

Roswell Colt: Entrepreneurship in the Early Republic**By Barbara M. Tucker****DOI: <http://dx.doi.org/10.14713/njs.v2i1.28>**

Roswell Colt of Paterson, New Jersey came of age during the Early Republic. A successful entrepreneur, he invested in a variety of projects including the once moribund Society for Establishing Useful Manufactures (S.U.M.), a public/private company organized by Alexander Hamilton and his associates to promote the industrial development of Paterson, a new town built along the Passaic River. Where Hamilton failed, Colt succeeded. The S.U.M. became the cornerstone of his successful business career. His economic portfolio was diverse; he invested in railroads, textile mills, weapons factories, real estate, salt works, and banks. He mingled with politicians such as Daniel Webster, served as an economic and political advisor to Nicholas Biddle and his cousin, Samuel Colt, and dined with Philip Hone. He felt at home in Paterson, New York, Philadelphia, and Washington D.C. His personality, values, instincts and economic strategies fit in well with the emerging market economy.

The Early Republic offered economic opportunities to people with vision, audacity, and determination. The nation's economy was fluid, its direction uncertain. The disparate views of Jefferson and Hamilton offered dissimilar paths for this new country: agriculture vs. industry. Yet whatever its structure, the new emerging economic order was filled with uncertainty: an erratic business climate, depressions and recessions, foreign competition, political uncertainty, and competing visions of the future. Additional skills were required to succeed in such a climate. A businessman had to feel at home among politicians, the elite, merchants, industrialists, and con men; he had to invest broadly, innovate, diversify, take chances, and not be afraid to fail. To him,

bankruptcy was not a disgrace. Personal gain guided actions.¹ Roswell Colt represented such an entrepreneur. He mastered the art of living in a grand style, even if it meant great personal debt. Considered gracious by some and a charlatan by others, he believed his values were in tune with the emerging rough and tumble market economy. He came to exemplify the businessman described by Thomas Doerflinger as an “opulent adventurer,” a speculative capitalist. And Michael Chevalier might have had him in mind when he wrote that the American “launches with delight into the ever-moving sea of speculation. One day, the wave raises him to the clouds; he enjoys in haste the moment of triumph. The next day he disappears between the crests of the billows; he is little troubled by the reverse; he bides his time coolly and consoles himself with the hope of better fortune.”² Roswell Colt saw the opportunities in this new country and seized them.

Colt’s fortune was unlikely without Alexander Hamilton's encouragement of economic growth through commerce and industry. Among other programs, Treasury Secretary Hamilton supported a national bank, redemption of the public debt, and manufacturing. With a group of friends and associates, he promoted public/private enterprises such as the Society for Establishing Useful Manufactures (S.U.M.), a plan to boost industrial development in New Jersey. But by the time of Washington's administration, moderate tariffs and public subsidies were not necessarily needed to encourage manufacturing. Soon after the publication of

¹ Larry Schweikart and Lynn Doti Pierson, *American Entrepreneurs: The Fascinating Stories of the People Who Defined Business in the United States* (New York: 2010).

² Thomas M. Doerflinger, *A Vigorous Spirit of Enterprise: Merchants and Economic Development in Revolutionary Philadelphia* (New York: 1986), 163; Michael Chevalier, *Society, Manners, and Politics in the United States*, ed. John W. Ward (Garden City, Michael Chevalier, 1961), 297-299. Useful works on early industrialization include Barbara M. Tucker, *Samuel Slater and the Origins of the American Textile Industry, 1790-1860* (Ithaca: 1984); Barbara M. Tucker and Kenneth H. Tucker Jr., *Industrializing Antebellum America* (New York: 2008); Charles Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (New York: 1991); Thomas Dublin, *Women at Work: The Transformation of Work and Community in Lowell Massachusetts, 1826-1860* (New York: 1979). See also Thomas M. Doerflinger, “Capital Generation in the New Nation: How Stephen Girard Made His First \$735,872,” *William and Mary Quarterly* 72 (October 2015).

Hamilton's *Report on Manufactures*, Samuel Slater, a British born artisan, built the first successful textile mill in the United States at Pawtucket, Rhode Island. Emulators followed and by the War of 1812, there were scores of small spinning mills operating throughout the North. Merchants and businessmen such as Francis Cabot Lowell, Amos and Abbott Lawrence, and Nathan Appleton also entered the textile industry and built a fully integrated textile mill at Waltham, Massachusetts. The factory system soon spread to the production of boots and shoes, book publishing, paper making, and weapons manufacturing, among other industries. The Lowells, Lawrences, Browns, Slaters, and those who promoted this new system of production accumulated wealth. They joined the elite, a group of merchants such as Stephen Girard and Robert Oliver, whose capital and position were earned through profits in trade and real estate.

These men were part of the economic transition taking place in America, a move from a mercantile system to a market economy. The Boston Associates best exemplified this change. Frances C. Lowell and other members of the Boston elite not only established the Boston Manufacturing Company in Waltham but also rationalized ownership, management, and financing. Rather than operate as a partnership, they sought incorporation and raised over \$400,000. Furthermore they created a form of central bank in New England, the Suffolk System. Seven of the first eleven directors of the bank were men aligned with the Boston Associates. As Naomi R. Lamoreaux has noted, most banks raised "capital primarily for their members' diverse investments."³ With finances stabilized, they turned their attention to distribution of their product, to employing the best middle level managers they could secure, to controlling land and water privilege sites in their communities, and to real estate promotion.⁴ While they supported a

³ Naomi R. Lamoreaux, "Banks, Kinship and Economic Development: the New England Case," *Journal of Economic History* XLVI (September 1986): 648; Robert F. Dalzell, *Enterprising Elite: The Boston Associates and the World They Made* (Cambridge: 1987), 26-36.

⁴ *Ibid.*, 47-51

number of institutions and activities, most of their early interests were connected with the expansion and protection of their textile business.

Other textile manufacturers, such as Samuel Slater and his emulators, operated on a smaller scale; they confined their interest to the production of yarn, candle wick, and later cloth. Unlike the Boston Associates, they did not adopt the corporation, hire factory agents, or control the distribution of their products. Slater, for example constructed yarn spinning mills throughout New England. But he was slow to innovate, to adopt new ideas, machines, or business practices; he was reluctant to trust anyone outside of his family. Four of his sons managed his early mills; his brother John arrived from England to take over the Slatersville project, and Samuel Slater rode from one mill village to another to inspect his properties. It was not until 1823 that he installed the Gilmore power loom in his cotton mills and even later, 1829-1830, when he introduced such equipment to weave woolen cloth. Afterward he formed a family partnership, Samuel Slater and Sons, and allowed his boys more influence in the business. While others might adopt the corporate form of ownership, outside management, and new technology, Slater was content to operate his factories much as he had done throughout his life. It was only after he died in 1835 that his sons reorganized the business, incorporated, hired factory managers, created a name brand, adopted new forms of accounting, and rationalized the family business.⁵ Like the Boston Associates, the Slater family initially confined their investments to the textile industry and to those additional enterprises that would promote their businesses. While these early industrial entrepreneurs confined their activities to New England and to the varied aspects of the textile industry, other entrepreneurs diversified their investments and spread their risks. They operated nationwide.

⁵ Tucker, *Samuel Slater*, Chapter 4.

This increased national scale of investment and speculation proved amenable to Roswell Colt. Coming of age in the Early Republic, Roswell Colt diversified his investments. He purchased New Jersey and Missouri lands, and he bought and sold shares in canals, railroads, insurance companies, banks, salt works, and other enterprises. He bankrolled his brother's textile business and his cousin's Patent Arms Manufacturing Company, and assumed control of the moribund Society for Establishing Useful Manufactures (S.U.M.). He served as a board member for such diverse enterprises as the Baltimore Branch of the Second Bank of the United States (B.U.S.) and well as the Maryland Auxiliary Bible Society. He became the consummate insider, adept at using his family and friends, at bribing or cajoling government officials to obtain his ends. Moreover, personal charm counted. Roswell knew that his enormous appeal could be put to profitable use. He served as an adviser to Nicholas Biddle, dined with Philip Hone, and courted Daniel Webster.

