

done some good in the world. We have had 13 children they are all living this 9th day of March 1900. When I look back over our work that my wife and I have done I wonder how we could have done so much and have done it so well.

Having arrived at the age of 75 years and work becoming so hard and my children having all left us but 2 and they not likely to stay much longer. I concluded to sell our farm and home and stock and tools and go to some small town where we could live comfortably rest from our labors. So we advertised a two day sale on the 17 and 18 days of October 1899. We sold our personal property on the 18 and the farm the 17. The personal property brought about 3200 dollars. The 160 acre farm was bid off by Ed Sherwood but was not taken and was afterward sold to Lew Taylor for eight thousand dollars and we moved March 5, 1900, and we moved to Arispe Union Co., Iowa where we had previously bought a house and lot for \$500 where with some addition and repairs we have a good home and not much work to do. This 28 day of October 1901.

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## A HISTORY OF THE MINERS' BANK OF DUBUQUE, 1836-1845

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As America moved West in the 19th century most pioneer towns were anxious to obtain the services of a bank to aid in economic development. The services of a chartered bank (i.e., one authorized to issue paper money convertible to

specie) were particularly coveted in the period before the passage of the National Banking Act (1863) when the notes of state chartered banks accounted for most of the paper circulation in the country. Thus, before 1863 a local bank was necessary not only to furnish credit for development, but to insure a local circulating medium.

State chartered banks did not exist without serious problems for customers and bankers alike. In the newer regions of the country the chronic shortage of specie (gold and silver) and sound paper money led to many attempts to start and operate banks without the necessary specie backing or with worthless paper currency — to literally attempt to create money out of thin air. Because banks could be utilized as adjuncts to other speculative schemes, there were often attempts by economic adventurers to control or take over banks for their personal gain. Additionally, because of the poor showing of banks during and following the financial panic of 1837, banks of issue faced renewed and strengthened opposition from the anti-bank wing of the Democratic party so that in many areas they had to fear for their very existence. The short but eventful life of Iowa's first chartered bank illustrates all three of these problems.

The first and only chartered bank in Iowa Territory, owing its existence to mining economy of the area, was called the Miners' Bank of Dubuque. Indians and white explorers had early discovered lead in the Dubuque region and later, in the period of Spanish possession of the trans-Mississippi, Julien Dubuque, a French-Canadian adventurer, by agreement with the Indians, successfully exploited the mines. Prior to 1833 Indian control of the area caused the federal government to forbid white settlement, but in 1833 the United States purchased the area from the Indians (the "Blackhawk Purchase") and opened it for settlement. Prospectors immediately rushed in to mine the valuable lead deposits.

Many of these early adventurers were successful. The lead ore in the Dubuque area was of high quality and the region soon became the main lead producing field in the country. The Upper Mississippi Valley mines in the Dubuque

region for a time produced over three-fourths of the United States lead production, with annual receipts before the Civil War of from \$800,000 to \$1,200,000.

Lead miners established the town of Dubuque as headquarters for their operations in the Iowa District. The town, within the space of three years, attained a population of 1300 and was the commercial center of the area with "fifty stores and groceries, supplied with almost every article of necessity or comfort." Agricultural settlement lagged behind the mining operations and, as a consequence, the prices paid for the necessities of life were dear; one resident wrote that groceries and dry goods were almost double Philadelphia prices. In 1836 butter sold for 25 to 50 cents per pound; eggs at 25 to 75 cents per dozen; flour for over \$8 a barrel; mess pork, \$25 to \$30 per barrel; and corn for up to \$1.25 per bushel. Wages, however, were also higher than in Eastern states. Mechanics received from \$2 to \$3 per day; laboring men \$1.50 per day; and female domestics from \$16 to \$24 per month, when available.

The monetary needs of Dubuque were obviously different from those of agricultural settlements. Agricultural pioneers, at first subsistence rather than commercial farmers, could live with little actual money. Dubuque, however, was a commercial settlement, created to serve the needs of the lead miners. Merchants furnished goods and services at a price, which necessitated a sound circulating medium. The miners also urgently needed a bank to facilitate their business and commercial arrangements. Consequently, in 1836, a group of merchants and citizens of Dubuque petitioned the legislature of Wisconsin Territory, of which Iowa was a part, to grant a charter of incorporation for a bank to serve Dubuque.

