

## Martin L. Peirce—Hoosier Banker and Benefactor<sup>1</sup>

*Marguerite Hall Albjerg\**

Indiana has reared many native sons who have reflected honor upon her and the nation. She has also adopted worthy offspring of other states and nurtured them to fulfillment of their youthful promise while they in turn have generously bestowed benefits upon the people of Indiana. Martin L. Peirce, who spent over fifty of his eighty-three years on the banks of the Wabash, was one of those able adopted sons.

Peirce was born in Portsmouth, New Hampshire, in 1806 and was the son of Dr. Nathaniel S. Peirce, owner and publisher of the *New Hampshire Gazette*. At the age of fifteen he began seven years of training in the fundamentals of finance in the counting room of C. and C. W. Peirce, commission merchants of Philadelphia. Upon the completion of his apprenticeship he came to the West and for a time settled in eastern Illinois. During this period he made two trips by flatboat to New Orleans, once almost succumbing to an attack of yellow fever at Memphis.

In 1836 Peirce arrived in Lafayette. He quickly became interested in several commercial enterprises but because of his youthful impecuniousness his chief contribution was not capital but fiscal competence. He became the directing member of Hanna, Barbee and Company, the principal grain and commission dealers in the area, and served for a time as director of the Lafayette branch of the State Bank of Indiana.

Peirce served two terms on the city council of Lafayette and two terms as sheriff of Tippecanoe County, declining, however, the Whig nomination for the county offices of treasurer and clerk.<sup>2</sup>

Prior to his term as sheriff, he worked for a short period as an assistant at the local jail. He invented at that time "a sounder which informed him when something went wrong with the prisoners. It was an apparatus comprised of a wire stretched from his bed-room [in a nearby house] into the jail.

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<sup>1</sup> Some of the data in this article will appear in the brochure, *A Bank Grows in Lafayette*, to be published in 1953, by the author.

<sup>2</sup> *Biographical Record and Portrait Album of Tippecanoe County, Indiana* (Chicago, 1888), 513.

To either end was attached a cow bell of the old style make, with clapper removed, which caught the sound and acted as a transmitter of all the 'racket' the prisoners made."<sup>3</sup> He insisted that this contraption repeatedly warned him of the prisoners' undue commotion and thus prevented many from escaping. At any rate his Yankee ingenuity greatly impressed local citizens.

Originally a Whig, Peirce became an ardent abolitionist and later a staunch Republican. In 1848 he served as a delegate to the Free Soil National Convention in Buffalo, New York, which nominated Martin Van Buren for president and considered nominating Henry L. Ellsworth of Lafayette for vice-president.<sup>4</sup>

Two years later Peirce was married to Emma L. Comstock of Hartford, Connecticut. They had four children but only two grew to maturity: Charles H., a successful banker, and Lizzie P., who married Fred Ward, a local businessman. They also adopted two children: Richard G. Peirce who was employed in his father's bank, and Oliver W. Peirce who became one of the most successful wholesale grocers in the state and whose popular coffee—"Peirce's Golden Rio"—was widely known throughout the United States.<sup>5</sup>

The year 1853 saw Peirce seriously launched on his career as a banker. It also marked Lafayette's incorporation as a city with a tax levy of forty cents per hundred dollars. It was often called the "Star City" because of its advantageous connection with Toledo by means of the Wabash and Erie Canal, its accessibility by two railroads, later known as the Monon and the Wabash, and its situation in the midst of an excellent farming area. For many years Lafayette was the foremost pork-packing center in the Middle West and did the largest wheat and flour business in Indiana.<sup>6</sup> Before the "iron horse" dominated the state's transportation system, "Lafayette sold many more goods and had a larger market than did Indianapolis."<sup>7</sup>

A century ago this bustling community was served by two daily newspapers and one of these, the *Daily Courier*, had the

<sup>3</sup> *The Lafayette Daily Courier*, December 31, 1889.

<sup>4</sup> *Ibid.*, December 31, 1889.

<sup>5</sup> Richard P. De Hart, *Past and Present of Tippecanoe County, Indiana* (2 vols., Indianapolis, 1909), II, 656-657.

<sup>6</sup> Logan Esarey, *History of Indiana From Its Exploration to 1912; Also a History of Tippecanoe County and Wabash Valley* (3 vols., Dayton, Ohio, 1928), III, 55, 77.

