

## CHAPTER 4

### CONSOLIDATED NAVAL STORES COMPANY:

#### WORLD'S LARGEST NAVAL STORES FACTORAGE

1902 to 1971

Northern and European speculators controlled the naval stores industry through factorage houses and commodity brokerages called naval stores "dealers." Under the naval stores marketing rules, factorages were not allowed to sell directly to the resin products manufacturers, but had to use the services of the dealers as middlemen. The factor acted as banker, supplier, and grocer, lending the camp manager money for construction and operational expenses, and allowing him to buy equipment, commissary merchandise, and provisions on credit. Generally, the factor held a mortgage on everything the turpentine farmer owned. In return, the turpentine farmer consigned his spirits

and rosin to the factor who sold the harvest to a broker and received a two-and-a-half percent commission." The factor deducted credit advances (drafts), commissions, inspection fees, product insurance, and accrued interest on these transactions from the gross proceeds and tendered the net profit, if any, to his client, spinning out a web of debt from factor to farmer to the black worker lowest down."

The factorage system had been an element of American business since the colonial period. Its origins could be traced at least as far into the past as the European guilds of the Middle Ages. These monopolistic groups of merchants and craftsmen controlled the conduct of business within their respective trades. Naturally, there existed the usual abuses associated with such exclusive buying and selling practices: price fixing, artificial control of supplies acting to drive profits higher, sweetheart deals, bribery, and the like. Such restrictive and, often, government-sanctioned, financial dealings have continued to present day. The naval stores industry was not excepted from such arrangements and, eventually, received its share of congressional scrutiny as a result.<sup>1</sup>

In the American colonies, English factorage houses controlled commodity trading. The location of these businesses varied with the products, but, for

naval stores, the dominant trading partners could be found in London and Plymouth. Commodity producers, of course, greatly resented the factorage system but were helpless to negotiate with the brokerage houses in England. In essence, factors acted as commission merchants. They accepted consignments from commodity producers and sold them to the various wholesalers or manufacturers. For this service they received a commission which varied with the commodities traded. In the course of conducting this business, the factors incurred expenses such as tariffs, commissions, and transportation costs. These expenditures, made on behalf of the commodity producers, were charged against profits realized through the sale of their exports. During the eighteenth and nineteenth centuries, the costs of doing transatlantic business with England reduced American profits on average by 65 percent of the gross receipts. In addition to handling the sale of commodities, factorages provided their suppliers with manufactured goods and other items unobtainable from local colonial sources. London businesses stocked a great quantity of trade articles in warehouses or obtained them in the English ports. Generally, factorage houses sent shipments to their suppliers during the fall and winter. American consumers felt the English trade houses provided inferior or unfashionable goods at excessively high

prices. In any event, the commodity producers often ordered more English goods than could be paid for by their exports, thus piling up debt with their British trading partners. Virginia tobacco planters, for instance, had accrued a very large debit with their London factors during the colonial period. One hoped-for outcome of the American Revolution had been nullification of factorage obligations, but England continued to manipulate American trade for decades to come."

Prior to the twentieth century, factorages in Charleston, Savannah, New York, and Europe controlled the Florida naval stores business. However, for Southern agriculture in general, New Orleans shipped the most commodities through more than three hundred factorage houses. For a brief ten-year period beginning in 1834, the Crescent City even outranked New York in agricultural exports, especially lumber products of the lower South. Still, the Southern commodity trade was of greater importance to the "phenomenal rise of the Port of New York" during the nineteenth century than the opening of the Erie Canal. In 1822, the Southern naval stores, cotton fiber, and provisions exports represented 55 percent of cargoes leaving the Hudson River for Europe."

In Florida, this trade pattern began to change in the waning decades of the nineteenth century as cotton

production became less important. Florida businessmen had realized that the traditional trading routes through the Northern ports, especially New York, were uneconomical and made little sense with the rise of American railroads in the interior South. New York exporters reduced the profitability of the Southern trade through "insuring cargoes, drayage, broker's fees, freight charges, and high interest rates." In fact, the dominance of the Port of New York had, for sometime, impeded the development of the Southern rail system. With improved transportation at last a reality, the Port of Savannah, Georgia, ascended to dominate naval stores exports after the Civil War. However, in 1902, Savannah factorage houses were challenged for commodity control by a sweeping financial merger. Seven of the largest naval stores trading partnerships in the country combined into one syndicate headquartered in Jacksonville, Florida.<sup>94</sup>

