

# Mary M. Costello and the First National Bank of Tombstone, Arizona



## THE PAPER COLUMN

by Peter Huntoon

*Tombstone, Arizona — the name conjures up ghosts of the wild west, the shootout at the OK Corral, barroom brawls, wide open gambling, bordellos, and the silver mines that drove the local economy. The Tombstone legend epitomizes the old west — a man's world populated by desperate men — a place that spelled survival of the fittest. Tombstone has come to represent macho Americana at its best, or at least maybe the way it should have been.*

*This is the story of one of the great figures to emerge from Tombstone's past — a self-made individual who grew from personal tragedy to become a respected leader, a person who had intense loyalty to the community, a capitalist who would save the town from economic strangulation by saving its bank. This person was lauded by the local press at the time, but has been largely forgotten — probably because she was a woman and that fact didn't fit the bullet-ridden image of the place as depicted by later historians.*

The woman is Mary McNelis Costello. Acting with the aid of her daughter Ruth, Mrs. Costello bailed out the First National Bank of Tombstone in 1921, saving it from collapse in the wake of mismanagement and looting from within. The cost was dear. Her generosity carried a price tag of approximately \$100,000 — \$100,000 in 1920 dollars. Her actions altered Ruth's budding career as a lawyer in southern California's 1920 growing environment and firmly implanted this dynamic young woman in southern Arizona's cattle and copper belt as a permanent and greatly revered resident.

### THE BANK

THE First National Bank of Tombstone, Territory of Arizona, was organized on July 11, 1902, with M.D. Scribner as president, and T.R. Brandt as cashier(43). The U.S. Comptroller of the Currency awarded charter 6439 to the bank on September 25, 1902; it boasted a capital of \$25,000 when it opened that fall. The bank was located on the east side of Fifth Street between Allan and Fremont streets. At that time Tombstone was 23 years old, and had served as the county seat of Cochise since that county was organized in 1881. The silver boom was long past, although the economy of the town was still partly rooted in silver production from various mines and claims nearby. Ranching in the vicinity rounded out the economy.

Not much changed in the town or the local economy during the first two decades of the 20th century. The bank remained small, and its influence was hardly noticed outside Cochise

County. The management had changed however. William Cowan became president in 1917, and Maurice M. Bludworth assumed the office of cashier in 1919(42). Bludworth's opportunity came on the heels of the tragic death of the bank's cashier, T.R. Brandt.

Brandt was alone tending the business of the bank during the noon hour on Friday, November 2, 1917, when a pistol-wield-



Mary McNelis Costello, 1926

ing gunman, Fred H. Koch, attempted to rob the bank. Brandt foolishly made a quick move toward the bank's shotgun, frightening the intruder into shooting him below the heart. The would-be bandit ran from the bank, jumped on his horse, and attempted an escape toward the town of Gleeson to the east. The villain was quickly apprehended by Chief Deputy Sheriff Guy Webb who chased Koch two miles in a Ford racer driven by Immigration Inspector Jeff Milton(8). Brandt was mortally wounded and he died December 10th, whereupon he was succeeded as cashier first by J.A. Rockfellow and then by H.C. Almy, who served until a permanent replacement could be found(9).

The young replacement was Maurice M. Bludworth who moved to Tombstone in 1919 with his wife. The couple quickly and easily blended into the community. Bludworth was recalled as a very fine young man, and it appears that he soon became aligned with a number of go-getters who were enjoying the

speculative boom in the overheated post-World War I stock market(5). Interest in stocks was so great, in fact, that a big blackboard was set up in the ice cream parlor in Bill Boyd's drug store upon which the latest quotes were entered each afternoon(5).

Tombstone was enjoying modest prosperity, its sons were returning from the World War, and the population of the town was stabilized at about 1,500. One local newspaper—*The Epitaph*—described the place as “a quiet, prosaic little town(32).” At this time, Mary Costello, the focus of this account, was a minor stockholder in the First National Bank, but she was a resident of Los Angeles and had virtually nothing to do with the management of the bank.

The post-World War I agricultural depression initiated a serious impact on southern Arizona cattlemen as early as 1921(33); the local economy of Tombstone was affected. As a consequence, attention, but not great concern, began to focus on the First National Bank.

### TROUBLE STRIKES

The first hint that trouble might be brewing came on Monday, August 15, 1921, with a front page headline announcing: “First National Bank Changes Management(11).” Gone were William Cowan and M.M. Bludworth. The new management, installed at a meeting the previous Saturday, included Mary M. Costello, president; C.L. Cummings, vice president; Ruth Costello, vice president; and D. Pierce, cashier. Mrs. Costello released the following letter of assurance to the community:

This is to advise that I have today arranged to increase my holdings of stock in the First National Bank of Tombstone, to a substantial sum; that because of the interests which I have increased, and because of the very friendly interest that I felt in the town of Tombstone, I wish to assure my friends and the friends of the bank that the institution is to be put and kept, in the most solvent and liquid condition possible to have a bank; that it is the desire of the president, Board of Directors and the officers of the bank, to maintain the First National's record of usefulness to the community, and in soliciting continuation of the business of the people of Tombstone and its surrounding territory they may be assured of all the courtesies to be had of a carefully conducted and obliging banking house. To those depositors now doing business with the bank, I have no hesitancy in saying that their interests will be fully protected by me. Thanking you in behalf of myself, and associates, I remain, cordially, Mary M. Costello(11).

