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The Bank of Gallipolis: Its Place in National Banking History

A Thesis Submitted To
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By
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Introduction

In his 1842 report concerning the failure of the Bank of Gallipolis, Ohio Bank Commissioner Bela Latham blamed its demise on “overissue” stemming from an 1839 Board of Directors’ resolution giving *carte blanche* powers to M.B. Sherwood in consultation with E.E. Smith and A.H. Scoville.¹ By passing the resolution, the Directors inadvertently opened the door to fiscal folly. In some respect, the Bank of Gallipolis was doomed to fail even before it began operations in August 1839.

The failure of the Bank of Gallipolis holds more significance than that of the greatest monetary loss to befall the citizens of Ohio due to a bank failure between 1831-1844.² The Bank of Gallipolis serves as an example of an institution that generated the kinds of problems that could befall Americans because of the absence of the Second Bank of the United States. Without the restraining influence of the Second Bank, dishonest individuals, like the officers of the Bank of Gallipolis, could recklessly issue outrageous amounts of bank notes without limitations, leaving the citizens of the United States to suffer for want of a stable currency.

¹ Special Report Of The Bank Commissioners Of The State of Ohio, Made To The Adjourned Session Of The Fortieth General Assembly July 25, 1842 (Columbus: Samuel Medary, 1842), 32, 253, 256.

² Ohio Executive Document No. 71 (1844). The Bank Commissioner’s 1844 estimate of the monetary loss to Ohio note holders of Bank of Gallipolis notes was \$380,000. The last Directors and officers of the Bank of Gallipolis apparently never set a figure on the monetary loss to Ohio note holders to record.

Chapter One- Background

National Banking History--1790-1841

Treasury Secretary Alexander Hamilton proposed the idea of a national bank to Congress in 1790. Hamilton believed that such an institution would be an asset to the United States government for tax collection and serve as a lending organ to the Treasury. Hamilton's contemporaries such as Congressman James Madison, Secretary of State Thomas Jefferson and Attorney General Edmund Randolph thought a national bank would be unconstitutional. Nonetheless, Congress incorporated the Bank of the United States in February 1791 and President George Washington signed the institution into existence. On 12 December 1791 the Bank of the United States opened for business in Philadelphia and was only the sixth bank in the entire country. Congress authorized the Bank of the United States' capital at \$10,000,000, with \$8,000,000 worth of shares made available for the public to purchase. The federal government also held stock in the institution, which had a Congressional charter for twenty years.¹

The Bank of the United States and its offspring, the Second Bank of the United States (hereafter referred to as Second Bank), functioned as central banks. Generally, these institutions functioned as watch dogs over the state banks. The institutions held the deposits of the federal government and had branch offices in major cities. With payment of debts to the government in bank notes from various banks in different states, the institutions deposited the notes in the government's account. Eventually, the institutions tried to redeem the notes for specie (gold or silver). For example, if an agent of either institution traveled to Ohio with \$500.00 worth of an Ohio bank's notes, the institutions expected to be able to trade in the notes for an equal amount of gold or silver coin. The

¹ Bray Hammond, *Banks And Politics In America: from the Revolution to the Civil War* (Princeton: Princeton University Press, 1957), 114-17, 122-23, 125, 128, 244. The other six banks were the Bank of North America, the Bank of New York, the Massachusetts Bank, the Bank of Maryland and the Bank of Providence.

more notes a bank issued, the more it would be liable to redeem. Thereby both the Bank of the United States and the Second Bank acted as a regulator on the amount of bank notes in circulation.²

Despite the positive effects of the Bank of the United States, its enemies kept Congress from rechartering the institution. Traditionally, agrarians favored coin over paper money. Although some agrarians saw the utility of the Bank of the United States as a control on state banks, extreme agrarians stood firmly against any bank. Businessmen with an interest in state banks viewed the Bank of the United States as a hindrance to expansion and used the newspapers they controlled to attack the institution. Politicians with extreme agrarian and business interests united and defeated the bill to recharter the institution in the House 65-64. In the Senate, Vice President George Clinton cast the fatal tie-breaking vote and executed the Bank of the United States on the Senate floor.³

The death of the Bank of the United States with its restraining influence heralded the proliferation of state banks. Between 1811-1816 the number of state banks swelled from 88 to 246 (an increase of 158 or about 32 per year), their circulation tripled from 22.7 million dollars to 68 million dollars (an increase of 45.3 million dollars or about 9 million dollars per year). Specie holdings grew only slightly from 9.6 million dollars to 19 million dollars (an increase of 9.4 million dollars or around 3 million dollars per year) and bank loans from 1812-1815 exploded from 12.8 million dollars to 150 million dollars (an increase of 137.2 million dollars or about 45 million dollars per year). Comparing the numbers for the amounts of notes in circulation and specie for 1811-1816, the amount of species proves embarrassingly insufficient to meet the bloated amount of notes.⁴

² Hammond, *Banks And Politics*, 198-99, 220, 324; George Soule, *Economic Forces in American History* (n.p.: The Dryden Press, 1953), 191.

³ Hammond, *Banks And Politics*, 32, 210-11, 220; Soule, *Economic Forces*, 190-91.

⁴ Soule, *Economic Forces*, 190-91.

The British attack on Washington, D.C., in August 1814, and the possibility that Baltimore could also fall, frightened the citizens into converting their bank notes into specie. The volume of claims forced banks nationwide to suspend specie payment. Bank note values varied throughout the country and with no other supply of money available the government would have to accept these state bank notes as tax payments. Federal revenue suffered because the war abruptly curtailed trade and thereby the chief source of national income, tariffs. Faced with these problems, Congress in 1815 asked Treasury Secretary Alexander J. Dallas about establishing a new Bank of the United States. The birth of the Second Bank occurred in 1816. It possessed an authorized capital of \$35,000,000. The Second Bank held Treasury deposits, had a twenty year charter and was headquartered in Philadelphia. After a five year absence, a crucial central bank returned.⁵

The Second Bank only accepted specie or bank notes supported by specie as payment for debts. William Jones, President of the Second Bank, informed bankers that he planned to constrict the notes of banks that did not comply with the Second Bank's specie redemption policy. In the Summer of 1816, some states met in convention, wanting the redemption date of 20 February 1817 postponed because the Second Bank would not be fully operational by the congressional deadline and the states wanted the Second Bank's help in resuming specie payment.⁶

In summer 1818, the Second Bank decided to combat speculation through deflationary action. In 1819, the Second Bank demanded that debtor institutions settle their debts with the Second Bank. Debtor institutions then turned to the citizens in debt to them. Because many debtors borrowed money from state banks to buy land offered by the federal

⁵ Hammond, *Banks And Politics*, 227-29, 231, 244, 764.

⁶ George W. Knepper, *Ohio And Its People* (Kent: Kent State University Press, 1989), 140; C.C. Huntington, "Banking and Currency in Ohio Before the Civil War," *Ohio Archaeological and Historical Society Publications* 24 (1915): 282.

government, the banks foreclosed on the individual debtors unable to repay their loans and these debtors lost their land. The Second Bank halted the boom of the post War of 1812 years.⁷

In February 1818, the Maryland Assembly decided to levy a \$15,000 tax upon all unchartered banks or branch banks in the state. The Baltimore branch of the Second Bank did not pay. The state sued the branch and named the Baltimore branch cashier, James W. McCulloch in the case. The state courts sided with the state legislature. The Second Bank appealed to the Supreme Court. In 1809, Georgia taxed the Savannah branch of the Bank of the United States. When the branch resisted paying the tax, the state took \$2,004 in silver coin from the branch. This matter appeared before the Supreme Court in 1810 in the case of *Bank of the United States v Deveaux*, in which the Court ruled against the institution because of a matter of jurisdiction. Nearly a decade after *Bank of the United States v Deveaux*, Tennessee, Georgia, North Carolina, Kentucky and Ohio joined Maryland in levying taxes on the branches of the Second Bank in their states. The case of *McCulloch v Maryland* not only impacted the Second Bank, but it also impacted the government. If the Court ruled in favor of Maryland, it would essentially give all the states permission to destroy the Second Bank, not to mention severely limiting the government's ability to extend itself beyond the text of the Constitution. On 7 March 1819, Chief Justice John Marshall presented the unanimous decision of the Court--Congress could establish a bank, the bank could have branches in the states without their consent and the state had no power to tax the branches. In addition to saving the Second Bank, the Marshall Court increased federal authority. After Ohio taxed

⁷ Knepper, *Ohio And Its People*, 140-41; Winthrop D. Jordan and Leon F. Litwack, *The United States-Brief Edition*, 4th ed. (Englewood Cliffs: Prentice Hall Inc., 1994), 104-05.

a branch of the Second Bank and the matter came before the Court in the case of *Osborne v Bank of the United States*, the Court upheld the decision in *McCulloch v Maryland*.⁸

As its predecessor, the Second Bank continued to be a central bank. Its habit of presenting bank notes for redemption kept the number of illegitimate institutions, called 'wild cat' banks, low. The principle of a 'wild cat' bank functioned under the idea of opening a bank in such a remote area that the redemption of its notes would be unlikely. Between 1816-1830, state banks grew from 246 to 329 (an increase of 83, or about six new banks per year over 14 years). Although the Second Bank's notes only accounted for about 20% of all the notes in circulation, by 1830 their existence caused a decrease in state bank note circulation from 68 million dollars to 48 million dollars (a decrease of 20 million dollars, or about 1.5 million dollars per year for 14 years). In addition, the Second Bank provided price stability to goods and services.⁹

Despite the benefits of the Second Bank, detractors still plotted its demise. The fatal Jacksonian assault on the institution consisted of five elements--New York's jealousy of Pennsylvania as the financial center of the United States, business and state banks anger at the institution's restraint of bank credit, pro-state rights politician's anger at the existence of a government entity that did not answer to state authority, a public distrust of corporations and the successful manipulation of agrarian anger to the point where they stopped focusing their hatred on banks in general and instead applied all their loathing towards the Second Bank.¹⁰ President Andrew Jackson, while leery of banks and bank

⁸ Hammond, *Banks And Politics*, 127, 222, 263-65, 268; Huntington, "Banking and Currency," 313, 317-18.

⁹ Soule, *Economic Forces*, 192-93; Glyndon Van Deusen, *The Jacksonian Era 1828-1848*. The New American Nation Series, Harper Torchbooks/The University Library (New York: Harper & Row Publishers, 1963), 63.

¹⁰ Hammond, *Banks And Politics*, 329, 343-44; Van Deusen, *The Jacksonian Era*, 64.

notes, would accept a replacement for the Second Bank, believing the institution to be a “Hydra of corruption-dangerous to our liberties by its corrupting influence everywhere.”¹¹

The National Republicans (which later became the Whig party) believed that the issue of rechartering the Second Bank could be used against Jackson in the Election of 1832. Their nominee for President, Henry Clay, believed the same. The President of the Second Bank, Nicholas Biddle, received mixed signals from the White House for over three years concerning whether Jackson favored recharter. Henry Clay and Senator Daniel Webster told Biddle that the election year would be the best time to ask Congress to recharter the Second Bank. Thus, Biddle submitted his request for recharter on 6 January 1832 and Congress complied. The National Republicans believed the Congress placed Jackson in a bind. If he vetoed the bill, he would lose the support of the key election state of Pennsylvania. If he signed the bill, he could be vilified for extending the life of the institution he hated. Jackson vetoed the bill to recharter the Second Bank on 10 July and his veto earned him public support. Jackson used his anti-Second Bank stand to win another term, crushing Clay in the Election of 1832 by a margin of 170 electoral votes (219-49).¹²

Jackson’s victory in the Election of 1832 did not end his obsession to destroy the Second Bank. In November 1832, he told his Cabinet that he believed the institution to be insolvent and that the federal deposits should be removed. Attorney General Roger B. Taney agreed. Jackson asked Congress to investigate the question of the security of the federal deposit in the Second Bank. The House determined that the Second Bank acted as a good steward of the federal funds it held but Jackson did not concur. His Treasury Secretary, Louis McLane, felt the Second Bank could safely keep the funds. After the

¹¹ Van Deusen, *The Jacksonian Era*, 64.

¹² Hammond, *Banks And Politics*, 385-86, 405, 410; Van Deusen, *The Jacksonian Era*, 42, 66, 68.

administration moved McLane to the State Department, William J. Duane assumed McLane's old position and, like his predecessor, thought the federal funds should remain with the Second Bank. The administration expelled Duane from his position and Roger Taney filled the vacancy. The state banks that earned Jackson's political blessings gained the right to receive the funds formerly in the possession of the Second Bank. The deposit of federal funds in these 'pet banks' enabled these institutions to increase the amount of loans to borrowers.¹³

Biddle tried once more to get the Second Bank rechartered. He demanded repayment of loans made by the Second Bank and curtailed the discount of notes. Biddle and Clay thought these actions would create enough discomfort in the country and that the people would bellow for the recharter of the Second Bank and the government would comply with the people's wishes. Jackson did not yield his stern anti-Second Bank position. The Second Bank's actions only served to increase its unpopularity in the country. Before the charter expired in 1836, the Second Bank got a second chance at life from the state of Pennsylvania. Massive borrowing from Europe coupled with unwise investment in cotton at a time when the world wide market price of the crop declined eventually caused the institution's failure in 1841.¹⁴

The demise of the Second Bank and its central bank functions permitted an explosion of state banks. Between 1834-1837, the number of state banks expanded from 506 to 788 (an increase of 282 over three years, or 94 per year), note circulation increased from 95 million dollars to 149 million dollars (an increase of 54 million dollars over three years, or 18 million dollars per year) and loans increased from 324 million dollars to 525 million

¹³ Van Deusen, *The Jacksonian Era*, 80-81, 279; Knepper, *Ohio And Its People*, 143-44; Soule, *Economic Forces*, 194.

¹⁴ Van Deusen, *The Jacksonian Era*, 82-85.

dollars (an increase of 201 million dollars over 3 years, or 67 million dollars per year).¹⁵ By comparing the statistics of the growth of state banks, their circulation, and the increase in loans made during the period of 1811-1816, between the end of the Bank of the United States and the chartering of the Second Bank as well as the period of 1834-1837 when the Second Bank existed with a diluted state of power up to the expiration of its federal charter in 1836, it can be determined that the growth in the period from 1834-1837 surpassed the period of 1811-1816 in state bank growth (1811-1816: 158 new banks, 1834-1837: 232 new banks), amount of notes in circulation (1811-1816: 45.3 million dollars, 1834-1837: 54 million dollars) and the increase in loans (1811-1816: 137.2 million dollars, 1834-1837: 201 million dollars).

The Treasury feared that state bank notes used to pay for federal lands had no specie redemption value. In response, Jackson issued his Specie Circular, which required that all lands bought from the government must be paid for in either gold or silver. The Specie Circular ended the boom in land sales and unwise investments in internal improvement projects that occurred in Jackson's second term. The Panic of 1837 followed. After a brief recovery in 1838, depression returned and lasted for five years. Although many state banks failed, the country maintained state banks,¹⁶ probably out of necessity because no other banking system existed to replace the state banks.

Ohio Banking History--1803-1845

Ohio's banking history began in 1803 when a Cincinnati merchant, Martin Baum and his associates created a company to promote trade. Baum's group, called the Miami Exporting Company, sought to aid the export of agricultural products to New Orleans. The Ohio General Assembly (state legislature) authorized the company's charter on 15 April 1803. In 1804, the Miami Exporting Company started its operations. It possessed

¹⁵ Soule, *Economic Forces*, 194.

¹⁶ Soule, *Economic Forces*, 194-95; Jordan, *The United States*, 122.

banking powers to the extent that it could both issue and redeem notes, although redemption of notes was not in gold or silver but in the form of other banks' notes. In 1807, the Miami Exporting Company abandoned the commercial part of its business in favor of full time operations as a bank.¹⁷

One year after the Miami Exporting Company became a full time bank, the Bank of Marietta gained its charter on 10 February 1808. Unlike the Miami Exporting Company, the Bank of Marietta initially sought to be a bank. Among the provisions under which the bank operated was that the charter would terminate in 1818; the capital stock could not exceed 5,000 shares, each worth one hundred dollars; seven directors were authorized and they were to be both stockholders and residents of the county; the state prohibited trading in merchandise, and one fifth of the capital stock could be subscribed by the state.¹⁸

After completing action on the Bank of Marietta charter, the General Assembly proceeded to create the Bank of Chillicothe and the Bank of Steubenville. Both banks were permitted to have a capital stock of \$100,000. Generally, early Ohio banks were limited by the amount of property they could own and had limits on their circulation to the extent that these banks could circulate currency so long as the quantity in circulation did not surpass three times the capital stock of the bank. Despite this early progress, the General Assembly ceased authorizing new banks until 1812.¹⁹

In Ohio, the Western Reserve Bank and the Bank of Muskingum came into legal existence in 1813, followed by the Dayton Manufacturing Company in 1814. The War of 1812 brought a number of government contracts to the state and the specie the government used in payment of the contracts made possible the redemption of Ohio bank

¹⁷ Huntington, "Banking and Currency," 257-58.

