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## **ETHNIC ENTREPRENEUR: FRANK ZOTTI (1872—1947): A Croatian Immigrant Success Story**

### **SUMMARY**

This essay deals with Franjo (Frank) Zotti, a prominent early 20th century Croatian steamship agent, banker, newspaper editor and fraternal leader. His life-time corresponds with the years of major Yugoslav immigration to the United States, 1900—1914, and continued beyond to World War II. Known as »King of the Croatsians« and one of the Croatian communities wealthiest members, Zotti's influence extended across the American continent and the Atlantic ocean.

Franjo Zotti was born in 1872 on the Dalmatian coast at Kotor. He died in 1947 in California. He lived in the United States for fifty-eight years, fifty-two in the New York metropolitan area. His last six years were spent in Los Angeles, another area of Croatian immigration and a region believed by some to resemble the Dalmatian coast. From the time of his arrival in New York City in 1889 until his death Zotti was an active political and business figure. His life serves as a testimony of American social mobility and its excesses.

Zotti's activities brought him personal profit, gain and status, but they also brought into focus the Croatian immigrant group and broadcast its identity and existence. In his leadership positions Zotti was both supported and challenged by his fellow countrymen. A diversity of opinion and independent behaviour existed within the Croatian community and the immigrants chose to support those of his activities and views which suited their needs. Franjo Zotti was one of several »mediators« in the adjustment of Croatsians to American Life. He personally benefited from his leadership position within the community. He likewise worked to enhance the existence of the Croatian community for power could be exercised through the group.

Recent studies have drawn the attention of academics to the neglect of immigrant elites and pioneers in American immigration history studies. In particular, the relationship between immigrant leaders and their followers appears to be in need of more extensive examination. Usually, two kinds of immigrant leaders have been described: clansman, or one who leads the immigrants and profits from their helplessness or intellectual, an idealist seeking to promote social revolution.

Frank Zotti can not be placed totally in either of these categories. His activities brought him personal gain and profit but they also brought into focus the Croatian immigrant group and broadcast its identity and existence. In his leadership position Zotti was both supported and challenged by his fellow countrymen. A diversity of opinion and independent behavior existed within the Croatian community and the immigrants chose to support those activities and views which suited their needs. Frank Zotti was one of several

»mediators« in the adjustment of Croatians to American life. He was both immigrant and American (8; 6:291—301).

At the age of seventeen, Frank Zotti immigrated to New York City in 1889 from the Bay of Kotor. Some accounts have Zotti spending his first days in New York City as a streetcleaner. He did begin his entrepreneurial pursuits very early. He started out as a steamship agent, taking advantage of the lucrative business of transporting thousands of »new immigrants« back and forth across the Atlantic. Zotti's subsequent banking activities developed from the steamship agency. In 1890, he began operating as a private banker. Within a few years he had branch offices in Pittsburgh and Chicago. As a private banker for Croatians, his bank was at one time used almost exclusively as a trustee for savings and as a channel of remittance. He then turned to publishing and by 1898 formed *Narodni List*, a Croatian weekly. In 1902 it became a daily. These activities turned the lot of this one Croatian immigrant into an American success story. In joining both the banking and publishing empires Zotti earned himself the title »King of the Croatians.« His golden touch won for him the status of the richest and most influential Croatian in America (9; 5; 14).

In 1905, Zotti incorporated Frank Zotti Steamship Company with \$2 million in stock offerings. With these funds he purchased the steamship »Brooklyn« for the express purpose of transporting immigrants across the Atlantic. Stock was sold to Croatian immigrants at \$ 5.00 a share.

In 1906, Frank Zotti was elected president of the National Croatian Society, the major Croatian fraternal society in the United States at that time. Having taken advantage of the opportunities offered within the ethnic community, Zotti was at the height of his career at this time. His presence dominated the key areas of Croatian immigrants' needs and concerns — transportation, banking, news information, and mutual-aid societies. His influence extended across the American continent and the Atlantic Ocean.