The October 1, 1902, edition of the Florida Times-Union headlined: "Big Turpentine Consolidation Will Be Consummated Today." The formation of the Consolidated Naval Stores Company proved to be the seminal event that brought about Florida's domination of worldwide naval stores trade from 1906 to 1924. The naval stores industry had held its First Annual Convention of the Turpentine Operators' Association in Jacksonville on September 10, 1902. This meeting

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introduced Dr. Charles Herty, a government "turpentine expert." He described to attendees his experiments with clay pots for collecting crude gum intended to replace cuttings boxes into trees. Herty's method not only proved much less injurious to pine trees, but also provided a superior grade of timber to sawmills after turpentine operations were completed. But, just as importantly, the meeting spawned the Florida naval stores syndicate."

Following the turpentine operators' convention, four Florida and three Georgia factorage firms merged to make up the largest naval stores trading house in the United States at that time. The partners: W. C. Powell, Southern Naval Stores Company of Savannah (\$400,000); H. L. Covington, Gulf Naval Stores Company of Tampa and Pensacola, (\$350,000); W. F. Coachman, Florida Naval Stores & Commission Company of Jacksonville (\$350,000); H. A. McEachern, Mutual Naval Stores Company of Jacksonville, (\$200,000); and C. Downing, Downing Company of Brunswick (\$200,000); joined with J. R. Saunders of the West Coast Naval Stores Company of Pensacola, and C. D. Ellis and John R. Young of the Ellis-Young Company of Savannah in raising a working capital fund of \$1,950,000. The members of the new syndicate pledged to raise the operating fund to two-and-a-half million dollars and eventually oversubscribed that amount by an additional

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\$500,000. With offices in the principal naval stores ports of Savannah, Jacksonville, and Pensacola, these seven factorages, acting in concert, controlled the output of more than 700 naval stores operators. In aggregate, these turpentine farmers controlled in excess of 2,000,000 acres of "virgin pine forest" and 3,000,000 acres of producing turpentine orchards."

W. C. Powell, the corporation's first president (1902-1908), told a Times-Union reporter that he expected Consolidated business would divert "100,000 casks of turpentine and 350,000 barrels of rosin" from the Port of Savannah. He expounded upon the reasons for creating Consolidated: "...the maintenance of prices and the prolongation of the naval stores industry, the later by inducing...the operators [to adopt] a more skillful and scientific method of dealing with the trees." Chairman Powell cited the economic conditions which made necessary such a business venture for Florida naval stores producers."

"...Nobody in the naval stores business here [Savannah] wanted to move, nor would we have done so had it not been for the actions of the railroads. When we showed them the conditions that existed and asked for better rates, so as to be able to compete with other ports, they made the charges for various services of transportation and storage still more onerous; when we asked for bread, they gave us a stone."<sup>98</sup>

During its first year of operation, Consolidated

handled 230,393 casks of turpentine and 806,367 barrels of rosin -- more than double projections and nearly 50 percent of the United States' entire naval stores production for 1903. On this business, the corporation grossed \$13,411,350, yielding a profit of \$784,434 (6%) from which \$239,530 (10% return) in dividends were paid. The significance of this incorporation can be measured against Florida's financial resources at that time. The 1900 census enumerated the state's population at 528,540. Florida banks held a total capital in the amount of only \$3,000,000 supported by \$10,599,729 in individual deposits.<sup>99</sup>

As originally organized, the Consolidated charter stated the salient principle of its founders -- that the naval stores operators should control its business rather than the factors. This egalitarian notion was not a new one in the industry. The Savannah Naval Stores Company and its successor, the Southern Naval Stores Company, had pioneered such an affiliation. While the business partners did not envision a strictly vertical integration of the naval stores business, they did foresee spinning off several associated companies that would provide provisions and supplies, purchase lands for future production, and control the export of naval stores products from Florida. Two of Consolidated's Georgia partners,

Downing and Ellis-Young, had successfully developed a similar business plan. Consolidated Naval Stores realized this objective through the formation of the Consolidated Grocery Company, the Chattanooga Pottery Company, and the Florida Export Company. The consortium founded the grocery firm, a wholly-owned subsidiary, with \$500,000 on December 30, 1902, to provide "supply departments at convenient points, where supplies of all kinds can be purchased at the lowest possible prices." The shareholders of Consolidated acted to fulfill W. C. Powell's promise of "inducing...the operators [to adopt] a more skillful and scientific method of dealing with the trees." Consolidated endorsed Dr. Herty's experiments with clay resin-collection cups by organizing the Chattanooga Pottery Company to produce the Herty-patented vessels -- "Herty Cups" -- on December 30, 1902. This proved to be as revolutionary a change in naval stores technology as the introduction of the copper distillery in 1834. In seeking to guarantee additional naval stores resources for future development, the stockholders set up Consolidated Land Company on May 20, 1903, reserving \$1,000,000 for the purchase of pinelands. By 1922, this firm owned over 1,500,000 acres of longleaf pine habitat, an area "equal to almost one-half the entire state of Connecticut," and the largest tract under one

