

Thomas Proctor's Wealth

- Bruce Bolnick, Topsfield, MA
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In the first half of the 20th century, Thomas Emerson Proctor was by far the largest property owner in Topsfield, as well as being a prominent philanthropist and a renowned horticulturalist, who drew hundreds of visitors each weekend to his garden estate on Perkins Row. Yet surprisingly little has been written about the source of his obvious wealth. For example, a short history of the Ipswich River Audubon Sanctuary, by Mark Lapin (2009), simply states that “Proctor inherited his wealth from his father, whose fortune was presumably made in the leather importing business.” Similarly, C.L. Bond (1974), expresses as a “surmise” that the fortune “was built up by his grandfather and father as leather merchants.”

The purpose of the present note is to probe more deeply into the source of the Proctor wealth. As it turns out, the story is far more intriguing than one might imagine from earlier reference to the leather business.

Proctor moved to Topsfield in 1898 when he purchased property along the Ipswich River from the Bradstreet family. The Bradstreets had owned, occupied and farmed the tract of land since 1643. On that site – now Mass Audubon’s Ipswich River Wildlife Sanctuary (IRWS) – Proctor collaborated with experts from Harvard University and the Arnold Arboretum to create a magnificent private garden and arboretum featuring exotic trees, shrubs and flowers from China, Japan, Europe, and other regions of the United States. He also hired a team of Italian immigrants to construct carriage trails, stone bridges, culverts, embankments, ponds, and an extraordinary “Rockery” featuring a grotto built from boulders that were laboriously collected and transported by horse cart from nearby towns (Lapin, 2009; Chamberlain, 1994; Bond, 1974). When this was finished, in 1911, a Committee on Gardens from the Massachusetts Horticultural Society reported that the Proctor’s Rockery:

“would exhaust one’s stock of adjectives to adequately describe. A whole hillside rising from the border of a pond has been devoted to this purpose and among the boulders of which it is formed and in its damp grottos are planted an almost innumerable collection of hardy shrubs and herbaecious and alpine plants. In the woodland around the pond are plantations of rhododendrons and hardy evergreens intermixed with the no less attractive native trees, shrubs and flowering plants.” (Mass. Horticultural Society, 1911)

Beyond the Bradstreet tract, Proctor continued to acquire other properties in the area. According to Lapin (2009), Proctor “at the time of his death in 1949 owned 47% of all the land in Topsfield.” Bond (1974) gives a slightly more account, stating that Proctor owned “more than one quarter of the land within the town, something over three square miles, and employed nearly one tenth of the population.” In addition, he and his family owned large tracts in adjoining

towns, including magnificent estates in Ipswich at Turner Hill and Mostly Hall (now the New England Biolabs property).

Proctor was independently wealthy, affording him the freedom to devote most of his life to horticulture and landscaping. Although he also dealt in stocks, bonds and real estate, his fortune derived primarily from his inheritance. Thus, his obituary in the Boston Globe on March 21, 1949, described him as “Philanthropist, Horticulturalist, Landowner,” and not as a man of the business world. The article also mentioned that he was the largest taxpayer in Topsfield; that he gave land to the town for a grade school (now named the Proctor School) and a high school; and that he was a Trustee in his father’s “huge estate.” (Other sources do not bear out the Globe’s claim about high school land.) The trust, however, was managed mainly by his brother, James, of Ipswich.¹ The Globe obituary went on to say that

“Flower lovers throughout the country have visited his estate to see the rare plants. His rockery, made up of exotic plants and imported flowers, is a North Shore beauty spot. A generous contributor to charities and fraternal organizations, he never identified himself as the sender of the gifts.”

To find the source of Thomas Proctor’s obvious wealth, one must look back to the 1800s to understand the fascinating story of his father’s “huge estate.” It is worth starting, though, with a quick look at the family’s early roots in the United States.

