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their worth and something unforeseen occurs, that optimistic appraisal backfires. When those auditors reported to First National that we were in good shape, that saved us.”

Yet behind the scenes, Henry’s company was still being threatened. Investors of the Consumer Company were working hard to gain Anderson’s confidence, trying (as always) to discredit Material Service and keep the First National Bank from backing it. “But these efforts boomeranged,” Anderson remembered. “I became more determined to help Crown save his company.”

It was the Consumer Company’s *own* soundness which was falling into question, mostly because, in the wake of the stock crash, Insull’s financial empire lay in ruins. “Insull had piled equities upon equities, securities upon securities,” Colonel Crown explained. “He’d issue preferred stock and then a second preferred stock and then a third preferred stock. When things were going well, that was fine. He could pay the carrying charges on these junior securities. He created a vast pyramid of nonworking trusts and holding companies, then mass-marketed stocks in those firms while using the proceeds to secure his control of other companies.

“But when things started going badly,” the Colonel continued, “when maturities on all these securities came together so tangled, there was a question whether Mr.

Insull himself knew how much he’d have to account for, and he and all his holdings collapsed.”

Henry’s association with Hugo Anderson turned out to be a hugely significant one: the most essential of all his wide-ranging business relationships, second only, perhaps, to that with Conrad Hilton following World War II. Both men, while very different, shared fundamental principles. Anderson’s training at the First National Bank had imbued him with a strong sense of ethics. Honesty was better than gain, he was taught. “It is better to be the best bank, rather than the largest bank.” After two years of retaining Henry’s Foreman Bank loans, Anderson decided to transfer the debt, so that the notes became those of the First National Bank of Chicago. It was, Henry knew, a major gesture of good faith; but along with it came a stern warning:

“This is also a time we should come to a complete understanding of what we demand of each other,” Anderson admonished. “I am not trying to run a Sunday School, but we must be clear as to what we consider a lie. It doesn’t matter whether it’s a white or a black lie. I might ask a question which you could answer frankly, but you know in your own mind I have not received the information I was seeking. Under those circumstances I must have more than a yes or no. I don’t believe the day will come when you would deceive me, but you will never have a second chance, should you try it.”

Such a lecture, of course, was wasted on Henry. He might not have expressed himself in such formal terms, but his own philosophy of business dealings was, point for point, just the same.



To help lift Material Service back to a steady financial footing, Anderson recommended a man named Martin Tveter to serve for two years as comptroller. Tveter had worked the same job for Chicago’s 1933 A Century of Progress world’s fair, which, held as it was in the teeth of the Depression, had given Tveter ample chance to prove his mettle.

As he began his new assignment, Tveter learned about the informal payment schedules afforded many contractors Material Service supplied. Far *too* informal, in the new comptroller’s eyes. He contacted one of MSC’s longtime customers, suggesting firmly that he bring his account up to date. The customer complained to Henry, who in turn confronted Tveter with outrage. He’d built his business based on trust, not on rigid accounting, and that approach wasn’t going to change. Not for Tveter, or the bank, or anyone else, for that matter!

“[Tveter’s] reaction,” Anderson remembered, “was something Mr. Crown had never experienced. Tveter very quietly told him never to enter his office without ascertaining if he were free to see him and then, picking up his hat, left to report to me.

“Tveter, after explaining what had happened, added, ‘That is the end of my job.’ ‘Not at all, Tveter,’ I said. ‘I have your promise that you would stay for a full two years. Go back and continue with your responsibilities as if the incident had never occurred, and I assure you, you will never hear of it again from Mr. Crown.’ When Tveter finally left [Material Service] after two years, Crown not only tried to persuade him to remain, but also sought my influence. . . . to try to get him to return at a very substantial salary.”

As Anderson’s regard for Henry increased, so too did his financial commitment. “I called in Crown’s largest competitors,” Anderson wrote, “and told them that I was giving him a line of credit sufficient for all of his company’s needs, and that it was time for everyone to drop the ‘dog eat dog’ attitude that was ruining the industry.” Anderson suggested the owners of the three largest material supply companies meet, to try to resolve their differences. They did so one week later at the LaSalle Hotel, with Anderson himself refereeing. After many hours of hearing the men air their gripes, Anderson concluded that the problem was simple. There was not enough business to support combined operating costs. Why not, during this economic crisis, agree to a division of all monthly sales? The company closest to a customer would receive his business, thereby reducing the price of transportation.

*"That last bite of the apple was the hardest to swallow," the Colonel remembered, "but in the end, the company leaders agreed."*

He pointed out that thanks to their participation in the war effort, Caterpillar and Allis-Chambers machines would be in use all over the world. The exposure to new markets would be enormous; after the war was over the companies would be flooded with new orders. For this reason, said the Colonel, Caterpillar should not only charge regular prices, they should give their government the 20 percent discount, fair reward for the bonanza they were certain to reap.

"That last bite of the apple was the hardest to swallow," the Colonel remembered, "but in the end, the company leaders agreed. They were decent men, quite willing to help their country in any way they could, but since nobody had ever bothered to ask them for the discount, they hadn't offered it themselves."

As a result of those meetings Colonel Crown initiated, the Caterpillar Tractor Company refunded almost \$1 million on previously invoiced War Department acquisitions, and Allis-Chalmers refunded \$1,975,000. Shortly after the checks had been received by the Department of the Army, a high-ranking officer from Washington visited Chicago headquarters to compliment Colonel Crown for saving his government such an extraordinary amount of money.

"I told him I was sure that if I hadn't done it, someone else would have somewhere along the line, only because it made sense." The officer, however, no doubt believed otherwise.

*C*

In addition to his work for the U.S. Government, Colonel Crown was responsible for providing material to America's allies, including the Russian Army, which, to his dismay, received its supplies before any allocation was made to the American military. "And, of course, due to that priority for the shipments to Russia, some of our own military requirements were reduced," the Colonel said. "But I had specific orders that I followed regardless of my own feelings. I presume the commitment was made by our leaders, and all we could do was follow their instructions."

Also falling under Colonel Crown's aegis was the production of "Targets," rubber decoys built to the exact specifications of real boats and barges that would carry tanks and airplanes. "We needed huge quantities of rubber for these Targets," Colonel Crown said. "That was an A-1 priority because rubber was in such short supply, so we had to pursue all the rubber manufacturers and keep after them to provide us the rubber we needed. We tested those Targets one cold January day in a deserted area of the Indiana dunes so the

boats would not be seen. I flew in an Army plane piloted by a major general and we took a dozen aerial photographs. After developing the pictures we had people in the offices come in and we'd ask them to compare photographs of the rubber ships and planes with the real thing. They couldn't tell one from the other." Bomber pilots, it turned out, were equally perplexed. The Army and Navy used the Targets as decoys throughout World War II, distracting the enemy from real assaults, and getting them to waste valuable weapons.

While Colonel Crown's industry knowledge and contacts helped him get better deals from manufacturers and suppliers, he was careful not to let his own companies gain from such arrangements. The Colonel distributed an office directive cautioning buyers not to send advertisements or similar notices to Material Service. And he was equally scrupulous regarding other companies in which he held only a financial interest. On October 22, 1944, in a handwritten note to Colonel Schmidt, an executive procurement officer, he wrote regarding one such company:

*Under no circumstances are you to issue any orders regardless of size to Century Steel Company, Chicago.*

*If material cannot possibly be obtained elsewhere by buyers, please see me re those particular inquiries and I will attempt to get them filled for you. This,*

*of course, is not to be interpreted as any reflection on Century Steel, but for personal reasons purchases are not to be made from there as long as I am in this office.*

The "personal reasons?" Colonel Crown owned stock in Century Steel.

*C*

In late 1944, the war in both theaters was entering its final stage. In Europe, after suffering great losses in the Battle of the Bulge, America and its allies regrouped, moving inexorably into German territory. In January of 1945, Franklin Roosevelt was inaugurated for his fourth term as president, then died shortly afterwards at Warm Springs, Georgia, just a month before Germany officially surrendered.

"We celebrated the surrender," Colonel Crown remembered, "but less than one week later a Japanese kamikaze plane struck the aircraft carrier Bunker Hill off the island of Okinawa. Almost four hundred young sailors were killed. That was a terrible reminder to all of us that the war wasn't over, that Japan still had the capacity to hurt us."

On August 6, 1945, the world was stunned when a U.S. Air Force plane dropped an atom bomb over Hiroshima, Japan. The resulting destruction was terri-

*"That was a terrible reminder to all of us that the war wasn't over, that Japan still had the capacity to hurt us."*

*"He loved to play and he loved to bid high and get the hands"*

Canal, ending up at Miami Beach by way of Havana. When they returned to Chicago, Lester learned the "bad" news — no more military school. He was mortified, yes. But thanks to the trip, the blow was sufficiently softened.

Just how much had the boy's parents sacrificed? "It was supposed to have been their second honeymoon," Lester Crown remembered, "but they gave up on the idea, just to get me out of that school."



To relax, Henry still rode horses during the 1930s, but he had also pursued another favorite activity, more sedentary, perhaps, but in its own way just as full of speed, action and surprises: pinochle.

"He loved to play and he loved to bid high and get the hands," remembered Gardner Stern, who joined Colonel Crown regularly at cards for 40 years, beginning just after the war. "Whether he won or lost didn't make any difference. His constant phrase was, 'Well, that's pinochle.'"

Henry and his circle (Dubi Sobel, Bill Berger, Meyer Katz) played their games for money. Not too much, just enough to keep things interesting. When Henry lost he would make good on the debt right away, reaching into his inside jacket pocket and bringing out the necessary cash. He'd get the payment over quickly because money, like winning, wasn't the point.

"He loved the game so much and played it as wild as could be," said Harold Lipman, another man who saw Henry much around the card table. "I think he would rather win at pinochle than make an Empire State Building deal. He just loved the action."

Games were on the weekends, rotating among the different players' houses, or sometimes taking place at the social clubs where Henry now belonged. He and Irving had joined the downtown Covenant Club, which served mostly Eastern European Jews. But Henry had been asked to join the Standard Club, too. It had been founded just after the Civil War by the city's German Jewish community. The German Jews' sense of cultural superiority (which Arie had encountered 50 years before) still lingered in the 1930s. By inviting Henry Crown to join their ranks, members of the Standard Club were acknowledging his growing stature in the city.

Henry's social world expanded, as well, into Chicago's political scene. He was rarely involved in politics per se, and never aspired to political power, but since he was a prominent business figure — one whose business involved government building projects — interaction with politicians became inevitable. But not entirely complete. Henry was sorely lacking in one trait common to Jewish and Irish politicians alike: namely, a thirst for liquor.

"Dad drank, but not the way they did," Lester explained. "He would have one or two drinks in a night and he enjoyed it,

but he was never a serious drinker." Once, while still getting used to this new social scene, Henry was invited to a political function, the annual dinner held by the prestigious Indiana Society. It was a formal affair, for men only, and Bea helped Henry dress in his tuxedo. At the dinner, not surprisingly, the spirits flowed freely, and soon so did the insults. A name was called, a cake was thrown. The intended target ducked, but Henry didn't. And the only thing more soiled than his pride was his clothing.

(Henry's antipathy toward heavy drinking solidified after this incident. Jim O'Brien remembered how "once when Les and I were undergraduates in college, the Colonel received a silver cocktail shaker at Christmas. I was there when it was unwrapped and the Colonel said, 'Les, why don't you make us a drink?' So Les and I made a pitcher of martinis. We both had one and the Colonel had one which he didn't finish. Les and I started to have a second martini and the Colonel said, 'Nobody needs two of those and remember what I'm telling you.'")

Henry's closest friend in Chicago's political world of the 1930s was Jacob Arvey, one of the city's most influential Jewish men. Like Henry, Arvey was the son of a peddler. After graduating from John Marshall Law School he worked in the state's attorney's office and also as a city prosecutor. In 1922 Arvey was made a Democratic precinct captain. Affiliation with the Democratic Party was far from

automatic for Jews at that time), and after managing many successful campaigns, he was elected in 1932 as an alderman of the West Side's 24th ward. But his success in that year went much further still. Arvey worked hard to gain votes for Franklin Roosevelt (then running for his first term as president) and, more remarkably, helped elect Henry Horner, the only Jewish politician ever to serve as governor of Illinois.

These were heady times of change at all levels of politics, and through his friendship with Arvey, Henry had a front row seat. In 1933, Anton Cermak lost his life — assassinated while at a rally for Roosevelt in Miami, by a bullet presumably intended for the president. The City Council appointed Edward Kelly to replace him, setting off a conflict which, according to historian Edward Mazur, inflamed "many of the submerged antagonisms between German and Eastern European Jews." Kelly wanted the city to regulate Chicago's saloons (newly opened with the repeal of Prohibition), while Horner thought control should rest with the state. Arvey sided with Kelly, and worked *against* Horner's election in 1936. While many Jewish voters followed Arvey's direction, Horner still managed to narrowly prevail. But Arvey was unbowed. His role in city, state and national elections continued, climaxing with his push for Adlai Stevenson's later presidential campaign.

Henry's social involvement with Democratic politicians increased further, oddly enough, with his second introduc-

*"Nobody needs two of those and remember what I'm telling you."*



OFFICE OF THE MAYOR  
CITY OF CHICAGO

EDWARD J. KELLY  
MAYOR

August 3, 1933.

