

# The National Bank of Commerce in New York

## A Giant Remembered

by DAVID RAY ARNOLD, JR.

*There were giants in the earth in those days. But those days, the Narrative continues, were soon followed by a flood, after which the giants were no longer seen. Those towering hunters of old were not the only giants; history is filled with others, from brontosaurus to battleship. Each had its day, often followed by decline, disaster or disappearance. In company with the latter was a titan of banking once known as the National Bank of Commerce in New York.*

**T**HE National Bank of Commerce in New York is a name well-recognized by collectors of national currency because of enormous note issues. Wismer dated the bank's opening as January 1, 1839. However, in diamond jubilee publicity on April 3, 1914, the date of organization as a state bank was given as April 3, 1839. Capital stock was \$5,000,000.

Founders of the bank included two bankers, two capitalists, two lawyers and twelve merchants. The same group became the first board of directors. Operation was to be as a strictly commercial bank, as the name implies. Subsequent boards throughout the bank's entire history comprised a large representation of the commercial interests of the country. That very prudence, incredibly, would draw a peculiar hostility toward directors in years to come.

The bank's first president was Samuel Ward, father of Julia Ward Howe, famed authoress of *Battle Hymn of the Republic*. Samuel Ward was a descendant of Governor Ward of Rhode Island, a member of the first two Continental Congresses. Mr. Ward's time in the office of president was brief; he died before the end of 1839, to be succeeded by John Austin Stevens. The names of the bank's presidents and the dates of their terms up to the diamond jubilee may be of interest to collectors for correlation with signatures on notes.

Note issue in the early years was not a matter of first importance to the bank. Wismer cited a resolution to no longer issue currency after October of 1849, and said that by 1862 circulation had been reduced to \$1,715. Haxby's comment is in agreement: "No notes appear to have been issued after 1849 until the institution became a National Bank." Capital stock was doubled in 1856 to \$10,000,000.

A fraudulent \$5 note of an imaginary bank, but bearing The Bank of Commerce name, is pictured herein. Haxby describes but does not illustrate a few other altered and non-genuine notes of this phantom. Except for \$50, \$100 and \$500 designs in proof, it seems that the only collectible obsolete note of the real National Bank of Commerce in New York is the \$10, Haxby NY-1535-G4a.

### Presidents Succeeding Samuel Ward through the Diamond Jubilee

Name	From To
John Austin Stevens	1839-1866
Charles Handy Russell	1866-1867
Robert Lenox Handy	1867-1878
Henry F. Vail	1878-1881
Richard King	1881-1892
W.W. Sherman	1892-1899
Joseph Clifford Hendrix	1899-1902
Valentine P. Snyder	1902-1911
James S. Alexander	April 1, 1911
Served during the diamond jubilee, and later as Chairman of the Board.	

In 1865 the all-important word "national" was added to the bank title. Oddly, information given *The New York Times* for observance of the bank's 75th anniversary referred to nationalization in 1864. The discrepancy is not irreconcilable. Organization for the change may have been effectively completed by late 1864, but the Charter Number 733 can only have been granted in 1865—as it was, on January 19. John A. Stevens, who had already served the bank for a quarter of a century, presided over the transition to national status. He resigned in 1866, but remained a director until his death in 1874. Charles Handy Russell, the next president, was one of the original associates, and a member of the first board.

Avoidance of a substantial circulation became a concept forgotten by the bank. National currency notes abounded from the beginning and throughout all of the charter periods, although not in every type. In the \$5 denomination alone, 364,000 notes were issued in the original series. The lowly \$1 and \$2 were disdained, but the high values of \$500 and \$1000 were included. Those lofty denominations were again paraded in the series of 1875.

