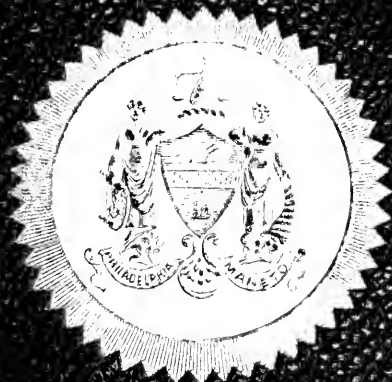


THE
PHILADELPHIA



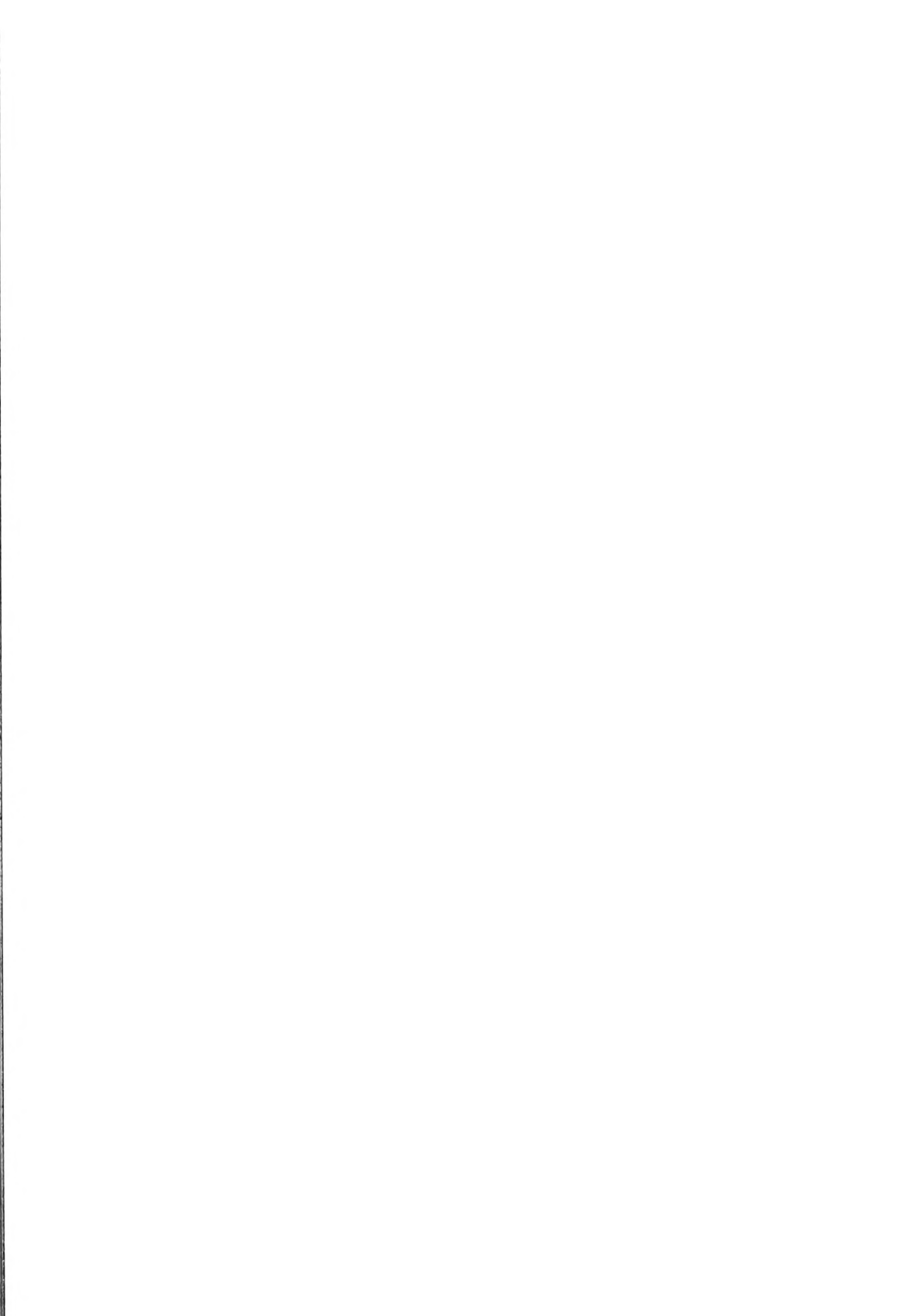
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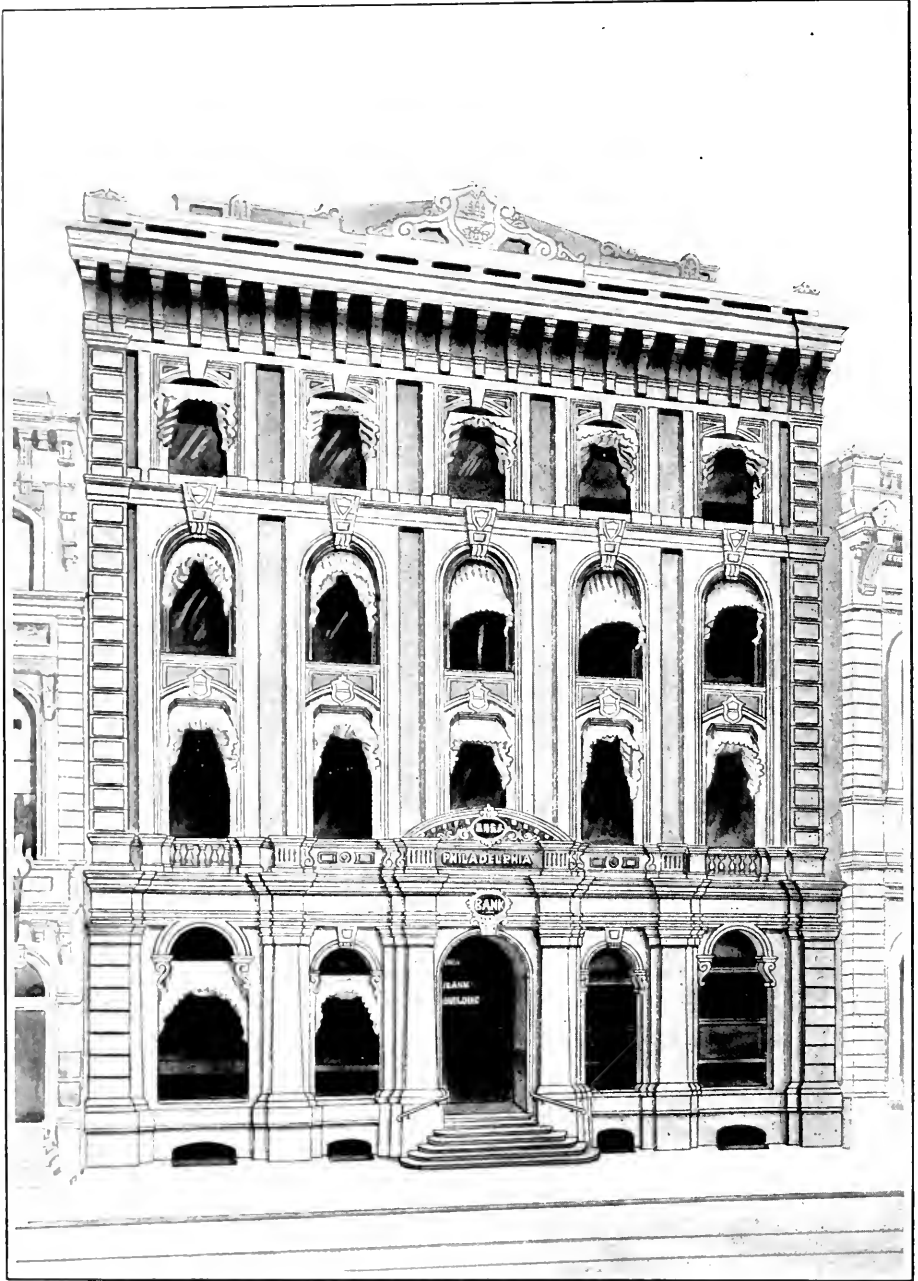
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1803-1903

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THE PHILADELPHIA NATIONAL BANK,
406-420-423 CHESTNUT STREET.

A Century's Record

1803-1903

BY
A STOCKHOLDER

Illustrated



THE PHILADELPHIA NATIONAL BANK

(539)

419-421-423 CHESTNUT STREET

PHILADELPHIA

1903

Copyright, 1903
The Philadelphia National Bank

MADE FOR THE PHILADELPHIA NATIONAL BANK
BY WM. F. FELL COMPANY, PHILADELPHIA, PA.

TO THE
STOCKHOLDERS, DEPOSITORS, AND PATRONS
OF
THE PHILADELPHIA NATIONAL BANK

THIS CHRONICLE
OF ITS
CAREER AND WORK
DURING THE PAST CENTURY
IS
RESPECTFULLY INSCRIBED

THE PHILADELPHIA BANK

Founded

August 3, 1803

Began Business

September 19, 1803

Chartered

March 5, 1804

THE PHILADELPHIA NATIONAL BANK

(539)

Organized

October 20, 1864

Began Business

October 25, 1864

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I
BEGINNING OF THE BANK
1803-1810

THE PHILADELPHIA BANK

I

BEGINNING OF THE BANK

1803-1810

*The Philadelphia Bank—Its Origin—Its Organization—
Its Charter by the State of Pennsylvania—Its Business
Progress—Early Banking Methods.*

ITS ORIGIN

THE Philadelphia Bank originated at a meeting held in the counting-house of John Welsh, No. 31 South Wharves, in the city of Philadelphia, August 3, 1803. It began business in a rented building on the south side of Chestnut Street (old No. 104), between Third Street and Whalebone Alley, afterward called Hudson Street, and now Orianna Street, at nine o'clock on Monday morning, September 19, 1803.

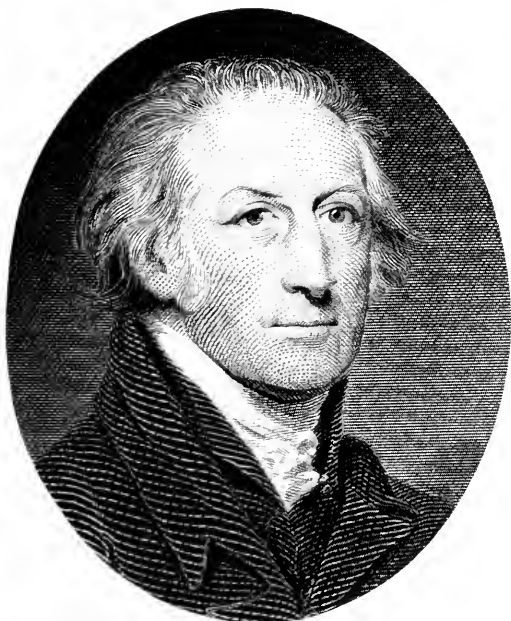
The first comprehensive plan for an incorporated bank in the United States was suggested by Alexander Hamilton, during the Revolutionary War, in 1779, but without result, though out of his ideas grew the subsequent organization, formed in 1780, for the purpose of sending supplies to the army. This was popularly known as the "Bank of Pennsylvania," and was the chief reliance in keeping the army equipped in the field until the close of the war, sending it rations, and continuing in operation about eighteen months. Robert Morris,

“the financier of the Revolution,” was at the head of this enterprise.

Robert Morris, in 1781, submitted to Congress a plan for establishing a national bank, which resulted in the charter by Congress, on May 26, 1781, of the Bank of North America at Philadelphia. That bank, during the next year, also got a charter from the State of Pennsylvania, as there were doubts of the validity of the charter by Congress. This was the first incorporated bank in the country. The second was the Bank of Massachusetts at Boston, chartered February 7, 1784, and the third, the Bank of New York at New York, chartered June 9, 1784. At the time of the adoption of the Constitution, in 1787, these three were the only incorporated banks in America. Money was then very scarce, and the entire stock of specie in the United States was estimated as not exceeding \$2,000,000, and almost all in foreign coins. A small part was held by the three banks, but the greater portion was the savings of individuals, being generally hoarded. The United States Mint was established in Philadelphia in 1793, and soon thereafter began manufacturing the new American coinage.

The Maryland Bank at Baltimore was chartered February 7, 1790. Congress chartered the first Bank of the United States, located in Philadelphia, in February, 1791, the charter running twenty years, and for this institution, a few years later, was erected the building on Third Street, south of Chestnut Street, now owned by the Girard Estate and occupied by the Girard National Bank. When this first United States Bank charter expired in 1811, Congress declined to renew it. In 1791 the entire revenues of all the custom houses of the country (the largest being at Philadelphia) were but \$1,900,000, and this was the chief support of the Government.

The General Assembly of the State of Pennsylvania in 1793 chartered the Pennsylvania Bank, which existed until 1857.



GEORGE CLYMER.

When the Philadelphia Bank was projected in the summer of 1803, there were three banks in the city, the Bank of North America, the Bank of the United States, and the Pennsylvania Bank, and there were then about forty banks in the entire country, the increase of business and general expansion following a period of peace having stimulated the growth of banking.

Philadelphia was then the chief city of the United States in size and splendor, its leading seaport, and had been the national capital, which was only recently removed to the newly founded city of Washington. The growth of commerce and industry had greatly enlarged the city and its business interests. With Southwark and Kensington, the city extended nearly three miles along the Delaware River, and had 13,000 houses and an estimated population of 80,000. Its leading trades were shipbuilding and the export of flour, sending away 400,000 barrels annually. The need of more banking capital was felt, and this necessity, together with some dissatisfaction, caused by existing banking methods, led a large body of merchants to suggest the formation of another bank. The crystallization of this motive into the actual organization of the Philadelphia Bank, and the procuring of the charter from the General Assembly of Pennsylvania, despite powerful opposition, are generally attributed to the guiding genius of John Welsh, then a leading merchant, in the prime of business life, who for over a half-century was a director of the institution, until his death at the age of eighty-four, in the year 1854. Mr. Welsh was always called "the Father of the Bank," and took a very prominent part in its early management. His portrait appeared as a vignette on the Philadelphia Bank notes.

John Welsh was of Scottish descent, his ancestors coming originally from Ayr. He was born near Stanton, Delaware, August 1, 1770, and after receiving an education at the schools

of that locality, came to Philadelphia in 1786. Daniel Burns, a Quaker preacher who had made a missionary tour in Delaware, visited Stanton, and forming his acquaintance, through the friendship of Burns, young Welsh was taken as apprentice by Joseph Russell, extensively engaged in the Philadelphia flour trade. Becoming of age in 1791, his apprenticeship closed, and after making a voyage as supercargo to San Domingo, he accepted a position in the counting house of Robert Ralston, then a leading merchant. His advancement was rapid, and during the yellow-fever scourge in Philadelphia in 1793, when most of the population fled from the city, he remained in sole charge of Mr. Ralston's affairs. John Welsh in 1794 went into business for himself, and his mercantile house, then founded, at a time when the foreign trade of the United States was largely concentrated in Philadelphia, has been continued for more than a century by his descendants, first by his sons as S. and W. Welsh and now by the later generations as S. and J. Welsh. Subsequently to the close of the war of 1812, in the great revival of American commerce, John Welsh became one of the most prominent shipping merchants of the country, and he was then the largest owner of vessels in Philadelphia. It is said of him, that he was always fully abreast of commercial affairs throughout the world, had acquired vast knowledge of the products and wants of all countries as represented in the world's intercourse, and was thoroughly conversant with the construction and outfit of all ships. He was connected with many business corporations, and held only one public position, early in the last century, when he was for several years an inspector of the famous Walnut Street prison. John Welsh died in Philadelphia, March 4, 1854.

The preliminaries above referred to resulted in the meeting held at Mr. Welsh's counting-house August 3, 1803. Its minute records that "a number of gentlemen, having met

together and considered the propriety of establishing a Bank in this City, to be called the Philadelphia Bank, on a plan nearly similar to the Merchants' Bank in New York, drew up articles of an association which they caused to be printed, with a blank for the names of the gentlemen to serve as Directors till the second Tuesday of November, 1804." They filled the blank with the names of the following sixteen gentlemen: George Latimer, James Smith, Jacob Gerard Koch, John Welsh, Daniel W. Coxe, John Gardiner, Jr., Samuel Meeker, John Warder, Elisha Kane, Paul Beck, Jacob Sperry, Samuel Eldridge, John Maybin, Matthew Lawler, Louis D. Carpentier, and William Guier. Then they opened a subscription book with a copy of the articles prefixed, and it "was immediately signed by a considerable number of persons, after which they adjourned to the 6th instant, at 4 o'clock P. M. at the City Tavern." The subsequent meetings were mostly held at the old City Tavern, Second Street above Walnut, then called the Merchants' Coffee House, until the Bank got possession of its own building.

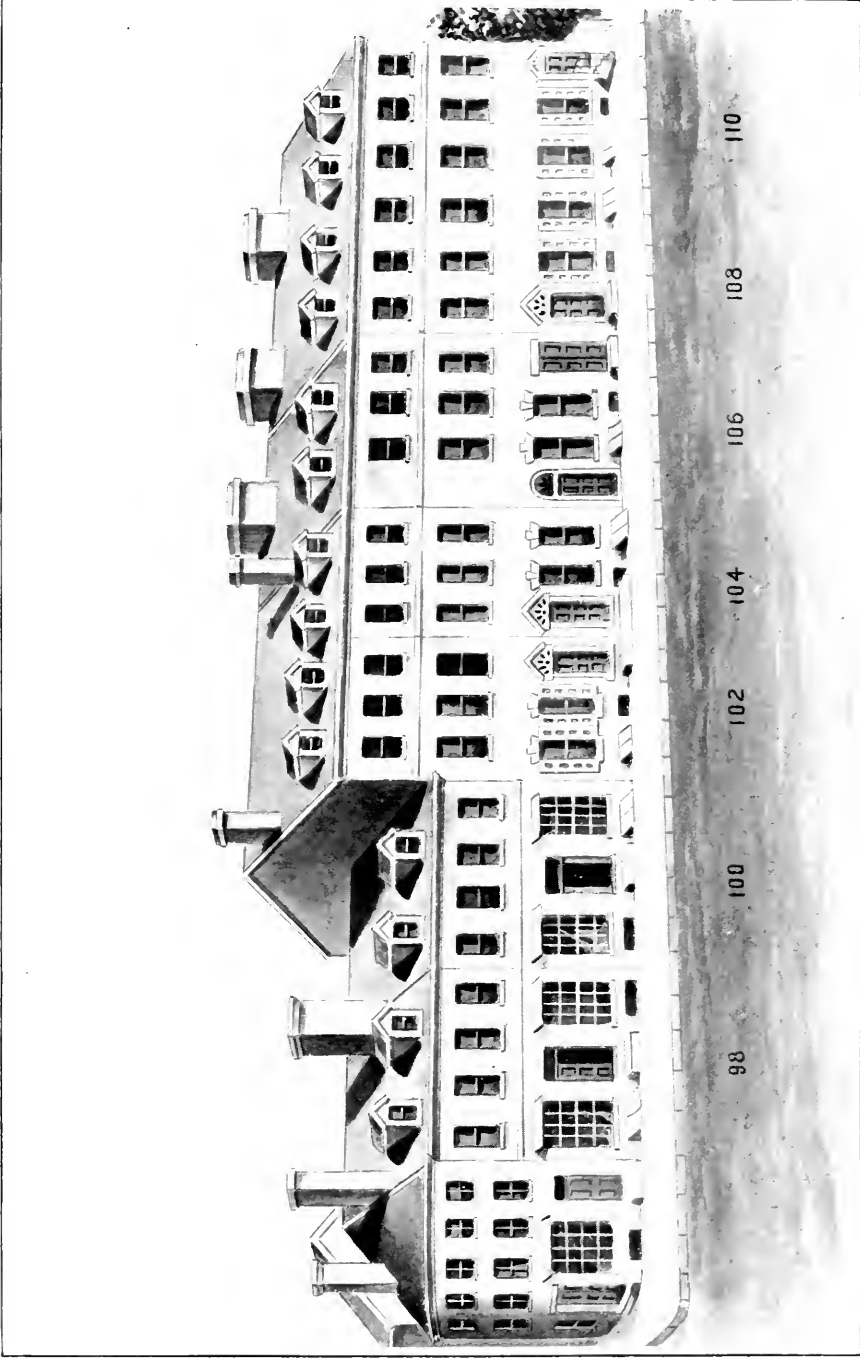
ITS ORGANIZATION

The articles of association are dated August 6, 1803, and are signed by one hundred and ninety-eight individuals and firms, the first signature being that of George Clymer, and the second, John Welsh. They fixed the capital at \$1,000,000, divided into shares of \$100 each—ten dollars on each share to be paid at the time of subscribing, and the remainder as the Board of Directors should order, on at least fifteen days published notice in the newspapers. The articles described the organization as "a company or limited partnership," created a board of sixteen directors, of which nine, the president always to be one, shall form a quorum for transacting business, while ordinary discounts may be done by the president and any five of the

directors; declared the liability of the stockholders should not be individual, but limited only to the joint stock or property of the company; and described at length the nature of the business and the power of the officers and of the board.

On August 6th, pursuant to adjournment, eight of the persons named as directors met at the City Tavern, and made Matthew Lawler, chairman, and Samuel Meeker, secretary. Matthew Lawler was the Mayor of Philadelphia at the opening of the nineteenth century, and was then serving his third annual term. He had been a hero of the Revolutionary War, and the commander of privateers sailing from Philadelphia that made numerous British captures. Samuel Meeker was a leading merchant, of the firm of Meeker, Denman & Co. The meeting ordered the subscription book to be opened at the City Tavern, on Monday, August 8th, at 10 o'clock A. M., and appointed Matthew Lawler, William Guier, and John Welsh a committee to procure "a suitable house" for the Bank. The subscription book was opened on the 8th, and at the board meeting subsequently, on that day, it was found that the subscription had been more than filled, whereupon to bring the number of shares within the limit, a resolution was passed reducing by 15 per cent. all subscribers for over twenty shares. The first instalment of \$10 per share was also called, payable the next day. On that day, and daily thereafter, a committee met to receive the instalment, and during the ensuing three days there were \$82,690 paid in.

The subscription list had scarcely been filled when opponents of the project began dissuading merchants and others from paying up their subscriptions, and were also particularly zealous in the effort to prevent some of those who had been selected as directors from serving on the board. The result was that quite a number neglected to pay the instalment, and several of the directors did not appear at the meetings. But



THE FIRST PHILADELPHIA BANK,
No. 104 CHESTNUT STREET,
CHESTNUT STREET, SOUTH SIDE, FROM THIRD STREET TO WHALLEY'S ALLEY (NOW ORIANA STREET).
1853.

those at the head of the movement meant business, and they very quickly remedied this. They gave public notice to the subscribers to pay their instalments on August 11th, when all those neglecting to pay would be considered as having abandoned their shares, and they also convened the stockholders on that day to fill the vacancies in the board. Then on August 12th the board met, and, 1351 shares not being taken, they accepted the offer of John Welsh and five other directors to take the whole amount, and declared the subscription list closed. Of the sixteen directors originally selected, eight served and eight withdrew, and the list of sixteen as finally entered in the articles of association was: George Clymer, John Welsh, John Gardiner, Jr., Samuel Meeker, Elisha Kane, Jacob Sperry, Matthew Lawler, Louis D. Carpentier, William Guier, Joseph D. Drinker, John Bohlen, William Haslett, Jacob Shoemaker, Abraham M. Garrigues, Alexander Cranston, and Joseph Clark.

On August 12th the board also resolved to elect a president *pro tem.* from among the directors, "who, it is understood, will feel a pleasure to resign his office in favor of a permanent president, whenever such person may be fixed upon." Jacob Shoemaker was elected president *pro tempore.* They continued daily meetings; deposited their money in a box placed in the care of the Pennsylvania Bank; authorized the receipt of bank notes for checks given for subscriptions; gave the subscribers to the residue of the stock ample time to pay their instalments; ordered a committee to procure "a proper set of books, stationery, scales, weights, shovels and other materials" for the Bank, to procure the form of the several notes to be issued, also a person to engrave them; and appointed another committee "to draft rules and regulations for the government of the Institution."

Upon August 16th the board arranged for the permanent

location of the Bank. They confirmed an agreement made by John Welsh for the Bank, and Joseph Pemberton, by which the latter agreed "to let to the President and Directors of the Philadelphia Bank, the House opposite the Bank of North America, which I now live in, for two years at the rate of five hundred pounds per year, payable quarterly, giving them the privilege of buying said house and lot at any time within the two years for fifteen thousand dollars, which I engage to sell them, clear of every encumbrance." Thus the embryo bank took its first option, which, however, was never exercised, the Bank going elsewhere. The work of fitting up the house for the Bank began at once. The site of this house is now part of the property of the Girard Estate, on which the Mariner and Merchant Building is erected. The next day twelve directors attended the board meeting, and four candidates were nominated for cashier, and James Todd elected, his salary being fixed at \$2,000 and \$50,000 security being required. Mr. Todd continued as cashier until November 7, 1805. The board also fixed the following salaries of the other officers and clerks: President, \$1,750; first teller, \$800; second teller, \$700; bookkeeper and discount clerk, each, \$600; note and transfer clerk, \$500; runner, \$500; porter, \$250; and two watchmen each \$12 per month. The tellers and notary were each to provide \$15,000 security; the bookkeepers and clerks, each \$5,000; and the runner, \$3,000. The board also called in the second instalment on the stock of \$10 per share, payable September 7, 1803, and informed stockholders paying in full "that they will be entitled to a dividend on the whole amount paid in."

The Bank was now completely organized, except the selection of the president, which was made upon the following day, August 18th, when George Clymer was elected as a director, and immediately thereafter was unanimously elected

president of the Philadelphia Bank, continuing to hold the office until his death, January 23, 1813. Mr. Clymer was a prominent Philadelphian, and was born in the city in 1739. He early took a leading part in the cause of the Colonies against the aggression of the Crown, and in 1773 was a leader among those who resisted the sale of taxed tea. When the war began, he subscribed liberally to the loans of the Continental Congress, and was elected a delegate to the Congress in 1776, in place of one of the Pennsylvania members who had refused to vote for independence. He signed the Declaration of Independence, though not present at its adoption. He was again elected to the Congress in 1780, and was a member from Pennsylvania in the convention forming the Federal Constitution in 1787. He was the founder of the Pennsylvania Agricultural Society, and was also President of the Academy of the Fine Arts at the time of opening its first building. In his later years he was infirm and much indisposed, and died at Morrisville, Bucks County, his country residence, January 23, 1813. His portrait was afterward placed as a vignette on the Philadelphia Bank notes.

The board, after concluding its business on August 19th, adjourned to meet at "The Philadelphia Bank" on Monday, August 22d, and on that date the bank building was occupied for the first time. The minutes taken for August 22d are headed "Philadelphia Bank," and George Clymer then took his seat as president. At several subsequent meetings the preliminaries were arranged and completed for opening the Bank. The cashier was instructed to have a room prepared in the building for the note engraver to work in, and the bank note plates were to be kept in his care; the first printing of circulating notes was ordered, \$30,000 fives and \$60,000 tens, with subsequently \$24,000 twenties; the remaining instalments on the stock were called in sums of ten dollars per share, payable

at intervals, the last one being due December 20th; the By-Laws were adopted; and the first death of a director was recorded, John Clark (who had been chosen only ten days previously), Joseph Clark being elected in his place, August 29th.

The payment of the second instalment on the stock was announced September 14th, with but one delinquent, several stockholders making full payment and \$115,480 being received. The Bank now had nearly \$200,000 in cash, and was ready for business. Accordingly, on September 14th, the Board authorized the officers to issue \$50,000 of the bank notes, and at the same time arranged for the first loan. This was done by a resolution that, out of the issue, notes to the amount of \$4,000 or any less sum be emitted to Samuel Meeker, on his giving his note, endorsed by Meeker, Denman & Co., at sixty days. They ordered "that the Bank will be opened to receive deposits of money and for the transaction of business generally on Monday next, the 19th instant; Bank hours for business from 9 A. M. to 3 P. M." They also ordered "that Stock of this Bank, transferred to the President in trust, shall be considered equal to an endorser, valuing the same at par"; thus first establishing the basis for collateral loans. The preliminaries being all arranged, the Philadelphia Bank opened for public business September 19, 1803, at 9 o'clock A. M., and that was the first regular discount day. Mondays, Wednesdays, and Fridays were fixed as the discount days.

The official staff of the Bank at the opening was: First teller, Quintin Campbell; second teller, Moses Musgrave; first bookkeeper, E. Salomon; second bookkeeper, Samuel Field; discount clerk, Thomas F. Gamble; note and transfer clerk, John Neal; notary, Nicholas Diehl; runner, Francis G. Deimling; and watchmen, Joseph Carroll, and Robert Bayne.

The Bank soon afterward began correspondence with banks in other cities relative to opening accounts and the



JOHN WELSH.

exchange of notes, and the president reported on October 5th that he had written on this subject to the presidents of several banks in New York and elsewhere. From this came the opening of an account in the Merchants' Bank of New York, of which Oliver Wolcott was president. This account has been continuous ever since, and it was the first account opened by any bank for deposit in the Merchants' Bank, which had begun business the previous June, its organization articles having been drawn by Alexander Hamilton, and its plan being reproduced in the formation of the Philadelphia Bank. The minutes of October 7, 1803, of the Merchants' Bank, record that a letter was read from the president of the Philadelphia Bank to President Wolcott, proposing the establishment of a mutual credit and a mutual reception of notes, and that it was referred to the cashier. The cashier made his report on October 12th, whereupon the board instructed the president to inform the president of the Philadelphia Bank that they accepted the proposal, and that the notes of the Philadelphia Bank be at all times received in payment and deposit. There also began at that time, from the correspondence, relations with the Bank of New York, and the Manhattan Company, also of New York, that have since continued. The cashier was instructed to receive on deposit the notes of the banks of New York, Baltimore, and Delaware. Business became very active, and the officers and directors during the autumn had much to do, while the prospects were so good that the price of full-paid shares soon advanced to \$130.

ITS CHARTER

The Philadelphia Bank was opened as an ordinary business partnership, and it soon developed rivalries and enemies. The effort from the first was to conduct business as much

to the satisfaction and convenience of customers as possible. The new Bank had begun the issue of notes, and also received the notes of the other banks in the city and paid them out. But the very first day all the other banks declined to receive the Philadelphia Bank notes, and at the next board meeting, September 21st, a resolution was passed "That so long as the Banks of the United States, Pennsylvania, and North America continue to refuse the notes of this Bank, that the Cashier apply every day to the said Banks for Specie in exchange for such of their notes as may be on hand in this Bank." This soon worked a cure, for specie was then a very scarce article, the constant tendency of the international exchanges being to cause merchants to collect it for export to Europe, rather than pay high premiums for exchange. The other banks after a little while became more friendly, and took the notes of the new Bank. The Pennsylvania Bank, however, seems to have been intractable. There is a very early record ordering the cashier to take the sealed box containing the money of this Bank out of the Pennsylvania Bank and place it in the Bank of the United States. Other minutes show instructions to the cashier to "have all the notes on hand of the Pennsylvania Bank exchanged for specie." The notes of other banks, especially those at a distance, were also a constant source of trouble, on account of the difficulty of securing their redemption, which often put them at a heavy discount. There is a record showing an order to the cashier, early in 1804, to discontinue the receipt of notes to the southward of Alexandria, and to the eastward and northward of New York.

After business had proceeded nearly a month with considerable success, it was decided to procure a charter from the Legislature of Pennsylvania. On October 10th a committee was appointed to consider the matter, and on the

21st they reported favorably, and the board agreed upon a paper to be submitted to the stockholders for signature. This paper expressed the belief that "it might benefit our association to have it known as a body legally incorporated," and the desire "that the same may be done," and to this end authorized the directors to "make suitable application in our name to the General Assembly at their ensuing Session." The document gave them full power and declared "the new Constitution so to be obtained to be of binding force on us without our subsequent ratification."

The petition to the General Assembly was prepared and adopted on December 9, 1803. It announced "That your petitioners, Citizens generally of Pennsylvania, associating for the purpose, have opened a Bank of Discount and Deposit in the City of Philadelphia, under the accompanying Articles"; gave the reasons therefor, and the strong arguments favoring the establishment of banks as "very powerful instruments of the public good," and "fit objects of legislative favor and protection." It stated in reference to the Philadelphia Bank "that from its Capital being thrown into easy portions, many of the less opulent members of the community are suffered to be partakers in it; and that its accommodations have been and are meant to be extended to a more varied description of persons than such as are generally admitted to the benefit of Banks." It concluded with the prayer that the petitioners therefore "respectfully apply to the General Assembly for an Act to incorporate them under their assumed name of the President, Directors and Company of The Philadelphia Bank."

A Committee was on that date appointed "to proceed to Lancaster in order to attend our petition to the Legislature for an Act to incorporate the Bank." This committee consisted of Israel Israel, Samuel Meeker, John Welsh, Jacob

Sperry, and Michael Bright, and three days later Lewis Rush was added. Messrs. Israel, Bright, and Rush had been chosen directors after the opening, to fill vacancies in the board. The committee went to Lancaster immediately, and Alexander James Dallas, who had been employed as counsel to draft the charter, presented it at the meeting December 12th, when it was read and in some parts amended, and sent to the committee at Lancaster. A subsequent minute shows that in the following May, Mr. Dallas was paid a fee of \$80 for his services, and that Messrs. Tilghman and Levy, subsequently asked for their opinion and for services connected with the incorporation of the Bank, were jointly paid \$120.

No sooner had the bill for a charter been introduced in the Legislature than it met with opposition. The committee wrote about this to the board, and the directors, December 16th, adopted a resolution that the committee be "authorized to negotiate with the Legislature for a Charter to this Institution," and a letter of instructions signed by the president was sent to the committee. A few days later the committee returned to Philadelphia, verbally reported the character of the opposition and the progress made, and on December 22d it was, "Resolved, as the sense of this Board, that the Committee appointed to attend the Legislature with our petition for an act of incorporation, have by their diligence and attention to the object of their mission, justly entitled themselves to the thanks of this Board, and that the same be entered on our Minutes as a standing memorial of our high approbation of their conduct." Then the board appointed Messrs. Meeker, Israel, and Sperry, together with the President, a "Committee for further presenting the object of our petition to the Legislature."

The opposition was made by other banks, of which the



QUINTIN CAMPBELL.

Bank of Pennsylvania was the chief. The State of Pennsylvania was then in great straits for money, there were several members of the Legislature opposed to all banks whatever, and it was found that the charter could not be obtained without paying the State for it. The committee began negotiations, and offered to give a round price for the charter. Immediately the Bank of Pennsylvania sent its memorial to the Legislature opposing the charter, which was read at the board meeting of the Philadelphia Bank, December 31st, and on that date a memorial in reply thereto was approved, and signed, and sent to Lancaster to present to the Legislature. The controversy was protracted and violent, both sides offering inducements to the State, and the Pennsylvania Bank offered to pay into the State Treasury \$200,000 provided no new bank should be incorporated.

The Philadelphia Bank won, however, and late in February, 1804, the bill for the charter passed the Legislature. Upon February 27th a copy of the Act arrived from Lancaster, and Messrs. Kane and Welsh were appointed a committee to consult the counsel relative to its provisions, and, their opinion being subsequently received, the terms of the Act were approved and the Governor, Thomas McKean, so notified, and on March 5, 1804, he approved the Act and it became law. It incorporated the Philadelphia Bank, to continue until the first day of May, 1814, the capital stock not to exceed \$2,000,000, of which \$1,000,000, in shares of \$100 each, was to be held by the proprietors thereof at the time of the passing of the Act. There were to be twenty-two directors, of whom three were to be elected by the State Senate, and three by the House of Representatives, with further provision for two more State directors in case the State made certain stock subscriptions. The annual election of directors was fixed for the second Monday in February, "by the Stockholders

residing within the United States, and none others shall be capable of holding Stock in The Philadelphia Bank." The voting right was limited so that no stockholder, no matter what might be the holding of shares, had over thirty votes, either in his own right or as a proxy. The dividend periods were in March and September, and at the expiration of every three years a dividend of surplus profits was to be made, but the Directors were at liberty to retain at least one per cent. on the capital as a fund for future contingencies. The notes of the Bank were made receivable in payments from the Bank to the State of Pennsylvania, and the outstanding notes and all other debts were limited to double the capital.

The Bank had to pay enormously for the charter. It gave the State as a gratuity the very large sum, for that time, of \$135,000, which was to be immediately passed to the credit of the State, and drawn out by the State Treasurer, "as the exigencies of the State may require." It allowed the State to immediately subscribe for \$300,000 capital stock at par, receiving therefor \$300,000 of United States six per cent. loan, then selling at a discount. It further gave the State the privilege at the end of four years of subscribing \$200,000 more capital stock at par, and at the expiration of eight years, a second \$200,000 capital stock at par. The Bank also agreed, whenever the Legislature should require it, to loan the State a sum not exceeding \$100,000 at not over five per cent. annual interest for ten years or less. The discount on the United States loan amounted to \$10,126, so that the charter cost the bank \$145,126, and, in addition, the State made a profit, through the premiums on the Bank stock subscribed, amounting to \$90,000. The cost of the charter, \$145,126, was carried on the books of the Bank for many years, though a transfer was made out of the profits at stated periods to offset it, through the operations of a sinking fund.

This method of recouping was authorized by a supplementary Act of the Legislature in January, 1805, giving the Bank seven years in which to do it.

Paying for charters was customary in those days, and the Legislative records show various offers by applicants in the nature of remuneration. The Farmers' and Mechanics' Bank, which was founded in February, 1807, after several unsuccessful applications, making various proposals of advantage to the State, was the next bank chartered in Philadelphia, on March 16, 1809, the charter running until May 1, 1824. The State was given \$75,000 in the capital stock for the privilege, and it was provided that one-tenth of the capital of \$1,250,000 should be loaned, if applied for, to the farmers of the State, on sufficient security, by bond, mortgage, or note. The charter of the Pennsylvania Bank was renewed in 1810, for twenty-one years after its expiration, on condition that the State could subscribe at various periods for twenty-five hundred shares of the capital stock at par. The Bank of North America got its charter extended, which expired in 1814, by giving the State a gratuity of \$120,000.

These conditions imposed on banks and other corporations became so onerous that a Legislative Committee was appointed to examine the banks of Philadelphia and inquire into the matter. It reported, in January, 1812, that "The Philadelphia Bank labored under the disadvantage of paying more for her charter than any of her Sister Institutions." In March, 1806, the Philadelphia Bank charter was extended ten years, until May 1, 1824, and the whole period until that date was given for making good the gratuity paid for the original charter. For this extension the Bank allowed the State to immediately subscribe \$100,000 in the capital stock at par.