Family Roots

Thomas Proctor of Topsfield was a direct paternal descendant (eight generations removed) of the first Proctor to reach the Massachusetts Bay Colony in 1635. That year, John Proctor, age 40, arrived in Boston from London with his wife Martha, son John (age 3) and daughter Martha (age 1).² According to a family history compiled by Leland Proctor (1985), son John moved as an adult to Salem in 1662 with his second wife, Elizabeth Thorndike, with a licence to establish a “house of entertainment to sell beare, sider, liquors, etc.” They opened this business from their house at what is now 348 Lowell Street in Peabody. After his second wife died in 1672, he married Elizabeth Bassett of Lynn in 1674. Tragically, John and Elizabeth became victims of the Salem witchcraft frenzy. Both were accused and convicted of being witches, in 1692. John was hanged in 1693 (at what is now called Proctor Ledge, on Gallows Hill in Salem) for refusing to confess to witchcraft, and all of his property was confiscated by the government. Elizabeth had a temporary reprieve from the death sentence due to pregnancy, and escaped the gallows when a new governor of the Colony ended the witchhunt. Their misfortune was the centerpiece for

¹ This is clear from Jame’s obituary in the New York Times on Sept. 9, 1946: “Since 1894 he had devoted himself to the management of the estate of his father, the late Thomas Emerson Proctor.”

² Source: http://www.ancestry.com/genealogy/records/thomas-emerson-proctor_27387280. Leland Proctor (1985) suggests that the family name derives from the Latin word *Procurator*, probably referring to a heritage of serving as ecclesiastical lawyers in medieval England.

Arthur Miller's famous play, *The Crucible*, and two feature films of the same name, in 1957 and 1996.

After this infamous episode, the Proctor family spread its roots throughout the region. However, the story as relevant here, begins in 1800, with the birth of Thomas Proctor's grandfather, Abel Proctor, in Danvers. At age 25, Abel Proctor went into the leather business by opening a tannery in Peabody. He and his wife, Lydia Porter Emerson, had seven children, including a son named Thomas Emerson Proctor, born in 1834. As explained below, Thomas joined the family business and built it into an economic powerhouse, eventually becoming one of the leading figures in the leather industry nationally. Thomas married Emma Esther Howe in 1864.³ The couple had four children, including a son born in 1874, also named Thomas Emerson Proctor. This is the Proctor who moved to Topsfield in 1898 as an heir to his father's "vast estate."⁴ (Where there may be ambiguity, it will be convenient below to refer to the father as Thomas Proctor senior, and the son as Thomas Proctor junior, even though they did not use these labels formally.)

Building the Family's Wealth

Abel Proctor opened the Proctor Tannery in 1825, on Webster Street in Peabody. It was one of the first leather works in a town that was later known (at least locally!) as the "Leather Capital of the World," boasting more than a hundred tanneries by the late 1800s.⁵

This was an era when leather was in high demand not only for consumer goods such as footwear, gloves, belts and purses, but also for items such as harnesses, saddles, holsters, cartridge boxes, and even industrial belts. The Proctor Tannery specialized in producing sole leather for shoes.

In 1842, Abel Proctor expanded his business by partnering with his cousin Henry Proctor in founding the Proctor Ellison Co. on South Street in downtown Boston. This shop survived well into the 20th century as one of the city's leading leather goods stores.

In 1849, at age 15, Thomas Proctor, senior, left school to enter the leather business, starting as a clerk in his father's shop. Three years later he became a partner in the company, which was renamed as Abel Proctor & Son. In 1862, at age 28, Thomas took over management of the Proctor Tannery. With the Civil War raging at that time, the business was highly profitable from the sale of shoe leather to the Union Army.⁶

³ Topsfield's Proctor also had historically notable lineage on his mother's side: Emma Esther Howe was a seventh generation descendent of William Bradford, first governor of the Plymouth Colony. (*Register of the Massachusetts Society of the Colonial Dames of America, 1893-1927*, p.111).

⁴ Thomas senior's sister, Mahetable, was the mother of Maine Governor Percival Proctor Baxter, who donated Baxter State Park to the people of Maine. This park may also be a product of the Proctor family fortune that originated with Abel Proctor's leather business.