Mr. Henry Crown,  
Materials Service Corporation,  
33 North LaSalle Street,  
Chicago, Illinois.

Dear Mr. Crown:

The members of the American Association of Port Authorities are to be official guests of the City of Chicago on September 2nd and 3rd this year.

As you undoubtedly know, this organization is composed of officials from the principal ports of the United States and Canada. Many of the members are of national prominence. Chicago is to be honored by their visit and, as the leading port on the Great Lakes, should entertain them in a fitting manner.

In order to insure the complete success of the program of entertainment, I am appointing a committee to take charge and I am asking you to serve as a member. I trust that I may have your acceptance.

The first meeting of the committee will be held in the Council Chamber of the City Hall at 4 PM. Monday, August 7th. I hope you will be able to attend.

With kindest personal regards, I am

Very sincerely yours,

*Edward J. Kelly*  
Mayor.

*Letter to Henry Crown from Edward J. Kelly, mayor of Chicago, August 3, 1933. The Colonel always said that political clout counted little in getting contracts. He did admit, however, that friends in high places could help when it was time to get paid.*

tion to the hotel business. (His first introduction had been with the contractor Arthur Lorenz. Together the two men had built the Oak Park Arms Hotel, where "we had some fun," according to Colonel Crown, "since Arthur decided he'd also be the night manager. He'd be at his construction sites during the day, eat dinner at five, then put on his tuxedo and get behind the desk. Sometimes, when he got tired, I'd take a brief period behind the desk myself, answering the phone and passing out keys to the guests. Later on in my life I bought and sold many hotels, but I must say that was my first and only tenure as a desk clerk.")

Democratic Party headquarters were located at the Morrison Hotel, which in the early 1930s filed for bankruptcy. Judge Michael Igoe, who was in charge of the reorganization, knew Henry and asked that he serve as one of the directors. Henry agreed, as he put it, "glad to accommodate the judge."

Jim McCahey was president of the Morrison Hotel. A major force in Chicago politics, he ran the national party organization after the war. His presence drew not only the likes of Arvey, Democratic boss Pat Nash, and Mayor Kelly, but, in later years, a visit from Harry Truman himself.

Henry's relationships with political figures continued to widen. He was friends with Mayor Kelly, Dan Ryan (head of the county board), members of the city's build-

ing department. These associations were certainly useful to his business, but not in any underhanded way. Material Service rarely sold directly to government entities but rather to the contractors handling government jobs. These contractors were chosen by a sealed bidding process, so there was no way to help their cause even if Henry had wanted to. When it was time for the contractors to be paid, however, political contacts could bear results. Art O'Connor (from sales) spent most of his time at county, state and city hall offices, tracking accounts payable, pushing for MSC's contractors to be compensated quickly. Why the concern? Since most contractors operated with a minimum of working capital, they could make up their debts to Material Service only once they themselves had been paid.

When Bill Armstrong started his career at MSC in the financial department, he quickly learned how personal relationships could be of assistance, and also learned about Henry Crown's mercurial temper. "I was handling the accounts of the City of Chicago and the State of Illinois," Armstrong remembered, "and [Henry] called me in and said, 'I want you to go over and find out how much we can get in the month of December from the city.'" Such accounts weren't paid up at once, but over time as funds became available. Armstrong journeyed to city hall, met with the comptroller and (pleased with





*Robert Crown, ca. 1944. Henry's eldest son began his career managing the company's tugboats. After the war he entered the inner sanctum and became one of his father's principal advisors.*

when we got back we learned the basement was flooded with three feet of water. Everyone stayed up the rest of the night, trying to get rid of the mess." And this scenario was repeated many times that first year.

"Whenever it rained we had to go down there, wading in that basement," said Lester. "We pushed the water into the swimming pool, then later drained the swimming pool and scrubbed it down. The house was really massive, all kinds of electrical problems, but we had fun. I think even my mother enjoyed that house."



The turmoil of war that was engulfing Europe and Northern Africa as well as the Far East was barely felt in everyday American life. The country's eyes stayed fixed on the fight for economic recovery that FDR had been waging with mixed results for eight years. Hitler didn't concern them, most Americans thought — yet many Jews in the country were starting to know better.

"Everybody wanted peace so much," Colonel Crown remembered, "and they wanted to believe it was possible. But the reports we were getting from Jewish communities in Europe made us understand the war had already begun. We became aware that it would only be a matter of time before we were directly involved."

On December 7, 1941, the day that President Roosevelt said "shall forever live in infamy," Pearl Harbor was attacked by the Japanese, and in the aftermath America did go to war. Bob Crown was eager to take part in the conflict. In 1942, a few weeks following his graduation from Northwestern, he left for Newport, Rhode Island, to join a Naval training program there. His father, too, held a deep, abiding love for the country of his birth, the country that had blessed him with so much opportunity and remarkable success. Henry Crown felt himself in America's debt, and had long yearned to pay back what he owed. With the war he at last had his chance.

Chicago  
March 17, 1942

General William H. Rose,  
Office of General T. M. Robins,  
Construction Division, U. S. Engineer Corps,  
Railroad Retirement Building,  
Washington, D. C.

Dear General:

A friend of mine, Henry Crown, Chairman of the Board of Material Service Corporation, in Chicago, came in to see me this morning. His company, which, as you may know, furnishes building materials, sand, gravel, cement, etc., has been built up since 1919 to one of the most important organizations of its kind in this locality.

Mr. Crown told me that in his present situation he feels that he should give his services to the government in the event that he can be of value. Last Saturday in Washington he saw General Charles T. Harris, of the Ordnance. Harris sent him to Colonel Armstrong in Chicago; Armstrong being out of town he saw his Executive Officer who thought that Mr. Crown would be more valuable in the Engineers than with the Ordnance. With this I agree.

Henry Crown is a very able man, energetic and competent, knowing the building business as well as anyone in the country. He is willing to give up his business and do anything he can to help in this emergency. I think the government should avail themselves of his services and I know that he will be very valuable if put in the right place.

In his case, therefore, I do not think it is a question of volunteering to the nearest agency. It seems to me that it would be worth your while to talk over with him his experience and call him to the attention of General Robbins.

If you wish to see him, he will come to Washington at any time. If you are not the man to interview him, let me know and I shall send him to whomever you designate.

With kindest regards, I am

Yours truly,

JOHN A. HOLABIRD

JAH:MC

P Y

THE MAYOR

CHICAGO

January 29, 1942

1300  
on Board

Dear Don:

The bearer, Mr. Henry Crown, is President and principal owner of the Material Service Company which has large boats in use on the lakes and does a tremendous building material and coal business in our city. He is more than the ordinary patriotic citizen, has natural ability and a very inventive mind.

I am sure that if there is some place for a man of that kind needed in your organization, you will find him to be of great honesty and sincere help.

I understand he is leaving for Washington today and will present this letter to you.

Please do not consider this in the light of a political suggestion; I realize your position and am acting accordingly.

With kindest regards and looking for success in your nerve-racking, tremendous job, I am

Sincerely yours,

Edward J. Kelly  
Mayor

Above: Letter from John A. Holabird, noted architect, to William Rose, aide to General T. M. Robins, March 17, 1942, in support of Henry Crown's impending military assignment.

Right: Letter from Mayor Edward J. Kelly to Donald Nelson, chairman of the War Production Board, in support of Henry's appointment in the Army.

And apparently so did Rose. A few weeks later, Henry was called in by the Army for his physical. He was careful with his health and he considered himself fit, but just to be certain, Henry visited Ed, at his downtown medical office. "Doc" Crown confirmed the strength of his brother's constitution, but detected what he thought was a systolic heart murmur: a mild enough condition, but one that even so might keep him out of the military.

"Ed jokingly remarked that when the doctor used his stethoscope, I should just keep talking and maybe he wouldn't pick it up," Colonel Crown remembered. No matter how frivolous his brother's advice, Henry followed it. He chatted with the Army doctor, and made it through the physical, only to face a far more onerous challenge: the eye exam.

Henry's vision was so poor he had worn glasses since age four. He had been turned down for service in World War I. How could he possibly pass the Army's test? But as he waited his turn in a long line of men, Henry saw his chance. He memorized the eye chart and the unvarying pattern of the young sergeant's questions. "I came through with flying colors, as far as distance eyesight was concerned. But then the sergeant sat me down, put a book in front of me and said, 'Let's see how good you are in reading.'" Henry panicked. Even with his glasses, he found the print in the book much too small to discern. Thinking fast, he told the sergeant he had brought the wrong glasses. The pair he had were ten years old; he'd left his newer ones

at home. Could he get them and come back to take the test again tomorrow? The sergeant reluctantly agreed.

Henry rushed immediately back to Ed's office, eager for help in dealing with the latest crisis. At first Ed was stumped. Then he remembered: "There's an eye doctor whose office is right across the street. I don't know what kind of eye doctor, but he does have some method of exercising your optic muscles. The improvement won't last, but if you want to take a chance in the short run you might get the results you want."

Henry didn't hesitate. He learned the eye exercises, practicing them all afternoon and into the night. Arriving at the Army clinic the next morning, he opened the sergeant's book — and amazingly enough was finally able to read it. Later that day, Henry Crown was sworn in as a member of the United States Army Corps of Engineers.

Thanks to his position as an experienced, construction-related company president, Henry was told, he could expect to start his service as a Major. But when he received his first correspondence from the Army, he found himself addressed instead as "Lieutenant Colonel." Now *that* was an achievement, Henry laughed to his family: he had won his first promotion without serving a day!

The new Lieutenant Colonel soon met with Army staff in Washington. His first assignment, they informed him, would be in London, England, where he would be

*This teletyped message from E. Reybold, chief of engineers, indicated that the Corps regarded Crown's service at Great Lakes Naval Base as too critical to let him be transferred elsewhere. He was at this time responsible for \$950 million worth of supply contracts.*

UCDV V WCEB NR79 WD  
FROM REYBOLD OCE WASHINGTON DC 201952Z  
TO GREAT LAKES DIV ENGR CHGO  
GRNC  
SERVICES COL HENRY CROWN 0911533 HAVE BEEN RQSTD FOR OVERSEAD ASGMT  
PD RQST YOUR COMMENT OR CONCURRENCE END SPEAM 24  
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TO - CHIEF OF ENGRS WASHDC  
GRNC  
REURTT SPEAM 24 DTD 21 APR 45. SERVICES OF COL HENRY CROWN  
0911533 CANNOT REPEAT CANNOT BE SPARED. IN VIEW OF INCREASED  
MIL SUPPLY ACTIVITIES HIS SERVICES ARE URGENTLY NEEDED AND HIS  
REASGMT AT PRESENT TIME WOULD SERIOUSLY IMPEDE THAT PROGRAM.  
END GLDVM-5613  
1945Z IV

enough for me to know I needed to talk to the surgeon who had performed the operation.

"I saw the doctor, who was an excellent surgeon at Northwestern Memorial Hospital," Colonel Crown said. "He told me there was always hope, but, based on his judgment, he was afraid Bea had only three months, maybe as long as five months, to live."

Colonel Crown's wife — the woman he had loved and relied on for 23 years — was dying of cancer. The Colonel was devastated by the news. Still stationed in Los Angeles, he tried to come east as often as possible: not an easy trip before the advent of jet travel, and certainly not easy in wartime. "He'd take unbelievable jobs to go from LA to Washington, in order to be in Chicago two hours," Lester Crown remembered. "He would ride a plane, and it would have eight stops, or he'd get bumped, and everything else. He was worried to death about my mother, and wasn't sleeping well at the time."

The situation was made even more poignant because of the bravery with which Bea faced her terminal disease. Remembered Colonel Crown: "I wasn't there for her first operation, but once she left the hospital she seemed quite happy. She had not been told what her situation was, that she could be home for a couple of weeks and then have to go back into the hospital for more treatments. But soon, of course, she began to understand what it was all about. I took a leave every chance I could get, if only for a day at a time, and would

come back to the house and see her. During those months she must have made, I guess, a half dozen trips back and forth to the hospital. It was hardest for Bea and hard on Les, who was left as the man of the house. We lost Bea in October of 1943."

*Q*

Colonel Crown never truly got over his grief. Bonnie Tracz, his secretary in the 1970s and 1980s, remembered once when Bea's cousin sent a letter she had found, written by Bea during the months she had cancer. In the letter, Bea wrote about Henry, whose feelings for her were so strong "he would give me the stars and the moon." Tracz was touched by the letter and went to show it to the Colonel. But he begged her to put it away. "He said 'I can't read it,'" Tracz remembered. "And when I looked there were tears in his eyes."

But as had been true in the wake of Sol's death, Henry found little time to grieve. With his change of rank had come increased responsibility — as Colonel Crown he was made Chief of Procurement for the Great Lakes Division, in charge of purchasing 50 percent of all materials bought nationally by the Corps. It was, he soon discovered, a monumental task.

In wartime the U.S. Government had become the largest business in the world, its daily purchases exceeding by far those of the top corporations combined. Still, the Colonel realized, inefficiency and waste

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Telephone Conversation - Colonel Kittrell and Colonel Brown  
Washington, D. C.  
3-18-44, 2:30 P.M.