This interesting history shows that the original opposition

to the Philadelphia Bank had thus established a custom in Pennsylvania of paying the State for charters. The irony of fate, however, overtook the Pennsylvania Bank, which was the cause of it. After more than a half-century had elapsed, from the time of the conflict, the Pennsylvania Bank suspended in the financial panic of 1857. It had then just completed a fine new Quincy granite banking house, on Chestnut Street, which, still unoccupied, was sold at auction, and bought for the Philadelphia Bank, and is its present banking house. Thus time makes all things even.

To properly conclude this branch of the subject, it should be stated that all the applicants for bank charters in Pennsylvania finally got together, and in 1813 passed an omnibus bill to charter twenty-five banks with \$9,525,000 capital, which Governor Snyder, on receipt of the Act from the Legislature, promptly vetoed. In March, 1814, they again passed their bank bill, taking in other interests, so that it chartered forty-two banks with over \$17,000,000 capital, three of the banks being in Philadelphia city, and two others in Philadelphia county. Governor Snyder also vetoed this Act, but its advocates had made their arrangements so completely that it was passed over the veto and became a law. The legislative historian gravely records that thirty-seven of these banks went into operation, and within five years fifteen had failed.

ITS BUSINESS PROGRESS

The Philadelphia Bank being now an incorporated institution, its business favorably progressed. Its note issues, heretofore only fives and tens, were enlarged. The board ordered printed \$16,000 in twenty-dollar notes, \$20,000 in fifties, and \$40,000 in hundreds. They also ordered a morning and an evening newspaper to be taken, the "Aurora" and "Relf's,"

TEN

N^o 2051



E. L.

10

The PHILADELPHIA BANK
 promise to pay Ten Dollars to
 Holder or Bearer on demand.
 Philad. 19th of March 1810

J. Campbell Cash. *J. Pollock Pres.*

C


1 N^o 2076 a **ONE**

I promise to pay to *J. Welsh* or bearer
 on demand ONE Dollar Philad^a 1st of Sept 1816

For the PHILADELPHIA BANK

J. Campbell CASH. *J. Lenox PRES.*

ONE DOLLAR



N^o 1564

The Philadelphia Bank
 promise to pay *P. Rutland* or
 Bearer on demand
 One Hundred Dollars.

PHILADELPHIA 5th 1819

J. Campbell Cash. *J. Read Pres.*





EARLY BANK NOTES, 1810-1816-1819, WITH OFFICERS' SIGNATURES.
 (REDUCED SIZE.)

and that a copy of the "Commercial Dictionary printed by Humphries" be obtained for the Bank. They decided upon the first dividend, and on March 9, 1804, adopted a resolution "that a dividend of the net profits of the Bank be made," and appointed Mr. Welsh and Mr. Guier a committee to prepare a statement for that purpose. There was, however, opposition to this, and one director had the fact of his dissent entered upon the minutes. The next day the statement was received and the board declared the dividend, which was to be made on March 19th, "at the rate of three per cent. for the half-year, on the instalments constituting the present Capital of the Bank, \$1,000,000." By subsequent action the dividend was made payable at the end of ten days after March 19th.

The official copy of the charter was received March 17th, and on the previous day a committee had been appointed to confer with the Governor, as to the manner of carrying into effect its provisions in reference to the State. This committee having attended to the duty, the Bank, on March 23d, passed \$135,000 to the credit of the State Treasurer, sent him a bank-book with the amount entered, and ordered "that the Cashier request of him to be informed at what period the exigencies of the State will probably require payment of the money, the Directors being anxious to make the accommodations to the State as large as possible at this time of unprecedented scarcity." Upon April 12th, Governor Thomas McKean appeared in the Bank and subscribed for the three thousand shares of capital stock for the State of Pennsylvania, and his subscription is entered in the minute-book. The United States loan was transferred to the Bank in payment for the stock, and, the transaction being completed, the six directors elected by the State subsequently took seats in the Board, which then increased the Bank's capital to \$1,300,000. The United States loan was held by

the Bank until 1806, when it was sold. The State in 1806 subscribed one thousand more shares of the stock, and at various times in 1807-09 another one thousand shares, and the Bank's capital was finally enlarged to \$1,800,000, of which the State held \$523,300, continuing to be a stockholder until 1843.

The assets of the Bank had been steadily growing, and in April, 1804, appears the first statement which gives any record of them. A committee was appointed to count the cash, and it reported, April 16th, that the amount of all kinds of money in the Bank was \$227,421.54, and on April 25th the notes and bills discounted were examined, and reported to agree with the amount on the books, \$1,127,873.21. Business was enlarging, and it was found necessary to employ an assistant to the clerk who had charge of the circulating notes, and also another porter, and each teller was given a porter as assistant. A general advance in salaries was made April 27th, as follows: President, \$2,000; cashier, \$2,250; first teller, \$1,000; second teller, \$900; first bookkeeper, \$750; second bookkeeper, \$650; discount clerk, \$700; transfer and note clerk, \$600; assistant clerk, \$400; runner, \$600; first porter, \$400; and second porter, \$350.

The Bank was prospering and accumulating funds. The cash held in July was reported at \$443,157.91. On July 16, 1804, the Bank loaned the city of Philadelphia \$10,000, and this loan was again made September 27, 1805, on application of the Mayor, on pledge of the taxes, to be repaid in \$500 instalments as they were collected, the corporation note renewable every sixty days. The business of the various banks in the city with each other becoming greater, there appears in September, 1804, a record which indicates the first germ of a Clearing House Committee. A committee was then appointed "to confer occasionally with Committees of

the other Banks in this City, when appointed, upon subjects of a common interest, and for the purpose of maintaining harmonious intercourse between them." The second bank dividend was declared September 19th, at the rate of $3\frac{1}{4}$ per cent. This caused serious discussion, owing to the doubts arising from the effect of the gratuity paid the State in impairing the capital, and seven directors noted their dissent in a protest entered upon the minutes. Subsequent legislation cured this defect, and the Bank continued making semi-annual dividends, increasing the rate gradually to four per cent. Up to and including 1810, the dividends aggregated 41 per cent.

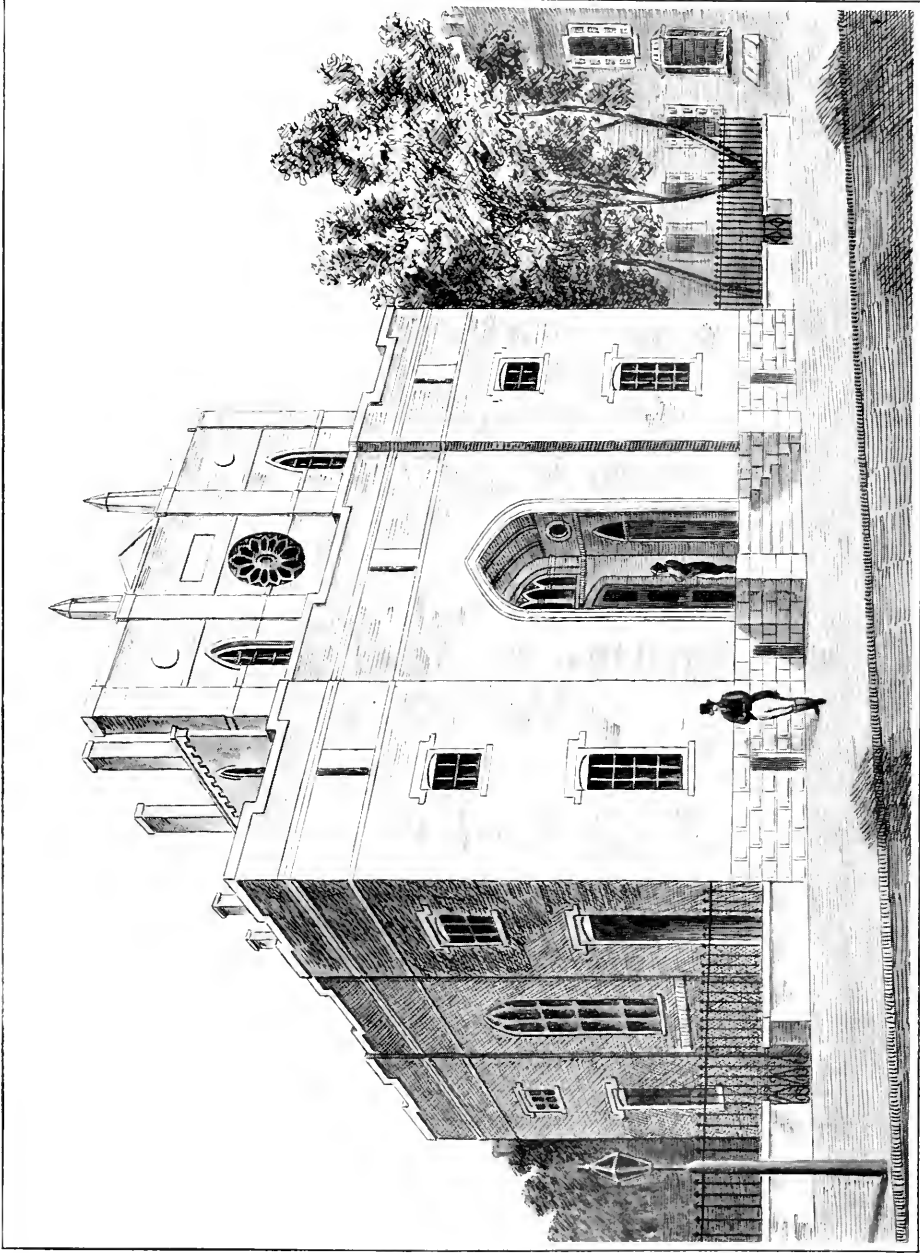
The dependence of banks upon legislative favors is shown by the way in which subscriptions were made to various turnpike and bridge companies constructing public works in the interior. At the request of Governor Thomas McKean, the bank took ten shares in a new turnpike from the Lehigh River over the Alleghenies to Nescopeck Falls on the Susquehanna. It subscribed stock in turnpikes in Berks, Dauphin, Lancaster, Chester, and York Counties; took shares in the company building a bridge across the Susquehanna at Columbia, loaned \$10,000 to the Easton Delaware Bridge managers and made similar loans elsewhere.

EARLY BANKING METHODS

The very meager amount of specie then in the United States is noteworthy, and, also, the anxiety of the Philadelphia Bank directors to secure some of it. In November, 1804, a record is made of the first special deposit of specie—\$50,000 in Spanish silver dollars, the Bank agreeing to return it in such dollars, provided it "be lodged before the 20th of December, and suffered to remain three months undrawn for." The

specie scarcity is reflected in subsequent reports of the cash. While the total amount of money held was increased, yet the actual specie in bank lessened. On June 20, 1805, the Bank held \$714,371 in money, of which the gold was \$61,167, and the silver \$24,722. In the subsequent September the money in bank was \$727,373, but the gold had been reduced to \$3,431, while the silver was \$35,037. The remainder was circulating notes of banks, and largely the Philadelphia Bank's own notes. The specie was mostly foreign coins, and among the earliest records of concerted action by the joint committees of the banks was the establishment of uniform values at which these coins were taken, silver being much more plentiful than gold. There are repeated complaints about these coins being "not passable, by reason of want of weight, too much alloy," etc., so that they had to be sent to the mint and melted.

The business of banking was then new in the United States, and the details of the early minutes of the Philadelphia Bank directors show how many of the present methods were originated. There is a minute of a resolution in May, 1809, ordering that "no discount shall be made unless the application is accompanied with the Note offered for discount." In November, 1807, the cashier was made the secretary of the board, and previously to that time it seems he did not attend the board meetings. He first attended November 6th, and on that date is the first record made of the amount of discounts made, that day's business aggregating \$94,976. Every discount day afterward, the amount was recorded. Discounts were restricted to four months' paper or less, and the total outstanding on November 16, 1807, was \$2,406,002. Down to February 15, 1808, the minutes were kept and written by the president, and from the time of his election until that date, they are in the handwriting of George Clymer.



THE SECOND PHILADELPHIA BANK,
SOUTH FOURTH STREET BELOW CHESTNUT STREET.

Then the board instructed the cashier, Quintin Campbell, to keep the minutes, at the same time increasing his salary to \$2,500. The minutes were not read to the board until December, 1811, when a resolution was adopted ordering the reading at each board meeting, and this has continued ever since. The Bank in the early years kept but two holidays—Fourth of July and Christmas; in 1813 New Year's Day began to be kept, and some years later Thanksgiving Day.

As business increased the Bank enlarged its circulating note issues more and more. To meet the growing popular demand, it emitted one, two, three, and four dollar notes, in addition to larger denominations. In the great scarcity of specie, bank notes became the actual money of the people, and they were soon worn out and defaced, so that large amounts came back into bank in a condition unfit for use. There are records of payments in redemption of "half-notes," the other half being lost, and in one case the loss is explained by "a robbery of the mail." These worn-out notes accumulated in the vaults, were very repulsive, torn, and dirty, but they gradually became the greater part of the "money in bank." The Bank did nothing with them, and in July, 1806, out of \$1,057,878 cash held, of which \$64,123 was gold and \$26,395 silver, no less than \$647,498 were these worn-out notes, the remainder being good notes of this and other banks.

In the winter of 1806-07, the Board began their destruction, about \$720,000 having accumulated. The process of burning, then begun, was continued at intervals afterward, and was always a matter of elaborate detail and watchful care. The board was divided into five sub-committees of four directors each, and several days were occupied in the burning, each sub-committee doing a part of it, and a detailed record and account being kept. After this first and greatest burning, the "money in bank" was reduced to \$430,226 at

the next examination, of which \$86,546 was gold and \$29,584. silver, and the remainder notes.

The making of the paper on which the bank notes were printed was also a matter of great importance and the process was carefully guarded. Mark Willcox was the manufacturer, at the Ivy Mills in Delaware County, that had furnished the paper on which the Continental money had been printed in the Revolution. A clerk was always sent from the Bank to the mill to supervise the process, and the paper, when delivered, as well as the note plates, were kept in the custody of the president, the printing being usually done in the Bank. There are repeated audits of the president's paper account recorded, the counting of the sheets, and the burning by the directors of such sheets as were spoiled in the process of printing.

As the note issues expanded, so did the crime of counterfeiting, and this was a source of great annoyance and considerable expense. So serious had this become, that in July, 1808, it was determined to change the whole form of the notes, which previously had been printed in ordinary types, and a committee was appointed to procure types with special devices for printing the notes thereafter. Bank officers, and particularly the cashier, were repeatedly sent to various places to testify against counterfeiters who had been arrested. Detectives were paid for hunting the counterfeiters, and a constable in 1809 was given \$15 for making an arrest, while \$100 about the same time was contributed "to assist in the arrest" of a notorious counterfeiter; and the Bank also gave liberally to the constables and to funds for this purpose.

The forgery of checks also became a serious business, and when one of the directors had his name forged to a check on which the forger got \$690 and escaped, it is recorded on April 15, 1808, that a committee of the directors was appointed "to

manage the suit" against the forger, who was afterward captured.

The banks in that early time do not seem to have made any exchanges among themselves, as now, and the first germ of the system was adopted in November, 1810, when the Philadelphia Bank agreed to an arrangement made by the joint committees representing the various city banks, by which the Bank was only to pay out its own notes over the counter, retaining and returning to the other banks for redemption their respective notes, of which an account was ordered kept.

The first annual election of directors by the stockholders of the Philadelphia Bank was held February 11, 1805, and this and subsequent elections were often very active contests. There were forty-two candidates voted for and sixteen chosen, and at the second election, in February, 1806, thirty-four candidates received votes. In the autumn of 1805 James Todd, the cashier, being in infirm health, was given leave of absence to go south, and Quintin Campbell, the first teller, was appointed acting cashier in September, being elected cashier November 8, 1805. Mr. Campbell held the office more than thirty years, until his resignation, November 17, 1835.

The Bank had grown so much that a committee was appointed shortly afterward to prepare a plan and estimate for a banking house, and out of this came the first building the Philadelphia Bank owned. On May 16, 1806, the directors appointed a committee to purchase the property, southwest corner of Fourth and Chestnut Streets, then known as the Morris Tavern, from James Coxe, at a price not exceeding \$10,000, the lot being 49 feet 6 inches on Chestnut Street, and 131 feet on Fourth Street. Hereon was erected the "Philadelphia Bank," which was occupied in 1808, and two years later the cashier was given permission to erect a house

for himself on the southern end of the lot, without any rent for the ground, the resolution declaring "it is highly necessary for the security and interest of this Bank that the Cashier should live convenient thereto."

This new Philadelphia Bank building acquired great fame, and was then regarded as a conspicuous monument to the city, being the first specimen of Decorated Gothic architecture erected in the United States, and one of the finest works of Mr. B. H. Latrobe, an architect of national fame. The structure was sixty feet front, by forty-three feet deep, having a high and wide archway of entrance, fronting on Fourth Street, and the materials being brick and marble. The cashier's house was afterward built farther down Fourth Street, and on the Chestnut Street side there was a spacious garden, with trees and shrubbery, enclosed by walls and railings, and having on the western side the watchmen's lodges, which also were Gothic constructions. This bank building, which, with an adjacent lot bought after the first purchase, cost \$54,200, stood until 1836, when it was taken down to give place to a more modern edifice.

In the early time the establishment of branches in the interior towns of Pennsylvania became an important part of the Bank business. Many places sent requests for branches, and in March, 1809, the Legislature passed a supplement to the charter, allowing the directors "to establish offices, not exceeding eight in number, wheresoever they shall think proper within this Commonwealth, for the purposes of discount and deposit only." Wherever opened, however, the consent of a majority of the taxable inhabitants of the town or borough had first to be obtained. During the following year, branches were established at Columbia, Harrisburg, Washington, and Wilkesbarre, and the directors of the parent Bank annually elected local boards of directors for each of the branches.



JOHN READ.

These branches soon became more extended loaning offices than the parent institution, and it took much time and trouble to regulate them. In June, 1810, we find the board limiting their discounts to \$400,000 at Washington, \$300,000 at Harrisburg, \$250,000 at Columbia, and \$100,000 at Wilkesbarre, and giving instructions to call in the amounts loaned in excess. Wilkesbarre afterward was enlarged to \$200,000.

Compositions with insolvent debtors, arrangements for extensions, and settlements for small percentages were frequent, and often depositors were admonished for overdrafts, and the board did not hesitate to bring suit for recovery. One depositor who had "most reluctantly agreed to allow the adjustment of \$1000 error" made in his favor by a clerk, was ordered to forthwith take his account out of the Bank. The board at times was generous. There is a record of the relinquishment of a claim on the separate estate of the wife of an insolvent debtor which had been secured by suit, "on account of her distressed situation and increasing family." The business at the branches being large, and the duties of all the officers thus becoming more exacting, there was another general advance in salaries made in October, 1810, as follows: Cashier, \$3,000; first teller, \$1,200; second teller, \$1,000; first bookkeeper, \$900; three other bookkeepers, each \$700; runner, \$650; and the clerks at the branch banks, each \$600.

The Philadelphia Bank had started well, was in a prosperous condition, and had become one of the leading financial institutions. The venerable Samuel F. Smith, who was a State director in 1807, and afterward served for nearly half a century as director and president, and again as director, from 1813 to 1861, wrote upon his retirement, in November, 1861, a valedictory, in which he said "the Bank was founded and organized in 1803. The founders and Directors were men of the highest integrity, of great intelligence, and much practical

business sagacity, fully comprehending the principles on which all sound Banking ought to be predicated, and in order to give character to the Institution, they selected and elected for their President, a gentleman of an exalted character, a patriot of the Revolution, and under the guidance and direction of such men, the Institution soon earned and reached a high position in the business community, and which was long retained; nor am I aware that it has in any instance or in any manner, whatever, tarnished or impaired the high reputation, which was achieved by its founders and transmitted by them to their successors.”

Such was the beginning; but the country, however, was drifting into war, and the Bank soon fell upon troublous times requiring great skill in management.

II

THE FIRST WAR PERIOD

1808-1816

II

THE FIRST WAR PERIOD

1808-1816

The War with England—The Embargo—Close of the First United States Bank—The War Begins—Progress of the War—Suspension of Specie Payments—Resumption—Earliest Philadelphia Bank Statement.

THE EMBARGO

THE Treaty of Amiens, in March, 1802, had caused a temporary cessation in the long conflict between England and France. The short peace which followed had, in 1805, advanced the ocean-carrying trade of the United States to its point of greatest prosperity in that era. Sanguine observers thought our country might take control of the seas from Great Britain; and this condition encouraged all industries, and particularly banking. The Philadelphia Bank had begun at a good time. But before long England and France renewed their struggle, and soon began making American shipping their prey. Philadelphia merchants had a large fleet of ships trading with all parts of the world. The troubles began with Spain, which was thoroughly controlled by Napoleon. In 1806, British cruisers commenced seizing and searching American ships for deserters and contraband of war.

The United States was the chief neutral nation in the vast European conflict, and repeated public meetings were held

in Philadelphia, denouncing the outrages against commerce. Nelson's defeat of the fleets of France and Spain at Trafalgar led Napoleon to issue his "Berlin decree" against all commerce with England. This caused serious business depression in the United States and great public alarm; marine insurance rates advanced to very high figures, and when the year 1807 opened, American commercial enterprise was almost paralyzed. There were repeated excitements and panics during that year, both England and France seizing American ships.

The "Chesapeake" outrage off the Virginia capes created an almost unparalleled excitement. British cruisers had fired into the ship, killing four and wounding eighteen of the crew, and seizing four alleged deserters. An immense public meeting was convened in Independence Square to denounce this violation of neutral rights. Philadelphia Bank directors took a conspicuous part. Matthew Lawler was the chairman, and he, with George Clymer, David Lenox, and Michael Bright, were appointed on the committee to carry out the resolutions of the meeting.

In December, 1807, Congress passed the famous Embargo Act, designed to save American shipping from seizure, by detaining in the United States all vessels destined to foreign ports, and then, writes the historian, "the grass began to grow on the wharves and ships rot at their moorings." Shortly afterward, the enactment of the British "Orders in Council," and Napoleon's retaliatory "Milan decree," striking at each other's commerce, were announced in this country, increasing the trouble, and producing the deepest commercial gloom. Then followed serious distress, particularly among sailors and those engaged in shipping trades, their livelihood being almost entirely cut off. In March, 1808, Napoleon completed the series of attacks upon American commerce by his "Bayonne decree," directing "the seizure of all American vessels, because

none could be lawfully abroad since the passage of the Embargo Act."

Out of these serious commercial difficulties arose the first action of the Philadelphia Bank directors, looking to loans on goods deposited as collateral security. In November, 1808, a committee was appointed to consider the subject, and they reported a resolution, which was adopted November 23d. The merchants were in sore trouble, being unable to export their goods, and it was necessary to devise a method of relief. Thus began this branch of bank loans which has become so general. The resolution recited that there was an unusual quantity of merchandise in the city, and this, "during the continuance of the present embargo must greatly increase, and thereby render it absolutely necessary for this bank to afford the proprietors thereof such aid by the loan of money as may prevent any real distress to them, and of course to the community." The regulation adopted provided "that the payer and indorser of the Notes, and the drawer and acceptor of the bills presented for Discount, must be, in the opinion of the Directors, competent with their avail to meet their engagements; that to insure this, an amount of property not of a perishable nature, shall be held by either the endorser, acceptor, or such person as may be approved of, sufficient to cover the amount loaned; and that a deposit has been actually made, those who have received it must give ample proof to the Directors of the Bank, and hold themselves bound not to part with it, until the Bank shall express their assent, or the debt for which it may be pledged shall be fully discharged; and in every case the said property must be insured against fire."

Congress repealed the Embargo Act in March, 1809, and passed, instead, the "Non-Intercourse Act," applying only to England and France, and excluding French and English war-

ships from American ports. Throughout that year the public distress became steadily worse, and in 1810 Napoleon revoked the Berlin, Milan, and Bayonne decrees. The result was that public sentiment in the United States was ameliorated toward France, but became more hostile to England, which relaxed in no way her harsh measures.

CLOSE OF THE FIRST UNITED STATES BANK

The first Bank of the United States, which had been chartered in 1791 for twenty years, was approaching the termination of its existence. The business men of Philadelphia developed a strong sentiment for the renewal of the charter, shown in public meetings held in 1809 and 1810, and the sending of memorials and committees to Congress. There was, also, in portions of the community, a powerful opposition to renewal, and meetings were held by opponents of the bank. The State banks in Philadelphia all favored the extension of the charter, mainly for financial reasons. At a meeting of the joint committees of the four State banks,—North America, Philadelphia, Farmers' and Mechanics', and Pennsylvania,—held December 15, 1810, a resolution was adopted, declaring that "general distress and inconvenience will attend the cessation of so great a monied Institution." They also recommended to the directors of the banks represented to send a memorial to Congress or to the Pennsylvania Legislature, favoring the renewal of the United States Bank charter; and expressing the opinion "that it cannot be injurious but advantageous to the State Institutions." The matter, on presentation at a meeting of the Philadelphia Bank directors, developed a difference of opinion, but a resolution moved by John Welsh was finally adopted by a vote of eleven to eight, that the Philadelphia Bank would unite with the other banks



6/₄ CENTS **BANK** *SIX QUARTER CENTS*

This Note for
SIX & A QUARTER CENTS
will be received on Deposit or in
Payment of Debts at the
PHILADELPHIA BANK.

Philad. March 1st 1815.

Murray, Draper & Parraman & Co.



12/₂ CENTS **BANK** *TWELVE & HALF CENTS*

This NOTE for
TWELVE & A HALF CENTS
will be received on deposit or in
payment of debts at the
PHILADELPHIA BANK.

Philad. March 1st 1815.

Murray, Draper & Parraman & Co.



in a memorial to the Pennsylvania Legislature, expressing the opinion "that a continuance of the United States Bank will not be injurious, but that its dissolution will be materially injurious to the State Banks."

The memorial was transmitted to the Legislature, but a large majority in both houses was opposed to the United States Bank, and passed resolutions requesting the Pennsylvania Senators and members of Congress to vote against the renewal of the charter. The result, after a hot controversy, was that Congress declined, by a close vote, to renew the charter, and on March 3d, 1811, the first United States Bank closed its doors and its affairs were wound up. Later, in March, its trustees sent a petition to the Legislature, asking for a Pennsylvania charter, but no action was taken. This petition was renewed the next session, but no charter was passed.

The liquidation of this greatest bank of the country in those troublous times had a very serious effect upon monetary affairs. During 1810 it began preparations for liquidation by curtailing loans and drawing in balances. All the other banks were its debtors, and it was constantly drawing specie from them. There are repeated resolutions of the Philadelphia Bank directors in 1810 for large payments of silver dollars to it, that being then the chief coin. Committees were sent to it to remonstrate against the wholesale withdrawals, but without result, and the process added to the distress. So serious was the drain, that on October 20, 1810, the money in the Philadelphia Bank, reported at \$594,902, included only \$15,966 in gold and \$13,132 in silver, and much of these were uncurrent coins that had to be sent to the mint for remelting. When the United States Bank liquidated, it had \$5,800,000 specie in its vaults, being almost the entire supply in the country. Out of its capital of \$10,000,000, about

\$7,000,000 was owned abroad, and all this had to be sent to Europe to pay off the stockholders in specie, not only taking about all we had, but carrying out of the United States an amount of capital the country then could ill spare.

The stock of the United States Bank had been a favorite investment in London, where, at the height of its prosperity in 1802, the Barings had bought the United States Government holdings of over twenty-two hundred shares at 145, the Bank having paid 10 per cent. dividends in 1801 and 9 per cent. in 1802. Its shares then sold in London at a higher price than shares in the Bank of England. When the opposition to the renewal of the bank's charter became violent, the Barings decided to sell their stock, and Stephen Girard, then the wealthiest man in America, bought it.

The war feeling and the hostility to England grew apace. The deprivation of banking capital was seriously felt. Thus we find, in 1812, the Philadelphia Bank sending another memorial to the Legislature, asking for an act increasing its capital by \$1,000,000. In it they say the gratuity originally given the State had greatly interfered with the profits, as a sum is "periodically set apart to supply a fund for the gradual sinking of the gratuity, and always in derogation of the dividends." The memorial strongly urged the effect of the "recent sufferings of the mercantile interest from the embarrassed and hazardous state of the foreign commerce" upon the Bank's prospects, and called attention to "the interest the State itself has, as its principal stockholder, in the affluent condition of the Philadelphia Bank, and in its general credit and reputation." The Legislature, however, was then unfriendly to banks in general, and the memorial had no result.

Stephen Girard's purchase of the Barings' stock made him the largest stockholder in the United States Bank and its principal creditor when it wound up. He decided to organize a

private bank of his own, bought its building on Third Street, and in May, 1812, opened "Stephen Girard's Banking House," with \$1,200,000 capital, afterward increased to \$1,300,000. This bank he continued until his death in 1831. To give it stability and permanence, he executed a deed of trust to five prominent Philadelphians, the first named being David Lenox, who, the next year, became president of the Philadelphia Bank. The others were Robert Smith, Robert Waln, Joseph Ball, and George Simpson, the latter being his cashier and manager. He conveyed to these trustees all the property of the bank, so that in the event of his death, all depositors "may respectively demand, withdraw, and receive from the said Bank the cash amount or the specific property of their several and respective deposits made as aforesaid, in like manner, with the same promptitude and punctuality, and with like benefit and effect as they could severally and respectively do during the lifetime of the said Stephen Girard."

Soon after the opening, Girard began issuing notes the same as other banks, and then the question at once arose whether the four State banks of Philadelphia would receive them. The joint committees of these banks, June 15, 1812, passed a resolution reciting that the laws of Pennsylvania discouraged, if they did not prohibit, the circulation of notes of unincorporated banks, that the precedent of receiving as money the notes of an individual or of associated companies not established by law would be highly dangerous, "as the practice, once introduced, might be extended to cases where there is less solidity and security than in the present instance"; consequently "the said notes cannot be received, either in payment or on deposit at any of the Banks above mentioned." The action was indorsed by the Philadelphia Bank, but the State banks, not long afterward, changed their policy, receiving Girard's notes, which bore the device of an American

eagle and a ship under full sail, and were signed personally by Mr. Girard, who always redeemed them in specie.

The forging of checks having become quite serious, we find, on December 24, 1812, the banks taking the first step jointly for protection by requiring proof of identity. They united in a regulation "that hereafter to ensure the payment at the bank of a check for five hundred dollars and upwards, it shall be required that the person to whom the money is paid, shall be known to the Teller, and shall endorse the check, or sign a receipt for the amount on the back of the same, and that the Teller may exercise his discretion for requiring the same in cases where checks are drawn for a less sum if any doubts exist in his mind."

THE WAR BEGINS

Affairs had been drifting steadily toward the war with England, which Congress formally declared June 18, 1812. John Gerard Koch, one of the Philadelphia Bank directors, anticipating the inevitable, had offered in the spring, to give \$5,000 toward building a ship of war for the Government at a yard on the Delaware River; or if the ship was to be loaned to the Government, he offered to build it entirely himself. Lewis Rush, another director, was made the colonel of the Philadelphia Legion, a volunteer cavalry regiment, which offered service to the War Department as soon as war had been declared. It is noteworthy, in recording the services of directors, that the charter of the Pennsylvania Company for Insurances on Lives and Granting Annuities, which passed the Legislature March 10, 1812, named three commissioners to open subscriptions for \$500,000 capital, two of whom, John Welsh and Jacob Shoemaker, were Philadelphia Bank directors.

The period before actual hostilities had been bad for all business, and particularly for banking. The Philadelphia



25 cents  TWENTY FIVE CENTS

This Note for
TWENTY FIVE CENTS
will be received on Deposit or in
Payment of Debts at the
PHILADELPHIA BANK.

Philad.^a March 1st 1815.

Merrill, Draper & Fairman & Co.



50 CENTS  FIFTY CENTS

This NOTE for
FIFTY CENTS
will be received on deposit or in
Payment of Debts at the
PHILADELPHIA BANK.

Philad.^a March 1st 1815.

Merrill, Draper & Fairman & Co.



Bank had been declaring semi-annual dividends of 4 per cent. for several years, but in September, 1811, on account of the depressed condition of affairs, it was decided not to declare any dividend. In March, 1812, 3 per cent. was declared; in September, $3\frac{1}{2}$ per cent.; and in March, 1813, the 4 per cent. rate was resumed. The Bank had been selling new shares at intervals, and by 1813 the capital was thus increased to \$1,800,000, making \$72,000 dividend at 4 per cent. paid at each dividend period. In expectation of the war it had strengthened its holdings of specie, largely by accumulating Spanish silver dollars, then the universal coin of America, so that in September, 1812, the cash reported was \$1,055,093, of which the gold was \$21,504, the silver \$403,866, and the remainder bank notes. Thus the Bank went into the war.

In April, 1812, anticipating the conflict, and the United States finances being in bad shape, Albert Gallatin, the Secretary of the Treasury, sent a communication to the Philadelphia Bank, asking it to subscribe to a loan of the United States, and saying that the amount of the subscription would remain on deposit in the Bank until the Government needed the money. On April 22d the Bank subscribed \$100,000 to this loan. The Pennsylvania law required the Governor to approve all loans to the Government by State banks, and on May 5th, Governor Simon Snyder sent his approval from Harrisburg, whither the State capital had been removed. When this was consummated, the United States Treasury put its first deposit in the Philadelphia Bank. Late in July the directors decided to make another loan to the Government of \$400,000, the war being then in progress, and the Governor gave his approval August 10th. This latter loan was credited in four monthly instalments, beginning September 15th.

The death of the first President, George Clymer, occurred at Morrisville, January 23, 1813. His last appearance at the

Bank was on the closing day of 1812. On January 25th a letter from Mr. Clymer's son announced his death, and a committee of directors was appointed to wait on David Lenox, and request him to succeed the late president. On the 28th he was elected a director, and subsequently the president of the Bank, and some time afterward his salary was fixed at \$3,000. Major David Lenox was a leading merchant of Philadelphia, and one of the trustees of Stephen Girard's Bank. The effect of his two connections was seen a little later, when the board determined to open an account with, and to receive on deposit, the notes of "Stephen Girard, Banker." Major Lenox had served with distinction in the early Revolutionary War in the Third Pennsylvania Battalion. He was wounded and captured at Fort Washington in November, 1776, and was held as a prisoner by the British until his exchange in May, 1778. He entered mercantile life in Philadelphia after the war, and became very prominent in business. He was president of the Philadelphia Bank nearly six years, until, deciding to retire from active life, to the general regret he resigned his position December 31, 1818. He subsequently lived in retirement in Philadelphia, dying about 1826.

To carry on the war, a United States loan of \$16,000,000 six per cents had been authorized, and Secretary Gallatin, on March 1, 1813, had requested the Philadelphia Bank to open subscription books for this loan, which was done on the 12th. To help it along, the Pennsylvania Legislature passed an act offering the Government \$1,000,000, and correspondence was had with the Bank relative to providing part of this loan. Down to this time the State had not called upon the Bank for any loan under the charter provisions for loaning the State \$100,000 at five per cent. for ten years, and, meeting the situation, the directors on March 22d passed a resolution loaning the State \$200,000 for six years at six per cent.

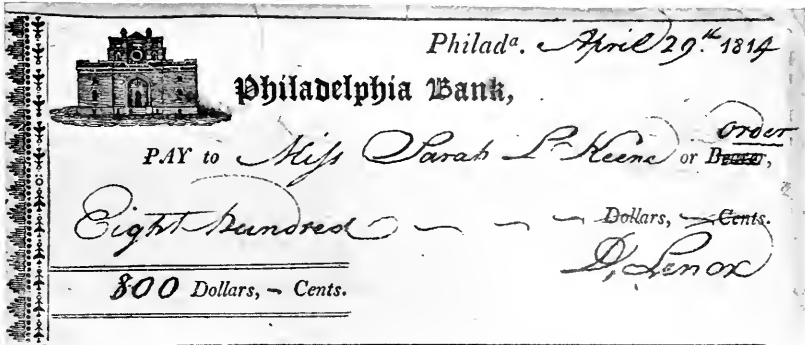
PROGRESS OF THE WAR

The Government loan was very slow of sale, and when it had hung fire for a considerable period, Stephen Girard and David Parrish, of Philadelphia, came to the rescue, subscribing one-half of it, and John Jacob Astor, of New York, who was then coming into financial celebrity, took \$2,000,000, so that the larger portion was thus placed. They got it at 86 $\frac{3}{8}$. The war was now going on with great activity at sea, the American warships, most of them built at Philadelphia, gaining many successes and making numerous British captures, though the United States armies on land had repeated defeats. The British fleet maintained a close blockade of the Delaware River entrance, almost entirely cutting off access, and the Custom House at Philadelphia, which under the moderate rates of duty then prevailing had received an average of \$300,000 monthly in 1810, was, in 1813, reduced to less than \$25,000 receipts monthly. The British repeatedly captured valuable prizes at the Delaware Capes, where vessels, ignorant of the war, arrived from remote parts of the world. Among these was one of Stephen Girard's finest ships, the "Montesquieu," coming home from Canton, with a cargo valued at \$1,500,000, which, after considerable negotiation, he ransomed by a payment of \$180,000 in specie. In April, 1813, the people were in great alarm about the defenseless condition of the city, which was at the mercy of the enemy's fleet, and at a large meeting they appointed a "general Committee of Superintendence for the protection of the River Delaware and the City of Philadelphia," President David Lenox being a prominent member.

The tendency of financial affairs was to take the Spanish silver dollars, the most valuable coin, out of the country, and we find in October, 1813, the amount of silver held by the Bank reduced to \$129,638, while the gold coins in the vaults

had increased to a value of \$150,688. In that month the Bank took more Government loan, getting \$242,000 sixes at 88½, which action was approved by the Governor. The first United States tax on bank notes, in the form of a stamp tax, was imposed as a war revenue measure in August, 1813, and the Philadelphia Bank, in conformity with the terms of the Act, commuted this tax by an annual payment of 1½ per cent. upon the amount of bank dividends made. In March, 1814, the Bank loaned the State \$100,000 out of a loan of \$300,000 ordered by the Legislature for war purposes; in September, 1814, it loaned the city of Philadelphia \$43,000 to assist in providing for local defense, and in October the Government was loaned \$33,333. Thus, to the nation, State, and city it had loaned for carrying on the war, in 1814, a total amount of over \$1,100,000 out of its entire capital of \$1,800,000.

