

National Banking on Staten Island

The 100th Anniversary

by WALTER T. DORNFEST

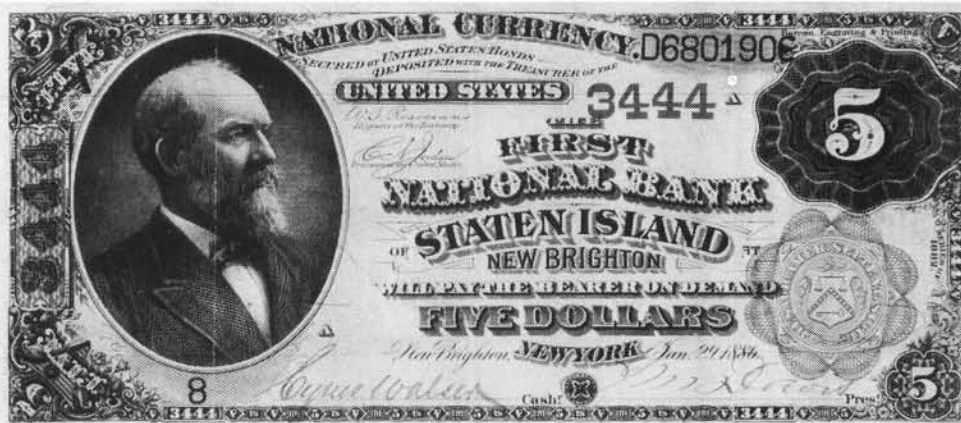
Part I

The First National Bank of Staten Island at New Brighton, 1886-1905

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The year 1986 will mark the 100th anniversary of the establishment of the First National Bank of Staten Island. This institution was the first of six national banks to issue currency in Richmond County at various times up until all notes were recalled in 1935. At that time, only three of the note issuing banks remained in business. This series of articles will document the history of each of the note issuing banks. To date, all of these banking houses have been either liquidated or absorbed by other institutions.

Five-dollar note of the Second Charter Period. First Issue of the Series of 1882. The First National issued only five, ten, and twenty-dollar notes of this type, each one hand-signed by the bank president and cashier then in office. The bank serial number eight is below the picture of President Garfield. The Treasury serial number is the longer one on the upper right after the word Currency.



WHEN one person asks another where he keeps his money, the answer usually is: "I keep it in the bank." But this could have several meanings, since the word "bank" is a catch-all for several different types of savings institutions. The saver could be referring to a savings and loan association or a bank, each of which has some different concerns and business procedures, or to a commercial or a savings bank, again each having varying business interests. Someone might deal with a state or a national bank, the former receiving its charter to operate from its home state, while the latter does business under a federal charter.

National banks came into existence as a result of the National Banking Act of February 25, 1863. The main purpose for creating the National Banking System was to provide the United States with a uniform national currency of paper money (national bank notes) backed by government bonds. Upon the purchase of the appropriate amount of United States bonds, each

national bank was permitted to issue national currency backed by the bonds. This currency operation accounted for two of the three ways in which the banks profited. Income was derived from the rate of interest generated by the bond coupons, from issuing the currency itself, and from deposits.

The basic design of each denomination of currency issued was the same for each bank, the major differences being that each note carried the name and location of the issuing institution, as well as the bank's charter number, on its face. National bank notes were issued in various formats until 1935 when all United States bonds bearing the circulation privilege were recalled for redemption.

Although the first national banks were formed in 1863, Staten Island did not host one of its own until 1886. Recognizing the need for additional sources of capital to fund the growth of commerce and industry on Staten Island, as well as the opportunity to turn a profit, a group of businessmen came together late in 1885 for the purpose of forming a national bank.