Generous benefits were long the policy of the bank for its personnel. A yearly bonus plan was established in 1851. Employees with five years of service received five percent of their yearly salary, and after ten years of service, ten percent. During the economic disturbances of the Civil War and for many years afterward bonuses ranged from 20 to 50 percent. Beginning in 1866 daily lunches were furnished. A pension system was voted by the directors in 1884 and by 1914 life and disability insurance plans had been added. These actions were extraordinary for their time.



Obsolete note dated May 4, 1845, purportedly of The Bank of Commerce in New York City. According to Haxby, this note is fraudulent and an alteration of another company's issue. The instrument has a thoroughly authentic appearance, including the John A. Stevens signature as president. A believable registration notice is imprinted on the back. If it was intended that this note be associated by the unwary with the real Bank of Commerce, it was an unwelcome compliment to that establishment.

Upon absorption of The National Union Bank in 1900 the capital was again increased to \$10,000,000 (it had been reduced to \$5,000,000 in 1877). When The Western National Bank of the U.S. was assumed in 1903 the capital was further increased to \$25,000,000, making the National Bank of Commerce in New York one of only two banks in the city with that capitalization. Its surplus and undivided profits shown on the statement of March 4, 1914—the last statement to the Comptroller of the Currency before the 75th anniversary—were \$16,939,541, with total resources of \$216,000,000.

The banks absorbed in 1900 and 1903 had themselves undergone a number of financial intricacies. They can be traced in Hickman-Oakes and in Kelly.

In all the years of its existence the bank never moved more than a few blocks. Its first location was in the Merchants Exchange Building at 46 Wall Street. In 1842 it shared a building on what was later to become the site of the United States Assay Office. A lot at Nassau and Cedar Street was purchased in 1856 for \$230,000, and the bank's own four-story building was erected the following year. The lot adjoining was bought in 1894 for \$225,000, providing over 100 feet of frontage onto Nassau. Business was conducted in temporary facilities at Nassau and Liberty Street during the construction of the building into which the organization moved on May 3, 1897.

New attention was brought to American monetary policy during the years 1901–1913. Improvement had always been a goal, and plain meddling always a danger, but the panic of 1907 revealed a serious lack of flexibility. When most needed, the expansion of purchasing power and the actual currency to apply it could not easily be brought about.

Legislation sponsored by Senator Nelson Wilmarth Aldrich and Congressman Edward Butterfield Vreeland enlarged the base for creation of bank currency. Elaboration will be reserved for a supplement presenting the Aldrich-Vreeland Act. Seasoned collectors of national bank notes generally understand the purpose of the act, and they recognize notes issued under its terms. Those newly interested are referred to the note illus-

trated. Adequate basic information can be found in the standard references.

As we know, there have been as many kinds of American paper money as reasons for them. The dominant class of currency during one period may be different from that in another. From 1881 to 1890 national bank notes led, surpassing even gold coin in 1881. In the 1890s silver certificates were the largest class of paper money. National banknotes were still prominent in the first decade of the twentieth century, leading again in 1901–1903. Beginning in 1904 the popular gold certificates appeared in larger amounts. By 1918 the new Federal Reserve notes dominated, and were to become overwhelmingly the nation's chief kind of paper money. National bank notes remained a significant supplemental currency until their rapid decline after 1934.

After the panic of 1907, unrelenting scrutiny was given to such amorphous symbols as Wall Street, the Money Trusts, International Financiers—any term with a sinister tone would do.

Form No. 120	
National Bank of Commerce in New York.	
Your favor of <u>24</u>	New York, <u>Oct 30</u> 1909
is received, with enclosures.	
We enter for collection:	We credit, subject to payment:
	<u>4.00</u>
Out-of-town items are credited subject to actual final payment.	
Respectfully, NEILSON OLcott, Cashier.	

Deposit receipt given by the bank in 1909. Four dollars—so minor a sum today—was in 1909 a typical amount suggested for savings from a well-budgeted monthly income of \$80. Could this \$4 have been a deposit by some prudent young earner who valued the advice of his elders? Neilson Olcott, whose name is on this receipt form, was a signer of the bank's notes.



