

A History of the National Bank of Chester County

By Dr. Nelson Page Aspen

TAKING A CUE from Glenn Smedley in his PAPER MONEY article of Volume 11, Number 3, I became interested in a book similar to the one which he described regarding our local bank. To set our stage, the Bank of Chester County (Pennsylvania) was opened for the transaction of its first business on November 11, 1814. This was the first bank in Chester County and until 1857 its only bank.

The Time and the Place

The year 1814 was an eventful one. Napoleon was confined to the island of Elba and the war which had drenched Europe with blood for more than 20 years finally ended. The victors were remaking the map of Europe at the Congress of Vienna. Wellington's veterans, having been released from service in Europe, were invading the United States. Only a few weeks after the Bank of Chester County opened for business, the British burned the public buildings in Washington, and before the bank was two months of age Andrew Jackson had won his famous victory over the British at New Orleans. Those were stirring times and the world was entirely different from the one we know today, as was the banking business.

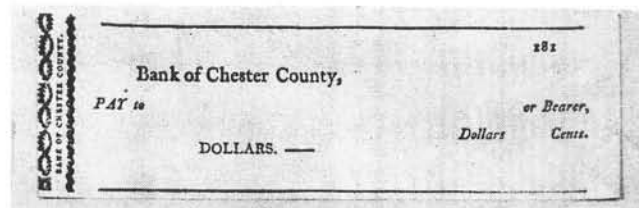
The census of 1810 showed the United States to have a population of 7,239,881 inhabitants. Pennsylvania contained a little more than 810,000 people; Chester County had little more than 40,000 inhabitants; West Chester was a country village of 500 souls. In 1823, the first sidewalks were paved, but it was 1830 before the first macadamized streets occurred.

The Chester and Delaware *Federalist* of September 7, 1814 (a West Chester paper) contained a notice of the meeting of the stockholders called to elect the first board of directors of the bank. It was published along with much war news and military and legal notices; two advertisements of runaway slaves; several of stray cows and horses; and announcements for sale of such articles as ox carts, a new patent plow, fans for cleaning grain, and vaccine matter. The stage coach of those days made a round trip to Philadelphia three times a week, leaving on one day and returning the next. (The bank paid Colonel Joseph McClellan \$4.00 on June 6, 1860 for carrying money to Philadelphia, making exchange with the several banks and bringing a large sum in return. This should shed some light upon the cost of such a journey.)

The farmhouses of Chester County were still manufacturing centers in which all the food of the people was prepared and nearly all of their clothing was made. All of the marvelous changes which labor-saving machinery and transportation and communication would bring to the lives of these Americans were yet to come.

Pennsylvania Charters the Bank

In 1791 Congress chartered the first Bank of the United States for 20 years. When its charter expired in 1811, Congress refused to recharter it and persisted in this refusal until 1816. Thus, after 1811 the field was left free for state banking, and the opportunity was eagerly seized. At this time there were seven banks in Philadelphia and only five in Pennsylvania outside of that city. In 1813, the legislature of Pennsylvania passed an act authorizing the establishment of 25 new banks in the state, but Governor Snyder vetoed the bill. In 1814, the legislature provided for 41 new banks. This measure was also vetoed by Governor Snyder, on the ground that it would cause the issue of much paper money, thus inflating the currency and driving the specie out of use. However, the



Blank check probably dating from the first decade of the existence of the Bank of Chester County

act was passed over the Governor's veto by a large majority.

The Banking Law of 1814 divided the state into districts and authorized one or more banks in each district. The act fixed the capital stock of the bank to be established in Chester County at 9,000 shares of par value of \$50.00 each, named commissioners to take subscriptions for the stock in various parts of the County, and provided elaborate rules for the taking of these subscriptions. The number of directors was fixed at 13, which number remained until October, 1897, when it was reduced to 11.

The commissioners authorized to take subscriptions for the stock in the bank were Dr. William Darlington of West Chester; General John W. Cunningham of New London; Jesse John of West Chester, prothonotary and clerk of the courts of Chester County; James Kelton of London Grove; Joseph Taylor of West Goshen; Henry Chrisman of East Vincent; Matthew Stanley of East Brandywine and General Joshua Evans, Jr. of Paoli. Henry Chrisman declined to serve and was replaced by Joseph Pearce of West Whiteland.

