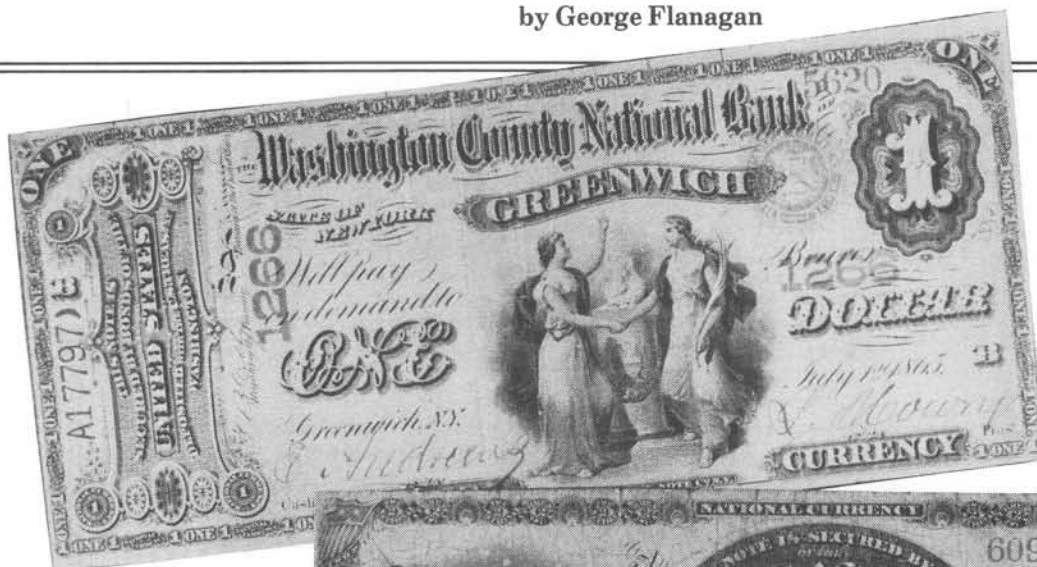


The Human Dimension in a Bank Failure

The Story of the Washington County (N.Y.) National Bank
as developed from information furnished

by George Flanagan



The Washington County National Bank of Greenwich #1266 — organized June 30, 1865 with a capital of \$200,000 — placed in receivership June 8, 1878 — reason for failure: incompetent management — Circulation Issued:

First Charter Original Series

1-1-2-2 plate — \$38,520 worth; serials 1 to 6420
5-5-5-5 plate — \$84,000 worth; serials 1 to 4200
10-10-10-20 plate — \$108,750 worth; serials 1 to 2175

First Charter Series of 1875

5-5-5-5 plate — \$34,400 worth; serials 1 to 1720
10-10-10-20 plate — \$43,050 worth; serials 1 to 861
Total amount of circulation issued — \$308,720
Amount outstanding at close — \$114,220
Amount outstanding in 1916 — \$ 1,654
Estimated amount outstanding in 1977 —\$ 555

Five years ago on a trip to Greenwich, N.Y. for the purpose of visiting relatives, George Flanagan (SPMC 3711) delved into local archives to uncover the history behind the first charter original series National Bank notes shown here and the accompanying succinct summary of the issuing bank's statistics. (Greenwich is located 40 miles northeast of Albany on the Battenkill River and southwest of Manchester, Vermont.)

What he found was the story of Edwin Andrews, the cashier who signed the notes. This story was developed in an interview with Mr. Flanagan and published in the *Greenwich Journal and Salem Press* community newspaper, issue of August 29, 1974:

The Washington County National Bank, predecessor of which was the Washington County Bank organized in 1838, was a part of the empire developed by the descendants of Job Whipple, who established the first

permanent settlement in Greenwich in 1781. Whipple built a dam on the Battenkill and brought to the village William Mowry, who started a cotton mill there. This industry was the first of several score of businesses with which the family was associated.

William Mowry married Job Whipple's daughter, Lydia. Their son-in-law, Henry Holmes, was the first president of the bank; their son, Leroy M. Mowry, was the first vice-president. Edwin Andrews was the cashier for all but the first year of its existence, and it is Edwin Andrews who is the protagonist of the story of the rise and fall of the bank and of the first family of Greenwich.

While the Mowrys and the Holmes were stockholders and directors of the bank, Edwin Andrews held the key position of cashier. Although not related to them by blood, he held the even closer relationship of being allied with the family in all their business affairs. He was their man.

