

# THE MERCANTILE NATIONAL BANK OF ST. LOUIS

by DAVE GRANT

**S**HORTLY after beginning to collect St. Louis national bank notes in 1989, I spent a great deal of time pouring over bank and city directories in compiling a list of St. Louis-area national bank officers. Although no comprehensive listing of officers seemed to exist, and really not much had been written from a currency perspective about individual banks, it seemed worthwhile to develop a structure to be able to identify the signatures that should be encountered on national bank notes. While doing this, I noticed that most of the larger St. Louis banks routinely advertised in the city directories, but Mercantile National Bank never had more than a single line entry, nor did it seem to place advertisements anywhere else. By this time I had met Bob Cochran, who suggested that the bank was worth a closer examination: although bank notes were available, not much else seemed to be known about the bank, including its location, and reason for being and for liquidation.



Festus Wade, 1859 to 1927. Founder and president of the Mercantile Trust Company and Mercantile National Bank.

## **Festus Wade**

The story of the bank is woven into the story of Festus John Wade and the Mercantile Trust Company. Wade was born in

Limerick, Ireland on October 14, 1859 and was brought by his parents to St. Louis the next year.

The immigrant family's finances were tight, and, in the words of the *Book of St. Louisians*, young Festus had an education that was "limited and self-acquired," the formal portion of which ended at age ten. Wade subsequently held a very wide variety of jobs including a business venture to produce cider when he was 15. He sold this business a year later and became clerk and paymaster for a contractor building a portion of the Wabash Railroad. During this period, he continued his education by attending the Bryant-Stratton Business College at night. In 1877, Wade moved on to the St. Louis Fair Association, and was so successful that he became secretary and manager in 1883. Three years later, he resigned from the Fair Association to become secretary of the August Gast Bank-Note and Lithographic Company. According to the *Makers of St. Louis*, Wade gave the real estate business considerable study in his spare time. In 1888 he formed the L.E. Anderson Realty Company in conjunction with Loranzo Anderson, and subsequently focussed his full attention on real estate.

There were relatively few real estate companies, since attorneys handled most real estate transactions at this time. With its energetic management, innovative methods, and heavy use of advertisement—a real novelty at the time—the company set about "the rebuilding of the business and office building districts in the city for the better and more economical housing of enterprises." The company, later known as the Anderson-Wade Realty Company, became very prosperous and was the moving force behind many significant real estate projects during the 1890s. In addition to developing an expertise in commercial real estate projects, the company was among the first developers of large residential subdivisions. A trust company was believed to provide further opportunities for growth and the Mercantile Trust Company (MTC) was founded and opened on November 16, 1899. Initially, the Anderson-Wade operation formed the nucleus of the trust company's real estate division, which continued to play a major role in St. Louis real estate development. At the same time, MTC had but one other department—banking—which employed a single clerk.

The savings department was founded at the beginning of 1900, and despite the name of the company, the trust department was not established until December 1901. In 1902, the MTC moved across the street to the site still home to its successor and further boosted business by the acquisition of the St. Louis Safe Deposit Company. The American Central Trust Company was acquired in 1904. In late September 1907 an aggressive Wade beat local competitors in acquiring the assets and assuming the deposits of the significant, but faltering, Missouri-Lincoln Trust Company.

But Wade and his bank was not without critics. An examiner noted that "Mr. Wade has the reputation amongst conservative men on the outside of being a 'plunger' and they

take the position that a time will come when the 'thin ice' which he has been skating on will give away and cause trouble." But, he noted that "nothing succeeds like success and so far Mr. Wade has been a success."

### **The Establishment of the Bank**

Two incidents certainly prompted Wade in deciding to organize a bank of issue. The first of these occurred on October 27, 1903, when all of the trust companies in St. Louis suffered a one-day run. The *St. Louis Globe Democrat* referred to the incident as a "silly panic" apparently precipitated by rumors of "business complexities" spread by stock speculators in Chicago and New York. Small depositors were especially disturbed, but it was claimed that the deposits of businessmen almost entirely offset the withdrawals of that day. And, with a dash of bravado, the Lincoln Trust Company indicated that it would open for business two hours earlier than usual the next day.