Chartered banks played an exceedingly important monetary role in the United States of the 1830's. A bank's purpose, then as now, was to furnish credit. In the early 19th century a bank granted credit by lending its notes; which in turn furnished the country with a circulating medium. A borrower took his loan in bills, and by paying them to others, passed them into circulation. Of all the functions of a banker,

that which enabled him to extend credit by promissory notes was found to be the most profitable, but at the same time it was the most dangerous to the community for it was open to accidental and deliberate abuse. Consequently the states gradually intervened, granting only to specially chartered banking companies and associations the right to issue notes for circulation—a function that had formerly been considered a common law right. By the time the Wisconsin Territory incorporated the Miners' Bank, most states limited by law the right of issue of notes to incorporated banks; many of these laws, however, were impossible to enforce. The state benefited in several ways in this liaison between it and certain of its citizens—chartered banks often gave the state certain payments and duties for a charter, and secondly, the citizens of the state received a more uniform and, hopefully, sounder circulating medium. Thus, chartered banks had a dual function: their private role was furnishing necessary credit to those in need, while their public function was to furnish a sound circulating medium for the country.

The Wisconsin Territorial Legislature heeded the appeal for a bank in Dubuque and on Nov. 30, 1836, gave final approval to an act to incorporate the Miners' Bank of Dubuque. The United States Congress gave its assent, with minor revisions, on March 3, 1837. The act set the bank's capital at \$200,000, divided into 2,000 shares of \$100 each. The legislature then appointed nine commissioners to take stock subscriptions in Dubuque County and "other places as the commissioners may think proper." The commissioners also became the first board of directors for the bank. Significantly, at least five of the nine commissioners were Democrats, indicating that some of the Territorial Democrats were not opposed to banks of issue, locally controlled.

The most important function of a bank at this time was the circulation of notes and, therefore, the legislature included regulations in the charter to provide for a sound note issue. The Miners' Bank could not issue notes for circulation until one-half the capital (\$100,000) was paid in and of this \$40,000 had to be in specie. The act limited total note issue through a ceiling on the bank's over-all indebtedness. In this case

the bank's indebtedness, over and above deposits, could not exceed twice the capital stock actually paid in. The legislature also displayed the common apprehension of small bills (they were believed easier to counterfeit) by limiting notes to denominations of \$5 and above and by reserving the right to raise the minimum denomination to \$10 after four years and \$20 after 10 years. To further protect noteholders the act required redemption, on demand, "in the legal coin of the United States," of all notes presented at the banking house in Dubuque. However, no regulation forced the bank to keep a minimum amount of specie on hand for redemption purposes.

The newly chartered bank proved to be a popular investment. The commissioners opened the books for stock subscriptions in the store of Francis Gehon, in May 1837, and within four days investors subscribed sufficient stock to open the bank. At this time only 10 per cent of the subscription had to be paid and it could be in either currency or specie. A few days later the commissioners gave public notice that each stockholder would have to make payment of 40 per cent of the price of his shares by the second Monday in October. Half of this payment was to be in specie.

On Oct. 14, 1837, the stockholders held a meeting in the counting room of Ezekiel Lockwood's mercantile store. The assembly elected Lockwood, a respected Dubuque businessman, president, and G. D. Dillon of Dubuque cashier. The major duties of the officers of 19th century American banks were primarily to inspire confidence in the institution (thus, the president was usually a respected businessman) and secondly to sign the notes issued by the bank to circulate as money. Important matters, such as approval of loans and discounts, were usually passed on by the whole board of directors. The cashier alone normally cared for the day-to-day operations of the bank including firing up the coal stove in the morning and sweeping the floors at the end of the day. With this formal organization completed the Miners' Bank opened for the transaction of business on Oct. 31, 1837. It was first located in the house of LeRoy Jackson, near the corner of Clay and Ninth Streets.

The bank's doors had scarcely opened for business when it became the center of controversy. Within the first several weeks of its operation rumors began, casting doubt upon the soundness of the institution. Among the charges circulated were that the bank issued its first notes before stockholders made the required payments on their shares (\$100,000 of the \$200,000 capital, of which \$40,000 had to be in specie); that the specie actually paid in had been borrowed for the occasion; and, that the larger stockholders were attempting to control the votes of the small stockholders. These rumors soon reached the Territorial Legislature, then meeting in Burlington, and the House appointed a committee to examine the condition of the bank.

In late November 1837, the House committee traveled to Dubuque and there conducted a cursory examination of the bank's affairs. The investigation consisted of a number of questions submitted in writing to the cashier, G. D. Dillon, to be answered under oath. Curiously, the committee did not check the books of the bank or specie holdings, as they did not deem such action "within the proper scope of their authority." Dillon's testimony asserted that the bank was free of the charges rumored against it. The committee accepted Dillon's statement at face value and declared the bank to be "in sound and solvent condition."

