

Edward I. Edwards, Jersey City Banker and Politician

by MICHAEL G. KOTORA

During my investigation into the history of the national banks of Hudson County, New Jersey I have come to realize how closely banking was intertwined with politics in this area. This was especially true in Jersey City, the county seat. To illustrate this close relationship between banking and politics, the following is a brief biography of Edward I. Edwards, a banker who, except for some character flaws, might have ended up in the White House.

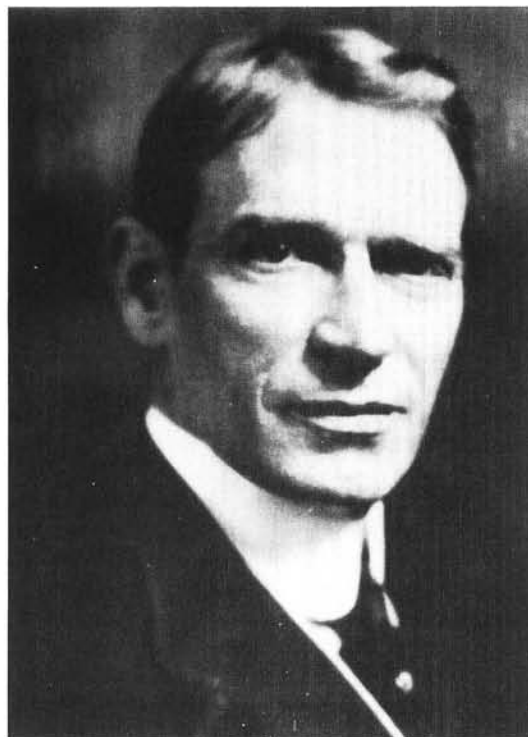
Edwards' Early Life

EDWARD I. Edwards was born in Jersey City on December 1, 1863. His father was a truck gardener in the Lafayette section of the city. Until he left school young Edwards helped his father cultivate his farm. He attended the Jersey City public schools and went on to New York University. Edwards left college after his junior year to study law in the office of his elder brother. He soon found he disliked the legal profession, and in 1882 he took a position with The First National Bank of Jersey City (charter 374). Edwards started as a runner and clerk at the salary of two dollars per week. After seven years at The First National his banking career seemed to come to an end when he left the bank to become a member of the firm of Edwards Brothers. This family company was engaged in the general contracting business. At about this time Edwards married Jule Blanche Smith. Their marriage produced a son and a daughter.

Throughout Edwards' life he was known as a man who would study hard to learn any job he was taking on. Once on the job he was a very hard worker who could get things done. Edwards was also a very genial man whose ability to make friendships easily suited him in both business and politics. These personal qualities are probably what caused President E.F.C. Young of The First National Bank of Jersey City to bring Edwards back to the bank as his assistant in 1903. He became cashier in 1907. Young died in December 1908 and was succeeded as bank president by his son-in-law, George T. Smith.

Edwards' Political Career Begins

The officers of The First National Bank had long been involved in Democratic Party politics. E.F.C. Young controlled the Hudson County party machine in concert with Democratic boss Robert Davis. Young, a business associate of J.P. Morgan, participated in many businesses other than banking. Both he and George T. Smith were heavily involved with the railroad companies which owned one-third of Jersey City's real estate. A main political goal of these men was to keep the tax assessments on this real estate low so their companies could pay a minimum in property taxes to the city. They succeeded in keeping the railroads' property taxes so low that the city couldn't afford to provide such basic services as good schools or paved streets. In 1901 E.F.C. Young and Robert Davis forced the local Democratic Party to nominate George T. Smith as its



Edward I. Edwards. Edwards served as cashier (1907-1916) and president (1916-1925) of The First National Bank of Jersey City. He was also governor of New Jersey (1920-1923) and a U.S. senator (1923-1929).

candidate for Mayor of Jersey City. Smith's connection to the Pennsylvania Railroad Company helped to make him unpopular with the voters and he was defeated by a Progressive Republican.