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ownership in the United States. Also, during 1904, Consolidated decided to curtail the escalating costs of spirits shipping barrels (\$1.75 each) by establishing their own cooperage firm and buying up existing plants. This affiliate, the Florida Cooperage Company, had the capacity to supply annually 55,000 casks in southwest Georgia and 335,000 in Florida. The Jacksonville plant alone had the capability of making 1,000 barrels daily. J. C. Little, company president, stated: "We have diligently watched the details of our business...The wisdom of our having entered into the manufacture of barrels has been wonderfully demonstrated..." To this growing business syndicate, the trading partners added Florida Pine Company in 1907 "to promote naval stores operating companies."<sup>100</sup>

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In Savannah, some naval stores factors spoke publicly of doubts about the viability of the newly-formed company which had moved so quickly and boldly to corner the Florida naval stores trade. Representing one of the leading Savannah factorages -- Chesnutt & O'Neill -- J. B. Chesnutt told the Savannah Press "...there is not enough water in the St. Johns River to float any trust schemes off on the producer....[T]here are other old line factors who will remain in Savannah, the natural leading naval stores market of the world..."<sup>101</sup>

However, at the Annual Stockholders Meeting on January 15, 1908, President W. C. Powell proudly shared the news of Consolidated successes. Between 1906 and 1908, the naval stores cartel had reduced its liabilities from \$5,925,000 to \$1,950,000. This represented a decrease in debt load of 67 percent while paying investors \$500,000 in dividends for the same period. In the words of Mr. Powell, "Conservatism is the Watchword of SUCCESS. And with this I close my annual report." In the board of directors' meeting which followed, however, trustees removed Powell as an officer of the company and elected W. F. Coachman president of the firm. During a December 1907 meeting of the company's Executive Committee, Powell had refused to endorse bonding Consolidated lands to acquire an additional one million dollars in capital. In spite of Powell's protestations that the company "was easy financially and did not need the money," the company's directors voted to issue bonds for the desired amount at six percent per annum. These instruments were "[s]ecured by about 714,000 acres of Virgin Long Leaf Yellow Pine and Cypress Timber Lands...located in Osceola, St. Lucie, Desoto, and Lee Counties, Florida, containing over TWO BILLION, FORTY-FOUR MILLION (2,044,000,000) feet, log scale, of standing merchantable pine and cypress timber." Consolidated advertised the

appraised value of "these timber lands at \$4,000,000..." The official financial statement for 1908 listed corporate assets at \$7,085,019.40 and stated that dividends had averaged 10 percent for each year since 1902. At the time of the bond issue in 1908, Florida accounted for more than 50 percent of the worldwide naval stores production, and Consolidated Naval Stores Company led all other factorages in the exportation of turpentine and rosin.<sup>102</sup> Consolidated continued to dominate the market, but the looming war in Europe foreshadowed an end to the heyday of the turpentine farmer.

On August 10, 1914, Consolidated's directors attended a special meeting to discuss the European war and its potential effect on the naval stores industry. This dialog continued at the September 4 meeting when members of the Executive Committee voted salary reductions of ten percent and recommended that their subsidiaries should, also. The previous year had seen the bankruptcy of American Naval Stores Company. This brokerage firm (or "dealer" as stipulated under the naval stores marketing rules) had been the chief marketer and distributor of naval stores. Naval stores factors in the United States had been forced to form new companies to handle these essential elements of business. Naturally, this disruption in the marketplace coupled with the war had caused a downturn

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in the naval stores industry. In Jacksonville, at the January 20, 1915 Consolidated stockholders' meeting, President W. J. Kelly included the following remarks in his address:<sup>103</sup>

"...The expense of launching new distributing organizations proved a source of loss and embarrassment to the naval stores trade during the year 1913 and the early part of 1914. These difficulties were largely overcome by the commencement of the shipping season of 1914. The future of the industry was bright....When the European War broke out on the first of August, 1914, these conditions were suddenly changed, and a crisis precipitated in the naval stores industry which was beyond parallel in the memory of anyone now engaged in this business."<sup>104</sup>

The escalation of hostilities had caused the naval stores market to collapse. From a business standpoint, the war disrupted the foreign exchange and tied up international transportation. The German navy, especially its highly effective U-boat fleet, destroyed transatlantic shipping and all commerce dependent upon the merchant marine. The resultant loss of credit and the uncertainty about the future "kept all of the foreign and many domestic buyers out of the market." Exacerbating the nearly-desperate conditions in the commodities exchanges, President Wilson declared naval stores a contraband war material, thus suspending the trade with many of the major international markets for American naval stores.

