

THE FIRST INDIANA BANKS.

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THERE was very little specie or paper in circulation in Indiana before its admission in 1816. The period from 1807 to 1816 was the worst era in our history for wildcat banking. So great was the prejudice of the Western Democrats against a national bank, however, that they would rather endure all the evils of a private bank system than see a national currency circulated by one strong bank. Paper money at this time ranged in value all the way from the notes of the Massachusetts banks, worth 20 per cent. above national treasury notes, to the counterfeits that deluged the country.

A Western bank in these early days was a very simple affair. Any man inclined to start a bank hired an engraving company to print him a few thousand bills, and then opened an office in some convenient town. Since these banks rarely received deposits and only served the one function, a place to discount notes, they were opened usually one day in the week or two half days—either all day on Saturday, or Tuesday and Saturday afternoons. If business prospered and the banker floated much of his money at a fair price, he remained. If the situation did not prove favorable, he packed his capital in his grip and sought a more favorable spot. This might be called the Nomadic Age of banking. The earliest Indiana banks, at Brookville and New Harmony, were of this kind.

However, the Territorial Legislature, sitting at Corydon, in the summer of 1814 chartered two banks. [Acts of Indiana Territory, 1814, p. 95.] On Monday, August 21, 1814, William Polk, representing Knox county, laid before the House a petition, signed by Nathaniel Ewing and others, praying for a charter to establish a bank at Vincennes. The petition was read and referred to a committee of three—Polk, Ferris and Clark. On the same afternoon Mr. Polk reported a bill for a bank. This was read the first time that same evening, and the second time next day, Tuesday. It was at once referred to a committee of the whole, and made the order of the day for Wednesday. On Thursday amendments were called

for, and on Friday it was placed on its passage. [See MSS. of record of Territorial Legislature in office of Secretary of State, Indianapolis.] Three days after this bill was introduced, Mr. Brown asked the Legislature to charter a similar bank for Madison, Indiana. This bank was to be known as the Farmers' and Mechanics' Bank of Madison. These two charters were alike, were to run twenty years, and by special amendment the banks were not to dissolve until they had redeemed all their notes and paid all their debts. The incorporators further agreed to wind up their affairs at once after the expiration of their charter.

Though these two territorial banks started under like charters and similar circumstances, their later careers were very unlike. The Farmers' and Mechanics' Bank, at Madison, was organized by John Paul, John Ritchie, Christopher Harrison, Henry Ristine, N. Hurst and D. Blackmore. John Paul was chosen president and John Sering cashier. The charter was signed by William Hendricks, speaker, and Jesse L. Holman, president of the council. The bank had the right under its charter to issue notes payable on demand in silver or gold. The capital stock was not to exceed \$750,000. The territorial government reserved the right to locate a branch bank at Vincennes, with a capital of \$125,000, one-half of which the Territory might subscribe. The bank agreed to loan the government \$5,000 to pay officers' salaries, and to advance any sum the territorial government might need in anticipation of taxes. The rate of interest was not to exceed 6 per cent. on any money lent by the bank.

The town of Madison was small at this time, not having over seven or eight hundred inhabitants. The trade was correspondingly limited, the stores handling such goods as are usually kept in large country stores. For the purpose of making change and aiding in exchange generally, all merchants issued "shinplasters" of the denomination of 50, 25, 12½ and 6¼ cents. These were redeemed in bank notes of the Commonwealth Bank of Kentucky, if presented at the Farmers' and Mechanics' Bank in sums of \$1.00 or more. The bank furnished valuable aid to the farmers of Jefferson and adjoining counties in making payments on their land.

The Madison Bank used the old brick building, standing on the east side of Main street, pretty well up from the river. [Elvin's Scrap Book, p. 68, copied from *Madison Free Press*.] Its notes

were received at the United States government Land Office for many years, and were rated highest of all in the Northwest except notes of the Commonwealth Bank of Kentucky, until notes of the second United States Bank came into circulation.

The bank had a branch at Lexington, in Scott county, which was a town then almost as large as Madison. The Madison Bank was closed in 1822 or 1823 by J. F. D. Lanier and Milton Stapp, after meeting in an honorable way all its obligations and fulfilling all the conditions of its charter.