As an editor and community spokesman, Zotti and *Narodni list* provided practical information, general news and kept ties with the old culture alive for the immigrants. (15:102) Advertisements from corporations in need of workers, railroad and steamship lines in search of customers, and advertisements from other Croatian businessmen throughout the country provided much of the copy and revenue for Zotti's paper. Except for the job information, *Narodni list* was criticized for providing little other information that was concerned with America that was not sensational or bizarre. In 1922, Robert Park, an American sociologist, described it as »newsy, sensational, and written in language and concerning matters that a Croatian peasant can understand. The fact that its editor attacks violently and consistently all the ambitious intellectuals among the Croatians probably does not greatly distress the Dalmatian and Bosnian shepherds who constitute the bulk of its readers.« (14:342)

Croatian immigrants entering the United States at the turn of the century were primarily unskilled workers. The middle class was virtually non-existent. Zotti's audience was an audience of workers. United States immigrants during the years 1900 and 1914 were young men between the ages of 14 and 44, common laborers, illiterate, and arriving in the United States with less than \$ 30.00. Initially, Croatian settlements consisted of male workers, who migrated with intention of returning home with their accumulated capital after a temporary work-stint in the United States. (9)

Croatian enclaves in the United States were islands of oral culture in a society using the printed work as its means of communication. For Zotti to esta-

blish a foreign language daily was both an ethnic and American success story. For many immigrant workers the act of purchasing a newspaper was a significant change in itself. Many immigrants were new to a money economy and wages. Saving money was the main goal. Purchasing a newspaper was an American action. It may even have indicated an interest in reading if not the presence of the ability to read. In his 1924 observations of New York City, Konrad Bercovici wrote of Croatians: »I have seen many a one plodding over the Croatian newspaper, *Narodni list*, trying to understand what was in it, in belief that these were American newspapers.« (1:273)

In the early years of an ethnic community the »personal journalism« of Zotti's kind thrived because it served an important function within the community. Zotti provided information about the new society, information about American politics and history, naturalization, and legal advice on local and personal matters. He kept the immigrants in contact with the homeland by reporting on national politics and on opportunities for those returning home. In providing this information Zotti also interpreted the developments according to his viewpoint. He did however articulate the views and interests of Croatians vis-a-vis the new and old societies. Zotti's activities shared the dichotomy that characterizes ethnic newspapers, that is, the publication of news about the new culture in the language of the old and news about the old culture from the perspective of the new. The result was a multifaceted contribution to the process of acculturation. The role of *Narodni List* was manifold and varied over the years. Zotti sent his newspaper back to Croatia to further the development of a national consciousness at home. He also sent free copies to Croatian communities in New Zealand in an effort to expand his banking operation. (4:76)

The entrepreneur was usually among the first immigrants to commit himself to the new environment longterm. Zotti's commitment was reflected in his investment of capital in business and in the improvement of his facilities. Zotti's offices changed locations often, sometimes to better accommodate his people and other times to simply bigger and better quarters. *Narodni list* carried photos of his offices even though they were rentals. Elaborate signs advertised his services. (11)

An entrepreneur's commitment to the new land may also be reflected in his efforts to establish a social order in the immigrant settlements which would provide the entrepreneur with social prestige and status. By providing services and information to the immigrants, a businessman could solidify, support for himself, his family and his undertaking. The entrepreneur helped to shape the immigrants' view of America. As long as individual laborers saw themselves as sojourners in America, they were more easily manipulated by their entrepreneurial countrymen. Entrepreneurs like Zotti offered a sense of security and existence to the Croatian worker. They helped immigrants utilize their meager resources more effectively than would have been possible if the immigrants acted individually. Once these few entrepreneurs gained control, they maintained it by eliminating their competition.

This pursuit of stability and security in a capitalistic economy led most immigrant groups to the establishment of mutual aid societies. These societies in turn, often led to an intensification of entrepreneurial and profit goals among the leadership. Not all immigrants remained in the factories and mills. In time a few immigrant entrepreneurs co-existed with immigrant workers. Within these two major categories of immigrant worker and entrepreneur, sociologists have found complex internal status hierarchies. These gradations of status were found to be based upon many factors-length of stay in the United States,