<sup>7</sup> De Hart, *Past and Present of Tippecanoe County*, I, 376.

largest circulation of any daily in Indiana.<sup>8</sup> More than a dozen churches contributed their elevating influence.<sup>9</sup> Literary societies conscientiously attempted to improve the mind while promoting conviviality. Nevertheless a contemporary regretted that at these gatherings, "pork, grain and beef, and commerce generally, got the upper hand of literature, and the lyceum. . . ."<sup>10</sup> Less pretentious recreation, however, was provided by the river's showboats which brought "Broadway" or vaudeville to the avid populace.<sup>11</sup> These performances were designed to please all, from rural rustic to "city" sophisticate, from sedate grandmother to adventurous youth. So the Lafayette of 1853 appeared, vibrant with its thriving industries, elated over its river trade and confident of its future railroad traffic, slightly arrogant in its self-reliance, and always cocksure that its present prosperity would be eclipsed by its future greatness. It was, indeed, a pioneer city that had successfully weathered its adolescence.

Peirce, alert to the increasing demands of this thriving community, in 1853 persuaded three local men to join him in the establishment of the Commercial Bank of Lafayette. This was a private institution and, since in Indiana at that time "anyone could start a bank who chose," provided he and his associates could invest fifty thousand dollars, the character of the bankers was more important than the amount of the institution's capital. During that "free bank era" virtually the only restraints imposed on a private bank were determined by the conscience and intelligence of the men who ran it. In Peirce, the president of the new enterprise and one of the most capable and respected gentlemen in the community for fifty years, the citizens unhesitatingly placed their confidence. That trust was never violated during his long career when he became not only "one of the men of note in the banking history of Lafayette" but also a citizen of distinction in the state of his adoption.<sup>12</sup>

The Commercial Bank even in those difficult times thrived under the direction of Peirce and his associates. William Penn once said, "Governments like clocks run

<sup>8</sup> *Ibid.*, I, 315.

<sup>9</sup> G. W. Harves (comp.), *Lafayette City Directory—1858-1859* (Lafayette, 1858), 118-120.

<sup>10</sup> Sandford C. Cox, *Recollections of the Early Settlement of the Wabash Valley* (Lafayette, 1860), 82-83.

<sup>11</sup> *The Lafayette Daily Courier*, April 26, 1853.

<sup>12</sup> De Hart, *Past and Present of Tippecanoe County*, I, 470.

from the motion men give them." It might also be noted that banks, too, go from the impetus men give them. The Commercial Bank of Lafayette received a stimulus from its founders which enabled it to be the progenitor of the First Merchants National Bank and Trust Company which today does a thriving business on the same spot where the Commercial Bank so ably operated.

Martin L. Peirce had rare prescience. Immediately after the passage of the National Banking Act in 1863, he started negotiations with the Secretary of the Treasury, Salmon P. Chase, which resulted in his securing one of the first national bank charters in the United States.<sup>13</sup> The First National Bank of Lafayette opened its doors on July 1, 1863, with Peirce as president and with paid-up capital stock of \$250,000. This new institution absorbed most of the equipment as well as the depositors of the Commercial Bank which henceforth ceased "the business of discounting commercial paper and selling exchange."

The First National, whose roots went back to 1853, did a flourishing business and in 1918 after its amalgamation with the Merchants National Bank and the American National Bank continued as the First Merchants National Bank and Trust Company. Today this concern, with capital stock of over a million dollars, is one of the leading financial institutions in northwestern Indiana.

There is considerable evidence to substantiate the claim of the First National Bank of Lafayette that it was the first institution to complete its organization and file its application under the new banking act. General Richard P. De Hart voiced the opinion of many when he asserted that it "was robbed of the coveted honor of being chartered No. 1, by some sort of discreditable manipulation in Washington."<sup>14</sup> The bank received the number twenty-three which it retained until its reorganization in 1882.

In later years national banks which desired to recover their original number were permitted to do so by filing certain papers within a specified period. At that time a local bank official whose superstition took precedence over his historical sense feared that the number twenty-three was too closely associated with the word "skidoo" for discreet use by a rep-

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<sup>13</sup> Martin L. Peirce Papers, in the possession of the First Merchants National Bank and Trust Company, Lafayette, Indiana.

