

**John D. Hollingsworth, Jr.
And My Experiences Working With Him
Irvine T. Welling, Jr.***

John D. Hollingsworth, Jr.; an only child, was born in Atlanta, Georgia, on December 26, 1917. His family moved to Greenville when he was very young.

Mr. Hollingsworth's grandfather, Pinckney, had started a business of repairing textile carding machines in 1894, using a mule drawn wagon on which was mounted a lathe and other tools, and traveling from mill to mill to do the repairs. After the grandfather's death, Mr. Hollingsworth's father, John D. Hollingsworth, carried on the business using the name, John D. Hollingsworth by Himself. In 1919, the father traded in his wagon for a truck, a 1917 Model Signal, with solid rubber tires and a four-cylinder Red Seal Continental engine. At the age of 10, the young John started accompanying his father on the trips to the mills, becoming familiar with textile machinery and how to make the repairs.

The garage behind the family's modest five-room house on Oregon Street in Greenville was the base for his father's business. The mother prepared breakfast and lunch for the few employees. As John grew older he became more active in the business. He also had a newspaper route as a youth and later told me how difficult it was to collect from his customers. John graduated from Greenville High School and became a friend of Red Hughes. A yearbook showed he was a home room president and member of the Drama Club. He enrolled in

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Furman University in the late 1930s but left after one year, stating that his father needed him in the business. At that point, his father changed the name of the business to John D. Hollingsworth and Son on Wheels.

John's father died in February 1942. The mother and son inherited the business. The probate court records show that the assets consisted of a \$300 truck, \$2,200 of machinery, \$10,000 cash, and a 1934 Buick sedan.

After his father's death, the 25-year-old Hollingsworth met Ella Mae Bennett, an office manager at Woodside Mills in Simpsonville, and hired her to handle the office work for the business. In January 1944, he received his first U.S. patent for an invention that allowed textile machinery to better process synthetic fibers. The next month he was drafted into the Navy. In March, he married Ella Bennett and left her to run the business while he was away. A year later, the couple's only child, Mary Jane, was born.

After the war, John decided that the workshop on Oregon Street was too small and bought property on Laurens Road for the shop and which also included a modest brick home. He continued to expand his business and in the 1950s perfected metallic card clothing which revolutionized the textile carding process. The results were greatly increased speed and improvement in quality of yarn. Mills converting to the use of the metallic clothing could significantly reduce the number of carding machines required and the number of workers to operate them. As is often repeated, "Build a better mousetrap and the world will come to your door." With his metallic wire and increased speed successes, Hollingsworth had become the industry's preeminent name for improving card room technology. Textile mills came knocking on his door and wanted his expertise applied to their card rooms. He also began purchasing used cards and completely rebuilding them. These two products greatly increased sales and profits, and together with excellent service attributed to his wealth. Hollingsworth's success is even more remarkable when viewed in the context of the entire American textile machinery industry. During the past four decades, many revered names in American textile machinery circles disappeared. Names like Draper, Whiting, Crompton & Knowles, and Roberts succumbed to being acquired and ignored by new owners. These and many other companies like them

failed to invest in research and development and could not compete with firms in Germany, Switzerland, and Japan that were seizing the moment and improving textile machinery.

I first knew John in March 1964 when Wesley Walker, an attorney friend, called to see if I could handle another client. As a result, John came to my office dressed in his khaki work clothes with his wrist watch strapped through a top button hole near his collar. He told me that he was separated from his wife who had been preparing their income tax returns and he needed an accountant to prepare his returns for 1963. He agreed to employ me to do the work provided I would personally do it and that I could not tell anyone that I was working for him. I quickly learned that he was very private, secretive, a perfectionist, and a genius. The company had a security gate and I was directed to work in a windowless room. Lunch was brought to me there. I was shocked to find that while this was a significant business (annual sales of about nine million dollars), they had no accounting books. There were stacks of cancelled checks wrapped with different colored ribbon to signify the type of expenses. Customer collections were recorded in a notebook. I knew that this would be a big job and finally he agreed that I could use one of the firm's staff accountants to assist me. I was also shocked to learn that the business was not incorporated and as an individual owner he was subject to the maximum federal tax rate of 80%. Of course, one of our first recommendations was that he incorporate the business which was done later that year. I found that the business had been operating for tax purposes on a cash basis even though it had substantial accounts receivable and inventories. Upon examination, the Internal Revenue Service found many errors on prior years' tax returns and changed business to the accrual basis. This resulted in very large income tax deficiencies which Hollingsworth had to pay off over a period of years.

One of the reasons for the success of the business was the excellent service he offered his customers. He maintained a large fleet of tractor-trailers, mobile vans, and automobiles with a large garage to maintain them. His trucks did not show the company's name but bore the image of the United States flag. He also had an aviation department which at one time had six planes, including a King Air. The company had its own airplane hangar and pilots. The planes were used to fly technicians to textile mills in the southeast.

