

# Jason C. Easton, Territorial Banker

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AS BANKER, railroad promoter, and landowner, Jason C. Easton played an important role in developing a segment of the Minnesota frontier.<sup>1</sup> His activities were not as widespread as those of Franklin Steele, James J. Hill, and other frontier entrepreneurs, and perhaps not as important, but they do illustrate a little-known aspect of the pioneering process, that of financing settlement. To a limited extent, he was an "empire builder."

Easton was born in Lewis County, New York, in 1823. His childhood and early youth are obscure. He was, however, momentarily a student at Yale in 1847, but left college his first year because of ill health. For a few years he edited a newspaper, the *Northern Journal*, at Lowville, New York. In the spring of 1856 he went to Minnesota Territory, settled at Chatfield, and opened a bank, which was first called Gilbert and Easton and was later known by its present name, the Root River State Bank. In time he became interested in other banks in southern Minnesota. In 1872 and 1873 Easton bought on commission large amounts of grain along the Southern Minnesota Railroad. Two years later, when the railroad went into receivership, he purchased a controlling interest. Then he became interested in other railroads in Minnesota, the Dakotas, Wisconsin, and Illinois. Easton also was a large landholder, at one time owning thirty farms and about twenty thousand acres of wild land in Minnesota, as well as a large amount of land in the Dakotas.<sup>2</sup>

Easton's early banking activities in frontier Minnesota from 1856 to 1858, covering the period of a partnership with William A. Gilbert of Adams, New York, are of special interest to one concerned with frontier business history. Chatfield, the frontier community to which

<sup>1</sup> This article is based on a paper on "Early Northwest Frontier Entrepreneurs," read before a joint meeting of the Economic History Association and the Mississippi Valley Historical Association in Columbus, Ohio, on April 26, 1947.

<sup>2</sup> Edward D. Neill, *History of Fillmore County*, 399, 524-533, 544 (Minneapolis, 1882); *Minneapolis Times*, April 26, 1901.

this pioneer banker went, is located on the Root River in southeastern Minnesota and was first settled in 1853. By January 1, 1857, nearly a year after Easton arrived, it had half a dozen dry goods and grocery stores, a tinware shop, a shoe shop, saw and flour mills, two hotels, a livery stable, a watchmaker, three civil engineers, three doctors, five lawyers, eleven real-estate dealers, and a Masonic lodge. Southern Minnesota was filling up rapidly in the middle 1850's, and Minnesota as a whole was experiencing a land boom that was to last until the panic of 1857.<sup>3</sup>

Easton was not a banker as the term is used today; more accurately he can be described as a loan broker. A letterhead of 1856 used by "Gilbert and Easton, Bankers, Exchange Dealers, and Land Agents," suggests the Chatfield pioneer's varied activities. It announces: "Collections made, Eastern Exchange and Land Warrants bought and sold. Loans negotiated and money invested on good securities. Taxes paid. Titles examined. Money invested on joint account or Commission. Land entered on time. Land Warrants Located. Money to Loan."<sup>4</sup>

Gilbert and Easton was a partnership. Easton, the younger man, was the active partner in the West, and Gilbert was the "silent partner" in the East. But a reading of Gilbert's letters to Easton casts doubt on the possibility that there ever has been a "silent" partner. The letters are full of questions, importunities, complaints, and threats, veiled and open. Gilbert attempted to keep a tight rein on the business, a difficult task in view of the distance, the lack of telegraphic communications, the slowness and uncertainty of the mails, and conditions of winter travel in Minnesota. Gilbert served as an avenue through which eastern capital reached frontier Minnesota. He invested funds of his own in the partnership and secured other capital from eastern sources. As a Congressman, he also provided a political connection, useful for securing advance information about

<sup>3</sup> Neill, *Fillmore County*, 524.