By the time Indiana became a State there were several banks in it. It was thought undemocratic to limit banks in any way by law, yet in a law of 1815 some restrictions were made. [Samuel Judah, Report on Private Banks, H. R. Journal, 1839.] This measure is entitled "An Act to Prevent Swindling." It required banks to publish the names of stockholders rather than just the firm name. The law was intended for a banking firm operating at New Lexington and thought to be swindlers. Another private bank, in which Noah Noble and other members of the Legislature were interested, was located at Brookville. The Steam Mill Company, Judge Benjamin Parke, president, at Vincennes, also was a bank of issue.

The State constitution recognized both the Vincennes and the Madison banks. A later law, passed January 1, 1817, at the first session of the State Legislature, elaborated the Vincennes Bank into a State institution, to have fourteen branches scattered over the State. [Laws of Indiana, 1816-'17, p. 175.] Neither the article in the State constitution nor the act of January 1, 1817, gave the bank any new powers. They only recognized its charter and increased its capital stock. There was no limit to its power to issue paper money placed in the charter. One of the main objects of the institution, though, was to make a profit by issuing bank-notes, and the plain design of the whole charter and of several provisions in particular was that it should not issue more paper than it could redeem. Its total debt was not to exceed twice its deposits, and its directors were made liable for such excess in a common-law action for debt. The charter was to last twenty-one years.

The capital stock of the bank was increased from \$500,000 to \$1,500,000, of which \$375,000 might be subscribed by the State as soon as the Governor thought advisable. The intention of the in-

corporators was to acquire a complete monopoly of the banking business of the State. The first branch, with a capital stock of \$20,000, was to be organized by Joseph Pegg, Aaron Martin and John Sprow, at Centerville. The organizing board for the second branch was William H. Eads, Robert John and John Jacobs, and it was to be located at Brookville and have a capital stock of \$35,000. Isaac Dunn, John Gray and David Rees were appointed to open the third branch at Lawrenceburg, with a capital stock of \$35,000. At Vevay, John Gilliland, Lawrence Nichol and Daniel Dufour were to organize the fourth, with a capital stock of \$20,000. David H. Maxwell, John Sering and Alex. A. Meek were selected to open the fifth at Madison, with \$30,000 capital stock. At Charleston, James Scott, Evan Shelby and A. P. Hay were to accept subscriptions of \$35,000 for the sixth branch. The seventh was to be situated at Brownstown, under supervision of John Ketchum, Alex. C. Craig and John McCormick. They were authorized to raise \$10,000 for this branch. Paoli was to have the eighth branch, with \$10,000 capital stock. The Legislature intrusted its organization to John G. Clendennin, William Lindley and Thomas Fulton. Marston G. Clark, John Lyon and Samuel Craig were to organize the ninth branch at Salem, with \$30,000 stock. Corydon had the tenth, with \$35,000 capital stock, in the hands of Allen D. Thom, David Craig and Milo R. Davis. Brownstown, Paoli, Salem and Corydon were in adjoining counties and were only about fifteen miles apart. The eleventh was to be at Troy, in Perry county. John Stephenson, Solomon Lamb and Thomas Morton were to organize it, with \$10,000 capital stock. At Darlington, then one of the promising towns of the southwestern corner of the State, a branch was to be opened by Daniel Grass, Hugh McGary and Ratliff Boon, with a capital stock of \$10,000. Fred Rapp, Thomas E. Castlebury and Thomas Gibson, and William Prince, Robert M. Evans and James Jones were to organize the thirteenth and fourteenth branches in Posey and Gibson counties, respectively, each with a capital stock of \$10,000.

Books were to be opened at each place by the board of commissioners on the first day of April, 1817. Each bank was to accommodate three counties, and none but residents of these three counties were to be allowed to subscribe for stock. There would still remain \$325,000, which the directors were to place to the best advantage.

All the banks were constituent parts of the parent bank at Vincennes. Each bank should have eleven directors chosen by the bank and three chosen by the State. A monthly statement was to be made to the Governor and an annual report to the Legislature, showing capital stock, debts, deposits, notes in circulation and specie on hand. Six per cent. was to be the rate of discount. The State might borrow a maximum of \$50,000, but no director could borrow over \$5,000 or be security for more than \$10,000.