Transcript of a telephone conversation between Col. Kittrell and Col. Brown, March 18, 1944. The gist is that Colonel Crown's services were in demand throughout the army's wartime procurement command.

Col. Kittrell: Hello, Eddie,

Col. Brown: Hello, Colonel. Say I've got some disturbing news this morning and I think it will probably effect you the same way. I don't know how I'm going to make out on it. They called me from Military Personnel and indicated that on a top priority requirement that they had filled some time ago 54 officers were selected for the job and since that time they've added one more officer who is supposed to be a Production Storage, Transportation and Utilization expert of coal & coke.

Col. Kittrell: Production, Storage and what?

Col. Brown: Transportation and utilization of coal and coke, and that the name of Henry Crown, your Col. Crown, had come up for that assignment.

Col. Kittrell: It just can't be, Eddie.

Col. Brown: Well, that's what I thought and I've looked through his O-856 Is he the boss of the Procurement Branch out there?

Col. Kittrell: You bet your life, and we've got half the whole Chief's load out here and he's doing a top-notch job, and I've got no second who can go in there.

Col. Brown: This O-856 I have showed him second in command. I think that was probably before Hastings left.

Col. Kittrell: And where is this to be?

Col. Brown: It's - You know where General Dum went? *(Comment: later Ezzini see notes)*

Col. Kittrell: Well, this fellow won't leave Chicago.

Col. Brown: Well, I was just bringing my figures up to date cause I was sure that he wasn't second in that place, but he was your top man.

Col. Kittrell: He was the top man when we took Hastings away, and he can do Uncle Sam a whole lot more good right where he is now, than on any other job they could put him.

Col. Brown: I've already spoken to General Robins and he said, "Well, we can't LET them do that to us." And I just wanted to bring myself up to date and be sure my facts were correct, Colonel.

Col. Kittrell: And I feel quite sure, Eddie, that if he were given that assignment he would request relief from active duty.

Col. Brown: I see.

Col. Kittrell: Because of some family trouble he has here.

Col. Brown: Well, I understand his wife has been ill - critically ill for a long time.

Col. Kittrell: He lost her.

Col. Brown: Oh, I didn't know that.

Col. Kittrell: He lost her and now it's a question of his family.

Col. Brown: I see.

Col. Kittrell: He's quite well-off and doesn't have to work for the Government, and there's a lot of politics to it so that Lucas is trying to get him out right now, and he's sticking with me just because I need him and want him.

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were pandemic because there was a lack of uniformity in government procurement procedures. The various agencies competed with each other and, as a consequence, relinquished the benefits that came with a large single purchase. Those agencies employing the most aggressive expeditors generally obtained the equipment they required, even though it might have been more sorely needed elsewhere.

"From his first experiences in the service," Lester Crown explained, "Dad came to realize they didn't have people in the Army who understood the operations, people who were capable of negotiating. He used to say when he came home that it wasn't fair — that if he took the people he had in the Army sales and service area and put them up against the vice presidents of purchasing and the presidents of companies, the people the Army had negotiating wouldn't have the experience or knowledge for the job."

Colonel Crown felt that if it wasn't logical to take a business executive at the age of 50 and expect him to embark on a career as a military strategist, it didn't make any more sense to expect a West Point graduate — no matter how brave on the battlefield — to become an expert business executive. The Colonel found a chance to correct this situation when, in his first weeks with the Great Lakes District, he oversaw the purchase of tractors and other heavy equipment.

"Among those manufacturers for whom we were given responsibility was

the Caterpillar Tractor Company in Peoria, Illinois," Colonel Crown remembered. "I knew the executives at Caterpillar Tractor because Material Service bought a few tractors from them. They were, along with Allis-Chalmers, a prime producer of heavy equipment, and they had distributors all over the country. Before the war, those distributors had been given a discount of 20 percent. Even when Material Service needed parts or end items through the distributors, we'd get a price discount off list of at least 10 percent. Now, with the war, more tractors were being produced for a single customer than Caterpillar had ever sold before. They had canceled their arrangements with their distributors and were selling these huge quantities directly to the government. Yet despite the elimination of the distributors and despite the quantities, the companies were charging the government the full list price. In the case of Caterpillar Tractor and Allis-Chalmers, this amounted to millions of dollars over the term of the contract."

Colonel Crown arranged meetings with the chief executive officers of both Allis-Chalmers and Caterpillar Tractor. Sitting down with these men he heard out their views. By producing exclusively for the government, the executives insisted, they were losing their customer base, and to compensate, the government should pay them full price, plus a premium. How else could they protect the interests of their shareholders? But Colonel Crown got the executives to view the situation differently.

"From his first experiences in the service," Lester Crown explained, "Dad came to realize they didn't have people in the Army who understood the operations..."



*"That last bite of the apple was the hardest to swallow," the Colonel remembered, "but in the end, the company leaders agreed."*

He pointed out that thanks to their participation in the war effort, Caterpillar and Allis-Chambers machines would be in use all over the world. The exposure to new markets would be enormous; after the war was over the companies would be flooded with new orders. For this reason, said the Colonel, Caterpillar should not only charge regular prices, they should give their government the 20 percent discount, fair reward for the bonanza they were certain to reap.

"That last bite of the apple was the hardest to swallow," the Colonel remembered, "but in the end, the company leaders agreed. They were decent men, quite willing to help their country in any way they could, but since nobody had ever bothered to ask them for the discount, they hadn't offered it themselves."

As a result of those meetings Colonel Crown initiated, the Caterpillar Tractor Company refunded almost \$1 million on previously invoiced War Department acquisitions, and Allis-Chalmers refunded \$1,975,000. Shortly after the checks had been received by the Department of the Army, a high-ranking officer from Washington visited Chicago headquarters to compliment Colonel Crown for saving his government such an extraordinary amount of money.

"I told him I was sure that if I hadn't done it, someone else would have somewhere along the line, only because it made sense." The officer, however, no doubt believed otherwise.

*C*

In addition to his work for the U.S. Government, Colonel Crown was responsible for providing material to America's allies, including the Russian Army, which, to his dismay, received its supplies before any allocation was made to the American military. "And, of course, due to that priority for the shipments to Russia, some of our own military requirements were reduced," the Colonel said. "But I had specific orders that I followed regardless of my own feelings. I presume the commitment was made by our leaders, and all we could do was follow their instructions."

Also falling under Colonel Crown's aegis was the production of "Targets," rubber decoys built to the exact specifications of real boats and barges that would carry tanks and airplanes. "We needed huge quantities of rubber for these Targets," Colonel Crown said. "That was an A-1 priority because rubber was in such short supply, so we had to pursue all the rubber manufacturers and keep after them to provide us the rubber we needed. We tested those Targets one cold January day in a deserted area of the Indiana dunes so the

boats would not be seen. I flew in an Army plane piloted by a major general and we took a dozen aerial photographs. After developing the pictures we had people in the offices come in and we'd ask them to compare photographs of the rubber ships and planes with the real thing. They couldn't tell one from the other." Bomber pilots, it turned out, were equally perplexed. The Army and Navy used the Targets as decoys throughout World War II, distracting the enemy from real assaults, and getting them to waste valuable weapons.

While Colonel Crown's industry knowledge and contacts helped him get better deals from manufacturers and suppliers, he was careful not to let his own companies gain from such arrangements. The Colonel distributed an office directive cautioning buyers not to send advertisements or similar notices to Material Service. And he was equally scrupulous regarding other companies in which he held only a financial interest. On October 22, 1944, in a handwritten note to Colonel Schmidt, an executive procurement officer, he wrote regarding one such company:

*Under no circumstances are you to issue any orders regardless of size to Century Steel Company, Chicago.*

*If material cannot possibly be obtained elsewhere by buyers, please see me re those particular inquiries and I will attempt to get them filled for you. This,*

*of course, is not to be interpreted as any reflection on Century Steel, but for personal reasons purchases are not to be made from there as long as I am in this office.*

The "personal reasons?" Colonel Crown owned stock in Century Steel.

*C*

In late 1944, the war in both theaters was entering its final stage. In Europe, after suffering great losses in the Battle of the Bulge, America and its allies regrouped, moving inexorably into German territory. In January of 1945, Franklin Roosevelt was inaugurated for his fourth term as president, then died shortly afterwards at Warm Springs, Georgia, just a month before Germany officially surrendered.

"We celebrated the surrender," Colonel Crown remembered, "but less than one week later a Japanese kamikaze plane struck the aircraft carrier Bunker Hill off the island of Okinawa. Almost four hundred young sailors were killed. That was a terrible reminder to all of us that the war wasn't over, that Japan still had the capacity to hurt us."

On August 6, 1945, the world was stunned when a U.S. Air Force plane dropped an atom bomb over Hiroshima, Japan. The resulting destruction was terri-

*"That was a terrible reminder to all of us that the war wasn't over, that Japan still had the capacity to hurt us."*



*After World War II, Henry received several service awards. Among them was the Legion of Merit, awarded by Lt. General Raymond A. Wheeler, chief of engineers.*

fyng in its magnitude. When another bomb was dropped a few days later on Nagasaki, Japan's military realized their cause was lost.

By this time Robert Crown had been promoted to the rank of Lieutenant Commander. He was assigned to the Japanese invasion forces which would have had to make the first-wave assault on Japan. His ship was on the high seas when word was received that the bombs had been dropped, and that the long, bloody conflict was finally over. Bob's ship, along with others in the assault fleet, returned to port. Bob was reassigned to the island of Leyte, in the Philippines, where he remained until his discharge from the Navy in 1946.

Meanwhile, a few days following the Japanese surrender, Colonel Crown went to Washington, visited the Chief of the Corps of Engineers, and requested his own discharge. His job was done. With the nation now safe again, he was anxious to return to his business endeavors and to be home with his two young sons. The Chief was sorry to lose such a valuable leader. But he understood the Colonel's reasons and agreed to immediately relieve him from duty.

"I traveled back to Chicago the next day," the Colonel said, "and went in to see the doctor in charge of separations — a Captain. He examined me carefully for more than an hour and when he got through he looked troubled.



*Legion of Merit, United States,  
December 17, 1945.*

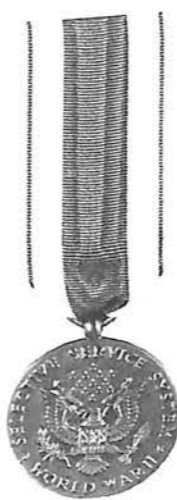
*"I did my share of taking orders. I also did my share of instructing and giving orders. And I must say one of the most important lessons I learned through that period of military experience was how not to do things — which made it easier to know how to do things better."*



American Campaign,  
United States, 1941-1945.



World War II Victory,  
United States, 1941-1945.



Selective Service Medal,  
United States, March 29, 1946.



Legion of Honor, France,  
May, 5 1959.



Order of Ruben Davis,  
Niangua, May 16, 1965.



Royal Order of Phoenix,  
Greece, October 18, 1965.

"I haven't got a good report for you," the Captain said. "You've deteriorated a lot. Comparing your health now with the report when you entered service, there is a terrific difference. Your eyesight is worse, your hearing has decreased, and you've got a heart murmur. What I would like to do is sign you into the hospital for a couple of weeks so they can run added tests and see what we can do to help you."

The Colonel smiled to himself, knowing full well the real reason for this precipitous "decline." He politely turned down the Captain's offer, but the Captain insisted that after such an exam, the only way he could discharge the Colonel now was if he waived all rights to medical care and released the U.S. Army from any future responsibility. Much to the Captain's surprise, Colonel Crown agreed. The Captain tried to dissuade him, but realizing it was hopeless, finally signed the discharge papers. And the Colonel left his office, a civilian again.

"My service in the military was an informative experience," Colonel Crown reflected. "I did my share of taking orders. I also did my share of instructing and giving orders. And I must say one of the most important lessons I learned through that period of military experience was how *not* to do things — which made it easier to know how to do things better."

But of course his experience meant much more than that. For the rest of his life, Colonel Crown took great pride in having aided his nation and the world during the time of one of its greatest crises. Shortly after his discharge, the government of France recognized the Colonel's contribution, making him a chevalier de la Légion d'Honneur. And from Greece, Colonel Crown received the Gold Cross, of the Royal Order of the Phoenix. From his own country he was issued a citation for the Legion of Merit, the United States Army's highest noncombat award, which read in part:

*In dealing with many of the nation's outstanding industrial firms, he displayed tact and forefulness that overcame many complex problems in connection with contracts and with the expediting of production. Colonel Crown's tenure of duty was characterized by his unusual ability, resourcefulness, and loyal devotion to duty. His achievements materially aided the nation's war effort.*

In the years after World War II, even many of his closest friends took to calling Henry Crown by his military title. He tried discouraging this habit, but they couldn't help themselves. The title had a ring to it — it fit. And so, for the rest of his life, that was how most of his friends and business associates knew him. Not as Henry, or Mr. Crown — but simply, emphatically, "the Colonel."



Henry Crown at his desk at 300 West Washington Street about 1949, at a time when he had interests in hotels, real estate, railroads and also in staying out of the spotlight.