¹⁸ *Ibid.*, 260-61.

¹⁹ Huntington, "Banking and Currency," 261-63; Knepper, *Ohio And Its People*, 138.

notes in hard money. After the 1814 capture of Washington, D.C., Eastern bankers stopped specie payment, ending Ohio's supply of hard money. The end of the hard money supply made it necessary for Ohio banks to stop redeeming Ohio bank notes in gold or silver. The lack of redemption shook the public's confidence in Ohio's various notes and led to inflation that lasted until 1825.²⁰

Unauthorized banking also played a role in Ohio's early banking history. Banks such as the Bank of Marietta and the Farmer's and Mechanic's Bank started out as unauthorized banks and later acquired charters from the General Assembly in order to exist as legitimate banks. Other unauthorized banks operated with varying degrees of reputation. The Bank of Xenia possessed a good name while the Owl Creek Bank of Mount Vernon became well known for its worthless notes. On 8 February 1815, the General Assembly took a step to deal with the matter of unauthorized banks by passing a law which forbade the unauthorized issue of notes. The penalty for violating this law consisted of a one year prison term and a fine not to exceed \$5,000. As of 1 January 1818, this law would be retroactive to those unauthorized institutions that existed before 1 January 1815.²¹

Between 1810-1820, the West gained significant population. Trade restrictions, such as the Embargo Act imposed up to the War of 1812, helped funnel Eastern citizens westward in search of new economic opportunities. Between 1810-1820 Ohio's population increased by 151.9%, to the point where the state's population was more than the combined total population of Kentucky and Tennessee. An increase in population

²⁰ Huntington, "Banking and Currency," 263-64, 267; Knepper, *Ohio And Its People*, 138.

²¹ Huntington, "Banking and Currency," 265-66; Knepper, *Ohio And Its People*, 139.

necessitated an increase in the money supply. Ohio answered this by authorizing twenty new banks.²²

Governor Thomas Worthington sought the advice of the state auditor concerning the idea of the state owning stock in the various banks and the use of these state owned dividends in a fund to relieve the tax burden upon the citizens. On 18 December 1815, the auditor replied that all authorized bank charters would expire in 1818, save one, and the state should incorporate as many banks as could be done safely, with the state taking one-fifth of the capital stock. The auditor further suggested that the state, for a two year period, partially pay for the stock, reap full dividends and apply these dividends toward paying for the stock. After two years, any remaining state debt to the banks should be paid from the dividends at 4% interest. Worthington liked the auditor's idea since a land tax served as the only source of state revenue.²³

Before acting upon the auditor's idea, the General Assembly again had to deal with the matter of unauthorized banking. Under the new law, anyone acting as an officer of such a bank would be fined \$1,000 and a fine of three times the amount of currency issued by the unauthorized bank. After this action, the General Assembly set to work on the "bonus law" with the purpose to ". . . raise a state revenue from banks and to prevent their future increase."²⁴

The General Assembly passed the "bonus law" on 23 February 1816 and incorporated twelve banks, six of which were new. Each possessed a capital stock of \$100,000 and would operate as soon as six hundred \$100 shares were subscribed. Each bank would have thirteen directors and the possibility that the capital stock could be raised to

²² Huntington, "Banking and Currency," 269, 271.

²³ Knepper, *Ohio And Its People*, 470; Huntington, "Banking and Currency," 272.

²⁴ Huntington, "Banking and Currency," 273.

\$500,000. By 1 September 1816, each bank in Ohio was to have set aside one twenty-fifth of its capital stock for the state and the state must have one twenty-fifth of any new stock created. Over time, dividends from the share would enable the state to buy more stock until it acquired one-sixth of the capital stock. After this acquisition, the dividends would be paid to the state. Banks that complied with the “bonus law” would have their charters extended until 1 January 1843 and would receive tax exempt status.²⁵

Of twelve banks chartered under the “bonus law,” the following six were new: the Franklin Bank of Columbus; the Lancaster Bank; the Belmont Bank; the Commercial Bank of Lake Erie; the Bank of Mount Pleasant and the Bank of West Union. The other six banks chartered included: the Lebanon Miami Banking Company; the Bank of Cincinnati; the Urbana Banking Company; the Columbia Bank of New Lisbon; the Farmers’, Mechanics’ and Manufacturers’ Bank; and the German Bank of Wooster, all of which existed originally as unauthorized banks. The state owned stock in twenty-five of twenty-eight banks in 1818.²⁶

Between 24 February 1816 and 14 January 1818, the General Assembly authorized eight more banks: the Zanesville Canal and Manufacturing Company; the Farmers’ and Mechanics’ Bank of Steubenville; the Commercial Bank of Scioto; the Farmers’ Bank of Canton; the Bank of Hamilton; the Bank of Gallipolis; the Little Miami Canal and Banking Company; and the Bank of Circleville. All received incorporation under the “bonus law”. Unauthorized banking continued to be a problem since their voluminous issue of notes added to the inflation in Ohio.²⁷

²⁵ *Ibid.*, 273-74.

²⁶ Huntington, “Banking and Currency,” 275; Knepper, *Ohio And Its People*, 140.

²⁷ Huntington, “Banking and Currency,” 277, 279.

The longer unauthorized banks could issue notes without being required to redeem them in specie, the institutions would prosper and rich dividends would come to the shareholders.²⁸ The coming of the Second Bank would curtail this activity.

The Second Bank's 1816 specie redemption policy and its plans to curtail the notes of non-specie paying banks troubled Ohio bankers. Many possessed notes from banks of questionable status. If Ohio and other western banks redeemed the notes in specie, many feared bank failures and damage to the Western state's economies. At a 6 September 1816 meeting, Ohio bankers resolved that it would be unwise for Ohio banks to resume specie payment until the banks in the Atlantic cities redeemed their notes in specie. The Ohio banks represented at the conference claimed to be ready for the return of specie payment and would redeem their notes in specie as soon as the Ohio banks were assured that the banks in the east coast cities were doing the same. In spite of the Second Bank's desire to have specie redemption, the banks in Ohio issued more notes.²⁹

Ohio bankers' fears notwithstanding, the state acquired two branch banks of the Second Bank. In March 1817, Cincinnati businessmen won a branch for their city and Thomas Worthington's efforts earned Chillicothe a branch in October. However, trouble brewed for the branch banks in the General Assembly. Although a joint committee reported to the body in December 1817 that it would not be advisable to tax the branches, the Ohio House rejected this report in favor of a second report condoning the above tax. The bill to tax the branches was presented but was held over until December 1818.³⁰

In June 1818, two Second Bank officials, intent on redeeming notes, traveled through eastern Ohio. They encountered more failures than successes. In that same summer when

²⁸ *Ibid.*, 282.

²⁹ Knepper, *Ohio And Its People*, 140; Huntington, "Banking and Currency," 282-83.

³⁰ Knepper, *Ohio And Its People*, 140; Huntington, "Banking and Currency," 284.

the Second Bank decided to take the deflationary action they ordered the Cincinnati branch, on 20 July 1818, to settle the debts it had with the state banks. The Ohio banks soon suspended specie payment. The Ohio House, in December 1818, created a select committee to investigate the situation. The committee's February 1819 report placed the blame for Ohio's economic woes upon the branches of the Second Bank and recommended that a yearly tax of \$50,000 per branch be levied.³¹

On 19 February 1819, the General Assembly passed the "crowbar law" designed by Charles Hammond. In addition to levying a \$10,000 tax on all unauthorized banks in the state, the General Assembly levied an annual \$50,000 tax on the branches of the Second Bank in the state if they still operated after 15 September 1819. If the branches were still in operation on this date, the state auditor would issue a warrant to collect the tax.³²

The deadline for the branch banks in Ohio to cease operations came and passed. Ralph Osborne, the State Auditor, prepared to collect the Second Bank tax. The Chillicothe branch filed for an injunction in the U.S. Circuit Court. Osborne received a subpoena but upon legal advice did not appear on the court date. The circuit court granted the injunction, yet the Chillicothe branch had to pay a \$100,000 bond. On 15 September a Second Bank agent served the auditor with a copy of the injunction petition and a summons to appear in court at a later date. Osborne sent the injunction petition, subpoena, and a warrant authorizing the collection of the Second Bank tax to the Ohio secretary of state, then at Chillicothe, to seek his advice on the matter. The secretary of state decided that the paper Osborne sent did not equal an injunction. In addition,

³¹ Jordan, *The United States*, 104-05; Huntington, "Banking and Currency," 290-91, 300; Knepper, *Ohio And Its People*, 140-41.

³² Knepper, *Ohio And Its People*, 141; Huntington, "Banking and Currency," 313, 317-18.

Osborne had the backing of Governor Ethan Allen Brown who believed that since the state could tax banks, the branches of the Second Bank were not an exception.³³

On the evening of 17 September 1819, Sheriff John L. Harper, Thomas Orr and another man entered the Chillicothe branch of the Second Bank. They were under orders to use no violence and if forcibly opposed, to seek the aid of a local magistrate. Harper and his men gained access to the vault and sought to collect the tax. His request refused and in spite of the injunction, Harper entered the vault and collected enough currency to meet the amount of taxes on both branches. The men transported the money by wagon to the Bank of Chillicothe where the funds were stored until morning. On 18 September, accompanied by guards, Harper and his men left for Columbus with the now collected tax. That same day, Harper, while on the road, received a court issued writ, forbidding him, Osborne or the auditor to give the funds to the state or from reporting to the General Assembly the fact that it had been collected. Osborne also received the same writ. Harper and his group arrived in Columbus and received \$2,000 for their work. State Treasurer H.M. Curry received the remaining \$98,000 and determined that Harper had taken too much. Curry sent the surplus \$20,000 back to Chillicothe.³⁴

The Second Bank sued not only for the return of the money but argued that Osborne and others trespassed and were in contempt. A deputy marshal arrested and imprisoned Harper and Orr. The men regained their freedom in January, 1820. Osborne claimed that the injunction was not properly served before the tax was collected. Finally, the Second Bank won its case in court. Federal marshals confiscated \$98,000 from the State Treasury and returned that amount to Chillicothe. Public opinion in Ohio sided with the state officials.³⁵

³³ Huntington, "Banking and Currency," 318; Knepper, *Ohio And Its People*, 141-42.

³⁴ Huntington, "Banking and Currency," 318-20; Knepper, *Ohio And Its People*, 142.

³⁵ Huntington, "Banking and Currency," 320-21; Knepper, *Ohio And Its People*, 142.

The matter concerning the money paid to Harper and his men as well as the interest due the Second Bank by the state as determined by the U.S. Circuit Court in September 1821, reached the Supreme Court in the 1824 case *Osborne v Bank of the United States*. In addition to ruling again that a state cannot tax the branches of the Second Bank, John Marshall upheld the return of the \$98,000 to the Chillicothe branch and the return of Harper and his men's pay, but the Second Bank could not collect interest on the funds while in possession of the state treasurer. It was not until 28 January 1826 that the General Assembly repealed the law of 29 January 1821, the law which outlawed the existence of any branch of the Second Bank in Ohio.³⁶

In 1829, the General Assembly authorized two new banks, the first in eleven years. The Bank of Geauga and the Commercial Bank of Cincinnati both received their charters that year. By 1830, only eleven chartered banks survived. The others failed due to dishonesty or mismanagement.³⁷

After President Jackson vetoed the recharter of the Second Bank in 1832, Ohio earned some of the fruits of Jackson's efforts and Jackson gave nine 'pet banks' in the state some of the federal funds formerly held by the institution. The locations of Ohio's 'pet banks' included two each in Columbus, Cincinnati and Cleveland with others at Wooster, Zanesville and Chillicothe.³⁸

In the 1830's, new banks came into existence through legislative action. The Bank of Norwalk got its charter in 1831, the Bank of Zanesville received its charter in 1832 and the Franklin Bank of Cincinnati came into legal existence in 1833. In 1834, ten new banks

³⁶ Knepper, *Ohio And Its People*, 142; Huntington, "Banking and Currency," 325, 327-28.

³⁷ Huntington, "Banking and Currency," 344, 347-48.

³⁸ *Ibid.*, 355-56; Knepper, *Ohio And Its People*, 143-44.

received charters: the Ohio Life Insurance and Trust Company; The Bank Of Wooster; the Bank of Massillon; the Bank of Xenia; the Bank of New Lisbon; the Lafayette Bank of Cincinnati; the Bank of Circleville; the Bank of Cleveland; the Bank of Sandusky and the Clinton Bank of Columbus. In 1835, twenty-two of Ohio's seventy-eight counties had the thirty-one chartered banks in the state. The Loco-Foco wing of the Democratic party, which detested monopolies, corporations and favored gold and silver over bank notes and detested corporations, soon gained power in the General Assembly and ended the proliferation of banks.³⁹

Upon the advice of the United States Treasury and the governor, the General Assembly sought to keep banks from issuing notes of less than five dollars. The Treasury believed notes that amounted to less than five dollars drained off specie which could be used in redemption and added to the amount of bank notes in circulation that a bank would be subject to redeem. The General Assembly instructed the state auditor to urge banks to stop issuing notes of less than five dollars. The Ohio banks resisted prompting the General Assembly to act against banks that issued notes of less than five dollars. On 14 March 1836, the General Assembly authorized a tax increase on bank dividends if the banks did not surrender their right to issue notes of less than five dollars. Twenty-seven of thirty-two Ohio banks stopped issuing notes of less than five dollars.⁴⁰

Ohio also took steps to rid itself forever of the Second Bank. Although thwarted by Jackson at the national level, the supporters of the Second Bank acquired a charter for the institution from Pennsylvania. These supporters sought to establish branches in other states, including Ohio. Between 1835-36, the Thirty-Third General Assembly passed a law prohibiting the existence of any branch in the state. In 1836, the charter of the Second

³⁹ Huntington, "Banking and Currency," 357, 361, 364, 368, 375-77; Van Deusen, *The Jacksonian Era*, 95.

⁴⁰ *Ibid.*, 378-83.

Bank expired. When the Panic of 1837 struck the nation, Ohio banks fell in line with other banks in the nation and suspended specie payment⁴¹

Consequently, Ohio repealed the prohibition on small notes granting those institutions which surrendered the right originally in 1836 the opportunity to issue such notes again if the notes would be redeemable in specie. The banks had to redeem specie by 4 July 1838 if east coast bankers had done the same by that time. At a 23 July convention, eastern bankers agreed to redeem specie on 13 August 1838. Ohio banks did the same. In 1839, suspension occurred again nationally. A majority of Ohio banks did not suspend payment because of the actions taken by the General Assembly by repealing the law banning the existence of notes of less than five dollars in 1838.⁴²

The year 1839 also saw the passage of the Bank Commissioners Law on 25 February. The law proscribed the amount of notes that a bank could circulate could not be more than three times the amount of specie on hand, excluding deposits. If in violation of this provision, each director was liable as was each stockholder to the ratio of their stock. If a bank failed to redeem its notes in gold or silver or in other bank notes for thirty days, it would be forced to close. The law authorized the General Assembly to appoint three Bank Commissioners who were to visit banks, examine bank books and make reports of their findings to the General Assembly. By December 1839, The Bank Commissioners made their first report. They cited a hostility among banks in the state towards accepting each other's notes, the problem of 'post-notes', notes that were to be paid at a later date, the problem of notes of other states in Ohio, in addition to stock notes and large loans given to directors and stockholders ". . . almost unlimited in amount and time of payment."⁴³

⁴¹ Charles B. Galbreath, *History Of Ohio*, Vol. 2 (Chicago: The American Historical Society, Inc., 1925), 512-14; Huntington, "Banking and Currency," 387.

