

The National Banks of Kinderhook, New York

by ROBERT R. MOON, SPMC 5766

INTRODUCTION

Since the beginning of the national banking era, eight national banks have come into existence in Columbia County, a county in upstate New York bordering on Massachusetts. Only one, the National Union Bank of Kinderhook, remains today as an independent entity. In a situation that is typical of the rest of the country, the other seven have either closed their doors or been absorbed by much larger banks. This is the first of a series of articles on these eight banks and the four communities they served within Columbia County. This article deals with the two national banks in Kinderhook, including the survivor, and the community.

EARLY HISTORY OF KINDERHOOK

THE name Kinderhook is derived from the Dutch word *Kinderhoeck* or Children's Corner. The area was given this title by Hendrick Hudson in 1609 while exploring the river that would later bear his name. While at anchor, Hudson's ship attracted a group of Mohican Indian children and, hence, the name.

This name was soon placed on Dutch maps but the area was not to be settled until around 1640. The first settlers were primarily farmers and fur trappers attracted by the area's rich soil and abundance of game, although a saw mill was operating as early as 1665. The settlers originally depended on waterways for transportation and news, but by 1685 the growth of the area resulted in service by semi-weekly postal riders between New York City and Albany.

The area continued to grow over the next several decades, avoiding the turmoil of the French and Indian wars, until the time of the American Revolution. The outbreak of the War found the village with sharply divided sympathies, as it did many communities in the Northeast. While the pivotal Battle of Saratoga in 1777 was the engagement nearest to Kinderhook, the divided community did suffer its share of local violence between sympathizers of both sides. After the War, a great many estates changed hands as their owners fled to Canada and many New Englanders moved into the area. Once this transition period had passed, the area stabilized and again began to grow.

In the early part of the 19th century, Kinderhook derived most of its prosperity from its agricultural resources. A lack of water power prevented the village from sustaining large manufacturing industries. The land, however, was more than enough to enable the area to prosper.

The first local newspaper was published in 1825 and, after several unsuccessful attempts, the first local bank was established in 1838. The Bank of Kinderhook had an original capital of \$113,525 with John P. Beekman, a prominent local

physician, as its first president. It was felt that a local bank was needed because of the increased commercial activity of the community and the fact that the nearest banking facilities were twelve miles away in Hudson, a considerable distance at the time. Reportedly, the banking authorities in Hudson were not excited about competition for the business in the northern part of the county but the new bank encountered no difficulties in getting started.

Kinderhook continued to do well and in 1853, a second bank, the Union Bank of Kinderhook, opened its doors with a capital of \$100,000, which was shortly increased to \$150,000. The Union Bank's first president was William H. Tobey, an attorney, county surrogate and Whig State Senator. Politics being what they were (and still are), one of the reasons for the formation of the Union Bank was that the Bank of Kinderhook was controlled by the local Democratic party so the local Whig (later Republican) organization created their own bank.



An obsolete note collector's dream. The first note from the first sheet issued by the Union Bank of Kinderhook in 1853. (courtesy Mr. Thomas)

KINDERHOOK'S FAMOUS FAVORITE SON

One could not pass through this period in Kinderhook's history without making a brief mention of the community's most famous favorite son—Martin Van Buren, the eighth president of the United States. Van Buren was born in Kinderhook on

December 5, 1782, the third child of a local farmer and tavern owner. A lawyer by profession, he became involved in New York politics and rose quite rapidly. After serving in the New York State Senate and as State Attorney General, he was elected to the United States Senate in 1821. Surprisingly, while serving as a Senator, Van Buren supported one of Andrew Jackson's foes in the Presidential election of 1824. Although he was re-elected to the Senate in 1827, he resigned his position the following year to become Governor of New York. Also, by 1828, Van Buren had changed his mind about Andrew Jackson and supported him in that year's election and wound up as his Secretary of State. In 1832 he was elected Vice-President as Jackson's running mate. As a man who made friends easily and with Jackson's support, Van Buren was nominated by his party for President in 1836. Elected over three anti-Jackson candidates, he became the last sitting Vice-President to be elected to the Presidency. It was during this campaign that the expression "OK" originated. Standing for "Old Kinderhook", the term was used as a rallying cry by his supporters. Shortly after he took office, Van Buren was faced with the financial panic of 1837 and the depression that followed. Against this background, he was defeated for re-election in 1840 by William Henry Harrison, the Whig candidate. Van Buren retired to Kinderhook, although he did attempt unsuccessful political comebacks in 1844 and 1848. He died at Kinderhook on July 24, 1862 and was buried in the village cemetery.