National Bank of Commerce note of the Series of 1902. Blue seal, amended security legend, and dated back quickly identify an Aldrich-Vreeland issue. Printing of this plate, in a 5-5-5-5 pattern, was to reach bank serial 1000000. "The" has been dropped from the bank title as the simplest change possible following reorganization on October 5, 1903. Signatures are heavily printed by letterpress; the masterpiece of illegibility at the right is the name of the bank's president, V.P. Snyder.

A wizard of such mysteries was the imperious J. Pierpont Morgan. His signature appears on notes in the brownback series of 1882. He did not sign as president of the bank, however. An unobtrusive "V" is written below his name. It is an overstatement to call The National Bank of Commerce in New York "J.P. Morgan's bank," although his powerful influence is undisputed.

Morgan was not free from imperfection, but he had some very human qualities. He could be generous in good causes, he was sincerely devout, and he did have a certain sense of humor. Unsure of Theodore Roosevelt's friendship or enmity, he nevertheless made substantial contributions on his behalf. Roosevelt had publicly praised Morgan, but he also condemned wielders of great financial power. Told that the old Rough Rider was going to Africa to hunt big game, Morgan remarked, "I hope that the first lion he sees does his duty."

Almost bankrupt of gold in 1895, the United States was holding less than \$10 million. Morgan organized a private bond sale that forestalled default. In the 1907 crisis he kept the Stock Exchange open, and maintained the solvency of New York City. When his motives were later impugned and he was asked why he was unwilling that others take the role he assumed, he replied calmly, "They could not do it." There is little doubt of that.

J. Pierpont Morgan died on March 31, 1913.

Power of startling magnitude was attained through affiliation of financial institutions with banks, transportation systems, public utilities and other corporations. Fifty-seven directorships were held by The National Bank of Commerce in New York in 22 other banks and trust companies. Twelve of those directorships were in the Guaranty Trust Company, with which the bank later merged. The Guaranty Trust Company had 63 directorships in 19 banks and trust companies. Through a voting trust the Morgan organization controlled the Guaranty Trust Company. It is apparent that the sinews—some said tentacles—of the corporate bodies were so intertwined that their course was never fully determined.



The National Bank of Commerce in New York, early 1900s: the main office of the bank from May 3, 1897. Even the giant's home has vanished, for this building no longer exists.



National Bank of Commerce in New York issued about two and one-half times as many third charter notes than were emitted for the first two charter periods. Third charter issues all appeared after the assumption of The Western National Bank of the U.S. in New York on October 5, 1903, at which time the

### The Last Merger

## MERGED BANK OPENS TODAY

### Guaranty Trust Now Contains Old National Bank of Commerce

The merger of the Guaranty Trust Company of New York and the National Bank of Commerce into a new institution with the name of the former and capital, surplus and undivided profits of \$184,000,000 will be completed this morning when the combined institution begins business at 140 Broadway.

