

THE BLACKSTONE NATIONAL BANK of PROVIDENCE RI

by BOB COCHRAN

I've owned a note issued by the Blackstone Canal National Bank of Providence, Rhode Island for several years, and have always been intrigued by the bank's title. I assumed that the Blackstone Canal National Bank was a successor to a state-chartered bank, and that the original bank was associated with the company that built the canal. Roger Durand's *Obsolete Notes and Scrip of Rhode Island and The Providence Plantations* states that the bank was "Incorporated in 1831 as a fiscal agent for the Canal Company." That information led me to the other sources that are listed at the end of this article.

William Blackstone and the Blackstone River

WILLIAM Blackstone was an English clergyman who was the first white inhabitant of what is today's Boston and built the first house there. In 1635 he moved near to what is now Lonsdale, Rhode Island; he is known as the first settler of Rhode Island. He was somewhat of an eccentric, and in his later years he made trips to Boston riding a large white bull. The river that flows between Worcester, Massachusetts and Providence, Rhode Island was named the Blackstone River in his honor. The name "Blackstone" was given to the canal because it basically ran parallel to the river.

The Blackstone Canal

The July 1, 1828 edition of the *Rhode Island American*, a local newspaper, carried the following story:

At about 10 o'clock in the morning, the "Lady Carrington" started from the first lock above tide water (opposite the jail) on Canal Street. A salute of artillery announced her departure, seconded by the cheers of those on board, and the shouts of hundreds of spectators who crowded the banks and surrounding eminences to witness this novel spectacle. The boat is of the largest size that can be admitted into the locks, being about seventy feet long, nineteen and a half feet wide, and as high as will admit of a safe passage under the bridges crossing the canal. She is covered on the top, having below a cabin nearly the whole extent of the boat, conveniently and neatly arranged. Her draft, when filled with passengers, does not exceed eight or nine inches. Among the passengers were His Excellency the Governor, two of the Rhode Island Canal Commissioners, and about fifty citizens. The boat was drawn up the Canal by a tow-line attached to two horses that travelled with rapidity on the straight levels (of which there are some very beautiful ones before you come to the Blackstone River). She might be conveyed with ease at the rate of four or five miles per hour.



Reverend William Blackstone astride his favorite steed.

Between the water and the Albion Factory, nine granite locks, of the most substantial masonry, were passed. Just before entering Scott's Pond, a beautiful basin of deep water, there are three continuous locks, by which you ascend an elevation of twenty-four feet. The novelty of ascending and descending from the different levels was particularly gratifying to those who had never before witnessed the operation. The boat glides into a solid iron box (so to speak) in which she is enclosed by the shutting of the folding gates. The water is then admitted through wickets in the upper gates, and the boat is rapidly raised to the level she is to ascend; the upper gates are then opened and she passes on.

In descending, the lock is filled and the boat glides in on the level, and the upper gates are closed, and the water drawn from the lower gates until the water is depressed to the level below. This operation occupied, in passing up, about four minutes, and in descending about three minutes. The average height of the lock is about ten feet. There were men hired for lock tenders, whose duty was, for boats ascending, to see the lower gates opened, and after the boat glided into the lock, to close the lower gates, and draw the water from the upper level until the lock was full, and then open the upper gates and let the boat pass out upon the level; and when the boats were descending, locks were to be filled and upper gates opened so that the boat would glide in. On the 4th of July the "Lady Carrington" carried excursion parties to Scott's Pond, six miles, amid great rejoicings.

The paper then added the following amusing incident:

A Mr. Arnold, who keeps a store opposite Smith Street, in company with a Mr. Olney, was sitting on a box or railing of the Boat "Lady Carrington" and was very earnest telling a story when the Boat

struck the bank of the Canal, and overboard he went. After pulling him in all wet through, he sat down and said "as I was saying" and went on with his story as though nothing had happened.

John W. Haley, in *"The Old Stone Bank" History of Rhode Island* (Volume III), published in 1939 by the Providence Institution for Savings, wrote the following about the canal:

If you had been a resident of Providence in the early 1800s, all the foregoing would have been perfectly familiar to you, for you probably would have been one of the citizens on the "Lady Carrington" or, at least, one of the spectators on the bank or some housetop. The completion and opening of the Blackstone Canal in 1828 was a great event in Providence history and one that deserved acclaim. The year itself was doubly significant to the business interests of the town, for, before it was out, the Arcade, a pioneer building in the present business section of the city, had been finished. Yet the canal served for only twenty years and then was abandoned, while the Arcade still prospers, though encircled by modern business offices. How easily the situation might have been reversed is a story that evolves out of the story of the canal itself.