Born in 1779, Roswell Colt came from a well known Connecticut family. During the American Revolution, his father, Peter Colt, worked for the state and the Continental Congress in their commissary departments. Later he served as Connecticut State Treasurer, owned a shop, invested in textile mills, and later became superintendent of Hamilton's struggling S.U.M. He was part of a generation that valued honesty, integrity, and diligence, all required in dealing with face to face creditors and debtors where one's personal reputation counted for much. Yet his environment was changing, and his son Roswell Colt recognized that.

Roswell Colt easily made friends, useful friends. They represented the political and economic elite of New York, Baltimore, Philadelphia, Washington, D.C., and Trenton. Close acquaintances included Robert Oliver, Nicholas Biddle, Philip Hone, Daniel Webster, and Samuel Colt, among others. Throughout his career he both supported these men and was

supported by them. Personal relationships served to make him wealthy and powerful. His investments totaled more than one million dollars. To obtain and secure these economic assets, he relied on his political acumen and behind the scenes contacts. He served as a political advisor and front man to some businessmen, loaned money to politicians, and made friends with the powerful. While his interests were broad, three areas consumed much of his energy and talents: the S.U.M., the Colt Patent Arms manufacturing Company, and the Second Bank of the United States.

Roswell started his career at the New York counting house of Le Roy, Bayard and Company. At twenty-one he was at the epicenter of America's emerging financial market. Founded in 1790 this house was considered the "lion House in New York."⁶ From their offices on Washington Street, Le Roy and Bayard conducted business throughout the world. Moreover, William Bayard served as president of the Chamber of Commerce, sat on influential financial boards, and participated in charitable activities while Herman Le Roy was a wealthy merchant and banker, and the father-in-law of Daniel Webster. Not only were they wealthy, but also both the Bayard and the Le Roy families formed part of New York's social elite. They counseled Roswell Colt and introduced him to their select circle of friends and associates.

The relationships formed in New York provided a basis for his future success. The social and economic circles that young Colt entered included Herman Le Roy, his former employer, and Harriet and Maria Trumbull, daughters of Connecticut Governor, Jonathan Trumbull Jr., and "Lady Kitty Duer."⁷ Lady Kitty proved an excellent tutor; her social credentials were

⁶ Walter Barrett, *The Old Merchants of New York City* (New York: 1862), II: 172.

⁷ Eric Homburger, *Mrs Astor's New York: Money and Social Power in the Gilded Age* (New Haven: 2002), 35-43. The Trumbull girls lived in the home of Mrs. Duer. Her husband had been prosecuted after the New York Panic, and she had to begin to take in "guests." The young girls were among those she helped. They took dancing lessons and music instruction on the pianoforte, attended balls, the theater, concerts, dances, and dinner parties. They mastered the tea table and paid calls on or left calling cards at the homes of their wealthy friends and acquaintances. For them,

impeccable; she was related to many of New York's most patrician families, and she moved within rarified social circles. Colt made the most of such relationships. He saw how the wealthy lived and wanted to emulate them.⁸

Colt loved New York, and its energy fit his own lively spirit. He participated in the club circuit and was a founding member of the Hone Club. Only twelve men drawn from New York City and the surrounding states were asked to join this exclusive club when it was organized in 1838. Members included Moses Grinnell, who owned a large shipping business and headed the firm of Grinnell, Minturn and Company; Richard Blatchford, a lawyer and agent of the Bank of England; and Philip Hone, former New York mayor. Although Hone served only one year as mayor, he nevertheless remained at the center of society.⁹

Friendships made in New York served Colt well throughout his life. Herman LeRoy invested in his various companies, including the Colt Patent Fire Arms Manufacturing Company, and Richard Blanchford advised him on possible investments in western lands. Yet his most important connections were made in Baltimore. In October, 1811, he married Margaret Oliver, daughter of the town's leading merchant, Robert Oliver. His father-in-law operated one of the foremost mercantile firms in the country, trading in coffee, flour, sugar and tobacco among other products. Later he served on the first Board of Directors of the Baltimore and Ohio Railroad and was one of the company's major shareholders. A confirmed Federalist, he maintained a keen interest in politics and was a long time friend of national politicians, businessmen and bankers

New York was the epitome of refinement, enjoyment, and sophistication. See, Helen Morgan, ed., *A Season in New York, 1801: Letters of Harriet and Maria Trumbull* (Pittsburgh: 1969), 1-4, 13-16.

⁸ Edward Pessin, *Riches, Class, and Power Before the Civil War* (Lexington, 1973), 102. A frequent guest of Lady Kitty, Colt, then twenty-one, escorted the young ladies to teas, theater, and about town. Indeed Harriet noted that Colt "is the very best young man I know." See Morgan, *A Season in New York*, 102.

⁹ William Bradley to R.C. Colt, Washington, May 4, 1838, Box 1, Roswell Colt Papers, Historical Society of Pennsylvania, Philadelphia, Pennsylvania (Hereafter referred to as "Roswell Colt Papers"). The Hone Club was exclusive. These men voted to keep the fraternity small, to dine at one another's homes, and to bring exiting and exhilarating politicians, authors, and entertainers to their functions. The purpose of the club was pleasure. Any discussion of religion, politics, and individual personalities was discouraged.

including Nicholas Biddle. Oliver's wealth, status, and connections were at the disposal of his new son-in-law. Yet as Roswell later recounted, Mr. Oliver had one request: "I should give up business, remove to Baltimore & live with him, saying he would make up to me for my losses."¹⁰ Oliver only had two daughters, and he wanted to keep them close. Over time, this request proved troublesome.

Just as he had done in New York, Colt now cultivated Baltimore's social elite. Margaret was the cousin of Jane Craig, the wife of financier Nicholas Biddle. Soon Roswell became fast friends with the Philadelphia banker. He used his connections with Biddle to get insider information on pending financial matters; in return, he served as his friend's political and economic advisor. Through Biddle's influence and his father-in-law's money, Colt became one of the nation's leading speculators. Investments included manufacturing companies, banks, railroads, canals, and land. It was in Baltimore that he further honed his business skills. Although he left LeRoy and Bayard, he was not about to abandon all interest in business activity. Colt's business interests were varied and vast. It all began with the S.U.M., the enterprise that helped to make his fortune.

It was his father who directed him toward this company. An accomplished man, Peter Colt supervised the Paterson works during its early years of operation.¹¹ In his *Report on*

¹⁰ Ibid., Roswell Colt to John Deveaux, Paterson, January 1, 1840, Box 3; *ibid.*, Box 7, Samuel Taylor to Roswell Colt, Baltimore, January 23, 1819. Barrett, *Old Merchants* I: 160-161; John Stover, *History of the Baltimore and Ohio Railroad* (West Lafayette: 1987), 20.

¹¹ Orphaned at the age of ten, Peter Colt attended Yale. While there he had to lean on others for financial support and incurred considerable debt. Determined to clear his obligations, he found work as a teacher first in his hometown of Lyme, Connecticut and then in Elizabeth, New Jersey. His New Jersey stay had unexpected consequences. There he taught a young Alexander Hamilton, who as Secretary of the Treasury was to play an important part in his future. Upon his return to Connecticut, he joined forces with Jeremiah Wadsworth, a Hartford businessman and Connecticut's Commissary of Supplies. In the latter capacity, he recruited Colt during the Revolutionary War, and placed him in charge of the eastern department. This was an auspicious post for Colt; he traveled throughout the region and built a reputation for honesty, integrity and industry. He also made money. The men recruited by Wadsworth were not expected to abandon their personal businesses, but to merely take on another, albeit a significant, new client. Accountability and oversight were lax. The Continental Congress recognized his ability and appointed him Commissary General for the Continental Army. Yet, service in the new government