The circumstances behind Mrs. Costello's presence at the reorganization meeting are uncertain. She may have been called from her home in Los Angeles specifically for the meeting with plans to buy the bank, or she may have been visiting her previous hometown when the meeting was called and the opportunity for the purchase presented itself. Regardless, it is clear that when she increased her holdings in the bank, she bought nothing but a headache.

She was aware that the loan portfolio included some slow or questionable notes; however, it is certain that she was not aware of the extent of the damage or the fact that several shortages were hidden in the cracks—one amounting to \$15,000. She returned home to Los Angeles immediately after the reorganization meeting to confer with her attorney, William A. Bowen of the firm Flint, McKay, and Bowen. Bowen did not like what he found on the bank's books. He advised Mrs. Costello to back

away from her deal and close her bank pending a full investigation.

On Friday, August 19, 1921, a headline on the front page of the *Tombstone Prospector* screamed: “First National Bank Closes Doors Today(12).” Chief bank examiner R. H. Collier of the 11th Federal Reserve District suddenly found himself in charge of the bank, pending appointment of a temporary receiver(12). The *Prospector* carried the following news:

It was announced that on advice of her attorneys, Mrs. Costello had decided to repudiate her former assurance and agreement, and would not go through with the matter as formerly intended. The reason given for this action, is because the statement was too broad and let down the bars for unlimited guarantee(12).

Furthermore, it was announced publicly that through her attorneys Mrs. Costello was initiating an investigation into the affairs of the bank.

From the tone of the reporting in the *Prospector*, it is clear that the editors felt duped in publishing Mrs. Costello's letter of assurance upon her takeover of the bank. The paper lamented that the published assurances had prevented withdrawals by depositors, and had in fact encouraged new deposits right up until the day the bank closed. In frustration, the paper carried the following:

We are of the opinion that the hundreds of depositors are taking the matter a little too calmly, believing that their interests are being protected, but judging from the trend of events since that notorious guarantee of the president of the bank, which was carried in these columns for our readers in absolute good faith, following the reorganization, it appears the depositors had better organize, and at least get some satisfaction as to what is to be done(13).

### MRS. COSTELLO DEALS

Mrs. Costello was caught in a miserable position. She could cut her losses to a minimum, discredit her word by worming out of the deal, and jeopardize old friendships in Tombstone. On the other hand she could swallow hard and protect the depositors against loss by covering the bad paper with her own money. There is no available record of her exact maneuvers; however, the broad outlines of her strategy are revealed in subsequent news accounts, which demonstrate that she had remarkable business savvy. She kept her word by protecting the depositors from loss by infusing the bank with her own capital, yet before she did so she walked a middle ground wherein she extracted important concessions from all parties. She gained guarantees from the depositors that they would not withdraw their deposits immediately upon a reopening of the bank. She also won significant concessions from the pre-takeover owners of the bank. These involved a renegotiation of the terms of her purchase, which included her acquisition of the remaining outstanding stock in the bank. All of this took time, but since she was clearly holding the only ticket to salvation, everyone worked patiently to secure her objectives.

The bank was closed August 19, 1921, and stayed closed until November 10th. A number of events transpired almost immediately. Bank examiner J.T. Jernigan took over the receivership on August 24 as a temporary replacement for Chief Examiner Collier who returned to Dallas. Abijah G. Smith, president of the Cochise County State Bank with headquarters in Tombstone and a branch in Benson, attempted to ferret out a deal whereby his bank could purchase the good assets held by

the First National Bank, thus assuring its liquidation as a potential competitor(13). Nothing came of Smith's negotiations.

William Bowen, Mrs. Costello's attorney, left for Washington, D.C. to confer with Comptroller of the Currency D.R. Crissinger and his staff regarding the affairs of the bank soon after it was closed. Mrs. Costello joined him in Washington about September 1 to review her options(15).

Next, Alexander Bailey McCans, a National Bank examiner who was headquartered in Dallas, was appointed as temporary receiver and arrived in Tombstone September 16th to take charge of the bank(14), (15). McCans then traveled to Los Angeles to confer with Bowen who apparently still had possession of many of the bank's books. He was joined in Los Angeles by another examiner, H.F. Brewer, and together the three men returned to Tombstone on October 1st where Bowen publicly advised that a thorough investigation of the bank's affairs was to be made with the objective to reopen if possible(16). At this point, a depositor's committee pledged their support to the bank should it be reopened, thus partially eliminating one of Mrs. Costello's principal hurdles(17). Their guarantee was to leave their funds on deposit for at least six months after the bank was reopened, provided that Mrs. Costello covered the questionable loans. Bowen returned to Los Angeles with this good news on October 6th(19).