John Brown, with characteristic enterprise, began in 1796 to make the first plans for a canal from Providence to Worcester. He had the enthusiastic support of many influential citizens in both Rhode Island and Massachusetts, but, due to some legislative difficulties with the latter state, his plans never matured.

Twenty-six years passed before the subject was brought up again—this time with success. Citizens in both Worcester and Providence held meetings, discussed the need of a canal, and ended by forming commissions and engaging engineers to investigate every detail which such an enterprise would involve. Benjamin Wright, the chief engineer of the middle section of the Erie Canal, headed the party of surveyors and assayers who laid out the proposed route. The results of the survey were very encouraging. The soil was found easy to excavate. There were large ponds all along the route from which water could be obtained. The difference in elevation between tide water in Providence and Thomas Street in Worcester was found to be 45½ feet, not a great difference considering that the canal was to be 45 miles in length.

After the favorable report of the engineers, promoters of the enterprise went to work to stimulate the enthusiasm of the people with a view to raising the necessary money for the project. The estimated expense was \$323,319, and the sum set to be raised was \$400,000. Here a first great mistake was made. So successfully did the promoters present the canal proposition that they could have raised \$1,000,000 as easily as the \$400,000 they asked for. Later on, when the actual cost of the canal proved to be \$750,000, and they needed more money, the public had lost its faith in the enterprise and was unresponsive. It was a marked contrast to the mad scrambling for stock when the Blackstone Canal Company was first formed. Then, people in Providence bought all that was offered and hurried to Worcester to buy up any more shares that might have been left over.

Excavation of the canal was begun in 1824 in Rhode Island, and two years later in Massachusetts at the Thomas Street end. This gave a lot of employment to Rhode Islanders and stimulated Providence business to a very considerable extent. About 500 men from Providence were engaged in the work at one time, and North Water Street (later called Canal Street) was transformed into a busy business center. New warehouses were

built along it with wharves facing on the canal. And general business throughout the city increased proportionately.

There were forty-nine locks in all between Worcester and Providence, all of them heavily constructed out of granite at a cost of \$4,000 each. As for the canal itself, it was 32 feet wide at the top with sloping banks that made it only 18 feet wide at the bottom. Water was kept at a depth of 3½ feet. But the canal was actually only dug nine-tenths of the way between the two towns. For the rest the engineers depended upon slack water navigation, making use of the ponds along the way. They did not figure on such things as drought in the summer and ice in the winter, and consequently the loaded canal boats frequently became stranded for days and weeks at a time for lack of navigable water. This was, of course, ruinous, both to the canal company operating the boats and to the merchants who used them for shipping goods.

As a matter of fact, the Blackstone Canal was always of more value to the public than to its stockholders. The latter received only decreasing dividends from the start of the project, but the former had the advantages resulting from the reservoirs which had been built along the route to hold back spring flood water in the ponds. More water flowed in the Blackstone River and there was enough increased hydraulic power to encourage the building of many manufacturing plants along the canal.

The final trouble that involved the canal came in constant quarrels between the boatmen and the various mill owners over the water itself. The latter were drawing just enough water for their manufacturing to ruin the boatmen's business, and there was many a near-riot over the matter. Mill owners even went so far as to tip loads of rocks into the locks so that the barges could not pass through and the boatmen threatened to set fire to the mills. All this trouble might have been avoided had enough money been raised in the first place so that the canal company could have controlled all the water rights.

But matters went from bad to worse, and in 1848 the last toll was collected on barges. Before that time portions of the canal had been closed to passage. Providence auctioned off the boat-house terminal, and following year the locks and land as far as Woonsocket were sold.

Taking the place of the canal was the new railroad connecting the same two towns, and giving rise to the remark that of "the two unions between Worcester and Providence, the first was as weak as water—the last as strong as iron."

One can still (in 1939) trace the route of the old canal as it follows along Canal Street, by the American Screw Company's works, and under Randall Street. Farther out in the country it becomes distinct for various intervals, disappearing entirely where it has been filled in. It was a noble experiment, one which could easily have been more fruitful in its results, and we might have seen the picturesque barges moving slowly along today through the Lower Blackstone River Valley.