Manufactures, Hamilton encouraged the development of American manufacturing and provided a detailed list of the commodities that could be adapted to such a novel form of production. It was cotton especially that caught his imagination. Cotton fibers were conducive to spinning yarn by machines; what hindered the emerging textile industry, however, was the uneven or inferior quality of American cotton and the lack of speculative capital. Hamilton concluded: "In countries where there is great private wealth, much may be effected by the voluntary contributions of patriotic individuals; but in a community situated like that of the United States, the public purse must supply the deficiency of private resource."¹² To that end, he encouraged the incorporation of a public/privately funded enterprise, the S.U.M., and appointed William Duer, his former Assistant Secretary of the Treasury, to direct the new company. Related to Hamilton by marriage, Duer was a wealthy Englishman, a supporter of the American Revolution, and founder of the Bank of New York. Although he appeared to have a bright future, his patriotism and ambition turned to greed. While Assistant Secretary he speculated in state certificates using the knowledge gained through his office to purchase depreciated certificates. Hamilton and the broader public became suspicious of his activities, and he resigned his position only to become

proved a nightmare. Wadsworth and Colt, together with other agents, resigned. But the Connecticut men did not abandon the supply business altogether; they merely exchanged one client for another. They became procurement officials for the French, then stationed in Rhode Island. After the war, Colt returned to government service, and in 1789 he was appointed Connecticut's State Treasurer. With his former mentor Jeremiah Wadsworth, Colt and others organized the Hartford Woolen Manufacturing Company in 1788. Their marketing strategy stressed that their cloth was "American made." It was at this junction that he attracted Hamilton's attention. See Peter Colt, "The Peter Colt Narrative," ed. Ralph Giddings (typed transcript), Connecticut State Library, Hartford, CT. (n.d.), 17-19; E. James Ferguson, "Business, Government, and Congressional Investigations in the Revolution," *William and Mary Quarterly* 16 (July 1959): 293-297, 313; Chester McArthur Destler, "The Hartford Woolen Manufactory: The Story of a Failure," *Connecticut History* 14 (1974):10-12, 14-26; John D.R. Platt, "Jeremiah Wadsworth, Federalist Entrepreneur" (Ph.D. diss., Columbia University, 1955), 9-21; Connecticut. *The Public Records of the State of Connecticut From May, 1778 to April 1780*, see August 18, 1778; *Connecticut Courant and Weekly Intelligencer*, October 26, 1789, *ibid.*, December 31, 1789.

¹² Samuel McKee, Jr., *Alexander Hamilton Papers on Public Credit, Commerce and Finance*, "Report on *Manufactures, December 5, 1791*" (New York: 1934), 263-266, 276.

involved in other questionable deals. All of this was known to Hamilton when he appointed Duer to the S.U.M.¹³

Several months before the *Report on Manufacturers* became public, Hamilton published a prospectus for the S.U.M. designed to encourage the textile industry and to attract investors. Hamilton needed money, and Duer had the charm and contacts to secure investment capital. He called upon his friends and associates, Herman Le Roy, Nicholas Low, and other commercial men to invest in the firm, promising them a 6 per cent profit on their investments. Altogether he raised \$750,000, an incredible sum of money for the time. The ease with which he raised money was in part due to the attractive charter granted by New Jersey: the state allowed the S.U.M. to hold lotteries, build canals, clear rivers, and charge tolls; the land designated for the project bordered the Great Falls on the Passaic River. There was another inducement as well: the firm was exempt from paying taxes if its profits fell below 15 percent per annum. But while Duer was able to recruit investors, he still could not keep his hands clean. He embezzled funds and used the money for speculative ventures. After Duer quit the firm, Hamilton tried to keep it afloat. He secured loans from New York banks, called for new company elections, and tried to find the best mechanics, workers, and managers to revive his project.¹⁴

One of those Hamilton approached was Peter Colt of Connecticut. He was aware of Colt's work with the Hartford Woolen mill, and knew him personally. Taking up his office in February 1793, Colt faced a plethora of problems. Although the company had received a state charter which allowed its directors to utilize water from the Passaic River to power a textile factory, and although plans had been made to construct a new town that would serve as a model of American ingenuity and progress, little was accomplished when Colt arrived. There was no

¹³ Robert E. Wright and David J. Cowen, *Financial Founding Fathers: The Men Who Made America Rich* (Chicago: 2006), 73-78.

¹⁴ *Ibid.*

factory, no manufacturing center, no machines, disgruntled mechanics, and only a few operatives who worked in “wretched sheds.” William Pearce, the firm’s general contractor, was so disenchanted with the venture that he asked to be discharged. Faced with immediate calamity, Colt refused to accept his resignation and that of a fellow mechanic, noting that they were “perfectly masters of their Business; & very valuable Men to the Society, & that they cannot be discharged without the Society Sustaining great loss.” Given these circumstances, Colt requested Hamilton’s assistance, writing, “Knowing how much you have the success of this institution at heart has induced me to make you this communication.” He wanted financial guarantees from Hamilton, as well as support and advice in governing the business. This included handling the construction crew as well as the temperamental Pierre Charles L’Enfant, the architect associated with the design of Federal Hall in New York City and the Federal District on the banks of the Potomac. Now L’Enfant was hired to plan the new industrial town of Paterson and to construct the canal works. L’Enfant and Colt clashed. Colt again appealed to Hamilton to intercede on his behalf: “I have serious fears that Majr L’Enfant will not be able to reduce his plans & operations, so as to square with the present Situation of the Funds of the Society. As he has the greatest reliance on you, it may be of essential Service to the affairs of the Society for you to press on him the necessity of the greatest [O]economy in executing his plans; & confining his views to those things which are *essential* instead of what is *ornamental* in forming his works.” This type of criticism and the cloudy lines of authority led L’Enfant to resign in June and leave for Philadelphia. Construction of the canal now fell to Colt.¹⁵

¹⁵ Ibid., 266. See also, Robert F. Jones, “William Duer and the Business of Government in the Era of the American Revolution,” *William and Mary Quarterly* XXXII (July 1975): 411-416. See also Colt to Alexander Hamilton, Hartford, May 7, 1793, 419 in *The Papers of Alexander Hamilton*, vol. 14 ed. Harold Syrett (New York: 1969). See also *ibid.*, June 30, 1793; *ibid.*, vol. 15, Pierre C. L’Enfant to Alexander Hamilton, New York, October 16, 1793, 363-365.

For three years Colt tried to save the Society, but by the summer of 1796, the directors abandoned the project and leased the buildings and water privileges. A combination of factors accounted for this demise: losses of \$50,000, waste, a substandard workforce, poorly prepared machinists, and inadequate demand by American shopkeepers. The firm's directors, however, assured Colt that the decline of the S.U.M. was in no way attributable to him. On closing the books, they unanimously gave him their thanks "for his industry, care, and prudence in the management of their affairs, since he had been employed in their service; fully sensible that the failure of the objects of the society was from causes not in his power..." While Peter Colt left the S.U.M., he did not forget about the assets still retained by this moribund company. He encouraged his son, Roswell, who was now a successful New York merchant, to acquire as much of the outstanding stock as possible. Stock that originally sold for \$100 per share could be had for \$12.50 per share. This acquisition proved to be the foundation for Roswell Colt's success¹⁶

Roswell believed himself well-suited to the topsy-turvy economy emerging in the Early Republic. More than his father, he better represented the new businessman—a speculator constantly on alert for money-making opportunities. He enthusiastically embraced the new order. His world was the capitalist environment where economic success and political influence were the measure of a person, and almost any means could be employed to attain riches and power. And the S.U.M. was the place he could demonstrate his skills. The textile industry was flourishing; Slater style mills proved successful and their yarn, twine, and candle wick were popular with customers. Peter Colt reminded his son that money could be made in that business. His former company, the S.U.M., still retained land, valuable water power rights, and certain tax privileges. Roswell and his father bought up a majority interest in the Society. Peter Colt

¹⁶ John W. Barber, *Historical Collections of New Jersey, Past and Present* (New Haven: 1868), 409.

acquired 144 shares and moved his family back to the Paterson area; Roswell subsequently owned 2206 shares. Yet Roswell had little interest in managing day to day operations or supervising any of the mill sites himself. Rather he believed the future of the company rested on harnessing the water power potential of the Passaic River and leasing mill sites to prospective manufacturers. In Paterson the Passaic River fell more than sixty feet in a short distance; the water could be used to develop an extensive canal system which would provide the power to run scores of mills. He knew that exceptional water privilege sites were few, and potential manufacturers would pay handsomely for them. Furthermore, the moribund Corporation contained a clause which exempted it from state and local taxes. Next to the fantastic possibilities offered by the Passaic River, this liberal immunity from taxation was possibly the most important asset possessed by the firm. Yet who would manage the concern? If Roswell thought his father was going to run the enterprise for him, he was mistaken. At sixty-six, he wanted to build a home in Paterson and retire from business.¹⁷