Edward I. Edwards' political career began in earnest on February 7, 1911, when he was appointed state comptroller by the Democratically-controlled New Jersey State Legislature. However, he continued to hold the position of cashier at The First National Bank. As comptroller Edwards looked after state expenditures. He found his banking experience useful and became a success in his new job. The comptrollership, however, was not the sort of position that normally produces the publicity that an ambitious politician craves. In 1912 Edwards created a controversy which made him well-known throughout the state. In that year New Jersey Governor Woodrow Wilson was running for president. One of Edwards' duties as comptroller was to pay public officials, including the governor. Edwards refused to pay Wilson his salary on the grounds that he couldn't possibly be performing his duties as governor while he was campaigning around the country.

In 1913 Edwards attempted to become state treasurer. By this time Woodrow Wilson had become President of the United States. Wilson obviously was still angry about having had his pay docked the year before because he used his influence to deny the treasurers' post to Edwards. Edwards continued as state comptroller until 1917.

Edwards' Career Reaches Its Peak

When the Clayton Act took effect in October 1916 George T. Smith was president of both The First National Bank of Jersey City and the state-chartered New Jersey Title Guarantee and Trust Company of Jersey City. Under a provision of the new law Smith was required to give up one of these positions. He chose to resign from the presidency of The First National Bank. Edward Edwards succeeded him as president. At about this time Edwards also became a vice-president of The Merchants National Bank of Jersey City (charter 9229).

Robert Davis, the old Democratic party boss of Hudson County, had died in 1911. One of the men who aspired to replace him was Jersey City Police Commissioner Frank Hague. While posing as a reformer, Hague was building what would become one of the most powerful political machines in American history. Edward Edwards was astute enough to realize who was going to win the political power struggle that was then taking place. He backed Hague with his money and political influence in the 1917 elections which resulted in Hague becoming Mayor of Jersey City.

After having consolidated his power in Hudson County, Hague wanted to extend his influence throughout the state. In order to do this he needed his own man in the governor's office. The man he chose as his candidate for governor in 1919 was Edward Edwards. Considering his background, Edwards ran a

rather strange campaign. Although his bank had long been allied with the corporations which dominated New Jersey, Edwards attacked the power of the railroads and utilities. Although Edwards was a Protestant and a Mason, he championed the issues favored by the state's Roman Catholic population. Although he himself never touched alcohol, Edwards made opposition to prohibition his main campaign theme. Edwards vowed to make New Jersey "as wet as the Atlantic Ocean" despite the Eighteenth Amendment which outlawed alcoholic beverages. With Frank Hague's strong support Edwards was elected Governor of New Jersey by a slim margin. To pay his political debt, Edwards allowed Hague to select the men who would fill the many positions appointed by the governor.

Edwards' campaign against prohibition had attracted favorable attention throughout the country. In 1920 Edwards decided that he would try to be the second straight governor of New Jersey to be elected President of the United States. He went to a wide-open Democratic convention in San Francisco as the New Jersey delegation's favorite son. Although William Jennings Bryan denounced him as "an agent of the liquor interests" (Bryan was as much against alcohol as he was against the Theory of Evolution) Edwards was able to pick up some support at the convention. On the 44th ballot Governor James M. Cox of Ohio was finally selected as the nominee. Cox went on to lose the general election to Warren G. Harding.

In 1922 Edwards' three-year term as governor was nearing an end. He declared his candidacy for the U.S. Senate. Edwards was a popular governor and he was easily able to defeat the incumbent Republican senator.

While in Washington Senator Edwards' primary concern was his fight against prohibition. He favored the World Court and a reduction in the income tax. Edwards also supported the enactment of the McFadden Act of 1927. This law was designed



George T. Smith. Smith served as president (1908-1916) of The First National Bank of Jersey City.



Edward F.C. Young. Young served as cashier (1874-1879) and president (1879-1908) of The First National Bank of Jersey City.