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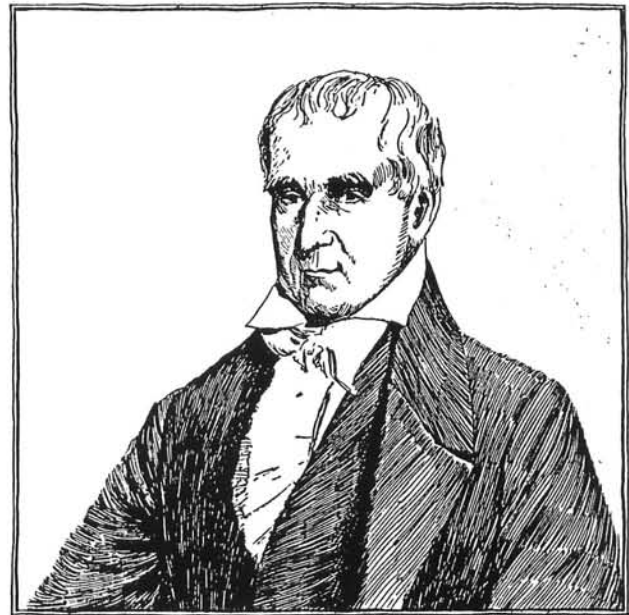
The organizers of the Blackstone Canal included some of the most prominent businessmen in Providence. Among them was Richard Jackson, Jr.; he was the president of the Providence Washington Insurance Company, and was selected as president of the Canal Company. Most of the directors of the Providence Washington Insurance Company were connected with the Canal Company; in 1829 the Canal Company applied to the Insurance Company for a five-year loan of \$16,000. This application passed by a single vote. Another director of both institu-

tions, Moses Brown Ives, recommended that the amount of the loan be increased to \$32,000. Richard Jackson, Jr., the president of *both* organizations, was the sole dissenting vote!

The stockholders of the Canal Company subscribed to 4,881 new shares at \$15 a share, and later to another issue of 14,275 new shares at \$10 a share. The Canal Company also tried to get the U.S. government to subscribe to \$120,000 worth of stock, but this request was refused.

Blackstone Canal Bank

In 1830 the toll receipts for the canal were \$12,000; the investment in the canal by that time had reached \$700,000. The Canal Company realized that their future was short unless they generated new operating revenue. The directors decided that a bank would provide the financial support necessary. The financial committee of the Canal Company, Benjamin Hoppin, Thomas P. Ives and Sullivan Dorr, succeeded in obtaining a bank charter from the General Assembly, and in February 1831 the Blackstone Canal Bank was organized. The scheme was that the bank would invest \$150,000 in the Canal Company; the owners of the Canal Company stock were advised to invest in the bank, with the idea put forth that also owning bank stock



Nicholas Brown, first president of The Blackstone Canal Bank.



Early \$1 note (Durand 1095) issued by The Blackstone Canal Bank. According to Mr. Durand, the center vignette is a view of the Blackstone Canal.

would bring them double profits. Nicholas Brown, a son of John Brown who originally conceived the canal project, was elected President, and Thomas B. Fenner was elected cashier. Brown was a major benefactor of a school known as Rhode Island College, and upon his passing it was renamed Brown University in his memory.

The new financial arrangement was successful to a degree, in that it allowed the Canal Company to pay its debts, including the loan from the Providence Washington Insurance Company. The stockholders of the Canal Company received a one dollar dividend in 1832 and lesser amounts in 1834 and 1835. But because of the problems described earlier by Mr. Haley, the Blackstone Canal was doomed to failure. Not so the bank. Because so much of the bank's funds were being used to operate the Canal Company and retire its debt, it was continually seeking financial support, including that of the State of Rhode Island. The bank's directors decided that it might become necessary to distance themselves from the Canal Company in order to survive. On July 1, 1833 the directors of the Blackstone Canal Bank passed the following resolution:

Voted and resolved, that James D'Wolf, Nicholas Brown and John Whipple be and they are hereby authorized and empowered in be-

half of this corporation, to consider and adopt the most beneficial method of enlarging the capital stock of this Bank; and at their discretion to apply to the Honourable General Assembly for such aid in the promotion of object as in their opinion may appear most proper, so that the Bank may be relieved of the heavy loss sustained in that part of its capital invested in the stock of the Blackstone Canal Company; in such a way that the Honourable General Assembly may think proper.