⁵ http://www.peabody-ma.gov/comm_dev/RiverwalkPlan.pdf

⁶ The main sources for this paragraph and the next one are: "Peabody Yesterday and Today", *Shoe and Leather Reporter*, Vol. 126, June 14, 1917; and Henry Hall (ed.), *America's Successful Men of Affairs: The United States at Large*, NY Tribune, 1896.

Thomas Proctor ultimately assumed control of the company in 1877 when his father retired. After Abel Proctor passed away in 1883, his son reorganized the business as the Thomas E. Proctor Leather Company and proceeded to build it into one of the largest tanneries in the country, employing hundreds of men in Peabody alone. The business also encompassed other large tanneries in the northeast, including the Elk Tanning Company and the Union Tanning Company, both in Pennsylvania. These companies controlled large tracts of old-growth forest to supply hemlock and oak bark as the source of tannin required by the tanning factories. (A large tannery at the time cut as much as a square mile of mature hemlock trees each year for bark and fuel.)

As early as 1868, historical records show that the Proctor enterprise had established a company town called Proctorville within a large tract of hemlock forest in the western Pennsylvania county of Lycoming. The town boasted a tannery that employed hundreds of workers, with housing for the employees, a post office, barbershop, blacksmiths, stores, and a two-room school. This tannery operated until 1898, when all of the old growth hemlock in the area had been cut.⁷

Ownership of the forest lands in Pennsylvania also conveyed subsurface mineral rights, in a region that was already the center of petroleum drilling in the United States (and much later, a major source for natural gas).⁸ This valuable bonus was clearly understood by the leather magnates. Indeed, one of Proctor's associates in the leather business, Henry G. Lapham of NY, not only took advantage of petroleum deposits under his Pennsylvania forests, but passed on the oil business to his son Lewis, who went on to found the Texas Oil Company (better known as Texaco).⁹

Thomas Proctor, senior, moved with his family to a home on Commonwealth Avenue in Boston. He was an active member of New England Shoe and Leather Association and a prominent figure in city's business community. At his death on December 7, 1894, his obituary in the Boston Globe reported that his leather company stood for many years "at the top of the financial reports in New England." The obituary included a pen and ink portrait (see below) showing a handsome gentleman dressed in the formal tie and collar of the era, with a well-trimmed handlebar moustache, a full head of neatly combed hair, and an expression suggesting a kind, self-confident personality.

A subsequent article in the Globe (on December 12, 1894) reported that Proctor senior, shortly before his death, had created the Thomas

⁷ See https://en.wikipedia.org/wiki/Plunketts_Creek_Township_Lycoming_C

⁸ The oil industry was founded in 1859 when Edwin Drake discovered how to deposits in W Pennsylvania.

⁹ History Sidebar blog, at: <http://blog.historian4hire.net/2012/07/29/liquid-gol>



Thomas E. Proctor

E. Proctor Heirs Trust to convey his fortune to his family, including his wife, two sons, and two daughters. The Trust explicitly included oil and gas rights that Proctor senior had acquired in conjunction with his ownership of large forest tracts in the northeast. He also bequeathed \$100,000 (equivalent to \$2.6 million today) to establish a trust on behalf of the Massachusetts General Hospital – where he had been a Trustee – with a provision that the trust should be held until the sum reached \$400,000, and then used for construction of a new building for the hospital’s MacLean asylum.

Also on December 12, 1894, an industry newsletter called the *Boot & Shoe Recorder* offered a retrospective on Proctor, senior, as a leading member of the New England Shoe & Leather Association. The article cited Proctor as “one of the best merchants we have ever known. During his life he declined many offers of public office. In private life he was always the quiet gentleman. The whole city mourns his loss.”

Three years later – presumably as an investment by the family trust – an elaborately ornamented building was constructed and named in his honor in the heart of Boston’s leather district, at corner of Kingston and Bedford Streets. An architecture review in *Boston Globe* on July 18, 1983, referred to the Proctor Building as a city landmark and “urban jewelry.”