<sup>14</sup> De Hart, *Past and Present of Tippecanoe County*, I, 469.

utable bank. As a result the prospect of regaining number twenty-three was surrendered for a number of more digits but of less "hoodoo" association to the subsequent regret of the bank's directors and of many local citizens.<sup>15</sup>

Peirce served for twenty-six years as the exceptionally able president of the First National. During the darkest days of the Civil War when money and credit were not easily available, that institution under his wise guidance lent Tippecanoe County fifteen thousand dollars to help it meet its war obligations.<sup>16</sup> Peirce skillfully piloted the bank through the serious panic of 1873. His extensive correspondence reveals how humanely and competently he dealt with the bank's patrons. To every letter Peirce replied in impeccable longhand, usually retaining a copy of his communication. His promptness, discernment, sympathy and courtly politeness undoubtedly made friends for his bank.<sup>17</sup> He knew that its success depended not only on handling the money of depositors and stockholders wisely but also on treating patrons with friendly consideration.

A. J. Roush, an admiring contemporary, characterized Peirce as "a true representative of the Eastern man—full of resources, indomitable, economical, successful. . . . As a business man . . . [he] is a model to be followed."<sup>18</sup> General De Hart, a loyal friend, said of him, "As a financier and banker-captain of industry, his sound judgment, unusual executive ability and fidelity to duty placed the institutions with which he was connected in the front rank of their kind."<sup>19</sup> Another acquaintance, Septemius Vater, also spoke in highest terms of

<sup>15</sup> Peirce Papers.

<sup>16</sup> De Hart, *Past and Present of Tippecanoe County*, I, 222.

<sup>17</sup> Peirce Papers. For example, there was an exchange of letters with the American Bible Society of New York which sought information on the value of thirty-five shares of First National Bank stock which had been willed to the Society. It commended the bank's president on his careful and correct handling of the entire transaction. From southern Indiana came word from a gentleman who inquired for himself and daughter as to the exact amount of the remaining surplus to which they were entitled when the bank reorganized in 1882. A friendly and satisfactory answer was promptly theirs. A Chicago physician asked if the assets of the old bank would be divided by a certain date as he desired funds to finance the purchase of a home for his son who had just been graduated from medical school. He got an immediate and courteous reply.

<sup>18</sup> Kingman Brothers, *Combination Atlas Map of Tippecanoe County, Indiana* (n.p., 1878), 39.

<sup>19</sup> De Hart, *Past and Present of Tippecanoe County*, II, 543.

Peirce's sagacity and his integrity but added that if he had a fault, it was being too indulgent with his close friends.<sup>20</sup>

In 1869 Peirce organized the Lafayette Savings Bank, another institution which is still functioning successfully. He characteristically took the position of vice-president and gave the first post to John Purdue, his best friend.<sup>21</sup>

Peirce was given credit for having inspired John Purdue with the idea of founding a university. As these two gentlemen drove past a cemetery in which stood a very costly monument, they commented on the unproductive use of so large an amount of money. Peirce suggested to Purdue that he erect a more useful memorial to his memory by leaving a substantial sum for the founding of a college which would bear his name.<sup>22</sup> The idea took hold and while "Mr. Purdue gave the money, Mr. Peirce distinctly was the engineer. . . . On any fair evaluation he must rank close to Mr. Purdue as benefactor" of the university.<sup>23</sup>

Peirce served on the board of trustees of Purdue University from 1870 to 1875 and was treasurer of the board from 1870 until his death in 1889. The latter post virtually made him the first functioning controller of the university. He and his close friend Professor John S. Hougham, who later was acting president of Purdue University (January to May, 1876), toured eastern universities in the summer of 1872 and studied the plants at Massachusetts Institute of Technology, Amherst, and Brown University as a preparation for aiding the projected building program at Purdue.<sup>24</sup> As a member of the university's building committee, Peirce laid out its grounds, gave ten thousand tree seedlings and other plantings, donated one thousand dollars for a university greenhouse which bears his name and is still in use, and planned the water supply. He spent regularly his salary of six hundred dollars per year as treasurer on the further development of the campus. He not only guarded zealously the institution's credit but it was in serious financial straits, he provided from his own personal resources the necessary cash or collateral.<sup>25</sup>

Peirce's counsel was sought in other than financial mat-

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<sup>20</sup> *Ibid.*, I, 470.

<sup>21</sup> George W. Munro, *The New Purdue—Sketches of Hitching Rack Days*, in the possession of the Editor of Purdue University.

<sup>22</sup> De Hart, *Past and Present of Tippecanoe County*, II, 542.

<sup>23</sup> Munro, *The New Purdue*.