The plan seemed to be comprehensive, but for some reason it did not gain the confidence of the people. It was provided that the Farmers' and Mechanics' Bank of Madison should become a part of the State Bank, but its officers and stockholders refused. The list of stockholders of the State Bank included enough of the politicians of the State to control the Legislature at any time. They were sure of the patronage of the State, and nearly all of the United States officers from the State were interested financially, many officially. Stock subscription came in slowly, and all the branches but three failed to organize. The best field for banking in the State was then fully occupied by the Farmers' and Mechanics' Bank in Madison. There was little money in the State. Ninety out of every hundred men were farmers, and intent only on meeting the payments on their homesteads. Banks were of little use in this, since the government gave liberal time to its customers. In some cases, as in the thirteenth and fourteenth districts, there were not even villages in which to establish banks; while Troy, where Anderson joins the Ohio; Darlington, on Pigeon creek; Paoli, Charleston and Brownstown were little, struggling villages, without commercial enterprise of any kind. With scarcely seventy-five thousand people, it was attempted to organize fifteen banks in one day and float among them bank stock, all told, to the amount of \$2,225,000, an average of about \$30 per capita.

Branch banks were finally organized at Brookville, Corydon and Vevay. From the beginning there was opposition to the system. The leader in this criticism was Elihu Stout, editor of the *Western Sun*, of Vincennes. The cause of the bank was as warmly supported by Editor Wiseman, of the *Centinel*, also of Vincennes. Wiseman was an officer of the bank, and hence had the better of Stout as far as authentic information was concerned. In general, what was

called the aristocratic party of Vincennes, Corydon and Brookville controlled the bank. What later became the Jacksonian Democracy opposed it. [O. H. Smith's Recollections, p. 84.] James Noble, Jonathan Jennings and William Hendricks were the political owners of the State and distributed its offices at will. During two years there was little said about the banks except at election times. [*Centinel*, June 5 and December 18.] Semi-annual dividends of 8 per cent. on all stocks were paid in 1819; the first was declared by the directors in June, the second December 18. The notes of the parent bank were accepted at the United States Land Office. But opposition was gradually gaining force and assuming definition. It was charged [*Western Sun*, July 1, 1820] that the State, through the aid of the Governor, had been "worked" by the bank for \$10,000 in the Jeffersonville canal affair, by depositing that amount of specie and accepting bank paper; and this at a time when there was not enough cash in the State treasury to pay the State officers.

At the fourth session of the State Legislature a resolution was offered by General Samuel Milroy, calling for a thorough investigation of the bank, but the resolution failed. [*Centinel*, July 15, 1820.] Those who opposed the measure were charged with being agents of the bank. One of the Representatives so charged, Thomas H. Blake, representing Knox county, gave as his reasons for not supporting the measure that this was the duty of the Governor under the law; that the State had lived off the bank and then owed it \$30,000, and that the legislators had to depend on the bank for their own pay. He had voted against Representative John H. Thompson's bill requiring the bank to pay specie or forfeit its charter, because no other Western banks were paying specie. However true these reasons may have been, the people continued to complain that the banks made hard times and they refused to re-elect Mr. Blake to the Legislature. The murmuring against banks was heard throughout the Western States as well as in the South and East. [*Western Sun*, August 19, 1820.] Worse charges than these were appearing against the Vincennes Bank. Its integrity was being questioned. Nearly all its loans were said to be to its directors and political supporters. Many of these loans were more than questionable from a financial standpoint. [*Western Sun*, July 28, 1820.] It would not issue any of its own notes, but dealt entirely in those of its shaky branches.

Some of these notes were said to be unsigned, some were time notes, to be paid only after two years from issue. Some were issued outright to the "Steam Mill." These notes were not redeemed anywhere. The best that the holder could do was to exchange them for notes of other branches. Agents of the Vincennes Bank were said to be stationed in the towns along the eastern line of the State to exchange these branch bank notes for Eastern paper money or specie. Then, to get money receivable at the land offices, this depreciated paper had to be discounted heavily. The Vincennes Bank was one of the worst of these note shavers.