The war was bearing very hard upon the people in every way; the blockade had greatly advanced prices, and we find in January, 1814, the Bank directors, "in consequence of the advanced price of the articles of living," giving the clerks ten per cent. increased pay for the previous year. A similar increase was made for several years afterward. The war made many failures and assignments, and the meetings of the board were largely occupied with consideration of the cases of insolvent debtors, sending committees to creditors' meetings, making settlements, and voting releases on partial payments. So much law thus arose that it became necessary to have a permanent counsel. Previously various prominent lawyers had, in a desultory way, attended to the occasional suits of the Bank—Mr. Dallas, Mr. Tilghman, Mr. Ross, Mr. Kittera, and others. On January 27, 1814, the first formal election of counsel for the Philadelphia Bank is recorded, Charles Chauncey being chosen, and on February 7th he was elected a director of the Bank. His opinions were sent to the board on many matters subse-



EARLY BANK CHECK—1814. (REDUCED SIZE.)



BANK NOTES—1851 AND 1861, WITH OFFICERS' SIGNATURES, VIGNETTES OF GEORGE CLYMER AND JOHN WELSH. (REDUCED SIZE.)

quently, he served on various committees, and, occasionally, associated with him in the legal proceedings and in opinions is found the Nestor of the Philadelphia Bar, Horace Binney, then advancing into fame.

The Bank came into a difficult period. The extensive loans to the Government had taken away most of the banking capital previously engaged in mercantile business. In these days "call loans" had not been devised; deposits were small; there were no surplus funds, and the banks depended entirely upon their capital for loaning. Suspensions and assignments locked up a good deal in paper that could not be collected, and renewals were universal. Joint committees of the city banks frequently met to consider the condition of affairs. It became necessary to curtail. The parent Bank almost stopped loaning, and in March, 1814, all the branches were ordered to limit their discounts to the amounts then loaned. In May the branches were ordered to reduce ten per cent. in discounting on all notes as they fell due and to discount no new paper. Extensions had to be given and other methods taken to relieve debtors, as the record says, who were under stress, "from the present state of the commerce of the country." Even bank directors made assignments and sent in their resignations from the board, which were regretfully accepted.

SUSPENSION OF SPECIE PAYMENTS

In the summer of 1814 the British sailed up Chesapeake Bay, landed at the head of Elk, attacked Baltimore and Washington, and burned the Capitol. This made the greatest excitement in Philadelphia, renewing the fears of attack, and necessitating the loans for local defense. There was an extensive recruiting of volunteers and all the city organizations were ordered out. This took away several of the clerks and

the first teller, and there is a record of a committee of the directors being sent to General Cadwalader to get the teller released from service, as his presence was imperatively necessary at the Bank. Another clerk provided a substitute to go to the field, and the board allowed him \$60.

When the capture of Washington was announced, the board immediately gave instructions not to receive the notes of any bank to the southward of Philadelphia. The committees of the city banks met August 29th and unanimously resolved: "that it be recommended to the several Banks of this city to suspend their payments in specie, under existing circumstances." The next day all the banks in Philadelphia suspended, the New York banks and those elsewhere throughout the country immediately following. The Philadelphia Bank the same day sent most of its specie, \$35,000 in silver and \$40,000 in gold, to the branch bank at Harrisburg for safe-keeping. They also notified all persons having property in the Bank that it would be kept wholly at the risk of the owner. On August 31st a large meeting of business men was held at the Merchants' Coffee House, approving of the suspension, and passing a resolution to sustain the banks and take their notes as usual. This action by the banks was absolutely necessary, as, otherwise, the small amount of specie in the country would at once have gone out of the banks and been exported to pay debts abroad. The next time the Bank's money was counted, out of a total of over \$968,000 it held only \$5,009 in gold and \$9,768 in silver in the vaults at Philadelphia. The specie sent to Harrisburg was not brought back until after the close of the war, in April, 1815.

The suspension of specie payments soon caused great popular inconvenience. All the small change disappeared. To supply it, various kinds of paper notes were issued by individuals, some as low in denomination as two cents. These,

called "shinplasters," circulated for a while, but were rarely redeemed. The Philadelphia Bank early began to supply this want of change. There were copious issues of one-, two-, and three-dollar notes, and of smaller paper tokens for change to provide the various fractional parts of the Spanish dollar, in denominations of 50, 25, $12\frac{1}{2}$ and $6\frac{1}{4}$ cents, the latter two being the famous "levy" and "fip" which were so long in circulation in this country. Nearly \$130,000 of these fractional notes, called "tickets," were issued, including a peculiar denomination, necessary for the West India trade, of a note for \$1.56 $\frac{1}{4}$, being one-tenth of a Spanish doubloon. There were \$31,250 of these peculiar notes printed and nearly all were issued. They were called in and burned in 1817 and later. About the time of this small note issue, the first local bank outside the old city of Philadelphia began business, the Bank of the Northern Liberties, and on December 15, 1814, the Philadelphia Bank opened an account with it. In September, 1814, the Philadelphia Bank dividend was reduced to $3\frac{1}{2}$ per cent., and that rate was continued in March, 1815. The Government was unable to pay its interest on the public debt at the close of 1814, and various projects were discussed for temporary relief. It was at this period that the Treasury tried to negotiate a fresh loan of \$6,000,000 at 7 per cent., which was but sparsely taken, until Stephen Girard came to its relief and subscribed the whole unsold balance, thus saving the national credit.

The war was ended by the battle of New Orleans, January 8, 1815, of which news reached Philadelphia, February 5th. This battle was fought after the treaty of peace had been signed at Ghent in the latter days of 1814, but the peace was not known here until February 13, 1815. The war had cost the Government in borrowed money \$63,000,000 in 6 and 7 per cent. loans, \$17,000,000 in Treasury notes, and large undetermined sums for individual claims; and the total United States

debt, after their partial adjustment, was reported to Congress in 1816 at \$103,000,000. Paper money alone being in circulation, it was at a discount, the Philadelphia Bank notes selling 15 to 20 per cent. below par in specie. In December, 1814, to relieve the scarcity of money, the Pennsylvania Legislature had passed an Act, empowering the State banks to make large additional note issues. Coin had then entirely disappeared.

The close of the war and relief of the blockade at the Delaware Capes naturally brought a period of general business recuperation, and the activity of trade soon ameliorated the stress which had been upon most industries. The Philadelphia Bank directors gave the branches more liberal lines of discount. In April, \$92,000 more United States loan was taken as an investment for the sinking fund set apart for the gratuity given the State for the charter, and \$50,000 more was loaned the State to enable it to straighten out its crippled finances. As too much paper money was out, all the banks in the summer began contracting their note issues, so that by July, under the improving conditions, the discount on Philadelphia Bank notes had fallen to 8 per cent. This curtailment of notes again was detrimental, however, for there was less money to loan, and we find a committee reporting it inexpedient to make further loans, except where absolutely necessary, the discounts being too much extended. The reduction of note issues and of loans caused much business distress during the latter part of the year.

RESUMPTION

These difficulties were successfully surmounted, however, and there came a rapid trade recovery in 1816, the charter of the second and greatest United States Bank being granted by Congress in April, 1816, with a provision that it should make payments on demand in specie, under penalty of twelve per



SAMUEL, F. SMITH.

cent. per annum. This resulted in the calling of a convention of representatives of the banks of New York, Philadelphia, and Baltimore, which was held in Philadelphia, August 6, 7, and 8, 1816, to provide for a general resumption of specie payments. They passed resolutions to resume specie payments on the first Monday in July, 1817, by which time the Bank of the United States was then expected to be ready to begin active business in Philadelphia, with branches in Boston, New York, and Baltimore. If resumption were possible at an earlier date, the resolutions indicated that the time would be anticipated.

Upon being informed of this action, the Philadelphia Bank directors passed a resolution on August 15th that the Bank "resume payments in specie on the first Monday in July next, provided that all the Banks represented in said convention adopt the same resolution." All the banks, in September, joined in an address to the public announcing their action, and indicating that they might, should the developments be favorable, resume at an earlier time. This, however, required a good deal of preliminary work.

The Bank of the United States opened for business in Philadelphia on the first Monday in January, 1817. To successfully carry out the requirements of the charter as to payments in specie, it was necessary to buy a supply abroad and bring it across the ocean. With this object, John Sergeant, one of the leading citizens of Philadelphia, was sent as Commissioner to London to obtain the specie, and for this purpose to negotiate a loan, pledging as security United States loan. The other banks in Philadelphia were invited to participate, and Mr. Sergeant consummated the arrangement. He got at that time \$1,195,000 in specie and brought it over, and upon this fund the subsequent resumption was based. The various banks participated in proportion to the amounts of United States loan they respectively contributed to the general fund,

the banks also agreeing to make good any deficiency in the value of the collateral that might ensue. The share of the Philadelphia Bank was \$101,833.36 in specie, and it pledged \$150,000 in United States loan, which it borrowed from the Pennsylvania Bank, and subsequently repaid, buying the loan at 99 $\frac{1}{4}$. The imported specie was coined into American money, and the progress of events toward a formal resumption was more rapid than had been anticipated. The Government made an announcement early in 1817 that it had decided to cease issuing irredeemable paper on February 20th. The officers of the United States Bank then suggested that there be a simultaneous resumption by the banks, and the Philadelphia Bank directors, on February 3d, passed a resolution ordering resumption February 20th. Soon afterward we find the Bank officials sending large amounts of Spanish dollars to the mint for coinage into half-dollars.

It is a curious commentary on this resumption of February 20, 1817, which in practice was merely nominal, not becoming actually effective until a good while later, that the Philadelphia Bank, although the specie importation cost it \$5,500, seems never to have really gotten possession of its share of the specie. The necessities of the United States Bank at that period required it to absorb all the specie in sight, and in January, 1818, it theoretically gave the Philadelphia Bank its share of the specie, by charging the amount against a balance then owing by the latter Bank to the former. The Philadelphia Bank also seems from its own resources to have gotten gold in quantities, which it loaned to the United States Bank at intervals in 1817 and 1818. It became very inconvenient to carry out the actual resumption in 1817, and in August the banks agreed, instead of settling, to pay interest on the balances they owed each other, this continuing until June 20, 1818, when they were able to resume actual specie payments of balances due. The Phil-

Philadelphia Bank subsequently sold in London its \$150,000 United States loan, and liquidated its proportion of the debt incurred to obtain the specie. The scarcity of the precious metals continued for a long period afterward, and at times greatly interfered with general business and banking.

EARLIEST PHILADELPHIA BANK STATEMENT

As an outcome of the movements toward resumption was the first publication of a statement of the finances of the Philadelphia Bank. Committees from the Legislature had occasionally visited the Bank, and made an official but quite perfunctory examination, without any publication. Late in December, 1816, however, the Legislature called for a statement from the various banks in Philadelphia. The result was that in January, 1817, a detailed statement was transmitted to each House, the figures being made up as of November 4, 1816. This is the first recorded statement of the Philadelphia Bank.

The figures show aggregate assets of \$3,330,460. There were \$2,372,231 discounted notes, \$98,000 United States loan (held for the contingent fund), \$50,000 loaned to the State of Pennsylvania and \$59,000 to the city of Philadelphia, \$190,600 due from other banks, \$54,200 banking house, \$21,300 other real estate, including the branches, \$3,000 turnpike and bridge stocks, \$4,648 expenses since the last dividend, \$145,126 cost of charter, \$228,438 specie, and \$103,917 notes of other banks. The capital stock was \$1,800,000, the notes in circulation \$456,013, due individual depositors \$671,737, due to banks \$152,100, deposit of State of Pennsylvania \$22,500, dividends unpaid \$12,402, and sinking fund for cost of charter and contingent fund, \$195,884. It will be noticed that the deposits were comparatively small, and that the Bank did not undertake to make loans much in excess of the capital and note issues,

such being in those days the general idea of the basis of banking, while it undertook to hold about twenty per cent. of its notes and deposits in specie. The branches did a large share of the discounting, \$936,431, compared with \$1,435,800 discounted by the parent Bank, and, as has been seen, their excesses were continually causing anxiety, and ultimately led the institution to close them, both the Harrisburg and Washington branches being sold in 1817, securing their own charters direct from the State.

III

THE UNITED STATES BANK ERA

1816-1841

III

THE UNITED STATES BANK ERA

1816-1841

Banking in Philadelphia—Bank Robberies—The Philadelphia Bank Charter Extended—Removal of the Deposits from the United States Bank—The Panic of 1837—End of the United States Bank.

BANKING IN PHILADELPHIA

DURING more than two decades following the war with England, the finances of Philadelphia and of the country were largely dominated by the second Bank of the United States. Such serious financial difficulties had followed the enforced liquidation of the first Bank of the United States, and the Government had been so much crippled in raising money to carry on the war, that public opinion again became strongly inclined to the idea of reviving the national bank as a remedy. Albert Gallatin, who had been Secretary of the Treasury until February, 1814, and Alexander J. Dallas, of Philadelphia, who succeeded him, both urged the necessity of having a great national bank as an indispensable adjunct to the Federal treasury. In April, 1816, Congress chartered the second Bank of the United States, to continue for twenty years, and as the country had grown so much, its capital was enlarged to \$35,000,000 (the Government holding \$7,000,000), compared with the \$10,000,000 capital of the first bank. Such a gigantic institution for those early days soon

became an enormous power both in finance and politics, and it overshadowed the smaller State banks in Philadelphia.

The second United States Bank began business in Carpenters' Hall, January 7, 1817, and in April, 1819, the corner-stone of its new bank building was laid on Chestnut Street above Fourth Street, a short distance west of the Philadelphia Bank. This United States Bank building was modeled after the Parthenon at Athens, and is now the Philadelphia Custom House. The dealings with the other banks in reference to the resumption of specie payments have already been described. Among its first operations was the transfer to itself from other banks of the Government money deposits which several of them held. Its opening was an impressive event, and was heralded as a favorable augury for the future. It is noteworthy that a great patriotic ball was given in this city on Washington's Birthday, 1817, at Washington Hall, then the chief assembly hall, of which President Lenox of the Philadelphia Bank was one of the leading managers, representing the Society of the Cincinnati.

The Philadelphia Bank during this period was going along with its regular business, growing in esteem and strengthening its position by conservative management. About this time it changed its discount days from three to two per week, fixing Monday and Thursday for the board meetings, which continued until very recently. Shortly after the close of the war, the four banks in the city, with the Bank of the Northern Liberties, which was located just across Vine Street, on the northern boundary, formed an organization for mutual exchanges of their bank notes at stated periods, and also an arrangement for the payment of interest upon the balances owing by one to another. This grew out of the necessity of some arrangement, as specie was then at a premium, and it was the germ which afterward developed into the Philadelphia



THOMAS ROBINS.

Clearing House. The banks agreed to settle balances due in treasury notes or United States loan, both at market value, by drafts on other banks, or "by any other method that might be mutually arranged." Some of the newly chartered banks declined to pay interest on the balances, and were excluded, but they gradually came in during succeeding years, so that the arrangement ultimately covered all the banks in the city and county of Philadelphia. Committees from each board supervised the organization, and it was then called the "General Bank Committee," and usually discussed and formulated all topics requiring joint bank action.

During 1816 and 1817 business was dull and times were hard in Philadelphia, with much suffering among the poor, so that relief meetings were held in the winter. The restricted trade curtailed banking profits and in September, 1816, the Philadelphia Bank had to reduce its semi-annual dividend to 3 per cent., and in March, 1817, it paid $3\frac{1}{2}$ per cent., and in September, 3 per cent. The resumption of specie payments in February, 1817, was little more than nominal, and for a long time afterward both American and foreign coins continued at a premium, and the only actual money in circulation was bank notes and "shinplasters," and these were very scarce, the larger part of the United States having no money at all, the people carrying on business by the primitive methods of barter. The resumption, however, had somewhat checked the tendency of Europe to draw coin from this country. The new United States Bank was universally looked to for a remedy, and its panacea was generally the suggestion to the other banks to enlarge their lines of discounts. As these suggestions came to the Philadelphia Bank, the proceedings of the board show that they were always voted inexpedient.

The United States Bank went freely into discounting, and particularly in lines which included the notes of certain of its

stockholders in Philadelphia and Baltimore, and this curtailed the general use of its capital. As 1817 progressed, it and most of the other banks increased their loans enormously, with the expanding mercantile business of the country, and at the close of the year there were much more bank credits than at any time previously. These excessive bank loans naturally created alarm, and in the autumn of 1817 a curtailment began, the United States Bank enforcing a reduction of about \$7,000,000 during October, which produced a severe monetary stringency. Specie was again going out of the country, and meetings of merchants asked Congress to prohibit its export. This was not actually done, but early in 1818 Congress endeavored to adopt a system of commercial retaliation for discriminations by other nations, but it was soon found impracticable of enforcement.

In October, 1818, President David Lenox announced to the directors that he intended to retire from active business and resign as president of the Philadelphia Bank, at the close of the year, and on December 31st he presented his resignation as president and director. The resignation was accepted, the board sending him a letter expressing their sentiments of goodwill and confidence, and wishing him in his retirement "that happiness which a long life spent in a manner equally honorable to yourself and beneficial to your country, justly entitles you." This letter elicited a warm and friendly acknowledgment from the retiring president.

Upon December 31, 1818, John Read, who had been serving as a State director, was elected a stockholders' director and president of the Philadelphia Bank. At the same time Charles Chauncey resigned as director and solicitor of the Bank. John Read was born at New Castle, Delaware, July 7, 1769, and was the fourth son of George Read, who was afterward a member of the Continental Congress, and one of the signers

of the Declaration of Independence from Delaware. His mother was Gertrude, daughter of George Ross, a prominent Presbyterian clergyman of New Castle, and his maternal uncle, George Ross, the second, was also a signer of the Declaration of Independence. John Read was graduated from Princeton College in 1787, and studying law was admitted to practice at New Castle, subsequently removing to Philadelphia. Here he married Martha Meredith, daughter of Samuel Meredith, the first Treasurer of the United States, and a niece of George Clymer, the first president of the Bank. Mr. Read became the Agent-General of the United States in 1797, adjusting Revolutionary and other claims against the United States under the Jay Treaty. He was subsequently a member of the Philadelphia City Councils, and of both Houses of the Legislature and City Solicitor in 1817.

Mr. Read was an executor of the estate of George Clymer, and this began his connection with the Philadelphia Bank, to which the Senate elected him a State director in January, 1818. He served as president of the Philadelphia Bank from December 31, 1818, until his resignation on account of the weight of increasing years, February 5, 1842. Mr. Read then removed to Trenton, New Jersey, where he spent the remainder of his life, dying July 13, 1854, at the age of eighty-five years. He was for many years during his residence in Philadelphia the Rector's Warden of the United Churches of Christ Church, St. Peter's, and St. James; and subsequently had an active connection with St. Michael's Church in Trenton. He was the author of various valuable papers in connection with his services as Agent-General of the United States, published at that time in a book entitled "Arguments on British Debts."

BANK ROBBERIES

The Philadelphia Bank was not without the customary dangers of the business. The counterfeiters and forgers have already been referred to. It also suffered from robberies. The greatest bank robbery in early Philadelphia history was the entering of the Pennsylvania Bank in August, 1798, about \$161,000 in money being stolen. The thieves were not discovered until the following November. One of them was the bank porter, and being taken ill of a fever, he confessed, afterward dying. There was one other confederate, a man then prominent in politics, and the successful management of the case against him enabled the bank to recover \$158,000, so that the actual loss was only about \$3,000.

The Philadelphia Bank was entered on Saturday night, and robbed on Sunday, October 20, 1816. The thief was unable to get into the inner vault, but he took from the desks and drawers and other places, some silver plate, and money amounting to \$4,093.79, mostly in bank notes. A constable named Millman was able to locate and arrest the thief, who proved to be a man quite well known, N. W. L. Learnard, and he managed the capture so well that the Bank gave the constable a reward of \$50. Of the plunder \$3,423.89 was recovered, the loss being \$669.90, mostly in the paper notes of the denomination of \$1.56 $\frac{1}{4}$. Learnard was convicted and sentenced to twelve years' imprisonment.

Another attempt at robbery occurred in April, 1821, but happily was detected and frustrated. The story has a tinge of romance. The sewer which was constructed to cover the southern branch of Dock Creek runs from Orianna Street up Chestnut to Fourth, and then southwest past the original Philadelphia Bank building toward Fifth Street. The building was constructed on heavy arches alongside this sewer, and



BENJAMIN B. COMEGYS.

a party of thieves conceived the scheme of robbing the Bank by passing from the Delaware up the Dock Creek sewer in a boat, which they left in the neighborhood of the Girard Bank, and then going into the branch sewer to the Philadelphia Bank building, where they excavated a passage through the sewer wall and under the foundations of the Bank, and thus got into the vaults. Upon April 16, 1821, their operations were accidentally discovered by overhearing the thieves at work.

Quintin Campbell, the cashier, was in the habit, after the Bank had closed, of going inside to see if everything was right. The watchman, who has left the account of this attempted robbery, says that upon that evening the cashier, who was inside, came to the Bank door and asked him to enter. He did so, and found several of the clerks there, whom the cashier had sent for. They cautioned him to be silent and listen, and in a short time a noise was heard as of filing or sawing, upon the outside of the inner door leading to the cellar. To find out what it was, the door was quickly opened, the watchman rushed in, followed by the others, and discovered two men, whom they pursued down the cellar steps, the watchman striking at the thieves with his sword, but they turned suddenly into one of the arches and passed out of sight. They overturned the ash-scuttle in their flight, and the pursuers made for that point, and in front of the arch, where the ashes were kept, they discovered the hole by which the thieves had entered and escaped. It was evident that they had intended to dig into the money vault, but missed it by a few yards.

A watch was at once set; two clerks immediately proceeded to the sewer inlet on Orianna Street near Chestnut, thinking the men would come out there, it being near the Bank. In a few moments they heard talking in the sewer near the inlet, and directly they saw the men place their hands on the iron bar that crossed the inlet in the act of coming out, but one of the

clerks being too hasty aimed a blow with his sword at their hands, causing them to retreat. The clerks returned to the Bank and reported this. Another clerk, having no weapon, went home to procure one, and returning down Fourth Street above Market, saw a man covered with filth and dirt walking closely alongside a bordering wall as if to avoid observation. The clerk accosted him, but getting no explanation, arrested the man on suspicion, taking him to the Bank, and it turned out that he was one of the party of robbers. The next day Fourth Street was excavated in front of the Bank. An examination of the entire sewer was made, and in it, down at Third Street, nearly opposite the Girard Bank, was found a boat containing shovels, spades, pickaxes, handspikes, and other tools, also a liberal stock of provisions—ham, crackers, cheese, dried beef, etc. This boat had been stolen from a boat-builder on Swanson near Queen Street. It was surmised that the thieves had been occupied two or three weeks, working in the day-time when the noise in the streets would prevent them being heard, and coming out of one of the inlets at night. The captured thief was convicted and imprisoned, but was afterward pardoned out, when he stole a horse and gig, the narrator says, and left for other parts.

The Philadelphia Bank was entered by thieves a third time on the night of Saturday, January 12, 1834, and during that night and Sunday the main vault was opened and robbed of \$64,265, all in notes, chiefly the Bank's own issues. The thieves escaped with their plunder, and although much trouble was taken, and they were traced to New York, and finally to Europe, nothing seems to have been recovered. The Bank passed its dividend the next May and thus recouped the loss.

In the general progress of the business of the Bank, it determined upon winding up the branches which had been found not only troublesome, but also unprofitable. In re-

peated instances, after the war, their business had been restricted, and in 1817 arrangements were made to sell them to organizations which had obtained bank charters in the respective localities. In May, 1817, the board issued a general instruction to stop business at the branches, ordering them to collect the debts due, and send the proceeds to the parent Bank. Throughout this period of the Bank's history the record is frequent of subscriptions to the old city volunteer fire companies, usually ten dollars to each.

The Bank was liberal in its loans to the State of Pennsylvania. It loaned \$50,000 in April and \$50,000 more in October, 1818, another \$50,000 in 1820, and another \$50,000 in 1821, so that in a statement made April 4, 1821, there appeared an item of \$200,000 loaned to the State. There was then a five per cent. loan of \$1,000,000 issued by the State, and the four State banks in Philadelphia took it all, the Philadelphia Bank taking \$250,000. In 1823 the Bank loaned the State \$150,000 more at 6 per cent., and in 1826, with the Farmers' and Mechanics' Bank, it took a loan of \$300,000, issued by the State at 103 $\frac{5}{8}$. In June, 1820, the United States asked proposals for a \$2,000,000 loan, and the Philadelphia Bank offered to take \$300,000 at 102. The Bank of the United States, however, outbid this, taking the whole loan, and the Philadelphia Bank's offer was declined. In the decade from 1811 to 1820 inclusive, the dividends on Philadelphia Bank stock aggregated sixty-six per cent. In the bank statement of April 4, 1821, the loans were reported at \$2,117,822, the deposits \$495,521, and the issue of notes \$407,400. There is a record in 1821 of a loan to the Bank of Georgia of \$50,000, and in 1831 of \$150,000 to the Bank of New Orleans. In March, 1822, when the applications for discounts were unusually large, there was an order made that no paper running over four months should be discounted. In those days the Bank was allowed to own its own

stock, and in March, 1823, it had \$214,495 invested in its own shares. A long time was required to collect all the outstanding debts due the branches, and as late as November, 1830, a record shows that \$129,905 was then still owing by the branches.

THE PHILADELPHIA BANK CHARTER EXTENDED

The original charter of the Philadelphia Bank expired March 5, 1824. The directors early determined to ask for an extension, and their petition to the Pennsylvania Legislature for this was made December 7, 1820. The bad financial condition of the country was quoted as a reason for not causing the disturbances that would arise, through the enforced liquidation, by the lapse of the charter, of the Bank, which then had nearly \$2,000,000 loaned to individuals. The petition referred to the "real distress of the people," and "the singularly disordered state of the currency," saying that "universal distress and embarrassment prevail throughout the community, when it is difficult for those who are in debt to comply with their ordinary engagements, and when the Legislature itself, moved by the general suffering, has interposed to prevent the sacrifice of property of the debtors."

The extension of the charter passed the Legislature March 28, 1823, and was accepted by the stockholders at a meeting held June 4th. It continued the existence of the Bank until May 1, 1839, and by another act, passed April 1, 1836, the Bank was further extended for twenty years. The title was shortened to "The Philadelphia Bank," which thus continued under this extension and the general banking law of the State afterward passed, until on October 20, 1864, the stockholders voted to become a national bank under the Federal laws.

The new charter limited the capital, as previously, to



N. PARKER SHORTRIDGE,
PRESIDENT.

\$2,000,000, and made various changes and restrictions. The board was reduced to seventeen directors, thirteen to be chosen by the stockholders and four by the Legislature, and each director to hold at least five shares; the third Monday of November was made the annual election day, the cashier was prohibited from holding stock, and the debts of the Bank were limited to twice the amount of the capital stock actually paid in. The rate of discount on loans was not to exceed one-half of one per centum for thirty days, the dividend periods were changed to the first Monday in May and November, and annual statements were to be made to the Auditor-General in November for transmission to the Legislature. The suspension of payment in specie was prohibited under penalty of payment of twelve per cent. interest per annum, on the note, bill, deposit, or other obligation so refused payment in specie, but the holder must make demand every three months to continue the interest. If the refusal continued more than three months, the Bank was liable to forfeiture of the charter, but this forfeiture which the creditor could secure reduced the interest rate on the debt to six per cent. The Bank was also prohibited from making any more dividends or issuing any more notes, until specie payments were resumed, "except to such claimants of deposit moneys as may demand them in lieu thereof."

Internal improvements, mainly by constructing canals, were then the popular movement, so that this new charter was paid for by the Bank agreeing under certain conditions to subscribe for five hundred shares of stock in the Chesapeake and Delaware Canal, which after the lapse of fifteen years were to be transferred to the Commonwealth. The State of Pennsylvania also was given the right to subscribe two thousand additional shares in the stock of the Bank at par; and whenever requested, the Bank was to loan the State, at five per cent. interest, an amount not exceeding five per cent. of the capital

for a term not exceeding the unexpired portion of the charter. The stock subscription privilege was relinquished in the subsequent extension of the charter in 1836.

The Pennsylvania Legislature in March, 1823, made the first incorporation of a railroad, chartering a company to build a line from Philadelphia to Columbia. This was the result of a memorial by John Stevens, and the corporate title was "The President, Directors and Company of the Pennsylvania Railroad Company." It was to exist fifty years and have a capital of six thousand shares of \$100 each. Horses were to be the motive power, no reference being made to using steam. The project was regarded as experimental, and was not utilized until much later, and then by the State itself, beginning the location in 1828. Canals being the favorite form of internal improvement, Pennsylvania, in April, 1825, created a Board of Canal Commissioners to manage them. The Philadelphia Bank having in view the penalties for suspending specie payments, had already begun curtailing its note issues, and in 1824, in deference to the provisions of the new charter, they were reduced to \$298,000, and in 1830 were down to \$281,500. The specie held in 1824 was \$185,000; and in 1830, \$219,000.

Better things came by 1825, and business was more prosperous. Pennsylvania had devoted \$6,000,000, chiefly raised by loans, to improvements, and they began to show commercial results. The industrial and financial difficulties of the previous period were being surmounted. During several years the records of the Philadelphia Bank show loans to the State and to the Canal Commissioners to carry on the public works. Thus, in July, 1827, it took \$40,000 five per cent. loan of the State at 104 $\frac{3}{4}$. In May, 1829, it made a temporary loan of \$50,000 for canal purposes, the State then being much crippled by the heavy charges upon it for these public works; and in July it made another similar temporary loan of \$30,000. In

October a third temporary loan of \$61,000 was made with stipulations for its expenditure upon the Susquehanna and Juniata Canals. In this connection, at the close of 1829, the State Government began the necessary preliminaries to get from the Philadelphia Bank the loan provided for in the charter, of five per cent. of the capital at five per cent. interest, and this amount, \$90,000, was placed to the credit of the State in February, 1830.

Out of these transactions there came a movement to get the Bank charter extended ten years beyond 1839 in return for a loan to the State of \$500,000. A bill passed the State Senate for this purpose, but, being obstructed, the Philadelphia Bank directors sent a committee to Harrisburg offering a loan as high as \$2,000,000 at five per cent. for the charter extension. The movement, however, came to naught, and we find the Bank selling to John Jacob Astor, in January, 1831, \$90,000 of its State loan.

REMOVAL OF THE DEPOSITS

Events had been rapidly progressing in fomenting the great quarrel between President Andrew Jackson and the Bank of the United States. This is said to have had its inception in the refusal of President Nicholas Biddle, of the bank, to remove from the presidency of the branch bank at Portsmouth, New Hampshire, in the summer of 1829, Jeremiah Mason, who was a friend of Daniel Webster. Jackson's message to Congress at the opening of the session, the subsequent December, began the attack upon the bank. He said that "both the constitutionality and the expediency of the law creating this bank are well questioned by a large portion of our fellow-citizens, and it must be admitted by all that it has failed in the great end of establishing a uniform and sound currency."

This position taken by the President of the United States, then somewhat startled the country, but the matter seems to have slumbered until 1832.

The time for the expiration of the United States Bank charter in 1836 was approaching, and the sentiment in Philadelphia strongly favored its renewal. In February, 1832, the Philadelphia Bank directors sent a memorial to Congress, in accordance with this sentiment, asking the passage of an act extending the charter. In this paper the United States Bank was described as having "aided the fiscal operations of the Government in the collection and distribution of the public funds; furnished a sound circulating medium which may be considered at par in all parts of the Union; facilitated the general operations of trade and commerce," and "by the diffusion of its capital advanced the prosperity of the people." The paper continued "that the general prosperity of the nation is intimately connected with the continuance of the Bank of the United States, and that the refusal of your honorable bodies to grant a renewal of the charter, will be attended with the most disastrous results, causing a great depreciation in the value of real and personal estate, and widespread commercial embarrassment and ruin."

Congress passed the bill to recharter the bank, but President Jackson, on July 10, 1832, vetoed it. This caused great excitement and bitter feeling, a Presidential veto having been practically unknown down to that time. The political animosity grew, and President Jackson determined to remove the Federal deposits from the United States Bank, the officials sending circulars in August, 1833, to various State banks, inquiring if they would receive the deposits. Amos Kendall came to Philadelphia on this errand, and announced that he had been appointed by the Secretary of the Treasury, at the request of the President, to confer with the State banks on the



J. LIVINGSTON ERRINGER.

subject. He notified the Philadelphia Bank of his arrival, and on August 8th the board passed a resolution that he be informed "the Philadelphia Bank is willing to undertake the agency of the Government in the collection and management of its funds in the State of Pennsylvania, and that the board will be happy to receive further communications on the subject."

On September 18th President Jackson read to the Cabinet his reasons for the removal of the deposits from the United States Bank. He declared the bank had entered politics, and used its vast influence in promulgating certain principles which were not those held by the Government; that in sixteen months, ending shortly before the veto, the bank had increased its loans over \$28,000,000 with the intention of bringing a large number of people under its influence, a considerable portion of this amount being appropriated for subsidizing the press. For these and other reasons, the President declared, it was no longer safe to allow the public moneys to remain in possession of the United States Bank. The law placed the deposits under control of the Secretary of the Treasury, and Louis McLane, of Maryland, who held that office, showing repugnance, was made Secretary of State, and William J. Duane, of Philadelphia, appointed his successor. Duane declined to order the removal, and was himself removed, being succeeded by Roger B. Taney, who carried out Jackson's wishes, and October 1, 1833, was named as the day for the withdrawal.

Great efforts were made on behalf of the Bank of the United States to prevent the removal of the deposits. The plan of the Treasury was to select State banks in different parts of the country to which the deposits would be transferred. There was to be one bank each in Philadelphia, Boston, and Baltimore, two banks in New York, with others in the South. They were to receive the public deposits in the States where located, and make payments when and where required, in

accordance with an elaborate plan formed by Mr. Kendall, and were to render without charge every service performed by the Bank of the United States. The Philadelphia Bank received various proposals on the subject of becoming a depository from Mr. Kendall, and replied to him on September 26th, suggesting some modifications, but accepting most of his proposals. The result of the negotiation was that on October 17th Cashier Campbell and John M. Read, the solicitor (the son of President Read), representing the Bank, went to Washington and presented Secretary Taney a letter stating that the Bank "will take the whole, or a part of the Government deposits in the State of Pennsylvania, upon the same terms which any other Banks have accepted them, in any part of the United States. We are also directed by the Board to assure the Secretary of the Treasury that the Philadelphia Bank will use its best efforts to perform all the required duties under the proposed management."

The deposits, amounting to nearly \$8,000,000, were removed from the Bank of the United States, but none came to the Philadelphia Bank. Stephen Girard had died December 26, 1831, and his banking house on Third Street was utilized by the Girard Bank, chartered April 2, 1832, with \$1,500,000 capital, and this new bank was made the depository of the Government moneys in Philadelphia late in 1833, and it thus got very large Treasury deposits, which soon exceeded half the then capital of the bank. The removal of the deposits caused great public anxiety, and was followed by a general curtailment of loans by the Bank of the United States, causing serious distress. The Philadelphia Bank directors afterward changed their views on the subject of the deposits, and on December 30, 1833, voted to withdraw their application to the Secretary of the Treasury for a Government deposit; and they also adopted two memorials, one sent by various State banks

jointly on December 30th to Congress for a restoration of the deposits to the Bank of the United States, and the other, sent January 9, 1834, to the State Legislature inviting their interposition with Congress to that end. On January 16, 1834, an elaborate protest was filed by three of the four State directors of the Philadelphia Bank against these memorials.

The financial distress in Philadelphia led the City Councils to pass resolutions against the removal of the deposits, among the reasons urged being the fact that the securities of the Girard Estate left in trust to the city had depreciated in value through this removal \$312,304. The Board of Trade, January 1, 1834, passed similar resolutions, asking the restoration of the Bank of the United States to its former place as an agent of the Government as a necessary step to restore public confidence. There were then fifteen banks in Philadelphia, and nine of them joined in a memorial stating that the removal of the deposits had made "a disorganization of the whole moneyed system, and the whole revenue system of the country," and declaring their restoration to the bank a measure that was absolutely necessary. The banks signing this memorial were North America, Pennsylvania, Farmers' and Mechanics', Commercial, Mechanics', Penn Township, Manufacturers' and Mechanics', Moyamensing, and Schuylkill. The six banks that did not sign were the Philadelphia, Western, Southwark, Kensington, Northern Liberties, and Girard.

THE PANIC OF 1837

The quarrel between Jackson and the United States Bank grew, and made the most intense enmities. The efforts to get the deposits restored were fruitless. The President fully controlled Congress against the bank. His party attacked Nicholas Biddle, its head, as a despot who sought to extend the rule

of a moneyed aristocracy over the nation, while the friends of the bank denounced Jackson in unmeasured terms. The more they abused him, the higher grew his temper. He drove away from his presence the deputations sent to seek favor for the bank; and is said to have replied to a delegation from Baltimore, which asked for relief: "Come not to me, sir, go to the monster. It is folly, sir, to talk to Andrew Jackson; the Government will not bow to the monster!"

When the annual election of directors in November, 1835, came, Quintin Campbell, the cashier, who had served so faithfully for thirty years, resigned, much to the general regret, and retired from active business. The board presented him with a handsome silver service as a testimonial of respect and esteem, and he was immediately elected a director by the stockholders, serving continuously until his retirement in 1859, making a period of over fifty-five years from the time he began duty at the beginning of the Bank. Mr. Campbell had been an original subscriber to the stock of the Pennsylvania Fire Insurance Company, upon its incorporation in January, 1825. In September, 1826, he was elected a director of this Insurance Company and served continuously until his death. Some time after his resignation as cashier of the Philadelphia Bank, he was elected president of the Insurance Company in December, 1839, and resigned from the presidency in June, 1853. Mr. Campbell died April 6, 1863. His successor as cashier of the Philadelphia Bank was John B. Trevor, elected November 30, 1835, who served until his resignation, August 28, 1851.

As the time approached for the expiration of the United States Bank charter in 1836, the State of Pennsylvania in February renewed it as a State bank for thirty years, passing the act thirteen days prior to the expiration. It thus went under State control with the same capital, exclusive of the Government investment of \$7,000,000. This investment was



RICHARD ASHHURST.

repaid in full when the Federal bank was wound up, and the Treasury records showed there had, in addition, been made a profit on the stock of \$6,093,167, as regular dividends had been paid, and, in addition, a premium of over fifteen per cent. was returned above the par value of the Government stock. The Bank had been of great service in regulating the currency, and during its twenty years' existence had brought out from Europe to maintain specie payments nearly \$7,000,000 coin, at a cost for expenses and exchange of \$500,000. The prosperous times which had come resulted in such ample government revenues that by 1835 the entire public debt of the United States left after the close of the war with England had been paid off.

