

Miss Ernst is associate professor of history at the University of Wisconsin in Milwaukee and is the author of articles which have appeared in the Wisconsin Magazine of History and Mid-America.

WILDCATS and PATRIOTS ***The STORY of the MARINE BANK***

DOROTHY J. ERNST

STUDIES of Minnesota history during the first decade of statehood have long emphasized the tremendous spur to development that resulted from the Civil War. Perhaps because their roles appeared more dramatic, political and military figures of these years have received much attention, while comparatively little is known about actual business concerns and the ways in which their leaders faced these years of upheaval. Such men left fewer records; often they were inarticulate, or they deliberately chose to operate behind the scenes, and as a result their names have been easily forgotten. Yet even a hundred years later it is possible to recapture some of the competitive spirit of the age, and by examining the circumstances surrounding the establishment and growth of an early St. Paul bank to arrive at a greater appreciation of the enterprise and adaptability required for success in the daily conduct of business.

When the fighting began in 1861, banking facilities in the three-year-old state reflected the usual characteristics of a frontier area. Small private firms provided such financial services as collection of bills, acceptance of deposits, extension of loans, exchange of currencies, and discounting of personal drafts covering a variety of transactions, which often passed from hand to hand in lieu of currency. At the same time such firms sold insurance, dealt in land warrants, speculated in grain, and generally acted as agents in securing contracts and forwarding merchandise. The men who prospered in this field had to be versatile and sharp, since profit margins fluctuated quickly, while capital remained scarce in a section both remote from large mercantile centers and still struggling to recover from the panic of 1857.¹

Only six institutions in Minnesota used the name of bank, to which they were entitled under terms of special charters granted by the legislature. Two of these failed in June, 1861, and by the end of that year only the Winona County Bank was able to satisfy the state auditor that it had fully met its obligations.² The remaining three belonged to the category known as "wildcats" — banks that made no pretense of offering regular commercial services, and in

¹Sydney A. Patchin, "The Development of Banking in Minnesota," in *Minnesota History Bulletin*, 2:123-125 (August, 1917); Charles Sterling Popple, *Development of Two Bank Groups in the Central Northwest*, 4-6, 23 (Cambridge, Massachusetts, 1944).

²State Auditor of Minnesota, *Reports*, 1861, p. 15. All reports are cited by the year covered, rather than the year of publication.

fact often failed even to maintain offices. Their owners exercised the valuable privilege of issuing and circulating paper money printed with the name of a bank.

This type of institution was found in many states, but Minnesota regulations were particularly lenient in allowing the deposit of the state's own nearly worthless railroad bonds as security for issues of paper currency.³ In theory these deposits guaranteed good faith on the part of the bank owners and served as a check against excessive depreciation in the value of such paper money. Actual experience in several states, however, had already demonstrated the complete fallacy of this approach. A more extreme example of legal subterfuge can hardly be imagined, yet in the early sixties these state bank notes circulated effectively. Public acceptance clearly rested in this instance upon faith in the personal integrity of the bank owners, who willingly assumed responsibility for providing outlets where their currencies could be exchanged for other types in common circulation.

The People's Bank, located at St. Peter on the Minnesota River — an important forwarding point for the wheat trade — complemented the other business activities of its owner, Erastus S. Edgerton, a St. Paul merchant who redeemed its money at his office.⁴ The other two banks owed their existence to a flurry of activity in 1859 which accompanied promotion of the Root River and Southern Minnesota Railroad. The La Crosse and La Crescent Bank at Hokah, near the mouth of the Root River, was the creation of Daniel Wells, Jr., of Milwaukee, Wisconsin, while the Bank of Chatfield, nominally associated with a town of that name farther up the valley, was established by his friend Selah Chamberlain of Cleveland, Ohio, a construction contractor with extensive interests in both Minnesota and Wisconsin. As was customary in the period, both men paid out their new currencies in connection with the proposed line and thus secured local circulation. But by the end of 1859 financial difficulties forced termination

of all railroad construction within the state, and thereafter Chamberlain ceased to take any personal interest in banking. In contrast, Wells simply turned to new uses for his currency, continuing to circulate it on the Wisconsin side of the Mississippi, where he sustained its value by providing for redemption in gold or other valid currency at La Crosse and Milwaukee.⁵

Meanwhile, for the state of Minnesota this curtailment of the amount of paper money circulating within its borders worked a very real hardship, since as long as people had accepted and used it freely, even the wildcat currency had served a need beyond the selfish one of the bank owners. Thereafter more people were obliged to depend upon bank notes which originated outside of the state. Moreover, recurring shortages of acceptable types brought fluctuations in prices and credit terms, further increasing the uncertainties and frustrations under which general business had to be conducted.

