

INTRODUCTION

This article is the second in a series on the national banks of Columbia County in New York State. It is also being used to announce a newly-surfaced charter in SPMC's continuing research into the Series of 1929 national bank notes.

EARLY HISTORY OF PHILMONT

THE village of Philmont is located in the Town of Claverack about 10 miles east of the county seat of Hudson. It originally started as a hamlet known as Factory Hill in the 1820s and centered around a grist mill and a carpet factory. The hamlet was located near a waterfall and in 1845, George Philip, owner of the carpet factory, built a large dam above the falls creating a thirty-six acre reservoir. With an abundant supply of water and the falls to supply power, the mill industry grew.

The mills were given further impetus in 1852 with the completion through the area of the Harlem Railroad Line and, at that time, the hamlet's name was changed to Philmont. By 1871, the "new" Philmont could boast of three knitting mills and three paper mills.

Philmont took another step forward when, in 1892, the citizens voted to incorporate as a village with George Baker as their first president. The first year's budget for the village was \$500.00.

era. The founders then elected a gentleman by the name of Josiah W. Place to be the bank's first president. Mr. Place's primary occupation was that of a well-situated stockbroker whose firm was located at 69 Wall Street in New York City. He was also President of the Richmond Borough National Bank of Stapleton, New York and a director of the Tottenville National Bank and The Mariner Harbor National Bank of New York. All three of these banks were located in the Richmond borough of New York City. It was felt by the stockholders that such a president would lend credibility to their venture.

The other theory is that Mr. Place was the primary force behind the formation of the bank and that it was established as a money-making opportunity. This line of thinking has support in that Place had no real connections to the Philmont area except that his Staten Island banks, which had loaned money to mills throughout the country, may have also loaned funds to the mills in Philmont.

One of his business associates, Alfred B. Potterton, who was on the board of directors of the three Staten Island banks, was also a backer of the Philmont bank and had no apparent local ties to the area. This theory is further supported by analyzing some of the bank's early financial statements. In 1909, for instance, of \$173 thousand in outstanding loans, \$90 thousand was in assigned accounts or commercial paper purchased from Mr. Place's Wall Street firm. There

The National Bank(s) of Philmont New York

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Series of 1902 \$10 Plain Back from the First National Bank of Philmont. One of only three large-size notes to surface so far; the note is signed by Harold DeWald, the cashier and Dr. George Vedder, the vice-president.

THE FIRST NATIONAL BANK OF PHILMONT

On August 6, 1903, the First National Bank of Philmont was organized with a capital of \$50,000 and assigned Charter 7233. The exact circumstances regarding the establishment of this bank are somewhat unclear and two schools of thought have emerged on the reason for its founding. The first is that several area businessmen wanted a local banking facility because the nearest bank was ten miles away in Hudson, a considerable distance in that

was not enough local demand to absorb the available funds.

Contemporary newspaper accounts do not speculate on the reasons behind the founding of the bank; nevertheless the facility managed to do a small but profitable business.

The first cashier was Charles Tracy who was hired at a salary of \$900 per year. Except for several years in the 1920s, when he worked at another bank, Mr. Tracy served as cashier of the Philmont bank until 1942.

Mr. Place's tenure was to last until September of 1926 when he was replaced by James Hayes, president of the John Hayes Manufacturing Co. of Philmont. By that time, the Philmont bank had reached almost three-quarters of a million dollars in assets. Mr. Hayes declined reelection in 1930 and was succeeded by Edward L. Harder of Claverack.

THE END OF THE FIRST NATIONAL

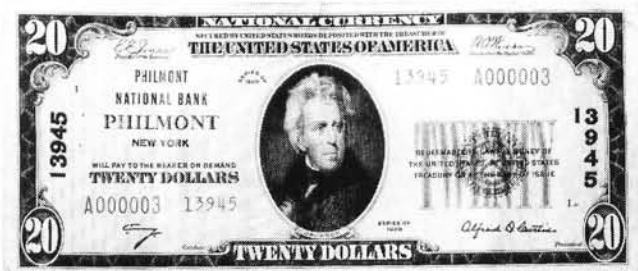
Elected during the early part of the depression, Mr. Harder's presidency was not to survive those hazardous financial times. When President Roosevelt declared the bank holiday in March 1933, the First National Bank was just one of thousands across the country to close their doors. Although hopeful that the closing would be only temporary, the bank was found by the national bank examiners to have too many assets of dubious value to allow it to reopen. The bank, while not in a position precarious enough to force it into receivership, did have to go into liquidation.



