ORAL HISTORY PROJECT OF THE FASHION INDUSTRIES

FASHION INSTITUTE OF TECHNOLOGY

BILL THOMAS
SUSAN THOMAS INC.

THE FASHION INDUSTRY LEADERS

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INTERVIEWED BY
Mildred Finger
In this Oral History, Bill Thomas describes the garment industry in encyclopedic detail, starting with his father, Victor Tomshinsky, who entered the garment industry in the first decade of the this century.

Bill Thomas describes the working conditions of the early days of the industry, the relationship between jobbers and contractors, and, later the impact of the N.R.A. on the industry and the union.

Bill himself entered the industry in 1939, and describes in fascinating detail the development of the sports coordinates business, which subsequently became Susan Thomas, Inc.

This enterprise was in the hands of the father and three sons (Bill, George, and Reuben) with the firm a private company until 1963 when it "went public". Merger with Genesco followed, and is explained in great detail, in 1968. The family severed relationships with Genesco in 1972.

In 1978, Bill Thomas returned to the garment industry with his son Steve, thus starting a family owned business with the third generation.
Father's early years in the garment industry, including a description of working conditions at the time of the General Strike of 1910.

Father works for J.S. Becker and learns the trade of the dress industry. Now the industry begins to move away from the lower East Side uptown to the low 30's on Madison Ave.

Relationship between jobbers and contractors; role of the jobbers in various Eastern cities and also the coast; differences between jobbers and manufacturers.

Father becomes a contractor in 1916 at age 23; a jobber/manufacturer in 1919 at age 26. The business was called Center Dress Co; they manufactured beaded dresses when in 1928 he merged into J.S. Becker Associates.

J.S. Becker Associates, the merged companies had 2 floors in 500 - 7 Ave. Description of 498 Seventh Avenue, 500 Seventh Avenue, 512 Seventh Avenue -

Story of manufacturers, bankers and others responsible for the Garment Center Capital and other buildings in the Broadway and Seventh Avenue markets in the early 1920's.

The tenant roster of several important buildings

Victor Tomshinsky supervises multiple divisions of J.S. Becker's enterprises until 1930.

V. Tomshinsky joins Alexander S. Gross

V. Tomshinsky starts Filmont Dress Co. 1930's. Sons join company in 1939. Description of early operation including development of section piecework.
23 - 25 Impact of NRA on union development. Impact of increasing labor costs as a factor in cost of manufacturing.

25 - 27 Decentralization of production in late 1930's; development of section work; differences in quality of work in N.Y. vs. out-of-town factories.

27 - 32 Story of Victor Tomshinsky and of growing-up years of Bill, George, and Reuben Thomas from 1914-

32 - 35 Entry into garment industry by George and Bill Thomas

35 - 38 Bill Thomas changes to another industry in 1940; in 1943 goes to Washington and works for war labor Board until Feb. 1944

38 - 47 Bill joins Lory Dress, a garment industry firm acquired by his family in 1944; description of operation of this enterprise.

47 - 50 Birth of daughter Susan; and of business called Susan Thomas. Developed first business making coordinates.

50 - 53 Division of functions by family member

53 - 55 Operating the business until 1963


64 - 68 Merger with Genesco 1968

68 - 74 Susan Thomas, Inc. as a division (subsidiary?) of Genesco. Interference by Genesco in handling of accounts receivable, merchandising, business plans

74 - 84 How ultimate dissociation from Genesco developed. Drastic fashion changes in late 1960's and early 70's. Susan Thomas attempts to dispose of out-moded dresses at drastic price reductions to the top store accounts and is prevented from doing so by top Genesco management. Downfall of other apparel firms owned by Genesco including Berkshire, Beverly Page.

84 - 85 Thomas family leaves Genesco in February 1972
Continued limited contacts with Genesco with steadily deterioration of relationships over financial matters

Bill Thomas returns to Seventh Avenue setting up business with son Stephen. And now the Thomas family's involvement in the apparel industry goes into its third generation.
Q. Bill, could we begin with a discussion of or a recital by you really, of how your father and the rest of your family started in this business and where they started in the business?

A. My father came here as an immigrant in 1907, and shortly after he arrived here got a job in the garment trades, as a delivery boy, or a general gofer, for a company which was located at that time in the center of the garment trade on the lower East Side. He graduated...

Q. Excuse me, were those retail stores that had machines in the back? Is that the kind of thing you are talking about?

A. No, I am talking about a real...

Q. A real manufacturing...?

A. A real manufacturing business, because this was in coats and suits. And the coat and suit industry had already been quite established by that time. The dress industry was just beginning to establish itself in 1907, 1908. And, it really did not become much of an industry until World War I began, in Europe. The formative years, 1914 to 1919 were really the big growth years of the ready-made dress industry. Prior to that, there had been a fairly well organized waist industry and a fairly well organized shirt industry, and a fairly well organized coat and suit industry.

Q. And that is where your father started?

A. My father started on the coat and suit end, and began to learn his trade as a cutter, on the coat and suit end. And, was, as in those times and I guess in modern times too, as a cutter he was not assigned to any particular company because they had very short seasons, and he moved
from job to job, each time improving his knowledge until he finally landed with a company that had a fairly wide distribution - it was one of the few companies at that time as he has related to me, that had road representation, and that had established itself as a fairly established year round kind of company - they manufactured coats and suits and also dabbled somewhat in the new dress industry.

And as a young man and as a very talented young man he was more or less adopted by the designer pattern maker of that company and was taught his trade more or less as a favorite apprentice in odd moments and odd hours that he could steal away from his own time while working full time as a cutter. And so he became a marker, which is a higher and more skilled kind of trade, and began to learn something about patterns, and began to learn something about grading of patterns, and at that time, just about that time the general....

Q. This was about when... 1910?
A. 1910. This was just about that time the general strike of 1910 took place and he became a fairly militant union organizer during the general strike of 1910. This was really the beginnings of the ILGWU and the ILGWU strength in the industry...the general strike affecting all trades in 1910. It finally culminated in a victory for the union in recognition in almost all trades, and there was a lot of bitterness during the strike but eventually the Union achieved some sort of victory, and there were improvements made in working conditions which had been fairly, fairly...

Q. Grim, I think
A. Grim up until that point - and there were slight improvements made - for example, workers working indoors without proper light, without air, working 12, 14 hours a day, without being permitted to leave the premises for any purpose whatsoever, had finally some sort of regulation in their lives where they were permitted a lunch hour, where they were permitted to work a shorter day, where they were permitted to have some representation, someone to speak for them in matters concerning just their health, if nothing else. At any rate at the end of that strike my father lost his job.

Q. Do you happen to remember the name of the company?

A. I do not remember the name of the company.

Q. How old was he then?

A. He was then 17. He was 17 and a half years old at the time he took part in the general strike. He appealed to the newly created Local 10 which was the local that employed cutters, that represented the cutters for a job in the industry and after some time finally got another job with a very important company called JS Becker. Mr. Becker, whom I remember very well and who was a very vital force in the garment industry, was one of those who moved very rapidly into the new dress industry.

Q. Were they still down..., all the way downtown?

A. By this time they were working just South of Union Square. The center of the industry was around Waverly Place, Tenth, Eleventh, Twelfth Streets... Thirteenth Streets... and, showrooms were in that area as well. Shortly after World War One, the showrooms moved uptown into what is now the tie and handbag industry headquarters, around Thirty-Second Street, and Madison Avenue, where the silk houses were. This all came about because
during World War One when there was so many - there was so much demand for ready made goods that women began to buy ready made goods readily without reservation. They... they abandoned their dressmakers and, and, did not have time to make dresses themselves because they were seeing a new Emancipation - they were working and there was work for women during World War One, and there was a reason for an industry to become part of the picture of a new emerging independent woman. And many small firms moved into tiny showrooms in the Hotel McAlpin and the Hotel Breslin which were around Thirtieth and Thirty-second Streets near Herald Square, and consequently many buyers came to that area, so the rest of the industry, the larger and more substantial part of the industry had to maintain showrooms in the same area. They did this by maintaining showrooms on Madison, Thirty-First, Thirty-Second, Thirtieth Street, that area.

In 1911, 1912 my father was learning his trade. He became the head marker for J. S. Becker Company; they operated by the old fashioned system, of jobber/contractor relationship. They did not maintain their own factories, but were considered a jobber. They bought the fabric and sold it to their contractors. Their contractors resold the total dress to them, including the prices of fabric, and the price of the labor that they had applied plus whatever profit they could achieve on that selling the garment back to the jobber.

Q. Who did the design?

A. The designing was done - the designing was done on both sides. The jobber maintained the design force, a small design force, and also attempted to copy imports; and the contractor, being an independent businessman
attempted on his own, to find designs. An enterprising contractor would come to a good jobber and offer the good jobber a particular style and a particular fabric. If the jobber adopted it he bought the style. And he might want to buy the goods himself, the pieces himself and sell it to the contractor because it was an advantage in his doing so. He would buy it at a less expensive price than the contractor could afford to because he had better credit terms or because he had better entry to the silk houses of the day; and it was an advantage because he resold the goods to the contractor at the price the contractor would have to pay for the goods, so he had a kind of a built-in edge, and that was the concept of contractor/jobber relationship.

Q. The jobber was the one who did all the selling?
A. The jobber did all the selling... the jobber did all the selling, the jobber maintained forward stock, most goods were sold not in advance but sold when stock was actually in the house. the jobbers maintained fairly large stockrooms. And storekeepers would come in; it was very customary for the jobbers to be crowded on Wednesday and Thursday. Storekeepers might come in from all over the country - all over the Eastern Seaboard at least, to buy out of stock, for their Saturday business. Either they carried stock back on trains by themselves or they had goods put on trains to be shipped overnight. My father tells me he remembers Mr. Samuel Halley very well coming into the stockroom and buying out of stock and having goods put on the Cleveland train to go back to Cleveland. He remembers the stores in Boston that have disappeared, the Conrad and Company, Chandler and Company - the R. H. White, C. Crawford, College, all of the better shops that
were in Boston, their people coming into town once a week buying stock out of the stockroom, and having it sent on overnight trains or overnight boat to Boston or to Rhode Island. There were - there were then boats that left New York daily arriving in Rhode Island and Boston the following morning - quite a trade in sending merchandise by boat at much better delivery than we get today by UPS, or even by air.
The same thing with people in Philadelphia and people in Pittsburgh; there were jobbers in every city, in Pittsburgh, in Philadelphia. I even myself remember some of the old jobbers in Philadelphia, there was a Perlstein and Company, that had been jobbers since the turn of the century and that bought in quantity from the manufacturer...moved the stock forward to their stockrooms, and then sold the individual shopowners. Many of the individual shopowners never came to New York. The smaller better specialty shops never came to New York; they went to their local jobbers. There was in California Hamburger and Company, Barry Newberg and Company. Justin McCarthy in Dallas. People named Miller, I believe, in Pittsburgh. There were many jobbers. Every city had three or four or five competing large jobbing companies that would buy from the manufacturer and then reoffer the goods to the smaller retailer.

Q. Okay, so there is a difference between the jobber and the manufacturer that you are now describing?

A. Yes.

Q. Because in New York the... What you call the jobber is really....

A. What I call....
Q. ...also the manufacturer.

A. What I call the jobber also refers to the manufacturer. The jobbers were known as jobbers or manufacturers, the contractors were always known as contractors, even though they did the manufacturing. The distinction between a manufacturer jobber and a jobber's jobber is a very thin one. The manufacturer jobber would maintain shops of his own, whereas the jobber who was not a true manufacturer worked through contractors. But he was always responsible for the manufacture of the goods.

Q. But out of town the jobbers were selling agents?

A. Out of town the jobbers were selling agents, they were strictly selling agents. No manufacturing. One or two occasionally may have tried some manufacturing as did Justin McCarthy in Texas for example. But it was very rare. It was much more to their advantage to buy ready made goods. They got an inside price. They frequently were offered the bargains of early season's closeouts, and so they were able to do quite a bit of manipulation within the price brackets that were offered, and still offer the small retailer a fairly legitimate price. To buy the goods, and to resell at a profit. My father remained with J.S. Becker until 1915, as an employee, and then persuaded Mr. Becker to give him an opportunity to become a jobber, a contractor, working more or less exclusively for J. S. Becker. At that time contractors would not really work exclusively for any firm - they went from company to company trying to sell their wares wherever they could. My father became a contractor for J. S. Becker in 1916.

Q. At which point he was 23?
A. At which point he was 23; he was 23 going on 24. And, started a factory which manufactured at that time silk dresses and beaded dresses. Beaded dresses were just coming into their own. And he continued as a contractor until 1919, when he decided to enter the jobbing business himself with Mr. Becker's younger brother, Ted Becker, as his partner. They opened a company called Tomshinsky and Becker, later to be known as the Center Dress Company. This was formed about the beginning of 1919. And they specialized after World War One in beaded dresses, and became really the outstanding supplier of allover beaded dresses in the New York area, really in the United States. My father was a very aggressive person, very aggressive buyer, and a very keen sense of the fashion world. He foresaw quite a future in the trend toward beaded dresses and he was able to make huge purchases of beads which were imported then from Czechoslavakia, and started what I guess we would call a cottage industry in New Jersey. And at one time employed several thousand people manufacturing these beaded dresses... beading the dresses by hand...the work was cut in his own cutting rooms, the fabric was cut in his own cutting rooms, and the cottage workers were given cut work plus so many kilos of beads, and they would return within a week, with the parts of the dresses already beaded. Then the dresses would be sewn up in either contractors' factories, or in Central Dress' own factory. This was a very successful business for at least seven or eight years.

Q. Have you any recollection at all of the price range?

A. The price range, as I recall, began at roughly between seventy-nine to...let us say, fifty-nine to eighty-nine dollars wholesale. And markup those
days in the stores was not what it is today, so those dresses sold at... a fifty-nine dollar dress would sell for a hundred, or probably ninety dollars; an eighty-nine dress would probably sell for a hundred and fifty. That was the price range. These were totally beaded dresses, some of which still exist someplace in the family. And they are truly museum pieces and today would cost thousands of dollars to manufacture. Much of this beading was done in intricate design, and, in different colors of beads; and they were all hand strung, and hand knotted. It was quite an interesting and very involved kind of business. His knowledge of this kind of work put him head and shoulders above everyone else in the field, plus, his ability to corner particular kinds of beads as he felt the trend was moving from one kind to another...from bugle beads to cut beads, from cut beads to some other kind of innovation, and consequently he remained head and shoulders above the crowd. Unfortunately his partner, Ted Becker, who was the front of the business, a salesman, (theirs the usual combination of the salesman and the inside man) was not particularly well during this period of time. And, my father relied upon his friendship with the older brother, J. S. Becker, who was the really the dominant force - one of the dominant forces in the industry, to help them in sales. And this culminated because of this close relationship that was continued, culminated in a merger in 1928, of seven companies, all of which Mr. Becker was interested in. Into one company, called J. S. Becker Associates, which was at that time the largest company in the apparel industry, (the Women's Wear had frontpage headlines of the merger) it merged, the J. S. Becker Company and six other companies...Gordon Reimer was one,
(both Gordon and Reimer were brothers-in-law of Mr. Becker) Frank Becker was another company, (Frank Becker was one of Mr. A. S. Becker's younger brothers.) Also the Center Dress Company, Shulman, it was a company called Shulman and something, the name I have forgotten. There were seven in all that were merged.

Q. All dress companies?
A. All dress companies, all merged into one; they had two floors at 500 Seventh Avenue. And my father maintained an additional floor for a factory at 500 Seventh Avenue. That was managed by one of my uncles. And, one floor I recall was completely mirrored, guess the floor was 14 or 15 or 18 thousand feet, completely mirrored and completely hung with racks and completely filled with dresses at all times. And there were models who worked in the stockroom. There were eight or ten models in smocks walking through the stockroom, who would try on clothes from the stock racks for any of the customers who were milling about in the stockroom. I remember as a child seeing this, and being struck with the wonder of it all. It was all very glittery and all very exciting, and most of the models were really show girls out of work; they were girls who worked in the Follies or in the Scandals and they were out of work, and they were very glamorous creatures, and this whole atmosphere was very glamorous, very exciting; and the costumes and the dresses were very exciting, and the whole atmosphere was very exciting, and the atmosphere was a very, was a very happy one. This firm was enormously successful, from the start. So successful that unfortunately as happens with overnight successes, the partners didn't know what to do with their success. Mr. J. S. Becker, who was a really able and wonderful
administrator, and who had really been involved in the building of the Garment Center Capital, (it was his concept that built the buildings at 498, 500 and 512 Seventh Avenue, which comprised the so called Garment Center Capital...)