The new bank paid a good price for the State charter, a bonus to Pennsylvania of \$2,000,000, extending over ten years, the money to be used for the schools. Nicholas Biddle at once resigned the presidency of the Federal bank and was presented by the stockholders with a magnificent service of plate valued at \$30,000. He was then chosen president of the State Bank of the United States, which began business March 4, 1836. As part of the same legislative procedure which obtained the United States Bank charter, there was also passed on April 1st the act already referred to, extending the Philadelphia Bank charter for twenty years, until 1859. The success of this was due largely to the efforts of Cashier Trevor, who spent much time at Harrisburg during the session. The stockholders in formal meeting on May 9, 1836, accepted the new charter extension, and as an expression of their gratitude to the cashier voted \$1,000 to procure a service of plate for presentation to him. They also ordered a new banking house to be built, as the Bank had outgrown the old one. It is noteworthy that on the same day as the Philadelphia Bank charter extension, April 1st, the law was also passed, which still exists, requiring

all State banks to make quarterly reports to the Auditor-General. When it had gotten fully under way as a State institution, the United States Bank shares were quoted at 125 and the Philadelphia Bank shares were at 125 @ 130.

Congress in 1836 passed an act regulating the Government deposits in the various State banks, and this caused the Philadelphia Bank directors to make another effort to become a depository. Committees were sent to Washington at various times to secure part of the deposits, and interviews were had with the Secretary of the Treasury, but the journeys were without result. The Girard Bank had increased its capital to \$5,000,000, and secured a continuance of the Government deposits under the new Act, the amount it held soon running up to \$3,600,000. The evanescent character of this business, however, was shown the next year, when all the money was drawn out of the Girard Bank but \$10,000, and in 1838 the Treasury deposit it held was less than \$1,000. The large excess of revenues in the Federal treasury, accumulating after the national debt was paid, had caused a clamor, and the very peculiar method was devised of remedying this by dividing the surplus cash among the various States in proportion to population. There were thus disposed of \$28,000,000 early in 1837, causing the Federal depository banks to lose nearly all their Government deposits. Anticipating this, the Philadelphia Bank then sought to be made a depository of the portion of surplus accruing to Pennsylvania. In December, 1836, the members of the Electoral College, who had voted for President Van Buren, and large numbers of members of the Legislature joined in petitions to the Secretary of the Treasury, recommending that the Philadelphia Bank be selected as a depository of these surplus funds. The final result was that, joining with the Pennsylvania Bank, the two institutions got this Pennsylvania surplus on deposit by an offer to pay six per

cent. interest for it, on March 6, 1837, and the money was employed in discounting.

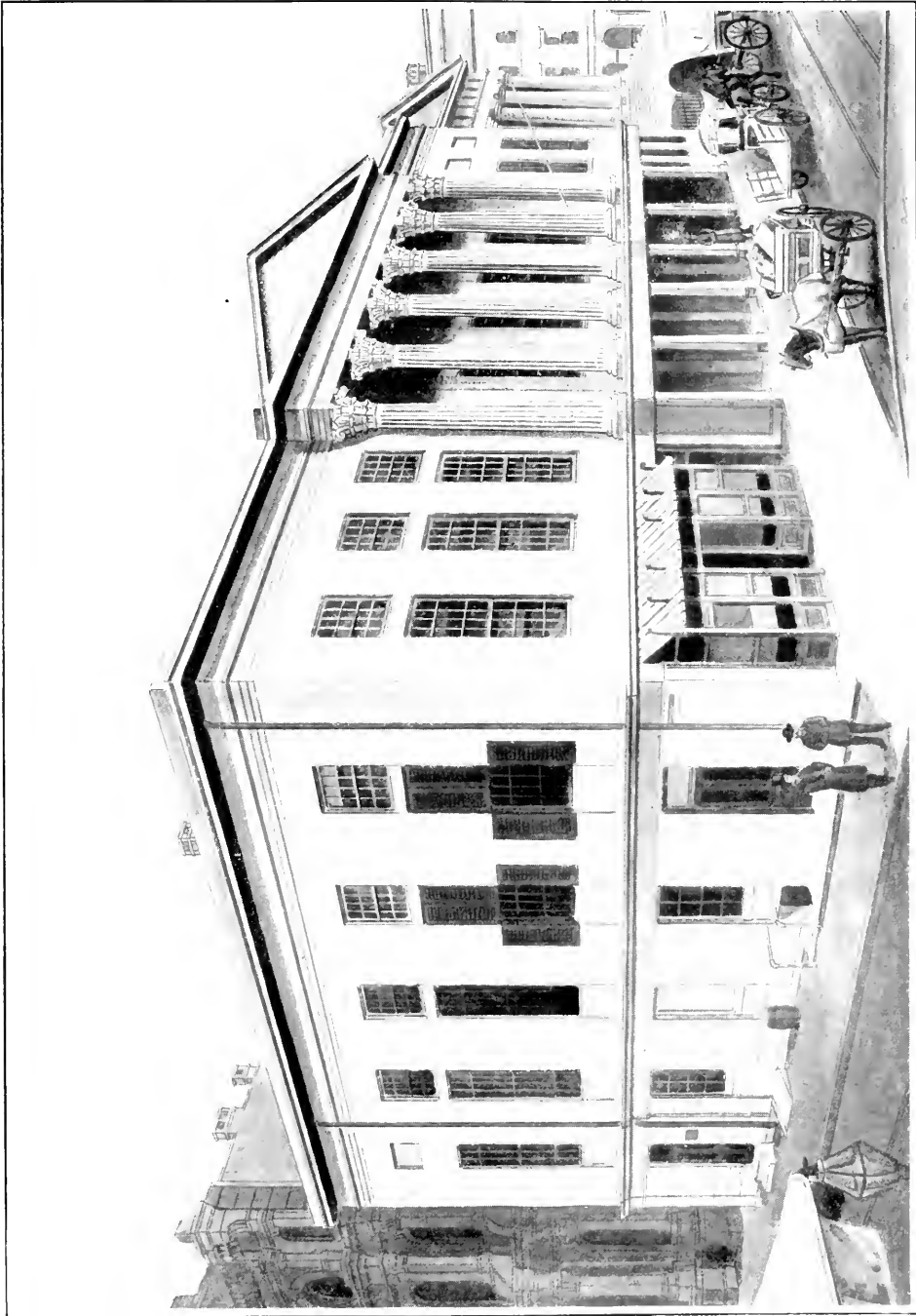
But the country was again on the verge of bad times. The Government war against banks continued. The supply of specie in the country was small, the mint having coined barely \$50,000,000 since its start in 1792, which had been depleted by steady exports, and the Treasury now required that all payments for public lands should be made exclusively in gold or silver, while payments for the excessive imports of merchandise again drew coin largely to Europe. The winter of 1836-37 saw much business distress and many failures, and the rapid disappearance of coin from circulation made it almost impossible to conduct commercial operations. It was at this period that the Philadelphia Bank, in 1837, moved into its third bank building. This fine structure on the southwest corner of Fourth and Chestnut Streets, had been for some time in process of erection, being occupied jointly by the Philadelphia Bank and the Bank of the United States. It was a white marble building, extending with a broad front on Chestnut Street, and in part was built upon the portion of the original lot which had previously been a garden. The Philadelphia Bank occupied the second floor; the ground floor being rented, yielding over \$3,000 per annum.

The business stress and difficulty of retaining specie became so great, with sterling exchange at twenty per cent. premium, that on May 10, 1837, the banks of New York city suspended specie payments. The news of this action reached Philadelphia that morning, and next day the banks in this city suspended, the course being immediately followed by all the banks throughout the country. The Philadelphia Bank suspended specie payments with the others, transmitted the resolution ordering suspension to the Governor, and determined to receive the notes of the other city banks as usual. In subse-

quent proceedings the directors decided not to unduly enlarge their note issues, and to keep steadily in view an early resumption. The need of small change, caused by the disappearance of coin from circulation, was supplied at this juncture by the city and outlying districts, which issued paper notes for fractional parts of a dollar. Then there came another deluge of "shinplasters" issued by various irresponsible parties, and with them serious troubles, great suffering, numerous suspensions, declines in wages, and universal distress. This condition continued throughout the subsequent winter, but times becoming somewhat improved, efforts were made in 1838 to secure a resumption. The New York Legislature fixed August 13th as the date for a return to specie payments by the banks of that State, and Governor Ritner issued a proclamation in July ordering all the banks in Pennsylvania to resume on the same date. This led to a partial movement by the other banks of the country to resume at the same time. The interior banks, however, did not join, and their abstention made additional troubles, causing great differences in the discounts and premiums on bank notes.

This resumption of 1838 was premature. There was not enough specie available to maintain it, especially as the banks in Philadelphia, under a law passed in 1827, were not permitted to issue notes for less than five dollars, and, therefore, had to pay small sums in specie, which was thus steadily drained out of them. The year 1839 came, and matters went from bad to worse. Early in the year another suspension was feared, and there was a constant stream of the precious metals sent abroad by every packet, Europe drawing her capital away as fast as was possible. On March 29, 1839, Nicholas Biddle resigned the presidency of the United States Bank,* being succeeded by Thomas Dunlap. In July exchange had gotten

* Nicholas Biddle died February 27, 1844.



THE THIRD PHILADELPHIA BANK,
SOUTHWEST CORNER FOURTH AND CHESTNUT STREETS.

to ten per cent. premium; money loaned at $1\frac{1}{2}$ per cent. per month; United States Bank stock declined to 111, and Philadelphia Bank stock to 103. In the autumn specie was being sent abroad by millions, and the banks began conferring as to the policy of another suspension. A meeting was held by representatives of fourteen banks at the Board of Trade, October 8th, and they voted upon a resolution for suspension, which was defeated, five to nine, the Philadelphia Bank voting in the negative.

The next day, October 9, 1839, the Philadelphia Bank committee reported this action to the board, but no sooner had they done so than a communication was received from the United States Bank, next door, that they had suspended. This was unexpected, but the other banks had to follow, and the same day the Philadelphia Bank, with the others, passed resolutions for an immediate suspension of specie payments, which action was followed by the banks throughout the country. The United States Bank explained that its course was due to embarrassment arising from the large balance of foreign exchange against the United States, which was draining its specie, but the real reason was that the great bank, as the sequel proved, was really insolvent. In November, owing to defalcations, the Schuylkill Bank was closed. Then the famous Dr. Thomas W. Dyott, who had extensively issued notes of his "Manual Labor Bank," which he did not redeem, was imprisoned for fraud, but afterward pardoned.

END OF THE UNITED STATES BANK

The repeated suspensions by the banks led Congress to create the sub-treasury system, thus keeping the Government money in the Treasury vaults, instead of in banks. This was adopted during President Van Buren's administration, and

suspended for a time in 1841, when President Harrison assumed office, but finally put into effective operation in 1842, the system continuing ever since, though with modifications. The great effort after 1839 was to compel the banks to resume specie payments; and the obstacle was the inability of the United States Bank to do so. Governor Porter, in his message, called the attention of the Pennsylvania Legislature, in 1840, to the general bank suspensions, urging remedial measures. The banks in Philadelphia, in February, sent an address to the Legislature, declaring they could not with safety resume before February 1, 1841, and the Board of Trade confirmed this declaration. The Legislature passed a drastic law, directing resumption of specie payments by the banks, January 15, 1841, under penalty of forfeiture of their charters.

There now began various interesting movements designed to sustain the Bank of the United States, so as to secure a successful resumption at the time appointed. Prominent in these was Richard D. Wood,* the merchant and manufacturer, who was first chosen a director of the Philadelphia Bank in 1835, and again in 1837 and successive years, until his retirement in 1864. During the summer of 1839, Mr. Wood casually met James Martin, one of the directors of the United States Bank, and remarked to him that as the period for the resumption fixed by law was fast approaching, it was quite time to put things in order for it. In subsequent conversation the two gentlemen agreed as to method, and Mr. Wood brought the subject before the Philadelphia Bank board, and Mr. Martin presented it at the United States Bank. The latter appointed a committee consisting of Lewis Waln, James Martin, and Joseph Cubot. With Mr. Wood, in the Philadelphia Bank, were associated two veteran directors, Samuel F. Smith, afterward becoming in 1842 the president, first elected a director in 1807, and re-

* Richard D. Wood died April 1, 1869, aged sixty-nine.

tiring from the presidency in 1852, and Samuel W. Jones,* who was elected a director in 1814, and served continuously until 1852, when he retired.

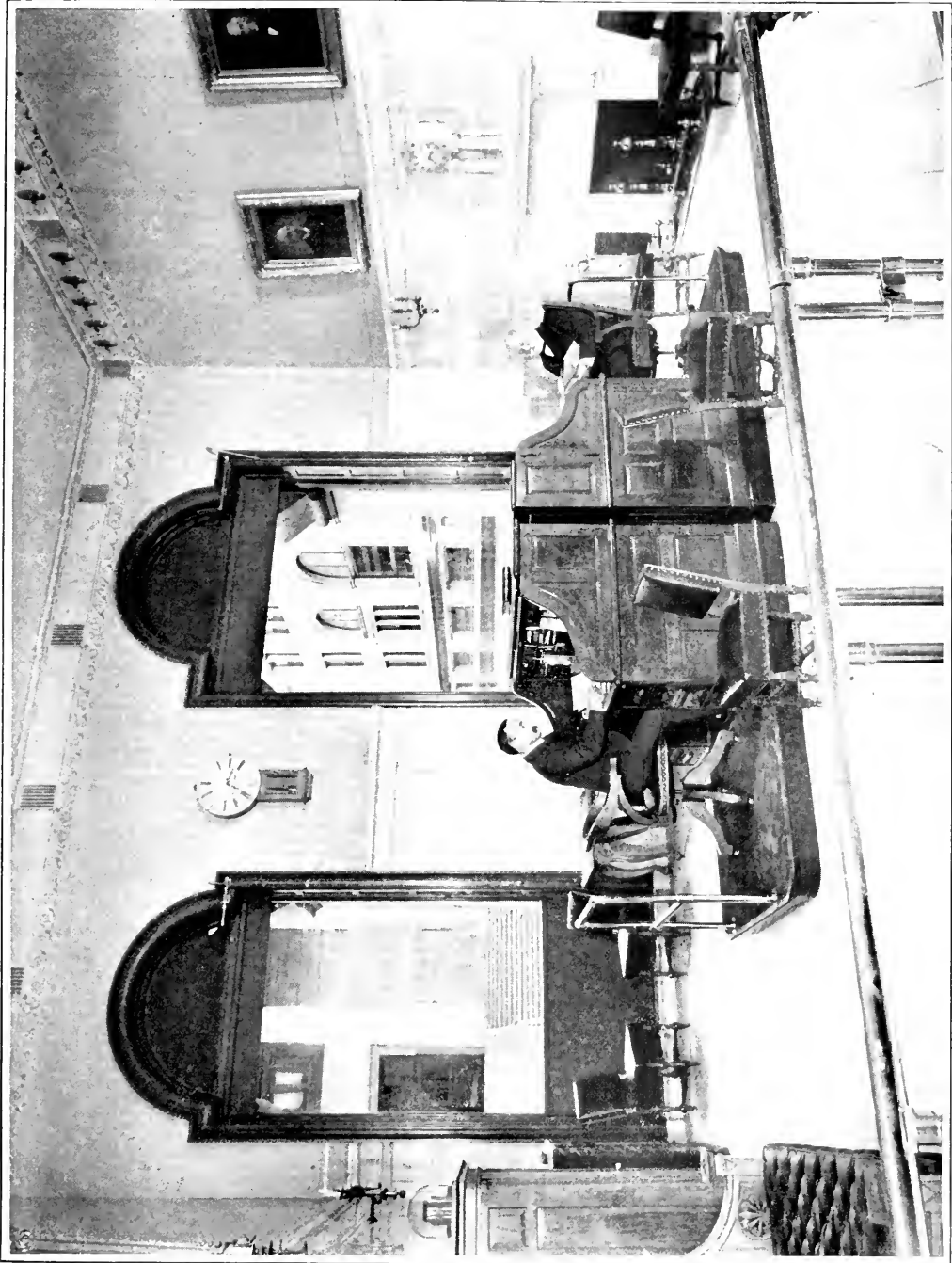
The first movement toward this process was taken by the Philadelphia Bank in September, 1840, when it was announced that the committee appointed in August to confer with the United States Bank had been informed that it could not resume unless the indebtedness it owed the other banks could remain intact. The Philadelphia Bank agreed to this, its share of the indebtedness not to exceed \$1,000,000. Upon the motion of Mr. Smith, Messrs. Wood and Jones went into joint committee on the subject with ten other city banks, the result being that the united banks agreed to loan the Bank of the United States about \$5,000,000, by extending their indebtedness for thirteen and one-half months, and to aid in this, the banks of New York and New England were to be requested to loan the banks of Philadelphia about half that sum, so that individual debtors in this city need not be pushed. It took nearly four months' negotiation to accomplish the latter, the joint banks appointing a committee of three, John White, of the Pennsylvania Bank, Robert Howell, of the Farmers' and Mechanics' Bank, and Mr. Wood, who went to New York and Boston on this errand and arranged the loans. It was noted at the time that exchange in Philadelphia on New York had risen to four per cent. premium. It is noteworthy also that in the joint meeting of the committees representing the various banks in this negotiation, Thomas Robins appears as secretary, he then representing the Bank of North America. Mr. Robins in 1852 succeeded Mr. Smith as president of the Philadelphia Bank. The amount the Philadelphia Bank was to borrow in the arrangement was \$600,000.

Upon October 24, 1840, the committee of the United States

* Samuel W. Jones died in November, 1873, aged ninety-three.

Bank was notified that the \$5,000,000 was available, and replied that it would be sufficient for the purposes of resumption, the bank having obtained \$1,000,000 additional, so that thus had been arranged "the postponement of \$6,000,000 of the immediate liabilities of the Bank." The position of the Philadelphia Bank, when it thus engaged to let the United States Bank be \$1,000,000 debtor, and to do this was ready to borrow \$600,000, is shown by the statement of November 9, 1840. The aggregate assets were \$4,068,985. These included \$1,301,711 bills discounted, \$495,719 investments, \$266,018 due from foreign banks, and \$2,005,537 money, of which \$315,162 was specie, \$561,481 due from city banks, and \$1,128,894 notes of other banks. The liabilities were \$1,087,905 deposits, \$60,433 notes in circulation, \$91,500 post notes, \$59,511 due city banks, and \$989,557 due foreign banks. It had suspended specie payments, but was very strong. The Bank held 2578 shares of its own stock, and in the statement these were deducted from the capital, which was thus reduced from \$1,800,000 to \$1,542,200, and it reported surplus and profits of \$180,942. During the two decades from 1821 to 1840, the dividends aggregated 105 per cent.

Upon January 14, 1841, the day before the date fixed for resumption, the Bank of the United States made a further most unexpected demand upon the Philadelphia Bank, that, in addition to all the money already advanced, it should take a further sum of \$375,000 in sterling bills, with like arrangements by the other city banks, without which additional help it could not resume. This was most reluctantly acceded to, the board, according to the record of its proceedings, being in the dilemma "either to accede to the proposal or risque a resumption without the Bank of United States under its heavy indebtedness." It thus placed nearly seven-eighths of its capital under control of the big bank, and this compelled the decision.



PRESIDENT AND CASHER.

The resumption came, but it was with universal public distrust that the banks could not maintain their position. The Bank of the United States had about \$2,171,000 specie and over \$11,270,000 notes out. The stock had declined to 63, and when the doors opened, January 15th, there was a brisk demand for specie. This continued for three weeks, and it got all the specie it could from every possible source, and in that time had paid out \$6,683,321 in gold and silver, and on February 4th the shares were quoted down to 45 $\frac{3}{4}$. The other city banks in the same period had paid out \$5,122,732 in coin, the Philadelphia Bank paying out over \$1,000,000. The United States Bank could stand the pressure no longer, and February 4th stopped paying coin on any notes above five dollars. The other city banks continued until the 5th, when most of them stopped paying coin on any notes above five dollars. The scheme was at this time adopted of marking checks "good" instead of paying them. The United States Bank then stopped, and on the 13th memorialized the Legislature for relief, saying they had honestly attempted to carry out the resumption law. There was nothing done specially for the bank, however, except an authorization to the bank to make an assignment for the benefit of creditors. This was contained in the "relief law" passed in May, which authorized the other State banks to loan the State \$3,100,000 in their own notes of denominations of five dollars or less.

The end of the great bank was approaching. A committee of shareholders examined its condition during the spring of 1841, and reported an impairment of capital of about \$2,000,000. Suspended debts showed a loss of over five millions, depreciation in stocks over seven millions, and over three millions due by State banks were uncollectable. Foreign exchange had been steadily against the country, and in this way, for years, the "Exchange Committee," a sort of inside

power, had been piling up foreign loans, chiefly due in England and France, which had reached over twenty-three millions. Post notes had been issued for part, and when these fell due they could not be paid, and other assets had to be hypothecated. The "Exchange Committee" had transactions in cotton, exported through Philadelphia to Liverpool, amounting to \$9,000,000, and this and much else was done without the knowledge of the directors. It was afterward learned that the United States Bank had lost about \$2,000,000 in the cotton operations. The developments caused universal surprise and the greatest consternation among the stockholders, who found their shares unsaleable, and dividends ceasing reduced many who had been wealthy to a condition of poverty. The end came on September 4, 1841, when the United States Bank made its assignment, and Mr. Wood's diary mentions it with the pointed remark, "a tragic end for an Institution of thirty-five million!" The assignees were a long time winding up its affairs. The bank notes and deposits were paid in full, but the stockholders lost everything, and the last quotation recorded of United States Bank Stock was $1\frac{7}{8}$ in 1843.

IV

UPS AND DOWNS OF EARLY
BANKING

1841-1855

IV

UPS AND DOWNS OF EARLY BANKING 1841-1855

*Most Serious Banking Depression—Recuperation—Internal
Improvements in Pennsylvania—Continuing Prosperity.*

MOST SERIOUS BANKING DEPRESSION

IT is difficult to-day to realize the unfortunate condition of business affairs in the United States at the close of 1841 and during 1842. The Federal Government, like every one else, was almost stripped of specie, which was being shipped abroad to pay debts. The Philadelphia Bank made two exchanges on requests from the United States treasury, on April 1 and 13, 1841, each of \$100,000 in coin for treasury notes bearing six per cent. interest. All prices declined. In September, 1841, after the United States Bank assignment, Philadelphia Bank shares had declined to 70, and in November the Bank had to pass its dividend. The half-year's profits, the dividend committee reported, would warrant a dividend of three per cent., but the large debt due by the United States Bank made it impolitic to declare any dividend. Independently of this the Philadelphia Bank had a contingent fund or surplus of over \$200,000. This depressing report of the committee was signed by John Welsh, Samuel F. Smith, Richard D. Wood, Samuel W. Jones, and B. C. Cooper, while General Robert Patterson made the motion accepting the report and passing the dividend.

The statement of the Philadelphia Bank in November,

1841, showed the deposits to be \$986,021 and the circulating notes outstanding \$165,253. The specie held was \$263,016 and there were post notes due by the United States Bank of \$1,000,000, with a claim of \$69,454 contingent interest thereon. This debt, equaling the greater part of the capital, overweighed the Philadelphia Bank, as similar debts did most other banks in the city, and caused them to pass through the period of worst depression in their history. Two and one-half years elapsed before the Philadelphia Bank could resume paying dividends. It was able, however, to take care of its notes, and appeared to always adopt the policy of holding enough specie to cover the whole outstanding note issue.

The most serious period for the Philadelphia Bank was the year 1842, but it got on better than most others, and successfully weathered the storm. Richard D. Wood, in his diary, records that on August 9, 1842, he bought three shares of Philadelphia Bank stock for $32\frac{1}{2}$, and on September 21st thirty shares more for 35. The Girard Bank, early in the year, had its notes thrown out by the other banks, and closed its doors, its shares declining to $8\frac{1}{2}$. This bank recovered, however, though not until 1849, when it reduced its capital from \$5,000,000 to \$1,250,000 and resumed paying dividends. The Pennsylvania Bank got into trouble, and also had its notes thrown out by the other banks, so that a run began. It held \$800,000 Pennsylvania State funds, part of which was to be disbursed for State loan interest due February 1st, and, the run imperiling this deposit, Governor David R. Porter came to Philadelphia, with his Attorney-General, to take legal proceedings to protect the State moneys and secured an injunction. The Pennsylvania Bank applied to the other banks for help, and the Philadelphia Bank loaned it \$30,000 at the end of January. Its available securities were so poor in value, how-

ever, that a record is made of this fact as a reason why the banks jointly could not loan upon them. The Pennsylvania Bank could not pay the State interest due February 1st, and on that day the Philadelphia Bank joined with others in loaning the State \$300,000 to pay the interest, which, after various delays, was paid to the loan holders in March. The Pennsylvania Bank stopped payment for some time and considered making an assignment, but it managed to struggle through without this, and ultimately regained a sound position.

The tremendous strain of carrying on the Philadelphia Bank under such unfavorable conditions had been wearing upon the president, John Read, and on February 5, 1842, he resigned the presidency and also as a director. It was with great regret that the resignation was accepted, and the board adopted a series of appropriate resolutions, to which Mr. Read made a very feeling response on February 8th. At the same meeting, his son, John M. Read, also resigned as solicitor of the Bank. The venerable director, Samuel F. Smith, was elected president as the successor to Mr. Read, but he accepted somewhat reluctantly, saying that he could not become the permanent officer, but might retire when circumstances made it necessary, as his health was infirm. He continued in office until 1852, but nearly every year he desired to resign, and the board and the stockholders would not permit it. The minute-book records several very elaborate and earnest letters which the gentleman wrote in presenting successive resignations, which he was persuaded, however, to withdraw. He brought the Bank successfully through its great difficulties, and when he finally closed his service as president, it was again in prosperous condition.

Samuel F. Smith was a native of Philadelphia and a prominent merchant. He was first elected a State director of the Philadelphia Bank by the Legislature in 1807, serving one year.

The Philadelphia Bank

The stockholders elected him a director in 1813, and he served continuously until his final resignation, November 18, 1861, a period of forty-eight years. He was the president from February 5, 1842, until January 19, 1852, nearly ten years. Mr. Smith died August 24, 1862. He was a merchant of high repute, and a gentleman of fine literary tastes, of which the records of the Bank give ample testimony in his letters and other documents.

The suspension of the Girard and Pennsylvania Banks had caused the other banks of the city to join in efforts to withstand a general run, which was threatened in the excited state of the public mind, and they formed a "bank league," contributing \$75,000 for every \$500,000 capital to a fund pledged for the redemption of notes. The run soon began on the Moyamensing Bank, afterward the Bank of Commerce, but the league fund was put into use for the redemption of its notes and it withstood the strain. Country bank notes were being thrown out by the league, and this and other troubles, together with the general popular suspicion, which affected all banks, created so much excitement, that on March 12, 1842, the Legislature determined to compel resumption, by passing an Act commanding the banks to resume payment of their notes, deposits, and other liabilities in gold and silver coin, and enacting that refusal to do so "shall be deemed and taken to be an absolute forfeiture of their respective charters." No time was given for preparation, and the consequences were unfortunate. The banks consulted three days after the Act passed, without definite result. Next day, March 16th, a serious run was made on the Penn Township Bank, and it was unable to meet the pressure and closed; the Mechanics' Bank and the Manufacturers' and Mechanics' Bank had the same fate. The Philadelphia Bank resumed payment March 16th, and during that and the following day, eight other banks



LINCOLN GODFREY,
FIRST VICE-PRESIDENT.

resumed. There were six banks, however, that suspended, the Moyamensing Bank also declining to resume.

It is noteworthy that in June, 1842, during this period of serious depression, the Philadelphia Bank was selected as a depository of the public money of the United States, and also as the Government agent for the payment of pensions in Pennsylvania. These appointments were a mark of confidence in the darkest period of the Bank's history; and were largely due to its resolute efforts to maintain specie payments. When its statement was made up in November, 1842, the Bank held \$671,800 in specie and had \$439,089 notes outstanding, its deposits being \$878,582. It then held of Pennsylvania State loans \$344,526, but they, like all other securities, had seriously depreciated in value.

No dividends were paid in 1842, but the Bank had been well cared for, and accumulated a contingent fund of \$273,892. The board made a long report to the stockholders at the annual meeting November 14th. They described the United States Bank debt and the Pennsylvania State loan as being of "such uncertain value that they cannot at present be estimated with any degree of accuracy, and the amount to be realized on them will depend much upon the time which may be given to their final disposal." The board, after a careful examination, valued the Philadelphia Bank stock at not less than \$48 per share, exclusive of the amount due from the United States Bank, and this debt was equal to \$63.40 additional per share. An arrangement was suggested at this time to extinguish the Pennsylvania State loan, by the amount of stock in the Bank held by the State, the stockholders' meeting authorizing the Board "to purchase out the entire interest of the State in the institution, if it can be done on terms satisfactory to the Directors."

RECUPERATION

The Philadelphia Bank passed its lowest point in the winter of 1842-43. The following spring saw better times; money became more plentiful, stock prices advanced, and in June loans were made at five per cent. in Philadelphia, and 4 per cent. in New York. Philadelphia Bank shares gradually appreciated, and sold in the summer at $62\frac{1}{2}$ and in September at 70. The United States Bank trustees sold some of its assets, and the Philadelphia Bank joined with other creditor banks in buying them. The State of Pennsylvania also sold all its holdings of bank and other stocks, and the Philadelphia Bank stock was largely bought for the Bank at the auction sale on October 35th. This purchased stock was canceled, thus reducing the capital of the Bank, and strengthening its position. Thereafter, the four directors who had represented the State withdrew from the board, and it was subsequently governed entirely by the directors elected by the stockholders. The directors had an annual dinner on the day of the organization, and thus managed to get a little enjoyment in connection with their arduous duties.

The report of November, 1843, announced that the Governor of Pennsylvania would not permit the exchange of the State loan for the Bank stock, as had been desired, but got the Legislature to order an auction sale. Out of 5333 shares of Philadelphia Bank stock held by the State, the Bank bought 3919 shares at an average cost of \$62.54 per share, and, this being canceled, reduced the capital to 11,503 shares, or \$1,150,300. The larger part of the Pennsylvania State loan held by the Bank was sold to provide funds for this purchase. The report to the stockholders was much more cheerful, and it said: "The period of darkest and deepest gloom has nearly passed over, and although the institution has not escaped

without sustaining heavy losses, in common with several others, yet it affords the Directors much pleasure to be able to inform the stockholders, that they have in a great measure been retrieved, and they now look forward to the period as not far distant, when from the profits of the Bank, they will again be in receipt of the usual dividends of which unfortunately they have been so long deprived."

The assets were carefully examined, and a statement made up at market value. The United States Bank debt was reduced in the schedule to sixty per cent. of its face. While no Bank dividends had been declared in 1843, making five that had been passed, yet the board felt confident of being able to make a dividend in May, 1844, and that the stock might safely be considered as having reached its par value again. In the statement there was \$427,781 charged off the United States Bank debt, and other items were also charged out, making the total reduction in values \$505,357. The chief of these was \$53,466 loss on Pennsylvania State loan. The net results showed the Bank to have a surplus of \$1,552 over the capital of \$1,150,300. The deposits were then \$1,601,247 and the circulating notes \$671,878.

In May, 1844, the Philadelphia Bank was able to resume making dividends. Having placed the institution back upon a paying basis, the president, who had been working over two years at the task, wanted to resign, and wrote a very plaintive letter, referring to his illness and his physician's advice that he must seek relief at some of the medicinal springs. This was on June 10th, but the Bank would not listen to such a suggestion, and gave President Smith leave of absence for such time as he might deem necessary, and elected his close companion, the other venerable director, who had served since 1814, Samuel W. Jones, president *pro tempore*. The president was back at his post, much refreshed, in the autumn,

and another dividend was declared in November, 1844. The report said: "The last year has been one of great prosperity to the Bank." Business had greatly improved, and though interest rates had been low, the Bank had been able to extend discount lines, and make satisfactory profits. There had been two dividends declared for the year, each of four per cent., and the surplus, which was only \$1,552 in November, 1843, had now increased to \$79,430 over the capital, which was fixed at \$1,150,000. The statement showed that the Bank held \$904,011 deposits of the United States Treasurer, \$84,283 of the Pennsylvania State Treasurer, and \$1,681,033 of individuals. The United States Bank trustees also were accumulating funds to pay their debt, and had \$462,600 on deposit. The specie held was \$916,618 and the circulating notes outstanding were \$624,307. The Bank had \$2,391,374 loans and discounts, and \$410,527 demand loans, this being the first separate entry of loans on call in its statements. It also held \$160,400 United States loans and \$20,762 loans of Pennsylvania. The Bank had retrieved its position.

In 1845 General Jackson died, and with him were buried most of the animosities arising out of the great conflict with the United States Bank that had had such serious financial consequences. There is a minute on June 23, 1845: "It was agreed to close the Bank on Thursday next in consequence of the observance of the obsequies of General Jackson." Upon that day, June 26th, the bell was tolled in Independence Hall, the building was draped in black, and a great procession moved to Washington Square, where a memorial meeting was held, George M. Dallas, Vice-President of the United States, making the oration.

In November, 1845, the United States Bank trustees had increased their deposits in the Philadelphia Bank to \$567,800, and in the summer of 1846 they made a partial settlement,



JOHN H. CONVERSE

paying the Bank \$617,663.69 on account of the debt. Other sums were subsequently paid on account, and out of these the Bank directors made extra dividends to the stockholders. The Mexican War, which had been declared in May, was then going on, and greatly stimulated business, though the adoption of the sub-treasury system in full force and the war necessities had then taken about all the Government deposits out of bank. At the close of 1847 the report to the stockholders spoke of the ample export trade abroad producing "large imports of specie, enabling banks to maintain large discount lines." The Bank made dividends of 17 per cent. in 1847, and was described as "at the very highest of its prosperity." It had then received from the United States Bank trustees \$96,509 more on account of the debt than the sixty per cent. valuation at which it was carried on the books, and the bank shares, which had been down almost to 30, had advanced in November, 1847, to 119.

President Samuel F. Smith again wanted to resign. The Bank was all right, everybody was in good humor, and he sent the directors a very long and urgent letter explaining why he must retire from the presidency, and pleading most earnestly to be relieved by the election of a successor. This letter was received by the board November 4th, and the directors referred it to the stockholders' meeting held shortly afterward. The meeting would not hear of such a thing, but requested him not to resign and voted him "a handsome and complete service of tea silver" as "a tribute of regard and respect." The minute of the board at its reorganization meeting, November 18th, records: "Notwithstanding the above letter, Samuel F. Smith, Esq., was unanimously reelected President."

In 1848 another change came, and the money market tightened in January, being quoted at the rate of $1\frac{1}{2}$ per cent. per month for good paper. Business was less prosperous

in that year, and the Philadelphia Bank report in November speaks of depressed trade and manufactures, a restricted money market, and losses arising from mercantile failures. The United States Bank trustees were still paying in money, and twelve per cent. dividends were declared by the Bank for 1848, and fifteen per cent. dividends for 1849. The regular semi-annual rate had been increased from four to five per cent. and the additional dividends were extra. The Bank had also accumulated a contingent fund of \$300,000, which it was decided should be maintained. The United States Bank had down to this time returned $78\frac{1}{2}$ per cent. of its debt.

Upon May 11, 1848, it is recorded that "the Board proceeded to the election of a clerk of the Bank, when B. B. Comegys was duly chosen and appointed Assistant to the General Ledger bookkeeper." Thus began the service of over a half-century, of that estimable gentleman and distinguished banker, whose fame and that of the Philadelphia Bank are indissolubly connected. It is noteworthy that the reports of following years are in Mr. Comegys' handwriting, and, speaking of the large bank business done in the year ending with November, 1850, he records that the receiving teller took in \$600,000 daily average, and the paying teller paid as much out, making a daily cash movement of \$1,200,000, and that the discounts of the half-year had amounted to \$5,507,000. He also recorded that the \$1,000,000 United States Bank debt had all been discharged except \$155,003, exclusive of interest. The whole of this principal sum was ultimately paid. Notwithstanding the omission of dividends for two and one-half years, the aggregate bank dividends for the decade from 1841 to 1850 inclusive were 79 per cent.

INTERNAL IMPROVEMENTS

In the early history of the Philadelphia Bank the road-making and bridge-building of the Commonwealth were encouraged by subscriptions to stocks in turnpike and bridge companies, while there also were taken by the Bank, State loans issued for the construction of canals and the extensive system of State transportation works. Railroad-building afterward became the popular form of improvement. The early and unused charter given John Stevens for the Philadelphia and Columbia Railroad has been referred to. The construction of that road was afterward undertaken by the Commonwealth as a public work. It was located in 1828 and finished in 1834. Horses hauled the cars until 1836, when locomotives were first used. These locomotives were owned and worked by the State under the Board of Canal Commissioners, the cars being the property of individuals, who paid tolls for having them pass over the road. The route between Philadelphia and Pittsburg by rail and canal was completed and put in operation about 1834. The first charters for a railroad over the Alleghenies were passed in 1837, but were not used for several years.

The agitation for replacing the interior canals through the Alleghenies by a railroad from Harrisburg to Pittsburg first took formal shape in Philadelphia at a large meeting of merchants held in the Musical Fund Hall, December 9, 1845, at which Thomas P. Cope presided. An address to the people of Pennsylvania, and a petition to the Legislature advocating a railroad charter, were formulated. The Pennsylvania Railroad was chartered April 13, 1846, as a result of the movement, with \$10,000,000 capital. Its construction began in 1847, and it was completed to Pittsburg in December, 1852, in connection with the State works over the mountains.

A second meeting was held in Philadelphia, April 27, 1846, to advocate subscriptions to the stock, and committees were appointed who labored throughout the year to get the railroad shares taken, but the subscriptions met with serious opposition. There were, however, considerable individual subscriptions, and the city of Philadelphia and the various districts in the county ultimately took \$5,000,000. Among the earnest workers in this subscription were David S. Brown and Richard D. Wood. On December 31, 1846, it is recorded that the Philadelphia Bank subscribed for two hundred shares of the "Central Railroad," as it was then called, though this was only carried by one majority, the vote being 6 to 5, among the opponents being President Smith and Mr. Jones. The railroad company afterward became a depositor in the Bank, which took two hundred and six more shares, making four hundred and six, which were carried on the books at a valuation of 45, aggregating \$18,325. A letter from the President of the Pennsylvania Railroad is referred to on March 30, 1848, in which he desires to be relieved of the implied obligation of keeping a certain sum on deposit, and proposes paying six per cent. annual interest on the stock, which was agreed to.

Other investments were made afterward to help along similar enterprises. The North Pennsylvania Railroad was projected from Philadelphia northward to the Lehigh at Bethlehem, and the Bank took one hundred and forty shares, costing \$7,000, and later \$20,000 of the bonds, which were charged at \$15,000. The Cleveland and Mahoning Railroad was constructed as part of a line extending the Pennsylvania Railroad system through Ohio toward Lake Erie, and the Bank subscribed to \$10,166 bonds issued for that enterprise, and also \$3,000 to bonds of the Erie Canal, another project for connection with the Lake.