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This edict forbade shipping products to Germany, Austria, and other nations of Continental Europe affected by the conflict. This effectively eliminated almost 50 percent of total exports for southern naval stores products. The loss of the European market forced the American naval stores trade into near-bankruptcy. Facing financial ruin, industry leaders acted quickly to reduce production. Combined with an increased demand from the domestic sector of the market, prices became artificially inflated, and a record high for unit prices occurred in 1919. Prior to the post-war recovery, however, Consolidated's directors had begun to consider diversification into the cattle business and the possibility of constructing its own merchant marine fleet. With the war at an end, a company shipping line was no longer needed, but Consolidated directors wisely continued their efforts to widen the firm's financial base.<sup>105</sup>

At a combined meeting of the Executive Committee and the Board of Directors in July 1916, Chairman Coachman appointed a committee of three, E. J. L'Engle, C. L. Gaines, and himself, to organize a cattle company with a capital fund of \$500,000. At the Annual Stockholders' Meeting in January 1917, President Kelly informed shareholders that the firm's management had formed the Kissimmee Island Cattle Company as a subsidiary of Consolidated Land Company

which owned 200,000 acres near that Central Florida community. The region contained a vast prairie which had been renowned for its excellent forage since before the Civil War. During the year, the company transferred 133,506 acres to the ranch and stocked it with a 24,000-head cattle herd.<sup>106</sup>

As expected, at war's end in 1919, Consolidated companies had sustained significant losses. A 1917 audit of accounts receivable for the naval stores operations revealed that nearly two million dollars had been charged off with four and a half million dollars tied up in outstanding receivables. As a result, the management revised the company's rather liberal credit policy. This reduction in credit availability made the post-war recovery more difficult for the turpentine farmers who depended upon Consolidated for capital funds and operating expense advances. However, Consolidated's business interests while mainly supported by its naval stores trade continued to diversify. In 1920, Consolidated entered into a joint venture with Gillican-Chipley Company, a New Orleans-based naval stores operation, to form the Florida Industrial Company. As part of its participation, Consolidated Naval Stores in 1922 transferred from its Consolidated Land Company subsidiary over one million acres in Central and South Florida. This huge assets swap would help

Consolidated survive the Florida land boom and bust during the mid-1920s and the coming national depression.<sup>107</sup>

However, business prospects seemed bright following the Armistice, but failed to materialize, and a period of slumping demand and dull markets pushed naval stores into a prolonged decline. The naval stores sector of Consolidated's business produced a meager \$79,468.98 profit in 1921, and its affiliates fared even worse. The grocery business, the land companies, and the pottery factory sustained combined losses in excess of \$400,000. The Kissimmee Island Cattle Company (Kicco Ranch) proved a financial drain, as well, in spite of its excellent physical assets. Consolidated's decision to enter Florida's rapidly-expanding citrus growing and packing sector through the formation of the Lake Childs Company saddled the Consolidated Land Company with more than three and a half million dollars of debt.<sup>108</sup>

While the underlying assets of the consortium were sound, the business found itself in a liquidity bind. The Board of Directors sought relief in the Chicago financial market. President Kelly attempted to float a bond issue through the banking firm of Baker, Fentress & Company. The firm audited Consolidated's books, verified its land titles, and surveyed timber holdings. Calvin Fentress, the

corporate treasurer, liked what he saw and proposed that Baker, Fentress purchase Consolidated stock. The bankers tendered an offer to Consolidated stockholders to purchase at least 5,000 shares at \$200 each, but were surprised at the overwhelming response.