By 1815 many of these issues had been solved. Like many other commercial men, Roswell Colt relied initially upon his immediate and extended family for advice and assistance. His cousin, Jabez Colt, served as his New York agent, keeping his books, monitoring bank transactions, and advising him on investments, profits, and pitfalls. His brother John joined him in Paterson; he supervised the mill sites, collected rents, and provided information on clients. The S.U.M. prospered. Within a few years Colt's property was valued at \$107,935, and the company continued to grow, making Colt a wealthy man. Annual profits reached 14 percent by

¹⁷ Colt acquired power sites on the Passaic River, and rented or leased them to others. Robert Hertz, "The S.U.M.: The History of a Corporation" (M.A. thesis, New School for Social Research, 1939), 51-54, 87. D. Stanton Hammond, "The Colts of Paterson," *Proceedings of the New Jersey Historical Society* 79 (July 1961), 195-196. See also Colt, "The Peter Colt Narrative," 21-22, and Patrick M. Malone, *Waterpower in Lowell: Engineering and Industry in the Nineteenth-Century America* (Baltimore, 2009), 4. See also Stover, *History of the Baltimore and Ohio Railroad*, 20-22.

the late 1830s. An accounting of the S.U.M. made in 1843 noted that the firm owned 30 mill seats worth \$10,000 each and 3500 house lots worth from \$200 to \$1,000 each.¹⁸ Paterson became a company town dominated by the Colt family. Through his company he set the terms and pace of industrial development along the Passaic River. He frequently used the S.U.M. as collateral for other investments in property, textile mills, arms factories, salt works, railroads, insurance companies, and banks.¹⁹

Yet the Society was not without its challengers. Although its legality was disputed in Court, Roswell Colt successfully defended the Charter. One of the earliest and most significant cases occurred in 1830: *Society v. Morris Canal, etc.* In 1824 the New Jersey legislature chartered the Morris Canal and Banking Company, a 102 mile canal designed to connect Newark with the Delaware River. At one point along its route, the company took water from the Rockaway River, a tributary of the Passaic River. Colt objected and sued. He won and the legality of the S.U.M. was sustained as well as its riparian rights preserved. The court of Governor-Chancellor Isaac H. Williamson affirmed that the S.U.M. was a corporation, and it had a “clear right to the flow of all the waters of the Passaic, at the great falls, without diminution...”²⁰

While John Colt managed the Paterson properties, he also became a factory owner himself. By 1825 John operated several factories on his own account that produced sail cloth. Success followed and it was due in part to Roswell’s loans and networks. Roswell bankrolled his brother and held his debt. He constantly loaned money to and endorsed notes for John. He provided letters of introduction to Navel personnel and Congressmen vouching for his brother

¹⁸ Roswell Colt Papers, Box 2, Roswell Colt to A. Landmer, Philadelphia, February 20, 1843.

¹⁹ *Ibid.*, Box 1, Cadwalader to Roswell Colt, Trenton, November 11, 1844. See also *ibid.*, Box 3, Roswell Colt to Gregory and Co. February 20, 1843.

²⁰ Hertz, “The S.U.M.,” 90-91.

and interceded on his behalf persuading the United States government to purchase his cloth. As a local resident noted; “in time it was truly said that Colt’s cotton duck might be seen spreading its snowy wings on every sea on the globe.”²¹

Direct investment in local enterprises continued. Roswell supported a start-up company initiated by his young cousin, Samuel Colt. Trying to manufacture and market his revolver, Samuel Colt contacted his Paterson cousin for advice. Soon Roswell became the young man’s mentor, provided initial capital for the Patent Arms Manufacturing Company, convinced friends and business associates to invest in Colt’s company, and encouraged federal officials to grant the young man his patent and to purchase his guns. Furthermore he urged Samuel to adopt business techniques and attitudes better suited to the antebellum marketplace than those practiced by an earlier generation. His young protégée learned these lessons well and added a few more ideas of his own to the list.

Samuel understood cultural trends, had a keen insight into the common man, and knew how to appeal to him; he saw America as an expanding nation, a global player with tremendous potential. But was he prepared to execute his vision in 1832? That year Samuel approached Roswell with his preliminary plan to manufacture firearms. But Roswell was a bit leery of

²¹Ibid., Roswell Colt Papers, Box 2, John Colt to Roswell Colt, Paterson, February 15, 1831; *ibid.*, May 25, 1831; *ibid.* January 15, 1834; *ibid.*, February 15, 1834; *ibid.*, Jabez Colt to Roswell Colt, New York, February 7, 1831; *ibid.*, April 21, 1831; *ibid.*, April 25, 1831; *ibid.*, John Colt to Roswell Colt, Paterson, November 20, 1842; *ibid.*, Roswell Colt to D.M. Perine, Baltimore, October 28, 1844; Roswell Colt to R. Blatchford, Paterson, April 15, 1843; *ibid.*, Roswell Colt to John Colt, Paterson, December 21, 1847. Before John Colt, the youngest of Peter Colt’s boys, came to work with his brother, he initially pursued a mercantile career working with the New York firm of G. & T. Meyer. Opportunities opened for him to serve as supercargo on a vessel that sailed to Europe and the East Indies. When his father and brother began to invest in New Jersey manufacturing, he joined them. Roswell Colt also courted New Jersey officials to support the S.U.M. Throughout his tenure at the S.U.M., the Society was constantly in court over feuds with the Morris Canal and Banking Company, the town of Paterson, mill site leases, and the East Jersey Water Company. He was sued by his stockholders, his family, and in-laws. Yet he usually prevailed. His success can be attributed in part to his associations. The New Jersey Supreme Court Justice Ogden held stock in one of Colt’s enterprises, and handed down three favorable opinions regarding the Society. See Hertz, “The S.U.M.,” 57-71.

Samuel's objective and his ability to execute it. After all, he was only eighteen, had little experience in business, and had little or no capital of his own to invest in the enterprise. Furthermore, Samuel still did not have a clear United States patent for his firearms. The venture was shelved temporarily, and Samuel took to the road as "Dr. Coult" to raise funds for his manufacturing enterprise. He traveled throughout the country under the assumed name of Dr. Coult, a medical specialist who used nitrous oxide to "cure" people. So convincing was Dr. Coult that people began to approach him for medical advice. This upset him, for after all, he was in the entertainment business and not a medical doctor. He felt more at ease giving demonstrations and lectures in theatres, museums, and halls, sharing the bill with entertainers and artistes than providing medical advice.²² From these experiences and the many adventures he had as Dr. Coult, Samuel learned that people were willing to try something new or pay almost anything that would make them feel safe and secure in an increasingly unpredictable world. His persona as Dr. Coult introduced him to an entirely new culture, one peopled by "hawkers and walkers." Furthermore his travels made him aware of cultural trends allowing him to develop a keen insight into the common man and how to appeal to him.

Meanwhile Roswell took on the patent issue. He wrote letters to a friend, Henry Ellsworth, head of the Patent Office; Ellsworth had just taken up his appointment and was persuaded that Samuel Colt should get his patent. Roswell then lobbied P. Dickinson, Secretary of the Navy, and various members of Congress urging them to support the patent. In the winter of 1836, Samuel Colt received his patent. He was now ready to begin construction of a factory to manufacture guns.²³ That factory, of course, would be located in Paterson, New Jersey.

²² Tucker and Tucker, *Industrializing Antebellum America*, 46-47.