All of this was well understood by the state auditor, who reported in 1861 that circulation for Minnesota's four banks of issue was as follows: Winona County Bank, \$3,863; People's Bank, \$18,000; Bank of Chatfield, \$29,500; La Crosse and La Crescent Bank, \$29,873; a total of \$81,236. He also noted that currency of the last two banks circulated only in Wisconsin. Although he had no way of knowing that a very large share of the bank notes delivered to the Bank of Chatfield had never been circulated, he assumed correctly that the amount in use was being sustained by agents of Wells, who treated it as interchangeable with his money. At this point the auditor saw no hope for alleviation of currency diffi-

³ Minnesota, *General Laws*, 1858, p. 68–81; William W. Folwell, *A History of Minnesota*, 2:44–58 (St. Paul, 1961).

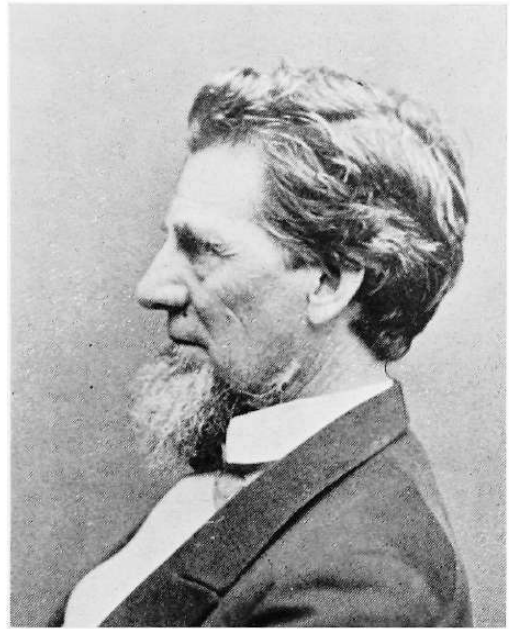
⁴ State Auditor, *Reports*, 1861, p. 16.

⁵ Extensive records and correspondence concerning Wells's banking activities are included in the Daniel Wells, Jr., Papers in the Milwaukee County Historical Society, Milwaukee, Wisconsin. The present study is based mainly upon this collection, which is the source of all correspondence and business records cited.

culties at the state level, and he pessimistically concluded that it would be necessary to "wait for the General Government to mature a policy for a National circulating medium."⁶

IN REALITY a fortuitous combination of circumstances during the next year brought a substantial expansion in the role of state-chartered banks. An increase in prosperity, due in large part to profits connected with the burgeoning wheat trade, provided the initial impetus, while the appearance of new types of securities representing United States and state war loans offered a patriotic means of investment which could also readily be turned to banking purposes. Hence by the end of 1862 outstanding state bank notes had jumped to \$198,107. Furthermore, the defunct State Bank of Minnesota had been reorganized and opened, after removal from Austin to Minneapolis, and two new banks had been added in St. Paul—the Bank of Minnesota, successor to the private firm of Thompson Brothers, and the Marine Bank founded by Wells.⁷

The idea for such a banking outlet had attracted Wells early in the year, when he was personally in sore need of additional funds. Money had become extremely tight in Wisconsin as a result of legislative restrictions on banking policies and the careful scrutiny maintained by a powerful and conservative state bankers' association. In contrast, a Minnesota bank offered greater freedom of operation, with the added possibility that its currency could be used to advantage for local purchases of wheat.⁸



Daniel Wells, Jr., in 1864

A major obstacle loomed, however, in the necessity to raise capital. Wells at first hoped to persuade the New York brokerage firm of A. W. Greenleaf and Company to join him in this venture, at least to the extent of supplying some Minnesota bonds for deposit purposes. On February 22 its owners hedged, conceding that such a bank with the right kind of manager should prove profitable, but five days later they positively declined on the plea that their own business required all of their attention and capital. Nevertheless, on March 20 they offered to sell Wells \$10,000 of desirable Minnesota 8 per cent bonds at 90, waiving their usual commission and granting terms of sixty days with a low interest rate of 7 per cent. As a further accommodation they suggested: "You may put up margin of 5 per cent if convenient—if not we will carry them without." Wells seized upon this chance to acquire bonds, but apparently he could not find a way to supply the margin, even after it was cut to 4 per cent on April 4, and for the time he was forced to put aside his plans for a new bank.

Fortunately for Wells, his financial position improved greatly during the summer

⁶ State Auditor, *Reports*, 1861, p. 16, 18; Selah Chamberlain to Daniel Wells, August 6, 1862.

⁷ Henrietta M. Larson, *The Wheat Market and the Farmer in Minnesota, 1858-1900*, 18-29 (New York, 1926); State Auditor, *Reports*, 1862, p. 35-38.