Shareholders came forward with offers of nearly double that amount causing Baker, Fentress to withdraw their proposal. A positive result of the venture occurred in that Calvin Fentress and W. J. Kelly became lifelong friends and business associates. This affiliation provided the stability of the Chicago firm's financial reputation and considerable resources to future Consolidated business activities.<sup>109</sup>

Following a visit to Florida, Treasurer Fentress recommended that the bankers float a bond issue to help alleviate the Consolidated cash flow problem. In a letter advertising the bond issue, the bankers listed the growth of Consolidated's 20-year business activities at \$16,724,700 in excess of its original capitalization and a five-fold increase over mortgage debt. Still interested in obtaining a piece of the naval stores giant, Baker, Fentress acted after the syndicate's directors redeemed its common stock in return for a new, preferred issue that depreciated certificate values by 50 percent. During the first half of 1923, the Chicago bankers formed the Naval Stores Investment Company which acquired 7,188 shares.

shares (29%) and 3,594 preferred issues (14.5%). The new partnership brought an infusion of much needed cash, and the outstanding leadership of Calvin Fentress to corporate operations.<sup>110</sup>

The Times-Union announced to Jacksonville:

"Chicago Concern Buys Big Interest in the Consolidated Naval Stores Company Here." As the article pointed out, this represented the dawn of a new era of wealth for Florida timber owners. Chicago had long been a major financial center for the American lumber industry, but had demonstrated little interest in Florida forest resources. For over twenty years, "Northern lumbermen disparaged Florida timber except for turpentine, on the ground that the stand was too thin to yield satisfactory results in lumber operations."<sup>111</sup>

The Times-Union article continued: "In parallel with the news of this big purchase came recently the announcement from Washington that the interstate commerce commission has approved the construction in Florida during the next few years by the Florida East Coast Railroad ...[that] will give an additional transportation outlet for over 1,000,000 acres of lands owned by the Consolidated Naval Stores Company and the Gillican-Chipley interests." The success of the Florida Industrial Company joint venture was now assured. The paper quoted Mr. Fentress: "Under the

old system of turpentine farming this timber would be leased to small operators. This method involves heavy waste of the fast diminishing naval stores supply and runs counter to the public interest in many ways." The Chicago banker went on to say that Gillican-Chipley, "the greatest and most progressive naval stores operators in the world," would handle the turpentine farming with stumpage (lumber) rights reverting to Baker, Fentress & Company at the end of the 18-year lease. Denying that this business venture represented an attempt to corner the burgeoning Florida timber industry, Fentress told reporters that "the dual purpose is to prevent the waste of natural resources and to encourage maximum production of wealth..." This economic milestone in Florida's naval stores history foretold the eventual elimination of small, family-owned operations by corporate turpentine farmers. This agricultural trend continued as a national phenomena that was extended to all commodity groups during the second half of the twentieth century.<sup>112</sup>

Despite falling turpentine and rosin prices, Consolidated continued its post-war recovery primarily financed through land sales during the Florida land boom of 1923 to 1925. When the boom turned to bust, Consolidated and its affiliates foreclosed on most of the properties. But, on its Kicco Ranch lands alone,

Consolidated realized \$850,000 plus interest from the property's purchasers. In his address to stockholders attending the twenty-third annual meeting in 1926, President W J. Kelly presented the company's financial statement which revealed a healthy profit despite the state's financial woes, especially in the real estate sector. Consolidated and its subsidiaries showed an after tax profit of \$1,492,773.30 for the year ending December 31, 1925. The return on investment in the Florida Industrial Company, a half-owned subsidiary, had buttressed the profitability of the Consolidated group in the amount of \$3,000,000. Consolidated's directors felt the syndicate secure enough financially to retire its 1922 sinking-bond issue twelve years early. Additionally, the firm had redeemed over 50 percent of the outstanding shares of preferred stock and expected to buy the remainder as they became available. In looking to increase its profitability, Consolidated planned to liquidate the Consolidated Grocery and the Kissimmee Island Cattle companies, both of which had performed poorly. Fentress's financial abilities and long-range strategy had prepared Consolidated for the coming stock market crash and subsequent depression.<sup>113</sup>

Consolidated's financial control over the industry, and its joint ownership of most of the state's productive turpentine forests made the

extinction of traditional naval stores collection and refining practices on independent turpentine operations inevitable. The Great Depression and the increased market share of industrialized resin products hastened their decline. The replacement of refined gum collected in the orchards with byproducts and synthetics also adversely affected the Consolidated Naval Stores Company. Perhaps not so ironically, federal government efforts to save the turpentine farm ultimately led to its demise and ended the factorage system upon which Consolidated had built its financial empire.<sup>114</sup>