## RISING WITH THE NATIONAL TIDE

In the United States the first years after World War II were a time of astonishing growth and productivity. The nation's military efforts had unleashed its manufacturing might; even after the Allied victory the American economy showed few signs of slowing down. Thousands of factories went into operation, turning out goods to meet long pent-up demand. Refrigerators and vacuum cleaners, televisions and stereo sets; train cars, trucks, bulldozers, automobiles, airplanes — the list of new products seemed endless. Steel was needed to fabricate these goods; iron and coal were mined to make the steel. Tall buildings were erected to serve the growing legions of white-collar professionals: advertisers, bankers, insurers, corporate managers. These new "organization men" eschewed apartment life, preferring to raise their families in single-family houses, located in suburbs far outside the city center. So that people could reach these distant suburbs, commuter tracks were laid, as well as whole new networks of multilane highways.

The vitality of America after World War II was a phenomenon the likes of which may never be repeated. The tidal wave of prosperity raised many boats, but few quite as high as the Crowns'. With their building materials company and other

business interests already expanded into transportation, resource production and real estate, the Colonel and his family were perfectly poised not just to take part in this economic surge but to play a vital role in creating it.



Before he began his military stint, Colonel Crown, to safeguard himself from any conflict of interest, resigned from every business he ran, left every board on which he served, and even gave up his membership with the Masons, an organization he had joined twenty years before with Sol.

Prudence Lodge No. 958  
A. F. & A. M.

MY MASONIC HISTORY

Name Henry Crown

Date Initiated June 28, 1918

Date Passed July 12, 1918

Date Raised July 2, 1918

Fraternally, MORRIS MARX, Sec.



Henry Crown's Masonic History Card. Henry joined the Masons in 1918. He wore his Masonic ring and kept this card all his life, though he resigned briefly to avoid conflict as an Army purchasing agent during World War II.





After moving to Edgemere Court where the Crowns had a pool, Henry became an avid swimmer, 1950s.

"The private investor in a high tax bracket, who has to pay full income taxes on his dividends, naturally wants low-yield growth stocks," the Colonel explained. "A fund that is exempt from income taxes should include stocks with a high yield and a chance for growth besides."

The plan produced an additional benefit, one Colonel Crown had hoped for from the outset: increased employee loyalty and morale. So striking was this phenomenon that *Time* magazine took note of it, in its business section of June 22, 1959. "The plan's performance," reported the magazine, "has cut employee turnover to a trickle. Said a girl clerk, 'The only thing that would make me quit my job now is a marriage proposal, and I'm not even sure about that.'"

Perhaps the most remarkable proof of the plan's success was the benefits earned by Sid Marks, who had been hired in 1925. Marks withdrew over \$200,000 during his term of employment, yet at the time of his death in 1967, Colonel Crown presented his widow with a check for \$800,000.

"And that was completely from profit-sharing," Colonel Crown emphasized. "Not a dollar had been paid in by Sid Marks, or by any other employee. The plan was the best thing we had ever done, and it all started the day Jack Rose decided to retire."



When Colonel Crown took back the helm at Material Service, people who had known him before saw a difference. He was the same hard-driving dynamic leader, just as willing to work endless hours, just as eager to cut through to the unvarnished facts; but his military experience had smoothed out some rough edges. Whereas before he paid scant attention to the clock, rarely arriving to scheduled meetings on time, after the war Colonel Crown was absolutely punctual. His clothes improved, too. First National Bank executive Bob Abboud considered him "a sprightly man, in terms of his appearance. He was always neatly tailored and distinguished." So notable became this characteristic that the Colonel often appeared on Chicago's best-dressed lists.

Contributing to his trim appearance, as the Colonel left his equestrian years behind, were almost daily swims in the pool at his Evanston home, and his usual vigorous walking. But in spite of the robust health he enjoyed, after the war the Colonel was often plagued by sleeplessness. Bea's death had left him with a lingering anxiety

that he found difficult to completely dispel. Three years later he was able to find some solace from his relationship with Gladys Kay, his executive secretary — and his sons soon noticed a change in their father's routine.

"Every night the same conversation began to occur between my dad and myself," Lester Crown remembered. "I would get home from school or whatever it was, I'd call his office and ask, 'What time do you want Ken down there?' And he'd answer, 'Oh, Miss Kay will give me a ride home.' Then Gladys would come home and have dinner with us."

Colonel Crown's three sons were less than happy about their father's burgeoning romance, nor were they delighted when it resulted in marriage, in 1946. While they recognized that "Gladys would do anything in the world for dad," they were concerned about her impulse to keep him distant from the rest of his family. When Lester returned from his honeymoon in 1950, he tried to use his key at the Edgemere home — and discovered that Gladys had had the locks changed. When Lester or Bob went on business trips with Colonel Crown, they were disturbed to see how Gladys had packed their father's suitcase. All his clothes were neatly ordered according to her plan: what he would wear for each day, the pajamas for each night — everything wrapped in separate plastic bags.

"Gladys loved Dad and was devoted as could be," said Lester, "but she made him too dependent."

Yet Gladys never meddled in Colonel Crown's business, and even at home she was wary of pushing her will too far. "They had kind of a love/hate relationship," said Byron Miller, who as attorney in charge of Crown trusts in later years had as close a perspective on the marriage as anyone. "There were times when Henry would bawl the hell out of Gladys. And she took it. Not from anybody else but she took it from him."


Meanwhile, with the war over, Colonel Crown's interaction with his two eldest sons increased profoundly.

Bob had worked for MSC during his high school and college days. Before joining the Navy, he helped manage the company's interest in the Great Lakes Towing Company, a firm whose lake tugboats provided harbor and docking services to steamships. But now, with three years of military leadership under his belt, Bob moved into a small office next door to his father, assuming an overall management role, and emerged as one of Colonel Crown's most trusted advisors.

"Bob was never a kid," Lester Crown remembered, "not at all flamboyant. He had the kind of personality just right for an administrator." And Bob knew how to see beyond mere details. He was a young man of *vision*, not just with regard to Material Service but other enterprises as well. Like his father, he recognized that opportunity could come in many forms.

*"Bob was never a kid," Lester Crown remembered, "not at all flamboyant. He had the kind of personality just right for an administrator."*





out any different. As with his first two sons, Colonel Crown gave John an early taste of life in the materials industry. "I often went with Dad on Sundays," John remembered, "sometimes with Lester, sometimes with Uncle Irv, sometimes just the two of us — we would drive around checking on the yards. We would take Bob's car and Dad would drive — he preferred it on nice days because it was a convertible. The trips I looked forward to most were the ones out to Thornton Quarry. On our way we'd stop for lunch at a roadhouse where they had the most wonderful barbecued beef.

"Once I took a .22 rifle with me to Thornton. While Dad was going around looking at machinery I set up a target. He got back before I shot off the gun and told me that maybe it wasn't such a smart idea, since I had set up the target right where they stored their dynamite."

John attended college through the ROTC, studying economics and accounting at Stanford University. After serving his stint in the Korean War, he returned to Chicago to attend Northwestern's Law School, where he distinguished himself to such a degree that he was offered a position as clerk at the United States Supreme Court, under Justice Tom Clark. John's decision was now clear — he would make his life's career in the law.

Colonel Crown had hoped all his sons would join him in the family business, but more than that he wanted them happy in their chosen careers. "Dad didn't press me in any way," remembered John. "After I

finished my clerkship with Justice Clark I went to work at the Justice Department in the tax division. I did that for two years. By that time the Material Service—General Dynamics merger was underway. Both Bob and Dad wanted me back in Chicago to help on the legal side of the merger, so I left the Department and returned to be with them."

His work on the merger brought John into the law firm of Jenner & Block (Thompson, Maher, Jenner and Bloomstein at the time he joined it). John practiced litigant law for the firm, never again handling cases involving Material Service. In 1974, John Crown topped his career with an appointment to the bench, serving as a judge in the Circuit Court of Cook County, a position he still held more than 20 years later.



As business boomed in the years after the war, Material Service's office space at 33 North LaSalle began to feel more than a little constrained. Colonel Crown, meanwhile, had grown tired of the constant battles over rent and other matters he often had with George Lurie, whose San Francisco-based family owned the building. Rather than look for new office space to rent, and possibly face the same difficulties later, the Colonel decided it was time for his company to buy its own office property. With this plan in mind, he learned the Civic Opera Building was coming up for sale.

## Mercantile Bldg. Sold- \$2,500,000

The 19-story Mercantile Exchange Building at 110 N. Franklin st. has been bought for \$2,500,000 cash by the Material Service Corp., one of the city's largest suppliers of building materials.

Col. Henry Crown, board chairman of the corporation, said construction of three additional stories would begin next spring at a cost of about \$1,000,000, to house the firm's offices.

No present tenants, including Mercantile Exchange members who trade in more than a billion dollars worth of butter, eggs, poultry and other products annually, will be asked to move.

### Prudential Sells

Seller of the building, erected in 1927 with a frontage of 180 feet on Franklin st. and 100 feet on Washington st., was the mortgage loan department of the Prudential Insurance Co. of America.

Present offices of Material Service Corp., dealers in limestone, sand, coal and other products, are at 33 N. LaSalle st.

Offices of its subsidiaries, the Freeman Coal Mining Co. at 208 S. LaSalle st., and the Marblehead Lime Co. at 5 S. Wabash av., also will be moved to the Mercantile Exchange Building.

"I contacted the owner," Colonel Crown remembered, "who was a man with family in Evanston. We quickly agreed to a handshake deal on the purchase of the building — the price was about \$11 million." Next, the Colonel visited Edward Eagle Brown, the president of First National Bank, to make sure that he would back the loan. While his trust in Colonel Crown ran as deep as Hugo Anderson's, "Brown was not at all enthusiastic," recalled the Colonel. "He couldn't help but remember the trouble Sam Insull had had because of that building." (Insull had commissioned its construction in 1928, to serve as a combination opera house and office building. By the time the structure was complete, the Depression was well underway, and with it Insull's incurable financial woes.)

So the Colonel looked elsewhere, "on the rebound" purchasing the Mercantile Exchange building, at 300 West Washington. With eighteen stories (MSC used four) and 225,000 square feet of floor space, the structure more than met the growing company's needs. The price was right too — \$2.5 million — since the sale was the result of a bank foreclosure. The Mercantile Exchange even offered a sentimental advantage: it had been built on the exact same location as the suspenders factory where Aric Crown had toiled over fifty years before.

With the deal complete, as office space was being reconfigured, Lester and his Marblehead Lime group set up a lonely

Chicago Daily Tribune, October 16, 1948. Henry Crown's purchase of the Chicago Mercantile Exchange building was a major news event for all local papers.

*Meanwhile, he shared the Crown philosophy on service: "You're the only ones who can give smiling service," Hilton instructed his staff. "Clean rooms, spotless halls, plenty of fresh soap and linen. Ninety percent of the Mobley's reputation is in your hands."*

outpost on one of the building's top floors. It was a big, open space, without any partitions. Every man found a desk, set up a telephone line and proceeded to swelter through the hottest of summers.

The acquisition of the building was a significant one. Colonel Crown and his brothers were no strangers to real estate, but before the war they had bought land first and foremost as a source of materials. The purchase of a downtown office building was something very different: an early step down a new commercial path. Yet it was not the first step. That had been taken in 1945, while Colonel Crown was still serving in the Corps of Engineers.



William Friedman had known Colonel Crown for almost ten years. His law firm of Gottlieb, Schwarz and Friedman had served as trustees of Moulding-Brownell, MSC's onetime competitor, and when that company went bankrupt in the late 1930s, the Colonel worked with Friedman to purchase its remaining assets. As was so often the case after such negotiations, Colonel Crown emerged with not just a deal but also a friend. The two men stayed in contact even during the war. And when Friedman said the Colonel stayed away from his office all during that time, he noted one significant exception: a night meeting, called by the attorney himself, so that Colonel Crown could meet with his most prominent client, Conrad Hilton.

"Connie" Hilton was a tall, sturdy man nine years older than the Colonel. He had grown up in New Mexico, but began his innkeeping career in Texas. He was often mistaken as a native of the state, because he possessed the big, open personality and oversized approach to life of a Texan. On the surface, Hilton and Colonel Crown couldn't have been more different. On a closer look, however, the two men shared much in common. The way they had been raised by their parents, for instance. Hilton's father, like Arie Crown, was a "trafficker and trader," although his first dealings were in beaver pelts from frontier trappers. Hilton's mother, like Ida Crown, was a strong, supportive woman, and she was deeply religious, though in her case the religion was Catholicism. The two men even shared an educational background. Just as Henry had gained vital skills through night classes in accounting, Hilton, in college, concentrated on calculus, noting in his autobiography: "the ability to formulate quickly, to resolve any problem into its simplest, clearest form, has been exceedingly useful [in business]."

After leaving the U.S. Army, where he had served as a lieutenant during World War I, Hilton traveled to the oil town of Cisco, Texas, prepared to invest all his savings in the purchase of a bank. When the owner reneged, Hilton was briefly disappointed, until he recognized a possibly more lucrative opportunity. In a community besieged by oil men and fortune hunters, hotel space was scarce, and rooms

were being leased at a premium. So Hilton put together his first group of investors and bought the ramshackle, 40-room Mobley Hotel.