⁸ Leonard B. Krueger, *History of Commercial Banking in Wisconsin*, 87-91 (Madison, 1933). For an account of Wells's dealings in wheat during a partnership with David C. Shepard of St. Paul, see Dorothy J. Ernst, "Wheat Speculation in the Civil War Era: Daniel Wells and the Grain Trade, 1860-1862," in *Wisconsin Magazine of History*, 47:125-135 (Winter, 1963-64).

of 1862, and he again decided to expand his bank holdings in Minnesota. Early in August he persuaded his friend Chamberlain to turn over to him legal ownership of the Bank of Chatfield, but because it had been officially listed as defunct, he was now ordered to deposit bona fide state or United States securities with the auditor before he could issue any new paper money. By the middle of September he had managed to accumulate sufficient funds to send his New York broker checks for a total of \$20,000 in bonds, which included \$8,000 in Minnesota "8s" and \$8,000 in United States "6s" of 1868. These were deposited to the credit of the Bank of Chatfield. Thereby he acquired control of considerable additional currency, but at the same time he had increased the burden of maintaining the value of all his Minnesota paper money without providing any new outlet for its successful circulation.⁹

It was this factor that turned his attention to St. Paul, where agents assured him business had expanded so greatly that another bank would be favorably received. Wells next moved to take advantage of the contemporary practice of reducing original costs by buying a name and charter rights, together with the expensive engraved bank plates and any printed but uncirculated bank notes. On September 15, 1862, he acquired from a former Milwaukee associate, James Ludington, then residing in New York, a half interest in the Goodhue County Bank, chartered in Minnesota on November 29, 1858, but never opened for business. Negotiations were also begun to purchase the other half interest from the Bank of Kent in Ludingtonville, New York, which had received its share through foreclosure proceedings against the St. Paul firm of Caldwell and Company. At the same time it had received full rights to a "Marine Bank" chartered in Minnesota on April 25, 1859, but likewise never opened. A price of \$175 to cover rights in both charters was agreed upon on October 18 through the good offices of Orlando B. Turrell, assignee for the bankrupt firm and an experienced St. Paul mer-

chant-banker. Turrell so won the confidence of Wells that he was invited to join the new enterprise. Preference for actual use immediately fell upon the name Marine Bank, because of its similarity to the Wisconsin Marine and Fire Insurance Company Bank, which had enjoyed a solid reputation ever since its founding in Milwaukee in 1839.¹⁰

Again the problem of bonds proved difficult, especially since A. W. Greenleaf and Company reported only one Minnesota "8" available on October 21 and another one nine days later, both at the high price of 104. However, at this very time Minnesota was preparing to float a new \$100,000 bond issue — the Sioux War loan of 1862. Immediately Wells offered to take \$25,000 of "8s" at par, only to learn that the whole issue had been thrown open for underwriting bids in New York on November 1, and that full award had gone to Thompson Brothers of St. Paul, who had agreed to take 7 per cent bonds at 101¼ and sell them on the open market.¹¹ Meanwhile, impatient to proceed with his plans, Wells had also given his New York broker orders for an unusual amount of securities. A total of \$32,500 in United States and Minnesota bonds and treasury notes were purchased between October 21 and November 3. Although these were dis-

⁹ Chamberlain to Daniel Wells, August 6, 1862; Charles McIlrath to, August 23, September 4, 1862; David C. Shepard to, August 11, 21, 28, 1862; A. W. Greenleaf and Company to, August 14, September 5, 12, 1862. Civil War bond issues were commonly named according to the rate of interest and the date of maturity, a notable exception being the United States "5-20s," which actually paid 6 per cent interest and ran for twenty years, but were redeemable at the option of the treasury after five.

¹⁰ State Auditor, *Reports*, 1860, p. 30; Turrell to Daniel Wells, October 18, 1862; Fritz Redlich, *The Molding of American Banking: Men and Ideas*, 2:63 (New York, 1951); Alice E. Smith, "Banking Without Banks: George Smith and the Wisconsin Marine and Fire Insurance Company," in *Wisconsin Magazine of History*, 47:268-281 (Summer, 1965). Daniel Wells had secured the original charter for the Wisconsin Marine and Fire Insurance Company Bank, and it had opened for business in a building which he owned.

¹¹ Office of the Minnesota state auditor to Daniel Wells, November 1, 6, 1862; S. J. Dennis to, November 1, 1862.

tributed for use among Wells's several banks, it would appear likely that he drew from this group the \$25,000 in United States bonds he deposited on behalf of the new Marine Bank prior to December 1, 1862.¹²

FINAL ARRANGEMENTS were completed at St. Paul on November 14 by Charles K. Wells, a Milwaukee attorney and younger brother of Daniel who was henceforth designated president of the bank in a move to expedite clearance of the new currency through the auditor's office. A series of four agreements covered in great detail the transfer of charter rights, with ownership of the Marine Bank conveyed jointly to the Wells brothers and James Ludington, and it was so recorded with the auditor.¹³ Nevertheless, the private papers show clearly that it was Daniel who created the enterprise and directed its policies during the first two years of operation.