ethnic organizational involvement, language, wealth, occupation and education. This emerging immigrant middle class has been characterized as celebrating individual status and gain to a greater degree than the working class, although certainly not devoid of cooperative and familial concerns. (2:117—143) It has also been seen as tied closer to the business culture of urban America than the culture of immigrant workers. Strenuous efforts were made to identify with the native ruling upper class because such association improved one's status within the immigrant community. Along with an emerging middle class, widespread divisiveness pervaded many immigrant settlements. Frank Zotti's career is filled with ethnic hatred and rivalry. Croats brought with them to the New Land a strong sense of local and regional patriotism. Their particular loyalties divided them by villages. In the United States many identified themselves with the Austro-Hungarian Empire. In the February 27, 1902 issue of *Narodni list* Zotti lamented that some Croats did not identify as Croats but as Austrians, Hungarians and Slavs when they arrived in the United States. (11) Yet a steamship agent or banker could not prosper if settlements remained divided by small regional groups or the large empire.

While admittedly very small in number, ethnic entrepreneurs encouraged the formation of ethnic organizations and struggled intensely for control of these community organizations. Many attempted to extend their personal influence and to effect change within existing immigrant organizations. Among Croatian entrepreneurs conflicts developed between individuals and their retinues who struggled for control of the dominant institutions within the community. Croatian entrepreneurs, like Zotti, operated as individuals in the establishment and management of their businesses. Partnerships were infrequent and rarely formed with individuals outside the family or ethnic group (15:78). Newspapers, like *Narodni List*, were the private property of the editor who was also the publisher. American freedom of press allowed editors to verbalize their competing views and hostilities.

Control of a large ethnic fraternal organization was viewed as reinforcing the prestige and power of the entrepreneur in the community and entrepreneurs struggled among themselves for that power. Among the Croats, secular elements gained the upper hand in the national organizations, and it was not until the early 1920's that the Croatian clergy established their own religious-ethnic organization (15:105). Croatian immigrant mutual-aid societies began to form national alliances in the early 1900's to bring together all immigrants of the same ethnic commitment in one American organization (7:233—242). Zotti favored such a policy and in his editorials he appealed to all Croats and South Slavs, to those Catholic and those of the Orthodox faith to join the policy of a national organization. Intercity travel by the immigrants also contributed to this movement. As Croatian immigrant workers traveled from city to city in search of employment as well as back and forth across the Atlantic, national fraternal organizations seemed better suited to their mobility. The consolidation efforts were also fueled by the ambitious leaders who viewed these larger organizations as outlets for their entrepreneurial energies and their drives for personal gain and status. These individuals had begun to adopt some of the modern American business and investment procedures to increase the stability and efficiency of their own ventures (2:117—143). They could foresee the potential for financial advancement within the fraternals.

In 1897 the Croatian Society (Hrvatska Zajednica) expanded and became the National Croatian Society (Narodna Hrvatska Zajednica). The newly expanded National Croatian Society had by 1900 established an elaborate array of officials within its organization. Many carried very high sounding titles,

such as Supreme President and Supreme Board. These official positions carried status, position, salaries, and opportunities with them. John Bodnar's study of fraternal organizations indicated a strong »preference for middle class ways« among fraternal leaders when they were not imposed but initiated by the group itself (2).

The fraternal organization afforded Zotti the opportunity to mesh the traditional homeland concepts of mutual assistance with modern notions of individual status and power. The coastal area of Dalmatia from which he and many other Croatian immigrants came had fraternal brotherhoods dating back to the 13<sup>th</sup> century. They provided assistance to families in times of illness or death (2).

In 1906 when Zotti made his move for leadership of the National Croatian Society he was already well established within the Croatian communities in the United States. Zotti joined the NCS in 1900. A few years later he was deeply involved in a feud with A. C. Jankovic of Chicago, a fellow Croatian banker and treasurer of the NCS. Zotti charged that as treasurer, Jankovic, who was responsible for paying out death claims to beneficiaries in Croatia, was manipulating these funds, not paying out the full exchange. These charges destroyed confidence in the national fraternal leadership. The press, especially *Narodni List* constantly attacked the leadership. As a result, Jankovic was forced out of office. Character assassination was the most effective method for unseating a rival leader and Zotti and his *Narodni List* were not above practicing this method. Jankovic was one of many Zotti victims (3).