²³ Patent Office, H. Ellsworth to Christopher Colt, September 2, 1835, Box 1. Colt Family Papers, 1793-1961, Special Collections, University of Rhode Island, South Kingston, Rhode Island. (Hereafter cited as Colt Family Papers). Ibid., Roswell Colt to Samuel Colt, February 12, 1836. Doron S. Ben-Atar, *Trade Secrets: Intellectual*

Roswell became one of his cousin's most enthusiastic boosters. Convinced that Samuel would succeed, Roswell advanced him money. By February 1834 loans totaled over \$6,000 and more would come. Not only did he invest directly in the arms company, but also he assumed responsibility for finding stockholders to bankroll the construction and operation of the gun factory. He looked to his New York contacts including his distant cousin, the celebrated lawyer, Dudley Selden, for funds. But Selden would not commit nor encourage other to subscribe until Samuel obtained a charter of incorporation.²⁴ That done, in March 1836 Samuel Colt entered into a contract with Dudley Selden to construct a gun factory in Paterson, New Jersey. An agreement was reached and Selden and Roswell Colt set about selling subscriptions. Selden acquired about 1500 shares of stock for himself. They persuaded their friends including William Miller, director of the Bank of Mechanics in New York, William Edgar, founder of the New York Yacht Club, and his former employers and New York merchants, William Herman and Jacob LeRoy, to bankroll the project. Of the 2120 stocks subscribed, Samuel Colt and his father held only 300 shares.²⁵

The factory was constructed and young Colt's dream was within reach. The architecture of the mill reflected his love of guns, his emerging sense of grandiosity, and his vision of an American Empire. In appearance the Paterson mill looked unlike any other manufacturing

Piracy and the Origins of American Industrial Power (New Haven, 2004), 192-194. Colt Family Papers, Box 2, Mr. Pond to Samuel Colt, New York, February 17, 1836, *ibid.*, Christopher Colt Sr to Samuel Colt, Hartford, February 25, 1836. See also Kellner, "On Samuel Colt," 17-19; Colt Family Papers, Box 2, Samuel Colt to Christopher Colt, New York, January 7, 1836.

²⁴ Roswell Colt Papers, Box 4, Samuel Colt to Roswell Colt, New York, February 17, 1834. Colt Family Papers, Box 2, Samuel Colt to Christopher Colt, New York, February 8, 1836.

²⁵ Regulations for Paterson Corporation, New York, March 9, 1836, Box 1, Samuel Colt Papers, Connecticut Historical Society, Hartford, CT. (Hereafter cited as Samuel Colt MSS.) See also *ibid.*, Roswell to Samuel Colt, Paterson, New Jersey, February 12, 1836. W.W. Clayton and William Nelson, *History of Bergen and Passaic Counties, New Jersey* (Philadelphia, 1882); Joseph Scoville, *Old Merchants of New York City* (New York, 1862-1864), I: 160-161, 233-234; *ibid.*, II:259; *ibid.*, III:158. See Pessen, *Class and Riches*, 106, 228, 322 and Philip Hone, *The Diary of Philip Hone, 1828-1851* (New York, 1927), II:533, 606, 863. See Colt Family Papers, Box 1 C. Colt, List of Subscribers, Colt Patent. For his work, Colt demanded one half the net income from arms sales.

establishment. Four stories high, containing an attic and a bell tower, the factory melded firearms into its very design, integrating form and function. One commentator noted, “On the spire which surmounted the bell tower was a vane very elaborately made in the design of a finished gun and in front of the mill was a fence, each picket being a wooden gun...”²⁶ Replicas of guns were everywhere. The factory represented an homage to Colt’s fascination with his invention, and his early recognition that symbols would be important to his business.

Only twenty-three at the time, Colt was ill-prepared to embark on a manufacturing career. His experience at the Paterson works demonstrated his lack of business knowledge, his gullibility, tunnel vision, and economic and emotional dependence upon family and friends. He was not in charge of his own future. He never sat on the Board of Directors of this new company or even held a preponderance of shares in the firm. Company administrators viewed him more as an employee than as a partner. He had charge of perfecting his arms, supervising machine construction, and principally marketing his guns. But even here Colt met inference from stockholders. They decided what weapons should be tested, how many should be manufactured, and who was an appropriate customer. The Board prohibited certain deals and monitored closely Colt’s sales and promotion tactics.²⁷ The relationship between Colt and the Patent Arms Manufacturing Company would last barely five years. His associates were traditional business and professional men; they were unaware of the new entrepreneurial environment in which Colt worked; their advertising and sales acumen were ill-suited to the emerging national and international markets. To further complicate matters, economic times were hard; the country

²⁶ L. R. Trumbull, *A History of Industrial Paterson* (Paterson, 1882), 168.

²⁷ Colt Family Papers, Box 1, Selden to Christopher Colt, Sr., New York, January 21, 1837; Roswell Colt Papers, Box 3, Dudley Selden to Samuel Colt, New York, July 5, 1837. See also *ibid.*, Box 1, Christopher Colt to Samuel Colt, March 23, 1837, and *ibid.*, Box 3, Roswell Colt to Dudley Selden, New York, January 23, 1838.

was moving into a deep depression. The life span of the new company coincided with one of the worst economic downturns in the nineteenth century, the Panic of 1837.

While Samuel may have looked upon the building with pleasure, and saw himself as an artist as well as a businessman, the factory's financial problems, demands from his stockholders, and production problems overwhelmed him. His father told him to be attentive to his work because so many people were counting on the success of the business. Let others keep the books, interact with contractors, and supervise the hands, he cautioned his son. "I cannot but advise that you should lay aside every amusement and devote all your time and close attention to get forward the fire arms." But the situation only deteriorated. Colt faced trouble from his stockholders. One of his chief backers, Dudley Selden, was in debt to the Company for \$8500 and found it difficult to pay his bills.²⁸

Stockholders complained that the original Colt contract was disregarded, especially those provisions pertaining to patent rights. In January 1837 Dudley Selden warned: "It was learned with some surprise that the transfer of the patent to the Patent Arms Co., was intended to be postponed until a future period. The parties interested in the stock will perhaps manifest some reluctance to further payment until they feel satisfied that the withholding of the Patent is not designed as a threat." Apparently Selden thought that Colt was trying to deceive the firm, and cautioned, "stockholders have put themselves to great loss and inconvenience in order to meet their engagements..."²⁹

²⁸ Samuel Colt MSS, Box 1, Christopher Colt to Roswell L. Colt, Hartford, July 30, 1835; *ibid.*, Christopher Colt Sr. to Samuel Colt, Hartford, 1836. Colt Family Papers, Box 2, Christopher Colt Sr. to Samuel Colt, Hartford September 14, 1836.

²⁹ Roswell Colt Papers, Box 3, Dudley Selden to Samuel Colt, New York, July 5, 1837; See also Colt Family Papers, Box 1, Selden to Christopher Colt, Sr., New York, January 21, 1837; *ibid.*, Christopher Colt to Samuel Colt, March 23, 1837.

Samuel needed money and he turned to Roswell Colt, who once again provided additional funds and endorsed notes. In January 1838 he agreed to support Samuel's new proposition.

Mr. Samuel Colt has informed me that he has made a proposition to the Patent Arms Manufacturing Co. to receive from them one hundred or a lesser number of rifles with the equipments, for the purpose of sale, and to pay over to the Company the proceeds of all sales as follows. Ninety dollars, and to return to the company all Rifles with the Equipments, not sold on or before the 31st day of March next. I hereby undertake and agree for his punctual and faithful payment of the money and the return of the guns as above stipulated in as good order as when received.³⁰

When the payment came due, Samuel Colt was nowhere to be found. Roswell turned to the young man's father, reminding him of his son's responsibility and stating that "It will be ruinous to me to have to advance this money and I beg you to write to your son, calling his attention to this business. I fear the company will fine me, which of all things would be most unpleasant to me." The bill totaled \$9000 plus additional interest. Angry with his son for equivocating and placing his cousin Roswell in an untenable position, he told Samuel that "should Mr. Colt wish a mortgage on your interest in the Patent, he ought to have it..." In the end forty rifles were returned, and Roswell again endorsed Samuel Colt's note, this time for \$4500 payable in four months. Time was running out; Roswell and Samuel faced the reality that the company was failing. Still, Samuel Colt pressed for additional funds. In a letter dated May 26, 1839, he pleaded with Roswell to lend him \$1,000; the loan would "save me from almost utter destruction & I pledge you my word and honour that before you shall be called on to pay said drafts you shall be placed in possession of means for securing to yourself the funds for doing so."

³⁰ Roswell Colt Papers, Box 3, Roswell Colt to Dudley Selden, New York, January 23, 1838.

