



THE PAPER COLUMN

by Peter Huntoon



Map showing the locations of banks and branches tied to the history of the Arizona Bank of Phoenix or its predecessor, the Arizona Central Bank of Flagstaff.

Are State Banks Important to the National Collector? - An Arizona Example

What do the First National Bank of Flagstaff, Arizona (11120), First National Bank of Chandler (11395) and Commercial National Bank of Phoenix (11559) share in common?

For one thing, all went out of business before 1932, but then so did 17 other Arizona National Banks. The Chandler bank did not issue currency, but the Flagstaff and Phoenix banks did, so there is no unique tie there either. The answer is more subtle. All three banks were ultimately purchased and liquidated by a rapidly expanding state chartered branch bank. The bank which tied the knot was the Arizona Central Bank of Flagstaff which was originally incorporated as a territorial bank in 1895. The headquarters of the Arizona Central Bank were moved to Phoenix, the state capital, and the bank was renamed the Arizona Bank in 1931.

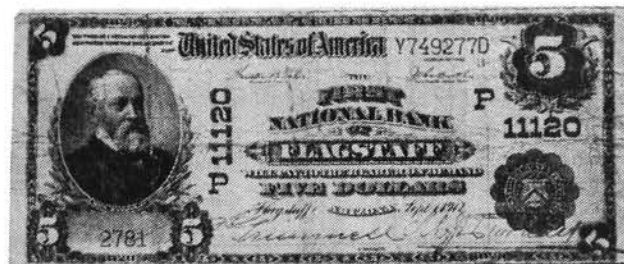
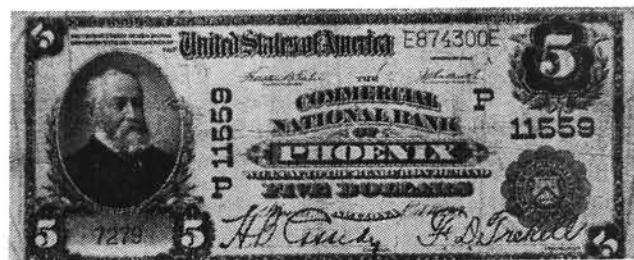
Shortly after the move to Phoenix, the depression cast a shadow on the Arizona Bank and within a year and a half, it failed. The legacy of three National Banks, two

of which issued currency, abruptly died with it.

Growth

Between 1917 and 1932, the Arizona Central Bank or its successor the Arizona Bank purchased or merged with five state banks and two National Banks. During the course of the growth of the seven acquired banks, another three banks and a branch of a fourth were linked to the system. All of these mergers and purchases made for the complicated "family tree" that appears here.

The First National Bank of Flagstaff was purchased in 1931 by the Arizona Central Bank. This purchase, like the purchase of the Citizens Bank of Flagstaff in 1921, eliminated another local competitor.



Two note issuing National Banks were ultimately absorbed by the Arizona Bank of Phoenix, or its predecessor, the Arizona Central Bank of Flagstaff. Samples are shown here of their issues.

Two weeks later, the Arizona Central Bank changed its title and moved its home office to Phoenix. The Flagstaff operation was converted to a branch of the succeeding Arizona Bank.

The Commercial National Bank of Phoenix was, after the move, another local competitor. This bank was purchased six months after the Arizona Bank was established, thus eliminating it from competition.

The story of the First National Bank of Chandler is more involved. The bank was originally opened in 1919, and in 1925 was purchased by the Bank of Chandler, a state bank founded in 1912. The Bank of Chandler, with a prime central Arizona location in a major agricultural sector, was an attractive acquisition. Less than a month after the Arizona Bank began operations in Phoenix, it bought the Bank of Chandler and its historic link to the defunct First National Bank of Chandler. The Chandler operation was converted to a branch.

In these three cases, National banks were eliminated from the scene and depositors' assets were brought

under the sole jurisdiction of Arizona banking law. The Arizona laws were very liberal with regard to branch banking, a fact that was ultimately a plus for the development of the state. However, state banking laws were less severe than National banking laws when it came to handling of funds. Unfortunately, as the depression deepened in 1932, the Arizona Bank would strangle.

Collapse

The exact details of the failure of the Arizona Bank are unknown to this writer. However, Arizona was in a two-way economic pinch beginning in the early 1920's. Copper and related mining was the first major sector of the economy to collapse. This situation developed early in the twenties and probably did not significantly affect the Arizona Central Bank. However, as the economic winds turned more unfavorable in the late twenties, agriculture as a whole began to contract seriously. In the Phoenix area, as in surrounding communities, livestock prices plummeted and crop prices dived. By 1931, the agricultural situation was critical and central Arizona banks were glutted with land from defaulted loans. This liquidity crunch undoubtedly propelled the Arizona Bank to its untimely demise, particularly since most of its recent expansion had been in the Arizona agricultural belt.