A. In the late 20's?

Q. ...which were built. No in the early twenties. The buildings were built, 1920-21. 498 Seventh Avenue opened in 1921; my father's showroom was there, he was one of the first people in the building. The building was designed so each jobber manufacturer would have one floor - that is why there were so few elevators; and it was never conceived that the floors would have to be cut up and parcelled out. No manufacturing at all was permitted in the building; there were no machines permitted, no design rooms permitted.

Q. No inside shops at all?
A. No inside shops or anything.

Q. And no design rooms?
A. 498 Seventh Avenue was to be a building only of glamorous showrooms and stockrooms; there was a marvelous club on the 24th floor where the David Crystal Showroom moved later... which was a wonderful eating club. I remember being taken there as a child, and having marvelous lunches. It was a really elegant club, much different from the eating clubs of the garment industry and this was a showplace. 500 Seventh Avenue was a different kind of building. It was built by this time with some concept that there would be design rooms. Machines were permitted at 500 Seventh Avenue, and at 512 which was the coat building. There were machines permitted; but
most people who had inside shops had them on the sidestreets. These three buildings became the center of the industry, and moved the industry away from the East Side. Most manufacturers either had limousines or taxi cabs posted at Madison Avenue and Thirty-First and Thirty-Second Street and transported buyers across town, because it was a very bad part of town. It was really the Tenderloin Section of the city; there were junk shops and hock shops and rowdy bars, and tumble down shops. They had the foresight to build these buildings in this area which was really so very very rundown. Because land values were cheaper, that made it easier. A man name Mr. Mack Kenna who had been a manufacturer of coats, declared himself to be a great builder, and he became...

Q. How do you spell that?

A. K E N N A... Mack Kenna. He became the builder of the buildings. He became the contractor, as did many, many of the people involved in the industry who then went into real estate, and became the leading lights of the real estate industry; became builders all over the country, others went into the movie industry and became the builders of the movie industry. In that group, was a man named J. M. Silverman, who was one of the largest manufacturers of his day, possibly one of the most picturesque characters, of the day. He was a very close friend of Mayor Hyland, and of Mayor Walker. And was really the leader of Mayor Walker's Night Club Group, a group that went from nightclub to nightclub. And got the reputation of being the playboys of the era.

Q. So was J. M. Silverman the name of his firm?
A. The name of his firm, yes. J. M. Silverman and he was a fabulous character. I remember well in his later years, he was known as the biggest tipper in New York. He had a special vest made for all of his suits; he had bills ranging from five dollars to hundred dollar bills, and would hand them out according to a person's rank. A head waiter might get a hundred dollar tip, a waiter might get a fifty dollar tip, barbers who shaved him always got a fifty dollar tip. When later on in life things weren't so good for Mr. Silverman, and he really couldn't afford to patronize the barber shops, and the garment district, but the barber's memory is very long, and he always was able to come into the shop, which he did daily, and he was always treated with deference; he was shaved, his shoes were shined, and he left the shop clean and polished and never paid for anything. And, this was a, I guess a repayment for all the years...

Q. Right.

A. Of very generous tipping. But Becker, Silverman, Mack Kenna were the people really who had the foresight - Morris W. Haft was part of that select group. They had the foresight to build these buildings... Golding, Samuel Golding who later founded the Sterling National Bank, was the money man involved in this. And the Sterling National Bank later took over the garment center capital when it went into bankruptcy in the early thirties. The Sterling National, the Sterling Bank, and the Golding family owned the buildings; brought them out of bankruptcy, owned them, and hired Mr. Becker during the Depression Years who had fallen on bad times, to run the buildings for them, which he did until he sold them finally to Helmsley Spears.
Q. Helmsley Spears. And you are still talking about 498...?

A. 498, 500, and 512 which are known as the Garment Center Capital - that was the incorporated name of the building, and, they maintained their office at 512 Seventh Avenue and it was known as the Garment Center Corporation. They were a moving force - the landlords have always been a moving force in this industry. They have always moved choice tenants from building to building; as new buildings became important, a choice tenant was offered an enormously favorable deal to move into a new building, so that the traffic that would accrue to this new tenant would accrue to the building. But, there were many buildings built by people who were part of the manufacturing industry, and went into real estate as you can see by the names on the buildings. Many of these names are meaningless to the people in the industry now. But at one time, these names represented the giants of the industry. They left manufacturing to go into building and real estate, and developed a rapport that included a real estate ownership along with a garmentman's nose for trends, and trends in clients and trends in tenants, became very important. For instance one of the most important firms in the dress business, a company called C. H. and D. Robbins. And they were really the staunchist and best and most successful company for many many years. And the firm was owned later on after Mr. Robbins passed on by the Lacritz Brothers, and...

Q. How do you spell Lackritz?

A. Lackritz - L A C K R I T Z - Joseph Lackritz, and Samuel Lackritz. And they took this company possibly in the early or middle thirties. But the company had been successful since virtually the turn of the century, had made house dresses.
Q. Which building were they in?

A. They finally wound, they were finally in 1375 Broadway, they were wooed into 1375 Broadway and 1375 Broadway became an important building because C. H. and D. Robbins were there. Then later on, much later on, they were wooed into 525 Seventh Avenue, and 525 Seventh Avenue became an important building, because C. H. and D. Robbins were there. Their competitors, like Glass and Company and Abeloff, who were the good cotton dress manufacturers, of the day, the large manufacturers.... they had to be in the same building. And so the industry began to divide itself into buildings that were known for specialists. 498 Seventh Avenue began to be known for sport dress manufacturers... better sport dress manufacturers. So, Klein, Adolf Klein was in that building with Claire McCardell, Sam Steinberg, Tobias, Alexander Gross (which was a company that my father was a principal of). Many other firms of that; I believe Harvey Berin was in the building. (OVERLAP)... David Crystal was in the building, these were all the better shirt dress and sport, so called sport dress manufacturers.

Q. Nat Kaplan?

A. Nat Kaplan, was in that building also. And also was that name ... Weil...

Q. Yes. Kane Weil.

A. Kane Weil came into that building but they...

Q. I think Harvey Berin was in 530 as long...

A. Later on. He started there in 498. He went to 530 - Harvey Berin went to 530 with Larry Aldrich, and with the Arkins, the Arkins went into 530; Adler and Adler went into 530 - they were early, the early better
manufacturers. They manufactured better sport dresses. Everything was known as sport dresses, they weren't evening dresses, they were sport dresses. Companies like Martini Design were at 498 Seventh Avenue.

Q. Right.
A. Patullo, which became Patullo - Jo Copeland, Ben Reig, all of these firms were in 498 on the so called better side of the building, which was the Thirty-Sixth Street side, of the building, as distinguished from the main part of the building. Anne Klein was in that part of the building. There were Rembrandt later on - Rembrandt had been in 1400 Broadway and as they got up in fashion and in price they had to move to a different building.

Q. That was in the late forties I think.
A. They moved to 498, in the middle forties I guess.
Q. Now what...
A. 1400 Became the home of the volume dress company.
Q. Parade is still there for example.
A. Yes, well I think Leslie Fay still maintains their main offices there.
Q. Yes.
A. All the volume dress companies were wooed into 1400 and remained at 1400 Broadway. 1375 Broadway attracted the firms which had mother of the bride business and did business principally with small New York retailers. At one time the amount of business that was available to New York City was nothing short of unbelievable; one didn't have to sell outside of the City of New York - there were many firms that were in business just selling to retailers in New York and nearby New Jersey. Just a short walk up Fifth Avenue was enough...
Q. And on Forty-Second Street too?

A. Forty-Second and Fiftieth Street. But Fifth Avenue alone from Altman's, across the street and up the block was Lord & Taylor, McCreery's, Oppenheim Collins, Russeks, Franklin Simon, Arnold Constable. Further up was Best & Co. All - Peck and Peck - all of these very heavy dress buyers, particularly in so called sport type of dresses.

Q. Right...

A. Casual type of dresses. From the very casual to the more dressy type of casuals. Lord and Taylor was a very important influence in that, in that picture with that feature, and then their featuring of Anne...

Q. Fogarty?

A. Fogarty.

Q. Bill, let's, could we get back just a little bit to your father and his business in the late twenties, still with G. S. Becker?

A. J. S.

Q. J. S. Becker, I am sorry. Then what happened?

A. The business was, as I said, very successful initially; I digressed from my story at that point. There were some nine equal partners; Mr. Becker was very busy in his real estate business... was building the New Yorker Hotel at the time. He was building three hotels at the time if I recall correctly, one was on 48th Street which became a disaster; it was opposite the Garden and was not successful. He built the New Yorker which was enormously successful, and his real estate interests were really taking up all of his time. And his administrative skills were not replaced in the business, so each of his partners who, up until the merger, were individual businessmen,
each one running their own business, continued to act as though they were
each running their own business. My father was the only design oriented
production man in the combine; all the rest were either front people or
purchasing agents. My father made frequent trips to Paris and was frequently
involved in at least six or eight week absences from the business. During
his absence many things took place which were not healthy for the business.
Mr. Becker had appointed my father his successor in terms of being the mediator
and the administrator of the business, even though he was the youngest of the
partners, but he was the only one who was not related; and as a consequence
he was the only one who could deal fairly with the others. All of the
others were either brothers or brothers-in-law or nephews.

Q. Did your father do production for all of the companies?
A. My father did production for all of the companies.

Q. The entire companies?
A. And actually the company was more or less an amalgamation of
the best things that each of these companies had produced up until that time.
And so it combined the best of what each of them had done. And he was the
best production man, and so that immediately the success was really unprecedented.
I have forgotten how much, but he told me that in the first three months of
existence, they made a lot of money; these were the days before heavy income
tax, and each partner got a dividend of something like a hundred and fifty
thousand dollars there for three months in business; it was a huge success.
But during his frequent absences the partners stole from each other, absented
themselves from business, argued, bickered; each one had some sort of retail
business going on and, they felt that this was a business which was like the
goose that laid the golden egg, it would just never stop, and of course when
1930 and 31 came along with the Depression, things changed radically in the country, and the partners didn't change. Their habits remained the same as they had been. And my father found himself with an unruly group of people on his hands. With partners that really were fairly well heeled by this time, and weren't really very much interested in working. All of them with the exception of Teddy and Frank Becker were considerably older than himself. In 1929, he was 36 years old, 36 or 37 years old, the others were all in their 50's, some in their early 60's and they didn't have the zest for facing a tough battle. Mr. J. S. Becker was very very much involved in trying to cover his own problems in his extended real estate holdings, and as a matter of fact finally was forced to go into personal bankruptcy. All of the partners had endorsed some of his notes, some partners endorsed more of his notes. My father was caught short having endorsed a great number of Mr. Becker's notes, and was really pauperized overnight in the second wave of the Crash, I guess, about 1930. The company disbanded; they did not go into bankruptcy but they disbanded, and my father began a very small business in 1400 Broadway, known as the Victor Dress Company. It existed for about 2 years until he was approached by Mr. Lou Hollander who was a very important figure in the embroidery business, which in this industry, has from time to time been very important...at that particular time, in the business, embroidered dresses, lace dresses, anything that would be produced with the aid of Schiffli embroidery, was extremely important. Mr. Hollander was one of the most important people in the embroidery business, not from the standpoint of size of his company, but the quality of his company, and the quality of his work. Mr. Hollander approached my father and asked him if he would join the company called Alexander S. Gross, and Company. (OVERLAP) They were in 498 Seventh
Avenue, and had been having great difficulties in paying their bills owing
Mr. Hollander a huge amount of money, for those times. Mr. Hollander felt
that, if my father would join the company as a full partner, he would, on my
father's signature, continue to extend credit and help the company out until
such a time as my father could possibly turn it around. My father was able
to do so and Alexander S. Gross and Company maintained a very active business
until 1939 with my father as president of the company. In 1939 my father
for reasons best known to himself, decided that since his two boys were
graduating from college...

Q. We haven't gotten to your story yet.

A. One from college, and one from law school, he would prefer to
have a business of his own where some day he might be able to involve his
sons. My father was always a planner, and a dreamer. And it is hard to
know where the one started and the other left off. But he left this very
successful business where he was a full partner and owned 50 percent of the
stock, and had a fairly safe and happy life, to form a new company. He chose
at that time also to form this company on a non-union basis, because he had
the vision to see that something could be done with the very cheap factories
in Pennsylvania and in New England that were making house dresses and that
were making cheap dresses for Penney's and for Sear's. He always had a
very simplistic way of looking at the industry. He felt that if an
operator knew how to sew straight seams, that that operator could be taught
to do many things - that the differences between a cheap garment and a better
garment largely lay in the instruction given to the operators and the other
people who worked in the factory and the amount of effort that the people at
the top wanted to make for bettering their product. Accordingly he started
a firm called Filmont Dress company.

Q. Spell...

A. F I L M O N T. And, we operated factories, I say we because at that time my brother George and myself joined the company. This was late 1939, we began manufacturing in Pennsylvania, in shops which up until that time had not manufactured anything higher than a two eighty-seven and a half dress. Max Welsen was the king of $2.87½ dresses which later became $4.08, which later became $6.75 and so forth, and so on, as they increased in price. $2.87½ was an odd price for a dress.

Q. And where did he have his showroom? Your father?

A. The showroom was in 498 Seventh Avenue.

Q. It was?

A. And we manufactured in the factory in Pennsylvania which had never manufactured, as I said, anything better than a $2.87½ dress. But we changed the manufacturing around; we hired a very knowledgeable forelady from Nettie Rosenstein, who was not only knowledgeable about manufacture but knowledgeable about fashion, and fit, and who was a very marvelous person, whose name was Nelly Lorenzo. And installed her in a factory in Lehighton, Pennsylvania where she....

Q. In what? Where?

A. Lehighton, where she supervised the work for possibly 60 people, and, began to instruct the people on what better merchandise should look like, how it should be manufactured, how it should be stitched, how it should be handled, how it should be cut, how it should be pressed, how it should be treated. I can remember her putting every dress on a form, and criticizing every dress, as it came to the foreman...this was the beginning of section piece
work... up until this time in New York only complete dresses were made by operators, each operator made their complete dress.

Q. Throughout the industry?

A. Throughout the industry. And this was the very beginning - the beginnings of section piece work which had been done only in house dress up until that time. Where people did only a section, this was unheard of in New York.

Q. This applied to the sportswear industry...?

A. The entire industry in New York was built upon complete garments, even the blouses were complete garments....

END OF TAPE 1 SIDE 1
Q. ...Section work... I wish you'd repeat that...

A. Section work was a concept that was developed mainly in the middle western factories, like Kansas City and San Francisco. Nelly Don of Kansas City was a great section work concept, and it spread eastward... the factories in Pennsylvania...

Q. Excuse me. Those firms were... just made....?

A. They made very classic house dresses, or house dress types... Hoover aprons, house dresses. What's the firm, there's a business that makes them, makes these, has a trade name for them?