John was very aggressive in his sales efforts and became depressed when they lost orders to competitors, whom he referred to as outlaws. He did not advertise or have his own textile equipment showroom; although in later years he had a large booth at the textile shows in Greenville and abroad. He had souvenirs or small gifts placed in the boxes delivered to customer mills in hopes the overseers would favor his products. His company lacked the type organization that a similar-sized business would have. At one time he employed a consulting firm to set up an organization structure but it was never utilized. The company members mostly reported to him. In many ways he was not an astute business man. He had a love of machinery and made many purchases of the latest expensive technological machines that could not be economically justified for his production requirements. His goal was to produce capital equipment and become the world's largest textile machinery manufacturer. He spent millions on engineers and efforts to make the latest type capital equipment but ultimately was not successful. Shortly before his death, he decided that he needed to build a large addition to his plant for his planned product expansion. The project was costly and required debt financing. Today, it is used only for warehousing. Despite his lack of business expertise, he was able to accumulate a large net worth from his original core products and his wise purchases of real estate. Whenever he purchased additional property, he would immediately plant pine trees if the property was not already wooded. In addition to his love of the trees, it qualified the property for agricultural use at lower property tax rates.

My career was impacted when he decided to go international. Over the next several years, I became involved representing Mr. Hollingsworth at meetings with foreign bankers, accounting firms, and the personnel at foreign plants. One time, at their request, I met with the German plant's workers council (labor union) so that I could inform Mr. Hollingsworth that the then plant manager was not doing a good job. I was involved in the negotiations for acquisition of additional companies. In 1967, a German supplier of a machinery product, which he imported, offered to sell him their business. I visited the plant located in a small village in a beautiful area of the Black Forest. After John agreed to make the purchase, I visited a German attorney in New York City to get his advice on the purchase. Later John and I went to Germany to close the

transaction. The closing was to be before a notary in Frankfurt. A notary in Germany is quite different from one here. He came out in a judge's type robe and conducted the closing as a judicial process. The two owners were present as well as an interpreter for our benefit. We soon became deadlocked over a matter of providing security for the deferred part of the purchase price. This had not been previously mentioned. We continued discussions through lunchtime and were offered no food.

At five o'clock that afternoon, we asked for a recess so that we could return to the hotel and telephone the German attorney in New York. He offered some advice and also gave us the names of two local attorneys in Frankfurt if we needed help. At around 8:00 that night, still with no food offered, we decided we did need help and I called one of the attorneys at his office. Much to our surprise, he was still at his office and agreed to join our discussions. We were delighted to learn that he spoke excellent English having spent some time in the States. The meeting lasted until 2:00 a.m. with still no food. Of course, the hotel restaurant was closed upon our return so we found a small café nearby where no one spoke English. We recognized the word for eggs so that was what we ordered. The continuation of our deliberations was resumed two days later and lasted from 9:00 a.m. to 10:00 p.m. No food was offered during this meeting either. We had noted that the notary and the interpreter always sided with the sellers and found out that the notary was also the attorney for the sellers and the interpreter had been a war-time prisoner of the United States. Despite these obstacles, we did complete the purchase that evening. Incidentally, our new German attorney continued to represent the purchased business for several years, and he and his wife became personal friends and later visited Greenville.

The only vacation I recall Hollingsworth taking was a trip he had the wife of our new attorney arrange in Germany. He invited his Greenville attorney, Wesley Walker and his wife, and me and my wife, Margaret, to go on the trip. We traveled in a stretched Mercedes with a driver. John accompanied us for a few days and then left to attend to some business in Switzerland. While in Munich, Mrs. Krohn made reservations for us to have dinner in the revolving restaurant at the Olympic tower. She also invited a female friend to be John's guest. The women thought John's clothes were not appropriate for the occasion, so they took him

over to a men's clothing store to purchase him a new suit. The salesman was dressed in a tuxedo, so that showed what a fancy store it was. The salesman discovered that John was wearing white athletic socks, which he always wore, and in a shocked expression said: "Those have got to go."

John later built a manufacturing plant in Brazil and bought a plant in Mexico. He also set up a service facility in England. One time he sent me to Sweden to investigate the possibility of purchasing a business there. I advised against the purchase but a few years later, he did acquire it. He had the desire to be one of the world's largest textile machinery companies and once sent me to India along with Jack Taylor, an attorney, and a couple of his employees to investigate the possibility of establishing a plant there. This was an interesting but depressing trip because of the poverty we observed. One day there, we were being driven to a large city by a large Punjab man when the road became blocked with truckers on strike because of high gas prices. After being stuck in the backed-up traffic for a long time, our driver pulled out of line and followed a truck which had turned into the thick woods or jungle onto a narrow dirt road previously used in constructing a canal. After some distance the truck ahead stopped abruptly because it could not pass a low hanging tree limb. While we were waiting for them to saw off the limb, we heard a rustling outside the car and there stood a huge monkey looking in our car window. Our group advised against setting up a plant in India and this time he followed our advice. One benefit from this trip was that we did get to visit the Taj Mahal.

