

# THE FIRST FIRST NATIONAL BANK

by

Dean Oakes

Davenport, Iowa was the site of the first National Bank to open and operate its banking business under the National Banking Act of 1863. The first deposits, over \$80,000, and the first check written were part of the first day's business on Monday, June 29, 1863, a full two days before any other national bank in the United States opened for business. How did this happen out in Iowa, just west of the Mississippi, well over a thousand miles from the nation's capital and an equal distance from the great financial centers of the East? Here is the tale.

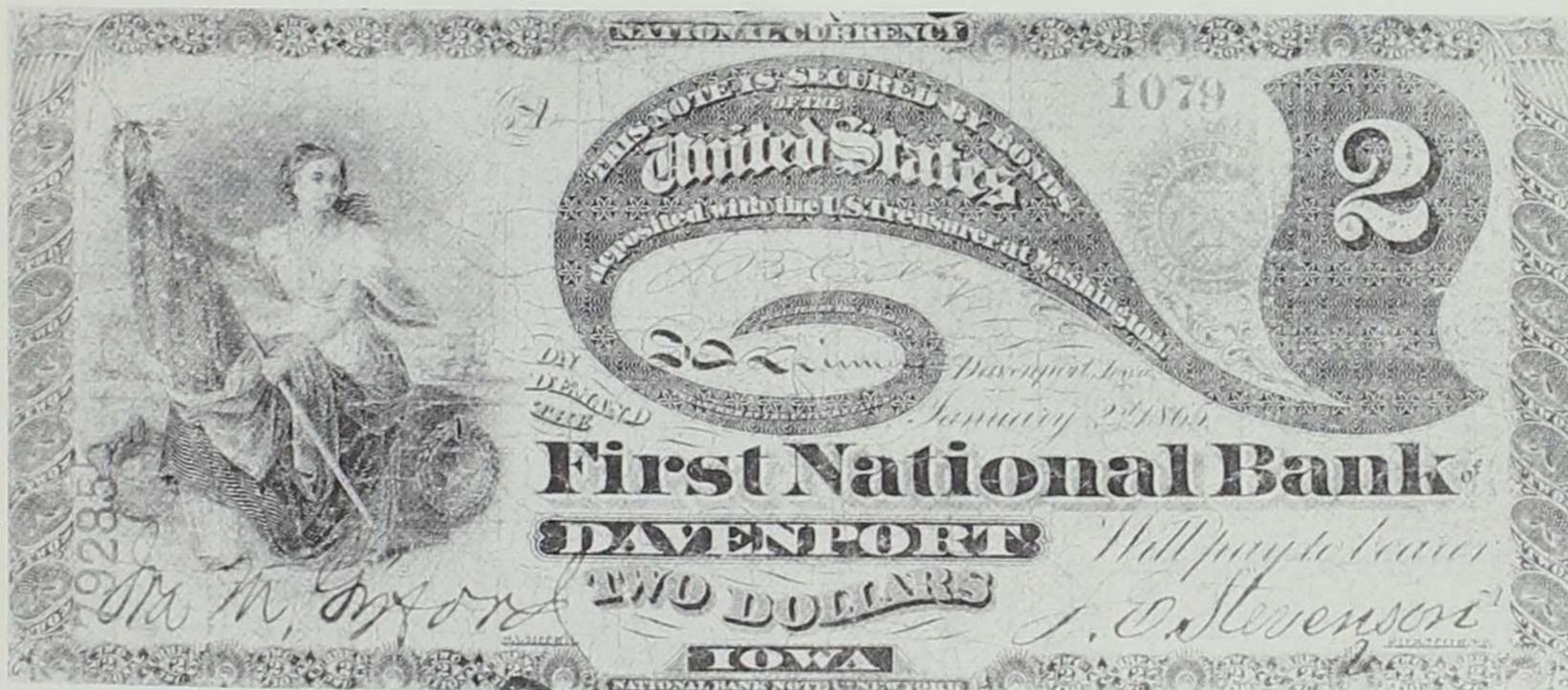
Davenport, Iowa, had grown from a few log cabins in 1836 to a community of 300 people when Iowa was given Territorial status in 1838. By the time Iowa statehood was gained in 1846, Davenport and the surrounding Scott county population was over 3000. Most of Davenport's commerce was tied to the Mississippi River and with the hard freeze of winter each year, shipments to St. Louis stopped. The need for credit increased until the spring thaw when money and commerce were once again active. The need for a bank was evident and it was realized in 1847 when Ebenezer Cook and John L.

Sargent opened a bank of deposit and exchange along with their land agency. This bank was followed by a bank of discount, deposit, and exchange founded by Jno. Macklot and Austin Corbin in 1852, with a capital of \$10,000. Mr. Corbin was associated with this banking house until mid-1861 when he retired to become two years later the main founder and president of The First National Bank of Davenport. Many banks opened and closed in those early pre-Civil War days. Money was made up of eastern drafts, local merchants' checks and notes, fractional credit slips, and other pieces of printed paper purporting to be money. As the Civil War drew nearer all hard money, gold, silver, and even copper coin, vanished into the deepest purses, to see daylight even less frequently than before. When gold and silver coin were available it was at ten to fifteen percent premium over eastern bank notes which were selling at par. Most of the local issues of bank notes and checks noting future payment traded at eighty to eighty-five percent of par in late 1858 and soon were not accepted at all.

Sagging government credit faced Salmon Chase, President Lincoln's appointee for Secretary of the Treasury, along with increased demand for money to fight the Civil War. Secretary Chase's actions were clear and sound as he appraised Congress in December of 1861 of the need for giv-

---

This article is based on information B. F. Gue, *History of Iowa*, 1 (N.Y.: Century History Company, 1903), A. F. Dawson, *History of the 1st National Bank in the United States* (Chicago: Rand McNally, 1913), and L. Van Belkum's *National Banks of Note Issuing Period, 1863-1935*.