Q. Swirls?

A. Swirls. These types of things were made by section piecework.

Q. But in New York...?

A. In New York...

Q. ...The sportswear, dresses, coats and suits... everything was made...?

A. Everything was made as complete garments.

Q. Until 19...?

A. In the thirties... as we emerged from the depths of the Depression... when people... when labor was the cheapest commodity that we had, either union or non-union, it made no difference, labor was very, very cheap in the early thirties. With the coming of the NRA in 1933, the unions were given a new life. At that time, the ILGWU had been down to less than 10,000 members. There was really nothing much they could do for their members. But with the coming of the NRA, and the forming of the manufacturers' associations to deal with master agreements with the unions, the unions got a new lease on life. They began to get more demands of theirs worked into the contract. As a result, labor began to become
more of a factor in the cost of manufacturing. In the early Depression years, labor was really not much of a factor, because people would work for any price as long as they had work. With the coming of the new union contracts, there was an eye toward some sort of labor saving devices in order to get around the higher and higher prices one had to pay for sewing a dress. All dresses were figured on a stitch basis, and the union had certain prices for each stitch or each seam or each operation for each price line, and each priced the same stitch at a different price line. If one had a dress at $8.75 and made the very same dress and priced it at $14.75, the prices they were working on were different, because the operation was considered to be in a different price bracket. And so, people began to cast around for a way to reduce the effects of the union demands on the price of labor. Also, there was beginning a scarcity of good operators who could make a complete garment.

Q. Because most of them had been European...?

A. ...Those were the types of immigrants. There still were a great many Europeans. There were new people coming into it...coming into the industry. The first time... I remember seeing Black operators in a shop. Their skills were not quite as good as the skills of the Italian operators or the Jewish operators, so they were relegated to less important scale insofar as they type of work that they made. Every factory had its own traditional background that the union upheld. Some factories were permitted to make their hems and the cuffs of their sleeves by machine -- by felling machine. Others were not permitted to, only because of the history of the factory. They had to have hand finishers to support this, so that you worked for all crafts, and this was maintained, and the differences and the inequities within the same price brackets were great. And, as
usual, in these kinds of situations, there began an exodus from the center of activity, so as not to become a target; so the industry spread to New Jersey, where things were a little easier, and spread finally, to Pennsylvania and to New England, but Pennsylvania and New England were largely making very cheap dresses, coats, children's wear, outerwear, and it required an enormous amount of planning and teaching to develop factories in these areas that would make merchandise that could compete with the kind of merchandise that was being made in New York. Even pressing...pressing was more or less an art in New York factories. Many, many parts of a garment were underpressed two, three or four times as an operator worked. They stitched the seam and they underpressed that part, and went back to stitch some more and underpressed again. All of these operations enhanced the finished product, whether it be a dress or a coat or a suit. All of these continual touches enhanced the beauty of the garment; brought out the bloom of the fabric; made a contour possible, where, perhaps, only a top pressing could not make that contour possible. All of these things were incorporated in the New York style of manufacturing dresses which were...or coats...which was to make a whole garment. The first industry really to become more or less sectionalized was the skirt industry, which found it very simple. There were people who joined seams and people who put on waist bands...

Q. This is late thirties?
A. This is late thirties. There was a natural division of work. Then it became...as zippers became important...it became obvious if one person just did zippers, that person would become very proficient at sewing zippers, which was a difficult operation. And operators welcomed the idea that they would no longer have to fuss with putting in zippers. So they welcomed the idea
of having a zipper person in the factory, just sewing in zippers -- who, by the way, became shortly the most highly skilled and highly paid worker in any factory. The zipper sewer was the most important and most highly paid worker in the factory. Pressers became very, very important, as the underpressing became more and more frowned upon. Operators did not want to waste their time walking to the pressing board, in between stitching, because they worked essentially on a time basis, even though they were paid on piece work. Their work on piece work constituted time work, as far as they were concerned, and so they tried to underpress less and less, putting more of a burden on the pressers, until pressers began to have two kinds of fees: they were paid for underpressing at one price, and paid for pressing at a different price, as they assumed the underpressing role from the operator. But garments were still underpressed. Out of town, in the out of town factories, there was no such thing. Garments were made complete, they were subjected to a kind of institutionalized kind of pressing operation, and consequently they really never looked like anything more than what they were -- very low end and very marginal kind of sturdily made shirt dresses or sturdily made hoover aprons or sturdily made dresses of that caliber. With the advent of the forties, these factories began to make a little better and better garment. My father was one of the pioneers in seeing that this could be done. He didn't make any money at it, because we lost the business, due to the fact it was very difficult to operate non-union in the first place. In the second place, it was the era of great problems, just prior to World War II. The economy was not particularly stable, and in the spring of 1941, he had a very serious accident travelling from a factory in St. Johnsville, New York to a factory in Lehighton, and both he and my brother were injured, my brother seriously, and shortly thereafter....
Q. Was that Reuben or George?

A. George. My older brother. Shortly thereafter, we left that company. Some people had come in and offered to buy it and we practically gave it away. And we left that company...

Q. Now I think is a good time, Bill, for us to go back to when you and your brothers were born and how you grew up, and then we'll be back at the point where you go into the business. Okay?

A. Well, we were born at different times...George was born in 1915. My parents were married in 1914, and George was born in 1915. My parents then lived in Williamsburg. My father was working as a cutter, as I said, and he had a fairly good income for a blue collar worker. My mother had worked prior to marriage, and she was a good writer. She was a good musician. But she was not a very good worker. And she had stopped working when they had...My father did not marry...Would not permit himself to marry until he had brought over his entire family, which he did, in 1913...1912, 1913... He brought over his father, mother, three sisters and a brother...four sisters and a brother, and installed them in an apartment in Brooklyn. My mother's parents, also, lived in Brooklyn. My mother had six sisters and a brother, and all of the children worked to support the household, so she was not free to leave her work too early as well, because everything she earned was turned over to the total family needs. My uncle, her brother, was a student at the School of Pharmacy at Columbia University and all of the girls in the family worked to see that their brother got his degree as a pharmacist. So when he finally received his degree, which was in 1913 or 1914, was the first time my parents were able to think of themselves and think of what their future was going to be. They had known each other, at this time, some five years.
Q. But your father was still pretty young?

A. He was still very young. He was still a young man. He was 21, close to 22 when he married. And George was born in 1915. Shortly thereafter, 1916, 1917, as soon as my father went into business and things became a little more prosperous, he and an uncle bought a two-family house in Flatbush, and I was born in that two-family house in 1919. As we went up the ladder still further, we bought a one-family house in 1921 in Crown Heights in Brooklyn. My younger brother, Reuben, was born in Crown Heights, and was possibly the...those were the "rich" years. They were the years that things rolled fairly well, and we knew very, very little of what went on in the business except that once in a while we came in on a Saturday and were treated very sweetly by the people who worked there. People worked on Saturdays in those days...by the girls in the office; by the girls in the stock room. We knew most of the people that were involved in the company, but we were really not too aware of what was going on.

Q. Did you work in the business at all when you were in school?

A. No. I never worked in school. My father did not believe in bringing the business home. We had dinner together every night. We talked of world affairs; we talked of music; we talked of other things....Culture was...The house was a house of culture. My parents were both cultured people. They both continued their education as much as they could. My father went to night school when he was single, and my mother went to night school. My mother was proficient in languages, and she had had a good education in Europe. She had finished Gymnasium, which was very unusual for a girl from a lower middle class family. And my father did not have as good an education. My father was very,
very well self-educated. He continued to read all of his life. He was a very avid reader. He understood what he read. And I've felt he had the soul of a poet, because he had truly poetic feelings. He wrote...he had a voluminous correspondence all of his life with many, many friends. Many of the letters we still have. My father, by the way, taped 12 hours of tapes of his early reminiscences, of his early life. My parents, as I said, were involved in cultural things, and involved us in cultural things. They were involved in politics and were part of the early Socialists. My mother's family had been involved in the Socialist movement in Europe, and this carried over and consequently we were involved with groups of people who were among the early Socialist Jewish intelligentsia, in New York, instead of being involved with people who were of the more commercial world. My father would not join a golf club. Even though he was a charter member of Fresh Meadows, he gave up his membership after never having gone to the club. He did not believe in that kind of life or the kind of people who lived in country clubs. His life was more important than to be lived in country clubs. And so, although we had a fairly wealthy upbringing - we had help in the house; we had a chauffeured car; and we lived in an area where this was common, it was not uncommon; almost every house had a similar entourage. We were not at all permitted to think of ourselves as "people with money." We were permitted to think of ourselves only as good as what we could produce, or as good as what we could understand or contribute to the way of culture or the way of things which were important in the world, through the use of the intellect. Not through things of worldly goods. So, our first taste of business really came up much later in life. We did little odd jobs, but not for my father. And, as a matter of fact, we had
a "combine." The Rokeach brothers, from the Rokeach family, who lived next door to us. And we had a combine. We shoveled snow together and pooled our tips, and we did odd jobs around the neighborhood, and pooled tips and we all shared, and they were probably the richest people we ever knew, and we got a lesson from them. Mr. Levi Rokeach, who was their father, and the son of the founder of their business, would give each of his sons and his daughter 25¢ a week as their weekly allowance, and anything additional they wanted they had to earn themselves. This was a weekly ritual which was performed on the front porch of their house, and we were all witnesses to it. And my father learned from Mr. Rokeach, and he performed accordingly. And so we did not have... We were not really spoiled kids. We understood that working for a living was an important thing and we were taught to have respect for working people. We were taught that the man who stoked our furnace, who was a general janitor for all of the row of houses on our block...

Q. This is still in....?

A. In Brooklyn...was to be called "Mr." Matthews. The fact that he was black, because he was dirty from the coal that he had been working in; the ashes did not reduce his stature as a person. And so we received our lessons at home on how to be human beings, which was the most important thing to my parents. When I was in college, I was very active in extra-curricular activities. It was the era... We were trying to emerge from a terrible Depression era. I went to City College in New York, and most of the people who went to City College at that time were children of working people, working parents, blue collar parents. Many of them not only had to support themselves through school, but had to support their parents while they were
going to school. Life was very grim at City College in those days. And some of us were tapped by the administration to try to bring some lightness, if possible, into the picture. These were the days of the strikes... Student strikes... The beginning of the student strikes and the sit-downs, and the terrible anti-war demonstrations and the terrible manipulations...

Q. This is in the late thirties....?

A. Middle thirties... The total manipulation by the Communist party of the people who had Socialist persuasions, and the manipulation of the City College campus... really by the Communist party, the Communist cells in the school. Things were kept at a very grim level, and some of us tried to lift the school, and we were successful. There was something that was called the "house plan" that started when I entered school in 1934, and Mort Karp, who started them, and I have been friends to this day. And he did a wonderful job in beginning a life outside of the classroom. Still on the campus, but outside the classroom, for the students of City College. We had a house that we could go to and meet and have some sort of extra-curricular life, which led to my being extremely involved in extra-curricular affairs, to a point, perhaps, of neglecting studies here and there. But I became a big money-maker in school for those days, in running dances and doing all kinds of things. I ran a series of revival movies at the Polyneighbors theatre at 23rd Street. I had gotten friendly with the people at the Museum of Modern Art and borrowed the films, and ran revival films. And we did.... We had a piano player, and we did all kinds of things to raise money and to be able to get involved and to involve students in something a little bit beyond their ken. Also to have a little extra slush fund that could be loaned to students who were really in
dire need. It's hard to believe today, but there were times when $5-10 separated a student from being able to continue his work and work on towards a degree or having to drop out of college. And many times we had the funds and were able to loan $5, $10, up to $20 to students who were in a very bad way. There were families who were being threatened with eviction on their apartments. And we were able to save many students to continue their studies. One in particular whom I remember very distinctly became a doctor later. He went to medical school, through his army career. And he was able to get his under-graduate work finished and went to medical school and has contributed by being a community physician ever since in South Dakota, of all places. But has managed, and he's a community physician, largely among the Indians in South Dakota, and is recognized...the help that he got as a youngster, he's repaying. Many students were kept in school this way. So the work that we did, extra-curricularly, was not really frivolous. It may have sounded frivolous, but it really went to a very, very good cause, and things were uplifted and people did feel happier about themselves. There was a marked change. Students had been coming to school unshaven... it was an all boys' school; came to school unshaven, without regard for personal appearance; without regard for... Because it was just so grim. It was not important. And gradually we began to feel that we were more important people, and began to look a little better and act a little finer. It was a very good experience that I had, in seeing what, in a commercial way, could be done to help people in a non-commercial way. In 1938 I began traveling with the road men who represented our....the Alexander S. Gross Company, and I traveled in New England and the Midwest, to get my training for the business. My brother George....
Q. Were you out of college? No...

A. I was out of college. My brother George continued in law school. He went to NYU Law School after City College, and graduated in 1939. And as I said, before my father started the business, of Filmont Dress in 1939, George and I both joined...Reuben at this time (we are still very young) Reuben was 15 years old, going to high school, and from high school went into the army and served 3½ years with the Signal Corps, and didn't come back to this country until 1946, so all of those years Reuben was really not part of anything that was going on in the family, or in the business, except for what he heard or what he read in letters. George and I were actively involved in the business of Filmont Dresses until 1941. When that business was sold, and we left the business, George went into some form of legal work. I think at that point he began at that point a partnership clerkship in law. I got a job with my uncle Ben who had been with my father for many years. He had started as a cutter with my father in 1925 or 1926, when he got out of high school, and he continued with the industry, and he became a production man. And he was a production man for an old blouse firm called Heinsfurter and Wexler, who made Huxley blouses... And they hired me as a head shipping clerk in the summer of 1941; summer of 1940, I'm sorry. This is 1940. I missed a year. I worked for them about a year, and left them because I had... I was a free and independent spirit, and I felt that they were not very smart people; I felt they didn't treat their help properly -- myself included -- and I felt that they were not deserving of my devoting as much of my life as I had to them. I worked possibly 70 hours a week, and did many things for them which I had done in our own business, which they were unaware of the importance of, and felt
that they were not very bright people. They just did not absorb. It was also my first, my very first, exposure to the gangster element in our industry. I was ordered to buy supplies from certain people, which I refused to do. I was then called into Mr. Wexler's office, confronted by those people, and told in their presence that I must buy from them -- because I bought all of the shipping supplies. I refused to do so, and I told Mr. Wexler that if he wanted to buy from those people he could do so, but I knew of their reputation; I was not interested in being involved with them and I wanted no part of any involvement with them...that I knew where to buy proper merchandise at proper prices, and I was not interested in over paying for merchandise because of somebody's strength as an underworld character. That this meant nothing to me and I turned my back on it and walked. It was very embarrassing, but thereafter, Mr. Wexler bought all of the shipping....

Q. You stayed with the firm?
A. I stayed with the firm, but he bought all the shipping products. And I refused to buy anything from people who were... who wouldn't deliver the proper product or the right amounts. There was a common.... I guess it still is very common in our industry, attitude with these kinds of suppliers with the people who were the purchasing agents, was to either pay back a certain percentage for...on the purchase, or to present bills for non-existent deliveries, and to split the profits of the non-existent delivery. This was all an anathema to me and I would have no part of it and so Mr. Wexler continued to buy from these people and I...shortly, thereafter, found that I did not want to work for Mr. Wexler, or Mr. Heinsfurter any longer, and I left there with nothing in mind. I was pleased and flattered that they
offered me twice my salary to stay with the company, but I didn't do so. I
didn't want my uncle to be abused because of it. So I went down...in "498,"
they were all in "498," I went down to one of the other floors and there was
a firm called, the name of it I believe was "Sussex,"...it was Nat...