The charter of the bank was obtained on August 2, 1814, and on September 8 the stockholders met at the Court House and chose the first board of directors. The cashier's salary was fixed at \$600 per year and the clerk's at \$250. Rooms over the county offices were obtained for the use of the bank at a rental of \$25 per year.

First Notes Ordered

These men had little experience to guide them. However, their enthusiasm and conservatism carried them through. On December 14, 1814, a bill of Murray, Draper and Company amounting to \$482 for engraving a plate containing two notes of \$5, one of \$10, and one of \$20 was allowed. On August 8, 1815, plates for printing \$100, \$50 and \$5 notes were ordered, and the same day it was voted to have \$14,000 in small bills struck off as soon as practicable. On October 31, 1815, \$64,000 was ordered to be struck off on the new plates. These issues were the first of many similar ones ordered from time to time so long as the bank remained a state institution.

The Bank continued to prosper and grow, and by 1833 it needed larger facilities. In 1835, after passage of a law extending the charter of the bank, it was recommended that a lot be purchased and plans and estimates for a new banking house be procured.

New Banking House Erected

Thomas Hugh Walter of Philadelphia was one of the leading architects of the country. He was selected to prepare the plans. He apparently was a favored architect in West Chester since he designed the Court House, the jail and the main building of the First Presbyterian Church, as well as the Memorial Hall. It is interesting to note that he was also the architect of the Senate and Representative wings and of the present dome of the Capitol at Washington, D. C.

The West Chester Railroad built a spur from Whiteland to Kirklyn for the purpose of transporting the marble for the bank from the quarry to West Chester.

In 1837 the bank moved into its new home. The cost of the new banking house was about \$30,000. The handsome banking house remains unchanged today and is worthy of the great artist who planned it. In 1874, the interior of the bank was entirely remodelled and made more convenient and new fire and burglar-proof vaults were erected.

Security Systems

Nearly a month before the bank opened, a vault costing \$16.00 was built. In 1815, the Bank paid 28 cents for powder and lead for guarding of the Bank, and in November of 1815 a bill for \$8.00 was presented for a bed and a pair of blankets, apparently for the guard.

In 1816, an iron chest was ordered and on April 25, 1820, the Bank agreed to pay the Borough \$50.00 per year towards the salary of a "nightly watch," provided his sentry box was placed on the curb of the bank pavement.

The minutes of the board of directors contain numerous references to the purchase of iron boxes, patent locks, safes, and the employment of a night watchman and the putting of iron gratings on the windows. For many years two night watchmen slept in the bank. In 1870, the first burglar alarm system was put into the bank; in 1874 a new vault was built; in 1889, a fire and burglar-proof safe deposit vault was constructed; and in 1908, a new burglar protective system was installed.

Prosperity and Panic

The bank continued to prosper as the railroads were built and Pennsylvania completed her extensive system of canals. This was a period of marked growth in business and rapid bank expansion.

The first charter expired in 1825 and was promptly renewed for a period of 12 years. In 1837 it received its third charter, this time for 15 years.

The circulating notes of the Bank were renewed from time to time as necessity for them arose. For example, on July 1, 1834, \$176,000 in \$5, \$10 and \$20 bills; \$120,000 in \$500 and \$1,000 bills; and \$168,000 in \$50 and \$100 bills were ordered to be printed from a new plate. On October 14 of the same year a committee was appointed to count, compare and destroy the old notes on hand, and reported that they had found and burnt such notes to the amount of \$409,455. Similar entries were made in the minutes of the bank at intervals during the time that it operated under the state charter.

The panic of 1837 came early in that year. Confidence was everywhere shaken as the disastrous panic swept throughout the country. The state banks suspended specie payments and many of them failed. Many business houses went into bankruptcy and a severe business depression occurred for the next five or six years. The bank note circulation in the nation was rapidly contracted from \$149,000,000 in 1837 to \$58,000,000 in 1843.

On May 6, 1852, the officers and employees of the bank requested that their salaries be reduced until more prosperous times occurred. The board members also reduced their compensation for attendance at meetings from one dollar to fifty cents per day.