John for many years had an urgent desire to purchase the Saco Lowell textile machinery plant in Easley which produced a large range of textile capital equipment and was devastated when he learned a UK company was acquiring it before he had an opportunity to make a bid. He still yearned to own the Easley business and a few years later, I went with him to England where he tried unsuccessfully to purchase the Easley plant. He did not give up though and after a few more trips, an agreement was reached to make the purchase. A few days after returning to Greenville, we received a telephone call at 5:00 a.m. advising that the owner of the company had gone into receivership. John, Jack Taylor, two employees, and I flew back to England that afternoon to begin negotiations with the

receiver. After several meetings, the receiver rejected Hollingsworth's offer. John was very upset and despondent and finally had our local merchant banker telephone the receiver in the middle of the night with an increased offer which was ultimately accepted. Jack and I devised a way to save him one million dollars on the purchase, and John was so thrilled that he upgraded our return air tickets to first class. In order to purchase the Easley plant he also had to purchase a larger textile machinery business in England and one in Spain. The English plant was located in a huge building and once employed 5,000 workers, although at the time of purchase had far less.

Later that year he purchased another textile machinery company north of Dusseldorf, Germany, which produced a range of textile capital equipment. This purchase was financed almost 100% with a German bank and the loan involved a lien on the Black Forest plant as well. A few years later there was a slump in the textile machinery industry and both plants were placed in receivership. John did individually repurchase from the receiver the assets of the Black Forest plant exclusive of the real estate, and it was still owned at the time of his death.

The Easley plant was very large containing 500,000 square feet covering ten acres together with about 200 additional acres. In former times, it employed 800 workers. He sold this business a couple of years prior to his death but retained ownership of the real estate.

In addition to the Greenville and Easley plants and those overseas, he had service centers in Canada, Massachusetts, Alabama, and Texas.

During the long years of my association with Mr. Hollingsworth, I made many trips with him and without him to the international plants. One morning he called about ten o'clock requesting that I go with him to Germany that afternoon. Over the years, I made over 30 trips to Germany and several to England, Spain, and Mexico, and once to Brazil. One trip was to East Germany just two weeks after its reunification with West Germany, here again to purchase another plant. This was a most interesting time to visit the area. Once you crossed the former border, the roads were in bad shape and the buildings looked as though they had not been painted since World War I. The residents rode around in very fragile automobiles called Trabant or Trabies. They were built with very thin metal. After reunification, many people went over into West

Germany and bought up all the used cars they could find. They also bought all the bananas. Incidentally, John bought one of the Trabies and had it sent to the States to add to his auto collection. After it arrived it had to be returned since the Tralie did not have required emission controls. He did purchase a small plant in East Germany but not the larger target one. Incidentally, the purchased plant had been previously owned by the family from whom he purchased the Black Forest plant. When the Russians came into East Germany the owners had to flee through the country to West Germany. There they rented a former army building from the government and set up a similar plant. To equip the plant, they borrowed some machinery from the Swedish company which Mr. Hollingsworth later acquired. His international businesses and these trips certainly broadened my accounting career.

John, not being socially inclined, several times asked Margaret and me to entertain important foreign customers and plant managers visiting Greenville. On one occasion he invited the local German banker, the burgomaster, and the state governor to Greenville, and we entertained them. Once we took the German manager and his wife on a weekend trip to Hilton Head. They were very excited to see their first alligator and turtle, since they do not have them in Germany. They took many pictures of them to show their friends back home.

John loved land and greenery and began purchasing real estate in the 1950s with the profits of his thriving business. In 1964 he bought the 13,000-acre Kress Plantation in Beaufort and Jasper Counties without setting foot on it. He named it Buckfield Plantation. He had been referred to it by a real estate broker and flew over it in his plane. He thought it was beautiful. At one time he operated a large cattle farm on the property and carried on timber operations. He rarely visited the plantation personally. John liked to purchase property adjoining that which he already owned but complained that, by so doing, he was increasing the prices of the adjoining land. Red Hughes, a friend and at one time a real estate advisor, had him set up a land holding company named Michigan Agri-Chemical. Red thought that with that name, nearby property owners would think that a fertilizer factory was going to be built on the property, thereby reducing the value of their adjoining property.