Q. Sheinman?

A. Nat Sheinman's firm. I knew his shipping clerk was very unhappy,
and so I went down to the floor where he was employed, and I brought him by
the hand up to Mr. Wexler, and I said "I'd like you to meet this young man."
I introduced him by name, and Mr. Wexler said "Why?" and I said "Because he
will be here on Monday, and I will not." And that was on a Saturday, and I
left on Monday, after installing a new shipping clerk with the company. And I
then left the industry. I decided I wanted out of the industry. I answered an
ad in the New York Times and got a job in Brooklyn working first as a
clerk-dispatcher and finally the manager of a "casualty and oil storage
depot in the section of Brooklyn that bordered along the canal -- Newton Creek,
which is part of the Gowanus canal. This is in the Green Point section of
Brooklyn. And I worked there from July of 1941... from 1940, I'm sorry,
until December of 1941. I was responsible for all of the inventory, because
the owner was a man who had asthma, and left for eight months to go to Arizona.
His son, who had a responsibility toward the plant, was of draft age, as I
was, and was involved...having studied engineering...was involved in some
capacity in a machine shop which manufactured goods for the army, and
consequently was draft deferred, and so he had no time to spend at the plant.
So Mr. Sevin, who was my boss, entrusted me... I made sure that business was
maintained at the plant in Brooklyn. And with the help of his accountant, I
maintained the business, was able to build the business, was able to service
all the customers. We delivered gasoline and oil to about 50% of the taxi cabs of New York in addition to certain service stations, and we stored oil for two small, independent distributors, so I was responsible for all of the ration coupons. I was responsible for a lot of things that went on; I was responsible for seeing that the taxi company rolled night and day, whether or not they were entitled to. That was my responsibility. And I discharged my responsibilities very well until December of 1942, when, again, I felt that Mr. Sevin having returned from Arizona, was not properly aware of the value the contribution made by his old-time employees—not by me; he had treated me very well. I was being treated extremely well. But his old time employees—very devoted to him; truck drivers; plant maintenance people—were being treated, I felt, rather poorly. And I made a request of him that he treat them differently. He turned me down, very imperiously, and so I told him that I was going to leave. He asked me where I was going. I had no other job. He said "Are you going back into the garment industry?" and I said "No." Because my father had just begun a partnership at that time with a man named Mark Jacobson, under Mark Jacobson's name. I believe it was just called Mark Jacobson, Inc., making dressy dresses, and I said "No, I don't intend to go into that industry, but I do intend to do something. Obviously, I can't do nothing," and, obviously, in the interim, I had been 4F in the draft, and I said "I want to do something to help the war effort, if I could." I left coupons for a million gallons of gas in the safe which I have saved up extra for my taxi cab people, which was worth quite a few dollars. It was interesting that about a year later there were two hold up men who were shot attempting to open this safe to get at these coupons, not knowing that I had provided, in a back room, six desks
where there were six policemen who customarily spent their night time tour of duty, having parked their cars behind the gasoline and oil tanks. They were apprehended, trying to rifle the safe. But I had left over half a million gallons of coupons there for the company to be able to manipulate, to be able to stay in business, to be able to feed their customers properly with supplies. Again, I was very pleased...He, again, offered me twice my salary, or three times my salary to stay--I forget which it was--and he finally offered me a partnership, not only in that company but in his older son's liquor store in New Haven, if I would stay with the company. I left, and went to visit my brother George, and Steve Vladeck my closest friend, who had moved to Washington and were living together in a rooming house. Steve had gone down to take a job with the War Labor Board, and George had come out fourth or fifth in the test for government attorneys but had not been placed, and so was trying to support himself in a number of ways. I went down to visit them for a weekend, after leaving...I left my job just before New Year's Day, and I went to visit them the week after New Year's, and while visiting them...

Q. This was 194--?

A. 1943... The beginning of '43; January of '43. I visited with a friend who had, strangely enough...he had been a worker at the Rand School in New York, which was a socialist school, and he was working for the automotive division of the War Production Board. I went to visit him, he asked me what I was doing. I told him I was between jobs. He asked me if I would contemplate taking a job with the War Production Board in the automotive division, since I had this experience with trucks, with gasoline, with oil, with all these things that had to do with something to do with the automotive division, which had complete say over the manufacture of everything that rolled--including airplanes,
tanks, etc. And so I said yes, I would be interested, and I was introduced to the personnel man, who asked me if I could start that day. I went home to New York, got some clothes together, and began to work for the War Production Board. And I was assigned to the new plan that had been used in England called "The Controlled Materials Plan," which had to do with controlling oil, the critical materials heavily used in the war effort for any purpose. The automotive division was the largest user of copper, steel, etc., etc., so I became head of the accounting section of the War Production of the automotive division of the War Production Board merely because I was the newest employee and nobody else had the time to read the manual, and I, having just been hired, had time to read the manual, had a background in accounting, and...although it was not my major in school I had a background in accounting, and became head of the accounting department. I remained in that job for a little over a year until February of 1944, when the war effort was largely done, and I tried to leave the government to go into the retail business. I had a vision of low priced...not discount...but designer clothes and moderate priced clothes, at inexpensive prices, to the average person -- not stores like Klein's or Ohrbach's--but a nice specialty shop, one of which I had already picked out, the second floor above the theatre in Washington.

My brother was very friendly at that time with a real estate agent for Warner Brothers who owned the property, and I was all set to go to New York and begin in business with this concept I had of the reduced price better store. And when I came to New York I found that my father and my uncle were contemplating going into business...had just begun a business...and my father was not well. He had...he had always had...to my memory...always had gout, but his gout had acted up in a rather crippling way, and he was not well at all. And my uncle
appealed to me to join the company, which was a very new company, in which they had invested very few dollars. We had all scraped our money together. George had put up some money he had gotten as a result of the accident he had in Pennsylvania; he got a settlement. And we had borrowed money. And then the accountant for the company that I had...the gasoline company... had appeared on the scene, and had offered to lend money, at the usual usurious rates, and all of this money was put together to start this very little company called "The Lory Dress Company," at 101 West 37th Street. It was a company that we bought... The brothers "Lager," who owned the company, were both drafted into the army, and they sold whatever they could sell...the fixtures and showroom, and good will, for a few thousand dollars, which we bought on time payments from them, and began in business.... The reason for buying an existing business was that the "OPA" was still in existence and there were rules and regulations as far as the prices one could have and as far as the profit one could make on those prices. I had worked on the application for Mark Jacobson, which was the previous connection. I had seen to it that Mark Jacobson had marvelous price brackets and marvelous mark up practices, because I was schooled in government applications and knew how to handle it. But it was very hard. Going into a new business, one would be relegated to only making fringe items, so it was wiser to buy an existing business, which we did. We had 800 ft. of space at 101 West 37th Street. We had a large cutting table, two or three racks, a tiny little office showroom, and that was it. And we installed a designer who had about the room to sit on a stool and sketch, as her total domain, and my father and uncle cut samples; they were both adept at this. And I sold and shipped. I had one girl who was a bookkeeper, and one person who
packed and took care of all the other errands, and when he was out, I did that as well. And we began this small....

Q. Do you remember what your total capital investment was?

A. The total capital investment was $9,000, and it did very well. It was $9,000, and shortly after opening the business the $9,000 was no longer in existence. And I would believe that we started in... the business started before I got there, because I couldn't separate from the government. It was very sticky, separating from the government at that point. They threatened me with all kinds of dire consequences were I to leave the employ of the government. I finally got them to agree to let me leave the War Production Board because my job was largely over. We were over producing at this point, to a tremendous extent. We were trying to cut back...we were giving civilian production every boost we could to get them to use the critical material, which until that time had been solely used for the war effort. We had 10,000 employees in the automotive division, mostly all of whom worked for either General Motors, Ford or Chrysler, who were to go back to their jobs as soon as the war was over, and they were all marking time. I did not feel like marking time. So I tried to leave. I was told I couldn't leave; I would lose my accumulated pension pay, etc., etc., and I told them I was not interested I just wanted to move on. And they finally insisted that I interview with two agencies--which I'm very happy I did. I interviewed at the Office of Defense Transportation and met some very interesting people -- Mr. Johnson, who was the head of the agency -- became the head of Johnson Motor...one of the trucking companies in the business. And then I interviewed with the Office of Strategic Services.... The Office of Science... I've forgotten what the name was now, I just don't remember.... OSI, or something.... At any rate,
Mr. Busch, Dr. Busch, who was the head of it, and he was a predecessor of N.A.S.A., and he was at that time the head of it and the sole employee. And I was to be his deputy. And it was...the hour that I spent with him, in an interview, was possibly the most exciting hour of my life up until that point or possibly thereafter. This was a man of enormous vision. Really gargantuan intellect in many directions, particularly in science, and in the total space concept. Which, if you think back to 1944, was a little bit distant. But he foresaw all of the accomplishments, as though they were already done. As though the trip to the moon were already finished. What comes after that, was his concept. He had very little patience for people who didn't have long and true vision. He'd been honored by several prizes... He was a very well known man. I had a really pleasant interview with him, and I convinced him that it would be a terrible blunder for him to hire me, and it was on his recommendation that I was permitted to separate myself from the government and came back to work in the garment industry.

Q. At Lory?

A. At Lory. We called ourselves "Lory Dress Company," and that was a misses dress company that we inherited. We introduced a junior line called "Barbara Page Juniors," and we began to manufacture junior dresses just as soon as I got with the company, because what we had been manufacturing were very old looking clothes. I didn't think they were right for the times. I felt the trend was going to be that the minute the war was over, all the young people would be out to buy. There would be a whole trend towards junior clothes. Juniors were a rather new innovation. They had started, really, in the early thirties. There was a firm called "Judy and Jill," which was the first junior company. "Arkay Juniors," which came later on, which is where
Anne Fogarty was employed, was the first firm to have the so-called "A,B,C" junior pattern, followed shortly thereafter by R & K dresses, which made a moderate priced, really older garment, with an A,B,C, pattern, who called themselves "junior," but they really were what we would call petites today. "Judy and Jill" was a junior coverage; a junior concept throughout. And we began in Barbara Page Juniors a very young, sophisticated look for...

Q. Were you still tied in with OPA at this point?
A. No, I had left the government.

Q. No, no. I mean, with the industry...was the industry still controlled by....?

A. It was controlled until the end of '45. So we manufactured within the price bracket permitted. We were very honest with them...within the market we were entitled. We didn't sell any goods on the black market; we didn't buy any goods on the black market.
A. Something was started by the government in 1945, I believe, to encourage manufacturers to make less expensive dresses so that there would be more inexpensive goods available to the consumer since so many people were only making the very top price they were permitted to make. The dress that was a popular dress at that time was a $9.95 and $10.95 retail garment (and you must remember, this is long before inflation). Prices through the war kept up to pre-war, which was more or less depression pricing. This had been a very important price bracket for the department stores throughout the country. The most popular kind of store, which were the dry goods type stores... They had not been able to buy anything in their regular price brackets. And so the government encouraged all manufacturers, if they would make dresses for $5.75 to retail at that time for $8.95 or $9.95, if the store had an extended markup, there would be special allotments issued, which manufacturers could then use to place orders with mills, these were priority goods, to be released for the express purpose of making $5.75 dresses and less. These special allotments were traded, since people did buy the goods intended for this special program, and cheated on the special programs, but there was quite a flurry of less expensive goods bought and used for this program, and we were part of it. My brother George, at that time who was practicing administrative law in Washington, as well as beginning to start a practice in New York, became involved with this program and represented manufacturers in Washington, filing applications for a number of the better known, more important, moderate priced New York manufacturers. Firms like Ginsberg & Abelson, R&K... just names that come to mind..."Glass & Co." were the important firms in those price brackets. We, as well, had allotments and did make considerable numbers...
$5.75 dresses...as Lory Company...and sold them mostly to large department stores and to jobbers, because we did not want to confuse this with our regular business. Our regular business enjoyed a very exciting upturn in the fall of 1945, when we made a promotion of white...winter white Jersey dresses, that were soft and trimmed with gold sequins. This was something that my father had worked out with his knowledge of the embroidery business and his knowledge of how to use knit fabrics successfully, and with the close cooperation of Lebanon knitting mills, who were our very good friends, we developed a lighter weight, 100% wool Jersey fabric, in white and pastel colors but mostly in winter white, which was pure white without blemishes or hairs, and on which we had Bonaz embroidery, made with sequins that were on a continuous thread or a continuous yarn, and could be maneuvered into designs. We advertised....That was the occasion for our first national advertising, in Glamour Magazine, and we received 13,000 responses to a full page ad of two dresses....

Q. What did the dresses retail for?

A. They retailed for...one for $22.95 - which was $12.75 wholesale; and one for $24.95, which was $14.75 wholesale. These dresses were made in New England, and I remember our original cuttings were 4,000 or 5,000 of each, which was unheard of number for us to be cutting at that time. We wound up with something over 35,000 pieces on these two styles. They were in such great demand, that when they arrived in our stock room on a daily basis, a lineup of customers was waiting to grab whatever was available, whatever size was available...it was a phenomenon. And we had gambled so deep that there was no time for anyone to copy us, to knock us off, to make our lives miserable. And we did, as I recall, we did half a million dollars worth of business in one
month on these two styles, and really projected ourselves firmly into business, both financially and insofar as the image with the consumer and with the stores.

As far as the consumer was concerned, with the enormous response that we had, this was proof positive that we had caught the imagination of the consumer. And so the magazines began to hunt us down for fashion credits and for their own editorial material, all of which helped us immeasurably. It also brought us to the attention of the more important retailers, and gave us an entree to continue into new fields.

About this very time, there were changes coming in the world of fashion anyway, and we had developed, through our blouse business, we had developed a concept of going into a blouse business -- we had not as yet gone into it. We had talked about it, and Ben Thomas, who had been...who was a partner in Lory Dress Company, and who had been a production man in the blouse industry -- a firm called Heinsfurter & Wexler in the early '40s -- was very, very anxious that we promote a small line of blouses. We had no fabrics that would suit themselves for blouses, except for a very small allotment of crepe, which we received on a monthly basis from Celanese.

Since my father had been Dr. Dreyfus's first customer, and Dr. Dreyfus was the founder of the Celanese Corporation...and guiding genius and its inventive genius... He had come to America in the early '20s with the concept of acetate fabric; rayon and acetate fabric which had never been made before. It was a strange phenomenon. It required a whole new set of values. For example, the normal heat of an iron would make this fabric disappear: Actually disappear into thin air, it was quite an ordeal to teach people how to handle the fabric, which had no natural attributes. People were accustomed to silk or cotton or linen, and this was the first man-made fabric. And my father having
always had a deep interest in new things, and a deep interest in the creation of additional markets, was willing during the early '20s to experiment with Dr. Dreyfus in new developments.

He became, through the years, the most important customer for Celanese fabrics, particularly in the '30s, when certain styles in Celanese fabrics, in crepes -- at that time Celanese was both a yarn producer and a fabric producer. So these crepes were confined to him. Colors were put in especially for him. Yarns were held at the mill especially for him. It was a very close working relationship. However, when he went out of business and then came back into business -- during that hiatus -- the company had...the Celanese Company had developed new customers. The war years came along and everyone was immediately oversold, they based their allotments of fabric on the usage by the manufacturer during the years of 1941 and 1942, when my father was not in his own business. And as a result, he had no background with any of his suppliers. But it was particularly difficult for him to face the fact that Celanese did not have an open door for him. And so, he accepted what they offered him, which was a small allotment of crepe called Alluracel crepe. They named all their fabrics after Celanese. This was "Alluracel" crepe. "Alluracel" crepe; "Crepe Amazing," their Prospector, which was something which was made in the suit industry. They were the first unlined suits and Handmacher was the maker of the Prospector suits. The Prospector fabric was confined to him. This is usually the way things worked in those days. "Crepe Amazing" was confined to a few blouse manufacturers and a few shirt dress manufacturers. And "Alluracel" crepe, also, was confined to just a few people. We received a small allotment, which we very jealously guarded and more or less hoarded, and so late in 1945, we had accumulated
several thousand yards of "Alluracel".

With this mighty start, we decided we would launch a blouse division. A blouse division was launched with four blouses in wool jersey, based upon the styling of our dress tops, which was a whole revolutionary concept in the blouse business at that time. Blouses were more or less shirts or jewel necked blouses, or laced trimmed blouses. These were styled dress tops. My father being as inventive as he was yet again, determined that instead of sewing the bottoms or making hems on the bottoms, he would devise a binding, which was sewn to envelop the bottom. It formed an inch and a quarter to an inch and a half finish. So that the top could be worn outside a skirt or inside a skirt. It gave great versatility to our blouse tops, since they were like a combination of sweaters and blouses.