The law required the parent bank to redeem its paper in specie. This it attempted to do in a novel way. [*Western Sun*, August 26, 1820.] The report of 1820 shows that the branches had issued notes to the amount of \$167,158, while the parent bank had only \$13,000 in notes outstanding. These were of large denomination, few under \$75, and hence not in circulation. Over half the circulation was issued through the Brookville branch, and exchanged for specie and Eastern bank paper brought in by the settlers. For this reason every settler became the inevitable enemy of the banks. The United States land offices ruled the Western banks. There was published weekly a list of banks whose notes were accepted by the agent. The one printed in the *Western Sun* for October 7, 1820, by the agent, J. C. S. Harrison, is a fair example: All Boston banks, five New York banks, eight Philadelphia banks, eight Baltimore banks, Columbia Bank at Washington, D. C., Union Bank of Georgetown, eight other District of Columbia banks, Farmers' and Merchants' Bank of Madison, Ind., Vincennes bank-notes over \$75.

The newspapers circulated among a very small number of people, and many a prospective settler saw his resources divided in the middle by the note-shaver when he went to buy land. The Vincennes Bank was a repository for United States money, and the receiver of public moneys usually an officer of the bank. [*Western Sun*, November 4, 1820.] As soon as the specie was collected it was deposited in the bank and used again to shave branch bank-notes.

The State election of 1820 was contested on the bank and currency questions. Shall the bank be made to redeem its own notes? Shall shaving go on? [*Western Sun*, December 16, 1820.] Few friends of the bank were returned. Over one-third of the members were

new. The new session convened November 27, 1820, and the question of the bank was taken up. In the meantime a letter appeared in the *Western Sun* stating that the parent bank was on the brink of ruin. Its outstanding debts were given at \$230,000, with resources of \$105,000. The letter was represented as coming from Corydon, but no one knew the author. All the editor would say was that his information was most reliable. It was known that the government deposits were in specie and would have to be paid first.

The letter at first caused surprise and then fear. People did not then keep money in bank, as now, so there was not a run on the bank; but they felt uneasy lest the notes of the bank and its branches should become worthless. The value of the notes was in direct proportion to the soundness of the bank. In answer to the *Sun's* letter the *Centinel* printed the last report of the cashier of the Vincennes Bank. This showed [*Centinel*, December 23, 1820.] :

Debts owed by the bank.....	\$243,898
Resources:	
Individual loans.....	\$228,000
Specie	33,000
Currency of other banks.....	26,000
Deposited with other banks.....	17,000
Total	\$304,000

This showed a balance of \$61,000 in the bank's favor. The *Sun's* article was passed up as political gossip, not worthy of notice unless in court, where the editor should be arraigned for libel.

Everybody waited with anxiety to see the forthcoming report to the Legislature. In a few days this appeared, but brought little assurance. It showed [*Western Sun*, December 23, 1820.] :

Notes discounted.....	\$128,000
Loans to individuals.....	29,000
Specie	33,000

Besides a few other small items. On the other side of the account were [*Western Sun*, January 27, 1821.] :

Notes in circulation.....	\$ 13,000
Branch notes in circulation.....	167,000
United States deposits.....	215,357

Elias Boudinot was cashier, Nathaniel Ewing president, and Judge Benjamin Parke agent. The report showed the bank to be on the edge of bankruptcy, and before the people could realize it the crash came. On Tuesday, January 2, 1821, the bank suspended specie payment. [*Western Sun*, January 6, 1821.] Following close on this announcement came a similar one, that the Bank of Kentucky had failed, with \$923,000 on deposit and \$1,833,000 notes in circulation. To meet these liabilities it had less than \$700,000 in resources.

Meanwhile Governor Jennings was asked by the Legislature to make personal investigation of the Indiana Bank, but found convenient excuses in the rush of business connected with his office, and also on account of the difficulty of travel. [*Western Sun*, January 20, 1821.] An investigating committee of the Legislature reported that Governor Jennings had placed \$5,000 of the 3 per cent. fund intended for the Jeffersonville canal in the bank at Corydon, and it was probably lost. Otherwise the report was very favorable, so far as the Corydon branch was concerned. Only one fact was suspicious—that Benjamin Parke, United States circuit judge for the Indiana district, and also agent for the "Steam Mill," had arranged to borrow \$10,000 from the Vincennes Bank and credit the loan to the Corydon branch. It seems that when State Treasurer Lane visited Vincennes in March, 1820, to pay interest on the State's loan, he, Lane, had made arrangements for the loan to the "Steam Mill," but later denied all knowledge of, or consent to, the deal. At any rate, the parent bank was notified that its custom of issuing notes on the Corydon branch must cease, and that branch at once began to reduce its circulation.