Nevertheless, the magnitude and suddenness of the run caused serious concern, among both banks and trust companies. The "associated banks" of St. Louis made a public statement stressing the strength and safety of the trust companies, and offered their help. Further, eight of St. Louis' trust companies published advertisements in the city's newspapers the next morning indicating that, although there was plenty of cash on hand, they would immediately begin to enforce the 30 or 60 day notice of withdrawal requirements for savings accounts and would only redeem certificates at maturity. A report in the *Globe Democrat* on October 30 noted that over \$7 million of currency had been sent to St. Louis by institutions in Chicago and New York. The tension had been relieved by such prompt and dramatic actions, and the run was not repeated on the second day and did not spread outside of St. Louis.

Mercantile Trust Company had, uniquely, met the crisis with a statement from its directors pledging their personal fortunes to insure its depositors' money—the result of aggressive and very personal lobbying of the directorate by Wade. Over 50 years before a number of substantial St. Louis businessmen had curtailed a panic by similarly pledging their personal fortunes to the depositors of the banks and, as in 1903, these guarantees were not called upon.

Of course, the second incident was the Panic of 1907. This national shortage of cash eliminated the opportunity of help from other cities. "John Smith" checks were used as a temporary expedient to bridge the crisis, which disrupted normal business for several weeks. This second panic led directly to the passage of the Aldrich-Vreeland Act in 1908 and a little later to the establishment of the Federal Reserve System. Wade strongly supported the concept of a central bank and made sure that the Mercantile Trust Company was a charter member of the eighth district after the Act's passage.

But that was in the future, and the notion that national banks could produce their own liquidity probably appealed to Wade in light of recent events. The bank's first organization meeting occurred in MTC's offices on December 22, 1908. All of the organization documents were prepared and signed, to be personally delivered to the Office of the Comptroller in Washington by George Wilson, an MTC vice president. The bank's authorized capital was \$1,500,000 and the subscription of its 15,000 shares was also made at this time: each of the seven directors, including Festus Wade, purchased ten shares, with Mercantile Trust Company purchasing the remaining 14,930. Festus Wade was naturally elected president and George Buder, MTC treasurer, was elected cashier. Buder, a native St. Louisian

born in 1863, had been connected with the Mechanics Bank for several years and helped to organize the American Central Trust Company, of which he was treasurer and secretary. He stayed with Mercantile after the American Central merger as assistant treasurer and had been promoted to treasurer in 1907.

Two days later, on December 24, the bank's required \$50,000 of bonds was deposited and Thomas Kane telegraphed that charter number 9297 had been granted to the bank. The bank named the Chase National Bank and Phoenix National Bank of New York and the first National Bank of Chicago as its "upstream" correspondents on January 11, 1909.

The bank opened on January 14, 1909 and was open for business on weekdays between 9 A.M. and 3 P.M. and on Saturday until noon. The notice of the bank's formation appearing in the February 1909 *Banker's Magazine* indicated that:

Quite a little excitement was stirred up in financial circles in St. Louis recently when it was announced that officers of Mercantile Trust Company would organize the Mercantile National Bank, which would be open for business in the trust company's building about January 15.

Several reasons were given for the organization of the bank and the advantages Wade perceived versus relying solely on a trust company charter:

Unlike trust companies, a national bank could act as a depository of the funds of the national government, and state, city and county governments as well as for the reserve and funds of other national banks. Since St. Louis was a central reserve city, this promised to be an important new business opportunity.

Relatedly, national banks were permitted to receive commercial deposits and discount commercial paper.

Of course, national banks could issue "circulating currency which passes for money, and in case of great public financial stringency may, for the relief of trade and commerce, issue emergency currency under safeguards of equal protection." This point is a direct reference to the Aldrich-Vreeland Act and certainly refers to the 1903 and 1907 incidents.

Two other points suggest friction between the freewheeling Festus Wade and his regulators and critics. It was noted that "being organized under the national banking law, their powers and privileges are well defined and understood throughout the financial world." Further, "National banks are not subject to the continual attacks in the state legislatures. Their welfare as well as the welfare and protection of the people are protected by Congress..." This may be a reference to the criticism that many institutions received during and after the panic of 1907. This criticism had struck a nerve, and as late as 1918, Wade wrote that "the Mercantile National Bank was organized to give Mercantile Trust Company an ally with the powers of a national bank."

The bank's first currency order was filed with its organization papers and one of Wade's objectives was achieved in mid-February 1909 when the first currency shipment was received. Curiously, the bank's currency agent, A.S. Prate, was not named until May 3.

Another objective, becoming a government depository, was achieved on March 1, 1909. The advantages of St. Louis' position as a central reserve city had not been overestimated. By 1912, fully 80% of the bank's deposits consisted of county bank deposits.