The bank was closed by the State Banking Department on June 24, 1932, less than a year and a half after it was optimistically relocated in Phoenix. Depositors took a bath. The final dividend from the liquidation was paid on June 7, 1937, bringing the total to 51 percent of deposits at the time the bank closed in 1932.

An important, but unknown, part of this story is the condition of the acquired banks when they were purchased by the Central Arizona Bank or its successor. During the depression, many shaky Arizona banks were taken over by financially stronger institutions in an attempt to retain stability and protect depositors. It is quite possible that some of the banks purchased by the Arizona Central Bank were in bad shape, thus compounding its ultimate problems.

At the time the bank folded, it was one of the largest branch banking systems in the state.

Perspective

As we National collectors look at our notes, it is often tempting to ignore the competing state banks. After all,

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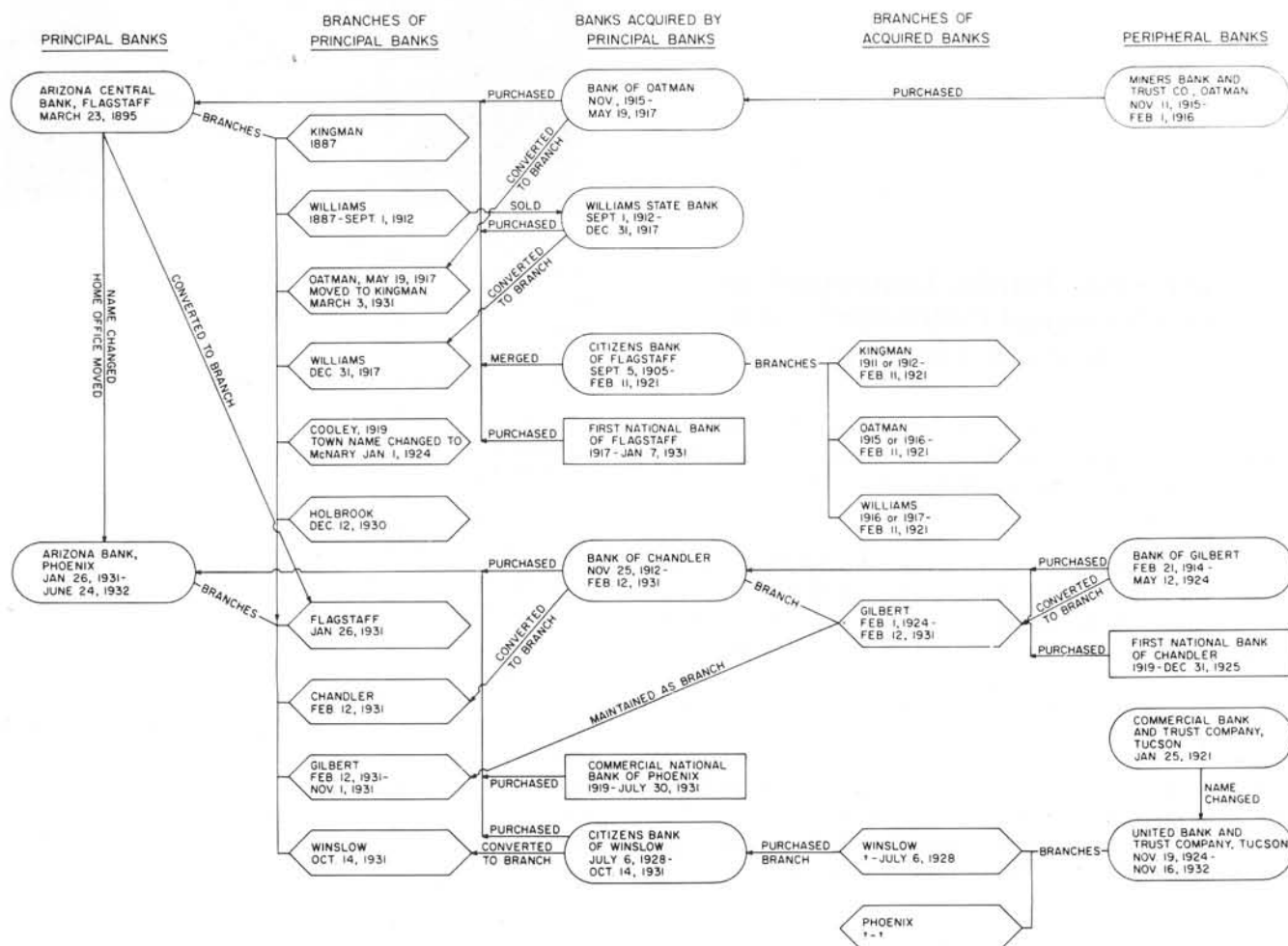


Diagram showing the growth of the Arizona Bank of Phoenix from 1895 to 1932 when it failed. Notice that

three National Banks were involved in its growth and two of these issued National Bank Notes.