Roswell gave him the money. Yet the weapons factory folded, and another would not open until 1855, and this time the location was Hartford, Connecticut and not Paterson. In 1842 its assets were sold. The demise of the Paterson gun factory must have come as a relief to Roswell; his declining economic situation and personal problems were causing him considerable distress.³¹

By the late thirties, the country was in a Depression. Banks failed, businesses closed, fortunes evaporated, and capital was difficult to acquire. The S.U.M. suffered. Roswell feared he could not meet his obligations; rents were in arrears, many mills were shut down, and others were questionable. Few clients entered the market. Roswell Colt was in debt. Through his friend, Nicholas Biddle, Roswell Colt was keenly aware of the declining economy.

For years, Roswell Colt had partnered with Nicholas Biddle, President of the Second Bank of the United States. The two men were joined by marriage and much of Colt's success and failure mirrored those of his friend. Indeed, Roswell Colt has been called Biddle's "closest financial advisor...one to whom the latter always referred in time of trouble."³² Colt had a nationwide network of financial and political contacts that were made available to Biddle. Colt served as a Director on the Baltimore branch of the Second Bank of the United States, advised Biddle on stock and company acquisitions, interceded with politicians and the press to support and protect his friend, and importantly provided emotional support as Biddle's fortunes declined. The relationship was a reciprocal one. Biddle provided information on the financial stability of companies, banks, and transportation enterprises, on the credit worthiness of friends and colleagues; he issued Roswell and his brother John large bank loans, and provided them with

³¹ Ibid., May 19, 1838. CHS, Colt Mss, Box 1, Roswell Colt to Christopher Colt Sr. New York, April 6, 1838; *ibid.*, Samuel Colt to Roswell Colt, New York, May 26, 1839. See *ibid.*, Public Sale, Dec. 9, 1842.

³² Reginald C. McGrane, ed., *The Correspondence of Nicholas Biddle dealing with National Affairs, 1807-1844* (Boston: 1966), 30.

insider information on the economy and bank policies. Much of Colt's fortunes fell as fast as those of the Bank.

Chartered in 1816, the Second Bank of the United States had a rocky start. Mismanagement, speculation, and fraud at the Philadelphia and Baltimore branches caused concern. The latter appeared a gambler's paradise, and as a Board member, Colt was caught up in the scandal. Bank officials made bad loans, kept shoddy records, failed to demand collateral for loans, inflated stock prices, committed fraud, and cooked the books. When allegations surfaced, and Colt dared to question their activities and judgment, he was told directly that he had no real power. Officers need not consult him or other Directors when making loans; such transactions were executive decisions and not subject to oversight by the Board.³³ However, management of the Bank changed, and Nicholas Biddle became its President.

Under Biddle, the Philadelphia site became a financial center. The wealthy Princeton graduate who had served as a temporary secretary to Ambassador James Monroe in 1806, helped to negotiate the Louisiana Purchase, and later served in the Pennsylvania Senate was appointed Director of the languishing Second Bank of the United States in 1819. Four years later he assumed the presidency of that organization, revived it through careful control of the money supply, and began to restore the financial stability of a fragile economy. Upon accepting the position, he immediately sought confidential advisers at the various branch banks. In Baltimore, he turned to Roswell Colt.

Colt's position on the Baltimore Board proved advantageous to both men. Colt engineered the appointment of pro-Biddle men to the branch board. In 1829 Biddle wrote: "Mr.

³³ Ralph C. Catterall, *The Second Bank of the United States* (Chicago: 1960, [1902]), 42-50, 93. See also E. Digby Baltzell, *Puritan Boston and Quaker Philadelphia: Two Protestant Ethics and the Spirit of Class Authority and Leadership* (Boston: 1982), 222-223.

Colt mentioned the names of five gentlemen who were to be nominated and all of them, it appeared, were in opposition to the present administration so that out of the whole 13, there are only two gentlemen who are in harmony with the administration.”³⁴ Colt also advised Biddle on actions the bank should take. Writing in December 1832, Colt suggested “You ought to curtail Your Discount in Tennessee, Mobile, Charleston, Savanna, & Virginia. I would let these people feel a pressure - but not of course so as to cause failures.”³⁵

Colt helped with Biddle’s transportation investments. Biddle owned considerable stock in the Baltimore and Ohio Railroad, a business Colt knew well because of his own investments and the advice of his father-in-law, a B&O director. He sought Roswell’s counsel on when to sell his B & O stock; in June 1835 Biddle asked Colt: “What had I better do? Transfer my 615 shares of B & O Rail stock to New York and when it rises, at what point shall I sell?” Two months later he ordered Colt to “sell the entire 615 shares of railroad stock at 70, the more you can get above that, the better - but I will be content if you can sell it at that price and send me the cash.”³⁶ Other business ventures, especially Biddle’s interest in the Morris Canal, however, proved sensitive. Biddle wrote in 1839: “I and my family have a large interest in its [Morris Canal] success. Now that I wish is that you would help the Morris Canal to get what they want...”³⁷ But Colt had sued the Canal owners for violating his riparian rights, and they might not be receptive to his entreaties. Colt advised Biddle that this was a questionable investment. The cost of the canal was about \$3,000,000; it was shallow and could not support crafts carrying more

³⁴ McGrane, Biddle to George Hoffman, Washington Nov. 22, 1829, *The Correspondence of Nicholas Biddle*, 87.

³⁵ *Ibid.*, Colt to Biddle, Paterson 8 December 1832, 199-200.

³⁶ *Ibid.*, Roswell Colt Papers, Box 10, Nicholas Biddle to Roswell Colt, Philadelphia, June 5, 1835; *ibid.*, Nicholas Biddle to Roswell Colt, Philadelphia, August 6, 1835.

³⁷ Roswell Colt Papers, Box 10 Nicholas Biddle to Roswell Colt, Philadelphia, February 5, 1839.

than twenty-five tons. Amid speculation, mismanagement, and scandals, two years later the company failed.³⁸

During these difficult times, Biddle relied upon his friend to defend the bank against a growing number of critics. Colt warned Biddle about Martin Van Buren: “You recollect I wrote you at the time I was satisfied Mr. V.B. was the author of those obnoxious paragraphs & Mr Poinsett says he is sure that V.B. is the man who has caused us all our trouble.”³⁹ Another case involved Reuben M. Whitney ousted from the B.U.S. by Nicholas Biddle for business and personal irregularities including non-payment of bank overdrafts. This occasioned a vendetta against “Biddle’s Bank.” Colt urged Biddle to fight back, to smear Whitney’s reputation. And Whitney was not the only one targeted by Biddle and Colt. In April 1838 a series of letters and reports appeared in the New York press regarding the Governor of New York, the state legislature, the Birdelege report, Mr. Biddle, and the resumption of payments by the state banks. Biddle was in the middle of the debate, and he brought in his good friend, Roswell Colt, to assist him. Biddle thought that *The Journal of Commerce* published a report that misrepresented his position. Determined to correct the misperceptions, Biddle wrote a seven page rejoinder. Rather than sign the letter himself he approached Colt, mentioned the offending piece and said: “I have accordingly written the enclosed – which when you have altered it to your liking- added a phrase or two at the end- and copied it you might give [it] to the *Star* or any other paper.” He described his actions as “fair & candid & open.”⁴⁰

³⁸ Ibid., Box 10, Nicholas Biddle to Colt, Philadelphia, February 5, 1839. See George Rogers Taylor, *The Transportation Revolution, 1815-1860* (1968), 40-42. Jean Alexander Wilburn, *Biddle’s Bank: the Crucial Years* (New York: 1967), 86-87.

³⁹ McGrane, Roswell L. Colt to Biddle, June 10, 1830, *The Correspondence of Nicholas Biddle*, 104.

⁴⁰ John M. McFaul and Frank Otto Gatell, “The Outcast Insider: Reuben M. Whitney and the Bank War,” *Pennsylvania Magazine of History and Biography* 91 (1987), 120. See Roswell Colt Papers, Box 10, Nicholas Biddle to Roswell Colt, Philadelphia, April 20, 1838, letter and enclosure.

