch three before it rose. They turned in their orders.

"Sell cotton," yelled their brokers, "the hundred other brokers, 'sell, sell, sell.'" It made no difference whether it was December or May. All the cotton of the world was being sold. The triumvirate went back to Cadwalader. "We'll stop at 4," they said, "it won't reach that price for at least a week."

"And by the way," suggested Pantaneous, "don't forget we've got to go before the Common Council tonight and change the name of this town. The name of Cadwalader is a hoodoo. We'll get a better name than that."

"The name of Campion," suggested Peter, the contractor.

"Or, Pantaneous suggested the vice president of the trust company.

"Fertig has 'em frizzled to a frazzle," said the counsellor at law.

Over in New York a dozen cotton brokers were selling cotton short for the Universal Thread Concern. They had their instructions to bear cotton, not to drive, but to four, and then to buy, buy, buy. It is difficult to bear a good commodity, but they did it. Sell, sell, sell," they cried. At four and a half one broker only began to buy. His name was Terhune. He was an obscure broker, picking up odd lots here and there, a scum, and now he was almost unnoticed. But suddenly he stepped into the breach and began to buy furiously.

"Buy at four and a half," he cried, "buy, buy, buy."

"Sell at four and a half," yelled the dozen brokers. They had no doubt of their ability to carry the price to four. They had to do it, that was all. But Terhune's piping voice kept on.

"Buy at four and a half."

Suddenly the gavel fell. And then the news came out, all in a flash. Terhune, the modest broker, had bought cotton to some purpose. He had bought the floating cotton of the world at four and a half.

His customer was Cadwalader. Cadwalader had not sold short. He had not bought a stock. He had bought a substance measured by pounds and bales—something that he owned, something that could not be taken away from him, provided he could pay for it according to the terms of the purchase.

"When he told Irene, his wife, she gasped. 'Why, Billy,' she exclaimed, 'you'll ruin yourself!'"

He laughed. "Not much," he said. "Cotton will go up to twelve tomorrow morning. It will go to eighteen before it's through."

"Then you can sell out," she exclaimed eagerly.

"Not much," he answered. "I don't deal in cotton. I manufacture thread."

The next day—well, cotton was the disaster that swept the props from under Wall street. Everybody, even the members of the Stock Exchange, had gone into cotton—had sold. Houses failed by the dozen. And, suddenly, General Prosperity faced General Panic.

The town of Cadwalader didn't change its name. The Cadwalader Trust Company would have weathered the storm save for a few unfortunate circumstances. These were, first, that the fund deposited had been invested in a swamp of three hundred acres and some homes of doubtful stability; second, that the officers of the trust company were as well as or better than the trust company could afford; third, that the trust company had sold cotton that never had existed. The three men who headed the trust company were solid, respectable, business men. Inside of ten years they would have made a great town out of Cadwalader—a town with a better name, of course. But as it was—

The town of Cadwalader shrivelled into innocuous desuetude. Real estate declined in value. There was no money. Irene Cadwalader shivered.

"Billy," she exclaimed, "you—you've been! progressive, only fooling me. Why did you buy that cotton? You can't pay for it. You can't handle it. Why don't you sell it out?"

He smiled. "If I sold the Thread Trust would get it. Not on your life! You don't understand, Irene. This panic doesn't affect my business. There are just as many people who want thread. I'm going to make thread out of cotton that I bought at four and a half, and I'm going to sell it, not only to my own customers, but to the customers of the Universal Thread Concern. The Thread Trust can't make thread at twice the figure that I can now. I'll pay for my cotton as I go along. Watch out."

His first move was to spend a month in travel in personal solicitation to secure his contracts for thread. He secured them. His price guaranteed him that. Besides, the Cadwalader threads were the best in the world. Then he came back. The town of Cadwalader was groaning. It had no money, no credit. But Cadwalader held out his hand.

"I'm going to double my mills," he said. "I'm going to treble my working force. I'm going to employ every man, woman and child that I can accommodate. Money? No, I have no money either. But—"

He took his big contracts to the grocers, the butchers, the bakers. They examined them and nodded. And then Cadwalader issued his certificates for wages—Cadwalader's shin plasters," they called them—and these passed current at the store of tradesmen in the town. He had to do this. He had used all his cash in payments for his first installment of cotton. But before the second installment was due he had shipped his first big consignment of finished product and had the money for it. He took on more hands, built more buildings, issued more certificates. Out of chaos he produced cosmos. The people stopped groaning. Winter came on, but they had coal and blankets and everything they needed. The Morristown banks came to Cadwalader's aid. The shin plasters were retired. The town of Cadwalader resumed its normal usage. When the time came J. William Cadwalader owned the trust company; he even owned the swamp. He had to buy them up to save the town. The panic didn't speed a death.

"How did you ever do it, Billy?" asked Irene Cadwalader, when the manufacturer had paid for all his cotton.

He only smiled. "Well," he said, "I'm a thread man and I stuck to thread, that's all. I had something to sell that the people wanted to buy. I sold, and the people wanted to buy. That's all."

"And Campion and Pantaneous and Fertig?" she queried, not quite understanding how the crash had all come about.

"My dear," said Cadwalader, "they never had anything to sell—nothing save three hundred acres of swamp land worth a dollar an acre. That's all."

"Yet," she responded, "they made money."

"No," he answered gently, "they only took it, girls."

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