The opportunities offered by a national bank charter were used to full advantage. In terms of loans, the bank was always a "creature" of its parent. Virtually all loans and deposits were

supplied by the MTC. In fact, a significant item of business at the January 18, 1909 board meeting of the new bank was to approve the purchase of \$495,000 of bonds and \$1,064,000 of loans from the parent. The activities of the two companies were carefully coordinated to take advantage of MTC's capacity to generate assets and the deposit collecting and circulation issuing capabilities of the bank. The two institutions were managed as part of a single entity, as indicated by a notice addressed jointly to: "All those employed at the Mercantile Trust Company and the Mercantile National Bank." At first, the bank's officers received no salary since they held positions in the trust company as well. By September 1909, the bank's assets totalled \$7.2 million, and were to reach a high of \$10.4 million in 1917.

### **Location of the Bank**

One question about the bank was where was it located? The February 1909 *Banker's Magazine* article noted that the bank was originally housed in a single room within the Mercantile Trust Company building at 721 Locust Street, at the corner of Eighth. The bank paid no rent for its space. Both the bank and trust company enjoyed substantial growth, and a subsequent notice in the April 1910 *Banker's Magazine* indicated that: "the Mercantile National Bank will move into larger quarters soon, taking possession of the lower floor of the Mercantile Build-

on expensive facilities, the bank continued to use the MTC's vaults.

### **Bank Note Issues**

As part of its organization papers, the bank placed its first currency order, requesting 1,250 \$5-5-5 sheets and 1,000 \$10-10-10-20 sheets, a total value of \$75,000. The bank's first shipment of currency occurred on February 6, 1909 and consisted of 668 \$10-10-10-20 sheets. An additional 830 \$5-5-5 sheets followed just four days later. Since only \$50,000 of bonds was on deposit, the full currency order could not be filled until the deposit of more bonds in May 1910.

A \$5 note from this first shipment is illustrated and bears a remarkably different signature than commonly encountered for Edward Buder, the bank's cashier. The subsequent issues of currency to the bank is summarized in Table I.

As indicated by the bar chart, the bank's outstanding circulation varied widely during its existence. From a mere \$50,000 at the end of April 1909, it increased dramatically to \$750,000 just five months later. The bank clearly "played" its bond portfolio, and this is reflected in the large gaps when currency was not issued to the bank because of the periodic deposits of lawful money and withdrawal of government bonds. For example, the bank's ability to receive circulation was reduced in September 1910, when \$550,000 of lawful money was deposited



*Mercantile's neighborhood on a pre-WWI postcard. The building to the right (McNair, etc) is the Columbia building and was the first home of MTC. The colonnaded building to the left has been the company's home since 1902. The tall building immediately behind MTC was the Koken (later Mercantile) building, and was the home of the Mercantile National Bank from early 1910 to 1918.*

ing, immediately east of the trust company" at 717 Locust. This is the six story building shown behind the trust company building and was to be the bank's home until the space was needed for expansion of the trust company at the end of WWI. At the time of the move, the building was not owned by MTC and the upper floors of the building were occupied by the offices of separate companies. The September 1910 examination report indicates that the buildings were connected by a public hallway and an elevator, and, in order to economize

to release a like amount of bonds. No currency was subsequently shipped to the bank until May 1912, when \$1,000,000 of bonds was deposited. Several other examples of this practice are indicated in the Bond and Currency records for the bank.

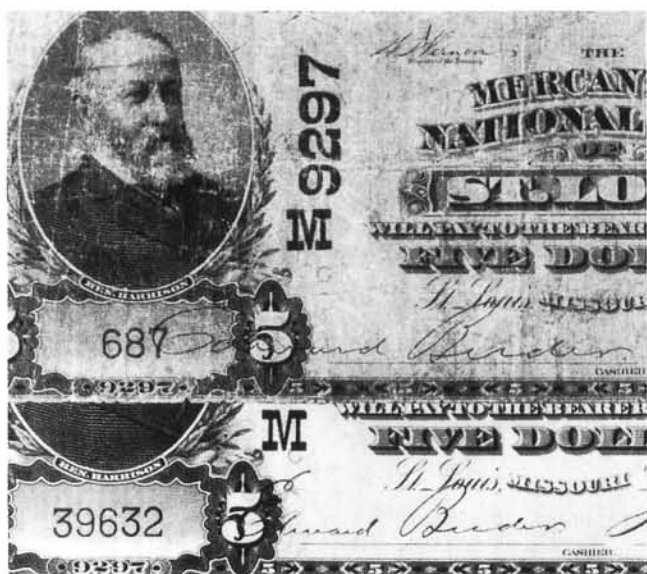
With the outbreak of WWI and the contraction of currency, many of the larger St. Louis national banks, including Mercantile National, issued "emergency currency." Under the terms of the Aldrich-Vreeland Act, banks that were members of cur-