Q. Were these made in a separate division?

A. These were made in a separate division -- which we called Susan Thomas. Susan was born in January of 1946, and we had this little department ready to go and we decided we would name the department after Susan, she being the first grandchild of the family. And so we wrote out.... I wrote out "Susan Thomas" in script and gave it to a label man who copied that script, and that is how Susan Thomas was born. We showed this line the fall of 1946, of four or five jersey blouses and two crepe blouses. We got a very slow start, and finally did succeed in selling some blouses. No one wanted to buy jersey blouses, but we could not sell just a crepe blouse. We had such a limited amount of crepe. We had many people coming in and offering to buy our entire production of crepe from that day on forward until eternity, but since we only had a very limited supply of crepe and could go no further, we refused this type of business.
Lerner Stores was anxious to adopt whatever we did and buy us out; many of the department stores wanted to do this. But we wanted people who understood what we were driving at, and the one blouse department that we really wanted was B. Altman's main floor, because we knew that they had a great reputation as honest merchants; it was a wonderful store in that the customer related to it; it had great credibility; it had good, established customer traffic, and we wanted that main floor department to buy from us. The buyer, who had been there for many, many years, was just at that time released by the store in a great scandal--and this was a shock, since this was all a new kind of thing in our industry. I believe this was the first such public dismissal that we were ever aware of.

A young lady, who had been an assistant in the East Orange store of Altmans, was appointed to be the buyer. We contacted her, and we would not accept an order from any other New York store and did not solicit any other New York store until we were able to show her our merchandise. She responded, after seeing the line, by buying two dozen of each number of our jersey blouses, but she bought them with great enthusiasm, with a great desire to test and to deal, and we gambled on her enthusiasm, and actually cut many more than the two dozen. And the two dozen were shipped to Altman's, and it was a sensation. They sold out in minutes. They reordered. They couldn't keep them in stock to satisfy the demand of the customers. We unfortunately lost our crepe fabric, because it disappeared in a flash fire one morning. Some of our customers, who had both crepes and wools from us, did not believe that we had really lost our crepes, and we lost orders and accounts. Some accounts never came back. Twenty five years later, they held this incident against us, thinking that we had attempted to steer them improperly.
But Altman's developed into a tremendous customer, and Lois Greenberg, was really our mentor and our...the first person to recognize the value of what we were doing. And although she was young, she had the backing of the people in the store. The people in Altman's were very unusual people. They gave great strength to each other, and they were all greatly interested in each new development. And so not only did our merchandise manager, Mac Sentlowitz become involved, but all of the branch people became involved -- Leonard Gates, Keiler, all of them became involved. And we were like a new darling in the store. Within a very short time we had our own department on Altman's main floor, and this was really the beginning of the development of Susan Thomas, because with our own department, we could experiment in whatever direction we wished to. We had our own showcase, which very few people had. There were not at that time more than possibly 15 manufacturer departments in this country, and we had our own showcase in possibly the most credible store in America, followed shortly thereafter by our own department in Neiman-Marcus along the same line, and our own department in Charles Stevens in Chicago, on the same lines as Altman's department. Then we were given our own space in the branch stores to merchandise, and our own budget to merchandise, an open budget to work against. So that we could assist in planning our own increases, plan our own mark downs, plan our own sales, plan reorders... At each branch store we had a person assigned to us who sent in weekly reports (this was before the days of IBM), who talked with us, who advised us, who helped us, gave us a customer reaction to things. We in turn imparted our knowledge to that person. We had, I think, the first working relationship with branch stores, that ever existed between a manufacturer and the branch operation of any major department store. Independent of the buyer. And independent of the merchandise people. On a complete one to one
basis. This really solidified the Susan Thomas move into whatever field we moved into. Which first became to have one skirt that would go with all of our tops. Then more skirts. Then blouses, then sweaters to go with blouses. Then coordinating completely skirts and blouses and sweaters. We have so many "firsts" in that business. We were the first to do "dyed to match" promotions. We were the first to do leathers and suedes that tied in with fabrics. The first to dye silks to rayons to linens. The first to use handkerchief linens for ready to wear. The first to do silks in a washable fashion. We continued on one first after another because the field was open to us. We were the innovators and everyone else was mired in the past.

Q. Bill, how, at this time, did you divide up the functions among the family members?

A. Well, about this.... Shortly after we started Susan Thomas, there was a rift developing between Ben Thomas....

Q. Who was a customer?

A. No, he was my father's brother...my father's younger brother.

Ben Thomas was considerably younger than my father. Seventeen years younger or eighteen years younger. He had been an employee of my father's from the time he was a young boy. He had come to work for my father in 1925 or 1926 as a cutter. He was a one third partner in the Lory Dress Company. I was a one sixth partner, and my father owned 50%. And the same proportions ran through the Susan Thomas Company, since it was all one corporate entity. In 1948 there was a serious rift, and at that time Ben indicated that he wanted to sell out. And at that time, Reuben had returned from his stay in India with the army. George was more or less entirely in New York practicing law, having given up his
Washington law office. And Reuben and George decided that they would like to buy Ben out, and would like to enter our business. So in the early part of 1948, George and Reuben entered our business.

My father, at that point, being a very, an unbelievably wise but very trusting person, divided the business up among his three sons and kept no stock for himself. Each of his three sons became one third partner. He had no stock in the company. He drew a salary and expenses. And times were not so fantastic that his salary was that great or his expenses were that great, but he had great faith in his sons. With him, and his sons by him, he felt that the world was his oyster. And the business was divided up among lines that seemed to fit naturally. He wanted Reuben to work with him, since Reuben was the youngest. And Reuben admired the things that my father did in production, and he admired his inventiveness.

Reuben said he wanted to work in that area, so Reuben worked in my father's area. First he became the buyer of our trimmings. Then he became more involved in planning production. And finally he became in charge of all production, with my father retaining an interest in production, but mainly from the viewpoint of the production up to the factory -- what went on from the design of the line, the interpretation of the design of the line, through the marking of the patterns and the making of the duplicate samples and the sizing and everything until it got into the factory -- the cutting, the markers, the cuttings, the savings of the fabric, this was his area. This was what he specialized in. And new ideas. New ideas in how to take our product into new areas and create new touches. He was a great believer in hand touches and handwork. He was a great believer in not living by the status quo. When we
decided to do some sport dresses, he took a skirt factory and divided it up so that half the people made blouses -- tops -- and half the people made skirts. And then two or three people joined the tops to the skirts. We had sport dresses at a labor cost of one third of what it would cost to make a dress. This was all very revolutionary at that time. Reuben, as I said, went into production, I took over sales, which had been my area, and I began to encroach on the design area as our business grew. My father dropped his stranglehold on the design area, and he began to release me little by little. But retained his, as I said, his inventiveness and his quest for new concepts. I also had... I had design; I had showroom; I had merchandising, and supervising the buying of the fabrics. George took over all matters regarding personnel, administration, finance...anything that looked like possible trouble. He was the greatest troubleshooter any business ever had, because he taught us how to work on this. He worked very closely in all the purchasing of piece goods and trimmings, since we were entering so many innovative areas, and had to buy so many things without recourse. Dyers would not dye to match unless we accepted full responsibility. He worked with dyers. He worked to develop special lighting fixtures that would enable us to judge in our premises and any premises of anyone we dealt with, exactly how colors looked. All used the very same light. He worked with GE to develop a special, special neon...special fluorescent bulbs, which gave us a new insight into color and to color matching. All of this fell into his area. Such things...even such things as the washability of things, and the quest for things to be done that were washable, because we were very intent on easy care in an era where easy care was virtually unknown. So, we wanted braids that were washable--which were unobtainable--George developed them. All...any area that looked like it had...that it needed work on, that it needed a solid,
logical, tenacious mind, in addition to the areas of credit and finance.

Q. And he took over all labor negotiations?

A. Labor...all labor negotiations. He became involved with the blouse association, and eventually became its first Vice President, and guided their labor negotiations on behalf of the blouse industry. He maneuvered so that we were always on very good terms with all of the unions we dealt with. We had dual membership, so we were able to work in many areas without coming under any one person's domination, which he very skillfully handled. Also, handling the -any problems to avoid trouble with customers, avoid trouble in purchasing...

In all the years that we were in business from the time that George joined us, we spent not one penny for outside counsel, with the exception of one particular... not a lawsuit, but legal matter that we had to take care of when a mill violated a long term contract with us. We retained a law firm. That was the only occasion where we retained a law firm. We never had an arbitration, and we were never in a court of law, because he guided us away from all the problems that would befall us.

Q. About how much volume are you doing in those days?

A. In the early fifties, we became a million dollar firm. Then a two million dollar firm. Then a three million dollar firm. Our goal, in 1951, was to do $5 million, eventually, which we reached in 1954 or 1955. This was a huge volume of business in those days. We had leased an entire floor at 498 Seventh Avenue, and were worried - so we subleased part of it, which we regretted immediately afterwards. We eventually used all of that space, plus we broke through to the next building and took over the entire building, at 218 W. 37th St., and so we had an entire building of six floors, each floor of which had some particular function in production. We had half of the fifth floor of 498 as well,
and broke through walls there.

Q. Was it still the rule at 498 that you couldn't have any machines or...?

A. No. In 498 at that time we could have sample hands. We did have samples. We had four sample rooms, or five sample rooms working at 498. We also took - moved our shipping to a building at 35th Street. George devised, really, very forward thinking methods of handling merchandise, and we eventually put our merchandise on two floors, either two contiguous 20,000 sq. ft. floors, and then we had another contiguous floor, which we used for our cutting department. So we had three floors at 370 W. 35th Street, and we had our headquarters at 498, and its adjoining buildings. Our volume in 1959 or 1960 began to climb towards the $10 million mark and by 1961, 1962, we had made our mark. We had a very, very comfortable balance sheet. We were very, very profit oriented people. we gave great value in our merchandise. This was essential. My father insisted that our merchandise always have value. He had a great fear of being accused of not giving the best value possible. And so we gave the best value possible, but we made a greater percentage of profit than any firm in business, because we were very, very chintzy on our overhead expenditures. We made a little bit of money go a long way. We paid our people well, but we didn't populate ourselves - or overpopulate ourselves - with lots of executives.

Q. When you say you made a good percentage of profit, would it have been as much as 10%?

A. We made 20% before taxes. Our overhead was somewhere in the neighborhood of 13%, in an industry that was normally in the 22-25% overhead bracket. Our percentage of profit was roughly 32-33% and some years as much as 35% after markdown, in an industry where the normal profit was 28%. So that we
had - we both raised the bridge and lowered the river, and are very proud of following both adages very, very adamantly. We spent long hours examining costs and finding ways to reduce costs. We spent long hours finding ways to improve the look of merchandise, and the value of the merchandise, without adding to its cost; adding to the price, adding perhaps a dollar to cost, and $3 to price. We were always on the lookout for areas to go into that would give us an opportunity to continue with our very, very good value, but to add a small markup beyond the norm. We also were very large buyers of piece goods in certain areas. For example, we bought in Irish linens, at any one time, all that would be available, from certain importers, achieving a price advantage that was possibly as much as 50¢ a yard. In days where linen was $1.60 a yard, we bought for $1.08.

Q. Does this mean that your divisions were run, not by a single individual, but by you and the others, overall?

A. Yes. All of our divisions were individually merchandised within the framework of one total merchandising scheme.

Q. Oh. Does that mean, for example, that when you opened a division like Vivo, which was later, I believe, did Vivo have its own head or were you...?

A. It had its own head, but its head worked under close supervision by the same people who supervised the Susan Thomas, which would be usually George and myself.

Q. And Adele Martin was the same way?

A. Adele Martin was the same way.

Q. So that one of the ways overhead was kept down was that you did not have many echelons of executives.

A. We had... As I said, we did not populate ourselves with too many executives.
Q. Were you at this time beginning to contemplate going public? Was that part of your thinking?

A. In '63, we were given an ultimatum by our accountants that either we... We prided ourselves on the fact that we did not borrow money, and maintained several million dollars balance in the bank.

Q. You did not use factors.

A. We did not use factors. We never used factors, except to buy from. We never used factors to factor our business. We handled all of our own accounts receivables. We kept a balance at times of $3½ or $4 million in the bank. This was a far cry from our start, on a very shaky $2,500 capital. We had CD's with the banks - $3, 3½ million. We bought very advantageously. And when we began using knitwear as an adjunct, we would buy almost everything off season, with enormous terms. For example, I used to buy lamb's wool yarn, a so-called fur blend yarn, at terms that were "two ten, net seventy, plus 270 days extra," which meant that we had 340 days to pay our bills. We would manufacture in full fashion sweaters on a continual basis, manufacturing off season. Manufacturing fur blends in October, November, December, January, until we used them the next July and August. We would pay contractors on a fairly loose schedule, so that they could be paid...they could be paid within, let us say, three or four weeks of their delivery. But that was the only expense we were accumulating. The yarn was of no expense to us until almost a year after we purchased it. And then we were able to finance.

Q. But you took great chances on things like colors....?

A. We took great risks. We reduced our chances. We shied away from certain kinds of things. For example, we did a large dyed to match story, but in all the cases where we did a dyed to match story, we manufactured all
of our goods in grey, and we dyed in packages, instead of dying the yarn. Even though sweaters were prettier with dyed yarn, we achieved our purpose and had better match, and better control of matching by doing our packaged dyed sweaters...

Q. This is after the merchandise has been manufactured?

A. It has been manufactured. First it's been manufactured. Then it is dyed in almost completed sweaters. Then the sweaters go back for completion and steaming and pressing, and so forth. We devised a method for dyeing quantities, that had never been done before. In huge nylon bags, so that the sweaters would not mix through a continuous stream, but were kept within a confined area. George had accumulated a lot of knowledge through the years that he was a retained attorney for the Kent Dry Cleaning Company in Washington. They were a wholesale dry cleaning company. He observed at close range all of the techniques used in dry cleaning and dyeing, and was, therefore, able to reinterpret those techniques for our needs. He kept a very close relationship with those people, and with the people who supplied the equipment to the dry cleaners, on the eastern seaboard. They were very close friends and previous clients of his, and he retained a close personal friendship as well as a close business relationship, and we were always involved in the very newest of equipment, which was developed for the wholesale dry cleaning field which far outstripped the developments in our own industry.

We pressed every garment that we shipped. We did not... Any garment that we shipped from the factory, that came into Susan Thomas, went through the rigors of being examined by an examiner. We had, at one time, 25 or 30 examiners working for us. It was then re-pressed - every garment was repressed, if it needed it or not. We had 15 or 18 pressers. We had live steam from the New York Steam Company, coming - we raised that through the building. And we had 15 or 18 pressers,
working with irons that were not available in our trade as yet. They were an experimental type of equipment that George obtained from people in the dry cleaning supply business. And we worked with irons that were 1½ - 2 lbs. in weight as against the irons that had been used in our industry, which were 10 or 12 lbs. And so we could work with women pressers, where other people had to have men because only men could handle the heavy irons. We were able to do very light touches where most of the other people were only able to handle heavy kinds of things. So we did many more things. We used the first usable linings, because these were things that we could handle. We used dry cleaners and spongers and finishes for all kinds of finishing to our fabrics before we cut them.

Q. Things were all done on your premises in New York before they went to contractors?

A. All done in New York.

Q. Do you remember how many people you employed in this kind of an operation?

A. Oh, we employed, I believe, about... We classified most of these people as belonging to our shipping department, because they were involved in the merchandising and shipping of merchandise from contractors. And I would think at one time we possibly had as many as 150, in this area of work. Most of them came to us as unskilled workers. But they became very skilled in the operation. Reuben, for his part, also kept pace by studying the very newest methods of manufacturing, which, in our line of business, was totally unknown. Most of the people in our type of business, were very lazy and very reluctant to accept new developments, and very much bound by what the unions imposed upon them. Unions forbade certain developments, certain new developments, to be installed in contracting shops or manufacturing shops. We managed to avoid all of these
controversies, and did, indeed, bring in everything that was new and proper for our kind of manufacturing, in the shops that we worked with. And if they could not have it, we put it on our own premises and did the work for them. So that we were always in the forefront.

End Tape 2 Side 1
Q. When we were talking a few minutes ago about the possibilities of going public, you indicated that in 1963 there was some discussion....

A. Our accountants advised us that we were liable to be held in violation of an IRS ruling, which had to do with the declaring of dividends in corporations which had an excess of liquidity, and we had not been aware of this situation, and it became painfully clear to us that we had to do something. We did not want to destroy our liquidity. We were doing about $12 million worth of business on an inventory of a $1,100,000 or $1,200,000, turning our inventory at least ten times a year; turning over our accounts receivable at least ten times a year. We were really on the ball business, and we couldn't see involving ourselves with investing our preciously won capital in some harebrained idea of expansion, merely for the purpose of avoiding a dividend. However, it was important because should we be forced to declare dividends, those dividends would be taxed at a rate that was confiscatory, and our dollars that we earned would come back to us at approximately 16¢, so we were very worried that this would take place.