One of the prime movers of this group, Charles H. Ingalls of Port Richmond, contacted the Comptroller of the Currency early in December 1885 requesting permission to organize a bank at New Brighton. Seeking information on local conditions and the people desiring to open the bank, Comptroller H.W. Cannon sent inquiries to the Staten Island area and was assured by local citizens of good standing of the usefulness to the community of the proposed enterprise. The bankers-to-be were depicted in letters received in Washington as men of integrity, citizens of Richmond County, and as individuals of the "highest character whose names are the guarantee of the good faith of the enterprise."¹



Charles H. Ingalls

Comptroller Cannon's consent was soon received, and Ingalls and his associates set about forming the Richmond County National Bank, with a capital stock of \$100,000. It was shortly determined by the founders that since most people, both residents and off-islanders, were more used to referring to Richmond County as Staten Island, it would probably generate more confidence among potential customers to change the name of their bank. The comptroller was again contacted to obtain permission for a change of title to the First National Bank of Staten Island at New Brighton. There was no problem with this request, which was easily approved.²

The initial meeting held to organize the bank took place on January 9, 1886 in Wiener's Bay View Hotel at the foot of Arrietta Street, Tompkinsville. That day the Articles of Association, the Organization Certificate and the Certificate of Officers and Directors were signed, and the Board of Directors were elected, as were the following officers: James M. Davis, President; Charles H. Ingalls, Vice-President; and Cyrus Walser, Cashier. On January 28th the bank deposited \$25,000 worth of 3 percent United States bonds with the Treasury to secure its circulation, and the next day received its charter, number 3444.³

Temporary quarters for the new business were established in the rear of a building on the south side of Richmond Terrace near Jersey Street, New Brighton. The area also functioned as a store and a tinsmith's shop. At that time the front of the building was occupied by Mr. Welzin, a jeweler, and by the post office.

The address of the bank has been recorded as both 375 and 378 Richmond Terrace, but it has not as yet been possible to determine which one is correct. The bank opened for business on or about February 15, 1886.⁴

Since all but one of the officers and directors were Staten Islanders, the bank was immediately accepted as a trustworthy institution. By the end of 1886 the First National had recorded deposits of \$103,207.⁵

Desiring to occupy a separate building in which to conduct its business, and strongly urged by bank examiners to do so, the directors, early in February, had purchased a triangular plot of land for a bank structure at the corner of Stuyvesant Place and Richmond Terrace. On September 24th ground had been broken at the site, but construction was delayed by the plans of the railroad. The bank was thus reluctantly forced to move into temporary quarters at the foot of Wall Street a year or so after opening for business. This interim location near the old ferry landing in the area known as "The Fields," is presently part of the railroad yards.⁶

Cashier Walser resigned in 1887 and Mr. F.U. Johnstone, Jr. succeeded him. Meanwhile, the bank continued to be well managed and recorded substantial growth each year. Deposits had reached \$269,652 in 1890 when Johnstone resigned and was followed by J.H.B. Edgar as cashier. There is some evidence that Johnstone might have been forced to leave because of negligence. Comptroller Edward S. Lacy had been in contact with bank officials concerning the lack of a semi-annual report of earnings and dividends for part of 1889, to which Vice-President Ingalls responded. Claiming a possible oversight by the former cashier because of his "youth and inexperience", Ingalls went on to assure the comptroller that there was no intention to deceive federal officials. His assurances seemed to satisfy Washington.⁷

Mr. Edgar's tenure as cashier was short lived. Less than two years after his appointment Edgar resigned over a dispute with the other officers involving, in part, the reduction of his power by the Directors. Vice-President Ingalls then resigned his position to become cashier, and John F. Emmons became vice-president early in 1892. In spite of these rapid changes the community continued to give the bank its support, as evidenced by the rise in deposits to \$402,724 by the end of the year.⁸

The time was now rapidly approaching when a decision would have to be made about the location of a permanent bank building. The land purchased in 1886 was very favorably situated and had doubled in value by 1892. Reasons for this included the moving of county buildings to the immediate vicinity, the building of the B&O railroad station, and the completion of one of the largest hotels in New York State, the Hotel Castleton, within a few hundred feet of the land. The pressure to build or sell came from the national banking law that forbade a bank from holding title to any real estate for longer than five years unless it was necessary for the transaction of its business. Early in 1893 the decision was made to sell for a profit and seek an even more convenient location for the First National.⁹

The election of directors and new bank officers in January 1894 was the most important one since the bank was founded. President Ingalls and the new cashier, Theodore H. Spratt, were to guide the business through its last eleven years. The choice of Ingalls to replace H. Eugene Alexander, who now became vice-president, was considered a good one by the local press. Alexander had strong business commitments in Manhattan and had to attend to them daily, making his full attention to the job of