Next came the selection of a suitable site, which Turrell advised should be "below the bridge," since business was moving more and more toward the levee along the Mississippi. Consideration was given to the office vacated by Thompson Brothers when they moved their Bank of Minnesota to new quarters, and to a brick building formerly owned by Caldwell and Company and now leased for \$30 a month to the private banking house of Bidwell and Waldby. Actually, Turrell opened for business November 26 at a desk in the office of the

latter firm, though about three weeks later he moved to separate quarters, probably an adjacent wooden store building available at \$15 a month.¹⁴

There he operated for several months on a veritable shoestring, since no working capital had been supplied by the owners. Such a practice was not uncommon at the time, but Turrell had earlier informed Charles Wells that he did not want to be connected with a bank "that don't go straight along all the time," and he attempted to insist that the three owners sign notes for the amount of paper money each intended for his own personal use, so the books of the bank could stand inspection at all times. Later developments suggest that they did not comply with this request. If Charles followed his plan he left no more than \$12,000 of Marine Bank currency in St. Paul, and on his way down the Mississippi he dropped off lots at Hastings and La Crosse, where his brother had substantial business interests. Furthermore, some of it was introduced into Chicago through the firm of N. Ludington and Company, in which Daniel was a partner.¹⁵

It is impossible to tell whether any of the new currency was actually sent to New York, but from correspondence it is evident that Daniel prodded James Ludington to raise capital for their bank by using the new money as collateral for a loan. However, on December 1 that gentleman claimed that all his friends were so deep in commodity speculations that they had no available funds, and ten days later, still unable to borrow, he offered the following counsel: "My advice is — to keep close — do business cheap — feel our way along — discount none — receive collections — buy & sell exchange and coin — & next spring work some capital into the concern & do a legitimate banking business. I see no use of leaving much money with Turrell this winter — just enough to make the necessary turns with. If you approve of my notions advise Turrell. Keep a stiff upper lip & live on hope until a reality 'turns up.' I have no doubt I shall be able to raise some money for us soon."¹⁶

¹² State Auditor, *Reports*, 1862, p. 36. Receipts in the Wells Papers show that \$5,000 in United States "6s" of 1881, \$2,000 in 7.3 per cent treasury notes, and a Minnesota "8" at \$1,000 were bought for him on October 21; another Minnesota "8" on October 30; \$13,500 in United States "5-20s" on November 1; and \$10,000 in United States "6s" of 1881 at 104% on November 3.

¹³ State Auditor, *Reports*, 1862, p. 38.

¹⁴ Charles K. Wells to Daniel Wells, November 12, 1862; Turrell to, November 1, December 6, 16, 1862.

¹⁵ Charles Wells to Daniel Wells, November 10, 12, 1862; Turrell to Charles Wells, November 25, 1862; N. Ludington and Company to Daniel Wells, December 17, 1862.

¹⁶ James Ludington to Daniel Wells, December 10, 1862.

At this point the financial position of the Wells brothers left them no choice but to concur. Turrell restricted his own commitment to the position of cashier; though he offered to lend the bank \$1,500, he was unwilling to buy a partnership or to devote his full time to it, preferring to retain freedom for his own mercantile speculations. On December 19 he assured Daniel that he could get along with as little money as anybody should, but he warned that \$5,000 in currency was the minimum on which it was safe for him to operate until deposits built up enough to keep the bank running without cost to the owners. By the end of January, 1863, he was able to report deposits of \$3,000 in addition to his own account, together with good local acceptance of the Marine Bank money. Even the problem of a desirable office had suddenly been solved, since Bidwell and Waldby had sold out to the Bank of Minnesota and would soon terminate their lease. In fact prospects looked good enough for him to plead with Wells to send him \$1,000 of Marine Bank or even Chatfield currency, assuring him this was the time to pick up new customers, and ending with the statement that otherwise the Thompsons would have the only "live" bank in that part of town.¹⁷

SOON a new phase opened with the withdrawal of James Ludington from the bank, legally completed on February 13, 1863, when he formally assigned his interest to Daniel Wells. Understandably, Turrell appeared unhappy over this turn of events, warning that it would look very odd to the public, but it is unlikely that the New Yorker had ever contributed more than the use of his name, and the resulting re-examination of the business led to important operational changes. Early in March Wells was replaced as vice-president by a St. Paul businessman, John Holland — a step which eliminated the need to send new issues of paper money to Milwaukee for signature. Greater activity was also indicated by deposit with the auditor of an additional \$2,000 in bonds, and by

promises to forward New York exchange to Wells in return for reasonable amounts of Chatfield or even La Crosse and La Crescent bank notes, if the latter were not too badly mutilated through frequent handling.¹⁸ Furthermore, as a side line, small profits could be made by anticipating fluctuations in the markets for various types of government obligations. Turrell bought up \$1,400 in Sioux War claims for 80 to 90 cents on the dollar, in the expectation that federal appropriations would repay state expenditures.¹⁹ Wells in the meantime had continued to use Marine Bank currency for his own private purposes, and it was not until March 30 that he finally signed a note promising to repay \$8,300 which was carried on the bank's books as a loan, and then only after repeated pleas to regularize his account.