In November, 1850, the assets of the Philadelphia Bank



GEORGE WOOD.

aggregated very nearly \$4,000,000, and it held \$3,022,185 loans and investments and \$665,650 specie. The deposits were \$1,526,683, and the amount due to banks \$636,242, the notes outstanding were \$427,798, and the Bank had \$202,876 surplus.

CONTINUING PROSPERITY

In 1851, upon August 28th, John B. Trevor, the cashier, resigned, and Benjamin B. Comegys was elected cashier of the Philadelphia Bank. This change came in consequence of Mr. Trevor having made advances to aid in the development of a coal property in Northumberland County, Pennsylvania, of which the president and directors disapproved. The matter attracted much public attention at the time, but through the commendable action and assistance of Mr. Trevor, it was adjusted with but small loss to the Bank.

The venerable President Smith, who was in infirm health, at last accomplished the great object of his later life and resigned from the office of president. On October 20, 1851, he gave notice of his resignation on account of ill health, and on December 21st sent the formal letter. Mr. Robins had then been informally selected as his successor, and was elected a director of the Bank on the 29th. Mr. Smith's resignation was tendered to take effect January 19, 1852. He wrote a letter, which evinced deep feeling, announcing his intention of ceasing his arduous labors as president of the Bank. On January 19th, when he retired, the board adopted a minute recording their high appreciation of his services for a period of nearly eleven years "marked by a series of unparalleled convulsions following the expiration of the United States Bank, its subsequent bankruptcy as a State institution, the financial embarrassment of our commonwealth

and two radical changes in the tariff; during which, by his unwearied devotion to the duties of his trust, his energy, skill and talent, he not only succeeded in preserving the valuable interests committed to his charge, but in advancing the prosperity of the Bank to its present position as one of the most successful banking institutions in the Commonwealth."

Upon January 19, 1852, Thomas Robins was elected president of the Philadelphia Bank. Mr. Robins was born at South Point, Maryland, January 1, 1797, and, receiving his education there, he came to Philadelphia in 1816, entering the dry-goods jobbing house of James Fassett & Co., at Second and Market Streets, where he served for ten years. In 1826 he became the head of the dry-goods firm of Robins, Tingley & Co., afterward forming the firm of Robins, Claghorn & Hill, auctioneers, and finally Robins, Powell & Co., dry-goods jobbers, with a branch house in New York. During this time Mr. Robins was a director of the Bank of North America, and he was also one of the assignees of the United States Bank. When he was chosen president of the Philadelphia Bank in 1852, Thomas Allibone was a candidate against him, but being defeated, turned his attention elsewhere, and during that year was elected president of the Pennsylvania Bank, which became insolvent within five years and passed out of existence. Mr. Robins served as president of the Philadelphia Bank for twenty-seven years, until January 16, 1879, when he retired, but was continued as director until his death, April 13, 1882, in his eighty-sixth year. He was made president of the Philadelphia Clearing House at its organization in 1858, and for over fifty years was a vestryman of St. Andrew's Church. He was also a director for forty-two years of the Pennsylvania Fire Insurance Company.

Upon November 17, 1853, Mr. Samuel W. Jones resigned as director, and we find Mr. Smith making an eulogistic

address for his old friend and submitting a minute, which the board adopted, regretting the retirement of the veteran director after more than forty years of service. Mr. Jones was the chairman of the annual stockholders' meetings for several years afterward, and he died in November, 1873, at the age of ninety-three.

Upon March 6, 1854, the death of John Welsh on the 4th was announced. He was the oldest member of the board, and had served more than fifty years. The minute recorded described him as "the Father of the Bank," said that to him more than any other man it was indebted for its corporate existence, and referred to his indomitable energy and perseverance, which triumphed over the powerful, bitter, and uncompromising opposition the Bank had in its earliest history and for many succeeding years, while to him, perhaps, more than any other was the Bank indebted for the full measure of success which it realized. It further testified to his constant watchfulness and care for its interests until within a few weeks of his death at the ripe age of eighty-four. Upon July 7, 1854, another of the old directors of the Bank died suddenly, Mr. William Worrell, who was described as one of the most amiable of men.

The Philadelphia Bank was still receiving money on account of the debt due by the United States Bank, and early in 1853 the directors, upon the initiative of ex-President Smith, resolved to devote a portion of this to the establishment of the "Clerks' Pension Fund." This was formally ratified by the stockholders on November 13, 1854, and in the statement of that year the contingent fund of the Bank is given as \$313,339, and the Clerks' Pension Fund also appears with a credit of \$30,000, which was set apart from that fund temporarily, to be reimbursed from an expected settlement with the United States Bank trustees. The endowment, as adopted,

provided a fund "the accruing interest on which to be applied from time to time, or such portion of it as the board may direct, to the aid and assistance of such of those in the employ of the Bank, as may be overtaken by sickness, casualties or such other vicissitudes, while in the employ or service of the Bank, as to unfit them for the performance of their accustomed duties, and who may find themselves in circumstances to require such aid or assistance." This beneficent fund, the first of its kind established by any financial institution, has since steadily grown, and is one of the important adjuncts of the service, doing great good. In June, 1866, the board directed that the surplus income of this fund should be added to the principal sum of the endowment.

The autumn of 1854 began to show, after several years of great prosperity, signs of monetary stringency, and these were evidenced by much larger requests for discounts than the Bank could take care of. Thus were given slight premonitory symptoms of the brewing of another financial storm, but at the close of December the stringency had passed away, and it was noted in January, 1855, that specie was accumulating in the vaults and discounts were being freely made, and a similar condition existed in March, 1855. The troubles, however, were only delayed, not removed.

V

THE FINANCIAL CRISIS OF 1857

1856-1859

V

THE FINANCIAL CRISIS OF 1857 1856-1859

Events Leading to the Panic—The Crisis Comes—An Early Resumption—The Present Banking-house Bought.

EVENTS LEADING TO THE PANIC

THE Philadelphia Bank at the close of 1855 was in excellent condition. It had \$440,550 notes outstanding and held \$329,205 specie. The loans were about \$2,964,000, the deposits \$2,036,000, the money in bank \$960,000, and the surplus or contingent fund \$377,194. The Legislature, on April 14, 1856, passed an Act further extending the charter for seventeen years, for which the State was paid a bonus of one per cent. on the capital stock (subsequently increased to \$1,800,000). This bonus was \$18,000, and it was a favorite method in those days of getting money into the State treasury. The stockholders on May 29, 1856, held a meeting and formally accepted the extension of the charter, Samuel W. Jones being chairman, and Charles Henry Fisher, secretary, those gentlemen continuing to be the regular officers of the stockholders' meetings for many years. Paying the bonus took some money out of the Bank, and drew upon the contingent fund, so that at the end of 1856 it was down to \$338,493, but the Bank, nevertheless, was able to pay twelve per cent. dividends for the year, and the stockholders felt so strong that at the annual meeting in November they author-

ized the directors to reissue the stock previously canceled, and reinstate the capital, then \$1,150,000, to the former amount—\$1,800,000. This was done, but the Bank again became the owner of a large amount of its own stock, \$155,399 being thus invested.

The preliminaries of the great panic of 1857 were indicated during almost two years previously. The discovery of gold in California in 1849, and the large production during subsequent years, made a fever of speculation all over the world. The Crimean War of 1854-56 added stimulation, through the artificial demand for special supplies. Finance companies were started in France and Germany creating vast credits, and railroad building was pushed both there and in the United States, where liberal land grants were made on which lines were extended west and south, ahead of the movement of population. Bank loans were expanded, large amounts of paper money were issued, and the unusual demand for loans produced scarcity and stringency in all the money markets. In the records of the Philadelphia Bank are found various loans in 1854 and 1855 to the city of Philadelphia to pay bonded debt interest and bills, in amounts varying from \$25,000 to \$60,000. In December, 1855, the banks of the city had to join in a large advance to enable the treasurer of Philadelphia to pay January interest. On November 1, 1855, quite a large sum had to be discounted in the Philadelphia Bank to help other banks, and the Pennsylvania Bank was reported very short of specie.

As 1856 progressed, matters showed no improvement. On November 24th, the money rate was quoted at one per cent. per month, and it was stated that "commercial affairs, without any apparent approach to a crisis, have an uncomfortable appearance; money in demand, because there does not seem to be enough to be had to meet engagements, except at high



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rates." This was typical of what was going on all over the country, and it got worse after 1857 began. Bank reserves everywhere were falling, liabilities increasing, and merchants found constantly greater difficulty in making collections. The New York banks on August 22, 1857, had \$120,000,000 of loans, \$9,000,000 notes out, \$89,000,000 deposits, and held only \$10,000,000 specie; but their condition was far better than that of the banks elsewhere in the United States, there being an enormous amount of irresponsible and "wildcat" bank currency afloat, without much evidence of any specie reserve to take care of it, these notes having been issued under the very loose banking systems prevailing in the West and South.

THE CRISIS COMES

On August 24, 1857, the Ohio Life and Trust Company, in New York city, failed, and this began the trouble. Early in September, in Philadelphia, there were very uncomfortable business indications, with money very scarce, the best paper being at one and one-half to two per cent. per month. On the 18th the loss of the steamer "Central America" was announced, with many lives, and a large amount of California gold; and there was general alarm and an increasing demand for money, while the next day several of the largest business houses of Philadelphia, unable to get accommodation, failed.

Upon September 21st the Philadelphia Bank directors held a long session, discussing chiefly the question whether the Pennsylvania Bank should be sustained. It resulted in a decision to give help, by taking that bank's bills on London, secured by bills receivable, which the Pennsylvania Bank gave. Upon the 23d the Philadelphia Bank directors were considering the question of continuing to receive the Penn-

The Philadelphia Bank

sylvania Bank notes, there being indications of that bank going into liquidation. Next day, several bank presidents met and had a long session on the question without decision. During these few days the Philadelphia Bank loaned the Pennsylvania Bank \$225,000, but it was without avail in holding up that tottering institution.

The fateful 25th of September came, and the storm broke upon the city. The Pennsylvania Bank suspended early in the day, and within an hour the Girard and Commercial Banks declared a suspension of specie payments. There was great excitement, and some of the banks summoned police protection. At the Philadelphia Bank on that day people began drawing out gold in small quantities, increasing as the day advanced, and by three o'clock the Bank had paid out \$200,000 specie. During the day the various banks of the city paid out about \$1,500,000 in coin. The directors met in the afternoon and agreed, with the other banks, to suspend specie payments. Pennsylvania Bank shares had declined to 91 before it closed, but they were not saleable afterward, and Girard Bank shares went down to 8, and after the suspension there were practically no dealings in any of the city bank stocks. Pennsylvania Railroad shares declined to 36. The notes of the banks quickly sank to six and seven per cent. discount.

The next day, September 26th, the anxiety of the debtor community was partly relieved by the suspension, and though there was much perplexity among the people for currency, a feeling of more satisfaction was evident. Governor James Pollock, of Pennsylvania, came to the city on that day, and the bank officers convened, and requested him to summon the Legislature in special session, to give the banks relief from the penalty of forfeiture of their charters in case they suspended for a longer period than thirty days, and also to

aid the public, who seemed to be universally in debt. The Legislature was summoned October 6th, and on the 8th the business men held a meeting in Independence Square asking relief. During September there had been, throughout the country, forty bank failures. Scores of other banks were in sore straits, while over one hundred leading business houses had been compelled to suspend. Prices fell in all directions; goods were almost unsaleable; cotton declined from 16 cents to 9 cents per pound, and an enormous number of working people were thrown out of employment.

The public and the press generally blamed the panic upon too much railroad expansion, and soon the railroad corporations began to default in their interest payments. On October 11th the Illinois Central Railroad system in the West made an assignment, being quickly followed by the New York and Erie Railroad. About the same time the Delaware, Lackawanna, and Western Railroad, which was constructing its line to Scranton, suspended. The Philadelphia "Public Ledger" on October 14, 1857, said of the Lackawanna road: "It is one of the wildest works of its kind ever constructed in this country—as impracticable as unnecessary. It is just such works as this that has brought about the present bankruptcy and ruin that pervades the country. A railroad where this is laid, is not wanted, and will not be required for any supply of fuel for half a century to come."

The New York and New England banks had been endeavoring to maintain specie payments, but found it very difficult. Gold advanced to seven per cent. premium in New York, and this started a run, so that on October 12th to 13th the New York banks paid out \$6,000,000 specie, and on the 13th they suspended, being followed the next day by the Boston and New England banks, so that in the middle of October the suspension of specie payments was universal

throughout the country. The Pennsylvania Legislature was in session for about a week, and passed an Act relieving debtors, removing the penalties on the banks, and requiring them to resume specie payments by the second Monday of April, 1858, and for this boon the banks were ordered to pay into the State treasury by January 1st a bonus of $\frac{1}{4}$ of one per cent. on their respective capitals. Upon October 31st the stockholders of the Philadelphia Bank met and accepted the provisions of the Act.

Throughout October the demand for discounts at bank was large and the supply of cash available was small. On the 19th the merchants held a meeting to bring pressure upon the banks to get them to increase their discount lines. On the 27th there was general gloom in commercial circles; and on the 31st the various bank presidents met and received a report from a committee, that the affairs of the Pennsylvania Bank were in great confusion and disorder, showing a large deficiency altogether unaccounted for, whereupon they passed a resolution "that the banks here represented, apprehending and believing that the said Bank of Pennsylvania is in an unsafe condition, unanimously request Thomas Robins, Esq., President of the Philadelphia Bank, to certify this belief to the Governor, on our general behalf." This was the end of the Pennsylvania Bank.

The statement of the Philadelphia Bank on November 9, 1857, after going through the worst of the panic, showed as favorably as could have been expected. The bank dividend in May had been five per cent., but in November was cut to three per cent., making eight per cent. for the year. The capital had been increased to \$1,800,000 and the contingent fund to \$385,799. The Pennsylvania Bank owed it \$225,000, and there were other suspended debts of \$86,499, while there had been borrowed \$188,091 temporary loan. The notes in



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circulation were \$141,537, and the specie held \$177,523. The discounts for the year aggregated \$16,661,000. The report presented described in words of lamentation the serious ordeal through which the Bank had passed, and the numerous failures, saying that it cannot escape from losses which must grow out of such a widespread ruin, adding: "It is difficult, while the storm is still raging, to form an accurate estimate of what these losses will be. A large proportion of the failures to meet engagements have been by houses or individuals of ample means, but who, from the destruction of confidence, and the indisposition on the part of capital to advance money on any securities, were unable to make their means available to pay their debts. In all such cases, a little forbearance and aid will enable them rapidly to liquidate the claims against them, and thus a large proportion of suspended paper will soon be settled." The directors could make no estimate of apprehended losses, but "trust they will not impair the present large contingent fund."

AN EARLY RESUMPTION

In a short time the whole aspect changed. On the day the above statement and report were presented the money market was easier, and early in December the Bank was loaning more freely. Pig iron had gone down to \$20 per ton, being a lower price than for years. On December 7th the Bank was said to be doing a moderate business, while upon the 12th the banks of New York resumed specie payments. This caused the question of resumption in Philadelphia to be actively discussed, and at the opening of 1858 it became the prominent financial and commercial question of the day. The accumulation of specie and generally improved outlook, in fact, enabled the banks in Philadelphia to resume much

sooner than had been anticipated, and on February 3, 1858, they were paying specie, and on the next day the Clearing House Association met and passed a formal resolution that "the Banks of Philadelphia resume specie payments forthwith." It is recorded on February 4th, in the minutes of the Philadelphia Bank board, that "In conformity with the foregoing resolution, this Bank is now paying specie upon all its liabilities, and has fully resumed specie payments after a suspension of one hundred and thirty days, caused by panic, distrust, and severe mercantile pressure existing during the last six months."

Commercial business, however, became very dull. The Bank had difficulty in finding enough good paper to discount, and throughout the spring of 1858 the offerings were much smaller than the income, and rates at times were below five per cent. These conditions made a great falling-off in the revenues of the United States Government, and Congress had to authorize the temporary expedient of issuing treasury notes bearing interest, to replenish the treasury. To employ its idle capital the Bank bought \$300,000 of these notes in March, at four to five and one-half per cent. interest, another \$300,000 in May, at four and three-quarters to five and one-quarter per cent., and \$100,000 in June, at five per cent. Conditions had thus completely changed from the stringency of 1857. This state of affairs continued throughout the year, and in fact the dullness and depression did not end for a long time.

The events of this period led to the establishment of the Philadelphia Clearing House in its present form. The New York banks had established their Clearing House in August, 1853, making weekly publication of their reports. This led to a similar suggestion in Philadelphia, but President Allibone, of the Pennsylvania Bank, always opposed it, while President Robins advocated it. Allibone carried his point, but a tem-

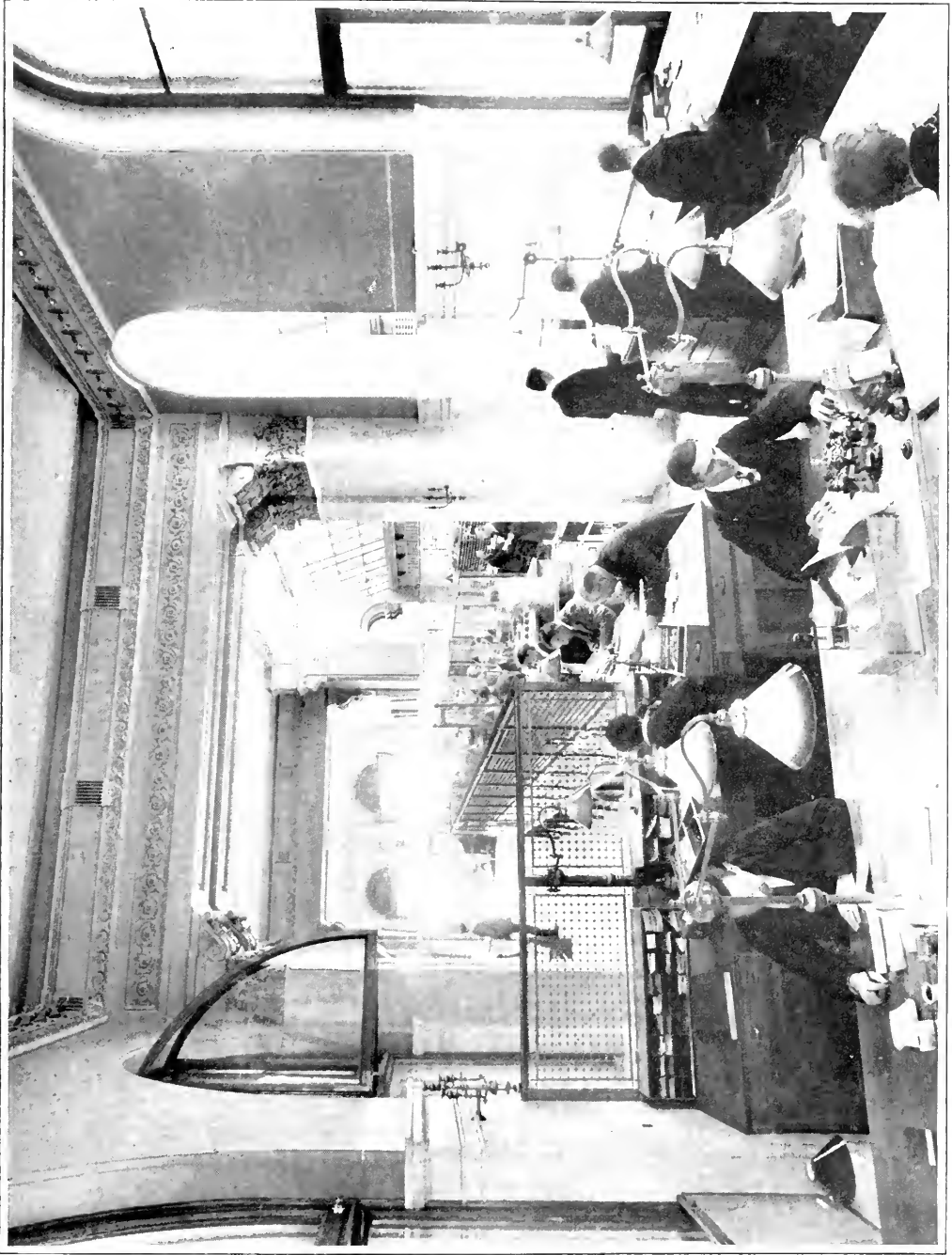
porary system was established, by a meeting of a Board of Cashiers to make daily exchanges, though without daily settlements, and this continued several years. As soon as the Pennsylvania Bank was eliminated, the Philadelphia Clearing House was established with Thomas Robins as its president, and the first clearings were made March 22, 1858.

When the stockholders met at the close of 1858, the report of the board, after referring to the panic and resumption, described the year 1858 as "a year of liquidation and settlement, throughout the business community, during which period the business of the Bank had gone on regularly and prosperously." The loss upon suspended paper was much less than had been feared, and in fact was below \$20,000, or a fraction over one per cent. on the capital of the Bank. In this estimate, the debt due by the Pennsylvania Bank was not included, the remainder of this debt as yet unliquidated being \$58,142, and "secured by assets which the Board believe will pay its face." The stagnation of business, by accumulating idle capital seeking employment, reduced the interest rates and banking profits, but after paying two dividends of five per cent. each during the year, they were still able to increase the contingent fund by \$8,258. The decline in business, however, was well shown by the falling-off in the total discounts to \$12,124,000. The Bank was very strong. It held \$843,570 specie with but \$352,710 notes out, and \$2,036,527 deposits. It also then still held \$450,000 of the United States treasury notes that had been purchased. The suspended debt was reduced to \$36,419, and the contingent fund was \$352,710.

THE PRESENT BANKING HOUSE BOUGHT

For some years the Philadelphia Bank had found itself cramped for space, and the occupancy of the second story of its building as a banking room was unhandy and not satisfactory. The Western Bank had succeeded the United States Bank as its neighbor. There are repeated references to securing another site, and as early as 1856 Mr. Wood's diary mentions the discussion of a project to buy ground for a new banking house, to enable the business to be done down-stairs. When the Pennsylvania Bank failed it was about finishing the fine Quincy granite building on the north side of Chestnut Street opposite the Custom House, into which, however, it never moved. When the construction of this building began, the Philadelphia Bank directors were full of the idea of securing the property adjoining it on the eastward, then occupied by the United States Hotel, but it was held at too high a valuation. Subsequently, this property was acquired for the Philadelphia Trust and Safe Deposit Company. The Pennsylvania Bank Assignees had their unfinished building as an asset, and it was offered at public sale by M. Thomas & Sons, auctioneers, on the evening of March 1, 1859, at the Philadelphia Merchants' Exchange, now the Stock Exchange, and it was bought for the Philadelphia Bank.

The circumstances attending this purchase are interesting. The house had cost about \$320,000, and in the then condition of affairs there was doubt whether a satisfactory purchaser could be found, as it was only suitable for a bank. The Philadelphia Bank people did not decide to bid for it until the day of the sale. Their committee met in the morning, and resolved to report in favor of buying the Pennsylvania Bank building, and they had the board summoned for four o'clock in the afternoon, when the purchase was agreed upon, and after



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considerable discussion it was decided to authorize bidding to \$186,000. Mr. Robins bought the building for \$163,100, much to the satisfaction of the purchasers. Thus the Philadelphia Bank acquired the banking house it now occupies, at a price which was about one-half the original cost. In this connection it was at the time stated by Mr. Francis M. Drexel, the founder of the banking house of Drexel & Co., that he fully intended to buy the building at the sale, but he went home, and, falling asleep after tea, did not awaken until too late to go down to the Exchange. The next morning he called upon Mr. Robins and told him the circumstance, adding that, had he been there, Mr. Robins would not have got the building without paying a much higher price.

The law in those days prohibited any bank investing more than \$50,000 in its banking house, and the old bank at Fourth and Chestnut Streets was carried on the books at that figure. Mr. Robins consequently had to become the owner of the building, and on March 3d he wrote a letter to the directors announcing his purchase, and that he was prepared to negotiate with the Philadelphia Bank for a lease of the premises, and would also make a title to the Bank, "when such legislation has been obtained as will enable the bank legally to hold it, and when they shall have paid to me the amount of the purchase money, \$163,100, and the expenses which may be incurred thereon." The board thereupon appointed a committee to negotiate with the president for occupancy, with power to complete the building, and apply to the Legislature for such modification of the law as would enable the Bank to hold title to the building. This the Legislature obligingly did, and the banking house was at once prepared for occupancy. The finishing and furnishing cost about \$13,500, making the entire cost of the property about \$176,500. The banking room was at the northern end, reached by a corridor from Chestnut

Street, and the front of the house was for many years let for offices. The old bank at Fourth and Chestnut Streets was sold at auction May 31st, and bought by Richard D. Wood for \$76,500. The surplus over \$50,000 was passed to the credit of the new building, and in 1860, when everything was completed, its whole cost was entered on the books at \$153,480.99. The Philadelphia Bank removed from its old building on the afternoon of June 28, 1859, and began business in the new building on the morning of Wednesday, June 29th. This was the fourth banking house it had occupied, and is the present Philadelphia Bank building.

It is noteworthy that during 1859, while business was dull with money rates easy and discounting often at five per cent., the Bank was able to make ten per cent. dividends for the year. The directors marked this period by determining to place the portrait of the venerable ex-President Samuel F. Smith as a vignette on the notes. The success of the year and the purchase of the new Bank gave so much satisfaction that the president's salary was increased to \$5,000. Quintin Campbell, who had been in the service of the Bank since its organization in 1803, as teller, cashier, and director, over fifty-six years, resigned as director in November, 1859. At the close of 1859 the Bank held \$658,831 specie and had \$377,230 notes outstanding, the contingent fund being \$324,155.

During this year also resigned the old runner, William Long, who had done his work faithfully during the half-century, and only asked permission to resign on account of the infirmities of age, he being eighty-one years old. The board adopted a most appropriate minute to this faithful servant, written by the facile pen of Mr. Smith, whose literary productions are scattered through the Bank records for so many years. In the course of the eulogy, Mr. Smith wrote these words of proper tribute to his fidelity and integrity: "During

the time he has been in the service of the Bank, he has collected and accounted for untold millions of dollars, without having been the cause of the loss of a single dollar, either by negligence, carelessness, or in any other way, and so far as it is known he has done this without giving offence to any one with whom he has transacted the business of the Bank by his manner of doing it. The duties compelled him to traverse the entire city almost daily, through summer's heat and winter's storms, and in many instances during the prevalence of desolating pestilence, but, faithful in the discharge of his duty, he never faltered nor failed to execute it, without reference to the labor which it cost, or the personal risk it involved." An ample pension was provided for Mr. Long. The dividends of the Philadelphia Bank during the decade 1851-1860 amounted to 111 per cent., and from the foundation of the institution in 1803, to the close of 1860, there had been paid in dividends 402 per cent.

VI

THE SECOND WAR PERIOD

1860-1865

VI

THE SECOND WAR PERIOD 1860-1865

The Brief Suspension in 1860—The War Opens—The Long Specie Suspension Begins—Progress of the War—End of the War.

THE BRIEF SUSPENSION IN 1860

AFRESH financial derangement was produced by the approach of the War of the Rebellion in 1860. The presidential election on November 6th resulted in the choice of Abraham Lincoln, and throughout the South immediate preparations began for secession. The annual statement of the Philadelphia Bank, compiled on the day preceding the presidential election, showed the condition of its finances before this derangement came. The specie in bank was \$505,957, the notes issued \$407,745, the deposits \$2,736,550, the loans \$4,036,258, and the contingent fund \$324,155, with the capital continuing at \$1,800,000. Within a week after the result of the presidential election became known, the South was aflame, alarming reports pervaded the country, the stock market declined, and money rates advanced. The most gloomy predictions of disunion were made, and great commercial distrust ensued, so that by November 17th call loans had reached eight per cent. and commercial paper was quoted at one to one and one-half per cent. monthly for the best, and two to two and one-half

per cent. for other names. Then the public took alarm, the banks began losing specie and had to contract their loans.

Upon November 19th the Clearing House statement of the banks in Philadelphia showed both loans and deposits to be declining, and that, in the aggregate, they held \$4,116,000 specie, of which the Philadelphia Bank had \$470,000, its note issues within two weeks having declined to \$270,000, the deposits to \$2,128,000, and the loans to \$3,483,000. These evidences of contraction created serious public anxiety, and, the tendency everywhere being to draw out deposits, the managers of the savings funds in Philadelphia joined in an agreement to insist on full two weeks' notice from the withdrawing depositors, having previously been rather lax in this regard. This action added to the excitement. In New York sixteen banks united in an arrangement to buy a large amount of sterling exchange, hoping thus to strengthen themselves by getting gold from abroad.

The trouble became most acute in the South, and on November 21st the Richmond and Petersburg banks in Virginia suspended specie payments. This news being telegraphed to Baltimore, the bank presidents in that city immediately met, and decided to suspend specie payments the next day, November 22d. The Philadelphia money market became very stringent, and was described as even harder than during the crisis of 1857; commercial paper was almost unsaleable; the banks did little discounting, and rates were quoted at two and one-half to three per cent. per month.

When November 22d opened, the action of the Baltimore and other Southern banks was announced in the morning newspapers, and a run began on the banks in Philadelphia. The presidents immediately met, and ordered a suspension of specie payments at noon. The Philadelphia Bank board was hastily convened, and the minute records the action of



LEVI L. RUE,
SECOND VICE-PRESIDENT AND CASHIER.

the joint meeting and that an immediate suspension of specie payments was ordered. When they stopped specie payments at noon, the city banks had lost about \$500,000 in gold and silver since they opened in the morning, and they still held about \$3,500,000 specie in the vaults. This suspension was not total, however, as small sums for change were paid out and specie drafts honored where it was absolutely necessary. The next day the New York banks for the first time adopted the loan certificate system, which was afterward repeatedly resorted to in times of excessive stringency to protect the reserves. This was a virtual suspension, and the suspension soon became general all over the country, gold going to a premium of two per cent.

The next aggregate bank statement in Philadelphia showed on November 26th that their specie had decreased \$771,320 for the week, to \$3,354,542, and their deposits were reduced \$1,133,442. The Philadelphia Bank held \$360,000 specie and had note issues of \$274,000 and deposits of \$2,209,000. The city of Philadelphia was in great straits, being unable to pay its warrants, as the treasury was empty. A temporary loan of \$500,000 had been negotiated, but was soon used up, and the warrants had gone to ten per cent. discount. Subsequently, the outstanding warrants were funded into city six per cent. loan. The year 1860 closed with greatly depressed business and a bad outlook. South Carolina seceded from the Union in December, and the national treasury was almost bankrupt, the entire financial system being disordered, and money being borrowed at twelve per cent. to pay the interest on the public debt due January 1st, while merchants were paying fifteen per cent. for loans at the end of the year.

THE WAR OPENS

There ensued three months of great political and business uncertainty in Philadelphia, but monetary matters got rather calmer, and the gold premium had disappeared in the spring of 1861. All kinds of public meetings were held looking to conciliation and averting a rupture, but in the mean time the Southern States were following the example of South Carolina and successively seceding, and the Southern Confederacy was set up in February with Jefferson Davis as president. While the South was preparing for war, the North was drifting aimlessly along. In March the banks had considerably strengthened their position in Philadelphia, the aggregate statement of March 5th showing that they held over \$5,000,000 specie with \$2,811,000 notes in circulation and \$14,868,000 deposits, the specie having steadily increased since the suspension of the previous November. The Philadelphia Bank held \$749,000 specie, with \$391,000 circulating notes and \$2,277,000 deposits. Money rates were quoted in March at six to seven per cent. on call, and eight to ten per cent. for the best paper, other descriptions being higher. Temporizing was still going on.

Upon April 12th firing began upon Fort Sumter at Charleston, and two days later Major Anderson surrendered. The greatest excitement followed, and in a twinkling the whole Northern sentiment changed, the spirit of the nation was aroused, and everywhere troops were being mustered and sent to the front. General business was checked, however, and this made money plentiful, and the loaning rate fell to six per cent. The Pennsylvania Legislature at once passed an act appropriating \$500,000 to organize, equip, and arm the State troops, the money to be raised by loan, and on April 18th the Philadelphia Bank directors authorized Presi-

dent Robins to notify the Governor "that this bank is ready to respond to the application for a loan to the Commonwealth, to the extent of the ability of the bank." On the 22d the Philadelphia Bank responded to the request of the Committee of Public Safety organized for the defence of Philadelphia, and contributed one-half of one per cent. on the capital to a fund of \$250,000 raised for the purpose, either as "a donation or a loan." It also "placed at the disposal of the officers \$1,000, to be used for the defence of the Institution."

The "Home Guard" was immediately formed for city defence, and on April 25th, we find the Philadelphia Bank board approving the following resolution: "That the officers and clerks of the several Banks and Insurance Companies of the City of Philadelphia, located on Chestnut Street, west of Third Street and east of Fifth Street, form themselves into a Home Guard for the protection of the said Banks and Insurance Companies, and offer their services to Col. A. J. Pleasanton, as a portion of the Home Guard of Philadelphia and request that they be detailed for such special service." The great event of the succeeding Fourth of July was the parade of this Home Guard, which made a most creditable appearance. It was recognized, however, that the war had become most portentous in aspect, for on July 5th, as the term of service of the three months' régiments was soon expiring, President Lincoln recommended raising an army of 400,000 men, and estimated that it would cost \$400,000,000 to carry on the war.

The Philadelphia Bank on May 1, 1861, joined with the other banks in the first adoption of the system of Clearing House loan certificates in Philadelphia. The certificates were to bear six per cent. interest, and were based on deposits of the Bank's assets with the Loan Committee, up to seventy-five per cent. of their face. They were to be used in settlement

of balances at the Clearing House for the succeeding ninety days. The whole issue was not to exceed \$2,500,000. The specie in all the banks was also to be considered, and treated as a common fund for mutual aid and protection, the Loan Committee being given power to equalize the same by assessment or otherwise at their discretion. After June 1st, each bank was required to have on hand in specie an amount equal to one-fourth of its net liabilities. This arrangement was made by nineteen banks, and formed the basis of their mutual relations thereafter, the Loan Committee appointed to carry it into effect being Charles H. Rogers, Tradesmen's Bank; Edwin M. Lewis, Farmers' and Mechanics' Bank; Joseph Patterson, Western Bank; B. B. Comegys, Philadelphia Bank; and John B. Austin, Southwark Bank. Herein is found the germ of the twenty-five per cent. bank reserves in large cities enacted by the National Banking Acts.

The subsequent history of the Philadelphia Bank during 1861 deals largely with loans to the governments of the nation and State. On June 10th it subscribed \$100,000 State loan, and on the 13th \$30,000 additional. On July 25th it made a temporary loan at sixty days of \$150,000 to the United States. The treasury was getting into great straits for money, and on August 15th an arrangement was made by a convention of the banks of New York, Boston, and Philadelphia, to assist the Government by taking three years' treasury notes bearing 7.30 per cent. interest. This interest rate was adopted because it was one cent per day interest on \$50. The associated banks were to take \$50,000,000 of these treasury notes at once, a second \$50,000,000 October 15th, and a third \$50,000,000 December 15th. The portion allotted to Philadelphia was ten per cent. of the whole amount, and the Philadelphia Bank in proportion to its capital took its share (\$750,000) of each issue of these treasury notes.



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The times were unpropitious for all banks, however, as business was dull, and at the end of October, 1861, Philadelphia Bank stock was quoted down to 85. On November 4th the stockholders of the Bank met and received the annual report. The Bank held \$1,273,823 specie and had \$292,350 notes in circulation. It had loaned the State of Pennsylvania \$180,000, and the United States \$1,097,625, besides holding \$188,450 treasury notes. The unfortunate commercial conditions were shown by suspended debts of \$148,830, and the contingent fund was \$344,268. The report stated that business had been much interrupted by the political troubles, "stopping all communications with the Southern States, and locking up, if not totally extinguishing, a large amount of funds belonging to the customers of the Bank, and seriously embarrassing many houses, heretofore of undoubted standing in our business community." The negotiation of loans with the Government by the treasury note issue was explained, it being announced that "the banks, gathering strength from the public sentiment, deemed it expedient and proper to assume the grave responsibility of this negotiation, considering it of vital importance to every material interest, as well of the banks as of the country, that the Government should be sustained in its endeavors to maintain the integrity of the Constitution and the laws." Thus the Philadelphia Bank, in 1861, had loaned the greater part of its capital to the Federal and State governments; while the May and November dividends were each reduced to three per cent.

THE LONG SPECIE SUSPENSION BEGINS

As December, 1861, approached matters were looking better. There were large produce exports and specie had been coming into the country, so that early in the month

money was abundant at easy rates and there was some cheerfulness. But just at this time an American man-of-war forcibly removed Mason and Slidell, the Confederate diplomatic agents, from the British steamer "Trent," and this instantly changed the whole outlook. Upon December 15th the New York banks held \$39,435,000 specie and the banks in Philadelphia \$7,354,000, of which the Philadelphia Bank had \$1,181,000, and money rates were quoted at six to seven per cent. Upon that day, however, the mail steamer from Liverpool arrived at New York with the portentous intelligence that England had demanded from the United States the surrender of Mason and Slidell, and an apology. The greatest excitement ensued, as it was feared that England would join with the South in the war. Gold exports to Europe began, stocks declined, and serious apprehension was felt. This alarm continued for nearly two weeks, when it was announced on December 28th that the Government had surrendered Mason and Slidell, and thus prevented a rupture. But the financial damage had been done. The drain on the New York banks had reduced their specie to \$23,000,000, while the Philadelphia banks were down to \$5,193,000, of which the Philadelphia bank had \$875,000. Besides the drain of specie to Europe and the interior, there were also large payments made to the Government for treasury notes. This process of depletion going on in all the banks necessitated a radical contraction of commercial loans.

Upon Saturday, December 28th, gold was in such demand that it was quoted at a premium of one-half per cent., paid mostly for small lots, evidently for hoarding, while the treasury 7.30 notes were at one per cent. discount. The outlook was bad, and another run was feared, so that in the evening the presidents of the New York banks met, and decided to suspend specie payments on Monday morning, December 30, 1861.

The suspension was made on the same day by the Boston and Philadelphia banks, the entire country following. Thus began the long suspension of specie payments, which continued for seventeen years, until 1879. The necessities of the war and the lack of currency soon paved the way for the Government issues of legal tender notes, and the National Banking Laws of 1863 and 1864, which based the banking system of the United States upon the Government loans and legal tenders. On January 2, 1862, gold was quoted at one per cent. premium, and sterling exchange at $110\frac{1}{2}$, making gold exporting profitable.