⁴² Huntington, "Banking and Currency," 389-92.

⁴³ *Ibid.*, 392.

A substantial number of Ohio banks failed between 1841-42. The Bank Commissioners determined that the fault lay in the misuse of funds in which the capital and deposits were placed in suspended debts, such as mortgages and real estate. The Bank Commissioners believed that these bank failures undermined citizen's confidence in Ohio's banking system. On 7 March 1842, the General Assembly passed a General Banking Law, with the purpose of imposing regulations on Ohio banks. Its directives stated that all capital must be in gold or silver before the bank opened; set a proportion of the amount of notes in circulation to capital; established a safety fund and made the president, directors and officers liable for both mismanagement and if any capital were lost. Of twenty-three specie paying banks in Ohio in December 1842, thirteen of these had their charter expire on 1 January 1843. Two more expired on 1 January 1844. Subsequently, eight stable specie paying banks remained.⁴⁴

Even after being amended in 1843, complaints still existed concerning the General Banking Law. Banks whose charters expired could reorganize under this law, yet these same institutions objected to the tax on dividends and capital stock, the expense of registering the notes issued, as well as the expense of financially supporting the Bank Commissioners and the regulation that, upon complaint, the Bank Commissioners could close a bank with a deduction of one-fifth of the capital of the errant institution.⁴⁵

As the governor's chair changed parties regularly between 1832-42, it should come as no surprise that the party in power should put its own political stamp on ideas or legislation concerning banks. The Democrats sponsored the law that forbade the issue of notes of less than five dollars, a law the Whigs repealed in 1838. Whig Governor Thomas

⁴⁴ *Ibid.*, 403-05, 413.

⁴⁵ *Ibid.*, 419.

Corwin favored a state bank, an idea unfavorable to the next Governor Wilson Shannon, a Democrat.⁴⁶

In 1844 the Whigs won both the General Assembly and the governorship. The next year, the Bank Bill of Alfred Kelley became law. Under this law, five people could organize a banking company and the state was divided into twelve districts and the number of banks in each county was limited. After two years, the capital stock could increase. Independent banks needed a capital stock of \$50,000 yet could not exceed \$500,000 and thirty percent of the capital needed to be in gold or silver coin or its equivalent. Pre-existing banks could become independent banks. Under the Kelley Bank Bill a State Bank, an institution first suggested in 1817⁴⁷, finally became reality. The State Bank has been described as “ a consortium of independent banks with member banks in each of twelve districts. The State Bank operated under a Board of Control made up of representatives of each member bank.”⁴⁸ Operating by July 1845, the State Bank of Ohio gave stability to the state’s banking system until being replaced under the National Banking Act of 1863.⁴⁹

The General Assembly authorized many banks before the Civil War, including the Bank of Gallipolis. Unlike other banks in the state, the Bank of Gallipolis stands out among its contemporaries because of how a group of dishonest New Yorkers utilized this legally designed institution for some illegal actions.

⁴⁶ Knepper, *Ohio And Its People*, 470-71; Huntington, “Banking and Currency,” 377, 382, 389, 395-96.

⁴⁷ Knepper, *Ohio And Its People*, 167; Huntington, “Banking and Currency.” 284, 427, 495.

⁴⁸ Knepper, *Ohio And Its People*, 167.

⁴⁹ *Ibid.*, 167.

Chapter Two- Getting Gallipolis A Bank

In 1790, the year that Alexander Hamilton proposed the idea for what would become the First Bank of the United States and almost fifteen years before Ohio established its first bank, Gallipolis, a little river town in Southeastern Ohio, became the home of French emigrants who fled France after the fall of the Bastille. They purchased land offered for sale by the Scioto Company of Associates. As the French traversed the Atlantic, the Scioto Company learned that the completion of an accurate survey revealed that the proposed sight of Gallipolis fell on the lands of the Ohio Company. The Scioto Company opted to purchase the land where Gallipolis would exist. The theft of Scioto Company funds, believed to have been taken by Scioto Company agent William Playfair, made the goal of owning the future sight of Gallipolis unattainable for the Scioto Company. After the French arrived at Gallipolis on 17 October 1790, they basically practiced squatter's rights on the Ohio Company's land until they were able to negotiate a deal to purchase the land in 1795.¹

The General Assembly passed the first act to incorporate the city of Gallipolis on 17 February 1804 with Gallipolis receiving full incorporation in 1808. By 1836, the town consisted of a courthouse, Gallia Academy, a brick jail, a Presbyterian and a Methodist church, two steam grist mills, a steam saw mill, one iron foundry, an oil mill, two carding machines (one steam, the other horse driven), a pair of saddleshops and two copper/brass/tin manufacturers. In 1840 1,221 citizens inhabited the town.²

¹ J.P.R. Bureau, "History of Gallipolis, Ohio," MSS, 1-2; Henrietta Evans, John E. Lester and Mary P. Wood, *Gallipolis, Ohio-A Pictorial History 1790-1990* (Charleston: Pictorial Histories Publishing Co., 1990), xii-xiv.

² *History Of Gallia County*, xii; *Gallipolis Journal*, 19 June 1889; Bureau MSS, 8; Henry Howe, *Historical Collections of Ohio*, the Ohio Centennial Edition, Vol. 1 (Cincinnati: C.J. Krehbiel and Co., 1900), 677.

At some point before 1817, some person or persons must have decided that they wanted a bank in town, perhaps to facilitate the town's commerce via the Ohio River. Whatever the purpose, it is likely that the Gallipolis person or persons also petitioned the General Assembly for a bank, as did other people before them, like those who sought the General Assembly's permission to make the Miami Exporting Company and the Bank of Marietta into physically existent institutions³

On 22 December 1817, The General Assembly gave a paper existence to the Bank of Gallipolis (hereafter referred to as *BOG*). The charter would expire in 1843. The General Assembly authorized the capital stock at \$300,000 and made 3,000 one hundred dollar shares available for sale. Eleven Gallipolis citizens received appointment as bank commissioners. All eleven or any five could keep subscriptions open and act as Directors of the *BOG* until the appointment of authorized directors. The acting Directors needed one thousand shares subscribed and ten percent payment of each share in their possession before they could elect directors. When the Directors collected \$20,000 worth of installments, they needed to notify the governor of their status. The governor would send a non-stockholder to examine the *BOG* and determine if the payment for shares met the required ratio of one-half gold or silver coin and one-half United States bank notes. If the report satisfied the governor, he would announce the opening of the *BOG*. The provision about examining the ratio before a bank opened was first used in the charter for the *BOG*. If the *BOG* issued notes without having the required \$20,000 in the proper ratio, it would forfeit its charter. The *BOG*, established as a corporation known as the President, Directors and Company of the Bank of Gallipolis, could buy land and sue or have suit brought against it. If the *BOG* did not physically exist by 1 May 1820, its charter would be forfeited.⁴

³ Huntington, "Banking and Currency," 257-58, 260.

⁴ Salmon P. Chase, ed., *The Statues Of Ohio And Of The Northwestern Territory*,

Nathaniel S. Cushing, Jacob Kitheredge, Robert Safford, Lewis Newsome, Nathaniel Gates, Robert Warth, Henry Cushing, Jonas Safford, Franklin Carel, Peter Menager and Denison P. Meachum received appointment as bank commissioners from the General Assembly and functioned as acting Directors. Surviving information about the above reveals the following: Robert Safford, age fifty-one, a War of 1812 veteran and an Associate Judge; Lewis Newsome, age thirty-two, a War of 1812 veteran, a tanner and a Justice of the Peace; Nathaniel Gates, a tavern operator and Court Recorder; Robert Warth, a twenty-two year old merchant; Jonas Safford, a fifty-five year old doctor and Revolutionary War veteran; Franklin Carel, a twenty-two year old merchant.⁵ The General Assembly sought business and professional men invested with a public responsibility to function as acting Directors.

After the granting of the charter, it appears that the citizens of Gallipolis took no action to make the paper *BOG* a physical entity until 1837. By that time, the acting Directors lost some of their members, two of whom died, Nathaniel S. Cushing in 1826 and Jonas Safford in 1834. Kitheredge and Meachum no longer lived in Gallia County after the

Adopted Or Enacted From 1788 To 1833 Inclusive: Together With The Ordinance Of 1787: The Constitutions Of Ohio And The United States, And Various Public Instruments And Acts Of Congress: Illustrated By A Preliminary Sketch Of The History Of Ohio; Numerous References And Notes And Copious Indexes, Vol. 3 (Cincinnati: Corey & Fairbanks, 1835), 2048-49; Huntington, "Banking and Currency," 277-78. The men appointed as 'bank commissioners' by the General Assembly in 1817 share no resemblance in duties to the Bank Commissioners established by law in 1839.

⁵ Chase, *The Statues Of Ohio*, 2048-49; *Gallipolis(Ohio) Journal*, 30 July 1863; *History Of Gallia County* (1882, reprint, Gallipolis: St. Peter's Episcopal Church, 1976), iv; *A Walk Through Historic Pine Street Cemetery, Gallipolis, Ohio* (Gallia County Historical/Genealogical Society), #15; Evans, *Pictorial History*, 10; *History Of Gallia County*, iv; *Gallipolis Journal*, 26 November 1868; *Ibid.*, 2 October 1834; Henrietta C. Evans and Mary P. Wood, *Revolutionary War Soldiers Who Lived in Gallia County, Ohio* (Gallipolis: Gallia County Genealogical Society, 1985), 49; *Gallipolis Journal*, 19 April 1883.

census of 1830 Sometime in 1837, the desire for making the *BOG* a reality came to the point when on 7 April 1837, Lewis Newsome, Nathaniel Gates, Robert Warth, Franklin Carel and Peter Menager met. Newsome was elected chairman with Gates as secretary. The group resolved that Samuel F. Vinton be hired as counsel to discuss the advisability of the subscription of stock for the *BOG*. On 10 May 1837, with all present from the April meeting plus Robert Safford, Vinton presented his written opinion that the charter was still valid. Former United States Senator Thomas Ewing, apparently in writing, agreed. The acting Directors decided to open the books for subscription at 10 A.M., Monday 8 June 1837, at Warth and Henford's counting room. They further ordered that notice of this information was to be published in the *Gallipolis Journal* from 10 May until 5 June 1837 and the duty of placing the notice probably fell to the secretary, Gates. However, due to President Andrew Jackson's Specie Circular and the resulting suspension of specie payment by Eastern banks, the acting Directors on 27 May decided that as a precaution they should postpone the subscription of stock until further notice.⁶

In the Spring of 1839, Merrill B. (M.B.) Sherwood of Buffalo, New York, came to the Columbus home of John A. Bryan, a lawyer, and presented a letter of recommendation from George P. Barker, New York State Attorney General. The letter stated that Sherwood was to investigate the charter of the *BOG* to see if its powers were still feasible. Sherwood hired Bryan to investigate. After Bryan's positive conclusion of his investigation, Sherwood proceeded to Gallipolis.⁷

⁶ Mary James, *Cemeteries of Gallipolis Township-Gallia County Ohio* (Gallipolis: Gallia County Historical Society, 1979), 85; *Gallipolis Journal*, 2 October 1834; Ohio Family Historians (comp.), *1830 Federal Population Census, Ohio, Index Vols. 1 & 2* (Columbus: Ohio Library Foundation, 1964), 688 (Kitheredge Vol. 1), 826 (Meachum, Vol. 2); Howe, *Historical Collections*, 594; Huntington, "Banking and Currency," 384-85; Special Report Of The Bank Commissioners (1842), 249, 253-54.

⁷ Special Report Of The Bank Commissioners (1842), 246.

Sherwood apparently first met with Samuel F. Vinton, then bed-ridden with a fever. Sherwood told him that his purpose was to get capital and put the *BOG* into operation. He further claimed to represent some Eastern capitalists who would subscribe \$200,000 worth of bank stock and these capitalists wanted Gallipolis citizens to subscribe \$100,000 worth of bank stock. Sherwood asked Vinton if he would subscribe some stock. Vinton declined and Sherwood left. Apparently his next move was to meet with the acting Directors and tell them a similar story as he had told Vinton. At Sherwood's insistence, on 3 June 1839, Lewis Newsome, Nathaniel Gates, Robert Warth, Franklin Carel, Peter Menager and Robert Safford met and decided to accept subscriptions. Edmund E. Smith and George N. Kinney, both of New York, subscribed one thousand shares and paid \$20,000. Peter Menager received the funds, probably brought by Sherwood, and the acting Directors wanted a notice to be placed in the *Gallipolis Journal* to tell the stockholders (likely Kinney and Smith) to assemble at Peter Menager's house on 8 July to elect thirteen Directors for the *BOG*.⁸

The group's final resolution that day unknowingly empowered the devious Sherwood to undermine the *BOG*'s solvency, thus dooming it to suffer a premature death:

Resolved, That M.B. Sherwood be authorized to obtain the necessary plates, books, stationery and other such articles as may be wanted in putting said bank into operation, as Messrs E.E. Smith and A.H. Scoville may direct.⁹

⁸ *Ibid.*, 249-50, 254-55. Edmund E. Smith was misidentified as Edward E. Smith in Joseph J. Coombs' deposition to the Bank Commissioner. Later in his deposition Coombs said that only E.E. Smith and George N. Kinney held one thousand shares of stock in the institution and that E.E. Smith moved to Gallipolis before the institution opened. The federal census of 1840 records only one Smith with the first letters of both the first and middle names being "E" residing in Gallipolis at the time-Edmund E. Smith.

⁹ *Ibid.*, 255.

Bank Commissioner Bela Latham later identified this resolution as the tool which enabled Sherwood to carry out his irresponsible self-serving plans.¹⁰ Likely, none of the six acting Directors realized that by passing the resolution giving Sherwood his *carte blanche* powers they had inadvertently set up their own institution to fail. Perhaps Sherwood showed them Barker's letter and lulled the acting Directors into believing that he was trustworthy enough to be given such powers.

On 8 July, the acting Directors of the 3 June meeting, minus Robert Safford, met and the following men each subscribed one \$100 share, paying ten percent, Peter Menager, L.B. Menager, Nathaniel Gates, Simeon Nash, Franklin Carel, Charles Creuzet, Edward Naret, John Cating, Lewis Newsome, A. LeClercq, A.H. Scoville and Henry Cushing. Safford, though absent, also subscribed one share. E. E. Smith and every shareholder but Safford became Directors, elected by themselves. The Directors elected Edmund E. Smith president and A.H. Scoville cashier. Both were sworn into their offices. The characteristics of these elected Directors are similar to their state legislature appointed predecessors: Charles Creuzet, age forty-six, a merchant and War of 1812 veteran; Augustus (A) LeClercq, age thirty-four, a merchant; Simeon Nash, age thirty-five, a lawyer; Edward Naret, a doctor. The Directors ordered Smith to notify Governor Wilson Shannon that the *BOG* was ready to open and they then selected a committee to acquire a banking house. This banking house was located on Court Street, the lot being the southeast one-half of small lot number six at either 13 or 15 Court Street also known as the Carel building.¹¹

¹⁰ *Ibid.*, 32, 253.

¹¹ Special Report Of The Bank Commissioners (1842), 255-56; *Gallipolis Journal*, 25 July 1867, 5 August 1880; Mary LeClercq-Ford, *History Of The Settlement Of Gallipolis Ohio In 1790: With A Brief History Of A Few Of The Most Prominent Settlers* (Columbus: The Press of the Ohio State Journal, 1890), 30, 36; *History Of Gallia County*, ix; Edward Naret, *History Of The French Settlers Gallipolis, Ohio in 1790 by the late Edward Naret, M.D.* (1890, reprint, Gallipolis: Gallia County Historical Society, 1977),

Before Sherwood left he apparently acquired from someone (perhaps Gates) Vinton's 1837 written opinion concerning the *BOG*'s charter as well as Thomas Ewing's opinion. He returned to Columbus and told Bryan that if the governor would act, he would put the *BOG* into operation. Bryan read the legal opinions Sherwood brought and upon Sherwood's encouragement, Bryan apparently took the Vinton/Ewing opinion to Governor Shannon at St. Clairsville. Shannon decided to appoint a receiver. Apparently, Sherwood paid Bryan his \$500 consultation fee and since Bryan received a letter, from George N. Kinney, whom he believed to be the president of a Buffalo bank, Bryan concluded that Kinney wanted the *BOG* operational.¹²

The commissioner who Governor Shannon appointed to examine the *BOG* did his duty and recorded \$25,548 in gold or silver coin and \$24,452 in notes supported by specie. (with the expiration of the Second Bank's charter, the United States bank notes required in the *BOG*'s charter no longer had value. The state, out of necessity and practicality, probably accepted the notes of any specie paying banks). Governor Shannon's examiner, General George House, approved the *BOG* to operate as did the governor, despite the state legislature's 1817 decree that if the *BOG* did not physically exist by 1 May 1820 its charter would be void.¹³ Shannon's proclamation concerning the *BOG* read as follows:

By the Governor of the State of Ohio:

title page; Bion Bradbury, " 'Bank Of Gallipolis' Was Fraudulent Adventure," *Gallipolis Daily Tribune*, 27 August 1940. (article contained in tenth section of sesquicentennial edition, page 2); 1997 tax record of 13-15 Court Street, Gallia County Auditors Office; James Sands, "Gallipolis' first bank stood at 13 Court Street in 1839," *Sunday Times Sentinel*, 25 September 1983, page 2, section E; *Ohio State Journal*, 8 February 1841.