Edwin Andrews could certainly be described as a pillar of the community. From an Horatio Alger beginning — he came to Greenwich from Sandgate, Vt., at 14 and became a bar boy in a tavern at Center Falls — he rose to become the industrial, financial, political, and philanthropic leader in the town. More significantly, he was the finance officer, the treasurer of almost every group with which he was associated.

The bank flourished during its first three decades, for this was the period of industrial growth in Greenwich. The Mowrys, the Holmes, the Andrews, and the bank were involved in almost every business venture in town, and as long as prosperity reigned, so did they.

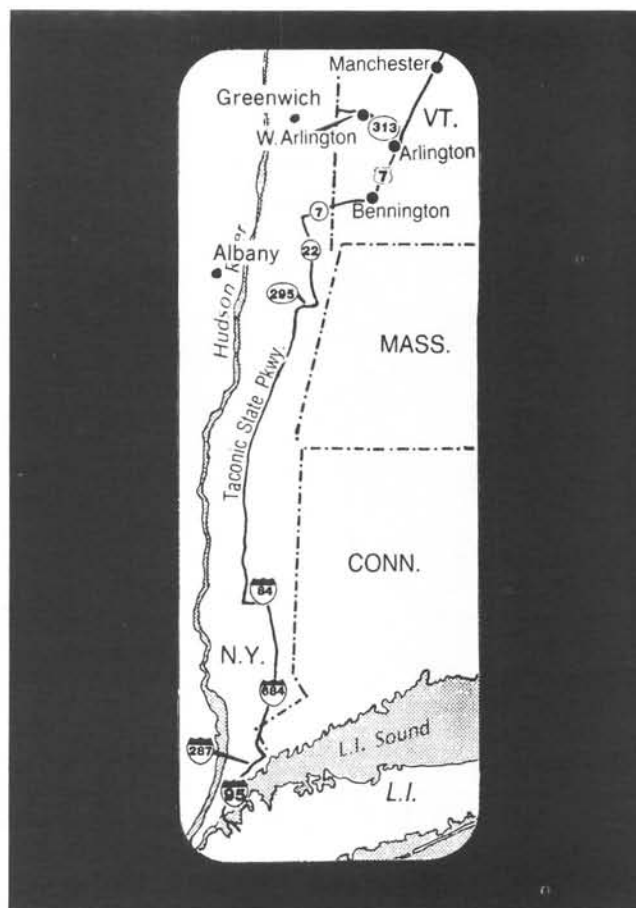
However, in the 1870s the business boom began to wane. The industries, which in those days were locally financed, ran into hard times. Some could not meet their obligations; some were foreclosed; all were having financial problems.

Edwin Andrews was at the axis of it all. As cashier of the bank, he was the banker to whom they turned. As a director and/or treasurer of the local businesses in financial straits, he was the industrialist who needed a sympathetic banker. That proved to be an untenable position.

On June 6, 1878, the bank was closed by the Treasury authorities in Washington. On June 19, 1878, Edwin Andrews was found hanging by a rope from a rafter in his barn on Academy Street.

Examination of the records of the bank after it failed showed there had been all sorts of financial finagling going on, involving the officers and directors of the bank. Leroy Mowry, president of the bank, and John T. Masters, vice-president, who were also officers of a spectacularly unsuccessful business venture, the Washington Mowing Machine Co., were indebted to the bank for \$108,000 in this business alone. William Holmes, son of the first bank president and a bank director, and Edwin Andrews, the cashier, owed the bank \$65,000. The loans of \$173,000 that these four men alone owed were nearly \$20,000 more than the actual capital of the bank.

To accomplish this high finance Mr. Andrews had resorted to a series of maneuvers. The bank examiners found that stocks held by the bank for special depositors had been used by Mr. Andrews for collateral, accounts



had not been credited with deposits and loan payments, and even the mortgage payments of more than \$8,000 made by the Dutch Reformed Church, of which not surprisingly Mr. Andrews was treasurer, had never been credited. Purely and simply, the bank's accounts were a mess, due in large measure to the ambivalent methods of Edwin Andrews.

L.N. Price, the receiver of the bank, did a bit moralizing about the situation. He said:

"The stockholders of this bank trusted implicitly to the directors, and they in turn had a blind confidence in Edwin Andrews and his management, while Andrews was afflicted with moral blindness and in his misuse of bank and other funds, failed to realize that he was committing a criminal breach of trust.

"Officers or directors of a bank who are large borrowers lose their independence of judgment, their most valuable qualification, and sooner or later are apt to permit the bank to take the risk of the enterprises in which they are engaged. The 'fatal facility' is generally fatal to the corporation. But in this instance the officers embarked in a venture without brains or capital to shield the bank. The result was a foregone conclusion until the mountain of accumulated debt made it ruinous to stop and annihilation to go on."