The legislature's clean bill of health heartened the friends of the bank. Their pleasure, however, was short lived since the rumors persisted. Many of the original complaints were repeated anew, and in addition, Dillon, the cashier, came under attack for alleged questionable activities. The *Iowa News*, the bank's main public defender, charged that behind the rumors were certain persons "actuated by malevolent and base motives, attempting to get up a popular excitement against it." Under prodding from the *North Western Gazette and Galena Advertiser*, edited by the anti-bank son of Alexander Hamilton, the *Iowa News* conducted an investigation of the bank and pronounced it in first class condition. Hamilton, in an answering editorial, scoffed that such a conclusion was "like asking for an egg and receiving a stone." Hamilton's wary observation proved to be close to the truth.

The rumors concerning the bank officially reached the legislature in the form of a petition. The petition, "of a large number of respectable citizens of Dubuque," called for the Assembly to annul the bank's charter, because of "gross violations of its provisions by the directors." On Jan. 19, 1838, the lawmakers, by joint resolution, appointed a second committee to investigate the affairs of the Miners' Bank. The subsequent inquiry revealed that the first investigation had either been a sham or that, as one individual privately charged, the committee had "allowed themselves to be completely gulled." The significant findings of the investigation centered on four main topics: the manner of paying capital into the bank, the funds used to capitalize the bank, the amount of specie paid into the bank, and the loan and discount practices of the bank.

The committee's investigation also indicated that the testimony of G. D. Dillon, given to the first investigating committee, was questionable. Since the investigation in November, the bank directors had removed Dillon from his cashier's post. Additionally, Dillon came under attack in the public press; the *North Western Gazette and Galena Advertiser* charged that he had made a false statement under oath that the bank was in sound condition; and, secondly, that he was a defaulter to the bank in the amount of \$4,000.

Moreover, the new cashier, T. O. Martin, gave testimony that directly contradicted Dillon's November statement. The two most important points of difference between Dillon and Martin concerned the amount of specie paid in and the type of notes used by stockholders to pay for stock. Dillon claimed the bank had \$40,000 in specie on hand before any notes were issued. Martin testified that the specie was not actually on hand, but instead the bank had a certificate for \$40,000 in specie deposited in Detroit. Dillon had further testified that stock was paid for with notes of sound banks, notably New York Safety Fund, the U. S. Bank, and State Bank of Illinois notes. Martin's testimony, however, indicated that the bulk of the notes paid in on the capital came from Michigan banks, none of which at that time held great public confidence. Warner Lewis, one time Surveyor-General for the Wisconsin Territory, corroborated the interpretation that Dillon gave

a false report of the bank's condition as he presented an affidavit to the House, testifying that Dillon "had stated to him that the former exhibit made by him to a committee of this body under oath, was false." Dillon asserted, however, despite the evidence against him, that the statement he made to the first committee was "substantially correct."

It became evident, with Dillon's testimony discredited, that the bank's capitalization and early operation were questionable. In the first place, there was strong indication that shareholders did not pay in the required \$100,000 in capital before the bank commenced note issue. A number of citizens charged, in a petition presented to the House, that part of the first installment was paid with money loaned from the Galena bank, which was promptly paid back; and, that of the required \$80,000 of the second installment, the bank collected only \$4,300. While these specific charges were difficult to substantiate, the evidence clearly indicated that some stockholders used stock notes to purchase shares in the bank (i.e., after paying the first installment, they pledged their stock — then only partially purchased — back to the bank for a loan with which to pay for the remainder of the stock). The former cashier, Dillon, admitted that the directors discussed taking stock notes and that "some of the stockholders have had their stock discounted." J. T. Fales, Secretary of the Iowa Territorial Council, corroborated this charge at a later investigation (1842) when he testified that he believed the stock of the bank was never paid in any other way "than by the stockholders giving their notes to the institution." Consequently, only in a technical sense did the shareholders pay in the \$100,000 required before the bank commenced note issue, and in reality the bank started operations on a fictitious capitalization.

Of further discredit to the bank was the question of the specie used to capitalize the institution. The charter required that the bank have on hand \$40,000 in specie before it commenced operations. Dillon testified that the required specie was on hand, but later testimony by Martin revealed that this was only a certificate for specie deposited in a Detroit bank. This was a commonly used subterfuge employed by



slick operators to cover the lack of specie. John Jay Knox, former Comptroller of the United States, wrote concerning the use of specie certificates:

These were borrowed by those who wished to start banks, for a consideration and when the ordeal of examination by the commissioners had been safely passed, were promptly returned. There were banks and individuals in Detroit who made a business of loaning certificates and starting banks.<sup>1</sup>

The committee agreed to give the bank a few months in which to obtain the specie on deposit in Detroit. The committee held a supplementary investigation in June 1838, but at that time the bank possessed only \$457.30 in specie on hand and a vague item, "specie intransito," which failed to satisfy the committee.