The most important change was the entrance of a new partner, Newton Bradley, the former business manager of the *St. Paul Daily Press*, who agreed to contribute much-needed capital and to devote his full time to the bank. Since formal legal arrangements had to be postponed until opening of the Mississippi made possible another trip by Charles Wells, the elaborate document which spelled out the nature of a one-third interest in the business provided for reorganization as of May 1, and the final technicalities were not completed until May 19. The recorded capitalization of the bank remained \$25,000, represented by 250 shares of stock, but the paid-in capital was declared to be \$15,000. Moreover, Bradley was obligated to pay \$5,000 as soon as possible, while the other two owners were recognized as having already contributed their parts. Furthermore, until the new partner had actually turned over the sum agreed upon, he

¹⁷ Turrell to Daniel Wells, December 9, 19, 30, 1862; January 30, 31, 1863.

¹⁸ Turrell to Daniel Wells, February 17, 20, 23, 24, March 2, 7, 9, 1863. Under a ruling of the Minnesota attorney general the original issue of La Crosse and La Crescent bank notes could not be replaced by new paper because all currency of this bank was based on the discredited state railroad bonds.

¹⁹ Turrell to Charles Wells, March 20, 1863.



A canceled promissory note, signed by Wells on March 30, 1863

was to be charged interest at 7 per cent, though he was to receive a salary of \$600 for the first year, and he might collect interest on any personal deposit he kept in the bank. Finally, room was left for bringing in a fourth stockholder, in which case the present owners were to sell pro rata shares so as to divide the business into four equal parts.²⁰

Bradley was credited with payment of the \$5,000 on June 1, and by the first of July Turrell had carried out Daniel Wells's instructions to purchase a like amount of new bonds through the Bank of Minnesota. At this point deposits had reached \$9,000—enough to insure a competitive position as the busiest season of the year got under way.²¹ Thereafter actual management was left in the hands of the local partner and

cashier, with only major decisions referred to the Milwaukee owners.

DURING the fall Turrell and Bradley encountered increasing difficulties in their plans for expansion of the business, whereupon Wells suggested the possibility of joining the new national banking system created under the National Currency Act of February 25, 1863. Significantly, only sixty-six banks in the country, including one in Milwaukee, had taken this step prior to October 1. In general, leaders of large eastern metropolitan institutions, secure in their power and conservative in their views, objected to the interference of Congress in this field and distrusted the policies of the treasury, preferring to continue under the existing framework of private firms and state-chartered banks. A large proportion of applications for the new charters came from bankers who hoped that access to a supply of the accompanying national bank notes would place them in an advantageous position, but many more were discouraged by the practical difficulty of converting state securities into the national bonds required for deposit under the new system.²²

No such problem existed for Minnesota, however; in fact its state bonds had become so scarce as to be prohibitive, so that bankers for more than a year had been accustomed to use national securities. Wells doubtless assumed the transition would be easy, but

²⁰ Turrell to Charles Wells, March 26, 1863; to Daniel Wells, April 15, 20, May 15, 1863; Charles Wells to Daniel Wells, May 6, 1863; William R. Marshall to, May 8, 1863. A copy of the agreement, dated May 21, 1863, is in the Wells Papers.

²¹ Newton Bradley to Daniel Wells, May 30, 1863; Turrell to, June 9, July 1, 1863; Turrell to Charles Wells, September 8, 1863 (includes copy of memorandum of all transactions credited to account of Daniel Wells from December 15, 1862).

²² Secretary of the Treasury, *Reports*, 1863, p. 60; Bray Hammond, *Banks and Politics in America, From the Revolution to the Civil War*, 727-730 (Princeton, 1957); Robert P. Sharkey, *Money, Class, and Party: An Economic Study of Civil War and Reconstruction*, 226-229 (Baltimore, 1959); Redlich, *Molding of American Banking*, 2:105-113; Krueger, *Commercial Banking in Wisconsin*, 99-101.

in November both of his St. Paul associates counseled against such a move. They conceded that a large institution would attract new business, perhaps even valuable government deposits, but they could not foresee a profitable use for the \$100,000 minimum paid-in capital which they believed the law required, and they reminded him that the 7 per cent ceiling on interest charges was considerably lower than the local rate. Hence they too preferred to continue under state charter for the present, even at the risk that someone else might start a national bank first.²³ But a dejected tone became evident on December 1, when Turrell reported that the Bank of Minnesota had just been granted a charter for the First National Bank of St. Paul, with a capitalization of \$250,000.²⁴ At the same time he described the condition of their own bank as "just fair," and begged Wells not to withdraw a proposed \$3,000 for his own use, at least until after the official report had been filed in January.