Home of the First National Bank of Staten Island, circa 1892 (Staten Island Historical Society photo).

bank president a difficult one. Ingalls, on the other hand, would always be at the bank to attend to business.¹⁰

Mr. Spratt of Port Richmond had been with the bank less than three years before his election as cashier. He had formerly been employed with a bank in Manhattan, and was hired by the First National as a paying teller. Later he was made assistant cashier and was known for his integrity and business acumen.¹¹

In July 1865 plans were drawn and presented for a new building. By January of the following year bids had been offered and the contract for the new structure was awarded to Colin McLean. A little over a year was required for construction, and the First National was able to occupy its new premises on March 1, 1897. It was a handsome building costing \$50,000 and located along Jay Street, now Richmond Terrace, on a portion of the site presently occupied by the Supreme Court building. This location was to be the bank's final home.¹²

There is little doubt that Charles H. Ingalls was the driving force behind the success of the bank. Originally as vice-president and then president, Ingalls was personally responsible for much of the popularity and prosperity of his institution. However, success did not come without difficulties. In spite of the fact that national banking regulations forbade branch banking for national banks at this time, Ingalls, since at least 1893, had operated

two of what he called 'offices of accommodation' for depositors. These were located at the St. George ferry station and in Port Richmond and proved very beneficial to business.¹³

Due to either ignorance of their existence, which seems unlikely, or reluctance to act, which seems more likely, government representatives took no official notice of these so-called branch activities until 1899. That year the Comptroller of the Currency instructed bank officials to close the office at the ferry station.¹⁴

Ingalls sent a vigorous reply to Comptroller Dawes defending his actions. After agreeing to comply with the comptroller's directive, Ingalls pointed out that there was only one clerk in the ferry office. He said that no formal banking had ever been conducted there, and that it was merely a place where customers could leave money for deposit on their way to or from Manhattan. Depositors, Ingalls said, were always informed that the safest thing to do was to go directly to the bank to conduct any business. However, if they desired to drop off their deposits in the ferry station rather than walk the 300 yards to the bank, Ingalls could see nothing wrong with providing this service. He also maintained that the only way for his bank to compete with those in lower Manhattan was to provide this convenience for Staten Islanders.¹⁵

The First National's activities in Port Richmond did not come under federal scrutiny until 1902. Replying to an inquiry from Deputy Comptroller Kane, Ingalls stated that in spite of reports to the contrary the bank operated no branch at Port Richmond. He did mention, however, that bank employees living in that area on occasion brought deposits to the bank when requested to do so by local customers. But due warning was always given to depositors in regard to the questionable safety of this procedure. The truth of Ingall's statement comes under serious doubt in light of the bank examination report of April 14, 1903. Examiner Francis N. Buck points out in this document that the bank regularly sent a clerk to Port Richmond to meet customers crossing by ferry to New York City and collected deposits from them for transportation to New Brighton. These activities were still under investigation by examiners in May, much to the dismay and embarrassment of Ingalls.¹⁶

It is apparent that as long as the bank kept its customers as the first and foremost of its concerns, the matter of branch operations and minor problems with Washington would be of little consequence to public confidence in the business. Examination reports repeatedly refer to the bank as "clean, strong, well managed, conservative, in good condition, and prosperous." Local opinion confirms these feelings as witnessed by the sum total of deposits by the end of 1904: \$834,937. In addition, a local newspaper presents bank officers as "up-to-date, conservative, far-sighted and keen" in their business dealings.¹⁷

With the First National in such a secure condition, and having such a competent and well-liked management, it is doubtful if Staten Islanders were prepared for the next piece of major news they would hear concerning the bank. Readers of the *Staten Islander* of February 4, 1905 were greeted by a story relating the proposed absorption of the First National by the Corn Exchange Bank, a state banking institution.