MODERN HISTORY OF KINDERHOOK

After the Civil War, the construction of railroad lines in other areas caused a decline in the commercial importance of the Kinderhook vicinity. Falling back on its abundant agricultural resources, the village and town managed a thriving if not overly-prosperous existence.

In recent years, however, the Town of Kinderhook has undergone a radical change. The completion of a new arterial in the mid-1970s, which is just minutes away, has made commuting to Albany, the state capital, a simple half-hour trip. This has resulted in the influx of large numbers of people from the Albany area and has changed more and more of Kinderhook's agricultural atmosphere to a suburban one. The town's population has increased from 4,800 to 7,800 in just the last ten years and the County Planning Board has projected a local population of over 13,000 in the town and village within twenty years.

THE NATIONAL BANK OF KINDERHOOK

As mentioned before, the Bank of Kinderhook was organized in 1838. In 1865, under then-President William R. Mesick, the bank reorganized as the National Bank of Kinderhook; Charter 1026 was assigned. The fortunes of the National Bank continued to improve at a steady pace and as late as 1878 the bank reported greater assets than its competitor, the National Union Bank (\$638,000 vs \$613,000). However, storm clouds had been brewing for several years and the chickens came home to roost in 1879.

For several years, the bank had been lending increasing amounts to the firm of Tilden & Co. of New Lebanon, a town in the northeastern corner of the county. *The National Bank Examiner's Report* of July, 1878 cautioned the bank's officers about having so much of their money loaned to one firm. By the spring of 1879, of \$320,000 loaned out by the bank, \$183,000 was to Tilden & Co. Why would a bank put most of its "eggs in one basket"?

Tilden & Co. had been founded in the early 1800s by Elam Tilden in New Lebanon where he built the first pharmaceutical factory in the United States. By choosing this location, Tilden was able to purchase large quantities of herbs from the nearby Shaker community, which had a sizeable camp in the New Lebanon area. The firm quickly became a very large and profitable concern. Elam also had three sons—Samuel, Henry and Moses. Samuel Tilden went into the legal profession and then into politics which culminated in his "winning but losing" race as the Democratic candidate in the controversial presidential contest against Rutherford B. Hayes in 1876. His two brothers, Henry and Moses, followed their father into the business. Unfortunately, they had not inherited his business acumen. Relying on their father's name, the brothers were able to borrow ever increasing sums from the national bank, but sloppy management throughout the 1870s finally forced them to default on their loans to the bank in 1879. The firm itself almost went



Uncirculated "Ace" and "Lazy Deuce" on the National Bank of Kinderhook. These notes were in the last shipment of 100 sheets of this type to the bank in late 1878. (courtesy Mr. Thomas)

under but was rescued when Samuel used his own funds to bail out his two brothers. Using this "subsidy" of sorts, Tilden & Co. limped along for several years until another generation came along and the firm recovered. Of course, the national bank did not have a friendly relative to cover its losses.

Forced to write off the loans, the bank's capital was also cut in half, to \$125,000, and by 1880 its assets had been reduced to \$347,000. During the turmoil, a new cashier, Augustus W. Wynkoop, had been appointed. The bank then managed to hold its own for several years (the Kinderhook area was in a period of economic stagnation) until the final blow came in July, 1885. To quote the bank examiner's report for January, 1886, "matters in this bank are in a decidedly complicated condition." The previous July, just as the board of directors was meeting to declare a dividend, they were told that Mr. Wynkoop had borrowed \$15,000 in the bank's name from the neighboring bank, the National Union Bank but had made no entry in the books. When questioned about the matter, Mr. Wynkoop said that "it was his business" and he was fired. About a week later, several people came in and asked for securities they had left with the bank for safekeeping but they could not be found. As it turned out, Mr. Wynkoop had used them as collateral to obtain a \$30,000 loan from a bank in New York City. Other irregularities were found in the books of the bank dating back to January of 1883 and the sum total was approximately \$67,000. To again use the words of the examiner, "I understand Wynkoop got into bad company and drank to excess—it cannot be ascertained whether he had been speculating or not." An investigation into possible criminal charges against Wynkoop was being held when he died in April 1886.