¹² Special Report Of The Bank Commissioners (1842), 246-47.

¹³ *Gallipolis Journal*, 23 August 1839; Chase, *The Statues Of Ohio*, 2049; *Ohio State Journal*, 9 February 1841.

In pursuance of the 4th section of the act of the General Assembly of the State of Ohio, entitled an 'Act to Incorporate the stockholders of the Bank of Gallipolis,' passed December 22, 1817, I, WILSON SHANNON, Governor of the State of Ohio do hereby declare and make known that the said Bank of Gallipolis has complied with the provisions of the fourth section of the above named act, and is thereby authorized to go into operation.

Given under my hand this 26th day of August , A.D. 1840

WILSON SHANNON¹⁴

Around the time the *BOG* opened, Edmund E. Smith and Augustus H. Scoville moved to Gallipolis. In the 1840 federal census, Smith listed that his family consisted of four people, of which one was employed in agriculture. Scoville listed that of the eleven members of his family, one was employed in commerce. Assuming that Smith and Scoville referred to themselves as the employed members of their respective families, Smith's answer may appear strange considering that his new occupation had nothing to do with farming. On 9 August 1839, the *BOG* opened. Apparently, one or more individuals subscribed more stock between the 8 July meeting and opening day since on 9 August the capital stock stood at \$50,130,¹⁵ an increase of \$30,000.

¹⁴ *Ohio State Journal*, 8 February 1841. The date 26 August 1840 appears to be a misprint on the part of the *Ohio State Journal*, as Coombs clearly establishes that the governor's proclamation came *before* the *BOG* opened, both in his 9 February 1841 summary of events in the *Ohio State Journal* and in his 16 June 1842 deposition for the Bank Commissioners. Perhaps a more accurate date for the proclamation might be 26 July 1839 as that would place the proclamation between the 8 July 1839 meeting when the Directors ordered the newly elected president Smith to report the status of the *BOG* to the governor and the opening day of the institution on 9 August 1839.

¹⁵ Population Schedules Of The Sixth Census Of The United States 1840, Roll 395, Ohio, Vol. 9 (1-193), Gallia and Geauga Counties (Microcopy No. 704), (Washington: The National Archives/The National Archives And Record Service, General Services Administration, 1967), 009, 035; *Ohio State Journal*, 9 February 1841; Special Report Of The Bank Commissioners (1842), 256.

Chapter Three-The Bank Of Gallipolis 1839-41.

The *Gallipolis Journal* under the editorship of William Nash (brother of Simeon, the *BOG* Director)¹ wrote concerning the *BOG* about two weeks after it began operations. The 22 August 1839 article gave a quick summary of how the *BOG* came about, the *Journal's* wishes that people and banks both locally and out of the area treat the *BOG* as a legal institution and predicted excellent results for Gallipolis and its citizens due to the institution's existence.

The directors of the Bank are all fit men of Gallipolis and in their character, we believe the community have a guaranty that the affairs of the institution shall be prudently and safely managed as well for the protection of the community as for the interests of the stockholders. And as far as we can learn the views of the officers and directors of the Bank, we believe they are based upon correct principles, and will ensure the solvency of the Bank at the same time that the institution will endeavor to aid the business of this vicinity. As their capital as yet is small, we presume they will move cautiously in throwing their paper into circulation, so that at all times the institution will not only be able to protect itself, but to reciprocate back hand favors which may be received from any neighboring institutions, If, which we cannot believe, they should receive its paper in a spirit of unkindness. Believing the institution to be of great utility to the business of our town and neighborhood, we ask for it on the part of other banks the same courtesy which they extend to each other, believing as we do that this institution is and will be entitled to as much confidence as any other bank in the State- We consider the existence of a Bank here of great benefit to our businessmen, and through them to the farmer and mechanic. The capital of the Bank adds to the business capital of our place. This will of course give great competition among produce buyers, and have a tendency in this way to add to the price of produce. Our farmers, therefore, have a deep interest in the success of the Bank. We hope, therefore, they will endeavor to give circulation to its paper. We believe they may place implicit confidence in its solvency and hold its notes with assurance that they are as good as specie. Were our people to run to the Bank with every note they might obtain, they would only curtail the means of the Bank to do good in aiding our dealers in produce in carting off the products of the year, without in the least injuring the Bank itself. We shall therefore expect our people, out of regard to an enlightened self interest, will do all they can to give credit to

¹ *History Of Gallia County*, xi; Special Report Of The Bank Commissioners (1842), 248.

the Bank and circulation to its paper. We will assure them in the mean time that if the Bank should at any time be mismanaged so as to render it unsafe, we will see that information of that fact is speedily made public.²

The *Journal's* statements about farmers and the *BOG* may indicate that the local agrarians distrusted the idea of a bank.

BOG Cashier Scoville presented what he claimed to be true bank statements that were published in the *Journal* (of which only a few survive to the present). The statement for 30 September 1839 ran as follows:

Bills and notes discounted	39,509.74
Notes of other Banks	7,636.00
Due from other Banks	20,355.75
Expense account	945.25
Specie	30,416.89
Cash items	<u>3,477.32</u>
	102,310.95
Capital stock	50,130.00
Discounts received	484.90
Notes in circulation	40,020.00
Premium account	27.89
Due other Banks	183.40
Due other Depositors	<u>11,464.76</u>
	102,310.95 ³

In November, Scoville reported October's statement, though not mentioning a decrease in specie or an increase in circulation as compared to September's statement:

Bills and notes discounted	50,718.56
Notes of other Banks	19,474.00
Due from other Banks	21,591.85
Expense account	945.25

² *Gallipolis Journal*, 22 August 1839.

³ *Ibid.*, 10 October 1839.

Specie	29,270.66
Cash items	<u>3,973.23</u>
	125,973.55
Capital stock	50,130.00
Discounts received	673.00
Notes in circulation	58,625.00
Premium account	61.07
Due other Banks	306.00
Due Depositors	<u>16,177.93</u>
	125,973.55 ⁴

On 8 November, Smith and Kinney apparently subscribed more stock and \$10,000 was credited to the books.⁵

The question of the legality of the *BOG* that was settled in the minds of Vinton, Ewing and the editor of the *Journal* was not so settled to the Bank Commissioners. In their First Annual Report, they told of the existence of the *BOG* and of its original charter requirement that if it did not physically exist by 1 May 1820, the charter would be forfeited, only to be revived by a special General Assembly act. The Commissioners decided to wait to act concerning the *BOG* until the General Assembly made a decision regarding the legal status of the institution. The Commissioners further suggested since many dormant acts of incorporation existed, it would be useful for the General Assembly to legally revive the dormant charters in case that these would later be used to create a bank. Joseph J. Coombs believed that Smith and Scoville hired General George House, during the Winter of 1839-1840, to lobby the General Assembly against the repeal of the charter.⁶

⁴ *Gallipolis Journal*, 7 November 1839.

⁵ Special Report Of The Bank Commissioners (1842), 256.

⁶ First Annual Report Of The Bank Commissioners Of Ohio To The Thirty-Eighth General Assembly 16 December 1839, 20; *Ohio Statesman*, 3 February 1841; Special

The January 1840 financial statement for the *BOG* ran as follows. When compared to the statement for October, the amount of specie decreased and the amount of circulation increased:

Bills and notes discounted	72,850.89
Notes of other banks	22,489.00
Due from other banks and agents	27,517.61
Expense account	2,690.66
Specie	25,778.06
Cash items	<u>1,745.79</u>
	153,072.01
Capital stock paid in	60,130.00
Discounts received	1,318.31
Notes in circulation	82,555.00
Premium account	128.94
Due other banks	1,708.94
Due depositors	<u>7,230.82</u>
	153,072.01 ⁷

For February, the financial statement showed an increase in specie and a decrease in circulation:

Bills and notes discounted	59,703.64
Notes of other banks	27,686.00
Due other banks	32,975.80
Expense account	2,828.40
Personal estate	727.00
Specie	35,153.47
Cash items	3,871.34
Attorney's account	<u>2,520.00</u>
	165,465.65

Report Of The Bank Commissioners (1842), 263.

⁷ *Gallipolis Journal*, 6 February 1841.

Capital stock paid in	60,130.00
Discounts received	1,323.97
Notes in circulation	81,670.00
Personal accounts	180.94
Due other banks	5,956.12
Due Danforth & Co.	472.65
Due depositors	<u>15,731.97</u>
	165,465.65 ⁸

Likewise, in February, the bill to repeal the *BOG* came to an end in the General Assembly. On 26 February, the bill to repeal the *BOG*, also known as House Bill No. 230, came up for a vote. State Representative Leonard tried a procedural trick under which the bill would have gone to the committee on Banks and Currency with the question of the utility of repealing all bank charters in the state that had ever violated their charters. This motion failed 18-39. The next vote taken was for a third reading and passage of the bill. This vote passed 31-26. Yet as the *Ohio State Journal* later commented, the Ohio House gave the *BOG* a last minute reprieve by reconsidering the vote to repeal the charter. On 27 February, State Representative Spaulding asked the House to reconsider its vote on House Bill No. 230. The House voted 33-31 in favor of reconsidering their vote. After this vote, the bill remained tabled for the remainder of the session. In the Senate, the *BOG* also survived. Just as every Whig in the House voted to save the *BOG*, so too did the Whigs in the Senate as well as five Democrats, with seventeen Democrats voting against the *BOG*. Senator Simeon Nash voted to save the *BOG* and he was the same Nash who was a Director of the *BOG*, yet he had not acted in that capacity for some time.⁹ Thus, the *BOG* survived its legislative trials.

⁸ *Gallipolis Journal*, 12 March 1841.

⁹ *Journal Of The House Of Representatives Of The State Of Ohio: Being The First Session Of The Thirty-Eighth General Assembly, Held In The City Of Columbus, And Commencing Monday, December 2, 1839, And In The Thirty-Eighth Year Of Said State* (Columbus: Samuel Medary, 1839), 491, 498-501; *Ohio State Journal*, 8 and 17 February 1841; *Ohio Statesman*, 1 February 1841; Special Report Of The Bank Commissioners

William S. Hatch, a Bank Commissioner, came to Gallipolis, in June 1840, to examine the *BOG*. Due to Smith's absence, Lewis B. Menager was then acting president. Hatch claimed that some Directors and other Gallipolitians spoke well of the absent Smith. Hatch stated that he did not meet Scoville. Hatch said he cautioned the Directors that since the *BOG* had out of state officers, the Directors should be vigilant of the officer's actions. All the Directors, except Cating, Scoville and Smith, later stated that Hatch did not give them this warning. Hatch admitted that he never spoke to Gates, Naret, Creuzet, LeClercq, Newsome or Carel,¹⁰ thus putting the denial statements of Directors Cushing, Nash, Lewis and Peter Menager into conflict with Hatch's statement. Hatch examined the *BOG* on 11 June. If he had seen the financial statement of the *BOG* for February he would have noticed a drop in specie as compared to his findings:

Notes and bills discounted	41,245.34
Bills of exchange	39,228.28
Suspended debt (or attorney's account)	6,320.00
Personal estate	785.00
Exchange account	3,000.00
Expense account	3,747.44
Premium account	1,281.58
Due from banks	13,814.90
Certificate deposit	5,250.00
Agents- Mechanics' Savings Institution, Columbus	2,605.00
Agents- R. Ellis, Cincinnati	5,000.00
Agents-Dwight, Danford & Co.	6,416.24
Agents- E. Kinney & Co.	2,000.00
Notes of other banks	23,000.00
Specie	28,696.62
Cash items or checks	133.44
Error	<u>2.68</u>

(1842), 248.

¹⁰ *Ohio Statesman*, 10 and 27 February 1841: Special Report Of The Bank Commissioners (1842), 263; *Ohio State Journal*, 24 February 1841.

Cushing claimed that while Hatch visited Gallipolis to examine the *BOG*, Hatch stayed with him and his wife. After the examination, the Cushings and Hatch were sitting at the dinner table and Mr. Cushing asked about the *BOG*'s condition. Cushing stated that Hatch said how well the *BOG* stood in relation to other banks in the state and he spoke highly of Scoville.¹²

On 19 June, Smith apparently subscribed more stock; an additional \$40,000 was credited to the bank books. Also, the *BOG* added a new clerk, James E. Eaton. This was the first addition of staff to the *BOG* since the hiring of Frederick Whiting as clerk and traveling agent in October 1839.¹³

During the Summer of 1840, a rumor linked the *BOG* to an individual named Coles, who had been associated with financially unsound institutions. The 6 August 1840 *Gallipolis Journal* responded to the rumor, denied its accuracy and pointed to the *BOG*'s financial statement as proof of the rumor's falsity:

Whatever therefore, may be the operations of Mr. Coles and his friends, or their ultimate fate, wether [*sic*] successful or otherwise, this bank can in no way be affected thereby. The bank is sound, well managed, and entitled to public confidence as much as any other bank in the State; and we therefore hope that those editors who have published articles connecting this institution with Mr. Coles, and exciting suspicions as to its solvency will have the justice to copy this article, so that wrong may be done to no one.¹⁴

¹¹ Second Annual Report Of The Bank Commissioners To The Thirty-Ninth General Assembly 20 December 1840 (Columbus: Samuel Medary, 1841), 19.

¹² *Ohio State Journal*, 24 February 1841.

¹³ Special Report Of The Bank Commissioners (1842), 256; *Ohio State Journal*, 9 February 1841.

¹⁴ *Gallipolis Journal*, 6 August 1840.

The *BOG* financial statement of 31 July that the *Journal* referred to ran as follows. As compared to the June examination of Hatch, the statement shows that the amount of specie increased:

Notes and bills discounted	75,710.57
Notes of other Banks	31,464.00
Due from Banks and agents	53,420.00
Expense account	3,747.44
Personal estate	785.00
Specie	44,347.44
Attorney's account	6,627.00
Certificate of deposit and Bank checks	5,320.00
Premium account	288.76
Exchange account	3,000.00
Cash checks	<u>1,218.97</u>
	225,929.23
Capital stock paid in	100,130.00
Discounts received	2,262.01
Notes in circulation	116,400.00
Due other Banks	539.50
Due Depositors	<u>6,597.72</u>
	225,929.23 ¹⁵

In August, the Court of Common Pleas settled two court cases involving the *BOG*. The first, the case of the *President, Directors and Company of the BOG v Patrick Quinn, Daniel Quinn and John Hoy*, involved the three men making a post [ninety day] (promissory) note with the *BOG* on 27 September 1839 and that they would pay the *BOG* \$800.00. The deadline passed and the men did not pay. On 25 April 1841, Simeon Nash filed a complaint stating that the *BOG* wanted \$1600.00. The men did not plea. In July,

¹⁵ *Ibid.*

the Court of Common Pleas ruled in favor of the *BOG* by default and continued the case. In August, Judge John E. Hanna ruled that the trio owed the *BOG* \$843.60 and waived the court costs of \$11.62. The second case involved the *BOG v Melvin Lowry, Truman Gutherie and William Clendenen*. This trio made a \$150.00 post note with the *BOG* on 25 August 1839 for ninety days. the deadline elapsed and the debt was not paid. On 1 May, Nash filed a complaint and the *BOG* wanted \$200.00. Hanna continued the case. On 25 August, Judge Hanna ruled in favor of the *BOG*, awarding the institution \$156.75 and reducing the court costs from \$19.52 to \$9.76.¹⁶ Basically, each time the *BOG* sued over an unpaid promissory note, the institution won, yet Hanna spared the debtors more expense by only awarded the institution the original amount of the note plus a little extra instead of the larger amounts requested by the institution for damages.