And continual discussions took place until finally our accountants and consultants, whom we worked with convinced us that we should either go public or consider selling our business to a larger entity, either for cash or, more likely, for an exchange of stock, which would be to our personal advantage as far as they were considered. These were the sixties; they were the go-go years. The stock market was booming, and they felt that if we exchanged stock with some company that was a booming kind of company, we might have a very, very large portion realized on our business. This discussion went on for months, with my father very much in opposition, because he felt that going public was selling the
company; giving away something that we had worked so hard to achieve. We had an unusual situation. We were really leaders, by this time doing $15 million worth of business. We were really the leaders in our industry. There was no one who came close to us. Evan Picone, for example, sold out about this time — about 1962 or '63 — they sold out to Revson for some $9 million. They were doing like $10 million worth of business, and immediately when they sold out to Revson that business began to go under. In our field, outside of coats and suits, which had been the giant firms in our industry, but in our field we were the exception. We were really the prime movers.

People like Majestic went public and created an enormous pressure upon us, because they made so much money in the floatation of their stock; all of us in the industry became jealous, and we all knew that Majestic did not have any... They did not really deserve the attention that they got vs... as compared with our versatility and our potential of business. And so the pressure started on us, within ourselves and from our own organization on going public. These were the years when people went public so frequently. At about this time, we made the decision to investigate the possibility, and we talked to some underwriters, and in late 1964 George became involved in this chase. We had hired a wonderful man as our controller who became our Financial Vice President — Martin Steinman — he and George worked closely together. George began to talk to bankers and investment people and relayed all information to us. He was wonderfully communicative. Reuben was over his head with his work in the factories — we employed some 35, 36 factories by this time, working full time for us. We had approximately 35 or 40 cutters working full time for us, and Reuben really managed this domain extremely well, coordinating all the purchasing of trimmings and coordinating all of the merchandise. Because everything we made was coordinated
to two and three piece sets, with the exception of our Adele Martin division, which was dresses. Reuben really maneuvered this whole empire in his own fashion, and this kept him extremely busy. His headquarters were at 370 W. 35th Street; George and my headquarters were at 498 Seventh Avenue. So these conversations mainly took place between George and other people. I might on occasion meet the people, but most of the conversations would be with George, and those people and the outside people, and then he would report back to Reuben and to me, and to my father. And we would meet on each development and try to understand, because these were years when lots of things were developing that were new in marketing, strategies in Wall Street, and we had to understand these things. They were strange to us. We had been - people involved in merchandising in the clothing industry, not people involved in high finance. At any rate, we finally met underwriters that we were very - that we felt we could trust. Very reliable and respectable people - Drexel & Co. of Philadelphia - originally part of J. P. Morgan combine, and they brought in the people who bought for them, part of William R. Staats who were great merchandisers, and had great retail interests.

And with the help of two outstanding gentlemen, one in each of these firms, we, with our own inside group, prepared the ground work for going public, which was accomplished in May of 1965, at a price earnings ratio of 16\frac{1}{2}:1, based on our latest - our last figures. And this was an outstanding price perhaps the highest "EE" ratio paid at that time, and presented in the market by two very respectable, responsible leaders of our group of underwriters, and they had a very respectable group of underwriters with them. The Morgan bank was involved, and we were really in a highly respectable, responsible area. We had retained the services of Stroock, Stroock, & Levan for public offering. They were a respectable company. We needed further legal material because we
had begun a process some years before, whereby the children in the family were partners in a small company which supplied Susan Thomas, and in which our children had earned a certain amount of money, and we effected this exchange. We actually bought that company; had them merge with us prior to going public, and our children received Susan Thomas stock for the company, and their stock was sold to the public, in addition to a portion of our stock, which was sold to the public. So, we immediately added great responsibility to our lives by putting aside for each of our children considerable amounts of money, and the problems that are attendant upon managing that money for minors.

Our own money we put into - we received and promptly put into banks' care... Irving Trust Department, a wonderful man handled it for us, and we didn't really involve ourselves too deeply with it. Martin Steinman, who was our financial vice president, was very helpful to us, in that area, and George took his lead and began to involve himself in the area of personal finances and personal investment, but Reuben and I continued in our quest to make Susan Thomas bigger and better. Shortly after going public, we were up in the $20 million range and beyond. George and his newly acquired vice president for acquisition, Sandy Alexander, who now holds that same post with Revlon, began to talk with other people in our industry. We interviewed some 200 companies, and acquired two during the next two years: (1) The N.Y. McIntosh raincoat company, and the other, Rona, a dress company. Both were acquired for stock. The people who were involved in those companies all did very, very well, with the exchange of stocks, as they were able to market it at a time when we made our - prior to and during the time we made our commitment to Genesco, which was in 1968.
The reason for the move to Genesco is a very, very complicated one, but it's one that really began when the bastion of apparel - the paragon of apparel - public apparel manufacturers - Bobbie Brooks had its first losing quarter in the fall of 1966. Up until that time, the people on Wall Street, whom we have found subsequently had very short study habits, had accepted the fact that Maurice Saltzman of Brooks was a genius, and that he was also a computer genius, and between his computer and his mind, he could read the pulse of the public to the extent that he could never make a mistake. And so Bobbie Brooks stock was greatly touted, and all apparel stock received a great deal of attention and approval because of the great faith that the analysts, Wall Street analysts, had in the Bobbie Brooks operation.

In the fall of 1966, Bobbie Brooks, for the very first time, took a loss, instead of an increased profit, which they had had up until that time - always had increased their profit in every sectional quarter - they suffered a loss. This shook the financial world. It also shook up the stores pretty well, because the reason for their loss is that they had constantly and consistently over-extended the merchandise in the stores. They bought acreage in the stores, just as the supermarket people buy, and just as we had done in our way, but in a slightly different way. They bought acreage in the stores and put more and more merchandise into the stores, based upon the fact that they would always bail the stores out of any problems. And by and large, they were right.

In expanding times, as they put more and more merchandise in, their sales larger and larger; as they took over more of a department, they got more of a department sales. But there came a time when the inventiveness of their company began to suffer, and they began to deliver merchandise which the public had seen before. The closets got full and the drawers got jammed, and they
didn't want to buy the same thing for the closet that they already had put in the closet, or the same to put into a drawer at home that they already had in a drawer at home. Consequently, by not changing their tune sufficiently - or not changing their design concept sufficiently - their merchandise became, temporarily, a glut on the market. This happens in every business at times, and usually people see it coming and duck. Sometimes they don't duck. Sometimes there's nothing you can do about it. You have to maintain a stiff upper lip and hope for the best, which is what I believe Mr. Saltzman did at this time. But, the ripple effects of this first loss.... This crack in the armor. The impeccable image being tarnished really affected our business, our own business, and affected our budget.

For the first time the sportswear budgets, instead of being on a constantly expanding curve, were controlled by the store controllers. The money people took over, and pulled in the reins, and said to the buyers, "No, you may not constantly expand. We have to pull back and re-examine." And as usual, the retail world reacted in its usual position. It overacted in one way, and over-reacted the other, very much like the pendulum of a clock that's going a little haywire. And so they over-reacted in the other direction; everyone in a similar type of business to Bobbie Brooks, was hurt in the fall of 1966. This was also a first for us. And our financial people, who did not understand any of this - the two people from our underwriters sat on our board, in addition to Sandy Alexander and Steinman - they were all very, very shook up and didn't want anything like this to happen to us. And did not want to see us ever declare a loss or a smaller quarter, and we realized that we were no longer the manipulators of our own lives, but that we were now being manipulated by the steps that we had taken.
And so we began to lay our own plan for eventually doing something with our business which would permit us the privilege of some sort of relaxation, because should we hit a bad quarter or a bad month, and we were the only ones who were there, we would be greatly exposed. And it was only our own business...our exposure could injure us tremendously. And we still held 66% of the stock of the company. And so the public only had 34%. So consequently, our exposure, our criticism by the public, by the analysts, by our underwriters, would be almost a full time job to deal with, and so we decided, for our own protection, sort of like protective coloration, we would take a position that we were available for merger.

There was also something else involved, in that our accountants were again constantly warning us that should anything happen to any of us, the amount of our stock that we held—which was in letter stock, which was not stock that could be marketed easily -- would be included in our estates, and although this was not marketable stock, our estates could be charged with taxes based upon the value of our liquid holdings as well as stock in our own company. This made us very uncomfortable, since we calculated that most of the money that we had in liquid form would be dissipated in inheritance taxes or something untoward default any of us, and our families would have merely the stock in the company left, which had no marketability at that time. Certainly, with any one of us gone, it would reduce itself in marketability, because we were the three important executives in the company.

Q. Had your father retired at that time?
A. My father was Chairman of the Board. He was Chairman of the Board. I was President, George and Reuben were Executive Vice Presidents, Steinman, Alexander and Frank Rockman were Vice Presidents. And that's about the way it
continued. We added a Vice President here and there, but those were the key people. We, therefore, set our concept on eventually merging with another company, and talked to many such companies on the way. And there were very few companies that we had any faith in.

Strangely enough, we met with Genesco and had faith in them. We thought we were adding a great deal of knowledge to our own, with the Genesco people.... They could lead us into areas that we were not too knowledgeable in, because they seemed to have great expertise. They certainly had a tremendous staff of executives, which we did not have. We were always short of top people in our organization. And we thought that by affiliating with them that a great deal of the knowledge that they had, in areas that we were short of, would certainly be coming to us. In addition, we felt that their stock was due for a very big increase, which indeed it was, and we thought that we would improve our financial position.

So, we exchanged our stock on the basis of some $22 value for our stock, which was a little more than our issuance price, and our stockholders did very well, our public stockholders, because they not only received a better trade of stock just by being on the New York Stock Exchange, we being on the American, but their dividend picture improved as well. So we did very well for our public stockholders as our underwriter directors demanded, and expected, and guided us into doing. We ourselves were pleased, since we owned Genesco stock at a price of $40, and the price was going up. We officially completed our merger on September 15, 1968, with contracts for all of us to work until December 31, 1971, at salaries that were the same - modest salaries - and we had one contract covering the four Thomases, including Victor Thomashinsky. If any one of us was unhappy
about our contract, we were all governed by the same contract. They could not single out any one of us or divide us. It was a very unusual contract that George drew, and he drew it mainly to protect our father from any indignity or any interference from the parent company.

No such indignity ever took place, however, and he more than held his own throughout the tenure of our experience with Genesco, which was a very unfortunate experience. Mr. Maxie Jarman joined our board and brought along Franklin Jarman, his son. We were the only company on which both Jarmans sat on the board. They were very interested in our company. We were a leader for them. We were their first fashion company in the apparel trades. They had bought Majestic and had done poorly with it. Majestic, though, was not considered a fashion house. We were a fashion house. We sold in all the better stores. We had entree to all the better stores. We were known to all the better stores throughout the country. People had faith in us.

We were a highly visible evidence of Genesco's ability to enter into the fashion world, in addition to their ownership of Bonwit Teller, in the retail business, and their ownership of Bendel, we gave them stature in our world. Shortly after we joined the company, the stock began to rise precipitously. We had the right of unlimited piggy backs on underwriting - any underwritings - we had the right of several underwritings of our own should we choose, and we could call on the company to underwrite stock. We had a very... We had what we thought was a very wonderful contract with common stock and special preferred stock, which they devised specifically for us, which had a fixed price and had a buy out at the end of five years and, failing that, a penalty in an increased price each year subsequent, and a mandatory purchase at 20% of the stock in each of five
years, beginning in the fifth year, and this was mandatory.

The stock stayed at the company, shall buy....shall retire 20%..... at least 20% of the stock in each of the years....shall really enter into a cash fund, which was to be deposited with a large bank in metropolitan New York City for the purpose of retiring 20% of our stock in each of the years. This was the first mandatory sinking fund obligation that Genesco had. We thought that we were very well protected. It turned our that we weren't, but this was not something that we really could have foreseen. I must say that George was not too enchanted by our legal advice on the signing of the contract and demanded to see certain papers which were not forthcoming, while our lawyers said that they had seen the papers and they were in order and did not affect our protection. And, as a matter of fact I can still remember George calling a good friend to my father's office to explain to him face to face that the particular.....one paragraph of the contract which George felt was shaky, was indeed not shaky and that his sons would be protected, and there was absolutely no chance, barring the company going into bankruptcy, there was absolutely no chance of us not being paid out. As it turned out, he was incorrect. The paragraph that George objected to was indeed the basis on which Genesco had based their right of not paying out our sinking fund on the remaining preferred shares which we hold.

Shortly after we went with the company in December, there was an offering of Genesco stock, an underwriting, and we were asked if we wanted to piggy back some of our stock -- we could at that time piggy back as much as 45% of the common stock, which we owned. The price was $58. But, they put some obstacles in our way, since the bank had not as yet issued our stock. It would mean delaying their underwriting two days to get the bank to issue our stock,
and would we please go along with them on the premise that after the first of the year there would be another underwriting at over $60, and by that time our stock would be issued and there wouldn't be the confusion of problems that arose.

Well, we went along with them, because we were new, and we figured we wanted to please and get along pleasantly with the people, and so we went along with them. And to our regret, since there was never, from that day on, another offering of Genesco stock, and from that day on, Genesco stock began to decline in value. It never, never ever again achieved any stature whatsoever in the marketplace, because they had, in our estimation, hidden so many gross losses, and had swept under the carpet so many problems, and kept these problems under the carpet for years to come, that they could never extricate themselves from the very difficult situation that they were constantly placed in. In addition to which, they kept adding to their central organization.

Q. Bill, I wonder, could we talk a little bit about the role they took in the management of your company? Did they take an active role, or did they try to?

A. They attempted to impose some of their thinking on us, although we were autonomous, since we retained very.... I must admit, we had a great deal of good sense. We retained an interest in our own company on behalf of the public stockholders, who were entitled to a bonus in the event we achieved certain figures. Our company had to be maintained as a separate autonomous company so these figures could be ascertained each year, and so that we could represent the stockholders in ascertaining whether the stockholders were entitled to a bonus. Therefore, we had a built in autonomy.
We were not really, until December 31, 1971, under the complete domination of Genesco. We had our own board, we had our own corporate structure, and although, as I said, Maxi Jarman and Franklin and Mildred Custin sat on our board, representing Genesco, we far out numbered them with our own people. The big conflict occurred with Genesco over trying to conform with their concept of the way the total business should be run, and the way they wanted us to conform in many ways. We found that each time we conformed to one of their policies, it took away, it detracted, instead of adding. We had thought that they were very smart moneymakers, for example. And we had devised a system - years before, George had devised a system, whereby our checks were deposited as soon as received from a lock box in our bank, and microfilmed and copies were made on specific pieces of paper that were easy for our bookkeepers to handle. They were devised by us, whereby we could tie in all of our checks and work on our checks at a later date. The checks were deposited immediately and the money was cleared immediately. Our accounts receivable turn at the time we went with Genesco was 28 days, which was amazing in our industry. We had a fabulous system set up: a follow up, a second follow ups for calling - all of this started with the lock box system which enabled us to know every day just who had paid and what they had paid - and it gave us a great deal of insight into our accounts receivable.