Zotti, himself, became involved in a major financial collapse and scandal in 1908, while serving as supreme president of the National Croatian Society. Before the issue was closed in the Federal Courts of New York City in 1940, the savings of thousands of Croatians were wiped out, the NCS lost hundreds of members and its foundations were threatened. Zotti's bankruptcy was believed to have affected 1 in 3 Croatians in the United States and countless others in the homeland. The years after 1908 saw much of Zotti's empire crumble. Immigrants lost upwards of \$ 750,000.00 of their hard earned savings. The NCS did not lose any of its funds due to the collapse but the effects of the scandal rocked the organization and caused a loss of faith among many members.

Zotti's downfall began when the United States District Court of New York placed the Zotti Company into receivership on July 15, 1908. On July 31, 1908, the Bonding Company notified Zotti that his bond was cancelled. Zotti was unable to obtain another bond. The Supreme Board of the NCS suspended him and filed impeachment proceedings against him to the High Trial Board. On November 16, 1908 he was suspended as president and expelled from the NCS partly because of the bankruptcy and partly due to Zotti's opposition to the anti-Hapsburg campaign supported by some of NCS leadership. *Narodni List* was increasingly pro-Austrian in its editorial policy (17; 11:1902; 13:173—203).

Zotti responded by charging society officers with mismanagement. Zotti reminded his readers that the society's membership had risen from 5,000 in 1900 to 26,000 in 1908. These years coincided with his vigorous involvement in the NCS, years when the treasury expanded from \$ 10,000.00 to \$ 350,000.00 (10: 73—88). He urged the NCS membership to call a special convention to remove incompetent officers. Several lodges did in fact join together to appoint a committee to investigate the charges of corruption and mismanagement. The committee's report found the Society's assets to be fully accounted for and urged a restoration of confidence in the Society. Zotti's newspaper, however, continued his accusations and attacks against the NCS well into the 1920's.

Zotti's financial difficulties can be traced back to the establishment of the Frank Zotti Steamship Company in 1905—1906. With this venture Zotti intended to transport immigrants across the Atlantic himself. He had continually fought with the steamship companies over their exorbitant prices, high profits, meager agents' commissions and poor passenger treatment. He credited himself with having reduced the trans-Atlantic rates to between \$ 15.00 and \$ 20.00. His new steamship line would hopefully continue the war rate among the lines.

*The New York Times* quoted Mr. Zotti as having said:

We have been forced to take this move on account of the arbitrary methods that are being practiced by the big steamship companies which now control the business. We are going into it, realizing thoroughly that we have a big fight on our hands and expecting to participate in one of the greatest rate wars of the kind that have ever been waged. We intend to run steamers to Trieste and Fiume, Austria-Hungary, touching Spain and Italy on the way. Another line will also be run to the north, either touching England or the Continent. (12)

The »Brooklyn« was purchased for \$ 200,00.00 and another \$ 180,000.00 was spent on renovations and repairs. Zotti encountered difficulties in his attempt to obtain port privileges. On September 12, 1905 the »Brooklyn« made its first voyage. After making 3 or 4 trips the »Brooklyn« ran aground on August 10, 1906 in the Azores. The sinking raised many questions. Critics claimed it was intentional. Zotti himself suggested that the French Line bought off the Captain in an effort to get back at him for his disputes with them over commissions. No lives were lost but confidence was shaken.

The loss of the »Brooklyn« took place during a very tight money situation in the United States. Zotti absorbed the loss personally and agreed to pay any stockholder wishing to sell shares for \$ 6.00 a share. The original purchase price was \$ 5.00 a share (10:73—88).

Shortly after the »Brooklyn«, Zotti went into a \$ 600,000.00 real estate investment and development project in an attempt to offset his losses. He purchased 260 acres of land in Bergen County, New Jersey, in the town of Norwood. He formed the Norwood Suburban Home and Land Company and began selling lots, 2,400 lots, ranging from \$ 100.00 to \$ 500.00 in price. Lots could be purchased for \$ 5.00 down and \$ 5.00 a week. He laid out plans for Norwood Plaza and Zotti Avenue ran through the center of the community (16).