A postcard view of the First National Bank of Philmont ca. 1910. The only bank building Philmont has ever had, it now houses the Philmont branch of Key Bank N.A.

THE "NEW" PHILMONT BANK

The bank began liquidation proceedings in late 1933 by dividing its outstanding loans into good loans, which had a reasonable chance of being repaid, and bad loans, which meant the odds of recovering the debts were slim or non-existent. The depositors of the bank were required to give up access to a portion of their deposits equal to the amount of the assets placed in the "bad" category. As some funds were recovered from these loans, the depositors were to be slowly repaid. The remaining "good" assets were to be used to reestablish the bank as a sound institution. This procedure, which occurred at many banks around the country, required the liquidation of the old bank and a reorganization under a new name and charter. Usually there was also a change in the leadership of the bank. The "new" bank was the Philmont National



Series of 1929, Type II \$20 from the Philmont National Bank. The first note from this charter to surface and one of a total of just 985 notes issued by this bank. (courtesy Nichols collection)

Bank and charter 13945 was assigned. It also assumed the outstanding national bank note circulation of the "old" bank.

A new president was elected—Alfred Curtis, a longtime board member whose family was active in the local area in both farming and livestock. Charles Tracy continued as cashier and the rest of the staff was also retained. On opening day in January 1934, the assets of the Philmont National Bank were \$370 thousand, less than half of what they had been a few years earlier.

THE ROBBERY OF 1938

Wednesday, February 16, 1938 began pretty much like any other morning at the Philmont National Bank. Business was light,

and on many days like this one, the bank employees would close their books at 1:00 and any business conducted between 1:00 and 3:00 would be recorded the next day so that everyone could leave right at 3:00. Four employees were on duty that morning: Charles Tracy, the cashier, who was getting on in years and had

yielded most of his duties to Philip Young, the assistant cashier who was essentially the day-to-day business manager of the bank; Harold Holsapple, the bookkeeper; and Ethel Rion, the secretary. Alfred Curtis, the bank president, normally came in for a couple of hours in the morning to take care of some paperwork but had decided not to come in that Wednesday.

Around 10:00 there was one customer in the bank, a Carl Knapp, when two other men entered. Brandishing revolvers, they announced that they were holding up the bank. The first reaction of the employees was to ignore them since many of the local customers had an amusing habit of walking in and saying "this is a stickup." Miss Rion decided they were serious when she turned around at her desk and found herself facing a gun. Three of the employees and Mr. Knapp were quickly herded into the vault. Mr. Tracy, who was upstairs, came down at the moment and was shaken up by the robbers before he, too, landed in the vault. Because of his rough treatment, Mr. Tracy suffered an eye injury from which he would never fully recover. After locking the outer cage door, the intruders robbed the bank of \$9,799 and fled.

However, their freedom was shortlived. One of the two thieves was arrested the next day in the Poughkeepsie area about 40 miles away and about half the money was recovered. Within three months, he was sentenced to 20 to 40 years. The other thief managed to elude capture for over a year but the police finally caught him. He was tried and sentenced to 40 to 60 years. The dispensers of justice didn't fool around in those days!

THE FINAL YEARS

After all this excitement, the bank settled back to a more normal routine. Mr. Curtis, who died in June 1938, was succeeded by John L. Crandell, a former County Judge, who had served as vice-president since the bank's reopening in 1934. Another personnel change occurred in 1942 when Philip H. Young, the assistant cashier since 1927, succeeded the retiring Mr. Tracy as cashier.

Judge Crandall's tenure as president was to benefit from the war years and the bank's assets jumped from \$400 thousand to \$1.2 million during the first half of the 1940s. Circumstances in the bank then stabilized and when he stepped down in January 1954, assets were still in the \$1.2 million range. Crandall was succeeded by Cornelius E. Dooley, a local businessman, who had been a director of the bank for more than 20 years and Mr. Crandall's successor as vice-president since 1938. Mr. Dooley's term, however, was to last little more than a year.