<sup>4</sup> Easton to J. B. Wakefield, November 28, 1856, Jason C. Easton Papers, in the possession of the Minnesota Historical Society. All letters to and from Easton used in the preparation of the present article are in this collection. Most of Easton's letters are in his letter books; unless otherwise indicated, those cited hereafter are to be found in these volumes. The present letter, however, for which the banker used his firm's letterhead, is in a folder of letters to the Chatfield bank, 1855-56.

proposed land legislation. But this political link did not last long, for in February, 1857, Gilbert resigned his seat in Congress after an investigating committee accused him of corrupt practices.<sup>5</sup>

The terms of the partnership are obscure. Apparently, both partners invested equal sums of money, but Gilbert may have placed additional funds in the firm to be treated as an investment. The division of the profits appears to have been at the rate of thirty-seven and a half per cent for Gilbert and the remainder for Easton.<sup>6</sup>

The largest amount of business conducted by the firm related to the handling of military bounty land warrants. The bulk of the warrants involved seem to have been issued as a result of the Military Bounty Land Act of March 3, 1855, although the partners handled a few War of 1812 warrants. The warrants were assignable and had, therefore, a cash value up to a dollar and a quarter an acre—the minimum price of government land. Actually, the warrants sold for much less, and it was to the settler's advantage to buy and use warrants, rather than to pay the government's minimum price.

Gilbert and Easton obtained most of their land warrants from dealers in the East, although a few were purchased from scattered individuals. The principal market for warrants was in New York, where they were handled much as stock is today. Prices fluctuated, according to the state of the market and the activities of speculators. The firm of Le Huray and Company of Wall Street was the principal New York dealer in land warrants for Gilbert and Easton. During 1857 the company sent the partners a hundred and eighteen warrants, good for a total of 17,320 acres of land. Most of the warrants were for a hundred and sixty acres, but there were a few for a hundred and twenty, eighty, and forty acres. The price varied according to the state of the market and the acreage called for. On December 24, 1856, for example, forty-acre warrants sold for a dollar and fifteen cents an acre, eighty- and hundred-and-sixty-acre warrants were ninety-five cents an acre, and hundred-and-twenty-acre warrants brought only ninety cents an acre. In general, the same ratio held as prices of warrants fluctuated, although there seems to

<sup>5</sup> *Congressional Globe*, 34 Congress, 3 session, 760-765, 925.

<sup>6</sup> Gilbert to Easton, January 23, 1858, Easton Papers.

have been less fluctuation in the price of forty-acre warrants. The spread between the New York wholesale price and the Minnesota retail price charged by Gilbert and Easton was small, amounting to only three or four cents an acre.<sup>7</sup>

The large returns were not derived from the cash sale of the land warrants in the West, for competition among the dealers was keen. The best profits were made by loaning warrants to settlers, usually for one year. A warrant was loaned at its full face value of a dollar and a quarter an acre, and forty per cent interest was charged on the sum. Security might take the form of a mortgage on the land, or the land would be located in the name of the lender, who was under bond to transfer the title when the debt was paid. Under this system, returns of over sixty per cent went to the Minnesota dealer. "I am aware," said Easton, "that these figures will surpris[e] our Eastern friends. They wonder how men can run in debt for a farm and contract to pay such rates of interest. But this is so & the borrower is frequently making more money than the lenders." The secret lay in the Minnesota land boom. The early settler sold out to the newcomer for high prices and was able to pay the high interest rates. As long as settlers continued to pour in, the situation could be sustained.<sup>8</sup>

Easton placed loans of money and warrants for persons in Vermont, New Hampshire, Massachusetts, New York, Illinois, Wisconsin, Iowa, and Minnesota. He acted as a loan broker, placing the loan, but not assuming the risk, which remained with the lender. Under this arrangement, he made the loan, collected it, paid back the principal plus ten per cent interest, and split the remaining profit with the lender. Sometimes he charged a flat ten per cent commission for making and collecting loans. By the summer of 1858 Easton was approaching more nearly the functions of a banker. He then offered to guarantee loans and pay fourteen per cent interest, provided he could retain all the remaining profits.<sup>9</sup>

<sup>7</sup> Easton to H. W. Moon, August 30, 1856, in folder of letters to Chatfield bank, 1855-56.