The currency question became very embarrassing, as January progressed, and was the prominent topic, while gold advanced to $104\frac{3}{4}$. The treasury was selling large amounts of treasury notes, which were usually at a small discount. Matters rather improved in the spring, however, and the gold premium declined; while money became more plentiful as the Government was making large disbursements on account of the war, and the prices of goods were advancing. This gradually produced easier conditions, and by June money had become so abundant that the loaning rates were down to four per cent. Then came the defeats of McClellan and Pope in the summer, and the Confederate advance to Antietam, Maryland, in September, with another alarm along the border. On September 14, 1862, the directors of the Philadelphia Bank passed a resolution giving leave of absence to such of the clerks as could be spared, "to join the several military organizations, which, at the call of the Governor of the Commonwealth, are about to prepare for the defence of the State, and that during such absence, their salaries be continued to them." The battle of Antietam was fought, and the Confederates recrossed the Potomac. The gold premium again advanced, and speculation in stocks and in goods became

greater, the continued enormous Government disbursements supplying plenty of money.

The Philadelphia Bank during 1862 did not have a very favorable year, the May dividend being but three per cent., while the November dividend was four per cent. The slackness of trade during the greater part of the time reduced the amount of bills discounted to about \$8,000,000, while to employ its funds the Bank bought corporation loans, mostly railway bonds, amounting to over \$387,000. By the November statement it had \$83,000 suspended debt; it held \$225,625 Pennsylvania State loan, \$46,000 Philadelphia city loan, \$230,000 treasury 7.30 notes, and \$250,000 United States certificates of indebtedness. Legal tender notes appear for the first time in this statement, the Bank holding \$998,005, and it held \$856,155 gold and silver, while the contingent fund was \$458,207 and the total assets \$7,656,502. The issue of bank notes was \$372,000 and the deposits \$4,931,063. The report said that "the unsettled state of the affairs of the nation, the embarrassment of commerce, the depreciation in the value of the circulating medium below the specie standard, and the fluctuations in credits, render it futile to form or express any opinion about the future business and financial affairs of the bank or of the country. The Board can only promise that they will give diligent care in the management of the Institution, and endeavor to prevent losses and keep the capital whole."

There then began a period of enormous inflation, due to the immense government war disbursements, and the higher gold premium, as the national struggle became more costly and determined. A cotton famine came in 1863. In January cotton advanced to 84 cents per pound, and in February gold was at 171; early in March cotton was at 95 cents, but the military successes in the West had reduced the gold pre-



ALEXANDER J. CASSATT.

mium later in the month to 153 and cotton to 55 cents. For the half-year ending with April, 1863, the banking profits were the largest ever earned, though the prevalent discount rate was usually only five per cent. In July Gettysburg had been fought, and Vicksburg surrendered, cotton kept at 55 cents, but gold was down to 126. This year the Federal income tax was first collected. In the autumn all goods had a further rise, cotton going in October to 90 and 92 cents, and No. 2 pig iron in December reaching \$42 per ton.

The Bank loaned the Government \$165,000 gold in May, 1863, to aid in paying public debt interest, and advanced the State of Pennsylvania \$144,000, requested by the Legislature for the troops called out for State defence in the Gettysburg campaign, and to pay interest on the State debt, besides subscribing \$5,000 to the city fund for defence. In September, 1863, the Bank also arranged to loan the government \$750,000, to be repaid in five per cent. legal tender treasury notes, and afterward, in December, it advanced the city \$50,000 for the bounty fund. The Bank was doing so much better that it paid two dividends of five per cent. each in 1863, and in the November statement reported the contingent fund increased to \$576,534, while the suspended debt was only \$7,787. The Bank then held \$1,967,683 United States loans and certificates, \$187,700 loans of the State of Pennsylvania, and \$46,000 of the city of Philadelphia. It also held \$849,409 legal tenders and \$545,450 gold and silver as reserves. While the Bank had been prosperous, yet the taxation was very heavy, \$7,743 having been paid to the State and \$27,875 to the United States during the year. The bank note issues were down to \$100,060 and it had \$4,838,130 deposits, besides \$327,500 deposit of the United States Treasurer.

PROGRESS OF THE WAR

The Government expenditures with the progress of the war became constantly larger. At the opening of the campaign of 1864, General Grant personally led the army against Richmond, moving forward in April. The City Treasurer appealed for help in February, when the draft was enforced and bounties for enlistments were being provided, and the Bank loaned the city \$150,000 on the security of bounty warrants, to provide funds. Pig iron then was at \$44 per ton, and when General Grant started on the march through the "Wilderness" of Virginia, gold was at 175 and cotton 85 cents per pound. In May cotton advanced over \$1 per pound, and on June 16th it was at 1.40, while on June 24th a sale of one case of 42-inch cotton goods was made by Richard D. Wood to James, Kent, Santee & Co., of Philadelphia, at 60 cents per yard, being stated as "just the cost of making cotton at \$1.50."

The Government was pouring out greenbacks, interest-bearing notes, certificates, and bonds, to provide for the vast war disbursements, thus making an extraordinary inflation, so that a period of wild speculation had set in, affecting all the markets, and on June 20, 1864, when Grant was fighting his way through the "Wilderness," gold advanced to 250, and on the 30th to 251. The city had to issue another loan to fund its military indebtedness, and the Philadelphia Bank took \$500,000 of it, and in September it took \$400,000 more United States loan. The conditions then had somewhat improved, for the National Banking Acts were going into effective operation, making a large demand for Government bonds from the banks; General Grant was achieving success on the approach to Richmond from the south side of James River; and General Sherman was conducting a brilliant campaign in the

West. Both gold and cotton declined, the latter selling down to 105 at a large Government sale of captured cotton upon September 26th. The Philadelphia Bank decided to become a national bank in October, 1864, and as the security for the circulation was thenceforward to be United States bonds, it sold \$300,000 gold which had been held as a reserve, the quotation then being 216½.

President Lincoln was re-elected for his second term on November 8, 1864. This was universally interpreted as meaning a continuance of the war to the end, with large additional issues of paper money, so that on the 9th gold fluctuated violently upward, ranging during the day from 245 to 259¾, at which it closed, but the next day it was more quiet at 252½ to 255. It is interesting to note that the quotations in paper money on that day were for United States bonds sixes 106½ to 107½, treasury 7.30 notes 107, and certificates of indebtedness 95¼, while the ten-forty-five per cent. loan then first issued was at 102½. Cotton was quoted at \$1.40 per pound.

The last dividend made as a State institution by the Philadelphia Bank was eight per cent. in May, 1864, and since its organization in 1803 it had down to that time divided no less than 433 per cent., the dividends aggregating \$6,634,572. In November, 1864, the first dividend was made as a national bank, five per cent. When the statement was made up for this dividend, the Bank had a contingent fund of \$696,979. It held \$1,415,405 United States loans, \$37,000 State loans, \$500,000 city loans, \$383,500 railroad bonds, \$2,600,558 ordinary loans and discounts, \$263,055 gold and silver, and \$2,082,674 paper money.

END OF THE WAR

In the early winter of 1864-65 it became evident that the War was nearing its end. Sherman's march to the sea cut the Confederacy in twain, and Grant's movement south of Petersburg and Richmond was gradually outflanking Lee's army. As the inevitable result came nearer, the credit of the United States began appreciating. By the end of February, 1865, the gold premium was down to 200, and a vigorous demand for United States bonds set in abroad, so that in March the five-twenties were quoted in London at 52 to 54. These foreign purchases of bonds caused gold to be liberally shipped to the United States, and the premium further declined, so that on March 22, 1865, it was at 156, and the next day at 151. The decline greatly unsettled the stock market, and all inflated values of goods were also declining, causing at times almost a panic. The United States bonds and greenbacks were appreciating as the gold premium fell away, and thus additional value was being added to the larger portion of the Bank assets.

The minute-book of the directors of the Philadelphia National Bank at this time shows the engrossing interest taken in public affairs. Upon April 3d it is recorded that "just before the board met at 11 o'clock to-day, intelligence was received in the city of the capture of Petersburg, Virginia, and while the Directors were engaged in discounting, a despatch was sent into the room announcing the occupation of Richmond by our forces under General Weitzel, this morning at quarter past eight o'clock." Gold fell to 144 upon this news, but it afterward rose again to 153, and the stock market was moved up and down largely with the gold premium.

The final collapse came in the surrender of Lee's army at Appomattox on April 9, 1865. On the 10th the gold premium



PERCIVAL, ROBERTS, JR.

again declined to 144 upon the announcement of this event. The minute recorded on that day reads: "The President, before taking his seat, made some appropriate remarks, congratulating the Board on the glorious news, and the probable speedy return of peace and prosperity." There was the greatest rejoicing everywhere at this result.

But the joy soon turned to mourning. Upon the evening of April 14th President Lincoln was assassinated, and the whole world was shocked by the atrocious deed, which the "Public Ledger" next day described as "The Crime without a Name." The Stock Exchange was closed and did not open until the 17th, when gold excitedly opened at 155, though the premium gradually declined during the day to 148 at the close. President Robins, when the Bank board convened on the 17th, appropriately addressed the directors, and his remarks were ordered to be recorded on the minutes. He described the joy of the previous week, and the sorrow into which the country was now plunged, declaring "these events have created a profound sensation in the public mind, and shrouded in grief the whole nation, and the board will feel it due to the solemn occasion to recite these facts upon their minutes, to express their own deep feelings of sorrow and heartfelt sympathy with their immediate fellow-citizens and the nation at large, in the common calamity which has befallen the country."

The occupation of Mobile was announced on April 17th, and as the armed opposition to the Government became more and more feeble the gold premium steadily sank, until in June it had touched 137. But there were still enormous disbursements necessary for war expenses, with further issues of Government bonds and greenbacks, so that it was more than a decade before the gold premium entirely disappeared, and resumption came, January 1, 1879. The tremendous

financial task involved in crushing the Rebellion was shown in the startling comparison that the ordinary expenses of the Government, which had been about \$60,000,000 in 1860, had increased in 1865 to \$1,217,000,000. A proclamation by President Johnson on April 2, 1866, declared officially the end of the Civil War.

VII
THE PHILADELPHIA NATIONAL
BANK

1864-1879

VII

THE PHILADELPHIA NATIONAL BANK 1864-1879

Its First National Charter—Recuperation and Reconstruction—The Panic of 1875—Final Resumption of Specie Payments.

ITS FIRST NATIONAL CHARTER

IN June, 1863, the original National Banking Act passed by Congress went into operation. This Act had in contemplation more the creation of new banks than placing under the national control the older institutions already in operation by State charters, but it was soon found that if the latter were accomplished it would secure the most powerful financial aid for the Government in carrying on the war, which had become such a prodigious task. The earliest reference made to changing the relations of the Philadelphia Bank is upon December 21, 1863, when the board had some discussion about taking a United States charter, though nothing was then done.

Congress passed the second National Banking Act, June 3, 1864, and it was specially designed to bring into the national system the State banks, its provisions being elastic enough to provide for the varying peculiarities of banking methods in different parts of the country. This Act conferred the greatest boon upon the public in providing for the safety and security of the paper currency, for it made full provision

for the issue of national bank notes, curing the many defects of the old State bank issues which had given such endless trouble, and at times caused such heavy losses through failure of redemption. These State bank issues were taxed out of existence. The new law was entitled, "An act to provide a national currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof." This new law was generally approved by bank managers, and as the banks of the State were desirous of taking advantage of its provisions, the Legislature of Pennsylvania, on August 22, 1864, passed an enabling Act permitting them to become banking associations under the United States laws.

The subject of taking out a national charter was again discussed in the Philadelphia Bank early in September, 1864, and on the 15th the board unanimously voted to make the change, and began the necessary procedure. It was decided to reduce the capital stock from \$1,800,000 to \$1,500,000 as a national bank through the purchase and cancellation of 3000 shares, including those which the Bank then owned. The stockholders were convened upon October 20th, and voted to surrender the charter to the State in accordance with the provisions of the Act of the Legislature and to become a national banking association under the Act of Congress of June 3d. Upon the resolution, three hundred and forty stockholders, holding 14,636 shares, voted in the affirmative, and one stockholder, holding five shares, in the negative, so that, more than two-thirds of the whole capital stock approving, the resolution was adopted. Henry Wharton was the solicitor of the Bank who attended to the necessary legal procedure, and the stockholders ordered that a portrait of the president, Thomas Robins, be procured for the Bank.

The Articles of Association, formulated the same day, were adopted under the name and style of "The Philadelphia

National Bank"; Thomas Robins was appointed president, and Benjamin B. Comegys cashier, and \$500,000 registered bonds of the United States were ordered transferred and delivered to the Treasurer of the United States in Washington, that being the amount then required by the law to be deposited and transferred preliminary to the commencement of business as a national bank. The number of directors was thirteen. These Articles of Association were signed by Thomas Robins, Richard D. Wood, Lewis R. Ashhurst, Marshall Hill, Henry Preaut, Benjamin G. Godfrey, S. W. DeCoursey, George Whitney, J. Gillingham Fell, and James L. Claghorn, a majority of the directors. The election of directors was fixed upon the second Tuesday in January, and Mondays and Thursdays were made discount days. Mr. Comegys went to Washington with the bonds and other necessary documents, completing the arrangements with the treasury, and on October 22, 1864, Hugh McCulloch, Comptroller of the Currency, issued the certificate authorizing "The Philadelphia National Bank" to commence business, being No. 539 in the national roll of banks.

The actual beginning of business under the national charter was upon the morning of Tuesday, October 25, 1864, and President Robins so reported to the board on the 27th. He also then reported the purchase and cancelation of the three thousand shares of stock, reducing the capital to \$1,500,000. It is interesting to note in this connection that a director made an arrangement to sell the Bank 171 of these shares, being paid at par in gold, the latter being quoted at 216½, and he subsequently executed an agreement with the Bank to take these shares back at par in gold, at any time down to October 24, 1865, if tendered to him. The gold premium had greatly declined when that day came, and the option was not exercised. All the plates and dies of the State bank notes

were canceled so they could not be used, and then Solicitor Wharton, for the Bank, surrendered them, under the State law, to the Court of Quarter Sessions of Philadelphia.

The following staff began the business of "The Philadelphia National Bank" in October, 1864: Paying teller, Isaac P. Mein; receiving teller, John Murphy; general book-keeper, Joseph Roberts; cashier's clerk, Joseph P. Mumford; discount clerk, Horace Hill; foreign note clerk, Charles E. Elmes; bookkeepers and clerks, James Glentworth, Samuel A. McFarland, Joseph P. Cramer, Thomas Waterman, F. A. Tierney, E. Kochersperger, Samuel Henry, Jacob V. Weldon, Henry Farnum, John S. McIlvaine, E. P. Ireland, H. K. Fairgrieve, W. G. Clarkson, William Sherwood; runners, Joseph Wilson, Henry C. Cornog; porters, William A. Maddock, Davis Graver; messenger, John MacGowan; watchmen, Alexander MacGowan, John DeBuist.

Upon October 27th the directors counted and burned all the notes of the Philadelphia Bank of previous issues that were in the Bank, amounting to \$449,155, and all the sheets of printed and unsigned notes. Thus having completed all the formalities, the board ordered a flagstaff to be put on the building and the United States flag to be displayed, and voted \$3,000 toward "sustaining the Government in all lawful and proper ways in the coming emergency." One of the features in thus passing under the rule of the United States was the receipt by the board on October 31st of a request from the tellers and clerks that in view of the change in the relations of the bank, permission be given them to take the oath of allegiance to the United States; whereupon, it was "RESOLVED: that the board highly approve of the patriotic sentiments, expressed by sundry employees of this Bank, in their communication of this date," and the president was required to make this action known to them.



GEORGE H. MCFADDEN

The board ordered \$450,000 national bank notes to be obtained and issued, and subsequently increased the amount to \$540,000. It sent \$100,000 more bonds to Washington to be deposited as security, so that the Bank could be a designated depository of public moneys, and \$100,000 additional security for circulating notes, so that it had \$700,000 bonds in Washington. The successful transfer of allegiance to the Federal Government put the board in generous mood. The president's salary was increased to \$6,000, the cashier's to \$5,000, and \$10,000 gratuity was distributed among the clerks. Liberal donations were given the Volunteer Refreshment Saloons, the hospitals, the Soldiers' and Sailors' Fair, and other organizations for soldiers' relief; and \$2,500 was presented to the permanent fund of the Merchants' Association. The old account books and accumulated records of years were sold, and so high was the price of waste paper that they produced \$1,174.63. Finally, from the sale of gold, a special dividend of twenty-five per cent. was given the stockholders out of the surplus in January, 1865, amounting to \$375,000.

Upon April 6, 1865, having got into practical operation under the National Banking Acts, the Philadelphia National Bank made its statement to the Comptroller of the Currency at Washington, which is attested by the familiar signature of B. B. Comegys, Cashier. The aggregate assets were \$6,873,224.17. Included were \$3,371,236 loans and discounts, \$1,356,912 United States bonds and securities, \$132,070 due from banks, and the banking house \$150,000. The cash held consisted of \$88,944 specie, \$14,140 notes of various banks, and \$1,717,295 lawful money of the United States. On the other side of the account were deposits \$3,049,073, due to banks \$945,561, circulation \$449,980, discount and interest \$136,963, surplus and contingent fund \$791,645, and capital \$1,500,000.

RECUPERATION AND RECONSTRUCTION

After the close of the war the great task of the country was to assimilate the new conditions. The armies were gradually disbanded, and the soldiers returned to the pursuits of peace. The Treasury disbursed enormous sums throughout 1865 and 1866 in paying war expenses and adjusting claims, creating large additional loans and pouring out more paper money. The long and tedious task of Southern reconstruction was entered upon. Another change came in banking methods, due to the revival of many industries previously dormant and the shock of rapidly declining prices from the fall of the gold premium, the latter, however, checked, and at times even advanced, by the enormous Government emissions of paper money and bonds. The minutes of the Philadelphia National Bank directors at this period make repeated records of donations to the sick and wounded soldiers, to the hospitals, and to the soldiers' orphans in the Lincoln Institution, then just founded. In 1865 and 1866 the Bank dividends were fifteen per cent. each year.

The declining prices and changes in business methods after the war produced numerous failures. These troubles extended abroad, and we find the Bank conservatively conducted under the new conditions. In 1866 the suspension of Overend, Gurney & Co. caused a period of serious embarrassment in London, continuing throughout that year, the Bank of England discount rate being advanced to ten per cent. This was followed in January, 1867, by exciting flurries in the American stock markets and more failures. Cotton sold at 35 cents and the gold premium was at 141. The revival of commercial enterprise in new channels had, however, been steadily enlarging the business of the Philadelphia National Bank, so that it was decided to increase the official staff.

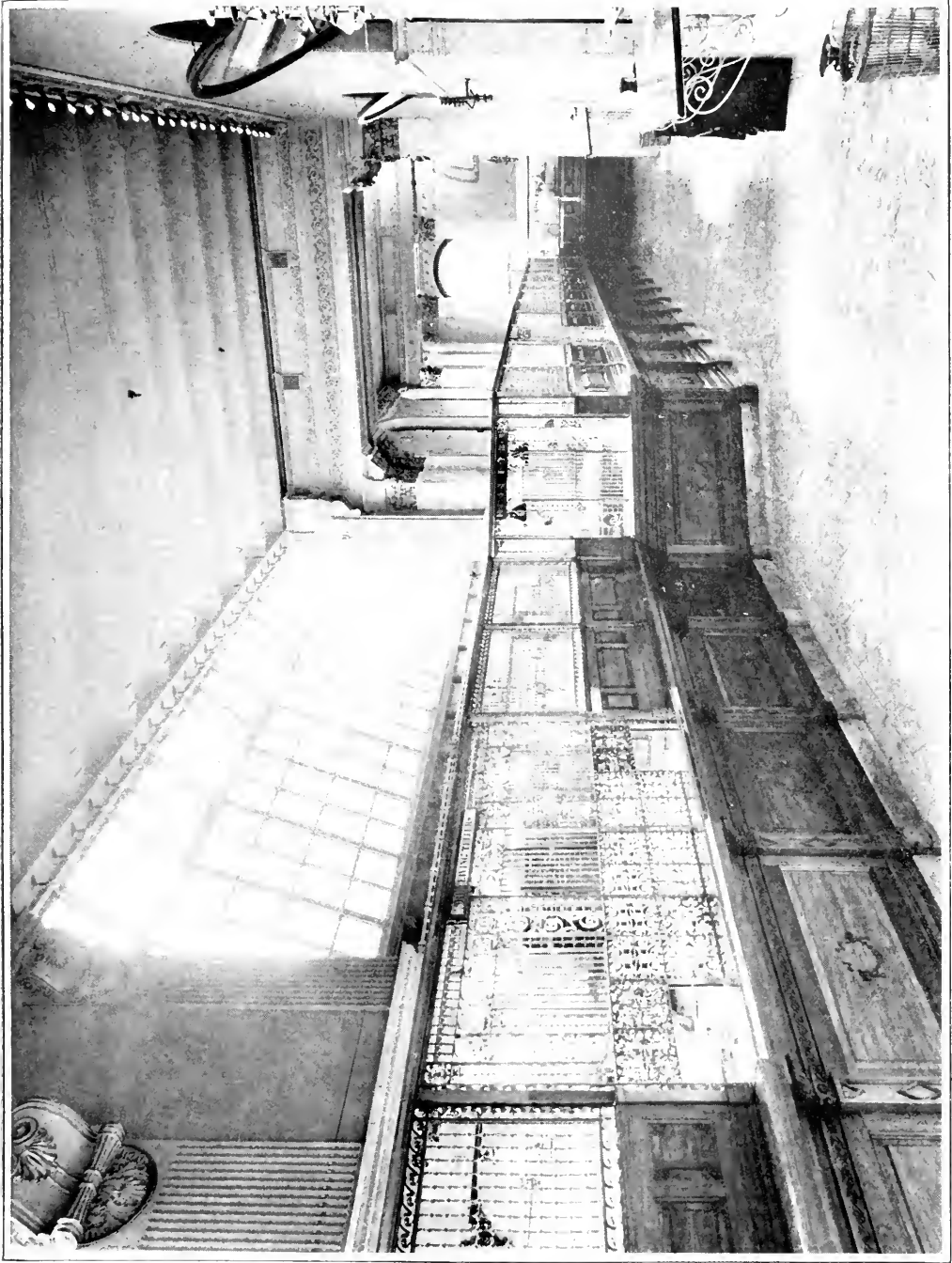
To partly relieve President Robins, on January 10, 1867, Mr. Benjamin B. Comegys was elected a director and vice-president of the Bank, and the office of assistant cashier was then created, and Mr. Benjamin F. Chatham appointed to that position. Then another period of stress came, and the oppression of debts, which, from declining prices, had become so serious throughout the country, led Congress to enact a general bankrupt law in March, 1867. In July the death of Marshall Hill, one of the active directors of the Bank, was recorded in an appropriate minute. In 1867 the dividends were sixteen per cent., and in 1868 fifteen per cent.

There came in 1868 serious troubles about the repeated issues of Erie Railway shares under the Gould régime, resulting in a "corner" in November, and demoralizing the stock markets. This caused the New York Stock Exchange to require all stocks to be registered. There was, however, in 1869, a considerable revival of active commercial business. This received a sudden shock in September, through the wild speculation in gold, which culminated in the famous "Black Friday" collapse. Prior to Wednesday, September 22, 1869, the price of gold had been ranging at 136 and 137, with quietness, but with a steady demand from importers, who had to buy it to pay Custom House duties. That morning, however, there appeared a sudden and greatly enlarged speculative demand, making fluctuations, and at times much excitement in the New York Gold Exchange. The price advanced from 137 to 141½, and the transactions of the day aggregated the large total of \$324,524,000, most of the trading being pure gambling, as barely \$3,000,000 gold actually changed hands in the settlements.

It was the custom of the Treasury to provide a supply by selling gold at intervals. George S. Boutwell was the Secretary of the Treasury, and strong appeals were made to

him for large sales, some suggesting that eighty to ninety millions should be thus offered to relieve the market. The speculation was based on the idea that control could be exerted by a relative of President Grant to prevent a Treasury sale of gold. On Thursday, the 23d, there was a larger speculation, great excitement, and the price advanced to $144\frac{1}{4}$. Along with this was an increased demand for bank loans, with call money at eight per cent. and mercantile paper up to ten and twelve per cent. The Thursday gold transactions were larger than those of Wednesday. The crisis was on Friday; the price was rushed up to 150 at the opening with wild excitement, and then to $162\frac{1}{2}$, the Gold Exchange being a perfect Bedlam, and most enormous trading going on, of which it was impossible to keep any correct account. The collapse came with startling suddenness, the price falling to 134, and shortly afterward it was telegraphed from Washington that the Treasury would sell \$4,000,000 gold on Saturday, and to give monetary relief would also buy \$4,000,000 bonds. The day closed with gold at 133.

The gold transactions of "Black Friday" were estimated at \$500,000,000, but it was entirely impossible to keep track of the engagements made, and nine firms failed. The Gold Exchange closed for a week to enable its tangled affairs to be straightened out. It was discovered afterward that the speculation collapsed when the news was obtained that the President had peremptorily ordered the sale of gold. On Saturday the Secretary sold only two millions at $132\frac{1}{2}$ to $134\frac{1}{8}$, declining all bids below the lower figure. When the Gold Room reopened October 1st, the placid condition reappeared, with the gold quotation around 130. The stock market was demoralized and general business deranged during this period of excitement. At the close of 1869, gold had declined to 120.



TELLERS' DEPARTMENT.

The Philadelphia National Bank moved quietly in this brief crisis. The flurry in gold did not affect it, for it held so little. Out of \$2,070,500 cash in the Bank on September 27th, the gold and silver were only \$34,575, while the legal tenders were \$584,862. The basis of banking was the latter, with \$310,000 Clearing House certificates and \$420,000 three per cent. Treasury notes. When the account was made up for the dividend in November, the Bank held \$7,185,769 assets, of which \$1,150,000 was in United States bonds. The Bank dividends in 1869 and in 1870 were fourteen per cent. for each year. During the decade ending with 1870, notwithstanding the depression that prevailed at the outbreak of the war, the Philadelphia Bank paid its stockholders, in dividends, 150 per cent.

In August, 1871, we find the Bank subscribing \$500,000 to a new five per cent. loan of the United States, and placing the amount, August 31st, to the credit of the United States Treasurer. In October, 1871, the great Chicago fire came, followed by another serious stock market panic and declines in prices, though a recovery soon followed. About a year later, in November, 1872, the great fire in Boston brought a second period of pronounced depression. In 1871 and 1872 and for a series of years afterward the dividends of the Philadelphia Bank were uniformly fourteen per cent. annually. Mr. Comegys, in January, 1872, resigned the post of cashier, devoting himself exclusively to the increasing duties of the vice-presidency, and Mr. B. F. Chatham, on January 15th, was elected cashier.

THE PANIC OF 1873

The first railway route across the Continent, by the Union and Central Pacific Railways, was completed in 1869. This

gave great impetus to the progress of the West, stimulating all kinds of business, particularly manufactures and railroad building. During three or four years afterward an enormous amount of capital was invested in these enterprises. The construction of the Suez Canal, and the beginning of active traffic through it in 1870, had also stimulated maritime trade. The substitution of steel for iron rails had been of vast benefit to the railroads in cheapening transportation expenses, and also tended to enlarge the railway development of the far West, bringing large areas of new lands within reach of markets. The cost of steel rails, which were \$166 per ton in 1867, had declined to \$112 in 1872. There consequently came an excessive development of railways, factories, industries, ships and land cultivation, the energies of the people, previously devoted to the war, being mostly employed in these enterprises. Much of this work was done on borrowed capital at high interest rates based on the inflated prices of former years. By 1872 capital had been duplicated by these processes to such an extent that it was no longer possible to sell all the products at the former high prices. First in manufactured goods, then railway securities, and finally farm products, came decided declines.

The Granger agitation had been growing in the South and West, and from the original proposition to issue unlimited amounts of greenbacks, which were to be used to pay the public debt, the suggestion extended to other forms of investment, so that capitalists and investors were frightened. They became afraid of railroad securities, and this feeling crippled those corporations which were almost entirely deprived of necessary financial help. Out of the accumulating troubles came the great panic of 1873. In April, 1873, there was a premonitory symptom in the failure of the Atlantic Bank of New York. The financial stress became acute in September.

On the 8th the New York Warehouse and Security Company failed. This made such an impairment of confidence that a run followed upon most of the institutions and houses that had the reputation of being burdened with railroad securities. On September 15th we find a note of caution in the Philadelphia National Bank, the board passing a resolution "that no discounts or loans shall be made by this Bank upon non-dividend, or non-interest paying stocks or bonds."

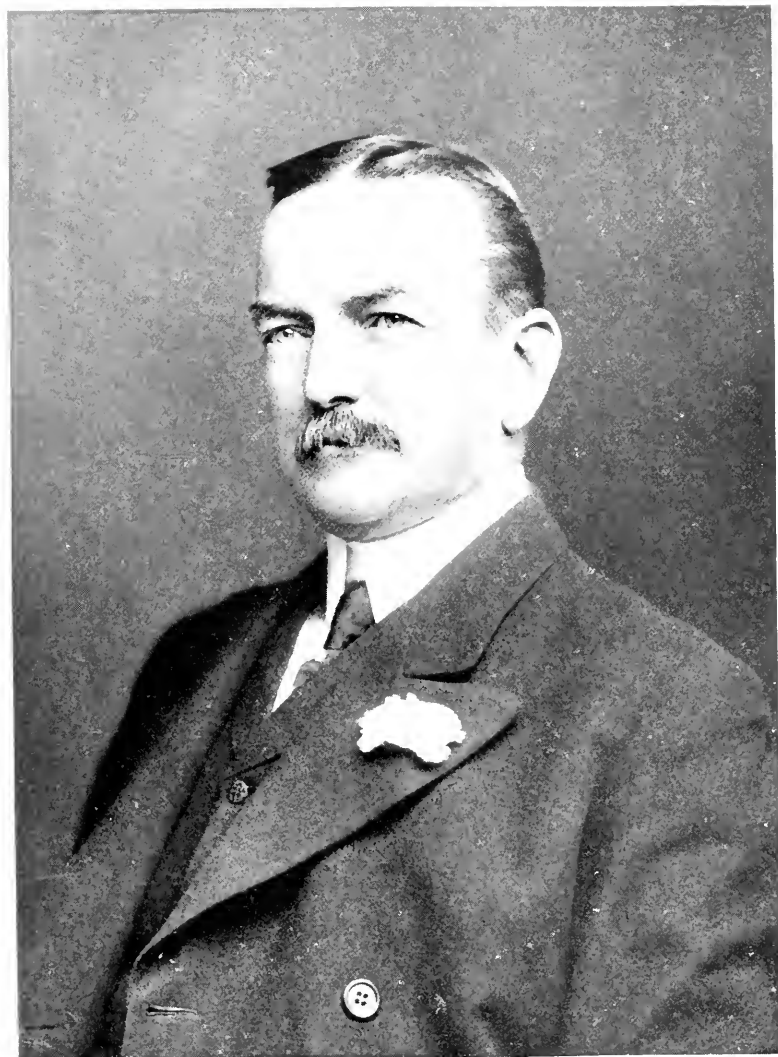
The Philadelphia National Bank, upon this date, September 15th, which was just at the entrance of the acute period of the panic, had \$5,705,000 loans, \$4,437,000 deposits, and \$1,000,000 circulation. The reserves were \$1,595,000, and, in addition, the Bank held \$55,000 specie. The money market was getting stringent, with paper quoted from 8 to 12 per cent. for time and 6 per cent. for call loans. The gold premium had gradually been declining and was at 111 to 112. During the following week the conditions got worse. The Eclectic Life Insurance Company of New York and the Brooklyn Trust Company failed, and various railroads made announcements that they could not meet their bond interest coming due. Among the corporations which were seriously overweighted was the Northern Pacific Railroad, and on September 18th the country was startled by the announcement of the failure of Jay Cooke & Co., who were financing it. This made an enormous sensation, and at once the money market and all commercial business became demoralized. There was, however, very small effect upon the gold premium, which only advanced to 113 $\frac{1}{8}$, and in a few days had fallen back to 111 $\frac{3}{4}$.

Upon September 19th runs were made on various financial institutions and many failures were announced. Scores of stock houses and commercial firms suspended, owing to inability to get loans. The panic was so severe that the

New York Stock Exchange was closed for three days. Capitalists were afraid to loan money and rates advanced to very high figures. Upon the 19th, to give relief, the New York bank officers met and authorized the issue of \$10,000,000 loan certificates, and they also immediately collected and sold to the Treasury \$10,000,000 United States bonds, thus strengthening their position by fresh accessions of money. The banks in Philadelphia, on the 24th, followed the example, and also authorized an issue of loan certificates, this giving much relief.

Mr. Comegys, of the Philadelphia National Bank, some years later, in a statement that on five different occasions the Philadelphia Clearing House had resorted to the issue of these certificates, made a lucid explanation of their character. He said that these certificates, bearing six per cent. interest, were issued to the various banks applying for them, and always on deposit of satisfactory collateral security, and they were receivable only in payment of daily balances at the Clearing House. The purpose was to enable the banks in time of panic to accommodate the commercial community by discounting paper to a larger amount than their cash reserves would warrant, and when such loans made a bank a debtor, the certificates could be used in settlement instead of cash. They were never used to pay checks, or to pay debts due banks elsewhere than in our own Clearing House. Mr. Comegys said: "The device is a convenient one under extreme circumstances, but should never, otherwise, be resorted to." We find the Philadelphia National Bank board, on September 25th, giving the president authority to lodge securities with the Clearing House Committee for the issue of loan certificates.

The panic, thus begun, was severe and long-continuing, and the country did not recover from its effects for several years. As the whole world was involved in unsound specula-



WILLIAM POTTER.

tion, the financial troubles became widespread. Congress, under the Granger inspiration, was quick to express its belief that the trouble came from the need of more currency, and in 1874 passed a bill for further inflation, but President Grant, who held sounder views, vetoed it. In the midst of these difficulties Philadelphia was then organizing the great Centennial Exposition of 1876, and there is a record of a subscription by the Philadelphia National Bank of five hundred shares of stock in the Centennial Finance Fund. There is also a minute announcing the death, on November 10, 1873, at the age of ninety-three, of the venerable Samuel W. Jones, who had been so long a director, and afterward the chairman of the stockholders' annual meetings, it being recorded that he was the last surviving signer of the original Articles of Association, forming the Philadelphia Bank in 1803.

The financial troubles depressing the country became worse in 1874, while the three following years produced even greater distress throughout Europe, as well as in the United States. Yet the Philadelphia National Bank was able to continue its regular semi-annual dividends of seven per cent. during all these years, reducing the rate, however, to six per cent. in May, 1878. The Philadelphia Bank statement of May, 1875, showed aggregate assets of nearly \$8,000,000, while the Bank had \$893,845 surplus and net profits, \$4,831,606 deposits, and \$720,000 circulation. In the summer of 1877 the business difficulties and depression were intensified by general railway strikes, owing to the decline of wages and falling off of railway traffic. These produced riots and bloodshed, necessitating the calling out of troops and the interposition of the strong arm of the Federal Government. During this time of very serious trouble the peace of Philadelphia was threatened. The Mayor had to divert the police force to the suppression of outbreaks and secure an extra

corps to do their ordinary patrol duty. The banks of the city provided him with the money necessary to pay the latter, and on July 26th the Philadelphia National Bank board authorized the president to act in this matter, and on the 30th he reported he had loaned the city \$1,000 to assist the Mayor, William S. Stokley, in raising \$30,000 for the purpose.

FINAL RESUMPTION OF SPECIE PAYMENTS

During the time of most serious depression following this panic, Congress passed the Act of January 14, 1875, for the "Resumption of Specie Payments." The price of gold had remained nearly stationary since 1873, and was about 112 when this law was passed. There was an almost universal impression that if the Treasury could secure a sufficient supply of gold, the legal tender notes could be maintained at par, and thus insure the stability of all the currency. The policy of excessive issues of greenbacks had lost support after the veto of the previous year, and the leading financiers then formed a new plan, which produced the Resumption Act, and gave ample time to carry its provisions into effect. This law of 1875 declared that after January 1, 1879, the Secretary of the Treasury should redeem in coin the United States legal tender notes. To do this he was empowered to use any surplus revenues not otherwise appropriated, and to sell United States bonds at not less than par in gold.

Toward the end of 1877 an improvement began gradually spreading over the country. The preparations for resumption had been going on quite successfully, and gave such reassurance that the gold premium steadily declined. Speculation in gold, which formerly had been on a vast scale, now became so small that the New York Gold Exchange in May went out of existence. By January, 1878, the premium was down

almost to one per cent., becoming simply a commission given by importers to get gold to pay duties, and in March it had declined below one per cent. The general business recuperation was slow in 1878, but the specie resumption came into practical operation at the close of the year, as the law required, and then the recovery was more rapid, with an enormous boom in the stock market in the autumn of 1879. Ever since January 1, 1879, all the money of the United States of every description has been maintained at par in gold. The growth of confidence and expansion of wealth continued thereafter for several years.

It was at the opening of 1879, with the generally roseate outlook of business affairs then so promising, that President Thomas Robins, admonished by the weight of advancing years, decided to retire from the office he had so long and acceptably filled. Upon January 6th he made the formal announcement to the board in a felicitious address in which he stated his intention of declining a renomination by the new board of directors to be elected on the 14th. The board unanimously resolved to invite Mr. Robins to act as advisory member, with an office in the Bank, and also adopted a minute giving a history of Mr. Robins' long connection with the institution, and their high appreciation of his services.

This minute was beautifully engrossed, signed by the directors, framed, and presented to Mr. Robins. He had been the president for twenty-seven years, guiding the Bank through times of severest trial—the panic of 1857, the war of the Rebellion, and the panic of 1873. Yet during the period the Bank had paid dividends of \$5,220,867, averaging over thirteen per cent. per annum, and the contingent fund had been increased from \$290,000 to \$750,000. Not a single director remained in the board in 1879 who was a member when President Robins was elected in 1852. The minute highly com-

mended his conservative management and irreproachable character, and expressed gratification that "the time chosen to relinquish the cares and responsibilities of his office is propitious with indications of returning prosperity, and the position of the Bank, the foremost among all her sister institutions in this city." Mr. Robins continued his attendance at the directors' meetings with rare punctuality, until a few days before his death, in April, 1882.