### BAD BOOKS

Meanwhile the audit of the bank's books revealed serious shortages and manipulations. The evidence pointed to Bludworth, the former vice president and cashier. He was arrested in Tombstone and taken to Tucson on charges of false entries and misapplication of bank funds. Bludworth's preliminary hearing began on October 6, a Thursday, wherein Assistant U.S. Attorney John H. Martin presented evidence of criminal wrongdoing using testimony from Bank Examiners McCans and Brewer, and D. Pierce, a clerk at the bank(18). The worst charge aired at the hearing was that Bludworth had taken \$15,000 from the bank's deposits and placed the money in the First Cattle Loan Company, a firm that he apparently established as a front for such manipulations. Ironically, it turned out that the \$15,000 was bond money deposited with the First National Bank in a surety account to cover an embezzlement of county funds by W.P. Walker, a former assistant treasurer of Cochise County. Newspaper accounts advised that the two bank examiners introduced ledger leaves and checks into evidence. "Their testimony, largely of a technical nature, bristled with dates and figures(18)."

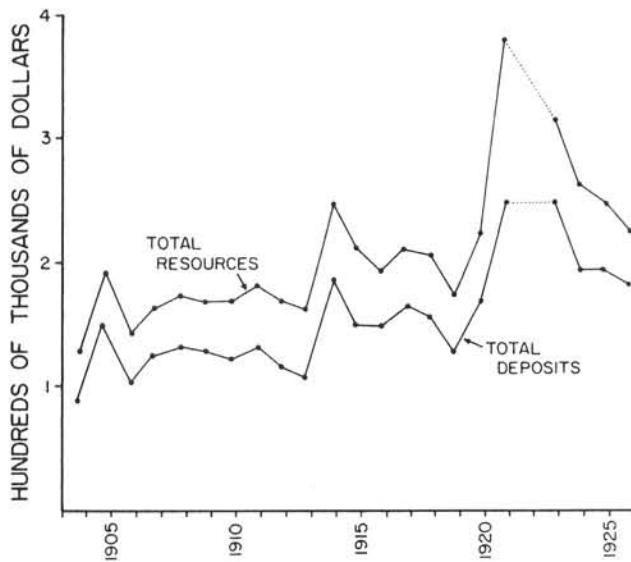
The evidence was damaging and Bludworth's case was brought before the Grand Jury of the United States, District of Arizona, in late 1921. The jury handed down indictment C1596 against him charging that he had misappropriated the Walker Bond money(45). This was the first of 24 separate indictments spanning dozens of counts arising from Bludworth's manipulations of bank funds that would come from the Grand Jury over the next two years(44).

### REORGANIZATION

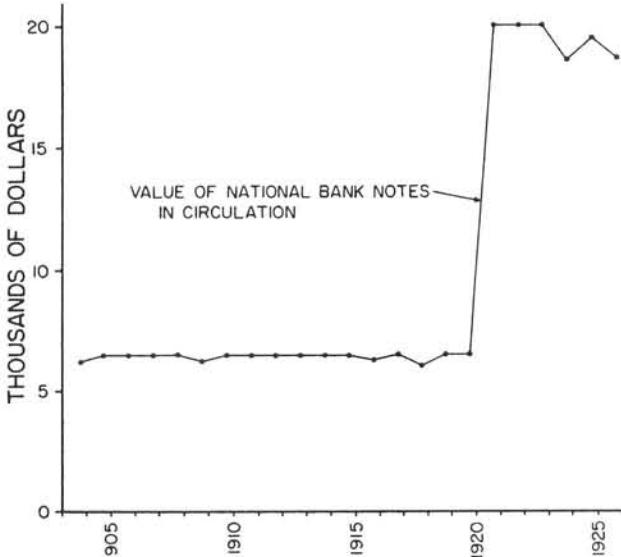
The reorganization of the bank was largely handled by Mrs. Costello's lawyer, William Bowen, who traveled between Los Angeles and Tombstone to work out the remaining details. These involved a number of crucial matters including rounding up the last of the outstanding stock for Mrs. Costello(20), (25), settlement of a \$97,000 surety bond covering county funds on deposit with the bank(22), (23), reorganization of the manage-

ment of the new bank, and securing outstanding pledges of support from depositors. Mrs. Costello stayed in Los Angeles.

At the time the bank closed, Cochise County had \$92,000 on deposit with the bank—funds that were covered by a \$97,000 security bond held by the United States Fidelity and Guaranty Company of Los Angeles. Consequently, the bonding company became the greatest creditor of the bank. On October 21, Bowen telegraphed the *Prospector* from Los Angeles with the news that an agreement was made between Mrs. Costello and U.S. Fidelity and Guaranty Company whereby Mrs. Costello would purchase the bonding company interest at a discount. On that same day a representative of the bonding company met with the county supervisors in Tombstone to deliver a check for the \$97,000 face value of their bond, and the supervisors returned the \$5,000 difference between their deposits and the value of the bond(21). This bond was the worst liability facing Mrs. Costello, and purchasing it effectively infused the bank with substantial cash, thus paving the way for its reopening.



Total resources and deposits of the First National Bank of Tombstone, Arizona.



National bank note circulation for the First National Bank of Tombstone, Arizona.