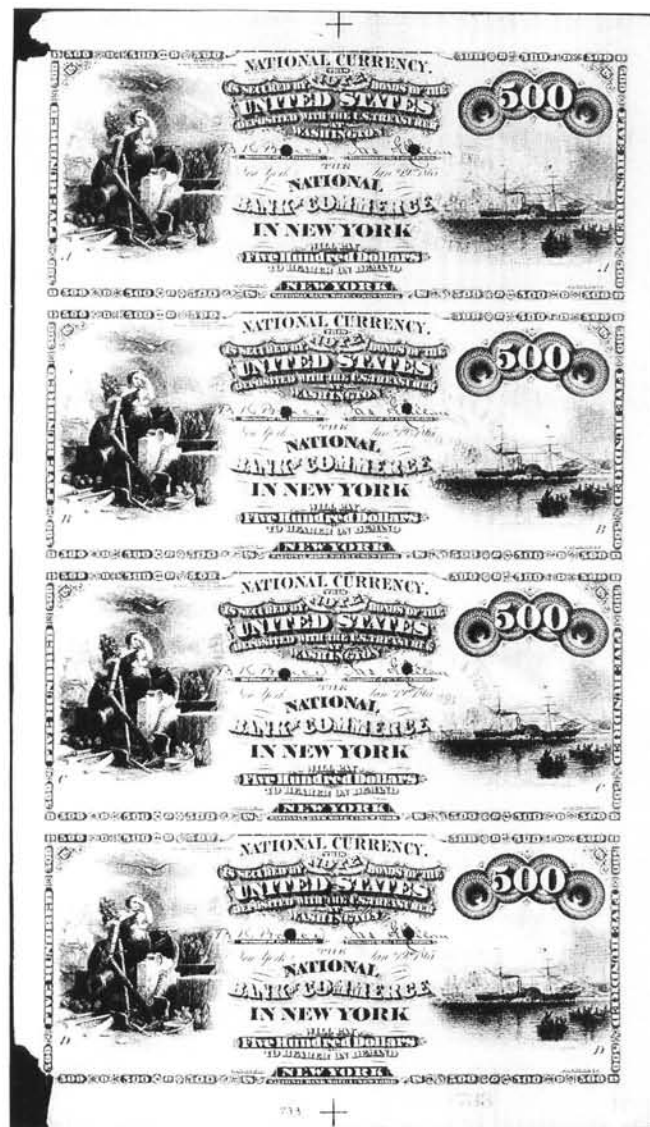
Extensive alterations in the capital structure of the institutions and in the group of buildings which now constitutes the main office of the new bank were necessitated by the merger. The main office now occupies six of the seven large buildings in the block bounded by Broadway, Liberty, Nassau and Cedar Streets. It also occupies all but the upper floors of the building of the New York Clearing House Association in Cedar Street. Announcement of plans for the merger were made formally on Feb. 25.

May 7, 1929

Operations under the new organization began on May 7, 1929. The New York Times anticipated the event by one day; this item appeared in the May 6 edition. The bank had continued for 90 years, 64 of them under a national charter. In March of 1914, immediately prior to the 75th anniversary, capital, surplus and undivided profits totaled \$41,939,541 and total resources were \$216,000,000. At the time of the merger in 1929 the total resources absorbed by the Guaranty Trust Company from National Bank of Commerce in New York were nearly \$800,000,000. That was an immense sum, even for the giddy days before the stock market crash.

formal, capitalized "The" was eliminated from the title of National Bank of Commerce in New York. Total issue of the bank was a staggering \$155,875,000, all in large-size notes. Hickman-Oakes cites \$338,085 to be outstanding at the close. As large as that figure seems, it is roughly only two-tenths of one percent of the total issue.

In its ninetieth year National Bank of Commerce in New York was voluntarily liquidated as a national bank on April 5, 1929. It was quickly re-formed as a state bank preparatory to merger with the Guaranty Trust Company of New York. On April 9 the institution's name was again Bank of Commerce, a



A series of 1875 sheet in high denomination, engraved by the National Bank Note Company. The 500-500-500-500 scheme was used only for the National Bank of Commerce in New York. The scene on the right commemorates the arrival of the Sirius in New York harbor on April 22, 1838. Until that date steamship lines between Great Britain and North America made little impression, but the Sirius had made the voyage in 17 days—entirely under steam. The ship was named after the Dog Star, the brightest in the heavens. This certified proof by the Bureau of Engraving and Printing was illustrated in Peter Huntton's "United States \$500 and \$1,000 National Bank Notes," Paper Money, July/August, 1988.

fleeting return to its own past. During the process of liquidation eighteen massive safes were scrapped for want of a buyer. Probably all collectors wonder whether every ingenious secret compartment was discharged of contents before scrapping. Finds have been made in less likely places.