The Philmont National Bank passed from the scene on February 11, 1955 when the stockholders voted to accept an offer of \$165,000 (or \$33 a share) for their shares that had originally cost \$10 a share in 1934. The offer had come from the Farmers National Bank of Hudson which, at that time, was the largest local commercial bank in the County with over \$8 million in assets. Mr. Dooley became a member of the bank's Advisory Committee and Mr. Young was appointed a vice-president and the manager of the current branch office. However, even the Farmers National itself would not be around for long. On March 6, 1959, the Farmers National Bank, along with its Philmont branch, merged with the National Commercial Bank and Trust Co. of Albany. Key Bank N.A., as the Albany-based banking corporation is now known, has grown into a \$1.8 billion organization with the Philmont office one of over 60 branches in northeastern New York State. The Philmont branch is still situated in the village's first and only bank building.

SNYGRAPHIC ANALYSIS

The availability of Philmont national bank notes can be summed up quite simply—extremely rare. To illustrate this situation, listed below is the circulation data for the two Philmont banks:

The First National Bank of Philmont—Charter 7233

Third Charter Red Seals

10-10-10-20 plate = \$36,600; serials 1 to 732

Third Charter 1902-1908 Backs

10-10-10-20 plate = \$121,000; serials 1 to 2420

Third Charter Plain Back Blue Seals

10-10-10-20 plate = \$182,800; serials 2421 to 6076

Series of 1929

\$10 type I = \$31,440; serials 1 to 524

\$20 type I = \$16,560; serials 1 to 138

\$10 type II = \$2,950; serials 1 to 295

\$20 type II = \$1,100; serials 1 to 55

Philmont National Bank—Charter 13945

Series of 1929

\$10 type II = \$7,680; serials 1 to 768

\$20 type II = \$4,340; serials 1 to 217

As can be seen, some of the types had unusually small amounts issued. For instance, the Third Charter Red Seals of the First National Bank and Series of 1929 Type II notes for both banks had issuances slightly above pocket change. In the case of the Red Seals, the reason for the small amount is that the First National Bank had an outstanding circulation of only \$12,500 during its first four years of existence. It was raised to \$20,000 in Sep-

tember 1908 and, by that time, Third Charter Date Backs were being issued. A Red Seal note on this bank has yet to be reported.

The number of Type II notes for both banks is low since the First National went out shortly after the change from Type I to Type II notes, which resulted in very few sheets being sent to the bank before it was liquidated. A note on this charter in either Type I or Type II small-size has yet to surface.

When the Philmont National Bank came into existence, it had assumed the circulation of its predecessor. Therefore, the old notes had to be redeemed before notes with the new name and charter could be issued. Since the national currency era ended just one year later, this bank was able to issue a mere 985 notes. One of these notes, however, has come to light and is illustrated here. The note grades VF and has two staple holes on the left side. Since it is serial #3, it had to come from the first sheet of Type II \$20s, but what is most interesting about the note is that the presence of loose fibers on the top and bottom edges on the note indicate that the note was torn from the sheet using a straightedge instrument! Apparently, in organizing the new bank, no sentimentality was attached to the new notes.

A total of \$405,470 was issued by the two banks with \$20,000 outstanding in 1935. Of this outstanding amount, \$920 was in the large-size Third Charter notes issued by the First National Bank. According to the *Currency and Bond Ledgers of the Comptroller of the Currency*, the \$920 in large-size notes outstanding is comprised of 54 \$10 and 19 \$20 notes. Thus, of 27,232 Third Charter notes issued by the First National, only 73 remained in 1935. At least three of those 73 are still around today. Not surprisingly, they are all of the Plain Back variety, which was issued in the greatest amount. They are 1) a \$10 in VG (S/N 3894) (pictured in this article), 2) a \$10 in Good (S/N 4148) (appeared as Lot 337 in Donlon's 7th Mail Bid Sale) and 3) a \$20 in VG (S/N 5595).

Anyone with further information about the Philmont banks or other related notes is asked to contact the author at P.O. Box 81, Kinderhook, NY 12106.

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