The type of paper money used to capitalize the bank and which the bank circulated through its normal business activities, also revealed poor or dishonest banking practices. To the committee's question, "in what kind of funds has your capital stock been paid in?" Dillon and Martin again gave conflicting answers. Dillon claimed that shareholders purchased the capital stock with specie and notes, and that most of the notes came from sound banks, specifically the Safety Fund banks of New York, the U.S. Bank and the State Bank of Illinois. If, however, notes of these sound institutions were ever in the bank's possession, they probably were only on loan for the purpose of making the bank appear on a sound footing. Dillon eventually admitted that of the funds in the bank in November 1837, some belonged to the bank, some to him, and some to other "individuals."

Martin's testimony before the second investigating committee, directly contradicting Dillon, revealed that individuals purchasing the bulk of the bank's shares used notes of the Jackson County Bank and the Bank of Manchester, both of Michigan and both discredited. The Michigan Bank Commissioners made the following report (1838) concerning the Jackson County Bank:

<sup>1</sup>John Jay Knox, *A History of Banking in the United States*, New York: Bradford Rhodes & Co., 1900, 734.

On examination of the books of the Jackson County Bank, the following circumstances were exhibited: the names of the persons and corporations with whom accounts had been opened were written in pencil; the entires in ink. In a few minutes, therefore, the whole face of the business transactions of the bank could have at any time been entirely changed.

Upon examination of the institution's specie reserve the commissioners found:

Gold coin was exhibited loose in a drawer, which, being counted, amounted to the sum of \$1,037.78; about \$150 in loose silver was also counted. Beneath the counter of the bank, nine boxes were pointed out by the teller as containing \$1,000 each. The teller selected one of these boxes and opened it; this was examined and appeared to be a full box of American half dollars. One of the Commissioners then selected a box, which he opened, and found the same to contain a superficies only of silver, while the remaining portion consisted of lead and ten penny nails. The Commissioner then proceeded to open the remaining seven boxes; they presented the same contents precisely, with a single exception in which the substratum was window glass broken into small pieces.<sup>2</sup>

From this evidence it must be concluded that the Miners' Bank did not have the required specie on hand before issuing notes, and that the money shareholders used to pay for capital stock was either fictitious (stock notes) or the notes of worthless banks. Thus, it was a bank capitalized without specie, and with worthless notes or nonexistent currency. This, however, was not a totally uncommon occurrence in early 19th century American banking.

The investigating committee also uncovered questionable operations in the discounting procedures of the bank. By February 1838, the bank granted loans and discounts in the amount of \$53,711.78. Of this amount the officers of the Miners' Bank used only \$14,030 in notes of their bank, while using

<sup>2</sup>William Graham Sumner, *A History of Banking in the United States*, New York: N. Y. *Journal of Commerce*, 1896, 329-330.

"about twenty thousand" in notes of the doubtful Jackson County and Bank of Manchester and "about twenty thousand dollars in the notes of . . . other banks." The use of notes of questionable banks for discounting purposes became even more apparent when the second investigating committee made its supplemental investigation in June 1838. Between February and June 1838, the bank made an additional \$38,528.48 in loans and discounts. These were made "principally in the notes of Michigan and Wisconsin banks received in the course of . . . regular business." The bank's intention was obvious. By using the notes of other banks for discount purposes, it did not have to issue its own notes—notes redeemable in specie. The notes the bank did issue gave further evidence of its desire to make loans without incurring the hazard of specie redemption. By June 5, 1838, the bank circulated \$11,038 of its notes, of which only \$460 were payable on demand in specie. If this practice could have been kept up indefinitely, the bank would have had little worry about keeping any specie on hand.

The members of the committee were distressed with the activities of the bank. In particular, they deplored its flooding the country with the notes of the Jackson County and Manchester banks, "which institutions have proved to be insolvent" and they did not believe "specie intransito . . . worthy of being depended upon." They concluded the bank had "violated, misused, and abused" privileges granted in the charter. The committee recommended to the legislature that it revoke the charter of the Miners' Bank and settle its accounts so that the public may suffer as little as possible." However, the legislature took no action. That summer (1838) Congress separated Iowa from Wisconsin and established it as a separate territory. Consequently, the new Iowa Territorial government fell heir to the knotty problem of the Miners' Bank.