The Proctor Building in Boston. Photo by Daderot, reproduced under Creative Commons public domain permission.

The crowning achievement of Proctor’s career, however, was not his success in building a successful family business. Rather, it was his central role in establishing and then heading an industrial giant called the United States Leather Company. To which we now turn.

The United States Leather Company

By the early 1890s, leather tanners generally were facing low profit margins or even losses, by virtue of the highly competitive conditions in the industry. There were hundreds of small, medium and large tanneries operating throughout the northeast, where factories had access to ample supplies of hemlock and oak bark as sources of tannin. At the same time, large meat

packers at the Chicago stockyards dominated the domestic supply of raw hides for tanning. Faced with monopolistic pricing on the cost of their main input, raw leather, many tanners were importing hides from as far away as Mexico, Argentina, and China. (So Lapin was partly correct in suggestion that the Proctor wealth came from the “leather importing business.”)

In considering how to cope with this situation, leaders of the tanning industry were impressed by the success of two highly profitable mega-“trusts” that recently came to dominate the oil and sugar industries through mergers, take-overs, and vertical integration – namely, the Standard Oil trust (consolidated in 1882) and the American Sugar Refining Company (formed in 1887).

As a leading figure in the tanning industry, Proctor senior was instrumental in negotiating with other tanners in and around Boston and New York, promoting the idea of forming a similar mega-trust for the leather business. The first sign of this arrangement in the public record was a report in the Boston Globe on February 26, 1893, under the headline “Big Tannery Combine.” The article explained that a trust was being formed “to nullify market power of Chicago meat packers” by “controlling the output of tanneries under their control, and consequently the price of sole leather.” It also mentioned that a “temporary arrangement” had been tested in 1892, resulting in “a price increase from 2 cents to 3 cents per pound” of leather. Finally, the report indicated that the movement was headed by Thomas E. Proctor of Boston, who was likely to be president of the new company.

A month later, on March 26, 1893, the New York Times picked up the unfolding story under the headline “The Leather Trust,” reporting that “All the large tanners of the East and a few from the West will belong to the company, which will control 75 percent of the sole leather manufactured.” Another article in the Times, on May 3, 1893 recorded the resulting formation of a “Big Sole Leather Trust” called the United States Leather Company (USLC), with headquarters at 6 Ferry St in New York, and capitalization of \$130 million (equivalent to \$3.4 billion in 2016 dollars), with T.E. Proctor of Boston as President.

In an academic study of the USLC financial structure, Arthur Dewing (1911) records that the USLC combined 60 leather houses with 110 tanneries, controlling 72 percent of the nation’s hemlock-tanned leather, 30 percent of the oak-tanned leather, 45 percent of the union tanning (which combined hemlock and oak tannins). Together, these tanneries owned approximately 400,000 acres of forest land for supplying tannin bark and wood for fuel, with rights to another 100,000 acres. Overnight, the USLC had become the largest company in the country, by book value. For comparison, Dewing’s careful study found that the Standard Oil Trust had a book value in 1893 of just \$102 million, while the American Sugar Refining Company was valued at \$75 million; trusts in the lead, tobacco, and rubber industries were even smaller.

Importantly – as events turned out – the capital base for the leather trust included \$60 million in preferred stock conveying ownership shares to participating tanners, pro-rated by the value of assets transferred to the USLC from their individual companies. As an incentive for companies to join the trust, the legal arrangements *guaranteed an 8% rate of return on the preferred stock.*

Another \$60 million was raised through the issuance of common stock, with the final \$10 million of capital raised through a 20-year bond issue at an interest rate of 6%.

As seen earlier, Thomas Proctor, senior, died in 1894, just one year after spearheading formation of the USLC. His interest in the company then passed to his family in the form of the Thomas E. Proctor Heirs Trust. Hence, subsequent events relating to the USLC remain central to the story of Proctor junior's wealth.