They had developed a system of five locked boxes - one on the West Coast, one in the Southwest, one in the Midwest, one in the Northwest, one in New York - and customers were instructed to send their checks to the bank nearest them. Frank Jarman advised us that this would cut down the float on checks so that California checks would not take five days to clear in New York, but would be cleared in California in two days. This three day advantage would
give Genesco untold amounts of money in their handling of funds. But, we could not tie all of these banks into doing our kind of bookkeeping help that our New York bank had been trained to do, because this represented... We were not as important to each of these banks as we were to our one New York bank. And so we would have to beg, plead and wheedle to get our information. Now, information came... The flow on information, instead of being instantaneous, the flow of information took as long as 10 days. The flow of information governed our ability to follow-up and collect on our slow accounts, etc. We never knew if an account was slow, or if its bank was slow in calling in the information. As a result, our collection of accounts receivables suffered to the point where within two years we were at 56 days collection. We'd fallen to half the time in collections. Consequently, the return on money couldn't even be estimated. We were losing money on our accounts receivable return and on our cash. In addition to which, our customers would send their New York checks to our California bank and our California checks would.... our California customers would send their checks to the New York bank, or to the Florida bank, or whichever they chose, and it caused great confusion in addition to causing problems with the float. So that this grand plan, which worked on computer, really didn't work in actuality, and caused untold confusion, and from that point on we lost control of our accounts receivable. We never knew who was late, who had not paid their bills. We could not properly send out late notices and we couldn't collect money.

Q. How about merchandising. Did they attempt any kind of...?

A. We had to file plans with them. These were very complicated plans on the volume of business intended, the amount of money required, the types of merchandise that we intended to cut. We filed co-man plans at 6 months
and 9 months, and finally they asked for a plan for 10 years, and they asked
us who our competition was going to be 10 years from the date - all of which
we found to be very strange for our kind of business. We thought, in our kind
of business, 10 years was an eternity. Ten years didn't exist. We lived from
season to season, although we had more stability than a season business. We
thought of ourselves as living from season to season.

The only way we could exist and combat the new people coming in, and
prevent them from taking over all of our territory, was to fight on their terms,
and we fought on their terms. We could not afford to become fat cats, ever,
and we never did in our minds. But Genesco encouraged us to do this. It was
a constant battle. They also wanted planned markdowns. With us, markdowns had
always been an act of G-d. When a season - if it's cold in May, merchandise
loses value. Nobody can sell merchandise at a regular price in a cold May.

But with Genesco, you had to plan your markdowns seasonally, so,
consequently we would find ourselves carrying over merchandise, which was fine
as far as they were concerned. They also instituted a policy on markup,
which annoyed us. Standard markup was to be applied to everything, from the
selling price backward, which caused us great concern, because at one point
they marked up our inventory, due to the fact that we had marked inventory,
always, at cost or market, whichever was lower, which was a standard in our
trade. They insisted that this was unwieldy, and that it could not fit our
computers. Therefore, we were assigned a standard markup, which we more
or less figured out for ourselves. That standard markup was applied to all of
our goods, so that goods on the shelf for a year... the price assigned to
that goods was the selling price, less the standard markup, and that became the
cost. So we had goods on the shelf that possibly had a value of $10 that were on the shelf for $25 or $30, and it really troubled us greatly.

And then you couldn't sell these goods because we were not permitted to sell it under its price. Our markdown monies were governed very, very closely. And this was the way they manipulated I guess throughout their empire, and manipulated all of their inventory, to a point where they became frozen, because they could not afford to sell inventory, because the losses would be too great. So that they kept inventories beyond usefulness, in all of their divisions. This began to be very, very annoying.

The demands for time, to discuss personnel matters.... For instance, someone devised an enormous scheme (and it cost them $3 million) of how to put all of the employees of Genesco onto master codes, and all of their first, second and third abilities were to be listed on these cards. So if someone in one of the divisions needed somebody skilled in anything, by pressing a button, all of the names of people who were skilled in that particular field would drop out of the computer and they could transfer that person from division to division.

We failed to see how someone who knew how to embroider sweaters at 498 Seventh Avenue could be very valuable to a shoe operation in Lousiville, Kentucky, or to a factory, even a dress factory, in Miami, Florida or to any... And we objected strenuously, not only to the system, but to the 40 man hours they expected of each of us to devote to filling these forms out with each of our employees. And these... each of these particular involved schemes began to wear us down, to the point where we decided that we could not continue with the company, and did not wish to renew our contracts. We managed to scramble and make a profit during that period; it was not easy.
We were hit in 1969 and 1970 with the change in skirt lengths, which was a precipitous thing. We had planned... I had been to Paris in the Fall of 1969, and had seen skirts worn that were very long. We had been making skirts well above the knee--the mini dress was very much in favor. We were not making mini dresses, but in retrospect, the dresses that we made would today be called...be regarded as mini dresses. Our dress lengths for Adele Martin, which was a conservative company, were 36 inches long, which is 8 or 9 inches...less than what the standard is today. We were very much afraid of this kind of length going into the spring season, because Paris was showing lengths that were 45 to 48 inches long--the so called midi, which everyone scoffed at--but which actually did change not only the length of the dress, but the proportion. We tried to explain... We had meeting after meeting with the people with Bonwit Teller, on our premises....Genesco asked us to have these meetings with Bonwits and the people from their other stores around the country, and with their other divisions, explaining to them why proportions had to be changed in addition to dress skirt length. Why it was important, with a midi that boots be sold instead of pumps. That you couldn't sell opera pumps with high heels to a woman who is going to wear a 48 inch dress of soft Jersey material. That perhaps waistlines had to move lower so there would be more proportion. If waistlines were high, then the dresses would look like little girls dresses with long skirts, which was not the look. The look was more of a sophisticated look. So, a lower waistline was called for. Wide belts would be called for, to disguise this new incongruity of top to bottom. There were many things... The shift and chemise dress had to go out because they were....the little shift and chemise dresses were the things that were made of very stiff fabrics. Soft fabrics would now begin to replace stiff fabrics.
There was a whole world of change going on, and we planned a 10% decrease in business for the first 6 months of the fiscal year, which would be the fiscal year of '71, I guess, starting in January or February 1, 1970... We then received visit after visit after visit from high powered executives within the Genesco framework demanding that we alter our..."requesting" strongly, shall we say, that we alter our plan to a 10-15% increase, because the company was shooting for a 10-15% increase in volume, and even though we protested and said that a decrease in volume with a planned reduction in cost would more than over compensate us in terms of increased profit... profitability...They protested that they could not have any division plan its own demise. So that we had to...we were a $30 million division... We had to plan ourselves an increase, or else fall out of the swim of things with Genesco.

And they agreed that they would be so-called partners on this plan, and would go along month to month on it, and if we saw the signs of a weakening, we could reduce it. This was a lot of hogwash, because in this kind of operation, we fed merchandise into the pipeline long before its actual sale in the store. And so February rolled around; we had an increase in February and an increase in March. The people at Genesco were overjoyed and came to New York again and showed us how smart they were and how stupid we were, in that we didn't know what we were talking about, because here again we were getting increases when we thought we were going to get decreases... I said, "Now, look, we're talking about six months." George, Reuben and I all protested. We said we were talking about a six month period, not one month period.
Well, in April, the roof fell in. In April, suddenly, people began to want longer lengths, and the stores reported that they could not sell short length dresses, and there was a whole swing toward showing something new, which is the name of the game in our industry, and which they did not know existed. And consequently, in April and May, the merchandise that was still in the pipeline, coming through with short skirts, could not be sold, and we.. our figures began to go down. Basically, we were not hurt as much in our sportswear divisions, where we had planned some sort of elasticity, but our dress divisions were hurting badly, particularly one of our new divisions, Dalan dress division, which was our print dress division, making print Banlon dresses that were softer, more close to the figure. And also, our Susan Thomas shift dresses, which were sold in the sportswear department but were really dresses. And we made some very fast moves, and we got the New York stores, like Franklin Simon, Altman's, Lord and Taylor's, to take in groups of dresses at reduced prices and at the height of the season, early in May, began to advertise these for the women who did not want to go along with the new fashion. At the reduced price, of 50% off, or 45% off, or whatever it was, they moved rapidly. Franklin Simon sold 1,000 dresses in two or three days, and came back and wanted to buy 35-40,000. We could have, at that point, among the few people that we were close with, unloaded our entire inventory of dresses, possibly $4 million worth of dresses for $2 million and a half of cash....

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- 77 -
A. At this point I received a phone call from Frank Jarman with some degree of alarm in his voice, advising me that it was not good policy for us to continue to sell this merchandise at these prices, since we were in danger of exceeding our planned markdown, and would exceed, therefore, our planned markdown percentage for the year, and that this would throw all of their figures out of whack. This kind of reasoning really was very strange to me, and I protested.

I talked to Frank Jarman; I talked to Gibb Delacey, who was then the Treasurer and Financial Vice President of the company. I talked to all of the people involved in merchandising, in order to find someone who would be my ally in pointing out to Frank Jarman that in selling for cash, $4 million worth of inventory...$4 million worth of selling price inventory whose cost was about $2 million two, for $2 million five cash I was, in effect, liquidating inventory of the company; inventory that would not be the best kind of inventory to hold over for the following year, and possibly create some cash flow for the company at the same time. But what finally happened was that I flew around to Nashville with this story, and sat down with Frank Jarman and the then President of the company, whose name eludes me right now—I think it was Buchanan at that time. And we sat and tried to work out the figures for Frank. And it seemed that I was the only one who really understood that receiving $2 1/2 million in cash for an inventory which cost $2 million two, was really making a profit.

Everyone else told me that I was taking a loss, and I could not understand their reasoning; they couldn't understand mine. They told me that I was taking a markdown of a million and a half dollars, or possibly a million seven.
I said "No, I am making a profit of $300,000. And I'm providing you with cash." I said, "I could understand that this happened during the first quarter of the year that something would be out of whack and you might, you might get your neck out of joint about your total company's markdown percentage, etc. But we're talking about the last quarter of the year, at the end of which quarter we would have taken a physical inventory and priced this physical inventory at prices that were realistic as far as I was concerned. And that realistically, pricing these goods at the end of July, summer dresses, overall length 36 inches, 37 inches and 35 inches in some cases, at a time when the market was going to 43-47 inch lengths, I felt that I would have to take an 80-90% markdown in inventory to look at this product realistically. That I could not look forward, the following year, to sell this merchandise for more than 10-15¢ on the dollar, and would have to carry this merchandise with bank and carrying charges from the company for the course of the year--which were charged to us, which is another point of great objection to us, that we were never given credit against our charges by the company for the amount of capital that we had contributed to the company. They absorbed our cash position.

They absorbed our capital position - which was in excess of $9 million - and did not credit us for this, in our opinion, in allocating the amount of money that we were using from the company. So we were paying charges of over $1 million a year that I felt were spurious. That I felt had...should have been mitigated by at least several hundred thousand dollars - crediting us for the capital we had contributed to our business. Now this was a further erosion of capital, in my estimation, and I felt very strongly that I had to protect our company from these erosions of capital based on poor judgment.
on the part of Genesco. I got absolutely no place. I was forbidden to sell this merchandise. I asked for this in writing; I received it in writing. It was Howell....Owen Howell, who was President of the company at that time, who sent me a note in writing that in the estimation of the company, the dresses referred to would increase in value over the coming year, and it was a wise policy to stockpile this merchandise for the following year's sale. I then returned to New York, defeated, in a complete quandary. Met with George and Reuben and discussed this reasoning at great length, since no way could I ever understand, in all of, with my background, and certainly my brothers with their background and my father with his background, understand, at a time of violent fashion upheaval, turning down a cash settlement of a poor inventory position—which was a settlement that we felt was to our advantage, and in place of that, stockpiling goods—taking additional space, because we had well over 100,000 dresses to stockpile—taking additional space for this warehousing; paying for space; paying for warehouse help to make sure that this merchandise was not subject to excessive shrinkage; making sure the merchandise was kept clean; making sure that it was housed properly; paying insurance and paying all the capital charges that Genesco piled on at various rates, depending upon the prime rate—I believe the rate we paid at that time was 8½% to them for the use of money and the use of their central organization.

This action began in my mind—and I'm sure in my brothers' minds—a new examination of the Genesco role in our business, and a new examination of what we felt the Genesco mentality was. We had seen that people who were knowledgeable about the business, whom we had first begun to deal with, in our first experiences
with Genesco, were being replaced by people who were dollar and cent people - accountant types - who had no knowledge or our industry, and who were great at hindsight and were great at computer readouts, all of which gave us a wonderful picture of yesterday; and there appeared to be no one on the horizon who would talk about today or tomorrow.

The meetings that were held at the Genesco headquarters, on a weekly basis, were no further help. These meetings were open to people...merchandising people from each division. At this time, we supposedly aired our experiences for mutual benefit. But they were presided over by Frank Jarman, or someone else whose knowledge of merchandising was--to put it in a very moderate way--zero. Consequently, the meetings were moderated in such a fashion as to produce the least common denominator. What was the least important thing we could do, rather than the most important thing? And the beginnings of those meetings, with Nick Parker and Mildred Custin and Jane Evans and Nancy Knox... we had some very good fashion people feeding information and exchanging information. But with the ongoing erosion of these types of people in the organization, we were getting very little information on exchange, and we found that our own information, our own input, was being largely ignored. And so we realized that we were at the point where...we had to operate within the guidelines of Genesco, which was called "The Company," instead of operating within the guidelines of Susan Thomas, which was the "company." And it was at this time that our general disillusionment took place.

And from there on it was not a question of how great we would grow under Genesco; it was merely a question of how to preserve the identity of our business for the longest time possible. And so it was this kind of....
It was this kind of mood that, when we were approached in the spring of 1971, as to our plans for the future—whether or not we planned to stay with the company after the end of our contracts in December 31 of 1971, we were very, very hard pressed to make a positive decision.

We were, first, in my estimation approached improperly. Number one, I was approached individually, without consideration for my brothers, as to what my plans were. And when I reported that I had no individual plans of my own, that we were a team, and I thought it was proper for us to be approached on what "our" plans were, at that point the emphasis was changed and a general effort was put underway by Genesco to entice us to renew our contract. And most favorable terms were drawn for the renewal of the contract for the four of us for any period that we would deem advisable. During this period, we were unloading the unfortunate inventory of the year before at prices that were, to say the least, ridiculously low. We were in the midst of questioning all of our own moves, since we were no longer freely and instinctively with the ebb and flow of the industry. We were moving with all of the restrictions that the numbers game placed upon us...

Q. At that time, was there another women's ready-to-wear house part of the...?

A. There was Berkshire Dress, which was a women's company, which was undergoing great upheaval, and part of the... the original owners had left. The man who had replaced them, Sidney Stoeger, who was a brilliant tactician, was spied upon and fired abruptly by the Company, with all kinds of dire reports. They later sued him and he counter-sued and he won his counter-suit against the company. They acted in a most dastardly fashion towards him, which he was able
to prove, and which cost the Company a considerable amount of money. He later went back into business in competition with the Company, and in a very short time was able to take over most of the business. The Berkshire Company, which had been a tremendous moneymaker, was put in the hands of people who were incompetent to run the company. They were good people, but incompetent to run the company upon his leaving, and are...Our Group Chief, Ed Carney, told us that he was able to run the company, mastermind all their moves, from a room in the Hilton Hotel next to the airport in Boston, at which he would spend one night in a week, meeting with the heads of the various divisions of Berkshire. From a company which was earning something like $5-5\frac{1}{2} million a year, within a short time Berkshire was losing $5-5\frac{1}{2} million a year, and this caused great consternation in the Company. There was not an active move to replace the people on top and to make the company more aggressive in the fashion market; but, rather, a harder effort to push numbers, to the point where the company soon lost $6 million a year. So there was no...no way of stopping the drain.

There was also a small company they had taken over--Beverly Page Sportswear--which they were about, again, to close. At this time they had a junior company which they had inherited along with Majestic. Majestic had already closed. And this junior company--Kelita--was headed by Fred Robbins, who became...who was a very able person in the junior business, was also in trouble at this time.

So, I would say that in the ready to wear end of the business, they were having terrible failures, whereas a year or two before they made a lot of money. Suddenly things had turned against them. Susan Thomas was still making money, but it was a battle, and it was not making money in the way that we had intended it to. Nor to the dollars that we had intended it to. Our dream of providing
for our stockholders an added bonus, based on a profit percentage in excess of
certain figures, our so-called incentive--was gone because we saw the
incentive figures would never be reached. And so we came to a decision
collectively in the family, that we would not renew our contract, and we so
advised the Company some time in September or October of 1971.