When the first assembly of the Iowa Territorial government convened (November 1838), Stephen Hempstead, an anti-bank Democrat, immediately proposed a continuation of the investigation of the Miners' Bank. The legislature approved a joint resolution embodying Hempstead's proposal and appointed a committee of three. The committee conducted this

inquiry in a manner similar to the first two; they submitted written questions to the cashier, to be answered under oath.

In explaining the bank's situation, the cashier, T. O. Martin, dodged a number of sensitive issues. He side-stepped the direct question of how much capital stockholders paid in before the bank commenced operations by evasively answering, "Fifty per cent upon the capital stock was required to be paid in before the bank could legally commence operations." This parry apparently satisfied the committee. They were impressed that the "cash on hand" was nearly double the liabilities of the bank, and concluded the bank was in a "safe and solvent condition." The legislature approved the committee's report exonerating the bank of any wrongdoing. However, investigation reveals the bank officers may not have been as guiltless as found by the committee; for example, the item, "cash on hand," turned out to be notes of other banks (\$18,874), "cash items" (\$493.87) and gold and silver (\$3,033). Of the actual specie on hand (\$3,033), the bank possibly obtained \$3,000 of it the evening before the bank examination for the purpose of impressing the investigating committee. Martin, the cashier, wrote to Thomas McKnight, a Dubuque businessman and later Whig candidate for governor, the evening before the examination that he had "paid out considerable specie" and as there was more "Current Bankpaper than Specie on hand I am quite anxious to get your \$3000 if possible for which I will give you some Eastern funds."

While the above activities indicated careless banking practices, there was nothing to suggest, as in the beginning of its operations, anything dishonest about the bank's policies. The first stockholders and officers who pursued a deliberate policy of dishonest banking—of starting a bank without specie and using the notes of discredited banks for discounts—appeared to have passed from the scene. A group of Dubuque citizens, anxious for the bank's welfare, conducted a private investigation in the summer of 1838. One of the investigators, Robert D. Sherman, a member of the bank's board of directors, concluded that "a majority of the stock has changed

hands and is now held, I believe, by *honest men.*" Another investigator, concurring in Sherman's opinion that the first shareholders had been up to little good, was now satisfied that "the present Stockholders intend doing something for the benefit of Dubuque."

The fact that the bank managed to stay out of the limelight for the next few years and apparently furnished Dubuque with a sound circulating medium (the notes circulated at par in St. Louis) corroborates the contention that honest men now controlled the institution. Nevertheless, the financial turmoil following the panic of 1837 caused problems for the Miners' Bank and it, like banks throughout the country, suspended specie payments (March 29, 1841). The directors claimed, with apparent justification, that the suspension was to protect the bank from certain interests in St. Louis—that a St. Louis banking house discredited Miners' Bank notes, collected large amounts of them at a discount and demanded specie from Dubuque. The *Bloomington Herald* charged that St. Louis companies made a profit of from 10 to 12 per cent by dealing in Miners' Bank notes. The paper further charged that various companies in St. Louis, from the beginning, had pursued an illiberal course against the Miners' Bank because they feared "it might assist the smelters in rescuing the lead trade from St. Louis monopolists, which would deprive them of their greatest source of speculation." The bank, to show its good intentions and demonstrate the suspension was aimed at the St. Louis companies, promised to pay specie to citizens in "small amounts as shall be required for the convenient transaction of business." To further allay fears, the bank published a statement of its affairs as of March 29, 1841. From this statement it appeared that the bank was in sound condition; its demand liabilities were \$103,104 (note circulation \$97,005 and deposits \$6,099), for which it had for redemption purposes \$40,051.99 "gold and silver on hand."

The bank's solvent condition did not last long. In early 1842 the cashier presented, by demand of the Legislative Assembly, a statement of the bank's affairs as of Jan. 1, 1842. The statement was purposefully vague and left doubt as to the real condition of the bank. The bank's note circulation

had increased since suspension by \$70,025, to \$167,030, a strong indication that the bank officers were not opposed to using the protection of specie suspension to increase note issue. Also included in the statement was an item, "notes on special deposit with other banking institutions . . . \$46,000." The meaning of this last item is not clear, but it was probably a special note issue. Taken together, however, the special notes on deposit and regular circulation exceeded the authorized note issue (\$200,000) by \$13,030. The actual amount of specie on hand was also difficult to determine from the statement. Instead of listing specie separately, the cashier lumped together "Gold, silver and Notes of the State Bank of Missouri . . . \$43,277.66."