On December 13 of that same year, President Brown and Secretary Thomas B. Fenner were appointed as delegates of the bank "to attend the meeting or meetings of the Blackstone Canal Company, and to act therein for and in behalf of this institution."

The Rhode Island General Assembly approved the bank's resolution. The directors voted, in September of 1834, to "divide out or dispose of that portion of the Capital Stock which consists of shares in the Capital Stock of the Blackstone Canal Company." The goal of the plan was that the bank would have none of its assets tied up in the stock of the Canal Company, and would hopefully achieve a sounder financial footing. Beginning in February 1835, everyone who owned original shares in the bank received an equal amount of shares the bank held

in the Canal Company. In this manner the bank disposed of 9,220 shares of Canal Company stock. The bank also assigned each holder of its stock an additional five shares of stock in the bank for each share currently owned. The price of these new shares was \$8.50 each, and the stockholders were given 63 days to take advantage of the offer.

The bank moved into the former offices (coincidentally owned by Nicholas Brown) of the closed branch of the Bank of the United States in Providence in 1836. In May of 1837 the Blackstone Canal Bank suspended specie payments, as did all of the other banks in town. This was due to the financial panic of that year. It was not until January of 1840 that the banks began to redeem their notes in coin.

John Carter Brown succeeded his father as president of the bank on July 27, 1841. During his presidency the bank purchased the property at 20 Market Square and erected a building it would occupy for over one hundred years. Tully D. Bowen succeeded John Carter Brown as president in August of 1850, and guided the bank until March of 1869.

The Blackstone Canal Bank issued many beautiful obsolete notes as described and illustrated in Durand. It was obviously a very stable and successful bank; an issue dated in 1863 has a vignette of General Ambrose P. Burnside, who was from Providence. Also attesting to the stability of the bank are the several counterfeits of notes issued by the bank, and, more importantly, the number of notes which were altered to the Black-

stone Canal Bank. These notes are fully described by Durand. Two in particular that are interesting to me are (1) a \$1 note (Durand 1095, page 112) dated 1841, which has a view of the Blackstone Canal itself, and (2) a note issued by the Stillwater Canal Bank of Orono, Maine (Durand 1113, page 114); when it was altered to the Blackstone Canal Bank, the "d" was mistakenly placed backwards, so the location reads "Providence." All of the obsolete notes issued by the Blackstone Canal Bank are rare.

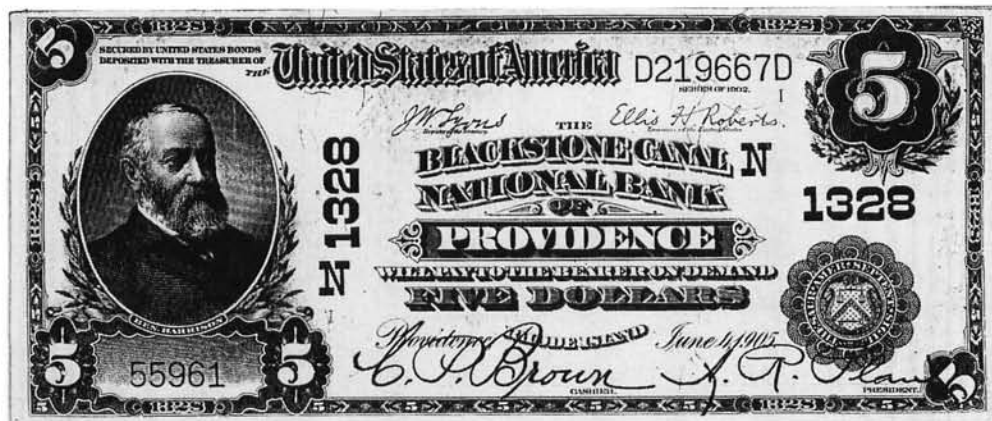
The Blackstone Canal National Bank of Providence

The bank was reorganized as The Blackstone Canal Bank of Providence on May 17, 1865, after it was granted charter 1328 by the Comptroller of the Currency. In March of 1869 J. Halsey DeWolf was elected president of the bank. He was followed in office by General William Ames. Ames was a student at Brown University when the Civil War began, and he left school to enlist in the Union Army. He served throughout the war, and rose from the rank of Second Lieutenant to Brevet Brigadier General. General Ames served as president of the bank until his death in 1914. Frank W. Matteson succeeded Ames, and served until October 1916. Albert R. Plant followed Matteson, and was the last president of the Blackstone Canal National Bank.