By 1 September 1840, *Sibbets's Western Review* listed that *BOG* notes were being bought at face value plus 8%.¹⁷ The 30 September statement for the *BOG*, as compared to the July statement, indicates a drop in the amount of specie and an increase in circulation:

Notes and bills discounted	98,855.53
Notes of other banks	25,090.00
Due from banks and agents	55,094.33
Expense account	4,302.74
Personal estate	795.50
Attorney's account	6,827.00
Specie	43,624.80
Cash checks	<u>261.36</u>
	234,491.26
Capital stock paid in	100,130.00
Discounts received	3,222.66

¹⁶ Complete Record #1 Common Pleas, Gallia County, 22-24, 89-91.

¹⁷ *Sibbet's Western Review, Counterfeit List and Monthly Report of the Currency* 3, No. 27 (1 September 1840).

Premium account	695.74
Due other Banks	2,585.59
Notes in circulation	120,440.00
Due Depositors	<u>7,417.27</u>
	234,491.26 ¹⁸

On 23 October 1840, the *Ohio Statesman* printed two articles about two different banks, one reported the closure of the Commercial Bank of Millington (Maryland) and how its paper circulated in Columbus. The second dealt with large amounts of *BOG* notes existing in Illinois and Wisconsin and how the notes were often refused, and if accepted, were greatly discounted. The *Gallipolis Journal*, as it had done in August, again came to the defense of the institution, offering the *BOG*'s financial statement as proof of the institution's soundness and informed its readers that the *Statesman* questioned every bank in the Ohio for political purposes.¹⁹ The financial statement referred to by the *Journal* in its defense of the *BOG* was the statement of the institution's condition as of 31 October. As compared to the statement for September, the October statement shows a decrease in the amount of specie and an increase in circulation:

Notes and bills discounted	105,233.14
Loan to corporation	699.27
Notes of other Banks	22,098.00
Due from Banks and Agents	71,200.90
Expense account	4,519.73
Personal estate	795.50
Attorney's account	7,027.00
Exchange account	5,000.00
Specie	38,418.54
Cash checks	<u>661.40</u>
	255,653.48

¹⁸ *Gallipolis Journal*, 8 October 1840.

¹⁹ *Ohio Statesman*, 23 October 1840; *Gallipolis Journal*, 5 November 1840.

Capital stock paid in	100,130.00
Discounts received	3,785.01
Premium accounts	946.99
Due other banks	14,280.53
Notes in circulation	127,820.00
Due Depositors	<u>8,690.95</u>
	255,653.48 ²⁰

Between October-November 1840, a drayman gained night employment from Scoville. On three different occasions, this drayman hauled boxes to the river, in all twenty-one, each box containing \$1,000 in specie. Scoville, *BOG* cashier by day and drayman employer by night, would soon be elevated to the presidency of the *BOG* because of an untimely death. Smith, who left Gallipolis in August to visit his parents in New Hampshire and his brother in New York City, took ill at Lowell, Massachusetts. After a partial recovery he proceeded to Buffalo where he died in November, 1840. As a consequence of Smith's death some internal promotions occurred in the *BOG*. The Board of Directors elected Scoville to Smith's vacated position and Whiting assumed the role of cashier. President Scoville and cashier Whiting would not have much time to enjoy their new positions as a change in the positions of *BOG* president and cashier would occur in less than two months. The same month the pair attained their new positions, their future replacements visited Gallipolis.²¹

In early November, Mr. Alexander C. Farrington, Ebenezer N. Stratton and other men came to town. The men's stay ranged from 1-2 days to an excess of a week. Stratton, of Boston, stayed between 7-10 days. Farrington, of New York, remained. He identified himself as a civil engineer and passed the time by drawing maps.²²

²⁰ *Gallipolis Journal*, 5 November 1840.

²¹ *Ohio Statesman*, 5 February 1841; *Ohio State Journal*, 9 February 1841.

²² Special Report Of The Bank Commissioners (1842), 257; *Ohio Statesman*, 5 February 1841; *Ohio State Journal*, 9 February 1841.

By 2 December 1840, *BOG* notes in Cincinnati were being accepted at a 1.5% discount.²³ Whiting's 31 December financial statement for the *BOG* indicates both decreases in both the amount of specie and the notes in circulation as compared to the October statement:

Notes and bills discounted	114,933.82
Loans to corporation	1,596.52
Due from banks	32,945.80
Due from agents	19,927.69
Expense account	8,086.55
Personal estate	795.50
Specie	27,748.12
Notes on other banks	13,912.00
Attorney's account	6,627.00
Cash checks	<u>126.84</u>
	226,699.84
Capital stock paid in	100,130.00
Discounts received	4,583.57
Premium account	1,315.71
Notes in circulation	95,690.00
Due other banks	16,148.43
Due depositors	<u>8,832.13</u>
	226,699.84 ²⁴

A close examination of the statements as printed in the *Gallipolis Journal* reveals that from the *BOG*'s opening through 31 October 1840 the amount of notes in circulation steadily rose with the exception of a slight drop between January-February 1840 (\$82,555 to \$81,670, a loss of \$795). The amount of specie also fluctuated. With the exception of gains between January-February 1840 (\$25,778.06 to \$35,153.47, a gain of \$9,375.41)

²³*Spirit of the Times*, 2 January 1841.

²⁴ Special Report Of The Bank Commissioners (1842), 244.

and June-July 1840 (\$28,696.62, as reported by Hatch and likely the *Journal* to \$44,347.39, a gain of \$15,650.77) the institution *lost* specie monthly. Between 31 October-31 December 1840 the institution had negative gains in both notes in circulation (\$127,820 to \$95,690, a loss of \$31,860) and specie (\$38,418.54 to \$21,748.12, a loss of \$16,670.42). Between these two months, the *BOG* suffered losses in both notes in circulation and specie more than it ever did in its prior fourteen months. If anyone noticed this or commented on this at the time it is unknown to those in the present day.

Days before the annual meeting of the Board of Directors and stockholders of the *BOG*, Stratton returned to Gallipolis. A rumor circulated that Farrington bought enough stock to become the majority stockholder in the *BOG* and he would assume the presidency and Stratton would become cashier. On 4 January 1841, the day of the annual meeting of the Board of Directors and stockholders of the *BOG*, Scoville reported to the Directors and stockholders that Farrington bought the 1,000 shares originally sold to E.E. Smith and that he, Whiting and Eaton were preparing to leave their jobs and Gallipolis. (Coombs later examined the bank books and found one of the blanks for a transfer of stock was cut out and he believed that someone transferred Smith's stock to Farrington.) After placing Alexander C. Farrington and Ebenezer N. Stratton into the Director's positions vacated by Smith and Scoville, the Directors replaced Directors John Cating and Augustus LeClercq with Darius Mason and Julius Regnier and elected Farrington as president and, upon Farrington's advice, Stratton as cashier. That same day some transfers of stock took place. Augustus LeClercq transferred one share to Darius Mason. Scoville transferred one share to Stratton and Farrington transferred one share to Julius Regnier. The Directors then appointed a three member committee to examine the *BOG*. During their examination, Scoville showed the committee a \$5,000 bag of gold in the vault which the committee counted as part of the *BOG*'s assets. The next day the select committee, which the Directors appointed at their annual meeting, made their report concerning their investigation of the *BOG*. The committee, consisting of Edward Naret, Nathaniel Gates

and L.B. Menager, found the books to be in order and that the institution should be considered sound. Mere days after the election, Scoville and family along with Eaton left for New York City. Whiting departed next, claiming the need of ending some business with former *BOG* agents.²⁵ Between 4 and 23 January, the *BOG* experienced what Coombs called a “heavy run.”²⁶ Farrington met these multiple claims with whatever specie or currency was on hand as well as drafts on eastern banks. Unlike the previous officers who drew drafts on the Phoenix Bank of New York, Farrington likely drew drafts on the City Bank of New York. When the on-hand supply of currency ended and with less than \$15,000 in specie left in the vault, Farrington wanted to continue to draw drafts. The bill holders refused this option unless these drafts were backed by an endorser. The P & E.S. Menager & Company (Likely the company of the *BOG* Director Peter Menager and his brother, Edward S.) agreed to endorse the drafts up to 13,000-14,000 dollars if the *BOG* offered that same amount of specie as a security. On 11 January 1841, The Directors voted to have the \$15,280 of specie in the vault become a special (security) deposit for the Company. By the time of the *BOG*’s failure in late January 1841, Farrington had drawn \$25,000 on the City Bank of New York.²⁷

On 9 January, Farrington wrote to G.A Worth, a cashier at the City Bank, New York, sending him two notes signed by John O. Battey amounting to \$29,000 and two bills of exchange drawn by Maurice Sullivan equaling \$30,900, identifying all items as payable at the City Bank. Farrington asked Worth to credit the money to the *BOG*’s account when

²⁵ *Ohio State Journal*, 9 February 1841; Special Report Of The Bank Commissioners (1842), 243, 255-57; *Ohio Statesman*, 5 February 1841. Coomb’s 1842 deposition for the Bank Commissioners contains the information that all the stockholders of the *BOG*, save George N. Kinney and Robert Safford, were also the Directors.

²⁶ Special Report Of The Bank Commissioners (1842), 256.

²⁷ *Ohio State Journal*, 9 February 1841; LeClercq-Ford, *History Of The Settlement*, 26; Special Report Of The Bank Commissioners (1842), 262.

the notes were paid. This letter would later come back to haunt him. On 11 January, John Cating transferred one share of stock to Farrington.²⁸ Soon things would start to go badly for Farrington.

Some Directors asked Farrington how he knew the drafts would be accepted. He told the Directors that he knew John Murphy, whose notes were soon due and that the notes were as good as if John Jacob Astor had made them. Other times, he claimed to be drawing upon his own funds in the City Bank, New York. When a Director asked Farrington about the amount of specie on hand, Farrington told him that the \$5,000 in gold, shown to the committee on 4 January was gone, taken by Scoville who showed Farrington a certificate that indicated the gold was a special deposit for a Sykes of Buffalo. Shortly before the failure of the *BOG*, some Directors learned that the Phoenix Bank returned Scoville's drafts to the *BOG* in protest. Farrington claimed it was an error on the Phoenix Bank's part about the time the money was due and that the Phoenix Bank would be paid. However, as daily protests arrived, suspicion began to rise that more *BOG* notes were in circulation than the cashier's statement professed. On 21 January, the *Gallipolis Journal* reported that in the prior 2-3 weeks, the *BOG* redeemed nearly \$60,000 of its own notes. On the night of 22 January, one of the Directors returned to Gallipolis from his trip to Cincinnati. While in Cincinnati, he learned some information that led him to suspect that the *BOG* over issued notes and that Farrington and Stratton were responsible. Other Gallipolis citizens returning from Cincinnati told the Directors more *BOG* notes were in circulation in that city than were stated to exist by the cashier's last statement.²⁹

²⁸ Complete Record #1 Common Pleas, Gallia County, 231; Special Report Of The Bank Commissioners (1842), 256.

²⁹ *Ohio State Journal*, 26 January and 9 February 1841; Special Report Of The Bank Commissioners (1842), 257; *Ohio Statesman*, 1 February 1841.

On Saturday, 23 January 1841, the Directors, in hope of proving if a false statement existed, met at the *BOG* and ordered Farrington and Stratton to show them the registry of notes issued. The Directors hoped to compare it with the amount of notes redeemed. This registry could not be found. The Directors then wanted to see the bill of how many notes were printed by the engraving firm, Rawdon, Wright and Hatch. This also was not found. The Directors voted Farrington and Stratton out of office. Lewis B. Menager and Franklin Carel were elected to the vacated positions of president and cashier. Carel declined his position and no official record of his election was recorded. Some Directors asked Joseph J. Coombs to take the position, which he accepted and the board elected him. Both Menager and Coombs were sworn in that afternoon.³⁰ Coombs remembered that on that day he learned that the *BOG* was “. . . unable to meet the demands of the bill holders and other creditors, in any kind of currency.”³¹

When Coombs took his office, Farrington and Stratton both submitted letters of resignation and asked for their acceptance. The Board complied and placed their resignation on record, but did not record the vote to remove them.³² When Coombs received the books, he found the following figures, some of which were made that morning:

Discounted notes	138,453.16
Due from banks	32,620.54
Due from brokers	14,427.69
Expense account	8,140.55
Personal estate	995.50
Specie	blank

³⁰ *Ohio Statesman* 1 and 3 February 1841; *Ohio State Journal*, 9 February 1841; Special Report Of The Bank Commissioners (1842), 257-58.

³¹ Special Report Of The Bank Commissioners (1842), 257.

³² *Ibid.*, 258.

Notes of other banks	blank
Attorney's account	<u>6,479.50</u>
	201,116.94
Capital stock paid in	100,130.00
Discounts received	5,222.79
Premium account	1,557.71
Notes in circulation	blank
Due other banks	19,071.07
Due depositors	<u>11,684.86</u>
	137,666.43 ³³

These figures indicate a difference of \$63,450.51 between the *BOG*'s assets and its debts. Although told by the Directors that a registry of *BOG* notes existed, Coombs could not find the registry or any record of a cash account. Coombs believed that the officers either destroyed or hid the registry of notes in order to prevent the discovery of the fraudulent issue of *BOG* notes. Peter and Edward Menager took their security deposit of \$15,820 and spent \$13,805 to meet endorsements to New York and a \$1,365 claim with Joseph Drouillard, Gallia County Treasurer. Coombs found some uncurrent, worn bills left in the vault amounting to thirty-nine dollars including, he believed, some notes of the Whitewater Canal. He disposed of these notes at one-half value and used what funds he received from the notes to pay for postage. The Whitewater Canal paper, Coombs mentioned, was likely notes from the Cincinnati and Whitewater Canal Company.³⁴ Nevertheless, the creditors of the *BOG* would still have to be dealt with.

The bad news about the *BOG* traveled fast. On the same day of the discovery of Farrington and Stratton's duplicity, Gallipolitian depositors and bill holders rushed the *BOG*. While those in charge could not confirm an over-issue, the bill holders were willing

³³ *Ibid.*, 259.

³⁴ *Ibid.*, 259, 262, 264; A.B. Coover, "Ohio Banking Institutions, 1803-1866," *Ohio Archaeological and Historical Society Publications* 21 (1912): 302.

to accept discounted notes to satisfy the *BOG*'s debt to them.³⁵ The Directors decided to give the people what they wanted and passed a resolution to that effect:

Resolved, That the President and Cashier be authorized to settle claims against this bank, by the assignment of such notes and bills receivable as will be taken by creditors in satisfaction of their dues, or by the assignment of any other assets of the bank.³⁶

Coombs went about meeting claims in the order in which they were presented, with the exception of some brokers. Some of the Directors were creditors to the *BOG* and since they were present, their claims were among the first to be dealt with. Apparently, the situation of meeting the demands of creditors was as such: the *BOG* assigned the note of a debtor to one of the institution's creditors as payment of the *BOG*'s debt and it was then up to the former creditor of the *BOG* to collect the money from those who originally put themselves in debt to the *BOG*. For example, Joel Buttles took a \$20,000 loan at 2% interest on 19 January 1841 for a period of three months.³⁷ A condition of his loan was that the notes given to him, marked with a red 'E' at the end of the word "Gallipolis" to identify the money as having been loaned to Buttles, when returned to the *BOG* was "... to be constantly replaced in the hands of the said Buttles for circulation and good funds subsisted for it."³⁸ Justin Morrison had an \$8,000 loan with the *BOG* and he too was to keep the *BOG* notes in circulation. The notes loaned to him were identifiable by the letter 'M' at the end of the word "Bank" On 29 January, the *BOG* assigned Buttles note for

³⁵ *Ohio State Journal* 9 February 1841.

³⁶ Special Report Of The Bank Commissioners (1842), 257.

³⁷ *Ibid.*, 246, 260, 262, facing page 265.

³⁸ *Ibid.*, 244.