Nevertheless, as the opening of navigation approached in the spring of 1864, the cashier fell into the optimistic mood common in Minnesota, envisaging such a load of increased work that he proposed raising the salary of Bradley to \$1,000 for the coming year and his own to \$1,200. But the season was to prove disappointing. The limited resources of the Marine Bank continued to be a handicap, while the general preference of the public for the new national currency brought constant pressure for exchange of all other types. Moreover, Wells was still intent upon using the paper money of his two Minnesota wildcats to the greatest extent possible, and at his insistence the St. Paul bank was burdened with responsibility for keeping these bank notes in circulation along with those bearing its own name.²⁵

At some time during the summer the capitalization of the Marine Bank was raised to \$36,000, with the stock still held in equal shares by the partners. Yet by September Charles Wells had become timid enough to suggest selling its bonds and retiring the cir-

ulation, preparatory to winding up the entire bank the following spring.²⁶ Turrell was understandably relieved to find Daniel unmoved, and on the fifteenth he remarked: "If it was ever profitable or an inducement to keep the bank moving it seems to me it is now."

His judgment was vindicated by the official reports for 1864, which showed great expansion of activities within Minnesota. At the year's end fourteen state-chartered institutions accounted for a total circulation of \$496,234, with the Bank of Minnesota leading at \$79,997. But the total showing of the Wells banks was also impressive, since the Bank of Chatfield was credited with \$54,881; the Marine Bank with \$32,219; and the La Crosse and La Crescent Bank with \$27,876. In fact, business at the St. Paul bank had proved good enough to warrant declaration of a 12 per cent dividend, and the cashier could boast that not a dollar had been lost through poor loans. Prospects for the coming year were clouded, however, by news that Edgerton had just received a charter for the Second National Bank.²⁷

At the same time applications for national charters appeared disappointingly slow to officials of the treasury. Except where bankers were strongly motivated by patriotic devotion to the cause of the Union, resistance to the idea of conversion persisted even after technical criticisms had been countered by provisions of the new currency

²³ Bradley to Charles Wells, November 10, 1863; Turrell to Daniel Wells, November 10, December 2, 1863.

²⁴ The charter for the First National Bank of St. Paul was received December 8, 1863, for a capitalization of \$250,000; this was increased to \$500,000 in September, 1864, and to \$600,000 in 1865. Pople, *Two Bank Groups*, 28.

²⁵ Turrell to Daniel Wells, March 8, 10, 13, 28, 30, June 25, September 7, 15, 20, October 4, 5, 8, 21, November 4, 7, 10, 1864; to Charles Wells, March 25, 1864.

²⁶ Turrell to Daniel Wells, September 7, 1864.

²⁷ State Auditor, *Reports*, 1864, p. 48; Turrell to Daniel Wells, January 23, 1865. The Second National Bank of St. Paul was organized in January, 1865, with a capitalization of \$150,000. *Bankers' Magazine and Statistical Register*, New Series, 14:668 (February, 1865).

act of June 30, 1864. In fact, continued rivalry between state and national banks so added to the country's financial problems that the comptroller of the currency recommended resort to coercion of state banks through the device of a prohibitive tax on the circulation of their paper money. After weeks of debate such a provision was inserted in the revenue act of March 3, 1865, setting a deadline of July 1, 1866, after which all banks would have to pay a penalty of 10 per cent for each circulation of state bank notes.²⁸

While the owners of the Marine Bank were concerned about the pending legislation, it was clearly the immediate condition of increased local competition that led Turrell on February 2, 1865, to recommend transfer to a national charter as imperative: "It is all the go and is popular, and I am satisfied we cannot increase our business since Edgerton has started a 2nd. National Bank. . . . I am confident we can make a National Bank a *Success*." At the same time the St. Paul officers were anxious that the raising of the additional capital should not be allowed to disturb current management. For this reason they brushed aside Wells's suggestion of a loan from the Fifth National Bank of Chicago, preferring quiet sale of additional stock in blocks of \$5,000 or less to interested St. Paul businessmen, who would not expect positions on the bank's staff. Wells concurred, giving them a free hand in the matter, and by the end of February subscriptions had raised the capital stock to \$70,000.²⁹

Hope for a quick transfer faded, however, when the request for application forms was officially denied on the ground that the \$36,000 recorded capitalization for the state-chartered Marine Bank was inadequate.