While Rowell assisted Biddle, the later returned the favor many times over. He received sizable loans secured by Biddle. He used his relationship with Biddle to obtain insider information on stock prices and the upcoming actions of the Bank. In May 1838, for example, Biddle informed Colt that “to night my advices are from Washn that the virtual repeal of the Specie Circular which has passed the Senate will pass the house in a day or two. This will satisfy us and I will make an immediate move for a general resumption in conjunction with the South and West...this will give an opportunity of repairing the losses of your friends which I have often heard you deplore.” He urged Colt to “act promptly... It seems to me that you cannot err if you sell some of your sound local stocks which the scarcity has forced down unnaturally - the stocks of the Planters and Agricultural Banks of Natchez (not the other Mississippi Banks) - some of the New Orleans Banks (not SAS) and in generally whatever is really good in itself but very much depressed by the times.” Colt took this advice and invested \$50,000 in bank stocks.⁴¹

Colt also used and was used by politicians to advance legislation. Colt lobbied his friends in Trenton on Biddle’s behalf. In 1832 he was able to convince the New Jersey Congressional delegation to support the renewal charter of the Second Bank of the United States. He employed various Washington lobbyists, including William Bradley, former mayor of Washington, D.C. and the firm of Dickerson & McKern “at pretty large contingencies.”⁴² Congressmen, senators and executive officers all had business with the bank. Louis McLane, James Monroe, John C. Calhoun, Henry Clay, Amos Kendall, and Daniel Webster were among the best known politicians.⁴³

Biddle and Colt worked to assist their friend Daniel Webster, who was the son-in-law of Colt’s old friend and mentor, Herman LeRoy. Webster was an enthusiastic supporter of the Bank

⁴¹ Ibid., 8 November 1838; *ibid.*, 30 May 1838. Biddle to Colt, Philadelphia, Box 10, May 30, 1838.

⁴² Ibid., Box 1, William Bradley to Roswell Colt, Washington 12 March 1838.

⁴³ McGrane, *The Correspondence of Nicholas Biddle*, 357-359.

and an indispensable Congressional advocate for banking and currency questions. But these friendships came with a price tag. Webster needed funds and was known to accept “tainted money.” From May 1838 to January 1839 Webster appealed to Colt for financial assistance. On May 3, 1838 Webster wrote: “The note which you put your name to . . . falls due June 12th which will be here, not long. How can we pay it?” Five days later, he returned to the subject: “I know not how I shall get along without the aid of some credits.” Colt turned to Biddle; Webster was encouraged to “buy – good – stocks – rise – banks of Mississippi – abandon – low.” Still Webster could not solve his debt problems. In January 1839, Webster lamented, “I am unfortunate in not finding you at home. My confounded notes fall due,” and I cannot pay them. William Bradley, friend and Colt lobbyist, suggested that they call upon their friends to assist Webster.

I saw our friend W. [Webster] today he is sick in body & mind, his pecuniary difficulties are the cause, as he frankly admitted today. Now this should not be, his services are worth too much to the country to be lost or impaired for the...consideration of a few thousands dollars. My plan is that twenty persons give their notes payable in 3 years for 3000 drs. each with interest, . . . I do not think there would be any loss, but even if there should be a loss of 1000 drs each it will be a small matter.⁴⁴

Perhaps Bradley should not have been so quick to offer financial support. He frequently asked Colt for money, enticing him with many of his quick buck schemes. In 1838 he wrote: “I know how 50 fortunes can be made & when you come on I will let you into the secret...I cannot advance the money but if others can I will undertake to find the profits. I could make thousands,

⁴⁴ Roswell Colt Papers, Box 10, Nicholas Biddle to Colt, Philadelphia, April 20, 1838; *ibid.* Nicholas Biddle to Roswell Colt, Philadelphia, June 20, 1838; *ibid.*, Daniel Webster to Roswell Colt, New York, January 9, 1839. See Melvyn Dubovsky, “Daniel Webster and the Whig Theory of Economic Growth: 1828-1848,” *New England Quarterly* 42 (1969), 563-564.

tens of thousands, hundreds of thousands if I had the command of some money & much credit.” But he seldom had the funds. “I am much in want of a small sum of money for about 4 months,” he wrote in 1839. Yet Colt had to refuse his friend; by then he only loaned money to his sons and his brother John.⁴⁵

Colt’s finances were limited, and he faced ruin. As the Bank crisis intensified, Colt’s debts multiplied. He turned again and again to his friend. Biddle responded: “I can only say that you may rely with perfect certainty on getting the \$20,000. How, when, or where you must say but have it you shall.” This theme continued to run through their correspondence. When the Bank was in freefall, Biddle wrote: “I have been striving to bring in our old debts What can be done with the 259,000 of RLC and the 50,000 of John C.”⁴⁶ Furthermore, a year later Biddle wrote: “such is the state of things here that I fear no operation of any size is practicable. I have not been able to do anything yet which for the boys as well as yourself. I sincerely repeat my previous effort had exhausted the supply on which I had hoped to draw again.” Several days later Biddle explained: “All the fountains are dry - & it is quite impossible to raise any sum of consequence. I am very sorry for it.” The following month he concluded: “I have remained in town [Philadelphia] with the hope of doing something but have not succeeded. It depresses me to think that I am not able to raise the money-but there is no money here available no disposition to buy still less to lend.” Biddle confided to Colt, “The times are bad and must soon be better. My great ambition is now and has been to prevent a breaking up of confidence...So cheer up and

⁴⁵ Roswell Colt Papers, Box 10, Roswell Colt to Bradley, Paterson, September 19, 1839. Yet Colt needed Bradley’s skills as a lobbyist. He knew Washington D.C. well as evidenced by his appeal on Webster’s behalf, and was willing to use his talents, contacts, and Colt’s money to advance Rowell’s interests. He boasts about his contacts: “I have promised Dr. Lien [Senator, Missouri] that you & I will aid him...after he gets our bill through the Senate,” wrote Bradley in June 1838. See *ibid.*, June 5, 1838.

⁴⁶ *Ibid.*, Box 10, Nicholas Biddle to Roswell Colt, Philadelphia, 8 November 1838.

be ready to begin a fresh career.”⁴⁷ At the age of fifty, Roswell Colt found it difficult “to begin a fresh career.”

Colt was in debt. His earnings could not keep pace with his expensive appetite. His lavish spending, speculation, investments, and loans to family and friends overwhelmed his ability to pay off his obligations. In 1830 he built a four story house in Paterson costing \$100,000, maintained a residence in New York where he socialized with the elite, and entertained lavishly at both locations. By 1835 he was committed to one of his New York brokers for over \$55,000 and his fortunes continued to decline. That year, he offered to sell his S.U.M. stock for just over one million dollars and appeared to have a buyer. “I have an application for all my interest in the ‘Society’ which I have offered to sell for 1,080,000 dollars and I fear they will take me up – this leaves me 300,000 dr. of my individual property. I know if the parties are wise they will close this week – if they do not accept by Saturday, they shall not have it...” Apparently the offer fell through and Colt was later approached by Pell Redmond, who pulled together a consortium of five or six wealthy New Yorkers and offered Colt \$800,000 for his stock. Negotiations once again fell through because Colt would not lower his price. Still his Paterson investments lost ground. Within a four year period losses from his flagship company, the S.U.M., totaled almost \$64,000.⁴⁸

Colt’s debts mounted and his prospects declined. By 1841 he owed the Second Bank of the United States about \$350,000 on his account and another \$50,000 because he secured his brother John’s debt. Additionally, he endorsed other notes held by the American Life Insurance and Trust Company for an undisclosed amount. To add to his economic travails, Colt was not

⁴⁷ Ibid., Nicholas Biddle to Colt, Philadelphia, December 3, 1838; *ibid.*, Nicholas Biddle to Roswell Colt, Philadelphia October 25, 1839; *ibid.*, October 31, 1839; *ibid.*, November 1, 1839; *ibid.*, April 8, 1837.