### THE BLUDWORTH CASE

Maurice M. Bludworth, former cashier and vice president of the First National Bank of Tombstone, was indicted by the Grand Jury of the United States, District of Arizona, in Tucson in 1921. He was charged with misappropriating \$15,000 in funds deposited with the bank as surety in an embezzlement case involving a former assistant Cochise County treasurer. His was criminal case 1596, and it charged that he used the \$15,000 to pay his brother \$8,000 to cover a deposit his brother had entrusted to the bank which was not properly recorded on the bank's books, and the remainder was used to cover Bludworth's personal obligations(45). As the investigation of the bank's books proceeded, numerous misapplications were discovered, as well as falsified records, and falsified reports to the Comptroller of the Currency regarding the condition of the bank. These additional findings resulted in 23 new indictments between November, 1922, and November, 1923(44).

It appears from the indictments that Bludworth utilized two companies as fronts, the First Cattle Loan Company and Solstice Mining and Milling Company, to juggle funds taken in through deposits, and funds he created through ledger entries as bogus loans to the bank, credits, or discounted paper from other banks(45). In the process he was guilty of falsifying entries, and also of falsifying statements of condition to the Comptroller of the Currency. In one interesting twist, he misappropriated \$7,192.14 to cover the cost of 40 shares of stock in his bank that he purchased for himself.

The books ultimately revealed that Bludworth not only misappropriated bank funds to cover personal liabilities, but that he also took care of his friends as well. Among the counts in the indictments are charges of excessive loans to cronies in violation of National Banking laws, bogus letters of credit to other banks for friends, and discounting of worthless paper presented to the bank by co-conspirators, wherein the bank paid out cash which was apparently used in speculative ventures(45). Several of the indictments named additional parties, some of whom were probably just fictitious names entered on the bank's books by Bludworth.

Bludworth's known crimes dated from the beginning of 1921, about the time the stock market began to sour in the post-war depression. His illegal activities resulted in 24 felony indictments. These were ultimately consolidated into three indictments, C1990, 2192, and 2220, which involved dozens of counts. As shown in the accompanying table, cases 1990 and 2192 went to trial together in the United States District Court at Tucson in late 1923 and resulted in conviction on December 15, 1923. On December 24, Bludworth was sentenced to three years in the U.S. Penitentiary at Leavenworth, Kansas, and fined \$5,000. U.S. Marshal G.A. Mank delivered Bludworth to prison on December 27th. Case 2200 was later brought before the District Court at Tucson and settled with a guilty plea from Bludworth on September 12, 1924. He was sentenced in that case to one year and one day concurrent with the previous prison term(45). A phone call to the records center at Leavenworth Penitentiary disclosed that Bludworth was released on May 18, 1926(4).

Of the several people named in the indictments as co-conspirators with Bludworth, only K.N. Coplen was convicted—of using \$487.40 in funds that Bludworth had misappropriated to his account. On June 3, 1924 Coplen was sentenced under case 2200 to imprisonment for six months in the Yavapai County Jail at Yuma(45). Ironically, Coplen was a director of the competing Cochise County State Bank at the time(34).

Table 1. M.M. Bludworth's criminal cases before the U.S. District Court for the District of Arizona at Tucson(45).

Case Number	1990	2192	220
Indicted	Feb. 19, 1923	Nov. 8, 1923	Nov. 13, 1923
Disposition	jury trial, convicted Dec. 15, 1923 for false entries	jury trial, convicted Dec. 15, 1923 for false entries and misapplication of funds	guilty plea Sept. 12, 1924 false entries and misapplication of funds
Sentenced	Dec. 24, 1923 3 years concurrent with case 2192	Dec. 24, 1923 3 years and \$5000 fine concurrent with case 1990	Sept. 12, 1924 1 year and 1 day concurrent with cases 1990 and 2192

Other indictments dismissed or consolidated into above cases were 1596, 1971 through 1989, and 2201.

In what proved to be a public relations coup, Bowen confirmed on November 3rd that Mrs. Costello would appoint J.P. Connolly as cashier of the First National Bank(24). Connolly, a native of Canada, was a graduate of St. Francis Xavier University at Antigonish, Nova Scotia, and later a graduate of Provincial Normal College(33). After teaching mathematics at St. Francis Xavier University, he moved to the southwest for his health,

which he regained(33). He found employment with the Bank of Bisbee wherein he advanced to assistant cashier over a period of 19 years. It was this position that he would leave to take over the management of the First National Bank of Tombstone. His appointment generated considerable enthusiasm in Tombstone and reinforced confidence in Mrs. Costello's integrity and commitment to the bank and the community.



Ruth Clare Costello, 1924

### SUCCESS

Mrs. Costello, her daughter Ruth, and lawyer Bowen arrived in Tombstone Wednesday, November 9th with the news that the last of the outstanding stock had been relinquished to their control the previous day in Los Angeles, and that the bank would reopen on the 10th(26). The *Prospector* was jubilant and had this to say:

Mrs. Costello in her loyalty and interest in Tombstone deserves the highest commendation. Although interest-

ed but slightly in the bank when it first closed its doors, she has come to the rescue with funds running well into six figures, rather than allow the matter to go through the hands of a receiver. Confidence in the people and future of the Old Camp inspired her to back up the institution with the result that when it opens its doors tomorrow it will stand out as one of the strongest financial institutions in the United States(26).