As a member of a prominent Kinderhook family, his relatives made a settlement with the bank to repay most of the "irregularities" but arranged a loan to cover a remaining \$14,000. Nothing was paid, however, on this loan over the next three years. In 1889, as a result of this non-performing loan and a couple of other small loans that had gone sour, the bank examiner recommended to the Board that they again reduce the bank's capital, this time to \$100,000. Rather than do this the bank's stockholders had apparently become so disgusted with the situation that they "threw in the towel" and by a near unanimous tally, voted to liquidate the bank effective October 1, 1889. It took several years to clear up its affairs; the books were finally closed on January 1, 1897. The original bank building still stands and presently houses the Kinderhook post office.

NATIONAL UNION BANK OF KINDERHOOK

The Union Bank was to have a more illustrious history. After coming into being in 1853, the bank enjoyed a prosperous beginning that was marred only by a burglary of some \$9,000 in 1858. This event, however, caused the bank's board of directors to look for a building of their own rather than stay in the rented space they were then occupying. They purchased a building on a corner of the Village Square in Kinderhook in 1859 and, with only minor modifications, still occupy this same building. In 1865, as with the other Kinderhook bank, the board voted to become the National Union Bank of Kinderhook and were given Charter 929. The bank continued to grow and reached assets of \$651,000 in 1881. This figure, however, was to be the bank's high-water mark for almost twenty years. The Kinderhook area, as mentioned before, was in a period of economic decline and a major fire in 1880 in the Village Square area, which destroyed several local businesses, took its toll. The bank finally reached the \$650,000 figure again in 1900.

During the latter part of the 19th century, the National Union Bank had a succession of new officers. The bank's first president, William Tobey, died in 1878 after serving for twenty-five years and was succeeded by Stephen H. Wendover, a businessman and former state assemblyman and state senator. Wendover served until his death in March 1889 and was, in turn, succeeded by James Bain, a prominent local farmer. Bain's tenure was rather brief, as he died in February 1892, and Gerrit S. Collier, the bank's vice-president, was elected to the post. Collier's term as president was for almost 31 years. He finally resigned in January 1923.

No listing of the officers of the National Union Bank would be complete, however, without mentioning a gentleman named William H. Rainey. Mr. Rainey was appointed cashier upon the organization of the bank in 1853 and served in this capacity for an amazing 53 years until his death in 1906. On several occasions he had been offered the presidency of the bank, but chose to remain in his capacity as cashier.

Mr. Rainey's successor as cashier was James Adger Reynolds who had served the bank as bookkeeper and teller from 1868 when he began work at the age of 16. He served as cashier for 17 years until he was elected to succeed Mr. Collier as president in 1923. He then served as president until his death in December 1937 at the age of 85. Mr. Reynolds wound up serving the National Union Bank for the incredible total of 69 years! This was a time period that spanned virtually the entire



Series of 1875 \$10 on the National Union Bank of Kinderhook.
(courtesy Mr. Thomas)

Two Series of 1882 "Brownbacks" on the National Union Bank of Kinderhook representing different plate varieties designed by the U.S. Treasury department. (See Peter Huntoon's article in Paper Money No. 63 for more information on this situation.)



The only Red Seal reported so far on the National Union Bank of Kinderhook.



National Currency era! At his death, Mr. Reynolds was one of the last Kinderhook residents who remembered former President Martin Van Buren and for many years had made sure the former President's grave was properly taken care of. One of the foremost residents of Kinderhook in his day, Mr. Reynolds was president and mayor of the village for ten years.