The Lazy Two note.

ing the people a money that they could have faith in and which could be used in any part of the country. He also stated a need for a system of National banks to accept and circulate this new federal money. The new legal tender issues of United States currency started coming off the presses soon after. It took over fourteen months and close voting of Congress and the Senate before President Lincoln signed into law the National Currency Act on February 26, 1863.

The next day the Treasury Department received from Austin Corbin and Tristram Dow an application for a charter for The First National Bank of Davenport. It was almost three months before the articles of association were received from the Comptroller of the Currency, and on May 25, 1863, the general subscription lists were opened to the public. It took only three days for the \$100,000 in capital

to be subscribed to by some eighty citizens of the community. On June 22, 1863, the Comptroller of the Currency assigned National Bank Charter #15 to the Davenport stockholders and empowered them to begin business. Being agreed upon by the board, public notice to begin business was given on the 26th of June, 1863. Three days later, and by that act, it became the first First National Bank of the United States.

From the eighty founding stockholders representing the major businessmen and community leaders, came the officers and directors. These people were public spirited and helped inspire trust in the new bank, trust that generated deposits so that the bank was able to declare a five percent dividend from profits at the end of its first quarter of business. This same good management caused the bank to prosper all through its twenty year char-

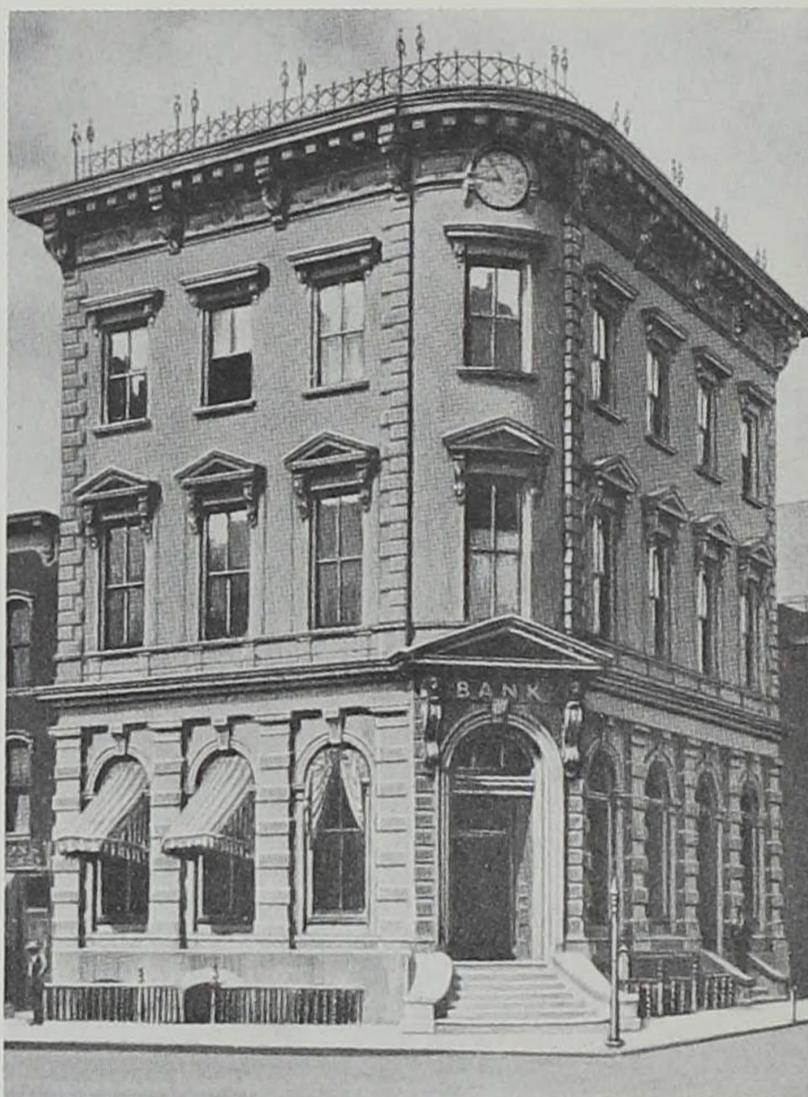
ter period, 1863-1882.

Almost a year went by before the first issue of notes of the bank were received and issued. The first notes received were 5,200 five dollar bills in sheets of four notes each, and numbered from 1 to 1040. A year later, January of 1865, the first one and two dollar bills were received and put into circulation. These were Original Series notes and bear the earliest plate date of any two dollar National Bank notes, January 2, 1865.

The total issue of notes was \$214,000.00, of which \$45,000 was still outstanding when the bank closed in 1882. This amount was decreased to only \$2,009.00 in 1910, according to the records of the Comptroller of the Currency.

The Lazy Two note pictured is one of two such notes known to survive today. The note #1079 probably was not in the first group of notes that were received by the bank. The date of its issue can be verified by the officers signing the note, Ira M. Gifford, cashier, and J. E. Stevenson, vice-president. These men served in these offices from June 19, 1865 to January 10, 1867, when Ira M. Gifford became the third president of the bank, so this would have been issued during that time.

The note pictured here also has the distinction of being handled and entrusted by hundreds of people, people who kept the note, not because they could not spend it (such as many notes of its day), but because they know that they could always spend it, that it was as good as any money they had. Someone may also



*The First National Bank of Davenport.*

have prized this bill because it came from the *first* First National Bank to do business in the United States, The First National Bank of Davenport, Iowa. □