VIII

CLOSING YEARS OF THE CENTURY

1879-1903

VIII

CLOSING YEARS OF THE CENTURY

1879-1903

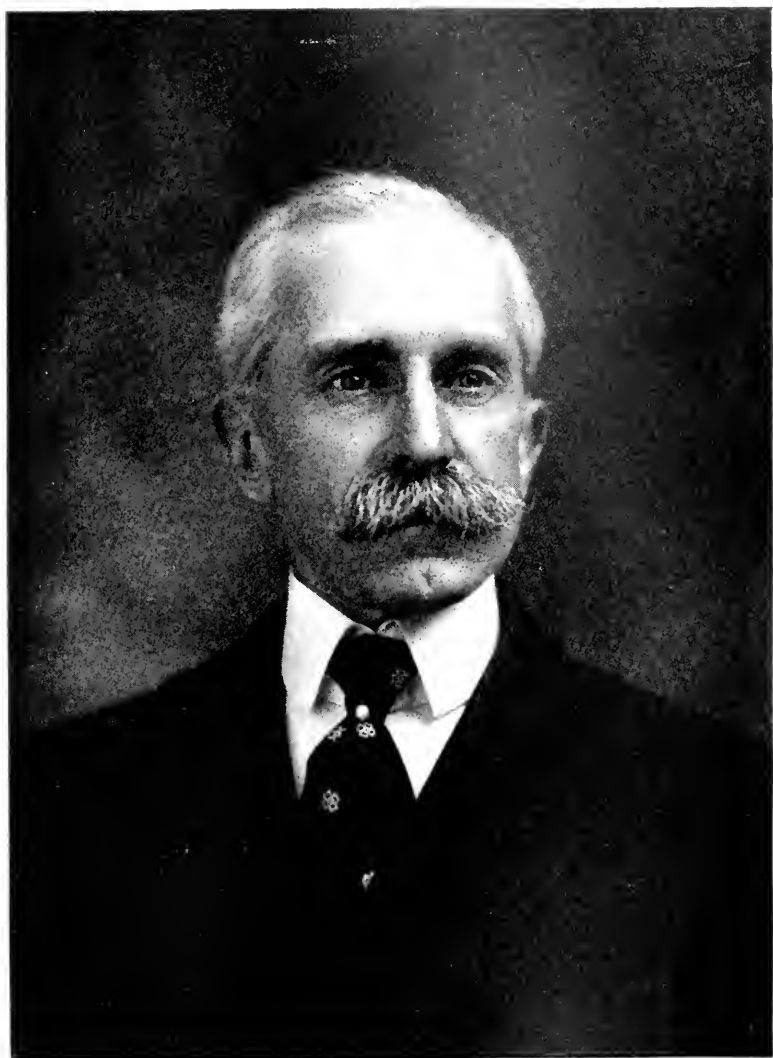
The Administration of President Comegys—Progress of the Bank—Various Financial Panics—Mr. Comegys' Closing Years—President N. Parker Shortridge, his Successor.

ADMINISTRATION OF PRESIDENT COMEGYS

UPON January 16, 1879, Benjamin B. Comegys was elected President of the Philadelphia National Bank. It is universally conceded that Mr. Comegys was one of the most prominent bankers of the United States, and that he occupied the front rank among the managers of the institution to which he devoted his life-work of more than a half-century. It is noteworthy that this eminent financier was born in a bank, the Farmers' Bank of Dover, Delaware, of which his father was the cashier, on May 9, 1819. He came to Philadelphia in early life, and after serving for about eleven years in two Market Street dry-goods houses, was elected a clerk in the Philadelphia Bank in 1848, upon May 11th, when he had just passed his twenty-ninth birthday. He had served a little over three years in various capacities, when he was made the cashier August 28, 1851; upon January 10, 1867, he was elected the first vice-president, and January 16, 1879, the president. He filled the presidency for over twenty-one years, until his death on March 29, 1900, having thus faithfully served the Bank for nearly fifty-two years.

Under his management the Philadelphia National Bank reached a high point in its career, in fame and prosperity alike. When Mr. Comegys was elected president, he made a brief and modest speech which sounded the keynote of his idea of banking. He described the office as honorable, but as a place of great trust and responsibility. "There are," he said, "but two general principles which should govern those who have the care of financial institutions—Safety and Profit. Much depends on the order in which these two are considered. I believe that the first thing to be thought of is Safety, and next to that, Profit. Capital first, Dividend next. There are but two methods of Bank government, personal and constitutional; a government by one man, or a government by a Board of Directors. This Bank, in a most conspicuous degree, has been governed by its Board of Directors. I have no wish to change this policy. I shall give my whole time in the hours of banking, to the duties with which I am charged, and I shall depend upon you to aid me with your counsels in all my official duties."

The estimate in which Mr. Comegys was held in Philadelphia was shown by the other positions to which he was appointed during his long and useful life. He was a manager of the American Sunday School Union, manager of the House of Refuge, trustee of the Jefferson Medical College, member of the Board of Public Education, and director of the Board of City Trusts managing the Girard Estate; and in financial capacities he was made a director and vice-president of the Philadelphia Trust, Safe Deposit and Insurance Company, manager of the Western Saving Fund Society, and director of the Pennsylvania Railroad Company. In the Clearing House, he was for over forty years a member of the Clearing House Committee, and its chairman during the last fifteen years of his life. No Philadelphian was ever held more trust-



EDWARD T. STOTESBURY.



worthy or in higher esteem, and his death was regarded as a general calamity.

His coat of arms, a spotless life,
An honest heart his crest;
Quartered therewith was innocence,
And thus his motto ran,—
“A conscience void of all offense,
Before both God and man.”

Mr. Comegys was a gentleman of fine literary tastes, an author of reputation, and in 1894 the Jefferson Medical College conferred upon him the degree of LL.D. He had an extensive and valuable library containing the best English literature, and his recreation from the cares of banking was largely among his books. In 1893 he published *A Tour Round My Library*, a collection of literary essays, with descriptions of his books and their authors, which he dedicated to “The Philadelphia Bank, the Oldest Bank in the City Chartered by the Commonwealth.” There are nearly a score of interesting volumes which he has published, many of them devotional works, manuals for worship and prayers, others containing his addresses on various public occasions, and essays especially for the guidance of young people, in which he was peculiarly adept. His *Primer of Ethics*, published in Boston, has been translated into Italian, Arabic, and Japanese. He was especially happy in his business and banking addresses, which have had wide circulation, and one of them, *What Manner of Man Should a Banker Be?* has been repeatedly reprinted. It was an address made to the American Bankers' Association in Baltimore, October, 1894. While his fame as a banker leads, the reputation of Mr. Comegys in his favorite field of literature and authorship is widely known.

When Mr. Comegys became the president of the Philadelphia National Bank, its statement made January 1, 1879,

showed aggregate assets of \$9,786,449. The loans were \$5,505,086, due from banks \$163,766, and the cash and reserve, including exchanges for Clearing House, \$4,117,597. The deposits were \$6,866,519, the circulation \$772,730, and the surplus or contingent fund and net profits \$772,730, with \$1,500,000 capital.

Nearly twenty years later, in 1898, Mr. Comegys in the course of an address described the requisites of a sound bank in the following terms: "A bank may be said to be in good condition when it has an adequate Capital (not too large), a Contingent Fund at least half as large as the Capital; when its dealers supply it with business paper to the extent of its needs; when it has a Board of Directors who are not content to be mere figureheads, but who understand their business and remember their qualification oaths: Directors who count the cash frequently, who insist that every person in the employment of the Bank shall take a vacation every year, and who believe that 'nothing is good enough that can be made better.'"

PROGRESS OF THE BANK

The Philadelphia National Bank during its subsequent career did not make much of what might be called history. The old philosopher has told us that "happy is the nation which has no history," and so it is with a financial institution. The Bank under its careful and conservative management went steadily along, increasing in strength, and constantly enlarging its business. The surplus and net profits, which were \$772,730 at the beginning of 1879, were \$871,959 in November, 1880; \$975,144 in November, 1885; \$1,127,232 in November, 1890; \$1,169,330 in December, 1895; and \$1,658,514 in December, 1900. The aggregate assets of \$9,786,449 in January, 1879, had increased to \$10,287,501

in November, 1880; \$12,633,373 in December, 1895; and \$31,626,029 in December, 1900.

The Bank was skilfully guided through repeated periods of financial stress and panic. President Garfield was shot early in July, 1881, causing an enormous derangement of the stock markets, and declines in all values, culminating the following September in Henry Villard's "blind pool" operations, and in the subsequent year followed by repeated Stock Exchange "corners," and in 1883 by the second Northern Pacific Railway catastrophe. This came closely upon the famous "driving of the golden spike," when Henry Villard and Sitting Bull were the chief actors in a weird drama on the Dakota plains which ended in a Wall Street cataclysm. In May, 1884, there was another general collapse in New York, the Marine Bank suspending, followed by the Grant & Ward failure two days later, and on May 14th by the Metropolitan Bank suspension, making a wild panic, so that the next day the banks were compelled again to resort to an issue of loan certificates. This caused depression during the remainder of the year, but it was overcome by the financial genius of Mr. J. Pierpont Morgan, who arranged for the absorption of the West Shore Railroad by the New York Central Railroad in July, 1885, a coup which produced a complete transformation, and caused another stock market boom.

During this period there were some changes in the staff of the Bank. Mr. B. F. Chatham, who had succeeded Mr. Comegys as cashier in 1872, died in November, 1879, much to the regret of the board, and was succeeded by James M. Gregg on December 11th. Mr. Gregg resigned in November, 1883, and James W. Torrey was elected cashier December 13th. Mr. Benjamin B. Comegys, Jr., the only son of the president, had entered the Bank as a clerk in 1880, and upon

January 4, 1883, was appointed assistant cashier. Upon November 20, 1884, young Mr. Comegys died. Upon April 17, 1882, the board adopted a minute expressive of its high regard for the venerable ex-President Thomas Robins, whose death had occurred just previously to the meeting. Another minute, upon July 23, 1885, records the universal sorrow produced by the death of General Ulysses S. Grant.

When John Welsh, the "Father of the Bank," died in 1854, his place at the board had been taken by his sons, who filled it alternately, Samuel Welsh and John Welsh. The latter, who was one of the most distinguished citizens of Philadelphia, foremost in its service in many capacities, the president of the Board of Trade, the head of the Centennial Board of Finance, and American Minister to England, died April 10, 1886. He had been a director at various periods since May, 1857, and the minute of the board on April 12th records his excellent service during the very serious panics of 1857 and 1873, and the trying times of the war of the Rebellion. To the statement of his valuable work for the Bank, the minute adds this deserved personal tribute: "Those of us who have been associated with Mr. Welsh here, will never forget his genial, attractive and most affectionate address and companionship. His whole life also was well balanced and substantial; a beautiful illustration of all that is noble and Christian in human character. He was, in the highest and best sense, a true American; he was a Philadelphia gentleman and our first citizen." Samuel Welsh, the elder brother, resigned in January, 1890, after a service covering forty years as director, at various periods.

Death was busy, removing several of the older directors during the years following Mr. Comegys' election as president. In April, 1880, John E. Cope died; in March, 1885, George Whitney; in September, 1890, William Brockie; in November,



JAMES F. HOPE.

1891, Edward Y. Townsend; and in May, 1895, Alfred M. Collins. One of the most faithful employees of the Bank, Joseph Roberts, died March 23, 1886, and the board ordered engrossed upon its minutes a most feeling tribute to his integrity and excellent service for over thirty-three years, giving him this high record: "In all the years of faithful service, conscientiously performed, he never swerved from the path of duty. He never seemed to consider himself, but always the Bank. He entered at the lowest place, but very soon rose to a position of confidential relations with the upper officers and directors, which he maintained with increasing respect and affection until his death. No shadow ever rested on his good name; no reproof or rebuke was ever administered; no sharp word was ever spoken; with literal truth may it be said of him,—'Well done, good and faithful servant.'"

VARIOUS FINANCIAL PANICS

Upon May 11, 1888, President Comegys began his forty-first year of service with the Philadelphia Bank, and on the preceding day the Board of Directors took appropriate action, entering upon the minutes an elaborate statement of his long and faithful career and their high appreciation of the "lasting benefits which have resulted." It recited the list of successive posts of duty he had filled, the many periods of perils through which the Bank had been guided, and mournfully recorded that "one by one, those with whom he commenced the race have fallen by the wayside, until to-day he stands alone, the sole survivor of the number, who, as directors, officers, and clerks, were connected with the management or detail of the Bank's business, when he entered its service." With pride it was also recorded that eighteen gentlemen had graduated from the Bank to positions of trust and honor, four to become

bank presidents, eight bank cashiers, and the others to responsible positions outside the banking fraternity. The minute added that "the members of the present force of the Bank look up to the President as to a father for advice and encouragement, never failing to receive considerate and kind treatment." Extending to him their hearty congratulations, with the hope that the Bank may for many years enjoy the benefit of his mature judgment and ripe experience, the document was suitably engrossed, signed by the directors, and transmitted to the president.

In June, 1889, occurred the appalling calamity of the Johnstown flood, and an expression of sympathy was transmitted to the correspondent there, the First National Bank of Johnstown, and \$1,000 was contributed to the relief fund.

The business world had again been moving financially at too rapid a gait, and there came another crisis in 1890. This culminated chiefly abroad, but its effects were sorely felt in the United States. A wild speculation in mines and industrial promotions had been pushed under English auspices in the Argentine, and in November it collapsed, bringing down in the wreck of credit the great house of the Barings in London, which suspended on the 10th, causing a widespread and lasting financial depression. The banks of New York found it necessary again to resort to the issue of loan certificates on November 14, 1890, and the example was followed in Philadelphia. A year or more elapsed before the operations of the financial syndicate which undertook the arrangement of the affairs of the Barings had restored confidence. Upon the recovery, there came a great speculation in anthracite coal properties, based upon the combination plans of President McLeod of the Reading Railroad, beginning in February, 1892, and continuing for a year, when the legal and other opposition engendered, and the stock market inflation that

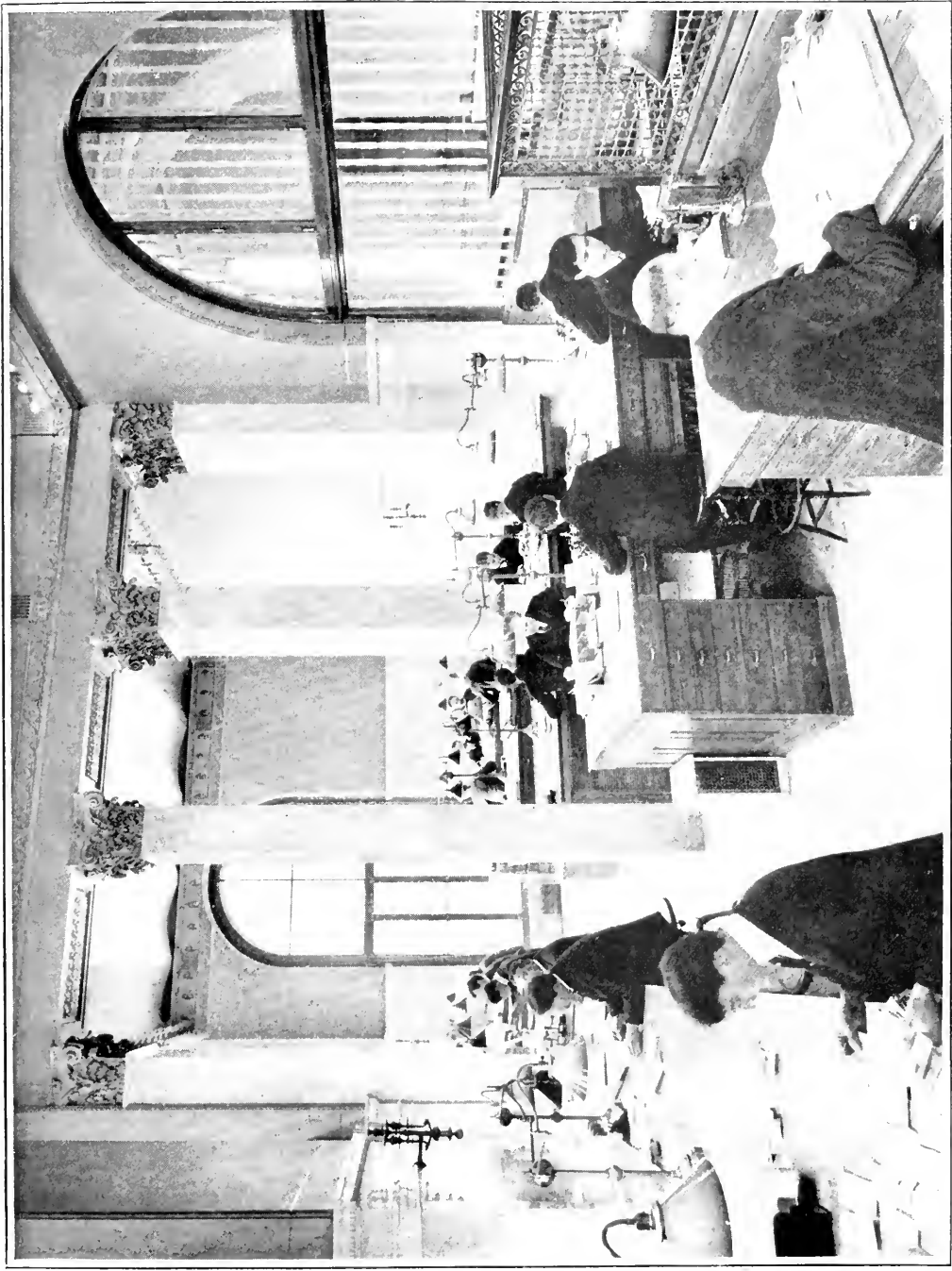
had been produced, resulted in a collapse, the Reading Companies suspending and going into a receivership in February, 1893. Again the Philadelphia National Bank was subjected to a serious strain, and again it was skilfully guided, as often before, through the period of peril.

For some time afterward all banking was fraught with most serious and unusual difficulties, causing constant financial disturbances, resulting in the hoarding of money and periods of the greatest scarcity of currency. This arose from the spreading over the country of the silver craze, developed in the demand for unlimited silver coinage at the ratio of sixteen to one. The operation of the Bland and other coinage acts of Congress had been filling the Treasury with enormous amounts of silver bullion, coined into silver dollars, which could not be forced into circulation, and upon which silver notes were issued, forming a very large part of the circulating medium. Month after month, under the operation of law, the Treasury bought and coined silver, while the excessive production had gradually decreased its market value. The troubles thus engendered produced such derangement that in 1896 another panic came, with a resort to loan certificates, and the country both politically and financially was in great straits. The Bank was well managed, its dividends maintained, and its surplus increased, while its strong influence was as constantly used to produce more healthy public opinion and a better financial system. The sound money battle was fought and won in the presidential election of 1896, and subsequently the repeal of the silver coinage laws made an improvement, which gave great hopefulness.

While these momentous events were transpiring, the Bank was under the skilful guidance of President Comegys, but there were changes in the office of cashier. James W. Torrey, the cashier, died, much to the general regret, upon March

13, 1893, and the board recorded a most feeling minute in memory of his twenty-one years of service, the last ten years being as cashier. He died in early manhood, at the age of thirty-eight, having for over a year struggled bravely and hopefully with the malignant and painful disorder which ended his life. Mr. Horace Hill, who was Mr. Torrey's assistant, resigned January 11, 1894, severing a connection with the Bank which had existed for thirty-nine years. Mr. Levi L. Rue, who had been elected assistant cashier April 13, 1893, after Mr. Torrey's death, was upon November 1, 1894, elected cashier of the Philadelphia National Bank.

Levi L. Rue was born in Philadelphia, July 14, 1860, and received his education in the public schools. In 1878 he was desirous of entering business, but receiving no encouragement from his father, who wished him to take a college course, preparatory to studying law, he sought a position for himself. Thinking he would like to enter a bank, he visited several financial institutions, and in one of them was offered an immediate position. This, however, he did not accept, but afterwards called at the Philadelphia National Bank, and was presented to the vice-president, Mr. B. B. Comegys, who promised him a position if he would study shorthand, which he did in a very short time, and on December 5th, the minutes record "the employment of a lad on trial by the name of Levi L. Rue." From that time on he passed through the various departments and grades of the bank until he was appointed receiving teller, which position he retained until April 13, 1893, when he was appointed assistant cashier, and on November 1, 1894, cashier. On October 28, 1897, he was made a director,—the first cashier elected, while in service, to membership in the board. On April 5, 1900, he was elected second vice-president, which position, together with that of cashier, he now holds.



BOOKKEEPERS' DEPARTMENT.

MR. COMEGYS' CLOSING YEARS

The semi-centenary of Mr. Comegys' connection with the Philadelphia National Bank came upon May 11, 1898. Upon this occasion the directors marked the event by giving the venerable president a dinner at the Hotel Bellevue. The invitation was transmitted upon April 27th. It referred to the completion of his half-century of service, to the growth of the bank to high rank among the financial institutions of Philadelphia, and added that "the same qualities which have contributed to its success have placed you personally in the front rank of the citizens of Philadelphia, and have commanded for you the high esteem and regard of the entire community." This invitation was signed by his twelve colleagues in the board, Augustus Heaton, J. L. Erringer, N. Parker Shortridge, Richard Ashhurst, Lincoln Godfrey, John H. Converse, George Wood, Lawrence Johnson, Alfred C. Harrison, James M. Duane, Frank Thomson, and Levi L. Rue. At the dinner the two Bank statements were contrasted, 1848 when he began and 1898. In 1848 the Bank had \$1,150,000 capital, \$262,813 surplus and profits, and \$4,060,336 aggregate assets. In 1898 the capital was \$1,500,000, the surplus and profits \$1,300,746, and the assets \$19,455,745.

Mr. Comegys made the occasion memorable by giving his reminiscences of the half-century, reading a most interesting paper, which has been the foundation of much that is written in this history of the Bank. He said he had been elected a clerk on May 11, 1848, and at once entered upon his duties as an assistant to the general-ledger bookkeeper. A political quarrel between the cashier and one of the bookkeepers, which resulted in the latter's resignation, caused the vacancy he was chosen to fill. Within a week the general-

ledger bookkeeper died, the discount clerk was appointed to his place, and Mr. Comegys was made discount clerk. The new general-ledger bookkeeper proving incompetent, the foreign note clerk was appointed to the position, and Mr. Comegys made foreign note clerk. Then the cashier became involved, resigning in 1851, Mr. Comegys was made cashier, and thereafter he and the Bank became almost synonymous.

He gave a short history of what he regarded as one of the most influential means of extending the business and usefulness of the Bank through the change in the banking house in 1892. The front of the building on Chestnut Street had been previously occupied by various city offices, the banking room being at the rear. These offices were withdrawn in 1892, and removed to the City Hall, and it was determined to remodel the Bank building, the work being planned and carried out by a committee of directors, Messrs. N. Parker Shortridge, Lincoln Godfrey, and Alfred M. Collins. The house was entirely reconstructed, and the Bank brought to the Chestnut Street front, which was first occupied November 19, 1892; and there were further improvements and enlargements made necessary by the increasing business, in the summer of 1895.

He described many banking methods and systems for increased safety and convenience first introduced in the Philadelphia Bank, which had been copied and generally adopted elsewhere, and expressed gratification that, with one very slight exception, there had been no defalcation in the Bank for nearly fifty years. During the half-century \$9,000,000 had been paid in dividends, a larger sum than had been disbursed by any other bank in the city, being 621 per cent. of the capital, and a yearly average of $12\frac{1}{2}$ per cent., and since its organization in 1803 the dividends had annually averaged $9\frac{1}{4}$ per cent.

Mr. Comegys thus enunciated his broad ideas of the science of banking: "It is not the chief end of the individual man to make money and accumulate wealth; so, likewise, a bank is created and sustained, not merely for the purpose of making money and paying large dividends to the owners of its shares. It is eminently proper that a merchant, manufacturer, mechanic, railroad manager or farmer, shall conduct his business on high principles, dealing justly with his competitors, taking no unfair advantage of the ignorance of others, requiring faithful service and giving just remunerations; and it is also the office of a well-managed bank so to administer its affairs with reference to the well-being of others, that it shall always be ready to aid, within proper limits, legitimate enterprises for the public good; not overworking or underpaying its employees, nor retaining in its service persons of unworthy character; but holding before the community in which it is located a model Bank in all its features. The community has a right to claim this of its citizens, and especially has it a right to claim it of banks and other financial institutions; for all the money in the country, excepting what is in the Treasury of the United States, or in the pockets of the people, is in the custody of Banks, Trust Companies, or Bankers, by whatever name they may be called, and it is of the utmost importance that the business of such institutions shall be conducted by men of high personal character."

In connection with the operations of the Bank itself, at the same time, he referred to public services rendered, and aid extended to the Government in various ways, and to business interests having no direct connection with the Bank; and thus continued: "We have never been behind our neighbors in matters of great public interest. We have provided an adequate pension fund for superannuated clerks; and have graduated from our staff of clerks twenty persons to high positions

in our own and other institutions, fifteen of whom have been bank officials, three officers of large corporations, and one has entered the Christian ministry. The Philadelphia Bank has been especially liberal to those faithful to its interests, having a system of graduated vacations, regulated by the length of service; and in numerous instances has granted a more extended leave of absence as a recognition of special fidelity." After referring to various financial panics, he added that "the management of this Bank, during these most trying periods, in supplying our dealers with currency, and in remitting to our correspondents, and to many others who committed business to us which had been diverted from its regular course, currency or New York exchange, at an expense of many thousands of dollars to us, was so wise and liberal, as to give entire satisfaction to all parties concerned, and contribute largely to the popularity of the Bank. I speak with entire freedom from self-praise, because, during the hottest of this period, I was absent from home."

The Philadelphia Bank, in 1896, when it became necessary to sustain the Government sound money policy by providing the Treasury with ample gold, subscribed \$1,000,000 United States loan, the record tersely reciting "said bonds to be paid for in gold." Again, in April, 1898, when the Spanish war was coming on, the board transmitted to Congress a message signed by the officers and directors, imploring that body to sustain President McKinley "in his conduct of our unfortunate complications with Spain, and permit him to carry out what we believe will be a successful issue of his wise and well considered policy." When the Spanish war came, the Bank in June, 1898, promptly subscribed \$10,000,000 to the Government war loan of \$200,000,000. The connection of the Bank with the Pennsylvania Railroad had been marked by the entrance of its president, Frank Thomson, to the board in April,



HARRY J. KESER,
ASSISTANT CASHIER.

1897. Mr. Thomson died in June, 1899, and the new president of the Pennsylvania Railroad, Alexander J. Cassatt, succeeded him as a director. In March, 1900, the oldest director, Augustus Heaton, who had served for forty years, died, and the board adopted an appropriate minute.

President Comegys was advancing in years, and while his zeal and devotion were undiminished, he needed rest and asked for a leave of absence, which he availed of to make an extended tour abroad. At Mr. Comegys' suggestion, the office of vice-president was revived and upon June 5, 1899, Lincoln Godfrey was elected vice-president of the Bank, which office he still holds. Mr. Godfrey was born in Philadelphia May 17, 1850, and was the son of Benjamin G. Godfrey, long a director of the Philadelphia Bank. He entered his father's business house at the age of sixteen, and was admitted a partner in 1872, subsequently withdrawing to assist in forming the firm of William Simpson, Sons & Co., of which he is now the senior partner. In January, 1880, he was elected a director of the Philadelphia Bank. He is president of the Eddystone Manufacturing Company, a director of the Pennsylvania Railroad, of the Philadelphia Trust, Safe Deposit and Insurance Company, of the Insurance Company of North America, and of other institutions.

In March, 1900, the career of the great banker, Benjamin B. Comegys, closed. After a brief illness, he died March 29, 1900, in his eighty-first year, having served the Philadelphia Bank for nearly fifty-two years. His death caused profound sorrow in Philadelphia, and general regret was expressed in banking circles throughout the country, he being regarded as one of the great leaders in finance. In recording the death of its venerable president, the board announced that "his personality has been synonymous with the standing of the Bank, and in the estimation of the business community, Mr.

Comegys and the Philadelphia National Bank were inseparably associated. His loyalty to its interests was complete and unwavering, his pride in its growth and influence was intense and conspicuous. By his sterling character, he commanded the general respect of the community. His uniform courtesy to all; his sympathy for those who needed counsel and encouragement; and his sincere interest in every good work, endeared him to all with whom he had business relations. He had a breadth of view born of sound judgment and ripe experience. The estimation with which he was held in financial circles testified to the sincere regard and respect he everywhere inspired. The influence of his upright Christian life and example had no small effect in maintaining a high standard of character in all the departments of service of the Bank. The Board recognizes that much of the prosperity which the Bank has enjoyed has been due to his able and conservative management."

PRESIDENT SHORTRIDGE HIS SUCCESSOR

N. Parker Shortridge, who had been a director since 1867, was elected president of the Philadelphia National Bank, April 2, 1900, and the present official organization of the Bank was then formed, Mr. Godfrey continuing as first vice-president, and Mr. Rue, the cashier, being elected the second vice-president on April 5th.

Mr. Shortridge was born at Portsmouth, New Hampshire, November 28, 1829, his father having been a merchant of that city. At the age of sixteen years he came to Philadelphia, and entered the dry-goods commission house of David S. Brown & Co. Here he continued for twelve years, when he became a partner of George F. Peabody & Co., engaged in similar business, and in 1864 he entered the firm that suc-

ceeded it, Harris, Shortridge & Co., which in 1867 became Shortridge, Borden & Co. He was at this time elected a director of the Philadelphia National Bank, and in 1874 was chosen a director of the Pennsylvania Railroad, of which he has been for many years chairman of the Finance Committee. He is also president of the Philadelphia and Erie Railroad.

The Philadelphia National Bank had received a considerable impetus in its business through the increasing activities following the Spanish war, and the period of high industrial prosperity which the country afterward enjoyed. In May, 1900, the City National Bank, one of the strongest of the smaller banks of the city, was merged with the Philadelphia Bank. The City National Bank, of which Josiah Kisterbock, Jr., was the president, had \$400,000 capital and a large surplus, and in the subsequent liquidation of its affairs its stockholders received for each share of \$50 par a distribution of \$105.77 in cash. The Philadelphia National Bank had large accessions to its business and deposits during the remainder of the year 1900, so that in December its aggregate assets had increased to \$31,626,029. It had \$20,310,445 loans, \$1,647,105 due from banks, and \$9,678,479 cash and reserve. Its deposits were \$27,779,965, its circulation \$697,550, surplus and profits \$1,658,514, and capital \$1,500,000.

The constantly enlarging business of the Bank required that the office of assistant cashier should be again revived, and on April 26, 1901, Harry J. Keser was appointed to that position. Mr. Keser was born in Philadelphia, March 30, 1873, and was educated at the public schools and Girard College. Upon graduation from the latter, he entered the service of the Philadelphia National Bank, June 11, 1888, and was advanced step by step to the post of assistant cashier, which he now fills.

The business of the Bank continued to expand, and in the

statement of July 1, 1903, the aggregate assets had increased to \$38,343,032. It had \$21,312,517 loans and investments, \$3,924,547 due from banks, \$12,505,968 cash and reserve, and the banking house was valued at \$600,000. The deposits were \$34,590,869, the circulation \$50,000, surplus and net profits \$2,202,163, and capital \$1,500,000.

The Clerks' Pension Fund of the Philadelphia National Bank has steadily increased to an invested capital, at present, of \$112,000, the accounts being kept entirely apart from those of the Bank, as a special trust. It has, during its existence, supported twenty beneficiaries, the aggregate disbursements of income to them having been \$80,000, and there are now six beneficiaries receiving pensions.

During the century of existence, the Philadelphia Bank and the Philadelphia National Bank have paid to the stockholders nine hundred and thirty-six (936) per cent. in dividends, amounting to \$14,104,372 in cash, being nearly nine and one-half times the present capital of the Bank. There are eight hundred and ten (810) stockholders of the Bank. These are 299 men, 334 women, 150 trust estates, and 27 corporations. During the century, the Bank has had one hundred and ninety-one (191) directors, including many of the most prominent citizens and business men of Philadelphia. The staff of the Bank numbers ninety persons.

These pages have told the story of the Philadelphia Bank, of its fortunes, its career, and the close and influential connection it has had with the great events that have made up the financial history of the nation, State, and city. Always loyal, always helpful, it has grown with the vast growth of the country and of the community it has served, and begins its second century, September 19, 1903, with the best wishes of its friends and patrons, and the entire confidence of the city of Philadelphia, whose honored name it bears.



CORRESPONDENCE DEPARTMENT.

IX
APPENDIX
1803-1903

IX
APPENDIX
1803-1903

*Bank Statements, 1816-1903—Organization, 1803-1903—
Officers During the Century—Directors—Dividends—
Biographies of the Directors, 1903.*

THE following pages contain the first statement issued by the Philadelphia Bank, November 4, 1816, and the statement of the Philadelphia National Bank of July 1, 1903; the organization of the Bank in 1803 and 1903; a list of the officers during the century, also of the directors, and of the dividends paid; and biographies of the directors, members of the board for 1903.

THE PHILADELPHIA BANK
THE FIRST STATEMENT

November 4, 1816

Resources

Notes Discounted at Philadelphia,	\$1,435,800	
Notes Discounted at Branches,	936,431	\$2,372,231
Stock Bought on Account of Contingent Fund,		98,000
Banking House and Adjoining Lot,		54,200
Loan to State of Pennsylvania,		50,000
Loan to City of Philadelphia,		59,000
Due from Pennsylvania Bank,	\$87,500	
" Commercial Bank,	18,300	
" Mechanics' Bank,	72,600	
" Other Banks,	12,200	190,600
Real Estate at Branches and Taken for Debt,		21,300
Bridge and Turnpike Stocks,		3,000
Charter (Cost),		145,126
Expenses since Last Dividend,		4,648
Cash: viz. Specie,	\$228,438	
Notes of Other Banks,	103,917	332,355
		\$3,330,460

Liabilities

Capital Stock,		\$1,800,000
Notes in Circulation,		456,013
Due to Bank of North America,	\$12,000	
" Farmers' and Mechanics' Bank,	72,800	
" Merchants' Bank, New York,	49,000	
" Other Banks,	18,300	152,100
" State of Pennsylvania,		22,500
Dividends Unpaid,		12,402
Discounts since Last Dividend,		19,824
Due to Individual Depositors,		671,737
Sinking Fund to Liquidate Cost of Charter and Reservation as Sinking Fund,		195,884
		\$3,330,460

THE PHILADELPHIA NATIONAL BANK

THE LATEST STATEMENT

July 1, 1903

Resources

Loans, Discounts, and Investments,.....		\$21,312,517	
Banking House,.....		600,000	
Due from Banks, not Reserve Agents,.....		3,924,547	
Exchanges for Clearing House,.....	\$2,153,205		
Cash and Reserve,.....	<u>10,352,763</u>		<u>12,505,968</u>
			\$38,343,032

Liabilities

Capital Stock,.....		\$1,500,000	
Surplus Fund,.....		2,000,000	
Net Profits,		202,163	
Circulation,		50,000	
Deposits—Individual,.....	\$22,919,521		
Bank,	<u>11,671,348</u>		<u>34,590,869</u>
			\$38,343,032

THE PHILADELPHIA BANK

1803

ORGANIZATION

President,-----GEORGE CLYMER.
 Cashier,-----JAMES TODD.

Directors

GEORGE CLYMER	WILLIAM GUIER
JOHN WELSH	JOSEPH D. DRINKER
JOHN GARDINER, JR.	JOHN BOHLEN
SAMUEL MEEKER	WILLIAM HASLETT
ELISHA KANE	JACOB SHOEMAKER
JACOB SPERRY	ABRAHAM M. GARRIGUES
MATTHEW LAWLER	ALEXANDER CRANSTON
LOUIS D. CARPENTIER	JOSEPH CLARK

First Teller,-----QUINTIN CAMPBELL
Second Teller,-----MOSES MUSGRAVE
First Bookkeeper,-----E. SALOMON
Second Bookkeeper,-----SAMUEL FIELD
Discount Clerk,-----THOMAS F. GAMBLE
Note and Transfer Clerk,--JOHN NEAL
Notary,-----NICHOLAS DIEHL
Runner,-----FRANCIS G. DEMLING
Watchmen,-----JOSEPH CARROLL, ROBERT BAYNE

THE PHILADELPHIA NATIONAL BANK

1903

ORGANIZATION

President,.....N. PARKER SHORTRIDGE
 First Vice-president,.....LINCOLN GODFREY
 Second Vice-president and Cashier,....LEVI L. RUE
 Assistant Cashier,HARRY J. KESER

Directors

N. PARKER SHORTRIDGE	LEVI L. RUE
J. LIVINGSTON ERRINGER	GEORGE H. FRAZIER
RICHARD ASHHURST	ALEXANDER J. CASSATT
LINCOLN GODFREY	PERCIVAL ROBERTS, JR.
JOHN H. CONVERSE	GEORGE H. MCFADDEN
GEORGE WOOD	WILLIAM POTTER
LAWRENCE JOHNSON	EDWARD T. STOTESBURY
ALFRED C. HARRISON	JAMES F. HOPE

Solicitor

ANGELO T. FREEDLEY

Auditor

WILLIAM SHERWOOD,* 1864
Assistant, WILLIAM N. EMORY, 1884

Loan Department

HORACE FORTESCUE, 1893
 RICHARD C. STEPHENS, JR.,.....1884 DAVID W. STEWART,.....1885

Paying Tellers' Department

SAMUEL H. MEIN, 1871
 HUGH DUNLAP,1884 JAMES A. DUFFY,.....1890
 SAMUEL L. TURNER,.....1899 WILLIAM W. ALLEN, JR.,.....1900

* The year is given when each person began service in the Bank.