Evidence also indicated that financial circles were losing confidence in the bank. Mortimer Bainbridge, a Whig member of the Council from Dubuque, defended the bank from Democratic attacks in the legislature, arguing its credit was high among the people of the community. However, the activities of the bank's notes in the St. Louis money market did not substantiate Bainbridge's optimistic assessment. In early spring of 1842 the notes of the bank fell sharply in value. On Feb. 28, 1842, a correspondent from St. Louis stated that Miners' Bank notes "are no longer received," and the prevalent impression was that they "would go down entirely." By fall of 1842 the "St. Louis Bank Note table, based on specie," quoted Miners' Bank notes at "no sale."

Both branches of the Legislative Assembly did make efforts to force the bank to resume specie payments. Majorities in both houses favored forcing specie resumption, but the differences in the type of bill passed in each house stalled cooperation and both specie resumption acts died. However, a few months later the bank on its own initiative briefly resumed specie payments. In June 1842, a group of men connected with the St. Louis Gas Light Company purchased controlling interest in the bank. A Mr. Pearson, one of the principal clerks in the Gas Light Co., became the bank's new cashier, while the new directors were all prominent Dubuque businessmen. The new management did make an effort to resume specie payments. The Gas Light Co.

deposited \$20,000 in specie in the Galena Bank, "for the purpose of receiving the Dubuque money." The resumption of specie redemption only lasted one week, the bank again suspended and the notes fell rapidly in value. By the end of 1842 the notes were worth less than 50 per cent of face value. J. T. Fales, Secretary of the Iowa Council, testified before a legislative committee that one of the directors of the bank, Patrick Quigley of Dubuque, posted a notice in his store, "notes of the Miners' Bank of Dubuque taken here," but paid only 40 cents on the dollar.

Testimony at a later committee investigation revealed that some aspects of the Gas Light Co. take-over were questionable, like other events in the checkered career of the bank. For example, Timothy Davis, a Dubuque lawyer and one of the directors of the bank, testified that the Gas Light Co. circumvented the requirement that all directors be Iowa residents and own shares in the bank by giving stock certificates to prominent Dubuque citizens to qualify them for directorships. Davis stated that he "was not interested in the institution one cent, and intended to return the certificate when he ceased acting as director." Additionally, the bank's new owners made unwise financial arrangements. The bank officers permitted a Mr. St. John of St. Louis to become a stockholder to the amount of \$40,000, "by giving his notes to the institution." Afterwards, St. John borrowed \$57,000 from the bank, all of which the institution lost when St. John's business failed and he took refuge in the bankruptcy act.

By the end of 1842 the bank was moribund. In December 1842, the *Iowa City Standard*, a Whig defender of the bank, reported that Thomas Rogers, a Dubuque Democrat, intended to introduce legislation to repeal the bank's charter. The paper concluded: "It is pretty well known that the institution is not at present doing any business, and has but little paper afloat. From these causes very limited interest is felt upon the subject of the continuance of its charter. We look upon it as probable that the charter will be forfeited."

The Fifth Legislative Assembly (1842-43) was then in session, and Rogers introduced a bill in the House to repeal

the charter of the bank. A select committee investigated the bill and two weeks later submitted a majority report favoring repeal. The report, in summarizing the case for repeal, charged the bank with three distinct violations of its charter: (1) it had commenced business before shareholders had paid in the required amount of money on the capital stock subscribed and thus the charter had been "most wantonly violated, and a base fraud perpetrated upon public confidence;" (2) it has on its board of directors members who were not bona fide stockholders, because the bank had given them stock to qualify them for the position; (3) the third, and "greatest delinquency," was its suspension of specie payments for its notes. The committee apparently made a convincing case, as the Whigs and Democrats in the House unanimously approved the bill.

The Council, unlike the House, contained members sympathetic toward the plight of the bank and consequently the repeal bill encountered difficulties in the upper house. The Council shunted the bill aside to the Judiciary Committee. After more than two weeks of deliberation, the committee recommended rejection of the bill. The committee reasoned that the question of whether the bank had forfeited the charter could only "be ascertained and enforced by judicial proceedings." It, therefore, concluded that the Legislative Assembly did not possess the right to repeal the charter and for it to do so would involve "an assumption of power . . . unauthorized and arbitrary." The Council never did vote on the House bill, but killed it when the six Whigs in the 13-man body, joined by one Democrat, defeated a motion to bring it to a vote.

While the Legislative Assembly considered charter repeal, the bank again got involved in a questionable affair. The *Iowa Capitol Reporter* charged that a number of nameless individuals wanted to revive the "rotten and worthless" institution, and to this end an agent from Illinois made to a number of legislators "some offers and promises of personal reward and private advantage" in return for their help. The House immediately appointed a committee to investigate the bribery charges.