From the first, Hilton's genius as an innkeeper shone through. With the operational savvy of an Irving Crown, he shut down the Mobley's dining area, dividing it with partitions to create additional sleeping rooms. He ordered the reception desk cut in half, installing a news and tobacco stand. A potted plant made way for a novelty store. Meanwhile, he shared the Crown philosophy on service: "You're the only ones who can give smiling service." Hilton instructed his staff. "Clean rooms, spotless halls, plenty of fresh soap and linen. Ninety percent of the Mobley's reputation is in your hands."

After his initial success, Hilton bought more hotels in Texas, including his first "Waldorf," a 150-room hotel in downtown Dallas. But the Depression hit the hotel business hard. Hilton's operations went deeply into debt, just as his bank credit was drying up. (At one point Hilton was bailed out by a personal, uncollateralized loan from a Jewish hotel man, Harry Siegel — an act of generosity that left a lasting impression.)

By the time Friedman met him in 1937, Hilton had once again steadied his balance sheet and was back to acquiring even more hotels. Friedman had gone as the representative of a group of Chicago investors who were interested in buying San Francisco's Sir Francis Drake Hotel,



*The Chicago Mercantile Exchange building, at Franklin and Washington Streets in Chicago's Loop, was purchased by Material Service Corporation and became its new home in 1948. Price was \$2.5 million. It enabled MSC and its subsidiaries to join together in a single office building. Photo taken in 1950.*

CHICAGO MERCANTILE EXCHANGE ARCHIVES

Letter from Conrad Hilton to Henry Crown, December 4, 1944. In this letter, Hilton details his dealings with the owners of the Stevens Hotel, which Hilton would purchase and rename the Hilton. Crown was a Hilton confidant and board member, as well as close family friend, for many years.

Kebaro Box Dec. 4, 1944.

Dear Henry,

Back in Kebaro - Out of the window in my room you can see old Mexico, Texas, New Mexico and Arizona - You can survey the wide expanse of mountains, deserts, valleys and rivers. Coming from the great city of Chicago my thoughts still linger on the events that have taken up so much of my time since the latter part of March of this year. I would like to review some of them - It is easier to do so by going back from the last happenings rather than start from the first. My last act before leaving Chicago was to phone Miss Kay to tell you good bye. I did have several meetings with Mr. Hollis who directs the affairs of the Palmer House here - I made him an offer but do not expect to hear from him until Ned Brown who is one of the trustees of the Palmer House returns on Dec. 10th. Very naturally he indicated my offer was too low. I meant to tell you of a very amusing incident that occurred during the last meeting with Hollis. He had told me that you and Paul were going to work him up the hotel business that he felt he ought to defray my traveling expenses meaning I believe to return me some \$30 or 40 dollars that I had spent on coming to Chicago from New York, N.Y. He was evidently remorseful and this was his idea of atonement. I smiled - which I am sure you are doing and assured him that he did not need to concern himself about these expenses - Here was a man who had renegotiated six different deals with me, who had caused me thousands of dollars of expenses, attorneys fees, time of myself and other members of my company and his idea of making me feel good was to offer me my traveling expenses from

"But every time we thought we had a deal," Friedman remembered. "Connie Hilton was there first." Hilton ended up buying the hotel with the Chicagoans, bargaining hard for a 33 1/3 percent share. Later, he told Friedman, "You're the first lawyer I've met who has any business ability." A long relationship ensued, with Friedman acting as Hilton's principal counsel for the next 30 years.

So why had Friedman arranged the night meeting between Hilton and Colonel Crown? The answer leads the story in another direction, to the Colonel's close friend and longtime customer Steve Healy. During the war the inveterate tunnel man had faced hard times because municipal construction was deemed nonessential to the war effort. Healy was looking for a way to keep his crews busy, and when he learned that the famous Stevens Hotel — the nation's largest — was about to be put up for sale, he saw his chance. Its owner was the U.S. government, which had been using the Stevens as a training facility for Air Corps specialists, billeting up to 10,000 young soldiers at a time. Such hard duty had taken its toll, and only top-to-bottom work would leave the hotel ready for civilian guests again.

Steve Healy was no hotel man, but he was an experienced contractor who understood how to meet even the most daunting challenges. He decided to restore the Stevens to its former glory, offering a purchase price of \$5,250,000. The government accepted, the deal was completed,

and with the war still in progress, Healy embarked on his grand, new undertaking. Carpentry and plumbing crews, electrical workers and painters swept through the structure, leaving in their wake a miracle of renovation. Two months after Healy's purchase, he had reopened the 3,000-room Stevens Hotel. By 1945, it was running at nearly 100 percent of capacity.

Which brought it to the attention of Conrad Hilton. Hilton had, in fact, admired the Stevens Hotel for quite some time. Before the war he started buying the hotel's defaulted mortgage bonds and soon accumulated so many that he held a primary stake in the Stevens Hotel Corporation. Hilton was awestruck by the result of Healy's efforts, but wondered now if the "Groundhog" (as tunnel men proudly termed themselves) was growing tired of the tedium of daily hotel management. He tried to meet with Healy but found out from Friedman that this was no easy task.

"Billy Friedman said to Hilton, 'Steve Healy is a difficult man to get to,'" remembered Lester Crown. "The only person I know who can talk with Healy is Henry Crown — you ought to see him first." But before Hilton met Dad, he said, "All right then, maybe instead I should think about buying the Palmer House. How would I go about doing that?" "Well," says Friedman, "the Palmer House is owned by the Palmer Estate, which is handled by the First National Bank of Chicago. And if you want to talk to the First National Bank of Chicago, the only person to help them



Henry Crown meeting with Hugo Anderson (center), vice president, and Edward Eagle Brown, president, of the First National Bank of Chicago.



thought that sounded like a good idea, and when I walked into the office, he asked if I wanted to join them. The result was that Connie called down to the hotel and asked for a table for twelve. Of course, they didn't have one square inch of space to spare. When we got down there the table was in the middle of the dance floor — the dance floor was then half the size it was supposed to be.

"Connie was the greatest hotel man of all times, but he did have certain blind spots. During the show every waiter in the room was serving us. One would put a glass down, the second would put ice in it, the third waiter would fill it. Well, they didn't hire any more help that night, so the guy up in the corner probably waited 45 minutes to get a pat of butter. It never occurred to Connie that this was so. And three quarters of the way through the

meal — I'll never forget this — Connie turned to Dad in absolute seriousness and said, 'Henry, how can anybody complain about the service here?' Dad couldn't stop laughing."



Colonel Crown's relationship with Conrad Hilton only deepened over the next thirty years, and so did his overall involvement with real estate. In 1946, for instance, the Colonel took Hilton to New York City to introduce him to William Zeckendorf, a noted real estate developer he knew through the materials business. Zeckendorf owned a 10 percent stake in the Fairmount Hotel in San Francisco, and Hilton was interested in buying it.

"The three of us had lunch together," remembered the Colonel. "and when it was over Zeckendorf turned to me and

asked if I had another twenty minutes, because he wanted to show me something. So we went in his old, almost broken-down Rolls-Royce car, and drove to the New York stockyards on the Manhattan side of the East River. Swift and Armor still had plants there. It wasn't nearly as blighted as the stockyards in Chicago, because they didn't do as many killings, but it was bad enough.

"Zeckendorf said, 'Let me tell you what I have in mind. We can buy this property and remove this blight and build a new neighborhood here, with high-rise apartments and offices and parks. You're in the building business. This is right down your alley.' And I said, 'Let me correct you, Bill, we're not in the building business. We are in the building material business. But frankly,' I said to him, 'this intrigues me.'"

So Zeckendorf continued his pitch. The property could be purchased for \$22 million, with six million dollars down. He would put up the first two, another partner the second, and the Colonel would have to come up with the third. Financing could then be found for the balance.

Colonel Crown agreed to the arrangement. Still in New York on his 50th birthday, he decided to celebrate by going horseback riding, a pleasure he had enjoyed far too little since the beginning of the war. While galloping through some woods in Long Island, the Colonel's mount stepped in a gopher hole. The Colonel was hurled from his saddle, landing on the ground with such impact that his leg broke

in several places. He ended up in a small, local hospital for almost two weeks, so his son Bob arrived from Chicago to help complete the deal with Zeckendorf. Bob's presence was appropriate, since the Crown money for this purchase was being raised, not through Material Service, but a recently created financial entity called "Areljay."

"It was a name I concocted from the first initials of my sons' names: R, L, and J," Colonel Crown explained. "Areljay" became necessary as the Colonel's net spread far past the confines of the materials businesses. He became increasingly frustrated with Ed and Irving's relentless questions, posed every time he embarked on a new transaction. This Socratic approach, which served Irving so well as operational head, was too ponderous for the kinds of fast-paced decisions the Colonel was now making on a regular basis. Sometimes he didn't *have* all the answers. While Colonel Crown was always well informed, he often acted on suggestions from men he trusted, or even — more disconcerting to Irving — on instinct. Not that Irving or Ed didn't trust their brother's instincts. They most certainly did, and Colonel Crown knew that if he insisted on a family investment, his brothers would go forward in spite of their qualms. But the Colonel didn't like to force the issue that way. And so, to invest with more autonomy, he decided to set up Areljay.

*"The Colonel had a rare vision," Klutznick later said, "an ability to move boldly where other men might have been cautious."*

But in the case of Zeckendorf's East River deal, Areljay's coffers (along with Colonel Crown's private funds) were \$800,000 short. To find this extra cash, rather than going to First National Bank, where he was worried about Ned Brown's characteristic caution, the Colonel turned to someone who had backed him once before. More than twenty years before.

"I thought of Mr. Klein," Colonel Crown remembered. It was the same Mr. Klein who had scolded him in 1922 when he asked to borrow money from a friend of Bea Crown's, and then ended up lending him the money himself. Klein had kept in touch with Colonel Crown over the years, though the Colonel never did dare to use his first name.

"I picked up the telephone and called Mr. Klein, whose office was on LaSalle Street, between Washington and Randolph. I said, 'I will tell you why I'm calling.' He said, 'I'm glad for you to call me for any reason.' I told him I wanted to find out how he was, but also because I needed money. He said, 'Well, I'm not surprised. You've been in that position before. What do you need?' 'Oh, not much,' I said, 'about a million dollars.' He asked when I needed it. I told him in the next fifteen minutes."

Klein made the loan and the deal went through.

Several months later, Colonel Crown received a phone call from Zeckendorf, who was in Chicago. He asked: "Henry, how would you feel if we were to sell that property and double our money."

"I'd feel very good," Colonel Crown replied, "but we aren't doing that, of course. We're going ahead with it and the very beautiful development, which I think is a hell of a lot better than just selling to make a profit."

"I thought you would say that," said Zeckendorf. He then described how Nelson Rockefeller had found him at a restaurant the night before. He wanted to buy the property, Rockefeller had explained, so he could donate it to the U.S. government, to serve as a site for the newly created United Nations.

"I'll never forget my answer to that," recalled the Colonel. "I said, Bill, I wish to hell I had thought of it first."

At the time he started partnering with Hilton and Zeckendorf, Colonel Crown began investing with another man in real estate, perhaps the most visionary of them all: Philip Klutznick. Trained to practice law as a young man in Omaha, Nebraska, Klutznick had been put in charge of the city's New Deal program for slum clearance. During the war he was enlisted to oversee national efforts to build temporary housing for defense workers; it was this role which led to his interest in real estate.

One afternoon Klutznick called together a group of prominent businessmen to share with them his idea for what he called "Park Forest": an immense, self-contained city-within-a-city to be constructed in a cornfield west of Chicago. Klutznick's audience was impressed by his fervor and the boldness of the plans he had conceived with Jerry Loebel, his

architect, but only two men were willing to risk an initial investment. One of the men was Colonel Crown.

"The Colonel had a rare vision," Klutznick later said, "an ability to move boldly where other men might have been cautious." When Klutznick asked how large an interest Material Service might take, Colonel Crown explained that it couldn't take *any* interest. Instead he would lend Klutznick money, junior to his other financing.

"We were often offered participation in the development of offices, shopping centers and many other businesses," Colonel Crown explained. "but we made it a policy not to accept those invitations, on the premise that we would then be competitive with our customers for materials. If we were their competitors, why should they buy from us? With Park Forest, we would have done far better had we taken the stock interest, instead of making the loan, but I felt we couldn't do that at the time."

Construction of the Park Forest development spanned 15 years. After hundreds of concrete foundations had been poured, Klutznick nearly had to suspend his operation because, in the booming 1950s, he faced an imminent shortage of concrete. Klutznick urged Colonel Crown to provide him a larger allotment, but the Colonel demurred. He was obligated, he explained, to his other longtime customers, many of whom he had supplied since the 1930s. Klutznick reminded Colonel Crown of his own financial stake. Without timely

assistance, much of the Colonel's own money would be lost. Yet this argument had little effect.

So Klutznick took another tack. If Park Forest went unfinished, he said, its investors would only lose money, but Klutznick himself would lose his reputation, his honor. After all, he had pledged that the project would not fail. This appeal moved the Colonel in a way the notion of lost money never could. He instructed Irving to find the needed concrete, diverting quantities from other jobs wherever he could find it, until Park Forest was finally completed.