Receiving Tellers' Department

FRANK P. STEPHENS, 1881	JOSIAH B. BARTOW, 1884
EDWIN K. STEEL, -----1860	STEPHEN E. RUTH, -----1890
ERNEST CHOATE, -----1885	JOHN R. NAISBY, -----1902
JAMES C. TORREY, -----1895	E. WALLACE MILLER, -----1902
CHARLES S. EMORY, -----1895	JAMES HASSARD, -----1902
HAROLD I. TAYLOR, -----1900	WALTER S. HEINS, -----1902
ALFRED M. WALTON, -----1900	CHARLES A. FALON, -----1903
EUGENE A. SKILTON, -----1900	PERCY N. DEMUTH, -----1903
JAMES A. CARRIGAN, -----1900	JOHN R. RUE, -----1903
CAMPBELL M. CARR, -----1901	CHARLES J. B. DIXON, -----1903
NELSON H. CLARK, -----1902	GUY W. STURDIVANT, -----1903
WILFRED M. POWELL, -----1902	WILLIAM E. PENINGTON, -----1903
RUSSELL WATSON, -----1902	L. PARKER MILLER, -----1903
	FRANCIS W. WESTWOOD, 1903

General Ledger Bookkeepers

	JOHN G. ROBERTS, 1899
ARTHUR N. STARIN, -----1899	MATTHEW B. DUFFY, -----1899
CHARLES H. VOORHIS, -----1901	L. THOMAS TROOK, -----1902
AUGUSTUS M. WESSELS, -----1901	FRANKLIN P. ROULEAU, -----1902

Individual Ledger Bookkeepers

	HOWARD K. DUNN, 1876
WILLIAM WATTERS, -----1876	ALFRED CHOATE, -----1886
WILLIAM W. HUGHES, -----1900	ROBERT W. KNIGHT, -----1901
DANIEL PORTER, JR., -----1900	IRA S. MAYER, -----1901

Foreign Collection Department

	FREDERICK C. STAPP, 1880
H. ST. CLAIR ASH, -----1899	JACOB M. TRYON, -----1901
	HERMANN V. WEINMANN, 1903

Runners' Department

	ERNST SCHWACKE, 1874
WILLIAM H. PETTIT, -----1900	THOMAS MARSHALL, -----1874
SAMUEL GIBSON JR., -----1886	GEORGE F. TUCKER, -----1901
WILLIAM GOODALL, -----1887	FRANK W. DURELL, -----1902
	J. D. EARL ALLEN, 1902

Correspondence Department

JOHN K. TURNER, 1899
 CHARLES N. BROADBENT, -----1900 CALVIN C. RUSH, -----1901
 RICHARD D. BATEMAN, -----1900 CLAYTON J. LARASH, -----1901
 ARTHUR G. MOORE, -----1900 J. BYRON DEACON, -----1901
 LEWIS WALKER, 1903

Analysis Department

JAMES B. RUTH, 1899
 JOHN R. WESTWOOD, JR., -----1901 O. HOWARD WOLFE, -----1899
 LINWOOD J. HANNUM, 1902

Superintendent of Building

JOSEPH GRIEVES, 1890

Stenographers

SARA H. RODGERS, -----1900 FLORENCE E. GRAFFTEY, -----1902

Telephone Exchange

MARY V. NEVILLE, 1900

Messengers

JAMES BLACKBURN, -----1891 WILLIAM P. ALLAN, -----1900

Day Watchmen

MICHAEL A. SULLIVAN, -----1901 JOHN J. THOMPSON, -----1903

Night Watchmen

GEORGE ETTINGER, -----1897 JAMES EWING, -----1903

Page

ERNEST A. JACKSON, 1900

OFFICERS DURING THE CENTURY

Presidents

GEORGE CLYMER, -----	August	18, 1803, till	January	23, 1813
DAVID LENOX, -----	January	28, 1813, till	December	31, 1818
JOHN READ, -----	December	31, 1818, till	February	2, 1847
SAMUEL F. SMITH, -----	February	2, 1847, till	January	29, 1852
THOMAS ROBINS, -----	January	29, 1852, till	January	16, 1879
BENJAMIN B. COMEGYS, -----	January	16, 1879, till	March	29, 1900
N. PARKER SHORTRIDGE, -----	April	2, 1900		

Vice-presidents

BENJAMIN B. COMEGYS, -----	January	10, 1867, till	January	16, 1879
LINCOLN GODFREY, -----	June	5, 1899		
LEVI L. RUE, -----	April	5, 1900		

Cashiers

JAMES TODD, -----	August	17, 1803, till	November	7, 1805
QUINTIN CAMPBELL, -----	November	7, 1805, till	November	17, 1835
JOHN B. TREVOR, -----	November	30, 1835, till	August	28, 1851
BENJAMIN B. COMEGYS, -----	August	28, 1851, till	January	15, 1872
BENJAMIN F. CHATHAM, -----	January	15, 1872, till	November	26, 1879
JAMES M. GREGG, -----	December	11, 1879, till	November	28, 1883
JAMES W. TORREY, -----	December	13, 1883, till	March	13, 1893
LEVI L. RUE, -----	November	1, 1894		

Assistant Cashiers

BENJAMIN F. CHATHAM, -----	January	10, 1867, till	January	15, 1872
BENJAMIN B. COMEGYS, JR., -----	January	4, 1883, till	November	20, 1884
HORACE HILL, -----	November	3, 1802, till	January	11, 1894
LEVI L. RUE, -----	April	13, 1893, till	November	1, 1894
HARRY J. KESER, -----	April	26, 1901		

DIRECTORS DURING THE CENTURY

The following is a chronological list of the Bank Directors, those elected by the Legislature of the State of Pennsylvania being marked *, and State Directors, who were also elected Directors by the stockholders, being marked †. The year of first election of each Director is given.

THE PHILADELPHIA BANK

- | | |
|---------------------------------------|-------------------------|
| 1803. GEORGE CLYMER, <i>President</i> | 1809. *JOHN W. FAUSSETT |
| JOHN WELSH | *DAVID ATCHESON. |
| JOHN GARDINER, JR. | 1810. *JACOB HOLGATE. |
| SAMUEL MEEKER | 1812. WILLIAM PHILLIPS |
| ELISHA KANE | JOSEPH LEA |
| JACOB SPERRY | JOSEPH LOWNES |
| MATTHEW LAWLER | MATTHEW L. BEVAN |
| LOUIS D. CARPENTIER | *WILLIAM SMILEY. |
| WILLIAM GUIER | 1813. DAVID LENOX |
| JOSEPH D. DRINKER | *GODFREY SMITH |
| JOHN BOHLEN | *WILLIAM WEAVER. |
| WILLIAM HASLETT | 1814. JOSEPH CLARK, JR. |
| JACOB SHOEMAKER | JOHN GODFREY WACHSMUTH |
| ABRAHAM M. GARRIGUES | CHARLES CHAUNCEY |
| ISRAEL ISRAEL | *CHRISTOPHER J. BURCKLE |
| JOSEPH CLARK. | *THOMAS F. GORDON |
| 1804. *MICHAEL BRIGHT | †FREDERICK RAVESIES |
| *JOHN JACKSON | *JACOB HOUP. |
| †DAVID JACKSON | 1815. JOHN STILLE |
| †SAMUEL CARSWELL | SAMUEL W. JONES |
| *LEWIS RUSH | *JOSEPH MCCOY |
| *WILLIAM MCFADDEN. | *JOSEPH WORRELL |
| 1805. AUGUSTINE BOSQUET | *JOHN GEYER. |
| JOHN WARDER | 1816. JOHN MAGOFFIN |
| *HENRY ORTH | *JOHN CLAXTON |
| *HUGH HENRY. | *ROBERT A. CALDCLEUGH. |
| 1806. *ROBERT JOHNSON | 1817. JOSEPH R. EVANS |
| †THOMAS ROSS. | †CHARLES BIDDLE, JR. |
| 1807. CASPAR W. MORRIS | *MORRIS WURTS. |
| THOMAS CALLENDER | 1818. BENJAMIN STILLE |
| *ADOLPHE ERINGHAUS | *DANIEL H. MILLER |
| *THEOPHILUS HARRIS | *JOHN READ |
| †SAMUEL F. SMITH. | †ROBERT PATTERSON |
| 1808. *ROBERT HARRIS, JR. | *ANDREW FISHER. |
| †THOMAS W. FRANCIS | 1819. CHARLES GRAFF |
| *SAMUEL HODGDON. | WILLIAM YARDLEY |

Directors During the Century

1819. JOHN M. PRICE.
1820. JOHN A. DUTILH
CALEB NEWBOLD, JR.
EDWARD TWELLS
*ALEXANDER McCARAHER
*JOHN CONRAD.
1821. *JOHN L. CLARK
*JOSEPH WATSON.
1822. *MICHAEL RITER
*JAMES M. LINNARD.
1823. *ABRAHAM OKIE.
1824. DANIEL MOORE
*LEVI ELLMAKER.
1826. JOSHUA LONGSTRETH.
1827. CYRUS JACOBS.
1828. WILLIAM WORRELL
JOHN COWDEN
JOHN A. OTTO
*JOHN M. BARCLAY.
1829. *SAMUEL HEINTZ
*WILLIAM BOYD.
1830. *LEWIS RYAN.
1831. *EDWIN N. BRIDGES
*JOHN B. TREVOR.
1832. AARON KILLE
*JOSEPH PLANKINTON
*BENJAMIN JONES
*ALEXANDER McCLUNG
*HUGH DOWNING.
1833. *FRANCIS SHOEMAKER
*PAUL S. BROWN.
1834. LEWIS WALN
JOSHUA C. OLIVER.
1835. RICHARD PRICE
QUINTIN CAMPBELL
JOHN N. CONYNGHAM
RICHARD D. WOOD
*JOEL COOK
†HENRY C. CORBIT.
1836. *DANIEL M. BROADHEAD
*LEWIS M. TROUTMAN.
1837. *GEORGE H. HOWELL
1837. *JAMES McCORMICK
*BENJAMIN E. CARPENTER.
1838. JOHN DUNCAN
*ALEXANDER CUMMINGS
*J. SIDNEY JONES
*JESSE R. BURDEN
*G. C. HOWELL.
1839. *DANIEL M. KEIM
*DAVID P. BUSSIER.
1840. *W. C. COCHRAN
*B. COOPER
*W. H. SPACKMAN.
1842. JOHN W. CLAGHORN
*EDWARD T. MOTT
*HENRY M. PHILLIPS.
1844. EDWIN M. LEWIS.
1845. JOHN DEVEREUX.
1847. WILLIAM S. BOYD.
1848. SAMUEL WELSH.
1851. JOHN YARROW
JOSEPH SWIFT
THOMAS ROBINS.
1853. DANIEL B. HINMAN.
1854. ALBERT WORRELL.
1856. MARSHALL HILL.
1857. LEWIS R. ASHURST
FREDERICK LENNIG
ABRAHAM HART
JOHN WELSH, 2D.
1859. EDWARD S. CLARKE
RICHARD WOOD
J. GILLINGHAM FELL
JOHN P. WHITE.
1860. CHARLES LENNIG
AUGUSTUS HEATON.
1861. J. LIVINGSTON ERRINGER
JAMES L. CLAGHORN
SAMUEL W. DECOURSEY.
1862. HENRY PREAUT
GEORGE WHITNEY
BENJAMIN G. GODFREY.

Directors During the Century

THE PHILADELPHIA NATIONAL BANK

- | | | | |
|-------|---------------------------------|-------|-------------------------|
| 1864. | THOMAS ROBINS, <i>President</i> | 1876. | HENRY K. DILLARD. |
| | RICHARD D. WOOD | 1877. | WILLIAM W. FRAZIER, JR. |
| | MARSHALL HILL | | ALFRED M. COLLINS. |
| | LEWIS R. ASHHURST | 1880. | LINCOLN GODFREY. |
| | J. GILLINGHAM FELL | 1882. | ALEXANDER BROWN. |
| | CHARLES LENNIG | 1883. | EDWARD S. BUCKLEY |
| | AUGUSTUS HEATON | | GEORGE BURNHAM. |
| | J. LIVINGSTON ERRINGER | 1884. | EUGENE DELANO. |
| | JAMES L. CLAGHORN | 1885. | JOHN H. CONVERSE. |
| | SAMUEL W. DECOURSEY | 1886. | HENRY T. TOWNSEND. |
| | HENRY PREAUT | 1887. | ISAAC H. CLOTHIER |
| | GEORGE WHITNEY | | WILLIAM HENRY TROTTER. |
| | BENJAMIN G. GODFREY. | 1890. | GEORGE WOOD. |
| 1866. | JOHN D. TAYLOR | 1891. | LAWRENCE JOHNSON. |
| | JAMES STEEL. | 1895. | ALFRED C. HARRISON |
| 1867. | N. PARKER SHORTRIDGE | | JAMES MAY DUANE. |
| | EDWARD Y. TOWNSEND | 1897. | FRANK THOMSON |
| | FRANK L. BODINE | | LEVI L. RUE. |
| | BENJAMIN B. COMEGYS. | 1899. | GEORGE H. FRAZIER |
| 1868. | GEORGE W. MEARS. | | A. J. CASSATT. |
| 1874. | RICHARD ASHHURST | 1900. | PERCIVAL ROBERTS, JR. |
| | JOHN E. COPE | | GEORGE H. MCFADDEN |
| | CHARLES C. HARRISON. | | WILLIAM POTTER. |
| 1875. | JOHN R. WHITNEY. | 1901. | EDWARD T. STOTESBURY. |
| 1876. | WILLIAM BROCKIE | 1902. | JAMES F. HOPE |

DIVIDENDS DURING THE CENTURY

936 per Cent. \$14,104,372 in Cash

YEAR	RATE	AMOUNT	YEAR	RATE	AMOUNT
1804	6 $\frac{1}{2}$ %	\$66,634	1856	12%	\$138,000
1805	6 $\frac{1}{2}$ %	84,500	1857	8%	140,750
1806	7 $\frac{1}{2}$ %	99,031	1858	8%	135,064
1807	8%	124,816	1859	10%	168,060
1808	8%	126,584	1860	10%	168,735
1809	8%	132,556	1861	6%	101,103
1810	8%	143,220	1862	7%	115,022
1811	4%	72,000	1863	10%	154,865
1812	6 $\frac{1}{2}$ %	117,000	1864	13%	198,168
1813	8%	144,000	1865	15%	225,000
1814	7 $\frac{1}{2}$ %	135,000	"	25% (special)	375,000
1815	7 $\frac{1}{2}$ %	135,000	1866	15%	225,000
1816	7%	126,000	1867	16%	240,000
1817	7%	126,000	1868	15%	225,000
1818	6%	108,000	1869	14%	210,000
1819	3%	54,000	1870	14%	210,000
1820	3%	54,000	1871	14%	210,000
1821	4%	72,000	1872	14%	210,000
1822	5%	90,000	1873	14%	210,000
1823	5%	90,000	1874	14%	210,000
1824	5%	90,000	1875	14%	210,000
1825	5%	90,000	1876	14%	210,000
1826	5%	90,000	1877	14%	210,000
1827	5%	90,000	1878	12%	180,000
1828	4 $\frac{1}{2}$ %	81,000	1879	11%	165,000
1829	5%	90,000	1880	12%	180,000
1830	5%	90,000	1881	11%	165,000
1831	5 $\frac{1}{2}$ %	99,000	1882	12%	180,000
1832	6%	108,000	1883	12%	180,000
1833	6%	108,000	1884	12%	180,000
1834	3%	54,000	1885	12%	180,000
1835	6 $\frac{1}{2}$ %	117,000	1886	12%	180,000
1836	7%	126,000	1887	12%	180,000
1837	6 $\frac{1}{2}$ %	117,000	1888	12%	180,000
1838	6 $\frac{1}{2}$ %	117,000	1889	12%	180,000
1839	7%	118,266	1890	12%	180,000
1840	6%	92,532	1891	12%	180,000
1841	3%	46,266	1892	10%	150,000
1844	7%	80,500	1893	10%	150,000
1845	8%	92,000	1894	10%	150,000
1846	8%	92,000	1895	10%	150,000
1847	17%	195,500	1896	10%	150,000
1848	9%	103,500	1897	10%	150,000
1849	15%	172,500	1898	10%	150,000
1850	14%	161,000	1899	10%	150,000
1851	11%	126,500	1900	10%	150,000
1852	11%	126,500	1901	10%	150,000
1853	12%	138,000	1902	10%	150,000
1854	12%	138,000	1903	5% (half-year)	75,000
1855	12%	138,000			

Total, 936 per cent.; \$14,104,372.

THE PHILADELPHIA NATIONAL BANK
BIOGRAPHIES OF THE DIRECTORS

1903

N. Parker Shortridge, elected director January 8, 1867, and president, April 2, 1900, was born in Portsmouth, New Hampshire, November 28, 1829. His father, John Hart Shortridge, was a merchant of Portsmouth, and his mother, Margaret Tredick, was a daughter of Captain Henry Tredick, of Portsmouth. His great-grandfather was Captain Richard Shortridge, of the Second New Hampshire Regiment in the Revolution, who served until July 8, 1776, when he died at Crown Point on Lake Champlain. Mr. N. Parker Shortridge was educated at the Academy, Dover, New Hampshire. Coming to Philadelphia, at the age of sixteen, he entered the counting-house of David S. Brown & Co., cotton and woolen dry-goods commission merchants. Here he continued for twelve years, learning all branches of that extensive business, and then, with George F. Peabody of that firm, he established the new firm of George F. Peabody & Co., dry-goods commission merchants. In 1864 this firm was succeeded by Harris, Shortridge & Co., and in 1867 by Shortridge, Borden & Co. He retired from active business in 1877, and the next year spent five months in travel abroad. He was very active in the organization of the American Steamship Co., and the Centennial Exhibition of 1876 at Philadelphia, being prominent in conducting the affairs of the Centennial Board of Finance. He was elected a member of this board at its organization in 1873, and continued actively in its management until the closing of the business of the Exhibition, twenty years later, and he was also a member of the committee that wound up its affairs. Mr. Shortridge was elected a director of the Pennsylvania Railroad in March, 1874. He is also President of the Philadelphia and Erie Railroad Company, president of the Trenton Delaware Bridge Company, and director of the Pennsylvania Company; Pittsburg, Cincinnati, Chicago and St. Louis Railroad; Philadelphia, Baltimore and Washington Railroad; Northern Central Railway; West Jersey and Seashore Railroad, and many other corporations subordinate to the Pennsylvania Railroad, of which latter company he is also chairman of the Finance Committee. He is a trustee of the Union Trust Company of New York City, and a member of its Executive Committee. He is also

a director of the Philadelphia Trust, Safe Deposit and Insurance Company, a manager of the Western Saving Fund Society, a manager of the Merchants' Fund and an executive councillor of the Board of Trade. Mr. Shortridge assisted in the formation of the New England Society of Pennsylvania and has served as a director and vice-president. For many years he has been a warden of the Church of the Redeemer at Bryn Mawr, Pennsylvania, and on October 18, 1902, he was elected an honorary member of the New Hampshire Society of the Cincinnati.

J. Livingston Erringer, elected director June 13, 1861, is the oldest member of the board in years and in term of service. He was born in Philadelphia, December 2, 1815, and was educated in the schools of Philadelphia and of Plainfield, Connecticut. He began business in Philadelphia, in 1831, as assistant bookkeeper in the dry-goods commission house of J. & M. Brown and M. D. Lewis, then the leading firm in that line in the city. He subsequently was transferred to the sales department at his own request and learned all branches of the business. Afterward, with Horatio C. Wood, he formed the well-known dry-goods commission house of Wood & Erringer, continuing until 1866, when he retired from business. Mr. Erringer assisted in forming the Philadelphia Trust, Safe Deposit and Insurance Company, of which he was made the vice-president, May 6, 1869, and was elected president February 11, 1874, and he has since continued at the head of that well-known institution. Mr. Erringer is also a manager of the Saving Fund Society of Germantown, a director of the Guarantee Company of North America, and a manager of the American Sunday School Union.

Richard Ashhurst, elected director January 13, 1874, was the son of Lewis R. Ashhurst, long a director of the Philadelphia Bank, and was born in Philadelphia, June 28, 1833. He was educated in various private schools and at James' Academy, and the University of Pennsylvania, graduating from the latter in 1853. In September of that year he became a clerk in the Farmers' and Mechanics' Bank, and after two years' service resigned and began business as a partner in the firm of Caldwell & Green, produce commission merchants. Retiring in 1856, he went to Europe, and remained abroad until September, 1857, when

he returned to the United States and again entered the service of the Farmers' and Mechanics' Bank. Subsequently he studied law in the office of his uncle, Isaac Hazelhurst, and in the Law Department of the University, and was admitted to the bar. He practiced law for many years with his father and his uncle, John Ashhurst, at No. 16 South Third Street, and during this time, when his father's declining health caused his retirement from the Philadelphia Bank board in 1874, was elected his successor. In 1881 Richard Ashhurst went into partnership with William Wharton, Jr., and Edward Samuel, as William Wharton, Jr., & Co., for the construction of railway supplies for trolley lines, then first beginning to be built. Their business becoming greatly enlarged, the firm was afterward chartered as William Wharton, Jr., & Co., Incorporated, and Mr. Ashhurst was elected secretary and treasurer of the company, which position he still holds. He was many years ago made the treasurer of the American Sunday School Union, in which he has taken great interest, and he still occupies the office at the request of the Board of Managers, though not now performing the active duties. Mr. Ashhurst is the president and treasurer of the Tuckerton Railroad, and director of the Camden and Burlington County Railroad and of the Tuckerton and Long Beach Building, Land and Improvement Association, and he has, for a long period, been a vestryman of St. Peter's Protestant Episcopal Church.

Lincoln Godfrey, elected director January 13, 1880, and vice-president, June 5, 1899, was born in Philadelphia, May 17, 1850, and was the son of Benjamin G. Godfrey, for many years a director of the Philadelphia Bank, and the nephew of Marshall Hill, also long a director. He was educated at the Germantown Academy, and afterward at the Ury House School, Foxchase, which he left at the age of sixteen to enter his father's business house, B. G. Godfrey & Co. He was admitted a partner in 1872, and in 1873 withdrew, to enter, at its formation, the present house of Wm. Simpson, Sons & Co., of which he is now the senior partner. Mr. Godfrey is also president of the Eddystone Manufacturing Company, a director of the Pennsylvania Railroad Company, of the Philadelphia Trust, Safe Deposit and Insurance Company, and of the Insurance Company of North America, a manager of the Western Saving Fund Society, and of the Merchants' Fund and a trustee of the Hospital of the Protestant Episcopal Church in Philadelphia.

John H. Converse, elected director May 7, 1885, was born in Burlington, Vermont, December 2, 1840. He was educated in the schools of that city and at the University of Vermont, from which he graduated in 1861. For three years subsequently he was engaged in journalism on the staff of the Burlington "Times," and then removing to Chicago, entered the service of the Chicago and Northwestern Railway in 1864. Here he continued two years, and in 1866 accepted a position under Dr. Edward H. Williams, then general superintendent of the Pennsylvania Railroad, at Altoona. Dr. Williams, in 1870, became one of the owners of the Baldwin Locomotive Works in Philadelphia, and Mr. Converse was given by him a desirable position in that establishment, and in 1873 was admitted a partner in the firm with which he has since continued, being now in charge of the general business and financial management of that great manufactory. Mr. Converse is a director of the Philadelphia Trust, Safe Deposit and Insurance Company, the Real Estate Trust Company, and a manager of the Philadelphia Saving Fund Society. He is a member of the Board of Directors of Philadelphia City Trusts, a trustee of the Presbyterian Hospital, of the Pennsylvania Academy of the Fine Arts, and of the University Extension Association. He is also president of the Board of Trustees of the General Assembly of the Presbyterian Church in the United States, chairman of the Business Committee of the Board of Publication of the General Assembly, and also chairman of its Committee on Evangelistic Work. He has been always liberal in his benefactions to charities, churches, educational and civic institutions, and to his Alma Mater, and in 1897 the University of Vermont conferred upon him the honorary degree of LL.D.

George Wood, elected director January 23, 1890, was born in Philadelphia, July 1, 1842. He was the son of Richard D. Wood, a very prominent merchant and manufacturer, who was long a director of the Philadelphia Bank, and was educated at private schools in Philadelphia, at Westtown Boarding-School, and at Haverford College. He entered the business office of his father, who owned the cotton mills at Millville, N. J., operated by the firm of Wood & Garrett; and in 1863 he was admitted to partnership in that firm. In 1864 he removed to Millville, N. J., to take charge of the manufacturing part of the business. During his administration there the mills were greatly enlarged; he organized and built a bleach and dye works and finishing establishment; developed the

water power there; and had the oversight of the construction of the cotton mills and development of the water power at May's Landing, N. J. In 1871 Mr. Wood returned to Philadelphia, taking up the direction of the commercial department of the business. He became a director of the Millville and Glassboro Railroad upon its construction, and when it was merged into the West Jersey Railroad was elected a director of that company, being chairman of its Finance Committee. He was made president and superintended the construction of the West Jersey & Atlantic Railroad, connecting Atlantic City with the West Jersey system. He was elected, in March, 1891, a director of the Pennsylvania Railroad Company. In 1881 Mr. Wood was one of the originators of, and for years was the president of the Philadelphia Manufacturers' Mutual Fire Insurance Company, and upon resigning the active supervision of that company, was elected its vice-president. He is president of the Millville Manufacturing Company and the May's Landing Water Power Company; and a director of the Pennsylvania Railroad, the Pennsylvania Company, West Jersey & Seashore Railroad, Millville National Bank, Philadelphia Manufacturers' Mutual Fire Insurance Company, and the Mutual Fire, Marine and Inland Insurance Company.

Lawrence Johnson, elected director November 21, 1891, was born in Philadelphia, September 28, 1849, the son of Lawrence Johnson, the well-known founder of the Johnson Type Foundry of Philadelphia, was educated at Dr. Faires' School, and at Princeton College. In 1868 he began business as a clerk in the shipping house of Isaac Hough & Morris, continuing for about two years. Upon becoming of age in 1870, he started in business for himself in the firm of Lawrence Johnson & Co., shipping and commission merchants and foreign bankers, which he has since continued. Mr. Johnson is a director of the Pennsylvania Company for Insurances on Lives and Granting Annuities, the Insurance Company of North America, and the Philadelphia Warehouse Company.

Alfred C. Harrison, elected director February 18, 1895, was born in Philadelphia, February 20, 1846, and was the son of George L. Harrison. He was educated at preparatory schools, and at the University of Pennsylvania, graduating from the latter in 1864. He began business the same year in the service of the Franklin Sugar Refinery, and continued until 1892, when he retired from active business. Mr. Harrison is a director

of the North Pennsylvania Railroad Company, a manager of the Western Saving Fund Society and of the House of Refuge, and a director of the Williamson Free School of Mechanical Trades.

Levi L. Rue, elected cashier November 1, 1894, director October 28, 1897, and second vice-president April 5, 1900, was born in Philadelphia, July 14, 1860. He was educated at the public schools of the city, and on December 5, 1878, began his service with the Philadelphia National Bank, advancing step by step, from a junior position in the Bank, through all its various departments, until he was elected assistant cashier April 13, 1893, and subsequently cashier and second vice-president, both of which positions he now fills. Mr. Rue is a manager of the American Baptist Publication Society, and a member of its Executive Committee, a trustee and treasurer of the Baptist Home of Philadelphia, and a member of the Society of the Sons of the Revolution.

George Harrison Frazier, elected director June 10, 1899, was born in Philadelphia, January 18, 1867, the son of William W. Frazier, and grandson of George L. Harrison. His maternal uncle, Charles C. Harrison, was formerly a director of the Philadelphia Bank, and he is also the nephew of Alfred C. Harrison, now a director. He was educated at the Episcopal Academy and the University of Pennsylvania, graduating from the latter in 1887. He began business with the Franklin Sugar Refining Company in 1888, and in 1890 became secretary of the company. When the American Sugar Refining Company, in 1892, acquired the stock of this, the Spreckels and Knight Sugar Companies in Philadelphia, Mr. Frazier became secretary of all, and later treasurer and business manager. In 1897 he entered the banking house of Brown Brothers & Co., and in 1899 became a partner in that house and in Brown, Shipley & Co., of London. Mr. Frazier is president of the United States Sugar Refining Company, treasurer of the Franklin and Spreckels Sugar Refining Companies, and a director of the Franklin National Bank, the Pennsylvania Company for Insurances on Lives and Granting Annuities, the United States Casualty Company of New York, the Philadelphia Company of Pittsburg, and the Schuylkill River East Side Railroad. He is also treasurer of the Hospital of the Protestant Episcopal Church in Philadelphia, and the treasurer of the Philadelphia City Institute.

Alexander J. Cassatt, elected director June 12, 1899, was born in Pittsburg, December 8, 1839. His father, Robert S. Cassatt, was actively engaged in the industries of western Pennsylvania, and was the first mayor of Allegheny City. His early education was in the Pittsburg schools, but, the family removing abroad, he received a liberal education there, and studied at the University of Darmstadt. Returning to this country, he took the course at the Rensselaer Polytechnic College of Troy, and graduated in 1859 as a civil engineer. His first railway labors were in Georgia, but in 1861 he began work as a rodman on the Pennsylvania Railroad, and in 1863 was an assistant engineer in the construction of the Connecting Railway passing through Northern Philadelphia. The next year he began service on the Philadelphia and Erie Railroad, becoming superintendent of motive power. This post, in November, 1867, he filled upon the Pennsylvania Railroad, with headquarters at Altoona. In 1870 he became general superintendent, and in December, 1871, general manager of all the Pennsylvania lines east of Pittsburg and Erie, with his office in Philadelphia. He was elected third vice-president in 1874, and first vice-president in 1880. In 1882 he retired from active duty, and in September, 1883, he was elected a director of the Pennsylvania Railroad and made chairman of the Committee on Road. After a long retirement from active business, Mr. Cassatt returned to executive duty in June, 1899, when he was elected president of the Pennsylvania Railroad. He is president of a multitude of the auxiliary and subsidiary companies in the Pennsylvania system, and has become the first in rank of the railway managers of America. Mr. Cassatt is also a director of the Fidelity Trust Company and the Commercial Trust Company and of the Equitable Life Assurance Society of New York, and a trustee of the Bryn Mawr Hospital.

Percival Roberts, Jr., elected director January 9, 1900, was born in Philadelphia in 1857. His father was Percival Roberts, descended from John Roberts, who came from Wales to settle in what is now Lower Merion Township, Montgomery County, in 1682, and his mother was Eleanor Williamson Roberts, descended from Duncan Williamson, who came from Scotland to Philadelphia about the same time, both being original settlers in William Penn's province. Percival Roberts, Jr., was educated at the Episcopal Academy, and afterward at the University of Pennsylvania and Haverford College, graduating from the latter in 1876. During that year he was for several months a volunteer assistant in the

Geological Survey of Pennsylvania. In November, 1876, he entered the Pencoyd Iron Works as a mill clerk, and the next year took a post-graduate course in chemistry and metallurgy at the University of Pennsylvania, subsequently returning to the Pencoyd service, which became his life work. He served in every branch of that manufactory, which grew up from a small establishment when he entered it, learning every detail of the business of making iron and steel, and particularly of bridge-building and structural forms, which afterward became its especial line. The Pencoyd Works were founded in 1852 by his father, Percival Roberts, and Algernon Roberts, who had then a capital of only \$5000. The establishment prepared the girders and other structural material for the buildings of the Centennial Exhibition of 1876. Gradually the scope and character of the Pencoyd Works were extended under the care of Percival Roberts, Jr., who became the directing head, a special bridge department was added, the business completely reorganized with electrical and other modern appliances, and finally the Pencoyd became the chief factor in forming the American Bridge Company, of which Percival Roberts, Jr., was made the president. This company was afterward absorbed by the United States Steel Corporation, and Mr. Roberts retired from active business, and has during 1903 been taking a well-earned rest abroad.

George H. McFadden, elected director April 20, 1900, was born in Philadelphia, July 24, 1847. He was educated at the Friends' Central School in Philadelphia, from which he graduated. His father, George McFadden, was a prominent cotton merchant. In 1868, after his father's death, he established the firm of George H. McFadden & Bro., leading cotton factors, which has since continued. This firm has branches and correspondents in different cities of America and Europe, and Mr. McFadden is also a partner in leading firms of cotton factors in Europe, Frederic Zerega & Co., of Liverpool, McFadden Bros. & Co., of Bremen, and the Société d' Importation et de Commission, of Havre. He is also a manager of the Girard Trust Company, a director of the Insurance Company of North America, and a manager of the Western Saving Fund Society and of the Hospital of the University of Pennsylvania.

William Potter, elected director May 11, 1900, was born in Philadelphia, April 17, 1852. His father, Thomas Potter, was for many years the president of the City National Bank, of which William Potter was a

director at the time of the merger in 1900 with the Philadelphia National Bank. His mother was Adaline Coleman Potter, and her grandfather, General Jacob Bower, of Reading, and her great-grandfather, Colonel Joseph Wood, of Philadelphia, served in the Continental line in the Revolutionary War. He was educated in private schools of Philadelphia, matriculated at the University of Pennsylvania, finished his general education abroad, and subsequently studied law. He then became a partner in his father's large manufacturing corporation, Thomas Potter, Sons & Company, established in 1837, was made its vice-president, and, entering public life, was appointed a special commissioner to Europe by President Harrison, and negotiated a system of sea post-offices. In 1891 he was a delegate representing the United States in the Congress of the Universal Postal Union at Vienna, which made the general postal treaty coming into effect October 1, 1892. In 1892 he was appointed by President Harrison the American Minister to Italy. He retired from active business at that time, and since his return to the United States has devoted his attention to the law. He was a director and secretary of the Union League of Philadelphia. He is president of the Jefferson Medical College, and a manager of the Pennsylvania Institution for the Deaf and Dumb, and was also elected in 1896 an honorary member of the New Jersey Society of the Cincinnati.

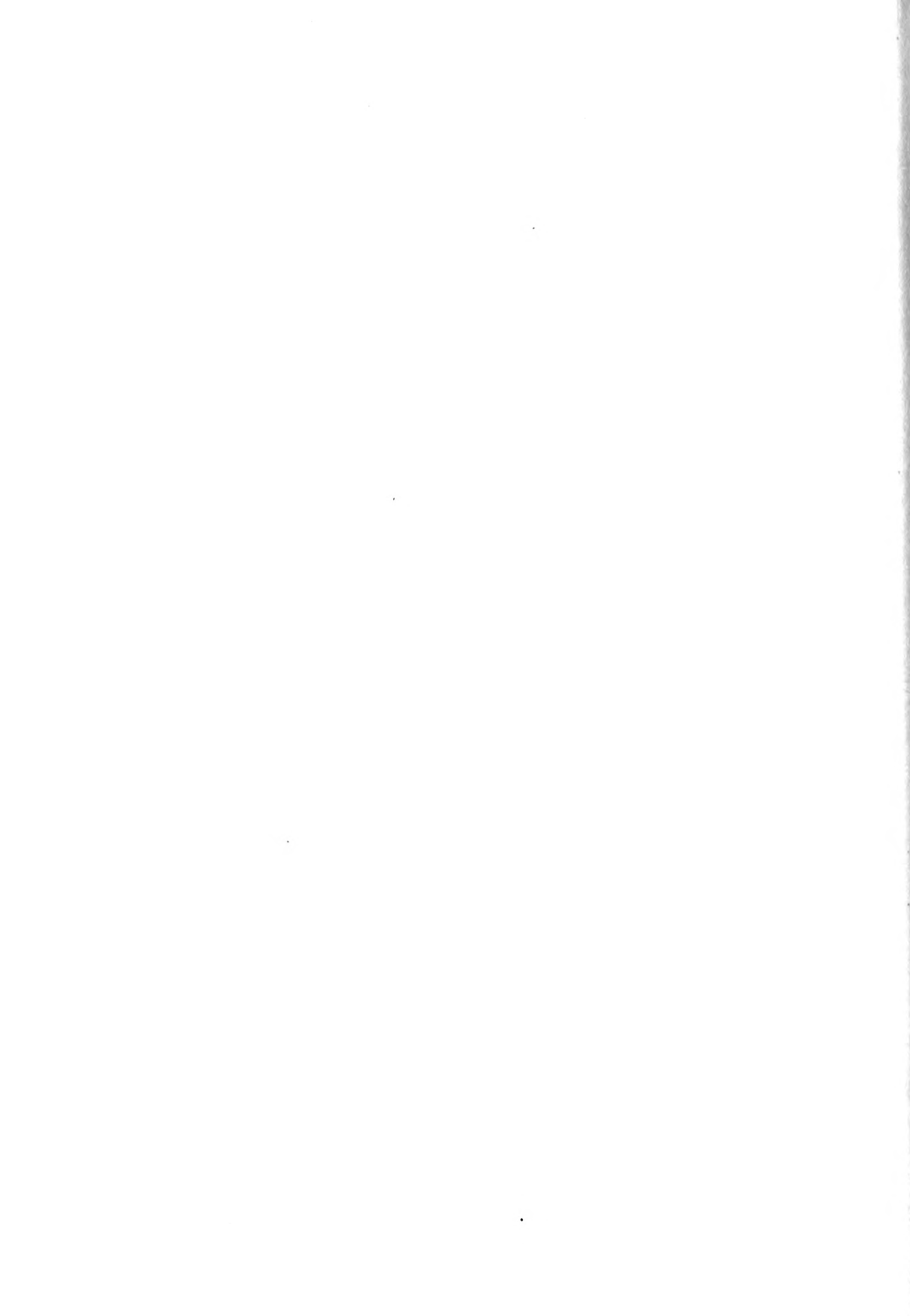
Edward T. Stotesbury, elected director November 19, 1901, was born in Philadelphia, February 26, 1849, and was educated in the public and private schools of the city, finishing at the Friends' Central School. In 1865 he began business with Rutter & Patteson, wholesale grocers, and after about a year entered his father's establishment, Harris & Stotesbury, sugar refiners. A short time subsequently he began the banking business as a clerk with Drexel & Co., October 26, 1866, and gradually advanced through the different departments of the house until January 1, 1882, when he was admitted as a partner in the three houses of Drexel & Co., Philadelphia; Drexel, Morgan & Co., New York; and Drexel, Harjes & Co., of Paris. After the death of Mr. A. J. Drexel, the New York house was changed to J. P. Morgan & Co., and the Paris house to Morgan, Harjes & Co., and Mr. Stotesbury is partner in both. Mr. Stotesbury is the president of the Union League of Philadelphia, and is also a director of the Philadelphia Trust, Safe Deposit and Insurance Company, a manager of the Girard Trust Company, director of the Lehigh Valley Railroad,

Appendix

Cambria Iron Company, Cambria Steel Company, Pennsylvania Steel Company, Latrobe Steel Company, Penn Mutual Life Insurance Company, Keystone Watch Case Company, Jessup & Moore Paper Company, and is officer, director, and trustee in various other corporations.

James F. Hope, elected director June 3, 1902, was born at Alexandria, Scotland, September 26, 1843, and came with his parents to America in 1847. He was educated at the public schools of Philadelphia, and at the age of fifteen began business in the grocery house of James Woodside, on Second Street. In 1861 he entered the manufactory of Thomas Potter, and has continued with that establishment ever since, advancing from one department to another, in all branches of the business. He is now the secretary and treasurer of Thomas Potter, Sons & Company, incorporated. Mr. Hope, in 1863, entered the United States Army in the 196th Pennsylvania Regiment, one of the Union League Regiments in the war, and he is now vice-president of the Union League of Philadelphia. He is also a member of Meade Post, Grand Army of the Republic. He has been president of the St. Andrew's Society of Philadelphia, was a director of the City National Bank at the time of the merger with the Philadelphia National Bank, is a trustee of the Penn Mutual Life Insurance Company, director of the American Audit and Appraisalment Company, and a manager of the Home Missionary Society.

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