<sup>24</sup> Thomas R. Johnston and Helen Hand, *The Trustees and Officers of Purdue University—1865-1940* (Lafayette, 1940), 410.

<sup>25</sup> *Ibid.*, 21.

ters. Repeatedly he was consulted in the selection of Purdue's faculty and also in the choice of the first acting president, Abram C. Shortridge. In 1882 Peirce was so impressed with the baccalaureate address of President Emerson E. White that he had it printed at his own expense. This was a significant as well as an able summary of White's ideals and aims for the university and is probably the first comprehensive statement of educational policy made by a responsible officer of the institution.<sup>26</sup>

Peirce found his post as treasurer and its ramifications almost a full-time job and one which frequently had unpleasant aspects. Notwithstanding, he "gave time . . . understanding, special knowledge and tact . . . and smoothed Mr. Purdue's ruffled disposition. . . . He made a success of Mr. Purdue's venture and carefully remained in the background."<sup>27</sup> It was Peirce who, on August 9, 1871, broke the ground, throwing the first shovelful of dirt, for the start of Purdue University.

Peirce served for many years on the board of trustees of Franklin College and later in a similar capacity for the University of Chicago. Moreover, he was held in such high esteem by the Association of American Bankers that at their national convention in 1887 he was honored both for his talents and his years as he was the oldest of the four hundred bankers present.

He had a lifelong predilection for humanitarian causes. As a vigorous opponent of slavery he not only joined the Free Soil Party but willingly abetted the Underground Railroad. When he was sheriff, a Kentucky master sought two runaway slaves in Lafayette who were expected to arrive there by river packet. Peirce told the slaveholder that Lewis Falley, the deputy sheriff, also a "red hot" Free Soiler, would meet the packet. This Falley did, immediately and surreptitiously sending on the fugitives by fast express into Canada. The slaves' master, violently angered when he realized he had been outwitted, threatened terrible reprisals for the sheriff.<sup>28</sup> The latter was not intimidated however, and continued to befriend Negroes as long as he lived.

On a later occasion he took into his home two fugitives, a colored woman and her child, whom he found at the nearby town of Montmorenci. A large reward was offered for their

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<sup>26</sup> Munro, *The New Purdue*.

<sup>27</sup> *Ibid.*

<sup>28</sup> *The Lafayette Daily Courier*, December 31, 1889.

capture and southern officers came to Lafayette to search the community. They discovered where the Negroes were but Peirce defied anyone to lay hands on the refugees in his house and the thwarted officers in sullen anger returned to Dixie. Peirce protected the unfortunate victims until all danger passed and then saw that provision was made for their needs.

In 1861 Frederick Douglass visited Lafayette. Peirce, who did not yet enjoy the wealth and prestige of his later years, quietly defied the strong opposition of many local citizens, entertaining the famous colored abolitionist and driving him through the city in his carriage.

On a trip to England in 1867, Peirce gained admission to the House of Commons where he was thrilled by one of the great parliamentary speeches of the century—John Bright's famous plea for the extension of suffrage. A great admirer of the well-known temperance lecturer, John B. Gough, Peirce entertained him in his home on several occasions.

Peirce found great satisfaction in his church connection and gave generously of his time and means to the support and activities of the First Baptist Church. He donated one-third of the ninety thousand dollars required to build the church; he presented the structure and lot for the parish house and chapel; he furnished five thousand dollars to build a library and an additional five thousand dollars for books. He offered forty thousand dollars to the church with which to erect an orphanage, but this gift was declined. These donations were made quietly, with no notice in the local papers; the knowledge of them did not come until years after his death and was obtained from church and other public records.<sup>29</sup> Also, he gave repeatedly and anonymously to local causes and needy persons.

Even in the sanguine and versatile Victorian era, it was unusual that Peirce combined successfully the roles of shrewd and able banker, uncompromising reformer, tolerant and enlightened educator, and benevolent humanitarian. He "amassed one of the handsomest fortunes possessed in the County"<sup>30</sup> without acquiring the arrogance of the self-made man. At the time of his death, one of the local papers remarked that his two distinguishing traits were strength and gentleness.<sup>31</sup> His long and honorable career well substantiated such an appraisal.

<sup>29</sup> Munro, *The New Purdue*.

<sup>30</sup> *Lafayette Morning Journal*, December 30, 1889.

<sup>31</sup> *The Lafayette Weekly Courier*, December 31, 1889.