In the years following the project, the Crowns joined Klutznick in a company called Urban Investment & Development Company, which went on to create Water Tower Place and River Oaks shopping complex, and buy and manage the Oakbrook and Old Orchard shopping centers as well.



During the war, Colonel Fred Sherrill had been assigned to Washington, responsible for procurement of spare parts for the Army. Out of the constant stream of reports he received, one pattern emerged which intrigued him: in Chicago, a man named Colonel Henry Crown was buying more parts for less money than any other officer in the country. Colonel Sherrill was eager to meet this phenomenon and thank him face-to-face for his superlative efforts.



*"Being a farmer, you're in partnership with God," Bob would say," remembered his wife, Joanne. "He would tell me very often that if he had known as a young man what he knew later in life, he would have studied agriculture or forestry."*

But although they corresponded often, the two men's paths never crossed during the war. Then one day in the late 1940s a visitor stopped by at the offices of J.G. Boswell Company in Arizona, where Colonel Sherrill, now a civilian, was in charge of a large cotton-farming operation.

"There's someone here by the name of Henry Crown," Sherrill's secretary announced through the intercom.

"If that's Henry Crown from Chicago, send him in!" came the delighted reply.

Colonel Crown, it turned out, was on business in Tucson. He too had been curious about meeting his onetime fellow officer and had stopped by on the off chance that he might find him. On that day Colonel Crown and Sherrill struck up a warm, personal friendship, which — typically for Colonel Crown — led to a new kind of business opportunity. Colonel Sherrill held a position on the Arizona State Water Board and carpooled to meetings every month with another board member, an ambitious young farmer named Keith Walden.

"You know, Keith," Sherrill told him during one of their drives, "you could handle more land. If you want a financial partner I know a man who could be a very excellent one — Henry Crown." A few months later Walden discovered the Continental Farm, prime acreage for sale 25 miles south of Tucson. When Sherrill learned of his interest in the property he said, "let me call Henry up," and quickly got Colonel Crown on the line.

"How much money do you want and when do you want it?" the Colonel asked Walden. Startled by this direct, no-nonsense approach, Walden asked for more time to consider. Three days later, a cashier's check arrived at Sherrill's office, written to Walden in the amount of \$500,000.

"What should I do with it?" Colonel Sherrill wanted to know.

"Send it back!" Walden instantly replied.

Instead, Sherrill put the money in a trust account, acting as trustee himself. And indeed, after thinking about it Walden did use the funds to invest in the new land, repaying Colonel Crown with stock in his Farmers' Investment Company (FICO).

Farming wasn't entirely new to the Crowns, but never before were they involved on such a scale. The FICO investment appealed especially to Bob Crown, who took a personal interest in all the family's land holdings. In April of 1953, Walden got a telephone call from the El Dorado Ranch in Arizona, where Bob was vacationing with Joanne.

"I believe we're partners," Bob told Walden, and made arrangements to visit his farm later that day.

"One of Bob's great loves was farming," Walden remembered. "He had a natural inquisitiveness about how plants grew and the most minute details about raising animals. Every vacation he could, he spent here." Bob developed a close friendship with Walden and his family. The spring and fall visits to Arizona were

high points of his year: a time to rejuvenate his spirits through direct interaction with nature.

"Being a farmer, you're in partnership with God," Bob would say," remembered his wife, Joanne. "He would tell me very often that if he had known as a young man what he knew later in life, he would have studied agriculture or forestry."

The Waldens systematically planted sample crops along the road to Tucson, to see which would thrive best and which would reap the most rewards in available markets. Based on the results from such testing, Bob helped the Waldens decide, in the early 1960s, to focus their efforts on growing and processing pecans. FICO shelled, packaged and sold the product: not just its own crops, but pecans grown on other farms. The operation became the largest of its kind in the world.



In addition to these purchases in farming and real estate, Colonel Crown continued buying in the stock and bond markets. Beyond investments for Material Service's profit-sharing plan, he began to accumulate a wide-ranging portfolio for the Crown family itself.

"Instead of going to the racetrack," Lester Crown explained, "Dad's fun was in gambling in the stock market. He had a sensitivity for stocks that was unique. He wasn't an analyst, going through the history of the company, the statistical material as such. He simply had a feeling

for companies, for industries and for management. Management was the most important, because of his feeling for people. He came to know many of the heads of corporations, and understood from that knowledge whether or not a company was well managed.

"What was wonderful was the way he could buy a stock at the last tick down, buy it just about when it hit bottom. Just intuitively he would say, 'No, we aren't going to do it today.' He wouldn't discuss that with Bob or Milt [Falkoff] or me. He played with the market and did the buying and selling himself, so a lot of our portfolio acquisitions which are heterogeneous and which in some cases had absolutely no rhyme or reason were his own intuitive feel of the market. He had a story on every security and why he had purchased it."

One of the most curious stories — and certainly the longest running — began in 1946, when Colonel Crown suffered his horse riding accident. Returning home to convalesce, he busied himself by reading histories and biographies, as well as financial material about various companies. From a broker in New York came information about the Rock Island Railroad, which was going through a bankruptcy reorganization. As a result of this dire financial condition, the railroad's bonds were selling for as low as 30 cents on the dollar. And Colonel Crown was intrigued. He calculated that the Rock Island's value in track, rolling stock, real estate and right-of-way far exceeded its liabilities. More than that,





Henry Crown (back row second from right) with the board of the Rock Island Railroad. Crown quietly became the second-largest stockholder in the Rock Island in 1950.

however, the venerable old railroad — begun in 1846, and the subject since then of so much legend and song — appealed to the Colonel's imagination. From his earliest boyhood, he had been fascinated by railroads.

"There was a railroad team track not far from our house on Milwaukee Avenue," Colonel Crown remembered. "I would lie in bed awake, hearing the whistles and the bells of the locomotives, and think how exciting it would be to drive them back and forth across the country."

He had already acquired substantial holdings in several other railroads, including the St. Louis–San Francisco and the B & O, which hauled quarry product out of Thornton. And now he started buying up the Rock Island bonds. Still bedridden at home with his broken leg, Colonel Crown would call up Bob, who was in

charge of Material Service in his absence, and Bob would tell him, "Another bushel basket of those railroad bonds arrived in the office today!"

As part of the profit-making strategy for this massive investment, on December 31, 1947, Milt Falkoff and Lester Crown watched the new year arrive in the vault of the First National Bank of Chicago, as they literally swapped their Rock Island paper for that held by Jim Norris, president of Norris Grain Company. The two investors were selling defaulted bonds to each other, because the bonds were going to be redeemed the next year, and capital gains rates would be lower than the tax on interest income.

Soon the Colonel's holdings passed the \$4 million mark. Carl Nyquist, the railroad's treasurer, admonished him for "going wild," assuming his investment was

based on a couple of uncommonly good years. But Colonel Crown bought on. Not because of the Rock Island's current performance, but because, in spite of its liabilities, the railroad's assets were still large enough to balance off its debt.

Until 1949, Robert Young was the Rock Island's largest single shareholder. A renowned railroad investor, Young dreamed of one day combining his holdings into a first-ever transcontinental line. And when this plan no longer included the Rock Island, he started selling off his stocks — to Colonel Crown, who, united with Norris and tractor manufacturer Charles Deere Wiman, soon controlled 25 percent of the railroad. When banker Ned Brown, a Rock Island director, discovered the size of the Colonel's stake, he asked him to take his own position on the board, in order to help with the railroad's reorganization. Colonel Crown resisted assuming such an activist role until John Farrington, president of the Rock Island, added his entreaties to those of Brown, and the Colonel finally agreed to become a director. It was, as it turned out, a fateful decision, the full consequences of which would not be felt for many years.



Colonel Crown's position as one of Chicago's most prominent citizens led to more than just new business opportunities. His friendships with newspaper editors, political figures and other civic leaders also widened considerably. As he had done in the 1930s, the Colonel stayed clear of

politics per se. But when it came to men and causes in which he believed, he was not at all shy about lending his support.

A case in point was the Colonel's relationship with Adlai Stevenson III. The two men had met during the war, when Stevenson was serving as assistant secretary of the Navy. Though they came from almost opposite backgrounds (Stevenson was a blueblood from downstate Illinois whose grandfather had been vice president of the United States from 1893 to 1897 and who could trace both sides of his family to pre-Revolutionary days), they became good friends, corresponding occasionally and sometimes meeting for lunch or dinner. The more Colonel Crown got to know him, the more he respected Stevenson's deeply held progressive beliefs and valued his wide-ranging talents.

Stevenson had attained his government position thanks to Frank Knox, the cantankerous owner of the *Chicago Daily News*. Both men came out early in support of American intervention in Europe, in spite of their otherwise immense political differences; so when Knox was appointed secretary of the Navy, he asked the younger man to serve with him. Stevenson agreed, earning a national reputation from his strong, effective performance, which took him on constant missions around the globe. But when Knox died from a heart attack in 1944, Stevenson soon afterwards resigned his position, returning once again to Illinois.

*"There was a railroad team track not far from our house on Milwaukee Avenue," Colonel Crown remembered. "I would lie in bed awake, hearing the whistles and the bells of the locomotives, and think how exciting it would be to drive them back and forth across the country."*





Henry Crown with former Chicago mayor Edward J. Kelly at a prizefight. Henry's relationships with political leaders were primarily social, and he was never muddled by his closeness to the centers of power.

Meanwhile, the editors of the *Chicago Daily News* were hoping to form a syndicate to purchase the newspaper from Knox's widow. They wrote a letter to Stevenson, asking him to lead them in their efforts, and once successfully completed, to serve as the newspaper's publisher. The role was not improbable, since beyond being an experienced attorney, Stevenson had also worked for a time as a journalist. His family owned the downstate *Pantagraph*, for which he had served as a reporter, even traveling to Russia to get the story on the nation's transition to Communism. Knowing this background, and respecting Stevenson's overall ability, Colonel Crown believed his friend would make a first-rate publisher, and he pledged his financial support to the syndicate.

Knox had let it be known that in the wake of his death, he wanted the *Daily News* sold to those most able to serve its community. Knox's widow, however, saw the sale in less idealistic terms. She decided to consider offers from the Knight-Ridder newspaper group — headquartered in Detroit — as a way of stirring up competitive bidding. Colonel Crown urged Stevenson to match Knight-Ridder's bids, but as they kept rising higher Stevenson balked, considering it irresponsible to let his backers pay too high a price for the newspaper.

Three years later, Colonel Crown again supported Adlai Stevenson: this time with a far more satisfying result. The Colonel's friend Jacob Arvey had recently assumed the position of chairman of the Cook County Democratic Committee.

Arvey had served in the military during World War II, attaining the rank of lieutenant colonel. Inspired by his experience, he decided that if he did return to politics it would be on his own terms, "with good candidates." The first of such candidates he found was Martin Kennelly, whom he slated for mayor in place of Ed Kelly, the man who had held the position since the death of Anton Cermak.

"Ed Kelly was a remarkable man," Colonel Crown said. "He could have served still another term, but after the war he had taken an unpopular stand on open housing in the city, and the Democrats, fearing a backlash, turned to Kennelly." The Colonel knew Kennelly was a businessman of unquestioned integrity because he had run the Colonel's main competitor, the Consumer's Company, since the 1930s. But, noted the Colonel, "Kennelly was an ineffective man in term of getting things done, because he had no background or experience in how the city worked politically."

For the position of governor, Arvey turned to Adlai Stevenson. After his failure to purchase the *Daily News*, Stevenson had gone back to a governmental role, helping to establish the United Nations (and helping to locate its headquarters in New York, a decision which turned out so fortuitous for the Colonel). It was the secretary of state, James E. Byrnes, who suggested Stevenson's candidacy to Arvey, hailing him as a "gold nugget" — and Colonel Crown of course heartily agreed. When Stevenson, after much circumspec-

tion, finally decided to throw his hat into the ring, the Colonel quickly contributed to his friend's campaign, in spite of believing victory was unlikely.

"Illinois was known as a Republican state," Colonel Crown remembered, "but Adlai fought hard against an incumbent governor and ended up winning by a goodly margin. He was an exceptional man and made a fine governor." Among the reforms Stevenson instituted during his term was reducing political patronage jobs. Arvey helped to push the legislation through, in spite of the flack he took from fellow party members.

In 1952, when Stevenson was recruited by the Democratic Party to run against General Dwight D. Eisenhower for president, Colonel Crown was yet again a fervent supporter. The Colonel was heartbroken by Stevenson's defeat, and on November 6, just a few days after the election, he let his feelings be known in a letter:

*My dear Governor:*

*May I avail myself of this opportunity to put into writing what I am certain millions of Americans now know. You are greater in defeat than most men can possibly be in glorious victory. Beginning with the acceptance speech on the night of your nomination, that thrilled both Democrats and Republicans alike throughout the nation, and ending with the fireside chat on election eve, you elevated the level of campaigning to heights heretofore unknown. Your most capable, effective, honest and sincere campaign for the presidency established a precedent that will remain a shining example for American posterity.*

correspondence dating from the 1950s that was at least 10 years ahead of its time," Susan said. "Uncle Bob funded all sorts of civil rights causes, all sorts of open housing work. He was funding the NAACP, the United Negro College Fund — it was clear that racism was foremost on his mind."