The committee, after a thorough investigation, reported back and indicated there was substance to some of the charges. The committee discovered that Dr. Richard Barrett of Springfield, Ill., wrote four members of the legislature, asking them to assist in saving the bank's charter until such time that he and his associate, Thomas Mather of Springfield, could buy out the interests in the bank held by the now bankrupt St. Louis Gas Light Co. One letter contained an offer of private "benefits" in case the charter was saved; in the other letters there were no offers of personal reward, but merely a statement of Barrett's hope to revive the bank, and a request for the support of these members in the public interest.

Barrett and Mather, the principals behind this move to revive the bank, were not new to schemes of financial manipulation. Mather, in 1835, was involved in a political power play that gave his group financial control of the State Bank of Illinois. Mather had become president of the bank, a position he still held in 1843. Barrett was one of the leading land speculators in the Iowa-Illinois region (he purchased in Eastern Iowa alone 29,046 acres for resale) and needed large sums of money from banks to complete his land deals. At this time Barrett's Illinois financial connections suffered a setback as the state forced Illinois banks into liquidation. Ownership of the Miners' Bank would have created an alternative money supply and have aided Barrett in his speculative enterprises.

The majority report of the committee appointed to investigate the bribery charges concluded that Barrett attempted to influence legislation and condemned him for his actions. At the same time they cleared of any suspicion the members who received letters from Barrett. The committee, over the protests of two Democrats, also declared the editors of the *Iowa Capitol Reporter* "justly deserving censure" for making a charge against these lawmakers that was "utterly untrue and highly reprehensible in its character."

The censure of the Democratic *Iowa Capitol Reporter* brought an explosive personal note to the controversy. The editors of the paper, in commenting on the committee's report, referred to the chairman as "this dog, Walworth," and the

committee as "these paltry, puny whipsters." George Walworth, the committee chairman, took offense and cornered the editor of the paper, Jesse Williams, in the library of the Capitol, where he "grappled his man, floored and mounted him, and proceeded to beat into his brains by dint of hard knocks . . ." While Williams "bellowed most lustily for help," Walworth, "a pigmy" compared to 6-footer Williams, "marched from the battleground bearing the cane of the vanquished colonel [Williams] as an evidence of victory." Williams evened the score a few days later when he thrashed Walworth with a whip.

The legislative attempt to repeal the bank's charter and the bribery attempt were only a portion of its problems. The evidence presented to the legislature indicated that the bank, by early 1843, was in sorry financial condition. The institution's liabilities amounted to \$121,087, while its total assets were only \$60,730.26. Obviously the bank had sustained large losses. However, of the liabilities, \$105,190 were in notes of the Miners' Bank held by stockholders. Only \$8,190 of the bank's notes were in other hands. With these new disclosures of financial ineptitude or dishonesty by the bank's managers, the enemies of the institution renewed their attempt to destroy it in the next session (1843-44) of the legislature. The Democratic-controlled House passed a bill to repeal the charter, but again the Council, this session controlled by the Whigs (seven Whigs, six Democrats), stalled the repeal attempt.

Soon after the completion of the legislative session, the Miners' Bank, on its own initiative, resumed payment of its liabilities in specie (April 19, 1844). Thereafter, until repeal of the charter, the bank claimed that it "promptly met all its liabilities." Just what this meant, or whether the people of Iowa benefited from resumption, is not clear. The *Iowa Capitol Reporter* charged that the new owners (Barrett and Mather) could safely resume specie payments because they had purchased, "for a mere song," the outstanding liabilities of the bank. Thus, according to the paper, resumption was a sham, because the owners redeemed the notes they purchased at "a discount of 75 to 80 per cent," and in this manner "swindled the creditors of the Bank." The *Reporter's* charge

is difficult to substantiate. However, the cashier's statement to an investigating committee the previous year indicated that stockholders held almost all the bank's notes and they obviously would have benefited greatly by resumption. It is also difficult to believe that out-of-state stockholders (Barrett and Mather) would put the bank on its feet primarily for the benefit of its creditors. Barrett, as suggested before, would have benefited enormously by reviving the Miners' Bank so he could obtain credit for his speculative enterprises.

The bank's legislative enemies finally succeeded in repealing the institution's charter in the Seventh Legislative Assembly. Conditions in 1845 were more favorable for repeal than ever before as elections for the legislature returned a large Democratic majority to the Council (11 Democrats, two Whigs). Previously the Council was closely divided between the Democrats and Whigs and was partisan toward the bank. The proponents of repeal, in the absence of new transgressions by the bank, gave a recital of the previous testimony to explain why the charter should be revoked. The House then unanimously approved a bill to repeal the bank's charter and the Council, now bolstered by a large Democratic majority, passed the House version without amendment.