They then began to offer us all sort of blandishments to remain. We
refused, and however, told them we would stay on until proper replacements
were found. They asked if we would assist in finding replacements and we said
we would and we honestly tried. But everyone that we recommended seemed to be
tainted with the fact that they were recommended by Thomas. And finally, at
our last meeting, of the Susan Thomas Board of Directors--it was held in
February of 1972--the middle of February, we held our last meeting and discussed
our year-end figures of 1971, which were the last figures that we would be able
to report for the Susan Thomas entity (as of January 1st it was being merged
into the Genesco entity), and we reported our figures for that period, and
reported that for us to benefit our stockholders we had not been able to earn
the incentive for them.

And at that meeting we were advised, the Thomases were advised, after
presentation of a magnificent plaque, to Victor Thomshinsky by Frank Jarman,
beautifully drawn, beautifully worded and beautifully framed, and with the
applause of Maxie Jarman, we were advised that our services would not be needed
after the end of February. We left the Company on February 29, 1972. We
worked until approximately 9 p.m. getting all of our work in order. As far as
I was concerned, I left a fall, holiday, and resort line all ready designed for
the Susan Thomas, Vivo), and Dalani divisions, merchandise bought, package deals
for Vivo already in place, which later proved to be extremely profitable for the Company. We did not know until we left who our replacements were to be. It was kept secret by the Company, and finally Sid Friend was brought in to replace me, as President. Sid Friend had worked for us as Manager, Vice President and Manager of our Vivo division. He had then left to go with Craig Craely and they had called him back to become President of Susan Thomas entity. They saw fit to divide, and put all dresses under the Rona principals, who did very poorly with the Susan Thomas dress entities of Adele Martin and Avanti, and Sid Friend took charge of the sports....

Q. Avanti or Vivo....?

A. Oh, Vivo, I'm sorry. Correction. Vivo, not Vivanti.

We had very little contact with the company after that. We declared ourselves persona non grata. We decided that all contact with people in the company was bad for them, because things somehow had turned very rapidly...you know... When things change in any business, it is very unwise of those who are out of power to be in contact with those still working with the company. And so we declared ourselves off limits.

We opened our own office for pursuit of our own investments at 555 Madison Avenue. We interested ourselves in the company only to the extent of speaking with someone from the company who would call us. We never called the company or anyone in the company. Occasionally someone would call us. Occasionally people would call for advice. Occasionally contractors would come to us for some sort of assistance, because changes were being made that put contractors out of work. Certain people lost their jobs; they all came to us when they were in trouble, and we tried our best to help all of them in trouble, but never
contacting the company. However, I personally remained in contact with Maxie Jarman and Frank Jarman at their request. They had had a great fight, and they were not speaking to one another, and Maxie Jarman felt that I could help, knowing my family spirit, that I could help by trying to keep him and Frank somewhat on speaking terms, which I tried to do. Frank also asked me to continue to do some consulting work for the company, but principally in helping him acquire personnel for their retail businesses, their Roos Atkins stores, the Bonwit Teller operation, certain of their midwestern operations. And also by helping to advise him on some merchandising trends. I would meet with Frank from time to time.

Q. Did they pay you a salary....?
A. No, this was a non-paid consultancy... This was purely because I was a large stockholder and had interest in the company from the standpoint of our stock position. At the last meeting I had with Frank, which was at the Fifth Avenue Club, where we customarily had lunch, I told him that I was struck by a peculiar coincidence, that I had found that in every case that I had recommended an action, an opposite action had been taken by the Company. In every case where I had recommended a person for a job, that person had been interviewed, sometimes as often as five times, but never hired. And I asked him if this was coincidence, or some sort of plan. And he advised me that of course, there was a plan for this. That since I belonged to the so-called "New York Mafia," which, unfortunately, I put a different connotation to, that the New York group was "out to get" Genesco. And I said, "Frank, I don't think you realize that my family owns somewhere over 250,000 shares of Genesco stock," which between preferred and common was then valued at something over $8 million. I said, "Do you think that I am deliberately trying to
endanger $8 million worth of my family's assets by giving you bad advice?" He said, "Yes. You and all of the other New York Mafia are doing just that. You're looking to do us under, because you don't care about your money, and you just want to see us suffer and go out of business." At which point I left the dining room, and never met with Frank again.

Q. What year was that?

A. This was 1974 approximately. Between '74 and '75. We had met with Frank as a group to discuss... George and I, had met with Frank and had met with other...with his financial officers of the Company to discuss the pay out of our preferred stock, which was a sinking fund, a mandated sinking fund stock which could have been bought by the Company prior to January of 1973, had a price of $40, which on January 1st of '73 jumped to $45, and thereafter $2 a year, with cumulative 6% dividends. In the event that the company did not buy all of the stock by the end of 1972, the Company was constrained to buy 20%...to put in a sinking fund from January 1st of each year, to buy 20% of that stock during the course of that year, with dividends to date. The first payment was made in 1974....1973, I believe.... I'm a little confused on dates. The second payment was made in 1974-75, and although in the annual statement and the 10-K filed by the Company, they declared that they had to make sinking fund payments on our series of stock on January 1st of the coming year, such sinking fund payments were not made, and the Company was in default from that point on and has remained in default from that point, despite our meetings with them; despite our attempting to point out that they were not permitted, really to go into default; despite the fact that we hired our attorneys, prior to their going into default, fearing just such action.
Our attorneys had told us at that time that we were crying wolf, that no company in the New York Stock Exchange would attempt such action because our contracts and our stock was so strong and so positive that no action could be taken. We paid fees to Abe Pomerantz, who told us we were over reacting. Then, when we actually...we were in default, we finally made plans to sue the Company.

This came much later, and we did in fact finally sue the Company, and went through all the rigors of preparation for lawsuits--the depositions and the years of work--and during the time when Frank Jarman was out of the Company, and Jack Hannigan became President and CEO of the Company, he made overtures to us and we laid aside our lawsuit and we met with him on numerous occasions. He came to our office on 55th Street many times...on Madison Avenue. We discussed many, many things, and we always discussed the fact that his concept was that Genesco had to pay us, and he and George had lunch many times to discuss plans for the future. But, when push came to shove, they took the usual line of defense and managed to wiggle out of the problem.

One of the ways they did it was...Shelton, who was the man who had been the Chief Financial Officer, Treasurer and Chief Financial Officer, during our entire term with the Company, and during all the time we had our conflicts as to whether we were getting paid or not getting paid on our preferred stock--they transferred Shelton to a new job shortly before our lawsuit came to Federal Court, so when he was called on to testify, he said that was no longer his area with the Company. He was Executive Vice President in charge of a division, a menswear division, and knew nothing of the financial records of the Company. And, of course, when we called the new Financial Vice President, he said
this was all before his job...before he was promoted to his job. And so, consequently, we were really dealing in an Alice in Wonderland situation.

And our lawsuit was really doomed before it started. At the present time, our connection with Genesco is on, really, of being called occasionally to meetings, with offers made by the Company, to us and other stockholders, of various schemes they've thought up in connection with financial advisers in investment banking, to offer us minimal amounts for our stock, all of which we have refused to entertain. So, this is the sad story of our involvement with Genesco.

During the years that I was out of the business, I busied myself with family - involvement in investments, with the Genesco problems, and with a great deal of educational philanthropic works that I had been involved in. I kept myself extremely busy, and had no desire to go back into the industry, whatsoever. I kept myself away from the industry. I don't think I was on Seventh Avenue five times in six years.

Q. Well then what happened that brought you back?

A. I kept in very close touch with my children. Our oldest son, Steve, who had spent a year and a half in the "STJ" Division of our business, and then gone to California to become Assistant Buyer at I. Magnin for a year and a half, had, upon leaving I. Magnin, in, I guess, the summer of '72 - either '71 or '72 - moved to Boston, opened a small poster gallery and shortly thereafter, falling in love with the concept of being involved with the world of books, became buyer and manager of a book shop in Boston which he bought and managed very, very successfully. He lived in Brookline. Shortly after he moved to Boston, our daughter Susan moved to Boston with her two young boys, having left her
husband when her children were very, very young; the youngest was 6 months old. And began to find a new life for herself in that area. And then upon his graduation from Johns Hopkins in 1974, our youngest, Aaron, moved to Boston, where he got involved in a graduate program at Mass. General Hospital and later on at Boston University Medical School, seeking his PhD in the field of microbiology. During that period of time, with a troubled daughter, and our other children in Boston and our grandchildren in Boston, we spent a great deal of time going back and forth to Boston, living as close to the lives of our children as we could, in addition to doing the things that we were happy to do in education and philanthropy, and in the field of investment. Steve, who is our oldest son, I guess in the spring of 1977, advised us that he and Celeste were expecting their first child. They had been married for seven years at the time and were overjoyed to have their first child coming.

And sometime that summer they came to the realization that they no longer wanted to live in Boston, but they wanted to live some place closer to New York. Her family was in New York. They were a small family - father and mother and one sister. He felt that he wanted to be closer to New York, so we began to discuss possible plans for what Steve's future would be, and I offered suggestions and we talked about many things. We met with many people. I, particularly, was interested in Philadelphia at the time, spending a good deal of time in Philadelphia with my work for Dropsey. I had bought a couple of pieces of property in Philadelphia on Walnut Street. I was much intrigued with the renaissance that was going on in the center city of Philadelphia in terms of the young people in Philadelphia, taking over old townhouses and remodeling them, and really revitalizing the entire central city of Philadelphia, 14th Street, Broad Street, right down to the river....
Q. Oh, you didn't do this...

A. This was something that I offered to Steve, and I thought this would be great for him to do, but he turned it down, and said, to my surprise, that what he wanted most in life was to come back to New York and to go into the apparel industry with me. I was shocked....

Q. How old is he now?

A. He is now 34. He was, at the time, about 30. He was 30 in October of '77. And I was shocked, because I never thought he wanted any part of our industry. I never thought he was interested in it.

Q. Had you talked to him about the business?

A. Reuben had gone back into the business... No, I had never talked to him about the business. Steve was in the business for a short while, and I didn't know that he was particularly interested in it. And when he was Assistant Buyer, he seemed to enjoy his job at Magnin's but that was a very complicated job. He was Assistant Buyer for several departments at the same time, with 21 stores, and I thought it was just an exciting kind of time for him. He left that job and I thought he was very happy in the book industry. However, he insisted that this was something that he wanted to do and it was just about this time that the Genesco people had proceeded in turning the Susan Thomas business around from a tremendously profitable operation, which it had been until 1976, to a tremendously unprofitable operation. And there were many people who were very unhappy, and people who were let go. And we always had seemed to have a kind of family out there. These people regarded us as part of their family. And they kept calling us and telling us of their problems and in the meantime, Steve was urging me to go into business with him.
and I decided that I would take a chance and begin a business in what I thought was the simplest form of the apparel business that I knew, which was to be in knitwear and to be involved only in buying packages; that is, completed knitwear groups. Things which we would design, but that people would make by the yard for themselves, manufacture, and sell to us at a price for resale. And this is how we began the Vivantibusiness. Fortunately or unfortunately, it's grown far beyond that, and my involvement, which I thought would last three years, has now gone four years, and there's no sign of abatement. The business grew faster than we thought it would...

Q. What's the nature of the business now. Is there a designer....?
A. There is a designer. It is a fully staffed business for a knitwear business. We have a design staff. We have yarn buyers, who do business with contract knitters.

Q. In this country or the Orient?
A. In this country. 95% of what we do, or 90% of what we do is done in and around New York. We have some suppliers coming from Florida. Very little done out of the country. Perhaps 2% in factory. Everything else is done right here. We are now involved, since September of last year, an additional division, called Vivanti, based on the idea of separates and coordinated knitwear, which Vivo had specialized in in the Susan Thomas group, and the Vivanti business grew faster than we...as fast as we predicted; we predicted that within three years we would do $10 million worth of business and we did. We then determined last fall to add a division of knit dresses, using a designer franchise, because designer names seem to be the thing. Business had changed considerably since I remember it, and since I was active in it in the late sixties and early
seventies, and designer... The designer name is the brand name of today. In the 1960's, there were brand names, and today there are designer names. And so we looked for the best designer name that we could franchise with, and the best people to work with, and I believe we found them in the people at Oscar de la Renta, both de la Renta and Mr. Shaw, seem to be people of exemplary character. We are very pleased with them, we think they with us. We have had a terrible struggle this year, even a very difficult year. It's been a most difficult year to launch a new business. It's been a most difficult year to maintain a new business.

Q. So you have continued with Vivantias it was...?

A. And we have added a separate division called Oscar de la Renta knits. It is a bigger task than I had bargained for, being involved in the design, merchandising, manufacturing of two complete lines. I've been very pleased at Steve's growth. He really has developed into a very able business man.

Q. How do you divide your responsibilities now?

A. Well, we divide and we don't divide. I am primarily responsible for design, and buying of yarn, and merchandising of that yarn, in manufacturing a design. He and I work together in the merchandising, and marketing. He and I work together... We work together even in design. Our designer, Ursula Smith who was with Susan Thomas, she was head designer at Susan Thomas for many years, works with us and Steve is called in for review of every concept that we want to push forward. If we find something that we like and think we want to go ahead with, we do not do it unless we have Steve's cooperation, and his input as well. Many times his input has helped to make something which was questionable, successful. Sometimes he has stopped us from going ahead with concepts that
perhaps might have been a failure. At any rate, we accept him as a partner in editing and in merchandising and in marketing. He also has complete responsibility for all personnel. I have no responsibility for personnel. I have no responsibility for warehousing, distribution. No responsibility for sales, and sales record keeping. This is all his responsibility. I do not get involved at all. We overlap in financing and work together in financing and credit. And that is about the division. I have nothing to do with anything physical -- the premises, work to be done on the premises, furnishing, buying of any supplies. All of this is done through Steve.

Q. I assume that your ultimate goal is that he will be...

A. My ultimate goal is that he will be able to take over completely. I will have to replace myself in many of the duties which I perform, after we're sure that he is ready to replace me in some of the duties which are a little bit more important ones, and which he will be able to absorb, and chances are he will be able to do that when he has replaced some of his functions which are less important, and place them with someone else, who as yet is not with the company. We are looking forward to having a person take over most of the administrative duties, which he could then relinquish. He's proven that he understands them and knows how to handle them and can supervise someone else now, and as he gives up the day to day supervision of these duties, he can then enter into more of the duties involving the merchandising and marketing. So I look forward to reducing my responsibilities and finally perhaps working a day or two a week as a hard working consultant. That's all. But that's as far as I want to go. I don't look forward to a long association.

Q. Well, let me say, you have really come full circle. That is, your father having founded the company, all of you having run the company, and having
become part of a conglomerate, separating out of the conglomerate, and now starting a whole new business all over again.

A. Well, Reuben has his own business, with his son, Martin...

Q. What's the name of their business?

A. Their business is called "Jonathan Hitchcock for Reuben Thomas."

Q. Oh, yes. Yes.

A. And they're in the designer dress goods, something Reuben always wanted to do. And they are doing very well right now. They've had a tough time with respect to getting established, but they're doing very well now. George is not involved in the industry other than being an officer of Vivanti. He is a corporate officer and he is our general counsel, and he is our troubleshooter, when called upon. He handles the family's finances and handles portfolios, our brother's portfolios, as well as the portfolios for all of our children. Our nine children were partners in joint ventures in business. We have just separated their portfolios out and we are preparing ourselves to eventually get our children to move out on their own. They have been very patient. None of them have ever requested, not one of them ever requested that we change our investment policies. They have not questioned our moves. They've been more than generous in their respect for...

Q. You've been more than generous in your supportive attitudes towards them...

A. Whatever the case is, we've seen children who act differently...

Q. Oh, yes...

A. And we're very proud of ours. They've reacted... We feel they've acted in what is the proper manner for children in our family. We feel that our parents would be proud of the way our children behave.
We have enormous respect for our parents. Respect not only for what my father accomplished in a financial way, but for the man that he was, and for the amount of learning that he absorbed in his lifetime.

Q. And now you have a third generation to carry on, which is very special.

A. And a fourth....

Q. A fourth, potentially..

A. A fourth potentially. Very close....Very close. My youngest grandson is thirteen, going to be fourteen.

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