The Corn Exchange Bank had proposed to take over First National stock at an offer of \$325 per share and in time absorb it. The directors of the Staten Island bank had met on February 2nd and a majority of the holders of stock on the board had favored the offer. The takeover was not to be sudden or immediate, but would involve a gradual transfer of First National business to the state bank, and the eventual resignation of its federal charter. Since national banks were not then allowed to have branches or independent connections with other banks, the Corn Exchange plan seemed flawed from the start. But the state bank went on to declare its further hope of retaining most of the former officers and directors as an advisory group and of keeping on the old staff to maintain the bank's popularity among Islanders.¹⁸

Events now transpired more quickly than originally anticipated. A final figure of \$328 per share was reached on February 6th for the sale of First National Bank stock. Walter E. Frew, acting for the Corn Exchange Bank, took possession of 843 shares of stock and, along with the directors who temporarily retained at least ten shares each, acted as a committee to liquidate the Staten Island Bank. Upon completion of liquidation, the directors' shares were to be turned over to Frew, giving the Corn Exchange Bank 975 of 1,000 shares. The remaining stockholders were offered the same terms of sale for their stock until further notice. Both promised to sell. The same staff was retained to conduct business and the current board and officers did remain as an advisory group.¹⁹

The First National Bank held its last stockholders meeting on February 16, 1905. A resolution for voluntary liquidation was passed to take effect on February 25th, at which time the bank would become the Corn Exchange Bank, Staten Island Branch,

operating at the same location. On February 23, 1915 the branch moved to another building at 162 Stuyvesant Place (now 24 Bay Street) next to the St. George Branch of the New York Public Library. In 1957 the bank changed its name to the Chemical Corn Exchange Bank and more recently to the Chemical Bank. This branch is still in operation and if one looks closely at the front of the building, the words Corn Exchange Bank can still be discerned.²⁰

The question arises as to why the directors and stockholders decided to terminate the business of the First National in 1905. Speculation is the only avenue open to arriving at a possible answer. The bank was prosperous, and the officers esteemed in the community. But what better time to sell an investment than at the height of its success? Also, the bank's federal charter would expire in 1906, and while renewal would have been routine for such a successful operation, it would have meant the beginning of a new era for the bank. The sale was a wise financial move, in keeping with the opinion of most people that the officers and directors were talented, far-seeing and admirable business men.

OFFICERS

PRESIDENTS

James M. Davis	1886-93
H. Eugene Alexander	1893-94
Charles H. Ingalls	1894-1905

VICE PRESIDENTS

Charles H. Ingalls	1886-92
John Francis Emmons	1892-94
H. Eugene Alexander	1894-95
Louis Benziger	1895-96
John Francis Emmons	1896-1902
Frederick L. Rodewald	1902-05

CASHIERS

Cyrus Walser	1886-87
F.U. Johnstone, Jr.	1887-90
J.H.B. Edgar	1890-92
Charles H. Ingalls	1892-93
Theodore H. Spratt	1894-1905

DIRECTORS

James M. Davis	1886-94
John F. Emmons	1886-1902
Frederick White	1886
Eckstein Norton	1886-93
Albert B. Boardman	1886-96
H. Eugene Alexander	1886-95
Nicholas C. Miller	1886-90
Thomas M. King	1886-89
Reuben Lord	1886-91
Louis Dejong, Sr.	1886-92
Anton G. Methfessel	1886-94
James Tully	1886-89
Cornelius C. Eddy	1886-1905
James B. Pollock	1886-89
Charles H. Ingalls	1886-1905
August Horrmann	1886-98
Clarence T. Barrett	1889-1905
Sidney F. Rawson	1889-1905
J. Eberhard Faber	1889-1905
Charles E. Griffith	1890-1902
Percival G. Ullman	1891-95
Louis Dejong, Jr.	1892-1903
Jacob J. Housman	1893-1903
Orrin S. Wood	1894-1902
John Westbrook	1894-1903
Louis Benziger	1895-96
Frederick Rodewald	1895-1905
Francis S. Gannon	1896-1902
Bruno Benziger	1897
Abram Cole	1897-1905
Henry T. Knowlton	1899-1902
Kintzing P. Emmons	1902-05
E.A. deLima	1902-05
Bruno Benziger	1902-05
James G. Timolat	1902-05
C.S. Sims	1902-05
William G. Willcox	1903-05
Robert W. Nelson	1903-05
Jerome A. King	1903-05

FOOTNOTES

All primary source material is from the National Archives in Washington, D.C.

¹Charles H. Ingalls to Henry W. Cannon, Comptroller of the Currency, Dec. 4, 19____ and one undated, 1885.