Photos of Obsolete Notes Picturing Physicians Wanted

Dr. Richard L. Golden, 56 Laurel Hill Road, Centerport, NY 11721, writes a column on medical numismatics for the *Medical Tribune* (New York) called "Doctors on Currency". He is seeking photographs of U. S. obsolete notes which picture physicians as detailed below (from Dr. Muscalus' *Paper Money and Medicine*). These notes are not in the ANA or ANS collections; only a single example of each person is needed.

Gen. John Beatty, M. D.

New Jersey: Trenton Banking Co., Trenton, \$20 January 4, 1854.

Dr. Wm. Darlington

Penna.: Bank of Chester County, West Chester, \$5.



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they didn't issue notes so they are numismatically unimportant. As this brief story shows, the histories of National Banks are commonly interwoven with the state banks.

In many cases the state banks ultimately took over a number of National Banks and due to favorable state laws their assets then fell under state jurisdiction. Likewise the flow of management personnel wove back and forth between the National and state banks. Note signers were commonly shared between National and state institutions. In other cases a person who signed early series notes disappeared as a signer for a number of years as his bank converted to a state charter, or was absorbed by a state bank. His signature would suddenly reappear when his bank was nationalized or was taken over by a National Bank later in time.

The flow of people and the historic structure of banks are beautifully complicated in states like Arizona where branch banking is legal. Many banks found it advantageous to expand through the direct purchase of competitors with existing branch operations located in favorable growth areas. As Arizona bank histories go, the one shown here is reasonably simple. Imagine what the family tree would look like if the bank had not failed in 1932. What if it continued to grow and acquired another half dozen banks with equally complex histories? The chart would be a mess!

Acknowledgment

Walter C. Madsen, Superintendent, Arizona State Banking Department, provided me with access to historical data that led to the compilation of the family tree produced here. Jeannette Young of the Banking Department dug out relevant data from the files for my use.

Dr. T. W. Dyott

Penna.: Manual Labor Bank, Phila., varieties at hand:

5c A, B, C	50c A, C, Pink paper	\$10. A. 1836 & 1837
6 1/4c A, C	\$1. with Jackson	\$10. A. one year after date
10c C	\$1. A, B female seated	\$20. A, B, on demand
12 1/2c C	\$1. A, B, C, D	\$20. A. one year after date
25c A, B, C	\$2.	\$50. A.
25c May 1, 1837	\$3.	\$50. A. Helmeted male
50c A, B, C	\$5. A, C	\$100. A.

Dr. E. K. Kane

Illinois: Bank of Bloomington, Bloomington, \$5.

Maryland: Marine Bank of Baltimore, Baltimore, \$20.

Mass.: Safety Fund Bank, Boston, \$2.

Missouri: Bank of the State of Missouri, St. Louis, \$5.

Rhode Island: Northern Bank, Providence, \$5.

Vermont: Bank of Orange County, Chelsea, \$10.

Wisconsin: Bank of Wisconsin, Madison, \$5.

Menomonee Bank, Menomonee, \$3.

North Western Bank, Watertown, \$5.

Gen. Hugh Mercer, M. D.

New Jersey: The Princeton Bank, Princeton, \$5, January 20, 1858.

New York: O. Higgin, Clyde, 5c, 1859.

R. Perkins, Clyde, 5c, March 8, 1856; also 1854.

Dr. Edward Tiffin

Ohio: Commercial Bank of Cincinnati, \$3, central portrait.

Ohio: Seneca County Bank, Tiffin, \$3, central portrait.

Ohio: Franklin Bank of Zanesville, Zanesville \$3, central portrait.

Gen. Joseph Warren, M. D.

Connecticut: City Bank of New Haven, New Haven, \$5. Plates A, B, & C.

Stamford Bank, Stamford, \$10, \$50.

Massachusetts: Bunker Hill Bank, Charlestown, \$2, \$3, \$5, \$10.

Monument Bank, Charlestown, \$1, \$2, \$3, \$5.

New Hampshire: Cocheco Bank, Dover, \$5.

New York: Continental Bank, New York, \$5 (upper left).

Rhode Island: Continental Bank, Providence, \$10.

Mount Vernon Bank, Providence, \$10.

Dr. Thomas L. Woodruff

New Jersey: The Trenton Banking Co., Trenton, \$20, January 4, 1854.

Louisiana Obsolete Currency To Be Topic At SPMC Breakfast At New Orleans

Clarence Rareshide, New Orleans attorney and numismatist, will be the featured speaker at the SPMC Banquet and Reception to be held at 6:30 P.M. in the Marlborough Room at the Hilton Hotel, New Orleans, in conjunction with the American Numismatic Association Convention July 27 - August 2, in New Orleans. Mr. Rareshide, an avid collector of Louisiana paper currency, will speak on "Louisiana's Rich Currency Heritage." He is presently working on the book on Louisiana obsolete notes in the Society's series.

Tickets for the SPMC Banquet are required, and are \$16.50. Orders should be sent by July 21 to Wendell Wolka, ANA Banquet, Box 366, Hinsdale, Illinois 60521.