During the early part of the 20th century, the National Union Bank enjoyed steady if not spectacular growth. The assets of the bank passed the \$750,000 mark in 1917 and finally reached the million-dollar level in 1924. Business activity at the bank stagnated during the depression (where didn't it?). For example, for the first time in the history of the bank, dividends were not declared in 1934. Of course, compared to what was happening to hundreds of other banks throughout the country at that time, the passing of dividends could hardly be called a major calamity. The bank also saw its assets, which had peaked at \$1.35 million in 1930, steadily dwindle until they bottomed out at \$1.01 million in 1938.

As the worst of the depression eased, Walter S. Crandell was elected the sixth president of the bank in 1937. Owner of a large farm in the local area, Mr. Crandell had been on the board of directors of several railroads and was a member of the New York Stock Exchange. During his tenure, the Union Bank passed the \$2,000,000 mark in assets in 1945. He served as

president until 1949 and stayed on the bank's Board of Directors until his death in 1950.

Crandell's successor as president was Harold Birckmayer who served from 1949 to 1952. Another long-tenured employee of the bank, Mr. Birckmayer started as a bookkeeper in 1906 and held numerous titles until his election to the presidency. Active in local civic affairs, he also served as a trustee and mayor of the village of Kinderhook.

Upon his resignation in 1952, the bank elected Charles Frisbee as its next president. A member of the bank's Board of Directors from 1920 and vice-president from 1950, Mr. Frisbee was also associated with a local textile industry founded by his great-grandfather.

Mr. Frisbee's tenure was brief; it lasted only five years. When he resigned in 1957, he recommended that the bank's Executive vice-president, Allen J. Thomas, Jr., succeed him as president. Mr. Thomas had been employed at the bank in 1934 as a bookkeeper at the age of 20. One of his very first duties was to receive the sheets of national bank notes and to make sure they were cut up to be circulated, and he still owns the scissors he used. Elected executive vice-president in 1949, he succeeded to the presidency eight years later and still holds that position, giving him a total of 51 years service to the National Union Bank. Unlike many bank presidents who might be

thought of as mere "overseers" of bank operations, Mr. Thomas can be found behind the tellers cages or at his desk performing any number of duties any day of the week. Knowing practically all of the bank's customers on a first-name basis, Mr. Thomas and the National Union Bank are a modern-day example of what has mostly become the bygone era of personalized service and Main Street banking.

While a tiny bank compared to the massive holding compa-

nies of today, the National Union Bank is still a very successful enterprise. Continuing steady growth and sound management over the last 25 years have increased the bank's assets to over \$26 million. A branch office was opened in the nearby village of Valatie in 1966 and a share of stock in the bank purchased in 1956 would by now have split into 16 shares of equal value. The National Union Bank is indeed a strong asset in the growing Kinderhook community.



The interior of the National Union Bank of Kinderhook as it appears today. President "Bob" Thomas is on the left.



A syngraphic hat trick. All three denominations issued by the National Union Bank of Kinderhook of the Third Charter Plain Back variety.

SYNGRAPHIC ANALYSIS

The National Union Bank of Kinderhook issued eight types of national currency with only the Second Charter Period Date Backs and Value Backs not issued. Over \$5,000,000 was issued between 1865 and 1935 with \$100,000 outstanding in 1935 including \$10,470 in large-size notes. Surviving notes on this bank are not particularly scarce and to obtain a single specimen is not difficult.

So far, the existence of 27 large size and 17 small-size notes has been confirmed. These totals will, no doubt, continue to increase. There are, however, certain types that are much rarer than others. For example, while 14 Third Charter Plain Backs (nine \$5s, four \$10s and one \$20) are presently known, the Third Charter Red Seal pictured here is the only example of this type on this bank that has been located.