For Bob, giving money was just the start of his community service. He became personally involved in many of his causes, no matter how local or small. If he arranged for the family to fund a Boy Scout camp, he would visit the camp and walk the land. When the family gave the funds to create a new gallery within Chicago's famed Art Institute, Bob reviewed the plans himself with the museum staff. "He was a quiet hero," said Susan Crown.

No matter how the Crown charities were generated, who decided what to give or who oversaw the giving, the funding always came from one place: the family. As in their business, while there was room for individual ideas and initiative, philanthropy for the Crowns was a cooperative concern, and it remained so with each of the succeeding generations.



No matter how his life changed in the years after the war, Colonel Crown still saw himself in modest terms. He was, after all, still a "sand-and-gravel man." It wasn't so

long ago that he'd been called from the formal party and had driven supplies to a job site, still wearing his tuxedo. But now the tuxedos were worn far more often, and other men were in place who could take care of such emergencies. Colonel Crown, in fact, was often gone from the city, on business trips to New York, Washington, St. Louis, and Los Angeles. During winters he began regularly vacationing in Florida. He sent his mother, Ida, to Miami for the whole winter season. Sometimes Lester and Bob would fly down, meet their father and ship out for some deep-sea fishing — a new favorite sport. Other times Colonel Crown and Gladys visited Boca Raton, in the 1940s and 1950s one of the country's most elegant resorts. It was there that Lester met Renee Schine.

Renee was the daughter of Meyer Schine, another self-made man who had worked his way up from nothing, building a large East Coast motion picture theater chain. When an antitrust suit was brought against him by drive-in theater owners, Schine shifted his investments to hotels, purchasing the Roney Plaza in Miami Beach, the Ambassador Hotel in Los Angeles, the Boca Rotan Hotel and many others. Schine knew Colonel Crown from his work with Conrad Hilton, and also because the Colonel had taken a seat on the Columbia Pictures Board of Directors. Famed movie men Harry Cohn and Joe Schenck were just some of the friends the two men shared in common. And soon they would share a lot more.

Renee met Lester along with his father, and there was no question who caught her attention at first. "I thought Henry Crown was terrific," Renee remembered. "He mesmerized me. He was just that kind of charismatic man — from his sincerity, his modesty. He had a wonderful way of talking to *you*, of really making you feel you were center stage." But as the evening wore on, Lester had his chance to demonstrate his own charms. He and Renee began to see each other often from that time, and in 1950 the two were married.

In spite of his stature in the business community, Colonel Crown remained unknown to the general public. Few of his accomplishments were reported in the press. How many readers, after all, were interested in the building material trade, or in railroads, or lime and coal production? Hotels and real estate fired the public imagination, but in those endeavors the Colonel's partners, especially Hilton, received the lion's share of the attention. Which was fine with Colonel Crown. He loathed public speaking, and while he could effortlessly charm a roomful of people, at any gathering he was always among the first to leave. He didn't need the spotlight and in fact did his best to stay out of it. But as the decade of the 1950s progressed, and his business entered a daring period of transition, Colonel Crown found such anonymity much harder to maintain. Soon, inevitably, the spotlight began to swing in his direction.



Lester and Renee Schine-Crown on their wedding day, December 28, 1950. Together they had seven children.



As highway construction around Chicago exploded, Material Service kept pace by expanding its network of Redi-Mix plants. "That's when I saw the Colonel for the very first time," Lauwereins remembered. "We were rushing to get a plant up at Yard 41, sometimes working seven days a week — six was normal. And one Saturday, George Lenzie came by, and he said to me, 'Morrie, have you ever met the Colonel?' I looked and there was this fellow in an old Marblehead Lime cap — the kind they used to give away. He was a legend by then, and I was amazed to see such a down-to-earth guy."

In spite of MSC's almost continual expansion, the Crowns had, until Redi-Mix, stayed with their policy of hiring out needed delivery trucks, leaving the responsibilities of ownership to the owner-drivers. But with the advent of Redi-Mix, this approach could no longer be sustained. The time had come for Material Service to acquire its own fleet.

"The first trucks we bought cost \$10,000 each," Colonel Crown remembered, "while our trucks today [in 1982] cost \$75,000. Of course those first trucks were not as large, but they were the biggest trucks we had. We bought 25, then there was a question of what kind of paint would easily identify them. Irv handled that decision, and every so often I would walk into his office and he'd show me some samples." In fact, Irving showed everyone samples. Methodical as always, he was

determined to discover just the right combination of colors — colors which would define the new Material Service.

"Irv grabbed me one day in the hall," remembered Colonel Crown, "and told me he had finally solved our paint problem. He brought me into his office, where he had bright panels of red and yellow paint set up on his couch. And you know, it just hit me. I laughed, telling Irv, 'It looks like a whorehouse!'"

"Then that's what we'll use," Irving responded. The description pleased him. He wanted colors with impact, colors that people would remember. In later years, red and yellow appeared not just on the omnipresent Material Service trucks — over 350 by the late 1950s — but on the company's boats and plant structures as well. The colors became part of MSC's identity, almost a trademark — as bold and direct as Colonel Crown himself.

As with trucking, before the war the Colonel and Irving had thought it wisest to charter watercraft from outside operators, construction of the MV *Material Service* and purchase of the tug *Sol R. Crown* being, in fact, only notable exceptions. But in the early 1940s, the company from which MSC leased its barges became financially insolvent. Irving stepped in to take control of the outfit, and Material Service began operating the barges on its own. After the war ended, Colonel Crown sought out Arnold Sobel, fresh from military service in the Coast Guard (where he had commanded his own tank-landing ship), and



asked him to start work on a long-term solution, beginning with an assessment of Material Service's Marine Department.

"I took a couple of weeks and looked over all the equipment and operating conditions," Sobel remembered, "came back and said, 'Colonel, the first thing we ought to do is build a new boat.' He asked what it would cost and I said, 'Well, if we used war surplus engines, if we used surplus pumps, we could build a boat for about \$225,000. On the other hand,' I said, 'if we were to build a man's boat to really do an efficient job and have a good life span, it would cost us about \$300,000.' The Colonel put his arm around me and he

said, 'Arnold, you knew us in the days when we couldn't afford a boat like that — you go out and build the best boat that money can buy.'"

So construction began on the MV *Irving Crown* at Sturgeon Bay Shipbuilding, the same site where the *Material Service* had been built more than 20 years before. The goal this time was to create a pusher tug: a vessel powerful enough to push as many as eight barges, loaded with 11,000 tons of material.

"We had the *Irving Crown* designed to our exact specifications," Sobel remembered. "We told the naval architects what we wanted and we nurtured every nut

*Christening party for the MV Irving Crown, launched August 29, 1952. Left to right: Gladys Crown, Chicago mayor Martin H. Kennelly, Henry Crown, Arnold Sobel, Renee Crown, Bette Sobel.*



and bolt. That boat was built like a brick you-know-what and its operating history proves it." (The boat was still in operation in 1996.)

Like the MV *Material Service*, the MV *Irving Crown* was launched (on August 29, 1952) with considerable fanfare. Mayor Kennelly was present, as were many of Sobel's fellow Coast Guard officers. Sobel's wife, Bette, christened the vessel, while Mayor Kennelly, Colonel Crown and Gladys stood with her on the pilot house deck.

And this was only the beginning of MSC's marine expansion. During the war Irving had acquired surplus barges from a local defense contractor. Because of shortages in steel, the vessels were constructed from wood, "and they sure were a pain in the neck to operate," said Sobel. "They had a habit of sinking — I can remember seven-to-eight specific jobs where we had to go out and salvage barges that had gone right to the bottom. The joke around the whole marine fraternity was 'Irving and his wooden barges.' So the next thing I said to the Colonel was, 'We need to build new barges.' He said 'Go ahead,' and we started building heavy-duty steel barges."

Material Service's fleet, which stood at 30 after the war, was modernized and expanded to 90 barges and seven pusher tugs by 1954, when 30 barges were added at a cost of \$50,000 each. The Marine Department itself was expanded, too. Located at Romeoville, Illinois, just near the sand-and-gravel pit at Lockport, it

boasted its own shipyard with maintenance shops, dispatchers and radio equipment, and a commissary. Arnold Sobel was put in charge of the entire operation, supervising a crew of 125 men. While the Marine Department's primary function was to serve MSC's transportation needs, it operated in many respects like an autonomous unit, leasing idle boats to any company that needed them, the boats sometimes going as far south as St. Louis.



While they strengthened their core business at Material Service, the Crowns kept expanding the rest of the resource group. After the war, under the supervision of Frank Nugent, Colonel Crown invested millions of dollars into the Freeman Coal Mining Company, to rehabilitate its two existing mines. For financing he went to the Continental Bank instead of First National, since Continental had a history of lending to Freeman. (Colonel Crown took the same approach with Marblehead Lime, retaining its previous association with Harris Bank.) In 1948, the Colonel purchased 26,000 acres near Farmersville, Illinois, land which had sat unused since World War I, when it was abandoned by the German company that previously owned it. Below this land lie thick veins of bituminous coal, but it was accessible only by deep-shaft mining.

"We got to thinking that new methods of washing and drying coal might make this land pay," Colonel Crown told a

reporter from the *Chicago Daily News*. "We made the government a \$150,000 offer, which was \$100,000 more than anyone else had bid."

The Colonel next turned to the major utility companies, foremost among them Commonwealth Edison (once the domain of Samuel Insull), establishing contracts for purchase of the coal. He then sank \$10 million into the new Crown Mine — Nugent insisted on the name — creating the nation's largest air-washing coal plant, along with 700 new jobs for miners. The *St. Louis Post-Dispatch* noted the irony of the Crowns' investment, coming at a time (1952) when "other coal mines [are] closing right and left, in the face of lowering consumption."

"They [the other financiers] politely call it bold," Colonel Crown told the paper. "What they mean is it's a damned fool thing to do." "But at close range," the *Post-Dispatch* decided, "it doesn't look so foolish, putting out 15 tons [of coal] per man-day; at most mines 10 is good. Scientific methods and 'push button mining' have made the difference." The paper described "a lesson in modern technology," provided by a visit to the Crown Mine:

*[It] began 356 feet underground, in shafts previously made secure with timbering machines and mechanical roof bolters. A supervisor watches the narrow steel tongue of a self-propelled cutting machine rip into the face of the coal and send it tumbling to the ground. Thick clouds of hot black dust enveloped everything. Next, the octopus-like*



*arms of a mechanical loader drew the coal chunks onto its conveyor belt and from there into a shuttle- buggy waiting right behind.*

*All these machines operate on rubber tires or caterpillar bands without fixed tracks. They are low and move almost anywhere at terrific speed. Nowhere did human hands touch coal. No shovels were in use. No backs were bent except when one of the helpers of a machine occasionally grabbed a pick to hack an unusually large hunk of coal into smaller pieces.*

In 1954, with coal profits soaring, the Crowns enlarged their holdings in the field even further, paying \$12 million for an already fully mechanized company, the Chicago, Wilmington & Franklin Coal Co. That same year Material Service began buying stock in the United Electric Coal Companies, a surface mining operation. By 1959 it owned a 34 percent share; in 1966 General Dynamics (at the time Material Service's parent company) made a tender offer to holders of the remaining UEC

*Bag of Crown Masons' Lime, 1953. Marblehead Lime Company, a subsidiary of MSC, introduced a line of hydrated dolomite lime in 1951.*

stock, which resulted in United Electric becoming a wholly owned GD subsidiary. In 1974 Lou Lincoln, then head of all coal mining operations, merged the two into the Freeman United Coal Mining Company, a division of Material Service.

When he began his career after serving in the Army in World War II, Byron Weil decided that, like his father before him, he would like to find work in the coal business. Frank Nugent put him through rigorous training, sending Weil into the mines, then having him work as a traffic manager, finally assigning him to regional sales, operating out of Sterling, Illinois. For ten years Weil traveled north to the Wisconsin border, west to Iowa river towns, south to Decatur, Illinois. Finally he decided he had saved enough money; it was time he and his family purchased their own house.

"Someone was building tract homes," Weil remembered. "They were \$50 down and \$50 a month. So I put my \$50 down and that night Irving calls. 'How'd you like to come to Chicago?' And I said, 'What's up, Irv?' He said, 'Well, your dad is 67, he's got two salesmen and they're both 70, we need some new blood in our coal department.'" After discussing the offer with his wife, LaVerne, Weil decided he would be foolish not to accept it. But first there was his \$50 down payment to consider. How was he going to get the money back?

"Irving said, 'Describe the house to me,'" continued Weil. "I did and he said, 'I think we can get that back — we own

it.' They were building the homes because they'd run into a guy who was making something called cellular concrete. They'd build the form of a house, windows, doors and everything, and then they'd pour it within the forms and it would rise like dough. It's the only house I know in the U.S. that in 1955 cost \$10,000 and today costs \$6,000."

Weil got his \$50 back. He spent a year in his new position, but found it a frustrating experience. He couldn't get out from under his father's shadow. Either customers bought coal because he was Joe Weil's son, or they *didn't* buy coal for the very same reason. "So I went to Lester Crown. I told him, 'Either you've got to fire me or let me sell something other than coal, I can't do it.' 'Why not?' 'My father.' And Les looked at me and kind of smiled and said, 'I've got a father too.' It never occurred to me that anyone else might have the same problem. Lester said, 'Go find something your dad hasn't done.' I started the oil business that very day."