Given the prominence of the USLC in the leather industry and the trust's large issue of common stock, the company became one of twelve original members of the Dow Jones Industrial Average when it was created in 1896. The USLC shared this blue-chip status with General Electric, American Sugar, American Tobacco, American Cotton Oil, National Lead, United States Rubber, and five other corporate powerhouses of the day.

But the "big tannery combine" faced three big problems. First, the strongest union and oak tanners had stayed out of the trust, and imports continued to provide another source of tanned leather. This meant that creation of the trust, despite extensive consolidation in the industry, failed to alter fundamentally competitive pressures in the market. The domestic meat packers who supplied raw leather, and shoe manufacturers who bought the tanned leather, continued to have alternatives to the USLC. Second, Dewing's study emphasized that there were no ultimate scale economies in the leather tanning process at the time. Hence, combining many individual tanneries into a single large business entity did not endow the USLC with any advantage in production cost, relative to competing suppliers. For both reasons, the leather trust never managed to reap the intended goal of gaining monopolistic pricing power through control of the tanning industry.

Third, formation of the trust came at a bad time. The national economy was just then entering a deep and prolonged economic slump called the "Panic of 1893," accompanied by widespread bankruptcies and bank failures. This was followed in the early 1900s by a succession of technical shocks to the leather industry, as the internal combustion engine began to undermine the market for harnesses and saddles, while rubber products came increasingly to replace leather in some important industrial uses, such as conveyor belts.

The USLC was therefore confronted with structural impediments on both the supply and demand side of the leather tanning business. Financial prominence simply did not equate to market dominance. It is here that the 8% guaranteed return on preferred stock loomed turned out to be so important. Dewing's post-mortem analysis (1911, p. 72) sums up the story vividly:

"The old leather interests, represented by men who had conducted their separate businesses for thirty odd years and more under conditions of free competition, believed that the low price of the finished product was directly attributable to the severity of competition and that when the known economies of combination had been introduced, a period of high prices and trade prosperity would necessarily follow. This was as far as their vision penetrated.... During the first year of its history the United States Leather

Company showed a net loss of approximately one and one-third millions. Subsequently its net earnings increased, but in no year of its history warranted the declaration of the full eight per cent on the preferred which the original contract between the corporation and its stockholders required.”

Because the USLC never generated the profits needed to honor the 8% guarantee given to founding members, the company never generated net value for other shareholders. Instead, the unpaid obligation on preferred stock continued to accrue as additional corporate debt, rendering the common stock essentially worthless. In the face of these difficulties, the company pursued a series of re-organization efforts and mergers, several of which foundered on the problem of settling the 8% guarantee to the original participants. By 1928, the company was dropped from the Dow Jones Industrial Average – the only one of the original 12 companies to suffer this fate.

But here’s the twist: even though the USLC met with no success as leather trust, the subsurface mineral rights accruing from the company’s vast holding of forest lands proved to be a treasure in the form of valuable oil fields and reserves of natural gas. These mineral rights were later split off into a subsidiary called Keta Oil & Gas. As recently as December, 2015, a court document involving litigation over mineral rights in Pennsylvania shows that the Proctor Heirs Trust maintained an active interest in these rights into the 21st century.¹⁰ In summarizing the history of this dispute, the court document states (on page 6) that the tract in question had been acquired in 1891 by Thomas E. Proctor (senior), who “later sold the surface rights but reserved the subsurface rights for himself, his heirs and assigns.”

Along the same lines, the Scranton, Pennsylvania, *Times-Tribune*, published an article on July 25, 2010, headed “Mineral rights to massive Wyoming County property at center of dispute.” In this case, the dispute involved rights to natural gas deposits in a 13,627 acre property that had been conveyed in the early 1890s to two men on behalf of the Union Tanning Company, which became part of the United States Leather Company in 1893. Recall that Union Tanning was one of the holdings of the Thomas E. Proctor Leather Company. These rights, too, were later passed along to the Keta Gas and Oil Co.