Series of 1929 Type II notes are also relatively scarce. This scarcity is the result of a bond adjustment similar to that described in Peter Huntton's recent article (*Paper Money* No. 105) on the national banks of Laramie, Wyoming. In early 1934, the Kinderhook bank reduced its amount of bonds to secure circulation from \$200,000 to \$100,000. This meant that \$100,000 of existing circulation had to be redeemed before any further Type II notes could be issued. As a result, only \$54,000

Type and Denomination of Notes Issued by the National Union Bank of Kinderhook

First Charter		Second Charter		Third Charter		Series of 1929	
Orig. Series	Ser. of 1875	Brown Backs	Red Seal	Date Back	Plain Back	Type I	Type II
1*	5	5*	5	5*	5*	5*	5*
2*	10*	10*	10*	10*	10*	10*	10*
5	20	20	20	20	20*	20*	20
10							
20							
50							
100							

* - Notes confirmed as still existing

The situation on rarity concerning the other Kinderhook bank is just the opposite. Reflecting the National Bank's fortunes, it had an outstanding circulation of over \$220,000 throughout the 1860s and 1870s until 1879 when the circulation was reduced to \$110,000, which was the same time the bank's assets were cut in half. The circulation was further reduced in 1887 and

when the Bank finally closed its doors almost a hundred years ago, it had \$78,220 (\$49,930 in First Charter notes and \$28,290 in Second Charter notes) in outstanding circulation. By 1910, this amount had been reduced to a mere \$5,178. Notes on this bank can definitely be classified as scarce. Although the bank issued both First Charter (Original Series - \$1, \$2, \$5, \$10, \$20, \$50, \$100 and Series of 1875 - \$5, \$10, \$20) and Second Charter (Brownbacks - \$5, \$10, \$20) notes, so far only survivors from the Original Series have been located. They are:



Type I \$10 note issued by the National Union Bank of Kinderhook. All Series of 1929 notes on this bank bore the signatures of James A. Reynolds, President and Harold Birckmayer, Cashier.

in Type II notes were issued while, previously, \$615,000 in Type I notes had been circulated. As would be expected, many more Type I notes appear to have survived than the Type II notes. While documentation is available on over a dozen Type I notes, only four Type II notes are known. They are a \$5 (S/N A000547) held by Mr. Thomas, another \$5 (S/N A000899) held by a New York City collector, a \$10 (S/N A000004) in William Donlon's 12th Mail Bid Sale in 1978 and the \$10 note pictured here.

Undoubtedly, the rarest Kinderhook note, if it survived, would be a high-denomination First Charter note. In 1865 the bank issued a mere 75 sheets of Original Series \$50s and \$100s. By 1885, according to the *Currency and Bond Ledgers of the Comptroller of the Currency*, all of the \$50s and all but one of the \$100s had been redeemed. The last report in the ledgers on First Charter notes for this bank still listed the solitary \$100 bill as outstanding in 1888. While this note was probably redeemed shortly thereafter, if it did miraculously survive until today it would definitely be the ultimate Kinderhook national!

- 1) Orig. \$1 - S/N 929 - Good - Grinnell Lot 2288, Donlon MBS #10 Lot 149
- 2) Orig. \$1 - S/N 2417 - AG - NASCA Sept. '81 Sale Lot 1534
- 3) Orig. \$1 - S/N 3129 - Good - HIM June '83 Sale Lot 2266
- 4) Orig. \$1 - S/N 16384 - VG - held by the author
- 5) Orig. \$1 - S/N 16391 - Unc. - held by Mr. Thomas
- 6) Orig. \$2 - S/N 5211 - VG - NASCA Sept. '80 Sale Lot 1882
- 7) Orig. \$2 - S/N 16366 - Unc. - held by Mr. Thomas

There is an interesting story behind Mr. Thomas' ownership of the two uncirculated notes on this bank. The two notes were part of the last shipment of \$1-\$1-\$1-\$2 sheets to the bank in late 1878. As no more national bank notes of these denominations were to be issued, presumably an employee of the bank set them aside as a souvenir and they came into the hands of Calvin Ackley, the last cashier of the bank. Later, Mr. Thomas acquired them from the estate of a relative of Mr. Ackley.