The Legislature either could not or would not help the situation. [House Journal, 1820-'21, p. 16.] On January 6, 1821, it elected Abijah Bayless, Benjamin V. Beckes and Marston G. Clark directors on the part of the State. A committee composed of Enoch D. John, of Franklin county; E. Powell, of Dearborn; Joseph Holman, of Wayne; Samuel Merrill, of Switzerland, and Charles I. Battell, of Posey, spent the time of the session in the investigation of banks, but no report was given. [House Journal, 1820-'21, p. 229.] The Legislature passed an act placing a 5 per cent. tax on irredeemable currency. A bill making it a crime to falsify bank records failed. [House Journal, 1820-'21.] A bill to prohibit issue of irredeemable

currency was lost. A bill empowering the Governor to borrow \$1,800 from the bank, to pay interest, was also lost January 2, 1821.

A notice was posted on the bank door at Vincennes, on February 3, 1821, calling a meeting of the stockholders for February 5, to examine the bank with a view to protecting depositors and stockholders, and to discuss surrendering its charter. [*Western Sun*, February 3, 1821.] This notice was signed by the stockholders, the leading men of the borough:

Arthur Patterson, G. R. C. Sullivan, John C. Reily, William Burtch, Robert Elliott, G. W. Johnson, S. P. Striker, John McDonald, Daniel McClure, William Polk, Samuel Tomlinson, Charles McClure.

At the meeting a new board of directors was chosen, as follows [*Western Sun*, March 24, 1821.]: David Brown, John D. Hay, Arthur Patterson, Nathaniel Ewing, Robert Buntin, Wilson Lagow, Dr. E. McNamee, William Burtch, George Ewing, Samuel Tomlinson, William E. Breeding, Fred Rapp. David Brown was made president. A committee of three was selected to examine the bank. This committee was soon discharged, and another—Robert Buntin, Arthur Patterson and Samuel Tomlinson—appointed in their stead, with notice to make a complete report on the condition of the bank May 5. [*Western Sun*, March 31, 1821.]

In the meantime, on the dark and windy night of February 10, the people of Vincennes were awakened by a light in the north part of town. [*Centinel*, February 17, 1821.] Some one had set fire to the "Steam Mill," and when morning came the chief source of pride and jealousy in Vincennes was in ashes.

The cashier of the bank, E. Boudinot, resigned in May. [*Western Sun*, June 2, 1821. *Centinel*, June 2, 1821.] He was succeeded by Valentine Bradley, who served till October, and was succeeded by Samuel Jacobs, the cashier of the Brookville branch. Jacobs gave up the job at once and was followed by Carter Beamon. The pretended investigation went on from week to week, and the impatient stockholders became more impatient. May 31 they were astonished by the announcement that the directors had voted a 10 per cent. dividend for the last six months on all paid-up stock, and this at a time when the bank was an acknowledged bankrupt. [*Western Sun*, June 16, 1821.] The sentiment of the people was well expressed by Richard

Daniel at a banquet given in honor of General Harrison, who was then visiting the "Old Post." He proposed this toast: "The State Bank of Indiana, more corruption than money." [*Western Sun*, June 23, 1821.]