⁴⁸ Ibid., Box 9, Certificate to “Memorial of the Society for Establishing Useful Manufactures at Paterson, Most Respectfully Represents,” February 3, 1845.

able to lease or sell mill seats and real estate. In 1843 the Society had thirty mill seats available worth \$100,000 each and 3500 house lots worth from \$200 to \$1,000 still vacant. He needed money.⁴⁹

There was one last possible source of funds, the Oliver family. Yet the Colts and the Olivers were estranged. Their quarrel came to a head in 1835 when Robert Oliver's will was probated. Oliver's children, in-laws, partners, and various interested parties argued over the distribution of assets. Investors in various enterprises took the Oliver family to court, and the Olivers in turn sued or threatened to sue others, including Roswell Colt. By time of his death, Robert Oliver had lost confidence in Colt. He decried his mismanagement, wild speculation, and problematic loans; he feared that Colt would not be able to care properly for Margaret and his grandchildren. Early on in their marriage, he gave them \$100,000, built them a house near his Baltimore home, and loaned Roswell about \$277,000. Just before his death, Oliver called in the loan and threatened to charge Roswell for the twenty-four years he lived off Oliver money. The Oliver family sued Colt. They won a judgment, and Colt was under an obligation to repay \$277,000 to the estate of his father-in-law. To pay this debt, Colt conveyed a bond and mortgages on the S.U.M. plus additional company leases to the Oliver family. This transaction, however, came to the attention of the S.U.M. board of directors; stockholders now complained, charging Colt with fraud, duplicity, stealing, and mismanagement. And this was not the first time that Roswell had been caught using Society assets for his personal use. This was a well-tested maneuver, one he had employed earlier to pay his B.U.S commitments. Disagreements

⁴⁹ Hertz, "The S.U.M.," 74; Roswell Colt Papers, Box 3, Roswell Colt to R.M. Gibbes, Paterson, April 30, 1835. Ibid., Box 10, Nicholas Biddle to Roswell Colt, Philadelphia, 8 November 1838; *ibid.*, Box 3 Roswell Colt to Herman Cope, Paterson, Sept. 14, 1841. See also, *ibid.*, Roswell Colt to John Colt, Paterson, NJ, December 6, 1843; *ibid.*, Box 3, Nicholas Biddle to Roswell Colt, Philadelphia, November 8, 1838, *ibid.*, Roswell Colt to Gregory and Company, February 20, 1843.

over probate and its disposition of the Oliver assets lasted for years.⁵⁰

With this long history of misgivings, Roswell should have known that the Oliver family would not help him. They were indignant at his request:

That the Trustees having heretofore expressed their determination not to add any further investments to the large amount of Mrs. Colt's property already placed in Paterson, decline the proposition you made that they would be unwilling to accept the same on their own individual account much less therefore where a sacred Trust is concerned and moreover that it would alone be objectionable from its irregular and usurious character.⁵¹

In no uncertain terms, he was told not to apply again for funds. Angry with his in-laws, he confided to a friend: "All I have to say don't lend yourselves to the Olivers for your own sake as well as mine- unconnected with them you are safe. With them you cannot and will not be safe to my certain knowledge." By January 1844 the estate was almost settled; but Roswell still owed about \$8,500. Still enraged, the Oliver brothers demanded that Roswell pay out \$1,000 per month until the debt was cleared.⁵²

Despite his quarrel with the Oliver family, Roswell usually managed to outsmart his creditors. For example, it is doubtful that Colt ever entirely repaid the bank loans obtained during Biddle's tenure. Following Biddle's retirement from the Bank, Herman Cope, a Superintendent of the Second Bank of the United States and an agent in the Suspended Debt and Real Estate Department, began to press Roswell for reimbursement. Negotiations dragged on for years. At one time, Colt pledged 615 shares of B & O Railroad stock as a sign of good faith.

⁵⁰ Ibid., Roswell Colt to John Deveraux, Paterson, NJ, January 1, 1840; *ibid.*, Coster and Carpenter to Roswell Colt, NY, April 8, 1836, and Box 4 for details of his losses at Paterson, see "Communication to the Senate and House, Roswell Colt Collection, Box 9; Hertz, "The S.U.M.," 74. Disputes over the Baltimore Mexican Company lasted years; see Supreme Court, v, xix, Dec. 1851, p. 55; Supreme Court, book 15, pp. 136-48, [1855].

⁵¹ Roswell Colt Papers, Penn. Trustees for Margaret Colt to D. Perine, Paris, Nov. 10, 1842.

⁵² Ibid., Box 3, Roswell Colt to Cowperthwaite, Paterson, New Jersey, December 18, 1839; *ibid.*, Box 2 Roswell Colt to Perine, Paterson, New Jersey, October 31, 1839.

When time ran out, and Colt did not have the funds to redeem his stock, he tried to cajole Cope into granting an extension. In September 1840 Cope informed him that someone had offered to purchase the stock for \$25.00 per share; the banking committee seriously considered the offer and informed Colt of their intentions. Colt responded and was given a thirty day extension before the sale would commence. If he could not redeem the stock, it “will be sold for the most it will bring at public sale.” Although Colt informed them that they would lose money on that deal, they were determined to follow through on their threat. Colt stormed back: “I was to have the benefit of a large loan repayable at my convenience and certainly without being forced the sacrifices . . . which I am now menaced.” The impasse continued for another year with threats going back and forth. In one letter Colt threatened: “Under these circumstances I can only say that if you proceed in the rigorous...way you threaten you run the risk of taking from me all motives to exert myself to pay the debt as I have been struggling to do and if you determine to resort to law for the purpose of injuring me, you may compel me also to apply to it for my own protection.” It was not until the winter of 1843 that his business with the bank was concluded. But that did not signify that all of his obligations were satisfied. Creditors for the American Life and Trust Company claimed a liability of \$150,000 while the Baltimore Insurance Company wanted \$5000 plus interest to settle their debt.⁵³

After the tumult of the Depression years, Roswell Colt retired to Paterson where he lived with his sister Catherine and several of his children. His beautiful Paterson mansion became a center of social activity where family and friends alike enjoyed his lavish hospitality. He also became a gentleman farmer, growing prize winning corn, root crops, pumpkins, and grapes. His

⁵³ Ibid, Box 3, Roswell Colt to Cope, Paterson, September 14, 1841; *ibid.*, Box 4, Herman Cope Superintendent, Bank of the United States, Suspended Debt and Real Estate Department to Roswell Colt, September 2, 1840; *ibid.*, September 10, 1840; *ibid.*, September 18, 1840; *ibid.*, Box 3, October 30, 1840, November 10, 1840, November 27, 1840 and *ibid.*, Roswell Colt to Herman Cope, Paterson, September 14, 1841; *ibid.*, Roswell Colt to Herman Cope, n.p. April 20, 1842. See *ibid.*, Box 1, Blanchford to Colt, NY, January 15, 1843.

breeding program received considerable recognition as well. At the New Jersey State Agricultural Fair in 1849, for example, he won four silver cups and a silver medal for his livestock.

Colt died in November 1856 at the age of seventy-seven. An obituary in his hometown newspaper, the *Paterson Weekly Guardian*, read in part:

As a businessman he was systematic and accurate, to the end carrying out the business habits of his early manhood. . . . He was keen in perceiving the merits and demerits, the advantages and disadvantages of a business transaction and exhibited great shrewdness in many of his business movements; yet he had no wish to influence unduly the judgments of those with whom he dealt, no attempt to overreach ever marred his negotiations, for he was eminently a just man.⁵⁴

The *New York Times* noted that over two thousand people attended the funeral of “this distinguished citizen,” this “noble-hearted man.”⁵⁵ No mention was made of his questionable dealings with Nicholas Biddle, his lobbying activities, his unpaid debts, his insider trading schemes, his attempt to defraud his in-laws, his poor investment strategy, his extravagant life style, his self-interest, and his estrangement from his wife and several of his children.

For over forty years, Roswell Colt was at the center of American economic activity. His interests varied and unlike many antebellum businessmen, he was not linked with only one industry or economic sector. Diversity of interests and investments described his economic interests and strategy. He was involved with arms manufacturing, banking, the textile industry, land sales and promotions, and transportation, especially the development and success of railroads. He served as an investment banker, stock broker, economic and political advisor, and a

⁵⁴ *Paterson Weekly Guardian*, December 2, 1856.

⁵⁵ *New York Times*, November 28, 1856.

lobbyist, anything to advance his interests and those of his family and friends. Investments extended beyond his hometown of Paterson and beyond New Jersey to encompass economic opportunity throughout the New Republic. He participated in and helped to fashion the new market economy.

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