ACKNOWLEDGEMENTS

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Conversations with John Hickman, Allen J. Thomas, Jr., President of the National Union Bank of Kinderhook, and the Rev. Ernest D. Smith, New Lebanon Town Historian.

ABOUT THE AUTHOR

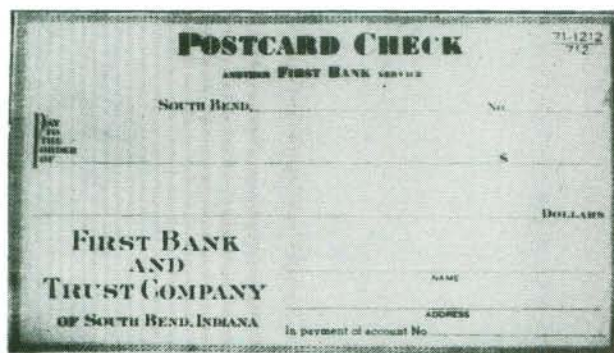
Robert R. Moon, 35, began collecting national bank notes several years ago and joined SPMC in 1980. A graduate of Clarkson College, he is a computer systems engineer with the New York State Department of Social Services in Albany. Born and raised in Hudson, NY, he presently resides in the town of Stuyvesant. Further information about the Kinderhook banks and notes issued by them would be greatly appreciated by the author. He can be contacted at: P.O. Box 81, Kinderhook, NY 12106. ■

The Scripophily Scribe

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"Postcard Checks"

By a stroke of scripophilic serendipity I recently stumbled onto a reference to an unusual type of check in a philatelic publication called *Postal Stationery*. This is the journal of the United Postal Stationery Society, a group of collectors who specialize in stamped envelopes and postal cards as opposed to regular adhesive postage stamps. In the July/August 1961 issue, George C. Slawson, who was the *doyen* of the postal card collectors of the time, described the cards shown here. Evidently they were the first such to come to his attention.

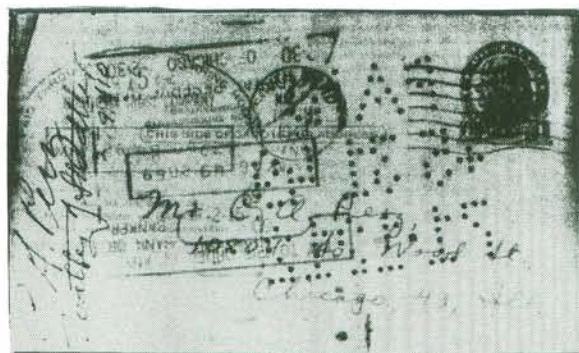


The First Bank and Trust Company of South Bend, Indiana in the late 1940s evidently was a firm believer in the aphorism that a penny saved is a penny earned, at least in that era of low interest rates. It devised the government postal card system for paying accounts, which eliminated the necessity for using an envelope plus a three-cent stamp to make payments by mail. By printing the check form on the message side of the card (Scott No. PC17), it eliminated that latter expense. Slawson stated that the "checks" were free, the customer paid only one-cent for the card.

Evidently the loss of privacy and the absence of some sort of stub record or check register were not considered drawbacks in-

itally. One wonders how many depositors had difficulty reconciling their accounts because they forget to record the amounts paid out through postcard checks. One can also speculate that the suggested use of such checks was for small payments, perhaps even those of less than a dollar, although the printed form made no special provision for that. The form, incidentally, is quite similar to the layout of an ordinary personal check with the exception of the provision of lines for name and address and "in payment of account No.—" at the lower right.

Shown here, in addition to a blank form, is the address side of a postcard check that was cashed. It was issued and addressed to C.A. Perez in Chicago and mailed from South Bend on May



2, 1949. Perez evidently held it for some time and then endorsed and turned it over to Walter J. Stadley, who on May 28, 1949 cashed it at the Northern Trust Company of Chicago. Cleared by the Federal Reserve Bank of Chicago, it was received and honored by the First Bank and Trust on May 31, 1949, and was duly perforated PAID, together with the date and bank number.

This check makes a significant addition to a collection of "oddball" checks. How many other such examples are known? How long did the system(s) last?