²⁸ Secretary of the Treasury, *Reports*, 1864, p. 46-54; United States, *Statutes at Large*, 13:218, 484.

²⁹ Bradley to Daniel Wells, February 18, 1865; Turrell to, February 2, 6, 14, 28, 1865.

³⁰ Secretary of the Treasury, *Reports*, 1865, p. 62; Turrell to Daniel Wells, March 9, 18, 23, 25, 29, April 3, 1865.

³¹ Bradley to Daniel Wells, April 8, 13, 22, 27, 1865; to Charles Wells, May 2, 1865.

Turrell then prepared to go to Washington to urge their case, and he appealed to Wells to use the personal connections which he had formed while serving in the House of Representatives during 1853-57 and carefully cultivated thereafter. Fortunately, the new legislation directed that preference be given to state banks applying for conversion before July 1, 1865, but the cashier believed it would be necessary to show a minimum of \$100,000 capitalization and \$75,000 of paid-in capital in order to pass inspection. Transfer of the Wells holdings at \$12,000 each would give the brothers nearly a quarter interest in the new bank, but Charles again expressed a preference for retiring from the business, and he had to be persuaded to allow continued use of his name by a promise that the bank would find a purchaser to take the shares off his hands at a later date.³⁰

By April 3 Turrell could report that the necessary capitalization had been reached, but he pleaded with the Wells brothers to co-operate by arranging to pay in their full shares, since only about \$30,000 in new funds had been received. Somehow this last serious obstacle was also overcome by efforts of the St. Paul officers, for it is very doubtful that any help came from Milwaukee. Turrell managed to leave for Washington on the seventh of the month, and on April 28 he was able to send the telegram "Bank organized."³¹ Interesting details concerning the way his mission was accomplished were provided on May 5 in the following letter from Bradley to Daniel: "I have received a letter from Mr. Turrell dated Washington 28th April, saying he found [Senator Alexander] Ramsey there, got a letter from him, saw comptroller [Freeman] Clarke, had quite a long talk with him, was asked to call again in two hours, and at next conference he granted permission to make the change and said the papers were all right but the certificate of officers & directors, which showed only \$75,000 paid up, while the Auditor's certified report of the Articles of Association showed \$100,000 capital; and said state banks mak-

ing the change must show all the stock paid up. T. then explained that it might & should in one sense be considered all paid up, but \$25,000 of the Bills Receivable account was for loans to stockholders. Clarke did not object to this, but said we must furnish a new certificate. I have sent a new certificate, which Turrell will wait for. He says we will have to wait over two months for our new currency.”

From Washington Turrell proceeded to New York, where he bought \$10,000 of additional United States bonds at 105 to make up part of the \$34,000 deposit required, and he opened an account for the new bank at the Central National Bank. Furthermore, on May 8 he forwarded to the Wells brothers notes for \$7,000 each to cover the additional shares of paid-in capital entered in their names on the new books. Presumably the cashier succeeded in getting endorsement from Charles at a stop on his way home, but he found Daniel absent in Chicago, and it was not until May 20 that Turrell acknowledged receipt of the necessary paper. The final form, requiring signatures from all members of the board of directors, was sent to Milwaukee on May 22 to be forwarded immediately to Washington. Officially the shift in status took place on June 10, when the National Marine Bank of St. Paul became number 1258 of the system, with Bradley listed as president, Holland as vice-president, and Turrell as cashier.³²

HAPPILY for all concerned, business for the bank increased steadily thereafter. On July 11, 1865, Daniel Wells was credited with a dividend of 2½ per cent, amounting to \$300 on \$12,000 of stock, but subject to an immediate deduction of \$175 for interest outstanding on his note; doubtless the same treatment was accorded his brother. However, by the end of November Daniel's \$7,000 note had been entirely canceled through stock sales, leaving him with \$5,000, on which he received a 6 per cent dividend at the end of the year. Charles retained half of his stock as late as March 19, 1866, when a

sale of \$1,000 also reduced his holding to \$5,000, but at this point he insisted upon withdrawing completely. Thereupon a curious exchange developed. Turrell and Bradley agreed to take over his shares at par with interest to April 1, and in return to provide funds to retire \$5,000 of outstanding currencies of the Bank of Chatfield and the La Crosse and La Crescent Bank. For Daniel these notes now constituted a crippling obligation, particularly since Minnesota bankers had agreed to stop paying out all state bank notes on May 1 — well before the federal deadline of July 1. Furthermore, the drain on his resources continued to be so great that in order to cover an additional \$5,000 of wildcat money retired by the Marine Bank in May, Wells was obliged to sign a note dated June 1, 1866, and then renewed in an irregular fashion on November 20, 1866, March 29, 1867, and August 12, 1867.³³