At the June meeting of the directors, President Brown informed the stockholders that the bank was insolvent. He further reported that the chief cause of the failure of the bank was its close alliance with the "Steam Mill" venture. The promoters of this concern, one of the first of its kind in Indiana, were the officers of the bank, and had embezzled its funds to the amount of \$91,000. A committee at once waited on the Steam Mill Company to see if they could pay any part of their debt. Judge Parke promised to turn over all his property to the bank. He owed, he said, only a few other debts. Other members of the Steam Mill Company, and nearly all were stockholders of the bank, gave no assurance. Mr. Parke assured them that if the debt was nearly as much as represented, the Steam Mill Company could never pay it. It was then resolved to close up the affairs of the bank as rapidly as possible. Those owing the bank were allowed to surrender their stock, if they had any, and receive a corresponding credit on their indebtedness; in other words, the worthless stock was cashed at par with other people's money. It was further resolved not to jeopardize business by calling in loans too rapidly, and it was ordered that not more than 12 per cent. be collected annually. The president, Nathaniel Ewing, and cashier, Elias Boudinot, were censured for betraying the bank by drawing false bills of exchange on members of the Steam Mill Company. Lastly, it was agreed to compromise with creditors and thus save the directors from loss.

This report was first printed in the *Louisville Public Advertiser*, and for that reason the failure was known in the eastern part of the State before it was in Vincennes. [*Western Sun*, July 28, 1821.]

The Corydon branch at once took measures to protect itself. A meeting of its officers was called April 27, 1821. D. C. Lane, State treasurer, was president. Joseph Merrill, Davis Floyd, John Tipton, R. C. Boone and Dennis Pennington were some of its directors. They protested against the parent bank issuing any more notes on them. [*Western Sun*, June 20, 1821.]

Realizing that the State was involved, Governor Jennings called an

extraordinary session of the Legislature, to meet early in November. [Senate Journal, 1821, pp. 11, 147.] The State had borrowed \$20,000 from the bank, for which the bank held bonds. Expecting to pay this debt from current revenues, the State had accepted bank-notes in payment of taxes. The Governor was now unable to pay principal or interest, or any other expenses of the State, with the money in the treasury. [Senate Journal, 1821-'22, November 28.] The Madison Bank refused the Governor a loan on the basis of the 3 per cent. fund; in fact, that bank was now about to go out of business. [Western Sun, December 1, 1821.]

In obedience to a joint resolution of the Legislature, passed December, 1821 [Western Sun, December 29, 1821], D. C. Lane, State treasurer, reported that he had tendered the branch bank at Vevay \$7,081 on December 20; on the 22d he had tendered the branch at Brookville \$12,216; on the 27th he had tendered \$448 to the Corydon Bank, and two days later he had offered the latter \$1,455 more. [Senate Journal, 1821, p. 147.] In all, he had tendered \$21,200, and the bank had refused it. This was offered in the bank's own paper. A short time afterward Treasurer Lane went to Vincennes and counted down to the cashier of the Vincennes Bank \$10,000 in its own currency, and asked for State's bonds in equal amounts. The cashier answered that the State owed the bank nothing and that the bank had none of the State's bonds. He had already turned these over to the Secretary of the Treasury of the United States, W. H. Crawford, as collateral security.

Before the Legislature adjourned in 1821, it ordered the circuit court of Knox county to issue a *quo warranto* writ against the bank. [Western Sun, January 19, 1822.]

At a meeting of the directors, early in the year 1822, a dividend of 40 per cent. was voted, and also \$3,500 to Nathaniel Ewing for service as president. [Western Sun, March 16, 1822.]

As soon as the United States Secretary of the Treasury learned that the bank was insolvent, he sent an agent, who met the board of directors and made arrangements for payment of debts due the United States. [United States State Papers, 2d session 17th Congress, Vol. 5.] The directors turned over what securities they had at hand, and also the real estate belonging to the bank. The deed to this latter was so imperfectly executed that it took a suit in the Su-

preme Court to ascertain whether they had actually made the transfer or not.

Among other securities given to the United States government were bonds of the State aggregating \$32,750. As soon as Governor Jennings learned that the State bonds had come into the hands of the United States government he protested to the Secretary of the Treasury. Not receiving any answer, Governor Jennings called a special session of the Legislature to advise him what to do in the matter. The State had received near \$30,000 in bank currency, which was worthless if not credited on the State's bonds.

On March 2, 1822, the Secretary of the Treasury returned these bonds to the Vincennes Bank, to be redeemed in the worthless paper the State had received for taxes. [*Western Sun*, April 6, 1822.] All the affairs between the State and the federal government were amicably settled, and the tax-payers of the State were saved about \$30,000, a full year's taxes. [State Papers, as above.]