The first order of business before the reopening was to elect new management. This was carried out late in the afternoon of November 9th with the following result: Mrs. Costello, president; Ruth Costello, vice president; J.P. Connolly, cashier and director; Martin C. Costello (one of Mary's sons), J.N. Gaines, and C.L. Giragi (principal in the depositors committee during the closing), directors(28). By a formal resolution, receiver A.B. McCans was extended a vote of thanks for his efforts to reopen the bank.

McCans left for Dallas on the Golden State Limited the evening after the bank reopened. He made the following statement:

And while I am glad to be able to return to my home, with my mission finished, I am leaving Tombstone with fond memories of having met and associated with some of the best people I have ever known, and I will always have a warm place in my heart for Tombstone(27).

McCans also advised that the statement of the bank on its opening day was one that the citizens and officers of the bank should be proud of.



National bank notes issued by the First National Bank of Tombstone during the Costello era. Note 1953 is signed by J.P. Connolly — cashier, and Ruth C. Costello — vice president. Note 2026 is signed by Ruth C. Costello as cashier and her mother Mary M. Costello as president.



## TOMBSTONE – HISTORY AT A GLANCE

The story of Tombstone is a tale of the greatest silver rush to converge on Arizona. Its fame rivaled that of the Comstock Lode in Nevada. Tombstone did not exist prior to 1879.

A prospector named Ed Schieffelin is credited with discovering the rich silver deposits that started the rush and for naming the town that grew around the mines(32). Schieffelin prospected the San Pedro River country of southeastern Arizona for some time and made his base at a place known as the Brucknow House. This haven from the hostile Apache Indians was also home for a group of smugglers and rustlers, none of whom particularly understood Ed's interest in rocks.

One the chaps asked Ed just what he was doing on his solo trips into the countryside and mountains. He replied, "Just lookin' for stones." "Well," was the rejoinder, "you keep on and you'll sure find your tombstone out there some day(32). Schieffelin recalled this conversation upon discovering his famous lode in the fall of 1878, and in the wholesome spirit of black humor named the lode Tombstone. The first towns to spring up in the vicinity were Watervale and Richmond, respectively located about a mile west and a mile southwest of what was to become Tombstone. Both sites were unsuited for a large town so in the summer of 1879 the town of Tombstone was begun on a level mesa at an elevation of over 4,000 feet, and Watervale and Richmond were abandoned.

Like most western boomtowns, the first structures in Tombstone were tent homes, dance halls, saloons, and gambling dens, plus flimsy structures posing as rudimentary business establishments offering basic services. These gradually yielded to more substantial structures. Along with the miners came the riff-raff that prey on others. By 1880 there were 3,000 people in all, but few families. The saloons and gambling halls never closed; laws and positive social behavior did not seem to permeate the city limits.

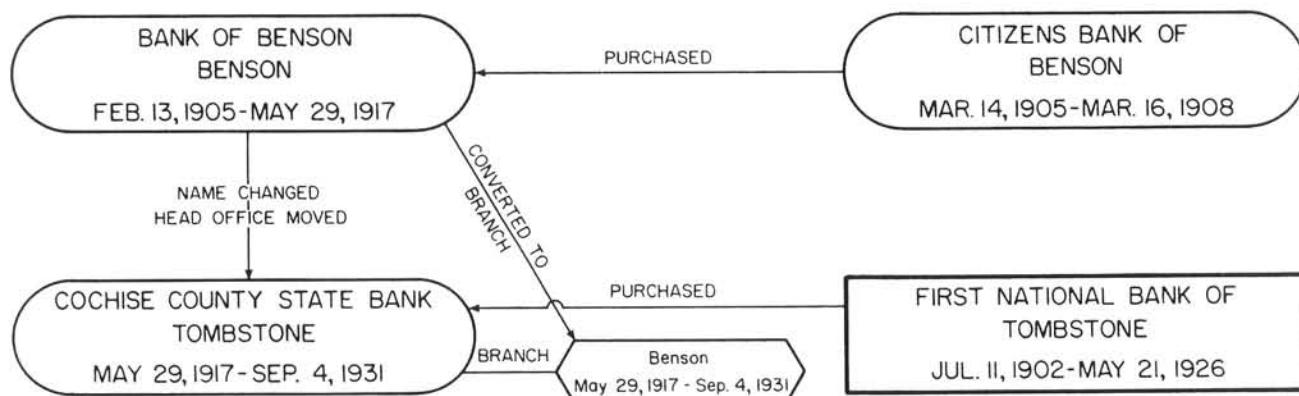
Cochise County was carved out of the southeastern part of Pima County in late 1881, and Tombstone ascended to a county seat. Concurrent with this honor, the local cattlemen organized and ran out or killed a number of the worst characters. Feuding among the remaining thugs culminated with the shootout at the OK Corral between the Earp and Clanton factions in 1882. The participants were never brought to trial, but their spate of violence aroused such public ire that all were forced to leave the county.