A 1902 Plain Back note with the signatures of E.I. Edwards as president and Henry Brown, Jr. as cashier.



A 1902 Date Back note bearing the signatures of E.F.C. Young as president and E.I. Edwards as cashier.

to put national banks and state banks on an equal footing in regard to their ability to open branches. If a state's law allowed state-chartered banks and trust companies to open branches, then national banks located in that state would also be allowed to open branches. In June 1927 Senator Edwards' own First National Bank of Jersey City became the first national bank in the country to open branches under the authority of the new law.

Edwards' Career in Decline

In 1925 Edward Edwards retired as president of The First National Bank of Jersey City. He was succeeded by Kelley Graham. At that time Edwards became chairman of the board of the bank. In January 1928 Edwards ended his association with The First National Bank when he resigned as both chairman and director. He did this so his way would be clear to accept the chairmanship of the New Jersey Bankers' Securities Company. This was a bank holding company which had been established the previous year by Harry H. Weinberger, who served as its president. Weinberger's stated intention was to raise money from small investors by selling them stock in the company. This capital would then be used to gain control of banks throughout New Jersey by buying a majority interest in their stocks. The Bankers' Securities Company quickly gained con-

trol of seven state-chartered banks and trust companies and signed contracts to acquire eleven more.

One of the main reasons Edward Edwards joined the Bankers' Securities Company was to get the financial backing he needed to become the president of the Journal Square National Bank of Jersey City (charter #12255). The Journal Square National was a fast-growing and prosperous bank which was situated in the heart of the city's new commercial district. John Warren was the bank's president and majority stockholder. On December 30, 1927 Edwards signed a contract to buy Warren's controlling interest in the bank. When this deal was announced the bank's minority stockholders said that they had been given the right of first refusal on Warren's stock. They sued both Warren and Edwards because they hadn't been offered the stock before it had been sold to Edwards. This lawsuit caused Edwards' agreement to buy the bank to fall through. Soon all the principals in the contract were involved in litigation over the failed agreement.

At this point Republicans in the New Jersey State Senate realized that Edwards might be in deep trouble because of his dealings with the Bankers' Securities Company. A scandal might cause him to lose his bid for reelection to the U.S. Senate in November 1928. A state senate committee was soon inves-



This 10-story office tower was constructed to house The First National Bank during Edward I. Edwards' tenure as president. It was completed in 1921. The building still stands at One Exchange Place in Jersey City.

tigating the company. The results of the investigation, which were made public just before the election, were a disaster for Edwards. It was charged that the Bankers' Securities Company was operated as "a stock selling scheme" in which stock in the company was sold to unsophisticated investors at inflated prices. The company's officers made high profits on these sales. It was revealed that Edwards was being paid \$25,000 per year by the company. This was a very large salary for the 1920s. The committee alleged that Edwards had done little to earn the money except to lend his good name to attract investors for the company.

Not even Edwards' usual statements against prohibition could counteract the negative publicity resulting from the investigation. He lost the 1928 election by a landslide and John Warren lost control of the Journal Square National Bank. It went through several changes in ownership and was eventually absorbed by the Hudson County National Bank of Jersey City (charter 1182) in August 1933. Harry H. Weinberger was indicted for the mismanagement of the Bankers' Securities Company. The company was put into receivership and all of the banks it controlled were closed by order of the New Jersey State Banking Department.

Edward Edwards' last years were not happy ones. His wife had died during the 1928 election campaign. Mayor Frank Hague refused to support him for any other elective office. He

suffered financial losses in the 1929 stock market crash and in the depression which followed it. Edwards' health began to fail and he fell into a depressed state which resulted in his suicide on January 25, 1931.

A Postscript

The First National Bank of Jersey City (charter 374) was one of the leading banks in New Jersey for over one hundred years. It had the second-largest issuance of national bank notes in the state for the entire note-issuing period. Although this bank's notes are common today, they will perhaps be better appreciated once some of the interesting history behind them is known.

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