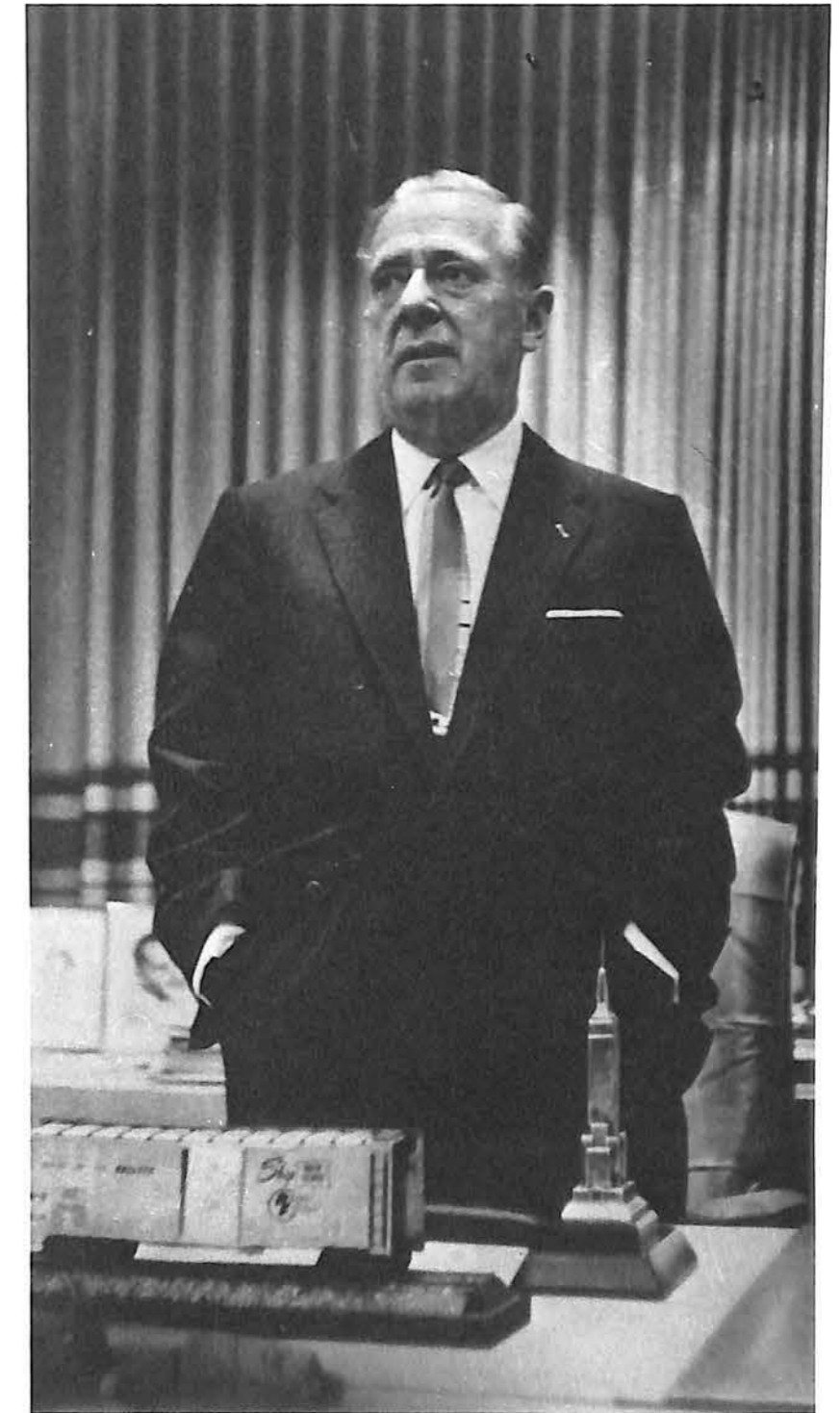
Weil began brokering oil for MSC, selling mostly to customers who were converting from coal. The operation was, in other words, similar to the Crowns' first approach to the building materials business itself, and as it grew Weil reached the same crossroads: the need to control his own source of supply. When in the mid-1960s Atlantic Richfield Company, one of Weil's suppliers, put its Cicero, Illinois, terminal up for sale, Weil proposed that MSC buy the facility.

"The Crowns said it looked good and they showed my proposal to Milt Falkoff, and he said, 'It stinks.' But the Colonel's was the final decision. He asked, 'Do you think it'll work, Byron?' I said, 'I know it will work.' We bought the terminal and that's what made the business take off." With the ability to store 25 million gallons of oil and to move it on the rivers by barge, Material Service began selling oil to steel mills and other heavy industry in a profitable business that lasted until the mid-1980s.



Colonel Crown, meanwhile, was pressing outward from Chicago, moving still further into hotels and real estate. Part of the reason, of course, was his continuing relationship with Conrad Hilton. The two friends grew even closer in the 1950s; Colonel Crown sat on the hotel board as a director, but more than that, he was the one man Hilton trusted to support his soaring ambitions, the one man in whom he could confide his bold dreams. And the boldest of those dreams was ownership of the Waldorf-Astoria.

No hotel in America had ever been built with such magnificent style: a private railroad siding in the basement, a private hospital for guests, six kitchens, 200 cooks, 500 waiters — not to mention thousands of rooms — the hotel could boast of all this and much more. Hilton first learned about the "new" Waldorf (it took its name



Henry Crown in the 1950s. In 1955 Crown's holdings were estimated at \$50 million by Fortune magazine. Sales at Material Service were \$80 million that year, and Crown had the second-largest holding in the Hilton Hotel Corporation. Still he called himself "a sand-and-gravel man."





OFFICE OF THE PRESIDENT  
HOTEL ROOSEVELT  
NEW YORK 17, N. Y.

October 24, 1949

Colonel Henry Crown  
33 North La Salle Street  
Chicago, Illinois

Dear Henry:

Here is your certificate for the Waldorf-Astoria stock.

I will never forget the great role you played and the assistance you rendered in making this possible.

Sincerely yours,

C. N. HILTON  
President

*Certif 20882 ha*

CNH:ow  
Encl.

*Letter from Conrad Hilton to Henry Crown, October 24, 1949. The formality of the note did not reveal the close friendship that existed between the two men.*

the American League pennant. The two Crowns gladly joined him, and late in the innings the game took a fateful twist — at least as far as Colonel Crown was concerned. A batter chipped a short foul back into the stands, hitting Conrad Hilton, whom Webb had also invited. The papers ran a photo the following day, which pictured both Hilton and the Colonel. Arnold Grant saw the photo, realized Colonel Crown was visiting the city, called and convinced him to meet with Colonel Raskob in person.

Remembered Lester Crown, who joined the Colonel at the meeting: "Raskob said he had decided to sell the building on behalf of his family, that they were willing to sell it for the same price it had cost to build. Dad told him, 'Colonel Raskob, you've just paid me one of the greatest compliments I have ever been paid, suggesting that I would be able to raise \$50 million.'"

Yet the prospect of owning the world-famous landmark had finally begun to intrigue Colonel Crown. Like the Waldorf, the Empire State Building had opened in 1931 (in fact it was constructed on the site of the first Waldorf-Astoria). Designed by the firm of Shreve, Lamb and Harrison, the building was immediately hailed as an architectural marvel and later understood as perhaps the most magnificent and perhaps the most essential evocation of Art Deco design. At 102 stories, 1,250 feet high, the Empire State Building was by far the tallest man-made structure in the

world. Its first official lighting (President Hoover pulled the switch) was like turning on a beacon of hope in the gloom of the Depression. But the beacon from the start began losing its luster. Tenants discovered its many drawbacks: elevators with inadequate speed, poor heating, no air conditioning. Even after World War II, with the economy booming, the occupancy rate remained less than 70 percent. Yet it was still, after all, the great Empire State Building.

"Some time after we met," remembered Colonel Crown, "I turned on the radio and heard an announcement that Jacob Raskob had died. A few months later I read in a Chicago paper that a group including Roger Stevens had signed a contract to buy the Empire State Building. So I put any thought of it out of my mind.

"This was during the Korean War," Colonel Crown continued, "and perhaps six months later, I was in California when I got a call from Arnold Grant, who asked if I might still be interested in the Empire State. I told him I understood that it had been sold. He told me that the contract was signed but the investor who was going to take a large part of the project, 24 percent, had apparently walked away. There was an additional problem about who would become chairman of the building. The Raskob family knew that Raskob had talked with me, so that although they didn't know me, they assumed I would be satisfactory. Arnold told me it would solve

*"Raskob said he had decided to sell the building on behalf of his family, that they were willing to sell it for the same price it had cost to build. Dad told him, 'Colonel Raskob, you've just paid me one of the greatest compliments I have ever been paid, suggesting that I would be able to raise \$50 million.'"*



*In 1953, Henry Crown (middle row, second from the left) was among recipients of the prestigious Horatio Alger Award, given each year in that period to honor individuals who rose from humble beginnings. Among other honorees that year were Thomas Watson Sr. (middle row, fourth from right), J.C. Penney, (back row, far right), Adolph Zukor (middle row, far right) and John Jay Hopkins (back row, second from left).*

Electric Boat's contracts and finances. During the war the company built not only submarines but the famed PT boats, as well as submarine chasers. Meanwhile, its Electro Dynamic division served as the U.S. government's primary manufacturer of motors and other marine components.

World War II ended, and with it the company's heyday. Or so it seemed. Electric Boat's top executives, Lawrence Spear and Henry Carse, both retired in 1947, leaving Hopkins in sole charge. While recognizing his company's economic vulnerability in the postwar era, the new president also sensed opportunity. The United States was the world's greatest power, and what with the rising Communist threat, the nation was unlikely to revert to its isolationist past. Even in peace, the United States would have to maintain a strong Navy, Air Force and Army and stay on the cutting edge of technological advancement. Electric Boat could be part of this new era, Hopkins thought, but not if it stayed limited to making small

craft and submarines. So, armed with cash from the recent production boom, Hopkins searched for ways to expand the company's scope.

His first move was to purchase the Canadian aircraft manufacturer Canadair Limited, taking Electric Boat into aviation. Hopkins helped management reorganize Canadair, and soon the new division was generating the lion's share of the company's profits. Military orders increased with the outbreak of war in Korea; Canadair's profits continued to climb. Meanwhile, in 1950, Hopkins accepted a challenge from Admiral Hyman Rickover to build the world's first nuclear-powered submarine, a task his engineers approached with brilliance and zeal. Given these developments, Hopkins felt the name Electric Boat no longer adequately described his growing enterprise. He chose a new name. General Dynamics Corporation, to conjure up an image of diversity and scientific know-how. Then Hopkins pressed forward to make this image real.

In 1953, the same year he stood with Colonel Crown on the Rainbow Room dais, Hopkins moved to vastly expand General Dynamics with a single bold stroke: he bought controlling interest, from financier Floyd Odum, in Consolidated Vultee, known more familiarly as Convair. Hopkins's hubris raised many eyebrows, since Convair itself was already an industrial giant. The company ran plants in Fort Worth, Texas, and Southern California, manufacturing Air Force fighters, bombers and missiles. Convair was bigger than General Dynamics, yet using a combination of Electric Boat stock and borrowed money, Hopkins found the wherewithal to acquire it. And this was only the beginning. In 1955, Hopkins established the General Atomic Division, to undertake the basic research, development and production of nuclear energy. Next, because each of his company's existing divisions — submarines, aircraft, missiles, nuclear energy — relied heavily on the nascent technology of electronics, Hopkins arranged (with the aid of newly hired executives Frank Pace Jr. and Earl Johnson) to purchase the Stromberg-Carlson company, gaining its unique and sophisticated skills in this area.

This remarkable expansion seemed to pay off quickly. As early as 1953, NASA (the National Aeronautics and Space Administration) began employing the Atlas rocket, manufactured by Convair, as its primary booster of spacecraft. Located

in Pomona, California, the missile plant was one of the largest and most efficient in the country, doing \$100 million worth of business a year. Meanwhile, the Electric Boat division had developed the Polaris missile—launching missile submarine, part of a truly revolutionary weapons system that established Electric Boat as a leader in the field. In less than ten years, Hopkins had worked a corporate miracle, transforming a narrowly focused maritime manufacturer into a full-service supplier of the nation's modern arsenal. Now, with Pace and Johnson's help, he hoped to widen his company's scope still further, into civilian lines of technological products.

But there was a fatal flaw to the way General Dynamics had been created. Because most of the divisions had been purchased, they operated as autonomous units, each with its own accounting and sales departments. They were like small fiefdoms rather than fully integrated parts of a corporate whole. This loose confederation held together while Hopkins was in charge. With remarkable abilities and seemingly inexhaustible energy, he exercised paternal leadership, roaming from division to division, keeping his executives alert and insisting they function cooperatively. But Hopkins's hold began to slip by the mid-1950s. He had always been a man who played as hard as he worked. An avid golfer, Hopkins jetted on impulse to play on favored courses — going as far as Scotland. He was a hard drinker, too, but