Later, Hollingsworth bought Binden Plantation which contained 1,300 acres and was formerly owned by Ted Turner's father. A month prior to his death, he bought another 3,700 acre-plantation in Jasper County, financing most of the purchase price.

John was a very private, eccentric man. He was very frugal and spent little on himself, although he was generous to others. Once I mentioned to him that the heating system at our home was out of order. When I returned home, I found that he had delivered a new Aladdin kerosene stove and two five-gallon drums of kerosene. For many years he lived in an Airstream trailer in the woods behind the plant and drove a Volkswagen Rabbit. He could be tough but usually was very good to his employees and referred to them as company members. If a member or any of his family needed to go to a distant hospital, he would have one of his fleet of planes fly them there. He always gave toys to the children of company members at Christmas; and once when visiting a warehouse area, I found a building full of boxed toys. He did not participate in community activities and few outsiders ever knew him. He occasionally would eat at the Red Lobster with his secretary. His hobbies were the business and ownership of land. He was a purchaser, not a seller. One time I advised him to sell a tract on Laurens Road, and I do not believe he ever forgave me for this advice. He tried to buy the property back the following year. At the time of his death on December 30, 2000, Mr. Hollingsworth owned approximately 42,000 acres of land, including 6,000 acres in the upstate. He was a client for 36 years and although I called him John or Mr. H, to him I was always Mr. Welling.

Incidentally, many years after he had attended the one year at Furman, Hollingsworth asked me if I could find out about his grades. I called Dr. David Shi with his request and, a few days later, David called to say that he had found them and was sending a copy. He said that he did not believe I should show them to John and I never did. Although lacking formal education, John could always express himself quite well in meetings with bankers and others, and knew many engineering formulas.

Several years prior to his death, Mr. Hollingsworth informed me, his attorney, and an employee assistant that, when he died, he wanted a very private funeral with no publicity. A letter to that effect was written to a

funeral home. His wishes were carried out immediately after his death with no obituary notice, and he was buried in a plot beside his parents in Springwood Cemetery with but a handful of people present. A couple of years prior to his death, he had moved from the trailer to a nice home in the Parkins Mill Road area owned by a friend. He lived there alone.

Mr. Hollingsworth established Hollingsworth Funds, Inc., a charitable foundation, in December 1976. Upon his death, he left most of his net assets, valued at about \$275 million to this foundation and provided that about 45% of the annual income distribution go to Furman University, 10% to the Greenville YMCA and 45% to public charities in Greenville County. The assets were very illiquid, comprised mostly of real estate and the textile machinery business. The seven Funds directors have had a huge challenge in converting the assets to income producing ones and in diversifying them. Some of the actions taken have been the sale to the textile machinery company's off-shore subsidiaries' assets in Germany, Brazil, England, and Mexico. We closed the aviation department and sold the airplanes. We have sold some of the real estate, including a 16,000-acre plantation in the lower part of the state. Acreage located along I-85 and Laurens Road has been sold and or optioned to Clemson University for the International Center for Automotive Research project and to Cliff Rosen for the Millennium Campus. The proceeds of these sales have been used to pay off debts and invest in conventional securities.

John was a collector of various items consisting of antique cars, old guns, pewter plates, old coins and currency, and even a banjo. All of these were sold after his death.

The Foundation Board's objective is to maximize the return to our beneficiaries. In this connection, we recently announced a master plan for the development of 1,100 acres located along Verdae Boulevard, I-85, and Woodruff Road. This property is situated across I-85 from the Clemson ICAR and Rosen Millennium Campus. We have been told by our consultants that this tract is the most strategically located tract in the state. The plan calls for various types of residential, office, retail, and hotel developments. A full-care retirement center is also included. The plan provides for a large park which will be named "Hollingsworth Legacy Park" and the project will include walking and biking trails.

and greenways. Because of the size of the property, this will be a 20-to-30-year plan. The first phase will be residential and the retirement center. This ultimately will be a city within the City of Greenville. It is projected that 6,500 to 10,000 residents will live in this area and that the project will create about 15,000 jobs. This property has been assessed for property tax purposes as agricultural, resulting in very low property taxes, and the increased assessed values will result in huge increases in property tax revenue to the city, the school district, and the county.

The unique result of this development is that all of the profits generated will flow back to the beneficiaries of Hollingsworth Funds, Inc., all within the Greenville community. Because of the illiquidity of the assets, we had to borrow the \$400,000 for grants in 2001. We have been able to increase the annual grants to \$3,575,000 in 2005. Over a million and a half dollars went to public charities. Since Mr. Hollingsworth established the foundation in 1976, through 2005 the annual grants to the beneficiaries total more than \$7,500,000.

Mr. Hollingsworth's benevolence will be felt in perpetuity.