The law repealing the bank's charter provided that the third district judge should appoint two trustees to settle the affairs of the institution. They were directed to sell the "personal and real estate" of the bank to pay its liabilities. If any money remained after "payment of debts and necessary expenses," the trustees were to divide it among the stockholders. Any debt due the bank could be paid in Miners' Bank notes, which would be accepted "at the value expressed on their face."

The bank's board of directors, upset over the repeal, issued an address to the people of Iowa, protesting the action of the legislature. The address was largely a review of the bank's operations, defending it from the charges used to justify repeal of the charter and warning that they would not relinquish control of the bank without a fight. When the court-appointed trustees attempted to settle the affairs of the bank, the directors, true to their word, refused to give up control. The

trustees then brought suit in district court to force the directors to relinquish control (November 1845). The court found in favor of the trustees, and when the directors appealed, the Iowa Supreme Court upheld the lower court's decision.

The directors then brought suit in the district court, questioning the constitutionality of the repeal. The district court held that the legislature had the authority to repeal the bank's charter. The directors appealed the decision and in July 1848 the Iowa Supreme Court upheld the lower court's judgment and the trustees finally obtained legal control of the bank. This was, however, largely a formality, as in the intervening three years the bank's affairs were settled and it ceased to exist. On Feb. 25, 1849, the directors of the bank held a final meeting to dissolve formally their connections with the bank.

In looking back over the history of the Miners' Bank, certain aspects of its shadowy career invite conclusion. The bank was to a certain extent the victim of the disturbed economic conditions following the panic of 1837. But, on the other hand, much of the bank's trouble resulted from willful deceit, or, at best, bad management. At the time of its formation in 1837 the bank officers did not fulfill the requirements of the charter: they allowed the use of stock notes to pay in capital funds and, thus, only in a technical sense was the required capital paid in; and no actual specie was in the bank, only a certificate of specie deposited in a Detroit bank. Additionally, after commencing business the bank promoted the circulation of currency from wildcat banks in Michigan.

When the bank suspended specie payments in 1841, it was in reasonably sound condition (and was under new management). And this suspension was part of a general suspension throughout the country caused by the general economic distress. After this, however, the bank's record was doubtful. It filled its board with dummy directors to meet residence requirements of the charter; the new owners—Barrett and Mather—made an attempt to improperly influence legislators to vote in favor of the bank; and it resumed specie payments under the plausible charge that the resumption benefited only the stockholders.

The loss to the community through the depreciation of bank notes is difficult to estimate. There certainly was some loss because the notes were widely circulated in the area, and when the bank suspended specie payments in 1841 they quickly depreciated. In 1842, the "St. Louis Bank note table, based on specie," listed the Miners' Bank at "no sale." In 1843, J. T. Fales testified that the notes were worth from 37 to 40 cents in Dubuque. It was charged that bank stockholders purchased notes at these depreciated prices. Testimony to the legislature in 1843 tended to substantiate this charge, as at that time stockholders controlled almost all the notes. At least one director of the bank, Patrick Quigley, openly discounted the notes at 40 cents on the dollar in his place of business. Consequently, it is likely that the stockholders would have greatly benefited from resumption in 1844, and the ex-note holders would have been the losers.

While a number of Whigs did join with the Democrats in the various attempts to repeal the bank's charter, the struggle did have an ultimate political impact. The sorry showing of the Miners' Bank strengthened the hand of the anti-bank wing of the Iowa Democratic Party (i.e., those ideologically opposed to all banks of issue) so that in the Constitutional Convention of 1846 they controlled the party and were able to pass a constitutional prohibition of all banks of issue in Iowa—a prohibition that lasted until 1857.

#### A Note on Sources

In research for this article the major sources consulted were Government Documents, Wisconsin Territory, *Journal of the House of Representatives*, 1836-38, and *Journal of the Council*, 1836-38; Government Documents, Iowa Territory, *Journal of the House of Representatives*, 1838-45, and *Journal of the Council*, 1838-45; Newspapers, *Iowa News* (Dubuque); *Iowa City Standard*; *Iowa Capitol Reporter* (Iowa City); *Northwestern Gazette and Galena Advertiser* (Galena, Ill.); and *Bloomington Herald*. For complete documentation see Erling A. Erickson, "Bands and Politics before the Civil War: The Case of Iowa, 1836-1865," unpublished doctoral dissertation, University of Iowa, Iowa City, 1967, pp. 46-107.

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