In further implementation of merger plans, capital was again increased, on April 20. Four days later a \$1,000,000 gold shipment arrived from Argentina. Another \$1,000,000 in gold was to come from Buenos Aires on May 9, and that would be followed by \$1,850,000 more on June 26. Commercial activity on

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## Syngraphic Vignettes

by ROBERT H. LLOYD

### "1923" Short Series

**T**HE decade of the 'twenties saw the start and early demise of the last new designs for our large-size currency—the series of 1923. Four of these designs were heralds of new note styles that some thought were long overdue. The concept of unified designs fostered the idea that each denomination of the different types of currency should have the same features, same portrait, etc. to aid in quick recognition. The various classes of notes would be distinguished by seal color. The backs would be uniform for each value.

Apparently many people felt that there were too many designs for the same denomination. We had been living with this since the Civil War. It grew worse with the changes in the national bank issues that placed two distinct designs and series in daily use for years. Then you add the new Federal Reserve Notes in 1914, the Federal Reserve Bank Notes in 1915 and 1918 and you had quite a variety. So, until the end of the decade we had four types of \$5s and \$10s, and three types of \$20s, \$50s and \$100s.

It is a fact that many people desire easy recognition. That is the reason many countries use differing colors on the face of their notes. People do not like to scan their notes. These are the folks who dislike the \$2 bills, remarking that they get mixed up with \$1s, or that they look like \$1s. They look as much like \$1s as \$20s do \$10s. The trouble is, small cash registers have only four spaces intended for \$1s, 5s, 10s and 20s; so the \$2s have to be placed under the tray.

Promoters argued that uniform designs would save printing costs (it would) and decrease counterfeiting. Just how the last concept would be accomplished is a bit doubtful. If anything, it might aid fraud; the felon could make the slightest changes in seal color, etc. and, using the same back plate, be in business again.

When they finally did appear the new 1923s were a bit of a disappointment. The \$1s were of good artistry, having much in common with the Federal Reserve bills, with "THE UNITED STATES OF AMERICA" across the top of the note. But, in my opinion, the Washington portrait was inferior to that of 1869 (1874, 1878, 1880 & 1917).

The "port hole" \$5 was pleasing, even if the frame seemed a little heavy. The \$10 U.S. note was really odd having a small portrait and a heavy wide frame. Both the backs other than the \$1 were pleasing, but the back of the \$1 lacked character. The use of new colored counters was welcome. The newspapers of the day had little to say about the designs.

There was already talk about reducing the size of our notes to those in use in the Philippines. So it is understandable why there was no \$2. It would have helped, however. And a new \$5 U.S. note with the port hole and red seal would also have been

acceptable. However, the old 1907 Series \$5s continued in use until 1929.

In those days, tellers usually kept a pack of crisp notes in plain sight, especially at holiday time. I recall the day I first saw the 1923 \$1s with the red seal. I promptly paid for one, for a "birthday" gift. It was number A29 563 599B, and I held it for years. The teller peeled the note from the back of the pack, thus keeping the last serial number indicative of the remaining notes, the serial 600 having been already given out.

This is a set that you can complete, but it will be costly if you desire perfection. The \$10 is rare in choice condition, and the \$5 almost so. Used, clean notes are often available. Except for the \$1 silver certificate, the last three never got out of the first serial block, and the \$5 and \$10 were token printings only. Hardly used, the plates of these went to scrap.

Block number collecting had not really started at this time. But collecting 1923 blocks will be easier than 1899 black eagles. For the first time, collectors became aware of "change-over" pairs.

### GIANT — (Continued from page 185)

Sunday was not usual, but on the day preceding the opening employees worked in order to learn the running of the combined institutions. The next morning, May 7, the new organization began business.

The venerable National Bank of Commerce in New York is gone, its passing a matter of metamorphosis rather than of mortality. A giant that once engulfed lesser creatures of its breed was itself at last taken into the arms of an even mightier cousin.

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