<sup>8</sup> Easton to Moon, August 30, 1856.

<sup>9</sup> Letters to Easton from O. M. Baldwin, December 19, 1856, January 24, February 6,

The relationship of Gilbert and Easton with their New York banker and land warrant dealer, especially during the panic of 1857, is worth consideration. Le Huray and Company sold land warrants to the partners, handled their exchange, received their remittances, and allowed them to overdraw their account. Not until August 12, 1857, was there any sign of impending trouble from the New York firm, and then it merely asked the partners to hurry along their remittances, as business was brisk. Twelve days later Le Huray suddenly informed Easton that his account was overdrawn four thousand dollars, expressed surprise at the delay in his payments, and added that the Ohio Life and Trust Company had suspended business. Two days later another letter brought news of the panic: "The suspension of Ohio Life & Trust Company & John Thompson have thrown Wall st. into a state of panic. everything looks very blue. will advise when the storm blows over. no money yet from your Mr Gilbert hurry them up. We dont like *this long delay.*" Another indication of difficulties to come reached Easton in a letter from a Chicago bank, which on August 27 reported that "There is '*troublesome*' times with many New York Brokers & Stock operators."<sup>10</sup>

In the East, Gilbert desperately tried to raise money to cover the overdrafts. He tried to borrow money for a few days in order to tide over his partnership with Easton until he could raise a time loan. It was impossible to borrow money. Le Huray and Company gave Gilbert until September 1 to raise the money. He hurried home to Adams and frantically tried to borrow funds, but the banks would not loan even for thirty days. Finally, just in time, he managed to borrow four thousand dollars from an Albany bank on a thirty-day note. Two Watertown men endorsed it for him and even agreed to

March 4, 6, 13, September 17, 1857; L. C. Davenport, January 22, February 7, 26, 1857; Taylor, Bennett and Company, March 9, 1857; F. K. Nichols, April 13, 1857; M. Allison, June 25, 1857. See also Easton to Moon, August 30, October 11, 1856; to A. A. Johnson, June 11, 1858. The last letter is in the Chatfield bank folder, 1858-59.

<sup>10</sup> Letters to Easton from Gilbert, November 29, 1856, March 17, 25, 1857; Le Huray and Company, December 24, 30, 1856, February 21, March 2, April 7, August 12, 24, 26, 1857, June 4, 1858; Barrett, King and Company, August 27, 1857.

take up the note. Easton in turn was to loan out four thousand dollars for them in Chatfield.<sup>11</sup>

The crisis appeared to be past, but in October the panic became worse than before. On the thirteenth of the month the Le Huray firm wrote: "Today has been the most Exciting one since the commencement of the panic, several of our City Banks have closed their doors, the balance having been heavily run upon, so that we fear a general suspension." A few days later Gilbert, writing from Adams, reported that all the banks there had closed, and that there was no exchange available on New York City. Western money was no good in New York. He advised Easton not to do any exchange business. He also sent some land warrants. In the midst of all this trouble, one of Easton's friends in Lowville, New York, wrote: "I suppose that you are safe & sound now at Chatfield as fierce as a blood hound after the Almighty dollar." Money got tighter, but by the beginning of December conditions had so eased that Le Huray was again offering to extend credit. Times, however, became exceedingly hard in Minnesota and remained so until the Civil War.<sup>12</sup>

Gilbert became dissatisfied. The partnership had lost over twelve hundred dollars during October and November, 1857. By January, 1858, he wanted to pull out of the partnership, complaining about his share of the profits and the way Easton managed the business. Late in the spring, in April or May, he went to Minnesota and ended his connection with Easton. It was a relief to the Minnesota partner, who was well satisfied with the turn of affairs.<sup>13</sup>

Although the panic struck in New York in August, 1857, and the crisis deepened in October, its repercussions did not become evident among Easton's Minnesota borrowers until November. From that time forward many debtors had to ask for extensions of time, both on loans and interest. Since Easton was simply an intermediary on many of these loans, he was not in a position to make a decision.