Unfortunately for Mr. Zotti the earlier tight money situation worsened and the United States went into a financial panic in 1907. A banking crisis forced many closings. Plants, mines and factories shut down. Unemployment rose and many »temporary immigrants« decided to return to their homeland with their savings. Zotti's Bank had deposits of about \$ 800,00.00. Before the 1907 panic his worth was estimated at about \$ 1,000,000.00. After the panic the value of his stocks, bonds and real estate declined sharply. Between October 1907 and July 1908 Zotti paid out cash to some of his 8,000 and more depositors. Eventually the run-on the bank got Zotti as well. Rumors were spread that he was leaving the country for South America and many a fellow countryman ran to collect his savings in the summer of 1908. When Zotti went bankrupt in July, he had 15,000 creditors (16; 12).

Mr. Zotti never regained his former influence, trust or standing among Croatians; his fortunes began to ebb. His name was removed from the roster of NCS presidents. He was labelled the »bankrupt one«. Mention of his name and activities did not appear in the Society's literature until 1974.

Over the course of his life Zotti was ambivalent about his relationship to the mass of Croatian immigrants, alternating between involvement and separateness. Both he and the immigrants underwent change over time. Zotti grew more comfortable with business ventures. Stocks, bonds and real estate development intrigued him. He was a master of advertising. The working class communities which he served also underwent change. Manipulation of immigrants by entrepreneurs did take place but the actions of entrepreneurs were shaped as much by the immigrants (2:117—143; 14:400—401). Boxes of letters written by immigrants searching for their lost deposits during the many years of Zotti's bankruptcy case (1908—1940) attest to the immigrants ability to pursue their own interests.

To be successful Zotti had to operate within a complex network of communities and institutions. All immigrants, worker and entrepreneur alike, shared in the conscious pursuit of their self-interest and the satisfaction of their needs. The immigrants were not passive and their leaders had to distinguish between what they thought was possible and what was actually possible. Zotti's triumphs and defeats serve as ample proof. He achieved success by doing things needed and in a familiar and acceptable way for Croatian immigrants. Frank Zotti was a success by American and ethnic standards. His entrepreneurial activities made immigrants aware of American society and its values and provided immigrants an access to the new society (15:103).

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**FRANJO ZOTTI (1872—1947) — ETNIČKI PODUZETNIK:**  
Priča o uspjehu jednoga hrvatskog iseljenika

**SAŽETAK**

Rad govori o Franji Zottiju, istaknutom hrvatskom brodarskom agentu, bankaru, novinskom uredniku i fraternalističkom vođi u prvoj polovini 20. stoljeća. Vrijeme njegovog života odgovara razdoblju najjače jugoslavenske imigracije u Sjedinjene Države: 1900—1914. i sve do drugoga svjetskog rata. Poznat kao »kralj Hrvata«, i jedan od najbogatijih članova hrvatske zajednice u Americi, Zottijev je utjecaj zahvatio obje strane američkog kontinenta i Atlantskog oceana.

Franjo Zotti rođen je 1872. u Kotoru. Umro je 1947. u Kaliforniji. Živio je u Sjedinjenim Državama pedeset i osam godina, pedeset i dvije u metropolitanskom području New Yorka. Posljednjih šest godina života proveo je u Los Angelesu, na drugom važnom području hrvatske imigracije, u kraju koji prema nekima nalikuje na dalmatinsku obalu. Od dolaska u New York City godine 1889, do svoje smrti, Zotti je bio aktivan politički i poslovni vođa. Njegov život svjedoči o američkoj socijalnoj mobilnosti i ekscesa u tome.

Svojim djelatnostima Zotti je za sebe osigurao osobni profit, dobitke i status, ali one su isto tako iznijele na vidjelo identitet i postojanje hrvatske imigrantske grupe. Zottijev položaj vođe podržali su ili osporavali njegovi sunarodnjaci. Raznolikost gledišta i samostalno ponašanje postojalo je u hrvatskoj zajednici, pa su imigranti podržali one djelatnosti i poglede koje su odgovarale njihovim potrebama. Franjo Zotti bio je jedan od nekoliko »posrednika« u procesu prilagodbe Hrvata američkom životu. Osobno je profitirao od položaja vodstva u zajednici, no on je također radio da bi uzdigao hrvatsku zajednicu jer je preko nje stjecao moć.