\$20,200 to Jason Rowe & Company and 191 others. Somehow, this note passed to Samuel F. Vinton by April 1842 and Buttles arranged to pay Vinton \$5,000 a year to settle his debt. Apparently some individuals in debt to the *BOG* were able to pay off their debts in *BOG* notes between 23-26 January.³⁹

Coombs later said that an over issue of notes was suspected on 23 January and confirmed shortly after. Based on a 4 January *BOG* financial statement and a statement made by Farrington on the morning of 23 January, Coombs believed that only \$43,600 worth of *BOG* notes were in circulation, yet by June 1842, \$75,000 worth of *BOG* notes had been redeemed with more still out in society. Statements in the books against certain banks were revealed to be in error as the banks were creditors to the *BOG* for much larger amounts than shown. Not until March, 1841 did the Directors determine, based upon the amount of notes printed by Rawdon, Wright and Hatch that \$1,287,000 worth of *BOG* notes existed. By that time, the *BOG* notes in the *BOG*'s possession, both signed and unsigned, amounted to roughly \$883,000, leaving some \$387,000 still in circulation. By reviewing the statements of the previous officers, Coombs and the others believed that around 23 January, the amount of over issue exceeded \$408,000. By June 1842, Coombs thought that around \$380,000 worth of *BOG* notes still circulated⁴⁰ Mathematical calculations can reveal some nineteenth century mathematical miscalculations on the part of Coombs and the others. Since the total amount of *BOG* notes known to exist is fixed at \$1,287,000, subtracting the rough amount of \$883,000 worth of *BOG* notes in the possession of the institution from the total in existence indicates that around \$404,000 worth of *BOG* notes, not \$387,000, were out in society in March 1841.

³⁹ *Ibid.*, 235, 244-45, facing page 265.

⁴⁰ *Ibid.*, 260-61; *Ohio State Journal*, 27 March 1841.

In January 1841, the institution that had been doomed to fail even before it began by a 8 July resolution of the Board of Directors, and capitalized upon by Sherwood and others met its inevitable fate. Although not designed as a 'wild cat' bank by the General Assembly, Sherwood and the dishonest officers made it such in practice.

Chapter Four- Aftermath

After the Directors expelled Alexander C. Farrington from his position as president of the *BOG*, an examination of the institution revealed unsigned 5, 10, 20, 50, and 100 dollar *BOG* notes totaling more than \$700,000 and nearly \$100,000 worth of signed notes that did not get into circulation. Also found in the vault was a package marked 'For Indiana & Ill. notes and acceptances.' The contents of the package revealed promissory notes of Murphy, Batley and Sullivan, payable at the U.S. Bank at Philadelphia and the City Bank, New York totaling in all nearly \$400,000.¹ Farrington soon lost his freedom.

On 25 January, Farrington was arrested, probably by Gallia County Sheriff William G. Sisson, for obtaining money under false pretenses, with bail set at \$500.00. Messers. Gates and McKinley interrogated Farrington on that day. During this interrogation, Farrington revealed Scoville's nocturnal removal of specie in Fall 1840. Farrington apparently made bail but on the 27th, he was again arrested, this time charged with making and passing forged *BOG* notes. Apparently, he could not make the \$100,000.00 bail. An examination of his luggage revealed his possession of a packet of \$20,000.00 Bank of Millington notes, an institution with which he denied being involved while he was still president of the *BOG*. In addition, a letter was found in his possession from Sherwood to Whiting stating that the drafts on the Phoenix Bank would remain unpaid. Farrington had this letter before he told the Directors that the Phoenix Bank made the error.² Farrington's criminal actions placed his long term freedom in jeopardy. The Directors faced a serious problem of their own, a problem in the form of an impending visit from a Bank Commissioner.

¹ *Ohio State Journal* 9 February 1841.

² *History Of Gallia County*, iv, *Ohio Statesman*, 1 and 5 February 1841; *Ohio State Journal*, 9 February 1841.

On 27 January, Bank Commissioner Eber W. Hubbard came to Gallipolis to examine the *BOG*. Coombs stated that when Hubbard came, he told him and Menager that the legal existence of the Bank Commissioners was in doubt because of a decision by a Judge Grimke concerning a *writ of mandamus* against the Clinton Bank of Columbus. Grimke ruled that a legal Board of Bank Commissioners did not exist and that the part of the act that created them was unconstitutional. Coombs told Hubbard that the Directors did not object to an examination, but with the *BOG* being closed, they would not let someone who lacked legal authority to do so. Apparently, Hubbard left without results. Coombs did invite neighboring bank officers to inspect the *BOG* but no record exists to show if any did. In his 1842 deposition for the Bank Commissioners, Coombs said that the Directors were closing the *BOG* in a manner they thought consistent with the Bank Commissioners Act concerning closing insolvent banks.³ The Directors may have thought they were doing the right thing by the Act, but by closing the *BOG* and refusing an examination from a Bank Commissioner, the Directors violated state law, to wit:

Sect. VI. It shall be unlawful for any banking institution, or any company or society, exercising banking powers, in this state, to make an assignment or transfer of any of its real estate or personal property, or of any of its rights, credits, moneys, or effects whatsoever, with intent to hinder or prevent such institution, company or society from being closed up by the bank commissioners, under this act, or the act to which this is an amendment, or for the purpose of evading any of the provisions of said acts; but all such institutions, companies or societies, shall be subject to the operations and provisions of said acts, notwithstanding such assignments or transfer, and all assignments or transfers, with intent, or for the purpose aforesaid, shall be held absolutely void as against the operations and provisions of said acts.

Sect. VII. Any banking institution in this state whose officers or agents shall, at any time refuse to admit said commissioners or any one of them, in the discharge of the duties imposed by this act, to a full and free

³ *Ohio State Journal*, 24 February 1841; *Ohio Statesman*, 3 February 1841; Special Report Of The Bank Commissioners (1842), 263.

examination of the books, papers, notes, bonds, and other evidences of the condition of said bank, or shall refuse to answer under oath any inquiries which may be propounded to them touching the matters of said investigation, or shall at any time neglect or refuse to furnish and publish their monthly statements, as hereinbefore provided for, every such bank shall be deemed and taken to have forfeited its charter, and shall immediately be subject to the provisions, hereinafter mentioned, for regulating and closing up insolvent institutions.⁴

On 28 January (although misdated 18 January by the newspaper), the *Gallipolis Journal* announced the closure of the *BOG* to the public:

It becomes our painful duty to announce to the public that in consequence of an unprecedented system of fraud, practiced by the former officers of this institution, and which has just come to light, we have been compelled to suspend business. There can be no doubt that a large over issue of the circulation of this Bank has been made, and most ingeniously concealed from the Directors, until within a few days past. The extent of this fraud is not yet ascertained, but it is feared that it will prove enormous. We have every reason to apprehend, that agents are still travelling over the Western country, engaged in putting these fraudulent issues into circulation, and we deem it our duty to warn the public against them. As soon as suspicion was excited in the minds of the Directors, the late President and Cashier were promptly removed, and the Board of Directors are now doing all in their power, not only to ferret out the frauds which have been committed, but to alleviate the sufferings of the innocent and unfortunate victims.

Very Respectfully,

Your obedient servants,

L.B. MENAGER, President.

J.J. COOMBS, Cashier.⁵

⁴ Swan, J.R., *Statues Of The State Of Ohio, Of A General Nature, In Force, December 7, 1840; Also, The Statues Of A General Nature, Passed By The General Assembly At Their Thirty-Ninth Session, Commencing December 7, 1840. Collated, With References To The Decisions Of The Courts And To Prior Laws, By J.R. Swan.* (Columbus: Samuel Medary, 1841), 127, 133.

⁵ *Ohio Statesman*, 1 February 1841.

On 23 January, *BOG* notes were being accepted at a 10% discount in Cincinnati. After the 23rd, the value plummeted. At Pittsburgh, they sold at 75 cents per dollar. *Sylvester's Reporter* told of the *BOG*'s failure and how the institutions checks on the North American and Trust Company were selling at massive losses. By 2 February, *BOG* notes at Cincinnati were only worth 1/3rd of their face value.⁶

With the printing of a letter in the *Ohio Statesman* claiming to be written from Gallipolis, announcing the failure of the *BOG*, the failure of the *BOG* as the political issue of the moment began. The two main participants were the anti-Whig *Ohio Statesman* and the anti-Democrat *Ohio State Journal*, who used the issue as either proof of the evils of Whigs or as proof of the evils of Locofocoism and the need for bank reform. These papers were not alone in carrying the news of the *BOG*'s failure. The *Medina Courier* bashed Locofocos and the *Cleveland Herald* struck at the party in power and its stance against bank reform in the shape of the State Bank Bill. The *Muskingum Valley* acted anti-Whig and the *Cincinnati Advertiser* remained neutral, as did the out of state newspapers like the *New York Herald* and the *St. Louis Argus*. The news of the failure of the *BOG* even spilled over into Washington politics, as an ex-Secretary of the Treasury, speaking about Henry Clay's bill to repeal the Sub-Treasury law, apparently tried to tie Ewing, the current Treasury Secretary, to the *BOG* as one of the dishonest individuals involved in the swindle, as did a Washington newspaper, the *Globe*.⁷

The *Ohio Statesman* and the *Ohio State Journal*, the main players, each had its own pet targets to attack or defend. The *Ohio Statesman* attacked the *Ohio State Journal*, Nash, Thomas Ewing, Samuel Vinton and Whigs. The *Ohio State Journal* came out in favor of bank reform as well as in favor of a State Bank, responded to the *Ohio*

⁶ *Ohio State Journal*, 26 January 1841; *Ohio Statesman*, 2 February 1841.

⁷ *Ohio Statesman*, 27, 29-30 January, 2 February, 6 March 1841; *Ohio State Journal*, 26 January, 4 and 13 February, 30 June 1841.

Statesman's attacks, defended Ewing, Vinton and attacked Governor Shannon as well as Locofocosism.⁸ An example of the *Ohio Statesman*'s language is such in regards to the Directors of the *BOG* "Commencing with a Whig, and Whigs in the middle, and closing with S. NASH, the Journal's very good friend, and a *member of the Senate!* . . . None but Federal Whigs had control of this Bank-- They alone have had it in their keeping."⁹ Some examples of the *Ohio State Journal*'s rhetoric are: (in regards to the *BOG*) "Here is another beautiful specimen of 'Democratic Bank Reform!' This is the result of the 'experimental' policy of Locofocoism."¹⁰ Another example, "The fruits of the Locofoco plan would be to curse the land with rotten banks and irredeemable paper-- that of the Whigs, to introduce only a sound and convertible medium of exchange, which should expel every other."¹¹

The *Ohio Statesman* and the *Ohio State Journal* also functioned as the forum in which Coombs, the Directors and Bank Commissioner Hatch exchanged words. After the printing of the *Gallipolis Journal*'s account of the *BOG*'s failure and an anonymous letter concerning the *BOG*'s failure by the *Ohio Statesman*, Coombs wrote a long letter concerning the events surrounding the existence and failure of the *BOG*, which the *Ohio State Journal* printed on 9 February. Hatch responded to Coombs letter in the *Ohio Statesman* of 10 February 1841. Hatch denied meeting Scoville, claimed to know Menager, said he cautioned the Directors about the out of state officers and although admitting that Scoville and the others were believed to be responsible for the troubles,

⁸ *Ohio State Journal*, 29 January; 1, 23 February; 6 March, 30 June 1841; *Ohio Statesman*, 27 January 1841.

⁹ *Ohio Statesman*, 29 January 1841.

¹⁰ *Ohio State Journal* 29 January 1841

¹¹ *Ibid.*, 1 February 1841.

Hatch said that the Directors' refusal to permit an examination by the Bank Commissioners made them look guilty. A rumor that the Directors divided the notes and other funds among themselves first appeared in the *Ohio Statesman* in late January and a rumor that Coombs and the others divided the notes with friends appeared in print in late February. Based on the surviving record of the discounted notes and bills found in the *BOG* and how they were assigned, it appears that these rumors about the Directors dividing the notes among themselves are baseless. Of the three bank claims, four company claims and 245 individual claims settled between 23 January and 4 February, four *BOG* Directors (Carel, Creuzet, Maxon and Nash) put in a total of only five claims. Coombs and Vinton had only one claim each. Thus only six of the total 252 claims were of those who had some part in the *BOG*.¹²

Coombs and most of the Directors responded to Hatch's statement of 10 February in a 24 February statement in the *Ohio State Journal* with sworn statements (with two of the Directors, Franklin Carel and Nathaniel Gates who just happened to be Justices of the Peace, being witnesses to the statements) that the Directors did not meet Hatch or receive his caution. Coombs said to have followed Hatch's plan of having the *BOG* freeze all its assets until the Bank Commissioners determined liability and then equitably divide up the *BOG*'s assets among its creditors would have been extremely bad for the *BOG*. This is because if the Directors followed Hatch's plan, the *BOG*'s assets, mostly debts owed the institution, while frozen, would mean the *BOG* would be bound to take its own notes in payment for outstanding debts to it, notes purchased for mere pennies per dollar, and the debtors would have discharged their debt to the institution, to the detriment of the institution and its creditors. Hatch responded in the 27 February *Ohio Statesman*, acknowledging that he never met Directors Gates, Naret, Creuzete, LeClercq, Newsom or

¹² *Ohio State Journal*, 9 February 1841; *Ohio Statesman*, 30 January, 1, 5, 10 and 23 February 1841; Special Report Of The Bank Commissioners (1842), facing page 265.

Carel, that the Directors could not be witnesses for each other, and, though not openly defending Hubbard, stated that no reasonable man would believe Coomb's earlier claim that Hubbard wanted to be refused permission to examine the *BOG* (Apparently Hubbard never did publicly come to his own defense) and that his statements published in the *Ohio Statesman* previously (10 February) were still valid.¹³

Unknown person or persons were still trying to make something from the *BOG* notes. The *New York Herald* of 23 February reported that at New Orleans an advertisement, dated 11 February, appeared professing confidence in the *BOG* and the *Herald* surmised that whoever was responsible for placing the advertisement did so to facilitate the spending of *BOG* notes. The advertisement is almost word for word a repeat of the final sentences of the report the committee appointed to examine the *BOG* presented to the Board of Directors on 5 January 1841. Whoever placed the advertisement is unknown, though it would have been easy to get a copy of the text of the report, since it was printed in the *Gallipolis Journal* before the *BOG*'s failure.¹⁴

The General Assembly also had its own response to the *BOG*'s failure. On 2 February, they wanted the Bank Commissioners to report to them as to what action were taken by the Bank Commissioners concerning the *BOG* since the presentation of the Bank Commissioners second annual report. Hatch and Hubbard responded the next day that since their request to examine the *BOG* was denied, they filed for a *writ of mandamus* against the *BOG* in the Ohio Supreme Court. Also on the third, a Senator Glover presented a resolution asking the committee on Banks and Currency to investigate the utility of repealing the *BOG*'s charter. The Senate agreed to this gesture, which may have held more symbolic significance than any practicality considering the *BOG* was already

¹³ *Ohio State Journal*, 24 February 1841; *Ohio Statesman*, 27 February 1841.

¹⁴ *Ohio Statesman*, 1 February and 6 March 1841.

closed. In Gallipolis, the officers and Directors of the *BOG* prepared to prosecute the accused.¹⁵

The Directors of the *BOG* hired Samuel F. Vinton as their legal counsel and to help in the prosecution of the accused. To cover the Board's 1837 debt to him, they assigned Vinton a note of \$150 and a note of \$400 for help in prosecuting the accused. Vinton promised to share the note with Arius Nye, whom Vinton picked to assist him in prosecuting the accused. In the meantime, Farrington began his long journey at the bar of justice. In April 1841, the petit jury indicted Farrington on the following three counts of embezzlement:

Count One--On 20 January, 1841, Farrington embezzled one hundred \$10.00 *BOG* notes.

Count Two--On 10 January 1841, he embezzled \$5,000.00.

Count Three--On 10 January 1841, he embezzled another \$5,000.00.