Meanwhile, Turrell encouraged him to hold on to the stock, suggesting that it was becoming attractive enough to warrant a premium from local buyers, and promising to extend the loan indefinitely, even to pay the required revenue stamps if his friend continued to protest this added expense. Although another 6 per cent dividend was declared in July, 1867, and deposits in the National Marine Bank had climbed above \$100,000 Wells nevertheless decided to sell his stock and cancel the obligation for which he was unwilling or unable to release other funds.³⁴

³² Bradley to Daniel Wells, May 8, 1865; Turrell to, May 8, 17, 20, 22 (two letters), 1865. *Bankers' Magazine and Statistical Register*, New Series, 15:86 (July, 1865). Officers were listed on new letterhead used by Turrell in writing to Daniel Wells June 7, 1865.

³³ Turrell to Daniel Wells, November 10, 23, 1865; January 3, March 19, 29, April 19, June 14, 1866. A note dated April 1, 1866, in the handwriting of Daniel with revenue stamps attached and marked “for stock in the National Marine Bank of St. Paul, Minn.” covers an agreement to pay Charles \$4,150 and interest at 10 per cent. It was stamped “paid” on October 16, but the year is illegible.

³⁴ Turrell to Daniel Wells, August 13, October 9, November 14, 21, 1866.

Reluctantly, the cashier advised on August 16 that a price of 103–106 might be obtained in the fall, since crop prospects were excellent. But buyers for such a large block proved scarce, especially in the face of an act of the Minnesota legislature providing specifically for the taxation of national bank stock, which had until then been exempt under Minnesota law as interpreted by the state supreme court. When the sale was closed on October 1 to Captain William Rhodes, secretary of the Northwestern Union Packet Company, Wells received \$5,427, described by Turrell as “a very little over 5½% & accrued interest and the best I could do with him.”³⁵

By surrendering his stock Daniel Wells retired completely from the field of banking in Minnesota. Primarily a merchant speculator, he had turned bank owner in 1859 to take advantage of a prime opportunity for establishing wildcats in that undeveloped state, and control of currency was still his paramount concern in 1862 when he founded the Marine Bank of St. Paul. However, under competent local managers this state bank developed a limited commercial business, until in 1865 growing competition, coupled with the appeal of the national name in Minnesota, made conversion to the new system advisable. By that time, changed banking and currency conditions had already eliminated many of the personal advantages which originally attracted Wells, while the ensuing reorganization placed control overwhelmingly in the hands of the St. Paul stockholders. For another

year he needed the services of the National Marine Bank in connection with the winding up of his wildcats, but thereafter he chose to withdraw his investment for use in areas more closely related to his own business skills.

Unfortunately, a decade later the bank had ceased to exist—a victim of changed banking conditions and failure to keep pace with local rivals. The officers followed a pattern discernible in other communities when in hopes of increasing profits they surrendered their national charter on December 28, 1875, and reopened a few days later under state charter.³⁶ Business, however, was slow in the deflationary aftermath of the panic of 1873, and release from the restrictive requirements of the national system proved insufficient to recapture a competitive position. The quarterly statement for October, 1876, placed resources at \$204,497; but this was far behind several other St. Paul banks, led by the First National with \$2,910,352. In order to prevent further deterioration, the Marine Bank closed its doors on November 13, 1876, and assigned authority for liquidation to Captain Rhodes, who confidently predicted that assets would prove adequate to pay out depositors and allow a percentage return to stockholders.³⁷



God's Country?

FROM the Daily Press (St. Paul), January 8, 1868:

A poor woman and her child lately settled in a western city, and were greatly in need of food. The child seeing a chicken in the back yard wanted to kill it and have a pot-pie. “No, no,” said the mother, “that would be wicked, and God would surely punish you.” “Then,” said the youngster, looking up, “let’s move back to New York, there ain’t any God there.”



³⁵ Turrell to Daniel Wells, September 13, 26, October 1, 1867; William Rhodes to, September 14, 1867; Minnesota, *General Laws*, 1867, p. 76–78, 166; *Smith v. Webb*, 11 *Minnesota Supreme Court Reports* (Gil.) 378; State Auditor, *Reports*, 1866, p. 23.

³⁶ Comptroller of the Currency, *Reports*, 1876, p. 154; 1882, p. 5; 1885, p. 40; Redlich, *Molding of American Banking*, 2:119–121.

³⁷ *St. Paul Pioneer Press*, October 7, 10, 11, 12, November 14, 18, 19, 1876.

THE PICTURES on pages 111 and 115 are used through the courtesy of the Milwaukee County Historical Society.



Copyright of **Minnesota History** is the property of the Minnesota Historical Society and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. Users may print, download, or email articles, however, for individual use.

To request permission for educational or commercial use, [contact us](#).