The report of the bank to the Governor for January, 1822, is interesting. The capital stock of all the branches was \$129,363; \$30,000 each for the branches and \$39,000 for Vincennes. Vincennes had \$30 in specie and \$3,218 in other currency. The debts owing to it totaled \$184,733, of which the "Steam Mill" owed \$116,248, and different directors \$17,333. On its board of directors at the time were Davis Brown, postmaster and a member of the Legislature; Wilson Lagow; Nathaniel Ewing, president of the bank, United States pension agent for the State, and agent for the "Steam Mill;" John D. Hay; Elias McNamee, city councilman for many years; Arthur Patterson, a leading merchant; William Burtch, a merchant and importer; Samuel Tomlinson, dry goods merchant; Robert Buntin, clerk of the circuit court; Dennis Sayre, over whose grocery store the bank was located; George Ewing, and George R. C. Sullivan, ex-postmaster and member of the Legislature. [*Western Sun*, January 12, 1822.]

The Corydon branch had \$4,053 in specie, \$13,897 in notes in circulation, \$3,590 on deposit, with \$42,007 debts. [*Western Sun*, January 12, 1822.] On its board are many names well known in early Indiana history: A. Brandon, Dennis Pennington, R. C. Boon, John Depauw, Davis Floyd, Joshua Wilson, John Tipton, Joseph Merrill, James Kirkpatrick, Jordan Vigus, Benjamin Adams.

The Brookville branch reported paid-in capital of \$14,009; deposits, \$8,630; debts, \$95,319. Its directors were John Test, Enoch D. John, William E. Eads, James Noble, United States Senator; Robert John, John Allen, Nathaniel Gallion, Joseph Brackenridge, John Jacobs, James Backhouse, and Noah Noble, later Governor of the State.

Vevay had specie to the amount of \$1,997; capital, \$4,651; paper in circulation, \$423,783; debts, \$72,287.

Comment on this kind of banking is not necessary. Some of these men were dishonest—embezzlers; the 40 per cent. dividend was outright theft; but it is just as certain that, taken as a whole, these directors were the leading men of the State. They soon realized that the bank was a failure; and the new board, elected on the first Monday of March, 1822, were nearly all from Brookville. William Eads headed the committee to wind up the affairs of the bank. He gathered up what was left in the way of furniture and securities, and prepared to meet the creditors and the circuit court.

Senator James Noble undertook to settle the difficulty between the bank and the United States. [State Papers.] In place of the State bonds which were returned to the bank, he accepted private notes and mortgages. The bank had embezzled \$168,453 of United States money in specie on deposit. The property of the "Steam Mill," and that belonging to Judge Parke and others in Vincennes, passed to the United States, together with not less than seventy lots in Brookville. These latter show the amount that Brookville stockholders lost in the Vincennes Bank.

At the June term of the circuit court of Knox county a *quo warranto* suit brought the bank to an end. [Western Sun, July 13, 1822.] The jury found the bank officers guilty of violating the charter in several particulars, and the judge, in overruling a motion in arrest of judgment, sustained their verdict. [See Circuit Court Records at Vincennes, under above date.]

The State Supreme Court, on appeal, Judges Scott and Holman, affirmed the decision so far as it related to the charter, but reversed it so far as it related to property of the bank, so that the property reverted to the original donor. [Blackford Reports.] The bank creditors were left entirely without remedy and the debtors to the bank were discharged. [Western Sun, November 22, 1823.]

Echoes of the failure of this bank are met with frequently in the political literature of the times. When State Treasurer Lane was succeeded by Mr. Merrill, the former insisted on turning over the State funds in the form of these old bank-notes. A mandamus suit was necessary to decide the question. [Merrill vs. Lane, Blackford.]

When Governor Jennings went to Congress he called for the papers concerning the bank, and attempted to make out a case of collusion between the bank and United States officers in Indiana. [State Papers.] The House of Representatives called for the papers, but it resulted in nothing but additional disgrace and humiliation to the bank officers and directors. The Madison Bank was cited to show what honest men could have done.

Governor Hendricks, who succeeded Jennings, took advantage of his annual message to read the State a lecture on wildcat banking. Vincennes never regained the prestige in State politics she lost in this unfortunate affair.