The heyday for Tombstone lasted only from 1880 to 1883. Two principal factors gutted the town's population in 1883: first, silver fell into a severe slump, and second, the miners struck the mines to protest a cut in wages(32). Although the mines produced fortunes in silver for many years thereafter, much of the population moved away in 1883. A number of historic sites dotted the town; among these were two handsome gambling houses, the Crystal Palace and the Oriental. Another favorite was the Bird Cage, a vaudeville theater and dance hall. A great deal of silver still lies under Tombstone, but long ago the mine workings flooded, making the silver irretrievable.

The Costello family arrived in Tombstone a few years after the boom. Martin's first apparent claim to fame was recorded in the *Prospector* in February 15, 1882. Quoting from that news story:

The first carload of Anheuser Busch keg beer to go into Martin Costello's new cold storage rooms on Fremont Street, was placed there on Friday night. So favorable has been the weather for shipping it, that the huge chunks of ice retained their shape as when originally cut and placed with the beer in the car(6).

Decades after Martin had passed from the Tombstone scene, a big sinkhole, resulting from the collapse of the ground into the mine workings, exposed some of the upper level workings near the Tombstone high school. Kids I knew who attended that school in the late 1950s used to sneak off into the old tunnels to play hooky and smoke cigarettes!



*Relationship between the First National Bank of Tombstone and the Cochise County State Bank which purchased it in 1926.*

Not a single withdrawal was made on opening day; in fact a number of new accounts were opened(28). Cashier Connolly announced the bank's new slogan: "The bank of courteous service," which would be used in advertising for years to come.

Mrs. Costello returned home to Los Angeles after a few days. Ruth stayed on with the bank, first as assistant cashier to Mr. Connolly, and then as cashier when Mr. Connolly left the bank in 1925(42). Cecil, her brother, remained director of the bank, but did not actively participate in the day-to-day affairs of the institution.

### POSTSCRIPT

On May 12, 1926, A.G. Smith of the Cochise County State Bank, with its main office in Tombstone and a branch in Benson, got his old wish by purchasing the First National Bank from Mrs. Costello(34). Mrs. Costello advised that it was her desire to sell her Tombstone interests so that she could devote her entire energies to managing her affairs in California. Once the take-over was completed, the First National Bank was formally liquidated on May 21(42). Ruth Costello was made an assistant cashier of the Cochise County State Bank, as was John M. Costello, a brother(34). None of the Costello's were on the board of directors.

By 1931, both A.G. Smith and the Costello's had severed their ties with the Cochise County State Bank. A.G. Smith, a pioneer Arizona banker, was retired and living in Benson, the location where the Cochise County State Bank was founded. The institution was under the management of acting president S.N. Spry and cashier O.E. Kellond.

The bank suddenly became a casualty in the great depression. On September 4, 1931, The First National Bank of El Paso, Texas, one of the oldest and supposedly soundest National Banks in Texas, failed. As luck would have it, the El Paso bank was the depository for the reserve funds of the Cochise County State Bank, and with the reserve funds tied up in the El Paso receivership, the bank found itself insolvent and was forced to close Saturday, September 5(35).

Efforts to resuscitate the Cochise County State Bank began immediately by a reorganization committee in cooperation with the officers of the bank and Arizona Superintendent of Banking James B. Button. A full meeting of the depositors was arranged for Thursday evening, September 10, at 7:30 in Tombstone's Crystal Theater and Friday evening at the Benson Auditorium(35). A plan was proposed whereby the depositors would relinquish a third of their deposits to the capital account of the bank, a third would be converted into time certificates of deposit payable in one year, and the remaining third in time certificates payable in two years(36). In addition, the time certificates were to be treated as negotiable. Public response was good but incomplete.

On December 17th, a second depositors' agreement was proposed wherein the depositors would get (1) a 10 percent cash dividend on their deposits the day the bank opened, (2) trust certificates for the other 90 percent, which would be backed by the remaining assets of the bank, (3) orderly liquidation of the trust fund, and (4) a promise that the directors and stockholders would assume their full liability(37). Although the terms of this arrangement were considered an improvement, there was not a 100 percent signup among either the depositors or shareholders(38), (40). As the months dragged on, the State Superintendent of Banking was forced to begin the liquidation of the bank. On February 25, 1932, it was announced that the depositors would receive their first dividend of 10 percent from the liquidation(39). All plans to reopen the failed bank had been dropped by June 3(41). Liquidation proceeded with dismal results—the

last dividend of 2.25 percent was paid to depositors by the Arizona Superintendent of Banking on December 12, 1936, bringing the total recovery to 37.25 percent of deposits at the time of closing five years earlier(3).

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30. \_\_\_\_\_, May 25, 1919, Sgt. Cecil Costello in Camp Upton.
31. \_\_\_\_\_, July 11, 1920, \$250,000 real estate deal closed in Pima County by company.
32. \_\_\_\_\_, Nov. 1924, City of Tombstone section, pp. 1, 8.
33. \_\_\_\_\_, Nov. 1924, First National Bank.
34. \_\_\_\_\_, May 13, 1926, First National Bank is sold, p. 1.

## MARY M. COSTELLO

Who was Mary M. Costello, and what was the source of her wealth?