Coombs acted as prosecuting attorney. Farrington plead not guilty at the May term of the Court of Common Pleas and confined to the Gallipolis jail until trial with a \$5,000.00 bond. At the April, July and October terms Judge John E. Hanna continued the case. This was not the only judicial proceeding for Farrington to worry about. Also in April, the petit jury indicted Farrington on eleven counts of forgery:

Count One--On 12 November 1840, Farrington forged a promissory note signed by John O. Batley and to be endorsed by John Murphy for \$17,000.00, six months after date, 1 October 1840, and Farrington endorsed such note.

Count Two--On 12 November 1840, he forged a promissory note signed by John O. Batley and to be endorsed by John Murphy for \$12,000.00, six months after date, 2 October 1840, and he endorsed such note.

¹⁵ *Ohio Statesman*, 3 February 1841; *Ohio State Journal*, 4 February 1841.

Count Three--On 12 November 1840, he forged a bill of exchange by Maurice Sullivan to John Murphy to pay S. Trafton \$14,500.00, three months after date, 12 November 1840, and he endorsed such note.

Count Four--On 12 November 1840, he forged another bill of exchange signed by Maurice Sullivan directing John Murphy to pay S. Trafton \$16,400.00, three months after date, 12 November 1840.

Count Five--On 12 November 1840, he forged a promissory note of Maurice Sullivan to pay S. Trafton \$16,600.00, three months after date, 12 November 1840.

Count Six--On 12 November 1840, he forged a promissory note by Maurice Sullivan to S. Trafton for \$12,400.00, three months after date, 12 November 1840, and he endorsed such note.

Count Seven--On 12 November 1840, he forged a bill of exchange from Maurice Sullivan to John Murphy, for Murphy to pay S. Trafton \$20,000.00, three months after date, 12 November 1840, and he endorsed such note.

Count Eight--On 9 November 1840, he forged a promissory note from John O. Batley to John Murphy for \$17,000.00, six months after date, 1 October 1840, and he endorsed such note.

Count Nine--On 9 November 1840, he forged a promissory note from John O. Batley to John Murphy for \$17,000.00 six months after date, 1 October 1840, and endorsed such note.

Count Ten--On 9 January 1841, he forged a bill of exchange from Maurice Sullivan to have John Murphy pay S. Trafton \$14,500.00, three months after date, 12 November 1840, and he endorsed such note.

Count Eleven--On 9 January 1841, he forged a bill of exchange from Maurice Sullivan to have John Murphy pay S. Trafton \$16,400.00, three months after date, 12 November 1840, and endorsed such note.

Coombs again prosecuted. Farrington plead not guilty on 1 May 1841 at the Court of Common Pleas. Bond was set at \$5,000.00.¹⁶

On 28 July 1841, the trial jury met to consider the evidence. With more evidence to be presented, they adjourned until 8 A.M. 29 July. Trial proceeded the next day and on 30 July, with Farrington present, the jury found him guilty on all counts. On 31 July, Judge Hanna sentenced him to fifteen years hard labor at the Ohio Penitentiary and to pay the prosecution costs of \$101.87. Farrington's attorney, a Mr. Cushing, filed three *bills of exceptions*.

The *bills of exceptions* show that in Farrington's trial Hanna handed the defense counsel setback after setback. The first bill of exception claimed that Farrington did not get exact copies of the indictments against him and that there were spelling and form errors between the copies and original promissory notes and bills of exchange. For example, in the First Count, the indictment copy had the words and numbers "Jno. O' Battey, \$17,000 00/00 and October 1 1840" instead of "John O. Batley, \$17,000 00/000 and October 1st 1840". He also objected to Farrington's 9 January letter to G.A. Worth being read to the court. The court overruled the objection (oddly enough, though Coombs apparently had no role in the *BOG* before 23 January, he apparently acted as a witness claiming to see Farrington write the letter to Worth). The defense also objected to the reading of Worth's response letter in which he said he could not find Murphy and the others. The court overruled the objection.

¹⁶ Special Report Of The Bank Commissioners (1842), 251; Common Pleas, Gallia County, 224-230, 423-26. The members of the petit jury that indicted Farrington both times were Charles S.V. Bureau (foreman), Joseph Sloan, George Badgley, George Eagle, David Grant, Issac Copeland, David Watts, Thomas Graves, Joseph Waddell, John Lowe, Abraham Childers, Emery Bailey, Simeon Roach, Alfred Wilcox and Lemul Perry. Farrington stood accused of forging notes totaling \$173,800.00 and embezzling \$11,000.00 worth of *BOG* notes.

The second exception concerned Edward Martindale, a notary public in New York, who could not find any proof of Murphy's and the others existence. The defense produced a witness who said that Maurice Sullivan was not a fictitious person. The court did not permit this statement to be entered into evidence. The defense objected to the record of the transaction of the promissory notes and bills of exchange in the bank book being read. The court overruled this objection. The defense objected to the evidence from *Chase's Statutes* that the *BOG* was a corporate body. The court overruled this objection. The defense also asked the court to instruct the jury that if they found that the *BOG* did not incorporate until after 1 May 1820, then the *BOG* was not a corporation. The court overruled this and told the jury that if they believed an organization existed after 1 May 1820, then the *BOG* was a corporation. The third exception dealt with the defense's objection of handwriting analysis, which the court overruled.¹⁷

On 5 August 1841, Prisoner #839, Alexander C. Farrington, entered the Ohio Penitentiary. He listed his age as thirty-five, occupation as surveyor and engineer. He left a wife in New York and claimed to own property in Illinois, Maine, Virginia, Georgia and Tennessee. Ohio Penitentiary records describe him as having a temperate character and being a 5'9" tall, brown haired, bluish-gray eyed, fair complexion, large featured man. He had a small scar on both his fore and little finger of his left hand, as well as a mark on his very high forehead and a thick neck with several moles. His home for some six years was the new Ohio Penitentiary, completed in 1835. It consisted of a square enclosure encompassing six acres of land in Columbus, parallel to the Scioto River. His life as a prisoner probably was not unlike that of other prisoners. With shaven head and attired in a prison uniform and with ball and chain attached to him, he would be part of a work

¹⁷ Common Pleas, Gallia County, 230-234. The members of the jury impaneled for Farrington's forgery trial were William Blagg, Theophilus W. Blake, John Porter, John N. Kerr, David Blake, Jr., Joseph Bradbury, John Norman, Noah Wood, Thomas Carter, Asa Bradbury, William Clark (of Clay) and Henry Perkins.

detail repairing roads. His rough meager meals of cornbread, bacon and beans, would be eaten off of a rusty tin plate using blacksmith forged knives and forks attached to a short broom handle (perhaps attached to the table). His cell, void of furniture, had only a bag of hay for his bed, with a blanket available to him only in the winter months.¹⁸

The *BOG* became involved in a court case of *Robert Mitchell v George House* in April 1841 and took part on behalf of Mitchell. The case concerned two notes of \$100.00 each, one dated 28 October 1840, payable three months after date, the other dated 1 December 1840, payable three months after date. Coombs represented Mitchell. Hanna continued the case until June. In June, Coombs asked for \$300.00 in damages. House did not appear at this session and Hanna found him to be in default and continued the case. In July, House and Nye, his attorney, attended the session and Nye claimed that House did not make the notes and that the *BOG* was indebted to House for \$75.00 for horse feed, stabling and attendance. House wanted \$200.00 for damages.¹⁹

In May 1841, Hatch and Hubbard resigned their positions as Bank Commissioners, citing the failure of the Ohio Supreme Court to grant *writs of mandamus* against failed banks (taking care to mention the *BOG*) and lack of action on the part of the state legislature. Yet on 31 December 1841, the General Assembly authorized a new Board of

¹⁸ Ohio Penitentiary Register of Prisoners and Index Vol. 1. March 1829-April 1849 (scattered), 36 A, C, 38C, Ohio State Archives; Howe, *Historical Collections*, 644-45; *The Ohio Penitentiary And Prisoners. Brief Sketch Of Its Origins And History, New System Of Prison Government, The Parole System, Anthropometric Method For The Identification Of Criminals, Principle Officers, Duties Of The Prisoners, Daily Routine Of Their Lives, Ect. Sketch Of The Annex, Accounts Of Memorable Executions, With Histories Of Noted Convicts And Remarkable Escapes. Published By Authority Of E.G. Coffin, Warden. Ohio Penitentiary* (O.P. Print, 1888), 5.

¹⁹ Common Pleas, Gallia County, 443-46. This George House is probably not the same George House who Coombs believed lobbied the General Assembly on behalf of the *BOG*. The lobbyist George House is referred to as General George House.

Bank Commissioners, consisting of William Concklin, Eber W. Hubbard and Bela Latham.²⁰

In the Fall of the year, the Directors of the *BOG* dispatched Coombs to capture Frederick (Fred) E. Whiting, who Coombs caught at Lowell, Massachusetts and returned to Gallipolis, placing Whiting in the jail. Of the three attempts that the Board of Directors of the *BOG* authorized to capture those involved in the failure of the *BOG*, only Coomb's succeeded. Coombs returned to Gallipolis in time for the October term of the Court of Common Pleas, in which Hanna continued the case of *Mitchell v House*. Also in October, an honest business began operations in the former home of the *BOG* when R.H. Gates opened his watch and clock repair business in the rooms formerly occupied by the *BOG*. Also that month, the citizens of Gallipolis learned that *BOG* notes were still being used in commission of a crime. On 28 October, the *Gallipolis Journal* reported that at Pittsburgh, ten dollar *BOG* notes were being passed as the same amount on the Bank of Cleveland. The person or persons behind this would erase the words "Bank of Gallipolis" and paste the words "Bank of Cleveland," cut from a one dollar note of that bank, over the location where the words "Bank of Gallipolis" once were on the ten dollar note. In December 1841, Whiting went to trial and the presiding judge, probably Hanna, continued the case. Before April 1842, Whiting escaped his incarceration.²¹ Soon the Court of Common Pleas would get some bad news.

After a *writ of error* filed by J. Welch reached the Ohio Supreme Court, that body ruled in December 1841 to overturn Farrington's conviction. Although believing most of the exceptions as superficial and overruling these, the Court concentrated on two that were substantial, one in the first bill of exception and the other in the second bill of

²⁰ *Ohio State Journal*, 26 May 1841; 1 January 1842.

²¹ Common Pleas, Gallia County, 445; *Gallipolis Journal*, 14 and 28 October, 4 December 1841; Special Report Of The Bank Commissioners (1842), 261.

exception. The Court thought that the letter from Worth, saying that he could not find Batley and Sullivan and the statements from Martindale saying that he could not find Batley and Sullivan in New York and the Gallia County Court of Common Plea's ruling against the defense's objections to this evidence violated the right of the plaintiff to cross-examine witnesses.²²

On 4 February 1842, Farrington's lawyer filed a *writ of procedendo*, asking the Court of Common Pleas for a new trial. On 11 February, Farrington returned to Gallia County. In April, Justin Morrison, John Bryan and Samuel F. Vinton gave depositions concerning the *BOG* to Bank Commissioner Bela Lantham. Coombs, in June 1842, gave his deposition before Nathaniel Gates, a Justice of the Peace and a *BOG* Director.²³

Also in April, the Bank Commissioners took the *BOG* to court. Lantham had John Welch, an Athens attorney, charge the *BOG* with four points--the *BOG* was insolvent, it would not redeem notes in specie, it would not let the Bank Commissioners examine the *BOG* and it had assigned away all its effects in order to avoid the law. The court issued an injunction, a *writ of mandamus* and appointed Welch, Anslem T. Holcomb and George J. Payne to act as receivers. Each gave the required \$1000 bond. Farrington's embezzlement trial proceeded on 29 April. The jury heard testimony and, with more to be heard, the Court adjourned until 8 A.M., 30 April. Around 6:00 P.M., the jury withdrew to make their decision and returned with a verdict around 11:00 P.M. The jury found Farrington not guilty on the first and second counts, but guilty on the third. The defense moved that the verdict be overturned; a motion denied by the court. The case is recorded

²² 10 Ohio 354, *Farrington v State*, (Ohio 1841).

²³ Common Pleas, Gallia County, 441; Ohio Penitentiary Register, 36A; Special Report Of The Bank Commissioners (1842), 245, 248, 254-55, 265.

as a loss for Welch and Cushing and a victory for Vinton and Nye.²⁴ The *Gallipolis Journal* said this about the outcome:

The results of this trial will serve as a warning to those who wish to swindle the public through the facilities afforded in being an officer of a bank. Such officers must be held to a strict account; and punished severely for all frauds committed by them. For such operators we have no sympathy whatever. We rather rejoice to see them writhing in the iron grip of justice.²⁵

In May, three court cases achieved resolution. On 3 May, in the case of *Mitchell v House* the jury ruled in favor of Mitchell and awarded him \$177.15. House appealed and apparently nothing came of it. On 5 May, after overruling the defense's motion to overturn Farrington's embezzlement verdict, Judge Hanna sentenced Farrington to three years hard labor at the Ohio Penitentiary and to pay prosecution costs of \$47.68. That same day, after overruling the request for a change of venue, in what may have been a plea bargain, Farrington admitted to the eighth count of his forgery trial and the rest of the charges were thrown out. Hanna sentenced him to three years of hard labor at the Ohio Penitentiary and to pay the prosecution costs of \$284.01. His forgery sentence would begin after his embezzlement sentence expired.²⁶

²⁴ Special Report Of The Bank Commissioners (1842), 265; Common Pleas, Gallia County, 425-26; *Ohio State Journal*, 11 May 1842. The jury members impaneled for Farrington's embezzlement trial were Guy Fry, John Rickenbaugh, Stephen Gates, Joseph T. Pettinplace, John Day, John L. Porter, Lewis Koontz, Israel Cunningham, Leander Smith, Simon Dolan, Sylvester N. Dennis and Caleb M. Blake.

²⁵ *Ohio State Journal*, 11 May 1842.

²⁶ Common Pleas, Gallia County, 426, 441, 445-46. The impaneled jury in the case of *Mitchell v House* consisted of Guy Fry, Lewis Land, John Rickenbaugh, Benjamin F. Mills, Stephen Gates, Joseph Pettinplace, John Day, Lewis Nousty, Dyl Rose, John Sporter, Flemming Butler and John W. Matthews.

Sometime between April-July 1842, the sheriff and receivers went to the building which housed the *BOG*, apparently met with Coombs and the sheriff took possession of what was left of the *BOG* and turned it all over to the receivers. They recorded that all the books of the *BOG* were given to them as were 328 copper cents, inkstands, pens, seventy-five packets of redeemed *BOG* notes and nine packets of unsigned *BOG* notes. According to the receivers, an outstanding claim amounting to nearly \$1000 against the Commercial Bank of Scioto still existed.²⁷

In July, Welch moved that a jury be assembled, apparently for the purpose of considering evidence against the Board of Directors of the *BOG*. Due to Vinton's presence at the U.S. Circuit Court in Cincinnati, Coombs moved for a continuance, the court did just that and made no other order concerning the case at its next term.²⁸ Apparently, nothing else ever came of the matter.

In his 25 July 1842 report to the General Assembly, Lantham stated that the *BOG*'s failure and losses from its failure panicked the public's mind and that the officers and Directors refused to allow an investigation into the events. Lantham blamed the fraudulent issue on Sherwood, Smith and Scoville and blasted the Directors for giving Sherwood such power through their 3 June resolution. The Ohio historian Henry Howe recorded that even in 1846, Ohioans were still suffering from bank failures, including the failure of the *BOG*.²⁹

Coombs believed that some of the people involved in the Erie County Bank, which Coombs identified as a bad bank, were also involved in the *BOG*. Coombs identified Sherwood as the leader of the group with Scoville, Whiting, Farrington, Stratton,

²⁷ Special Report Of The Bank Commissioners (1842), 266.

²⁸ *Ibid.*, 265-66.

²⁹ *Ibid.*, 32; Howe, *Historical Collections*, 651.

Stephen Hill, Jr., Weed and S.B. Andrews also being involved (though he did not mention Smith). He strongly suspected others, whom he did identify. Coombs stated his belief that two different groups of swindlers existed in the *BOG*, Sherwood's group and later Farrington's group. Earlier Coombs named Hill, Andrews, Weed (all of New York City) as passers of *BOG* notes and suspected men named Evans, Walbridge, Murry and Strider of doing the same as well as suspecting Whiting and Eaton of being involved in Sherwood *et.al*'s conspiracy. Coombs found no evidence to link Smith to any wrong doing, believing his name to have been forged upon many *BOG* notes.³⁰ Of the named group, only Farrington received any legal punishment. Whiting only suffered a brief incarceration. Sherwood apparently never did get caught and was said to be "... traveling in Europe," in 1842.³¹ He apparently received some reputation damage as a result of his involvement with the *BOG*. By early February 1841, Sherwood became president of a New York bank named the Dry Dock Bank. By March he resigned his position. The *Ohio State Journal* believed he had to resigned because of his connections to the *BOG*.³² The others involved dispersed and apparently escaped justice.