<sup>11</sup> Gilbert to Easton, August 25, 28, September 1, 3, 11, 1857.

<sup>12</sup> Letters to Easton from Le Huray and Company, October 13, December 2, 1857; Gilbert, October 17, 1857; L. C. Davenport, November 9, 1857.

<sup>13</sup> Gilbert to Easton, December 13, 1857, January 5, 10, 23, 1858; Gilbert to Isaac Munson, May 17, 1858; Easton to A. A. Johnson, June 11, 1858, all in folder of letters to Chatfield bank, 1858-59.

Under the circumstances, however, it was not to the interest of eastern capitalists to dispossess the debtors. Rather, it was to their interest to keep the people on the land, which would be constantly improved, and to extend the time of payment. Usually, though, the lenders insisted on additional security for their loans, although they did allow the interest rate to be cut.<sup>14</sup>

Not all of Easton's loans were made on land. Some small ones were made to individuals—for example to a hotelkeeper who wanted to borrow thirty dollars for sixty days and pay five per cent interest for the period. As security, he offered five French bedsteads and bedding, twelve new comforters, and a new featherbed containing thirty pounds of feathers.<sup>15</sup> Another phase of Easton's business was concerned with note collection. He collected debts on commission for creditors in Chicago, Galena, Moline, La Crosse, Dubuque, Decorah, St. Paul, and Winona. He also paid taxes on land for individuals in the East.<sup>16</sup>

Easton not only sought outside capital to expand his business, which forwarded the development of frontier Minnesota, but he also tried to attract people to Chatfield. Early in January, 1857, he attempted to interest a Lowville, New York, hotelkeeper in a local inn. Another New Yorker was encouraged to inquire into the possibility of establishing a sawmill at Chatfield and taking carpenters there. In 1858 Easton tried to persuade a milliner to go to Chatfield. An amusing sidelight on the matter of encouraging emigrants is to be found in a letter from a friend in Lowville: "If you can find any place in Minesota where one can make a *fortune* without working *nights & Sundays* please inform *us*."<sup>17</sup>

<sup>14</sup> Letters to Easton from H. E. Sprague, November 15, 1857; D. Maurice Evans, November 16, 1857; James Young, December 26, 1857; Knud Peterson, July 14, 1858; O. M. Baldwin, March 30, 1858; Davenport, May 13, 1858; J. S. Mead to Gilbert, March 24, 1858.

<sup>15</sup> S. T. Babbitt to Easton, January 5, 1858.

<sup>16</sup> Letters to Easton from J. F. Hauser and Company, January 4, 1857; Bailey and Mead, January 22, 1857; Fuller, Smith and Bishop, February 6, 1857; Taylor, Bennett and Company, February 24, 1857; Cramer, Clinton and Company, March 23, 1857; Markell, Darrow and Company, May 15, 1857; S. L. Barrett, June 7, 1857; Heman Baldwin, July 3, 1857; Borup and Oakes, August 7, 1857; Gilbert, December 4, 1857; John Deere, June 30, 1858.

<sup>17</sup> Letters to Easton from W. Carpenter, January 17, 1857; H. S. Miner, February 16, 1857; E. A. Brown, March 15, 1857; Mrs. M. Hopper, June 20, 1858.

Such was the work of a pioneer banker. He helped to finance the settlement of the frontier, but not with his own funds alone or those of the community, for the community had no savings fund. He acted rather as a link between the savings of the older areas to the east, which were seeking profitable investment, and the frontier hungry for capital. In a sense he was an "empire builder," since he directed the flow of capital on the frontier. Many of his investments may seem to be highly speculative in character, but it must be remembered that he was meeting a great demand.



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