Mrs. Costello was the wife of copper king Martin Costello who settled with her in Tombstone in 1887. At that time, Martin was 41 and a cabinet maker by trade. His wife was 21. Both had emigrated independently from their native Ireland, he from the vicinity of Dublin and she from Donegal. They met in Philadelphia but opportunities in the raw American west beckoned.

Theirs was a classic page from western lore. Martin opened a small saloon on Fremont Street, which he operated until the turn of the century.

It was common gossip that Costello befriended a lonely, tired and hungry prospector, gave him food and shelter and possibly a drink. In return, said this rumor, to show his gratitude the prospector gave all that he had, a mining claim, to the man who had befriended him. Though Mr. Costello was always frugal, it was known that he was liberal with those he liked. This was the case with the prospector.

The claim turned out to be worth considerable in copper. Mr. Costello made \$60,000 out of this deal, and then began his career in which, as was popularly said, everything that he touched "turned to gold."

Out of this money Mr. Costello invested \$50,000 in the "Irish Mag," held the property for two years and sold it for \$750,000. In a similar manner he bought the Bailey, near Tombstone for \$40,000 and sold it for \$500,000 three years later. After that Mr. Costello gradually increased his holdings so that his fortune was variously estimated at from \$4,000,000 to \$5,000,000.

Despite his vast holdings, Mr. Costello was a member of no company and never had a partner. According to his attorney, Ben Goodrich, Mr. Costello never lost any money on any investment he made; everything he "touched turned to gold(1)."

Mr. and Mrs. Costello had ten children, five boys and five girls, eight of whom were born in Tombstone. Following his great success, Martin moved his family to an elegant home at 1417 S. Figueroa Street in Los Angeles in 1902(1). It appears that he lived in Arizona afterward and commuted regularly to Los Angeles to visit his family.

Martin's health began to deteriorate in 1905 and he was eventually diagnosed as having walking typhoid fever. On a Monday morning, September 8, 1911, he visited his physician in Los Angeles regarding his worsening condition and was told there was little that could be done. After enjoying an affectionate luncheon with his entire family, he went to the Golden West Hotel, 844 E. 5th Street, rented a room, and with the revolver he had carried in pioneer days shot himself through the heart(1).

Just prior to his suicide at age 65 Martin had sold the principal interest in the Copper Belle, located near Gleeson, Arizona. He was still holding major interests in at least 50 claims in Arizona, most located near Tombstone in the Turquoise District. In addition, he had major real estate holdings in Douglas, Tucson, Nogales, Courtland, Gleeson, Bisbee, Tombstone and Los Angeles. His portfolio of bank stocks and school district bonds was reportedly valued at many hundreds of thousands of dollars(29).

Mrs. Costello was a rather typical turn of the century Victorian homemaker when Martin died. Their eldest son was 19, and the oldest daughter was 16 at the time. Suddenly Mrs. Costello found herself sole heir to a vast and complex estate, which would demand significant attention and acumen. The record demonstrates that she quickly grew to her newfound responsibilities.

Among her major tests was the famous Costello-Cunningham suit filed against Martin's estate on April 5, 1912, by heirs to the estate of one Patrick Cunningham who had died in 1899(10). The suit alleged that Martin had not settled fairly with Cunningham's widow during the year 1901 on a package deal including 17 major claims in the Warren District near Bisbee. Cunningham was half-owner in these claims, and Costello sold them between 1899 and 1904 to the Calumet and Arizona Company and the Shattuck Company for a reported total of \$1,000,000. The biggest producer among these properties was the prolific Irish Mag, one of the great copper deposits in the southwest from which the Calumet and Arizona Company produced millions.

The Costello-Cunningham suit dragged on for 7 years during which the case was repeatedly appealed by both sides. Three lawyers on the case died during this period among a total of 13 attorneys involved. The initial suit claimed that \$525,878.34 was due the Cunningham estate. Final settlement was made on March 9, 1919 for about \$200,000.

The Willard Hotel in Tucson was among the assets that Mrs. Costello inherited. Built in 1902 on the corner of South Sixth Avenue and East Twelfth Street, it was, at the time, Tucson's largest and most luxurious hotel. News reports of 1913 vintage reveal that Mrs. Costello lived at least part of the time in Tucson and actively managed this fixture(7). Business and social life brought her to Tombstone frequently. Her desire to return to Los Angeles and probably a desire to simplify her affairs prompted her, on July 6, 1920, to sell her entire Pima County holdings, which included the Willard Hotel(31). The purchaser, for a quarter of a million dollars, was the Excelsior Realty and Improvement Company, a corporation headed by Albert Steinfeld, a very prominent Tucson merchant and president of the Consolidated National Bank of Tucson. Numerous other important commercial, residential, and undeveloped properties were included in that transaction; \$250,000 bought a considerable amount of property in those days!