During the 12 days of June, 1878, which lapsed between the disclosure of the bank's insolvency and the suicide of Edwin Andrews, the public reaction ranged from excitement and incredulity to shock, resentment and fear.

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Interest Bearing Notes

Wendell Wolka

This issue of *Paper Money* marks the beginning and ending of many events concerning the Society's programs and activities. There are many excellent opportunities which exist for continued and accelerated growth and development of our Society. Bob Medlar and the other outgoing officers have left us in excellent financial and membership positions, as you will note elsewhere in this issue. The new Executive Board is pledged to take fullest advantage of these strengths and to eliminate, where possible, any weak points which we may have.

To do this effectively, however, we need each and every one of you to be involved. If there are areas of SPMC's activities and programs which you like, let me know. We'll try our level best to make sure that they remain in topnotch shape. If there are some areas which you feel are weak, neglected, or poorly administered, let me know. We'll see to it that your comments are investigated and that corrective action is taken if necessary.

The coming year will find us placing renewed emphasis on our regional meetings program. Current plans call for at least one such meeting in the Northeastern, Southeastern, Western, and Midwestern regions of the United States during the next seven months. Major efforts are also being made to increase our visibility and recognition among the general collector population.

To keep you better informed of upcoming events, we have also instituted, beginning with this issue, a "Coming Events" page which will be used for the sole purpose of keeping you informed about future SPMC activities such as regional meetings, Memphis and ANA activities schedules, new book releases, and so forth. We hope that this will eliminate the necessity of searching for such announcements which tend to get tucked away into obscure corners of the magazine due to their short length.

This issue is the final one you will receive before dues again become payable at the end of the year. Dues for 1980 will remain at \$10.00 and represent one of your best investments in the hobby of paper money collecting. PLEASE pay your dues promptly when you receive your notice in the mail. We then need not make expensive and time consuming follow-up mailings.

In closing, I earnestly solicit your support in the following areas:

New Member Recruitment — We have plenty of application blanks available from Del Beaudreau! Certainly you must have at least one collecting friend who would enjoy joining us.

Articles for *Paper Money* — We can only publish what you send us. Why not contact Barbara Mueller today to work out an article on your favorite subject. We'll all appreciate your effort. Although

we do not pay for articles which are published, yearly awards are made for the best articles to appear in our journal.

Contact with the Officers — Please let us know about your thoughts, ideas, suggestions and yes, even complaints. Let's work together to make SPMC an even better organization than it is today.

We would like to extend to each and everyone of you best wishes during the upcoming Christmas and New Year holidays.

HUMAN DIMENSION

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Almost every resident had entrusted his savings to Andrews. Almost every business depended on the Washington County National Bank. The cornerstone of the community was ripped asunder. The faith of citizens in their leaders was shattered. Andrews, who had been held in the highest honor and esteem, became a pariah in the community. His world was in ruins. Thus it was that on Monday morning, June 19, 1878, after one last walk downtown, he went to the hay loft in the barn behind his house and committed suicide by hanging himself from the rafter.

His death brought to the people of the community a sense of sorrow and a feeling of compassion. They had admired Edwin Andrews all their lives. They feared that perhaps their harsh judgement publicly voiced had prompted him to end his life. There was sincere mourning in the village.

As for the bank, the stockholders did make restitution in part to their creditors, but the bank never reopened.

It was not until three years later, in 1881, that Greenwich had a bank again. In that year the First National Bank of Greenwich was established, and it continued to serve the community for 92 years until in 1973 it was sold to Chemical New York Corporation.

As for the Whipple-Mowry-Holmes dynasty, the failure of the bank ended their prestige and they never again figured prominently in the business and political affairs of the village.

IN MEMORIAM

Thomas F. Mason, SPMC 2423

Thomas F. Mason, 62, of Cheyenne, Wyoming, died while attending the ANA convention in St. Louis on August 1st. A pharmacist by profession, he sold his business which he had operated since World War II when his interest in numismatics prompted him to open a coin shop called the Frontier Mint. Active in local and state coin clubs, he served on the U.S. Assay Commission in 1970.

W. J. Brady, SPMC 1770

"Bill" Brady of Las Vegas, Nevada, died at the age of 64 less than two weeks after returning from the Memphis show. He was founder and past president of the Silver State Coin Club. According to Chuck O'Donnell, Bill Brady led an interesting life on the fringes of show business and later represented a firm in Las Vegas which installed felt covers on the gambling tables there.