²Ingalls to Cannon, Dec. 24, 1885.

³Staten Islander, March 1, 1905; Richmond County Standard, Jan. 16, 1886; Treasury form, unnumbered, Jan. 28, 1886.

⁴Standard, Jan. 16; Feb. 13; Sept. 25, 1886; Staten Islander, March 1, 1905.

⁵Comptroller of the Currency, Annual Report, 1886, p. 246.

⁶Standard, Jan. 16; Sept. 25, 1886; Dec. 29, 1888; Staten Islander, March 1, 1905; Ingalls to Cannon, Feb. 25, 1886.

⁷Staten Islander, March 1, 1905; Comptroller of the Currency, Annual Report, 1890, p. 250; Ingalls to Edward S. Lacey, Comptroller of the Currency, March 5, 1890.

⁸Staten Islander, Jan. 16, 1892, Comptroller of the Currency; Annual Report, 1892, p. 751.

⁹Ingalls to R.M. Nixon, Deputy Comptroller of the Currency, Feb. 2, 1892; Ingalls to A. Barton Hepburn, Comptroller of the Currency, Feb. 21, 1893.

¹⁰Staten Islander, Jan. 13, 1894.

¹¹Ibid.

¹²Staten Islander, Feb. 27, 1897; March 1, 1905.

¹³Staten Islander, Jan. 13, 1894.

¹⁴Ingalls to Charles G. Davies, Comptroller of the Currency, Nov. 9, 1899.

¹⁵Ibid.

¹⁶Ingalls to F.P. Kane, Deputy Comptroller of the Currency, Nov. 28, 1899. United States Comptroller of the Currency. Examination Report, First National Bank of Staten Island. April 14, 1903. Ingalls to William B. Ridgely, Comptroller of the Currency, May 13, 1903.

¹⁷Comptroller of the Currency, Examination Report, First National Bank of Staten Island, May 9, 1902; April 14, 1903; Oct. 2, 1903; May 11, 1904; Nov. 11, 1904; Staten Islander, Jan. 14, 1903; Comptroller of the Currency. Annual Report, 1904, p. 1018.

¹⁸Staten Islander, Feb. 4, 1905.

¹⁹Staten Islander, Feb. 8, 1905.

²⁰First National Bank of Staten Island. Minutes of Stockholders Meeting. Feb. 16, 1905; First National Bank of Staten Island. Resolution for Voluntary Liquidation, Feb. 16, 1905. To the Friends and Depositors of the First National Bank of Staten Island, (1905).

Souvenir Card by Bank Note Engravers Guild

A souvenir card has been issued to mark the meeting of the BNEG at Lake George, NY. The engraver's tools, stamp and union card are all intaglio engraved. The card was printed on a spider D press.

One topic of discussion at the meeting was the possible merger with the Plate Printers Union of New York.

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Colorado Springs CC Card

A Rio Grande Southern Railroad Company stock certificate is the subject for a lithographed souvenir card issued by the Colorado Springs Coin Club for their annual show in July. The card is available for \$3.50 from Gerome Walton, P.O. Box 9833, Colorado Springs, CO 80932.

Souvenir Card



From 1890 to 1892, Ours Men underook to build a 172-mile-long railroad which he called the Rio Grande Southern. No difficulty arising the 19 million currency. The route was planned to connect with the D&RG at Ridgely -- proceed along "Main" road to near Dallas, divide to San Francisco, to the Colorado. The line was projected northwest to Ogden. At Laredo, Texas, five miles south of Ogden, at an elevation of 10,222 feet, the route called for the construction of a huge snow shed -- so trains could travel during heavy snowfalls. Descending from the peak, the route ran through Rich, Dolores, with a four mile spur to Mayfield. From Laredo, the coal fields of Texas and then to Durango. The Rio Grande Southern was one of the greatest feats of engineering ever attempted in the history of railroading. Nine miles northwest of Ridgely, below Dallas, a bridge 836 feet in length, including one span of 202 feet, was constructed in order to cross Pleasant Valley Creek. Conductor at his last station stop would announce: "Last station stop, to the west of the Colorado." The railroad collapsed during the demonstration of silver deposit of the Silver Purchase Act, 1897. Line continued to operate until 1952.

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