*(Continued on page 126)*

35. \_\_\_\_\_, Sept. 10, 1931. Reopening of closed Cochise County State Bank will depend entirely upon 100% cooperation of depositors, p. 1.
36. \_\_\_\_\_, Sept. 17, 1931. Second letter is sent to bank's depositors, p. 1.
37. \_\_\_\_\_, Sept. 17, 1931, New and approved agreement received and submitted to depositors, p. 2.
38. \_\_\_\_\_, Jan. 7, 1932, Stockholder liability met 80%; depositor 50% sign-up helpful, but rest must sign, p. 1.
39. \_\_\_\_\_, Feb. 25, 1932, 10% dividend checks mailed soon, p. 1.
40. \_\_\_\_\_, April 7, 1932. Slowness of final small per cent of depositors in signing up puts reopening plan for local banks in limbo, p. 1.
41. \_\_\_\_\_, June 2, 1932, Bank reopening plan is dropped, p. 1.
42. U.S. Comptroller of the Currency, issued annually, *Annual Reports of the U.S. Comptroller of the Currency*: U.S. Government Printing Office, Washington, D.C.
43. U.S. Comptroller of the Currency, Aug. 18, 1902, *Report of Organization of National Banks*: U.S. National Archives, Washington, D.C.
44. United States District Court, District of Arizona, various dates, *Criminal Docket sheets for C-1990 TUC and C-2192 TUC, United States of America vs. Maurice M. Bludworth*: Office of the Clerk, Tucson.
45. United States District Court, District of Arizona, various dates, *Recognizances of Appearance, Indictments, Verdicts, Commitment to Penitentiary, Commitment to County Jail, and other records, United States of America vs. Maurice M. Bludworth, C-1596, 1971 through 1990, 2192, 2200, 2201 TUC*: Los Angeles Federal Archives and Records Center, General Services Administration, Laguna Niguel, California.



## Costello (Continued from page 125)

Mrs. Costello was 45 years old when Martin died. By the time she took control of the First National Bank of Tombstone, she was 55. By 1924 she was honored as "a capitalist and business woman, well-known for her financial standing throughout the Southwest(33)." She was the largest property holder in Tombstone in the early 1920s.

Mrs. Costello gradually retired and maintained her home in Los Angeles where she died December 12, 1941, at 74 years of age(2). Her daughter Ruth stayed in Tombstone after the bank was reopened and married in 1926. One of Mary's sons, Cecil, began his career in ranching in 1915 in the Cochise Stronghold country 12 miles northeast of Tombstone. His Sycamore Springs Ranch was one of the most successful spreads in the area, earning Cecil prominence throughout the state. He took about two years out of his ranching career to serve in the trenches of World War I during which he rose to the rank of sergeant(30).



## Insurrection (Continued from page 111)

notes as emergency money were issued in the following denominations: 10 and 15 gr., 1, 2 and 5 zlp, each in different paper colors (white, green, yellow, pink and blue) and signed by the issuer (Malachowski) and his clerks. One should remember that paper money has not been so unfamiliar to T. Kosciuszko. During his American campaign he probably saw and used various notes issued by both the Continental Congress and the individual colonies, or states, in America. Here again we come to the American aspect of T. Kosciuszko's unusual career that proposed this last observation as a hypothesis. Two and a half months of treasury notes circulating in Warsaw amounted to no more than 6 million ducats, estimated according to the nominal value of all the paper money printed during this turbulent

period. The next chapter in the history of Polish paper money took place in the Duchy of Warsaw, which existed during the Napoleonic wars in central and eastern Europe in the early 19th century. On the other hand Polish territories seized by Russia, Austria and Prussia were incorporated into the monetary markets of those three partitioning powers, which just began to issue their own paper money at the turn of the 18th and 19th centuries.

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Mikolajczyk, A., *Najstarsze banknoty polskie w zbiorach Muzeum Archeologicznego i Etnograficznego w Łodzi* (The earliest Polish notes in the collection of the Archaeological and Ethnographical Museum in Łódź), Prace i Materiały Muzeum Archeologicznego i Etnograficznego w Łodzi, seria numizmatyczna i konserwatorska vol. 2, 1982, pp. 51-62, plates I-XII.

## Footnotes

1. Hetman was the highest military rank, from the 16th to the 18th century, in the Kingdom of Poland and the Great Duchy of Lithuania; it was held independently.
2. Voivodship (województwo) is a traditional Polish administrative unit, equal to province or department.
3. Mint-foot was the basis of the Polish monetary standard; it established the quantity and quality of coins struck.
4. Great Poland is the name of one of the Polish historical provinces.



## Dom Pedro (Continued from page 117)

tion was accomplished in Brazil. In 1880, he lost his popularity among the wealthy landowners due to his liberal policies, including the abolition of slavery, freedom of speech and freedom of the press.

A military revolt helped create the Republic of Brazil, which was established on November 15, 1889. Dom Pedro II left the country with his family, refusing the considerable sum of money offered to him. He died two years later.

The reversed portrait of Dom Pedro II has bothered me for years, so I decided to submit my observations to these pages. Undoubtedly there are portraits of others, printed or engraved in reverse. Have you seen any?

From the illustrations shown here we can see that if a portrait is to be reversed, without visible notice, the subject must have his or her hair parted in the middle, or no part at all, and have no overlapping lapels.

This article was originally published without illustrations in the *International Bank Note Society Journal*, Vol. 24, No. 1, 1985. Since then I have located photographs that illustrate the text.