When the *BOG* sued for Henry Valette against the Franklin County Sheriff, William Domigan, over the Morrison/Buttles promissory note (apparently Domigan took *BOG* notes in payment of the debt apparently after Valette took Morrison and the others to court). the Ohio Supreme Court ruled against the defendant and told the Franklin County Court to reverse the decision that originally favored the defendant.³³

³⁰ Special Report Of The Bank Commissioners (1842), 261, 263; *Ohio State Journal*, 9 February 1841.

³¹ Special Report Of The Bank Commissioners (1842), 261.

³² *Ohio State Journal*, 4 February and 6 March 1841.

³³ 12 Ohio 220, *Bank of Gallipolis v Domigan*, (Ohio 1843).

In the 1850's an Ohio history book titled *Ohio* was published and it reads very similar to Henry Howe's *Historical Collections of Ohio*. This 1850's Ohio history book contained over a page of information concerning the *BOG*. The author of the book claimed to have obtained his information from someone "familiar" with the *BOG*. The source may have had access to Coombs's own account of the *BOG* called the "Rise and Fall" (which may have been his long history he presented in the *Ohio State Journal* on 9 February 1841.) though this is not likely considering all the errors the *Ohio* book contains. The author of the *Ohio* book viewed the *BOG* as one of five banks under the control of Sherwood of which he used the currency to buy state stock. Sherwood also misrepresented the amount of *BOG* notes in circulation to Farrington and the rest and then sold them the opportunity to make what use they could of the situation. The author concluded his discussion concerning the *BOG* by stating that it was the greatest swindling scheme to ever befall the country. The author presented his readers with an exciting tale of crime and punishment in this attempt at a historical treatment of events in the life of the *BOG* some ten years after the institution ended. Unfortunately, his narrative contains several errors. For example, he erred in claiming that the General Assembly authorized the *BOG*'s charter in 1818. There is also no evidence that the Board of Directors authorized \$175,000 or that Sherwood had a part in any of the other banks in which the author claimed Sherwood to have an interest (The Manhattan Bank (Lucas County), The Circleville Bank, The West Union Bank, and The Mineral Point Bank (Wisconsin)). The author did get a few things right, such as the identity of the engraving firm that printed the notes (Rawdon, Wright and Hatch) and the names of those involved, such as Farrington and Sherwood. As a motive for Sherwood's actions, the author believes it had something to do with state stock and after the *BOG*'s failure, he and all his banks were indebted to Illinois for \$100,000 and \$600,000 to Indiana. Although Illinois has no record of M.B. Sherwood buying state stock, Indiana has a record that shows on 27 January 1836, M.B. Sherwood bought bonds #2801-2900 for \$313.80 1/2 each, bonds # 4331-4380,

4401-4450 for \$880 each. So Sherwood spent over \$117,306 on 27 January 1836 to purchase that era's version of municipal bonds.³⁴ Based on this information, there may be some support for that motive being behind Sherwood's actions concerning the *BOG*, as the anonymous author of the *Ohio* book contends.

Gallipolis got its second bank in 1863, under the National Banking Act. The First National Bank of Gallipolis became the one hundred thirty sixth institution to open under this act. On 9 October 1863, citizens interested in getting Gallipolis a bank met in Edward Deletombe's store. Charles Creuzet, originally a member of the Board of Directors of the *BOG*, attended this meeting.³⁵ On 30 November 1863, Hugh McCulloch, the Comptroller of the Treasury, announced that the First National Bank of Gallipolis could operate as a bank. The 12 December 1863 *Gallipolis Journal* carried the news of the bank's opening. In that same issue, the *Journal* welcomed the bank. Instead of the long statement made in the *Journal's* 1839 article announcing the opening of the *BOG*, the *Journal* in 1863 published a brief opinion:

The gentlemen at the head of it as Directors are amongst our most wealthy and respectable citizens. To the business men of Gallipolis, this institution will be of great service, and in fact the whole county will feel its influence. We wish it abundant success.³⁶

³⁴ *Ohio* (n.p, n.d), 185-87; Special Report Of The Bank Commissioners (1842), 261; Letter from John Daly, Director of the Illinois State Archives, to William Plants, 27 April 1998; Letters from Stephen Towne of the Indiana State Archives to William Plants, 12 and 22 December, 1997.

³⁵ "First National Bank Completes 77 Year Service," *Gallipolis Daily Tribune*, 27 August 1940 (article contained in tenth section of sesquicentennial edition, page 2); Special Report Of The Bank Commissioners (1842), 255.

³⁶ *Gallipolis Journal*, 10 December 1863.

This institution lasted until the 1940's.³⁷ The *Journal's* brevity may indicate that the citizens were again ready for a bank after a twenty-year plus absence and the lack of any boosting on behalf of the bank for farmers as the *Journal* did in 1839 may indicate that the local agrarians were in favor of the institution.

On 4 September 1872, some citizens met to organize the Ohio Valley Bank. Charles Creuzet became a stockholder in the institution. The Ohio Valley Bank opened in November 1872 at the location at one time occupied by the First National Bank.³⁸ The Ohio Valley Bank still exists today.

The *BOG* notes still generated interest as time passed. For the 1890 Centennial celebration, Joseph Walter provided a five dollar *BOG* note for display.³⁹ In 1901, the Gallipolis postmaster, S.H. Eagle, received a letter from Elizabethtown, New Jersey concerning the value of one *BOG* note in that town.⁴⁰ Reproduction five and ten dollar *BOG* notes served as souvenirs for the 175th Anniversary celebration of Gallipolis in 1965.⁴¹

³⁷ "First National Bank Completes 77 Years Service," 2.

³⁸ "Second Oldest Bank Is Symbol Of Character And Stability--Ohio Valley Now Sixty-Eight," *Gallipolis Daily Tribune*, 27 August 1940 (Article contained in tenth section of sesquicentennial edition, page 2).

³⁹ "Proceedings Of The Centennial Anniversary Of The City Of Gallipolis, Ohio, October 16, 17, 18 and 19, 1890," *Ohio Archaeological and Historical Society Publications* 3 (1895, second edition), 25.

⁴⁰ " 'Bank Of Gallipolis' Was Fraudulent Adventure," 2

⁴¹ "Proceedings Of The Centennial Anniversary Of The City Of Gallipolis, Ohio, October 16, 17, 18 and 19, 1890," *Ohio Archaeological and Historical Society Publications* 3 (1895, second edition), 25; " 'Bank Of Gallipolis' Was Fraudulent Adventure," 2; Reproduction notes in the possession of William Plants.

Later journalists covering the *BOG* made errors. For the 150th Anniversary of Gallipolis, Bion Bradbury's article concerning the *BOG* said nothing of Sherwood's role in the *BOG*. For the Bicentennial of Gallipolis, the *Gallipolis Daily Tribune*, reprinted his article, errors and all. Before the Bicentennial, the *Sunday Times Sentinel* published another article concerning the *BOG*. It included the existence of Sherwood but perpetuated the error about Sherwood's involvement in the banks mentioned in the *Ohio* book. An earlier article by the same author concerning the *BOG* told the interesting but unprovable folklore that the citizens of Gallipolis tarred and feathered a *BOG* cashier and that the sheriff went to New York to get Farrington.⁴²

As for those local citizens and others involved in the *BOG*, based on the surviving information, the failure did not seem to hurt their reputations significantly. Their reputations and lives proceeded as follows:

Franklin Carel became an Associate Judge from 1849-51 until the new Ohio constitution abolished the position. He also served as a Justice of the Peace and a township clerk and as a trustee of Gallia Academy for half a century. He died at age 88, 13 April 1883.⁴³

John Cating died 24 January 1878, age 89.⁴⁴

Joseph J. Coombs served in the General Assembly as a State Representative in both 1843-44 and 1862-63 and as a State Senator from 1845-46. His fifteen year old son

⁴² "Gallipolis's first financial institution proved to be a fraudulent adventure," *Gallipolis Daily Tribune*, 15 October 1990 (Article contained in the Financial section of Bicentennial Collector's Edition, page 2); " 'Bank of Gallipolis' Was Fraudulent Adventure," 2; James Sands, "Banking in Gallipolis," *Sunday Times Sentinel*, 26 April 1989, section B, 2; "Gallipolis' first bank stood at 13 Court Street in 1839," 2

⁴³ *Gallipolis Journal*, 19 April 1883.

⁴⁴ James, *Cemeteries of Gallia County- Gallipolis Township*, 87.

drowned due to an ice skating accident at Washington on 30 January 1865. Coomb's wife Alice died one year later.⁴⁵

Charles Creuzet did not lose his interests in banks and retired from his manufacturing business in 1863. He apparently was a great secret benefactor to the town's citizens. His wife died in 1870. He died 31 July 1880 at the age of 87.⁴⁶

Henry Cushing operated the Cushing Tavern and Inn in Gallipolis, better known as Our House, for many years.⁴⁷ A few years before his death he moved to Loveland, Ohio. He died 30 May 1865, age 81 years. The obituary said that he "... Died as he lived with unwavering trust in the Lord Jesus Christ his Savior."⁴⁸

Thomas Ewing again served in the United States Senate in 1850-51 to replace Thomas Corwin who received appointment as the Secretary of the Treasury. After he finished Corwin's term, he returned to private life and to his law practice, including arguing some cases before the U.S. Supreme Court. He served as a Peace Commissioner in 1861. His wife died in 1864. He died on 20 October 1871, at the age of 82.⁴⁹

John Hanna served as President of the Associate Judges until 1847. A Democrat, he helped recruit troops for the Union Army during the Civil War. His wife Suzanna (Robertson) Hanna, the mother of his six children, died 15 April 1865. On 25 October 1865, the sixty year old widower married Sarah Swayze.⁵⁰

⁴⁵ *History Of Gallia County*, xi; Thomas Edward Bateman and John P. Maynard, *Biographical Directory General Assembly Ohio 1929-1930*. (Columbus: The Fred J. Herr Printing Co., 1931), 274; *Gallipolis Journal*, 11 February 1865, 17 May 1866.

⁴⁶ *History Of Gallia County*, xi; *Gallipolis Journal*, 5 August 1880.

⁴⁷ Evans, *Pictorial History*, 11.

⁴⁸ *Gallipolis Journal*, 29 June 1865.

⁴⁹ Howe, *Historical Collections*, 594.

⁵⁰ *History Of Gallia County*, iv; *The Biographical Encyclopedia Of Ohio Of The*

Augustus LeClercq's obituary described him as a practitioner of the Golden Rule. He died 25 July 1867, age 62.⁵¹

Lewis B. Menager died at Point Pleasant, West Virginia, 16 June 1875, age 74.⁵²

Peter Menager died somewhere around Leavenworth, Kansas on 21 October 1863, age 69 years.⁵³

Simeon Nash served in the Ohio Senate from 1839-42 and was a member of the 1851 Constitutional Convention. He was a Common Pleas Judge from 1852-62. He died 17 March 1879, age 87.⁵⁴

Lewis Newsome retired from his tanning business in 1850 and served as a Justice of the Peace from 1850-56. He established an office with the purpose of the prosecution of claims against the U.S. Government. He died 17 March 1879, age 87.⁵⁵

Arius Nye became an Associate Judge for 1847-48 and served as President of the body for that term.⁵⁶

Robert Safford died 26 July 1863, age 97.⁵⁷ His obituary read " He died as he lived, a devoted lover of his country. Peace to his ashes."⁵⁸

Nineteenth Century. (Cincinnati and Philadelphia: Galaxy Publishing Company, 1876), 330.

⁵¹ *Gallipolis Journal*, 25 July 1867.

⁵² LeClercq-Ford, *History Of The Settlement*, 26.

⁵³ *Gallipolis Journal*, 29 October 1863.

⁵⁴ *History Of Gallia County*, xi.

⁵⁵ Walk Through Pine Street, # 15.

⁵⁶ *History Of Gallia County*, iv.

⁵⁷ LeClercq-Ford, *History Of The Settlement*, 27.

⁵⁸ *Gallipolis Journal*, 30 July 1863.

Samuel F. Vinton apparently never received any pay for anything he did in working for the *BOG*. He served in Congress again from 1843-51 and resided at Washington except for the year when he served as the President of the Cleveland and Toledo Railroad. He died 11 May 1862, age 70.⁵⁹ Vinton County, Ohio is named in his honor.⁶⁰

Robert Warth's bad investments obliterated the fruits of his early financial success. He died 11 November 1868, age 73, leaving behind a wife, four sons and a daughter.⁶¹

The fallout from the 1832 climax of the political war between Jackson and the Second Bank produced shockwaves which struck the people of Gallipolis and various *BOG* note holders across Ohio and the nation almost a decade later. The presence of the Second Bank likely would have prevented Sherwood and the others from turning the *BOG* from a legally designed institution into a 'wild cat' bank. Had the *BOG* opened before the end of the Second Bank then, perhaps, the institution hoped for by Gallipolis citizens and legally designed by the General Assembly would have had a longer, honest life. All that now remains of the *BOG* is the actual structure and the surviving notes, enduring reminders to a time, people, and events long since passed.

⁵⁹ *History Of Gallia County*, xi.

⁶⁰ *History Of Gallia County*, xi; Evans, *Pictorial History*, 166.

⁶¹ *Gallipolis Journal*, 26 November 1868.

APPENDIX A

OFFICERS, CLERKS AND DIRECTORS OF THE BANK OF GALLIPOLIS

1839-1841

President

Edmund E. Smith (8 July 1839-November 1840)

Augustus H. Scoville (November 1840-4 January 1841)

Alexander C. Farrington (4-23 January 1841)

Lewis B. Menager (23 January-end)

Cashier

Augustus H. Scoville (8 July 1839-November 1840)

Frederick E. Whiting (November 1840-4 January 1841)

Ebenezer N. Stratton (4-23 January 1841)

Joseph J. Coombs (23 January 1841-end)

Clerks

Frederick E. Whiting (October 1839-November 1840)

James E. Eaton (June 1840-4 January 1841)

Directors

State Appointed (December 1817)- Franklin Carel, Henry Cushing, Nathaniel S. Cushing,

Nathaniel Gates, Jacob Kitheredge, Denison P. Meachum, Peter Menager, Lewis

Newsom, Jonas Safford, Robert Safford, Robert Warth.

Elected Directors (8 July 1839)- Franklin Carel, John Cating, Charles Creuzet, Henry

Cushing, Nathaniel Gates, Augustus LeClercq, Lewis B. Menager, Peter Menager,

Simeon Nash, Edward Naret, Lewis Newsom, Augustus H. Scoville, Edmund E. Smith,
Robert Warth.

Directors (as of 4 January 1841)- Franklin Carel, Charles Creuzet, Henry Cushing,
Nathaniel Gates, Darius Mason, Lewis B. Menager, Peter Menager, Edward Naret,
Simeon Nash, Lewis Newsom, Julius Regnier, Robert Warth.

APPENDIX B

OTHER PERSONS OF RELEVENCE

Merrill B. Sherwood- Chief architect of putting the Bank of Gallipolis into operation

John A. Bryan- Columbus attorney who gave Sherwood a legal opinion of the Bank of Gallipolis's charter.

Joseph J. Coombs- served as council for the Bank of Gallipolis in civil suits and served as the first prosecutor in Farrington's embezzlement trial and as the prosecutor in Farrington's forgery trial.

Thomas Ewing- Gave a legal opinion in 1837 concerning the charter of the Bank of Gallipolis

John Hanna- Sat as the judge in all the court cases involving the Bank of Gallipolis in Gallia County.

Samuel F. Vinton- Gave a legal opinion in 1837 concerning the charter of the Bank of Gallipolis. He served as prosecutor in finishing Farrington's embezzlement trial.

Bank Commissioners- William S. Hatch, Eber W. Hubbard, Bela Latham.

Fictitious Persons- John O. Batley (also known as O' Battey and O' Batley), John Murphy, Maurice Sullivan, S. Trafton.

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