Concerned that resin farming, an important source of industrial and war material, was economically threatened, the United States Department of Agriculture established the Southern Forest Experiment Station near Starke, Florida in 1921. By 1923, station scientific staff commenced a series of experiments on the Samson and Powell pine tracts in Bradford County which led to a number of important technological advances in the collection and distillation of crude pine gum (oleoresin). There and, after 1932, in a large, new facility at Olustee, Florida, foresters scrutinized turpentine farming, improving old practices and developing new techniques. Here, chemists and engineers invented a new steam distillation plant which made the turpentine camp's

fire still (copper distillery) obsolete.<sup>13</sup>

The Clustee Method, as it was called, produced a superior product: "turpentine with uniform moisture content and rosin with specified melting points and of higher grades." This advancement coupled with an improved state road and rail system eventually centralized the distillation of pine gum at strategic points throughout the naval stores region. These modern plants and the general availability of automobiles transformed the naval stores industry and eliminated the operation of many camp fire stills. These internal improvements also made it possible for camp operators to sell raw gum rather than distilled products. With the ability to bypass the middlemen and deliver directly to the manufacturers of resin products, turpentine farmers no longer needed factors and dealers. The naval stores operators did not have to depend upon a supplier of credit to finance costly still operations, maintain a central labor force on the camps, or tie up capital by having to provide provisions and supplies to laborers on credit. For turpentine workers, increased mobility eliminated the need for isolated camps and the attendant peonage labor system enforced by debt to the company commissary (general store). Consolidated Naval Stores had seen its factorage business steadily shrink during the Depression. By 1938, of the 700 operators with

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whom the consortium had been founded, only 83 turpentine farmers continued to use the factorage part of the business. Within a decade, this small number had dwindled to 40, a ninety-four percent attrition over the 48-year period since Consolidated's organization in 1902.<sup>116</sup>

By World War II, Consolidated Naval Stores Company felt the economic changes caused by these technological innovations and decided to participate in the centralized distillation system. Company directors acquired a 25 percent interest in Filtered Rosin Products, Inc. of Brunswick, Georgia. The company owned five steam distillation plants located in Brunswick, Baxley, Douglas, and Valdosta, Georgia, and Jacksonville, Florida. But, the venture did not prove a beneficial arrangement, and Consolidated divested its interest in the steam distillation processor during 1943. With the costs of collecting raw gum in the turpentine orchards steadily rising and the number of camp operators declining, Consolidated Naval Stores Company closed its Factorage Department at the end of 1949. Its subsidiaries dependent upon the factorage trade: Consolidated Grocery, the Herty Turpentine Cup Company (formerly Chattanooga Pottery), Consolidated Crate & Lumber Company, and the Lake Wales Naval Stores Company; had closed during the Depression.<sup>117</sup>

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However, the Consolidated fortune had been well-protected under the leadership of Calvin Fentress. Beginning in 1929, Fentress had allied Consolidated companies and his Naval Stores Investment firm with Barnett National Bank which emerged to become one of the state's largest financial institutions. Fentress had attempted to merge Barnett with Florida National Bank during 1929, a move endorsed by the directors of both financial institutions. The agreement would have formed the largest bank in the South at that time. However, the deal was never consummated. Ed Ball, a Florida financier who controlled the Alfred I duPont fortune, used his substantial share-holdings to stymie the merger. Despite bank failures in the state, Fentress was convinced that Florida banks represented a "desirable investment" and arranged a stock exchange between his Naval Stores Investment Company, Consolidated Naval Stores Company, Barnett National Bank, and Barnett National Securities Company. This provided Fentress and Consolidated with a 33.6 percent interest in the Barnett companies. These transactions enabled Consolidated to survive the bank failures and the collapse of its subsidiaries during the Depression, and the closing of its factorage business by 1949. Combined with the assets of its Florida Industrial Company, Consolidated Naval Stores Company transformed its operations under the name Consolidated

Financial Corporation on March 21, 1961, and was merged with Baker, Fentress & Company in 1971. The reign of Florida's naval stores giant had come to an end.<sup>118</sup>

But, did Consolidated Naval Stores Company live up to its founding premise of engaging "in a purely factorage and commission business...under the control of the turpentine operators..." and operated for their benefit? Those operators whose businesses could take advantage of the economies of scale and afford to purchase stock in the syndicate did profit as shareholders. The small, family camps that depended on leasing virgin pinelands, however, were not able to obtain access to productive naval stores acreages after the formation of the Florida Industrial Company. As to concentrating the financial activities of Consolidated within the factorage business, the history of Consolidated subsidiaries clearly demonstrated that from the beginning, its founders envisioned a web of interconnected industries not necessarily confined to the naval stores trade.