In effect, the basis for the Proctor family fortune had been transformed over the years from manufacturing sole leather to managing oil and gas rights under the forest properties that had been acquired to supply tannin bark and fuel wood for the tanneries.¹¹

¹⁰ This refers to a ruling by the Pennsylvania Superior Court (docket J-A22016-15) in which the Trustees of Thomas E. Proctor Heirs Trust were among several co-defendants in a dispute about oil, gas and mineral rights to 3,665 acres of land in Lycoming County, PA, via their interest in Keta Realty, Keta Gas and Oil Co, and Keta Gas and Oil Corp. See: <http://www.pacourts.us/assets/opinions/Superior/out/J-A22016-15o.pdf>.

¹¹ “Old Wall St. Names Not What They Seem,” *New York Times*, Nov 18, 1951.

The Proctor Legacy

As noted earlier, Thomas Proctor, junior—the one who moved to Topsfield in 1898—died on March 21, 1949. His obituary in the Boston Globe reported that he was survived by 4 nephews and 4 nieces. A year later, on March 31, 1950, the Globe reported on closure of the probate process for Proctor’s estate. (This time the Globe referred to him as a “Boston real estate broker.”) The probate documents showed that Proctor’s estate had a total valuation of \$2,187,457.65 (the equivalent of \$21.5 million at 2016 dollar values). The asset inventory included real estate in Topsfield, Hamilton and Wenham valued at \$250,000 and personal property valued at \$63,024, with the remainder held in various financial assets. His estate bequeathed “about \$10,000” to a few former employees. The residual accrued to “a niece and two nephews, with their heirs as secondary beneficiaries.”

The probate value of Proctor’s estate seems to be astonishingly low—especially the property figure—considering his vast real estate holdings and magnificent gardens in an upscale area of the North Shore, as well as his reputation for philanthropy and personal generosity. The most likely explanation is that most of his wealth was held as his share in the Thomas E. Proctor Heirs Trust, originally established by his father in 1894, and not as his personal estate.

Conclusion

In February, 1951, Mass Audubon purchased a 2,000-acre tract from the Thomas Emerson Proctor estate to create what is now the Ipswich River Wildlife Sanctuary, at a cost of \$50,000. (Lapin, 2009). The acquisition was initially called the Proctor Wildlife Sanctuary and Annie H. Brown Reservation. This recognition of Annie Brown honored a large gift she had bequeathed to the Society in 1930. With these funds the Society purchased bird habitat on Plum Island, which became the Annie H. Brown Wildlife Sanctuary. In the 1930’s, however, the U.S. Fish and Wildlife Service sought a site for a federal wildlife refuge in the northeast, and saw the potential of the Plum Island sanctuary. After much discussion, the Society transferred the Plum Island sanctuary to the USFWS for approximately \$35,000, leading to establishment of the Parker River National Wildlife Refuge in 1941. When Thomas Proctor died in 1949, Mass Audubon recognized the ecological and educational value of his Topsfield, Hamilton, and Wenham estate. The Society acquired the property with money from the Plum Island property transfer—ineffect, re-investing the Annie Brown bequest—supplemented with funding from local contributions.¹²

Where Proctor had engaged a large staff to manicure his gardens and maintain his exotic trees, the arboretum property since 1951 has largely been left to the designs of nature, as conservation land. Some of the exotic plants and trees have survived the intervening years, while some have yielded to New England’s climate and competition from other species, and still others have expanded beyond their original locations. But the welcoming carriage roads and trails, and the

¹² Thanks to Carol Decker, Director of the IRWS, for information in this paragraph on Mass Audubon’s acquisition of the Sanctuary. She cites as her reference: Richard K. Walton (no date), *A History of the Massachusetts Audubon Society From 1896 Into The 1950s*, prepared for Mass Audubon.

scenic woodlands and wetlands, continue to attract nature lovers to Topsfield—now in the tens of thousands per year. And the Rockery is still a favorite attraction for visitors of all ages.

The irony of this story is that the Ipswich River Wildlife Sanctuary, which is dedicated to protecting nature and wildlife, stands on property that had been developed as an exotic garden and arboretum from wealth that originated in cutting down vast tracts of virgin forest to obtain tree bark for the tanning of leather.

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