Counterfeiting Problems

Counterfeit notes seem to have caused much annoyance and trouble at this time. On July 30, 1844, a committee was appointed to take such measures as deemed right in order to arrest the counterfeiters of the bank's notes and if possible to obtain the plates used by them. They apparently were successful in part, since on October 18 a James Young was paid a reward of \$100.00 for his time and trouble in arresting the counterfeiter of plates of the bank. In May of 1846 a payment of \$50.00 was made to two New York police officers for arresting counterfeiters and delivering the plate to the bank.



National Currency of the National Bank of Chester County

In 1855, the cashier was authorized to contract for the necessary guards against "photographic counterfeiting." The same year the bank joined the Eastern Banking Association for the Detection of Counterfeiting and in 1860 became a member of the Association of Banks for the Suppression of Counterfeiting.

The Great Robbery

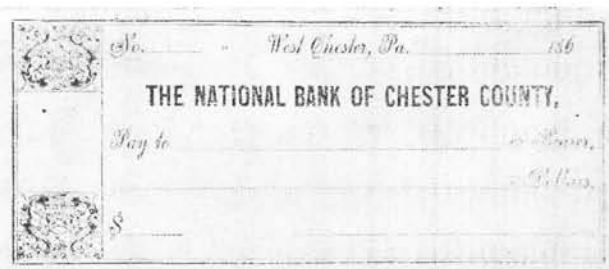
The most stirring episode of this period was the great robbery of 1847. For many years it had been the duty of the president of the bank to make exchanges of paper issues of banks in good standing for the paper of his own bank. On December 23, 1847, Dr. Darlington was carrying \$51,000 of the bank's notes in a small hand trunk to Philadelphia, and when his attention was diverted for a moment his trunk disappeared. A reward of \$5,000 was offered for the recovery of the stolen money, and \$540,000 in new notes was struck off at once. This new emission was distinguished from the old by the use of red ink. All old notes were called in and not issued again. These steps were designed to counteract the attempts of robbers to put the stolen notes into circulation. Subsequently the men implicated in the robbery were arrested and three of them convicted. Ultimately the bank recovered over four-fifths of the stolen money.

Effects of the Civil War

In 1861, with the Civil War and the great struggle for the life of the nation, the bank ordered 10 pistols, and in April of that year 25 rifles were purchased for the use of the "Home Guards." In June it invested \$10,000 in the War Loan of the state and in July, 1863, it promptly loaned the state its proportion of the money needed to pay the militia called into service at the time of Lee's invasion of Pennsylvania (the Battle of Gettysburg). It



Sheet of small-size National Bank Notes



Blank check on the National Bank of Chester County, circa 1860-70

also loaned a large sum of money to the commissioners of Chester County, thus enabling them to pay bounties to stimulate the enlistments and avert the necessity for a draft in the county.

A National Bank

At the suggestion of Salmon P. Chase, Secretary of the Treasury, the National Banking Act finally became law in February, 1863, and the Bank of Chester County became the National Bank of Chester County on October 25, 1864. As fast as the circulating notes of the Bank of Chester County came into the possession of the new National Bank, they were retired and destroyed. The bank promptly deposited United States bonds with the Treasurer of the United States as security for its new circulation.

On December 27, 1874, in consequence of the excessive amount of silver coin in circulation, the board of directors resolved not to receive the "trade" dollar on general deposit.

Not only did the Bank survive the first hundred years but it continues today. In 1964 it published a book entitled "150 Years of a Bank and People."

The National Bank of Chester County's charter was number 552 and it issued notes of the First, Second and Third Charter Series as well as the small series of 1929.

As an association with Glenn's previous article, it is interesting to note that the Delaware County National Bank (charter #355) and the National Bank of Chester County (charter #552) became the Southeast National Bank following a merger in 1970.

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1. The National Bank of Chester County, S. Burnham, 1914
2. Same, Revision, 1928
3. The Story of 13 North High Street, A. E. James, 1960
4. 150 Years of a Bank and People, Edward Shenton, 1964

ACKNOWLEDGEMENT: Special thanks to G. Smedley for his encouragement in publishing this article.

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