The national currency issues of the Blackstone Canal Bank began with First Charter Original Series notes and spanned all four charter periods, including 1929 Type 2 small-size notes.



Series 1882 \$5 Brown Back issued by The Blackstone Canal National Bank. Oren Westcott, cashier and William Ames, president.



Series 1902 \$5 Plain Back issued by The Blackstone Canal National Bank. Charles P. Brown, cashier and Albert R. Plant, president.



1929 Type 2 \$5 note issued by The Blackstone Canal National Bank. Delos A. Howland, cashier and Albert R. Plant, president. (Illustration courtesy of Steven K. Whitfield.)

Many high quality notes of the bank are known (including uncut sheets of 1929 notes), and are available to collectors at reasonable prices.

Merger with the Providence National Bank

In 1945, Albert Plant was serving as only the sixth president in the bank's 114-year history. He recommended to the directors that the Blackstone Canal National Bank be merged with the Providence National Bank, and his recommendation was accepted. Providence National Bank was a successor to the fifth bank chartered in the United States, and traced its roots back to 1791.

The Providence National Bank merged with the Union Trust Company of Providence in 1951; the resulting corporation was titled "Providence Union National Bank and Trust Company," but it was later shortened to "Providence Union National Bank." In 1954 the Providence Union National Bank merged with the Industrial Trust Company (also of Providence), and the corporation became the Industrial National Bank. Sometime between 1966 and 1980 the bank adopted its present name, Fleet National Bank.

In 1966 Providence National Bank laid claim to holding the second oldest continuous charter of any bank in North America, the oldest being the Bank of New York which was founded in 1784. First Pennsylvania Bank in Philadelphia can trace its roots back to the original Bank of North America chartered in 1781, but it is not a successor to the original bank. So the memory of the Blackstone Canal and the Blackstone Canal Bank survives in the nation's second-oldest continuous banking institution.

Chronology of Presidents and Cashiers

Blackstone Canal Bank

President	Cashier
Nicholas Brown (1831-1841)	Thomas B. Fenner (1831-1845)
John Carter Brown (1841-1850)	Daniel W. Vaughan (1845-1853)
Tully D. Bowen (1850-1869)	John Luther (1853-1876)

Blackstone Canal National Bank

President	Cashier
Tully D. Bowen (1865-1869)	John Luther (1865-1876)
J. Halsey DeWolf (1869-1876)	Oren Westcott (1877-1909)
William Ames (1876-1914)	Albert R. Plant (1909-1916)
Frank W. Matteson (1914-1916)	Charles P. Brown (1916-1930)
Albert R. Plant (1916-1945)	D.A. Howland (1930-1945)

SOURCES:

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My sincere thanks to Roger Durand for his assistance in the preparation of this article and for permission to use illustrations from his book; and to Steven Whitfield, for graciously furnishing me with a photocopy of *The Hundredth Milestone* and the photocopies of several notes which accompany this article.

AUTOGRAPH (Continued from page 103)

On July 28, 1974 the Watergate grand jury indicted Connally on five counts of accepting a bribe, conspiring to obstruct justice and committing perjury, in connection with his acceptance of \$10,000 in two cash payments from dairy lobbyists in 1971. He entered a not-guilty plea and in 1975 was acquitted.

Within weeks of his acquittal, Connally plunged back into Republican Party politics. President Gerald Ford had deemed it acceptable to pay a private visit to Connally even before his acquittal. Connally resumed his legal practice and business activities and remained active in Republican Party politics throughout the late 1970s.

His business ventures covered a large range of endeavors, including oil, oilfield services, radio and television, carbon, ranches, insurance and the New York Central Railroad. He was Senior Partner of Vinson, Elkins, a Houston law firm. He was also involved in the Patten Corp., Kaiser Tech., and served as Special Counsel: Board of Directors and Executive Committee of American General Companies. He was Director of several banks, and sat on the Board of numerous large corporations.

Connally filed for bankruptcy in 1987 and was forced to sell most of his assets, including his ranch, home and personal belongings.

A long and distinguished career as a politician and businessman ended in personal tragedy.

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