**Table 1**  
**CURRENCY ISSUES OF MERCANTILE NATIONAL BANK**  
 (Beginning & Ending Sheets are indicated for each period)

<u>Dates Covered</u>	<u>\$5-5-5-5</u>		<u>\$10-10-10-10</u>		<u>\$50-\$100</u>		<u>\$50-50-50-100</u>		<u>Total Face</u>
	<u>Start</u>	<u>End</u>	<u>Start</u>	<u>End</u>	<u>Start</u>	<u>End</u>	<u>Start</u>	<u>End</u>	<u>Value</u>
Feb 6, 1909			1	668					33,400
Feb 10, 1909	1	830							16,600
May-Aug 1909	831	13330	669	14668					950,000
Jan-Aug 1910			14669	14,680	1	160			24,600
May-Dec 1912	13331	20025	14681	24760	161	3000	1	191	1,111,650
Jan-May 1913	20026	21350	24761	25543			192	773	211,150
June 1913-May 1914	21351	35830	25554	35404			774	928	821,400
June-Oct 1914	35831	48180	35405	37603			929	958	364,450
			37669	42668			1001	1520	380,000
Mar 30, 1915	48181	49180	42669	43268					50,000
Sept-Dec 1915	49181	50230	37604	37668 *			1521	1886	115,750
			43269	43668					20,000
Jan-May 1916	50231	61830	43669	52444			959	1000 *	61,380
							1887	3800	478,500
July 1916-July 1917			no issues						
Aug 1917	61831	74020	52445	62668			3801	4160	845,000
Cancelled 3/29/18	74021	75830	62669	63668			4161	4800	

\*sheets were skipped during the summer 1914 shipments.



The two forms of Bruder signature. The top note is from the first shipment of \$5 notes shipped to the bank and carries a very large, unusual signature for the cashier. The bottom note is the commonly encountered form of the signature. Both examples are printed and not handsigned.

rency associations could receive circulation against the deposit of state, city or other municipal securities or commercial paper, in excess of their authorized capitalization. On August 10, 1914 the Bond and Currency records for Mercantile Na-

tional indicate that \$600,000 of "miscellaneous securities" was deposited with the Treasurer's account for the bank. On the same day \$600,000 was issued to the bank in the form of 11,000 \$5-5-5-5 sheets, 5,000 \$10-10-10-20 sheets and 520 \$50-50-50-100 sheets. Consequently, by September 12, 1914, the bank's outstanding circulation of \$1,629,000 exceeded its authorized capital of \$1,500,000. The tax on this "emergency currency" provided a strong encouragement for its reduction as soon as the emergency passed. On December 1, 1914, \$500,000 of "Lawful Money" was deposited releasing a like amount of miscellaneous securities. The balance of the securities was released four days later when an additional \$100,000 of Lawful Money was deposited. Circulation remained in the \$900,000 to \$1,000,000 range until the close of the bank.

During its existence, the bank issued: 74,020 \$5-5-5-5 sheets; 62,668 \$10-10-10-20 sheets; 3,000 \$50-100 sheets; and 4,160 \$50-50-50-100 sheets with a total face value of \$6,103,800. Table II indicates the signatures known for each denomination of currency issued by the bank. The Wade/Buder combination is naturally the most commonly encountered variety, given the length of time it was used. As the activities of the bank slowed and the inevitability of its closure became more clear, Buder returned full time to the trust company, and was replaced as cashier by John Waggoner. The Wade/Waggoner signatures are substantially more scarce.

During the last shipments of currency to the bank, at the end of August 1917, a relative handful of Plain Back notes was issued to the bank. Only \$5, \$10, and \$20 Plain Backs



MNB's two cashiers: Buder (1909–1917) and Waggoner (1917–1918). Festus Wade's large, bold "vanity" signature is often mistaken for an autograph by those unfamiliar with the series, but I have only encountered printed signatures.

were printed and issued to the bank. These all carry the Wade/Waggoner signature combination and should be considered very scarce to rare.

### The End of the Bank

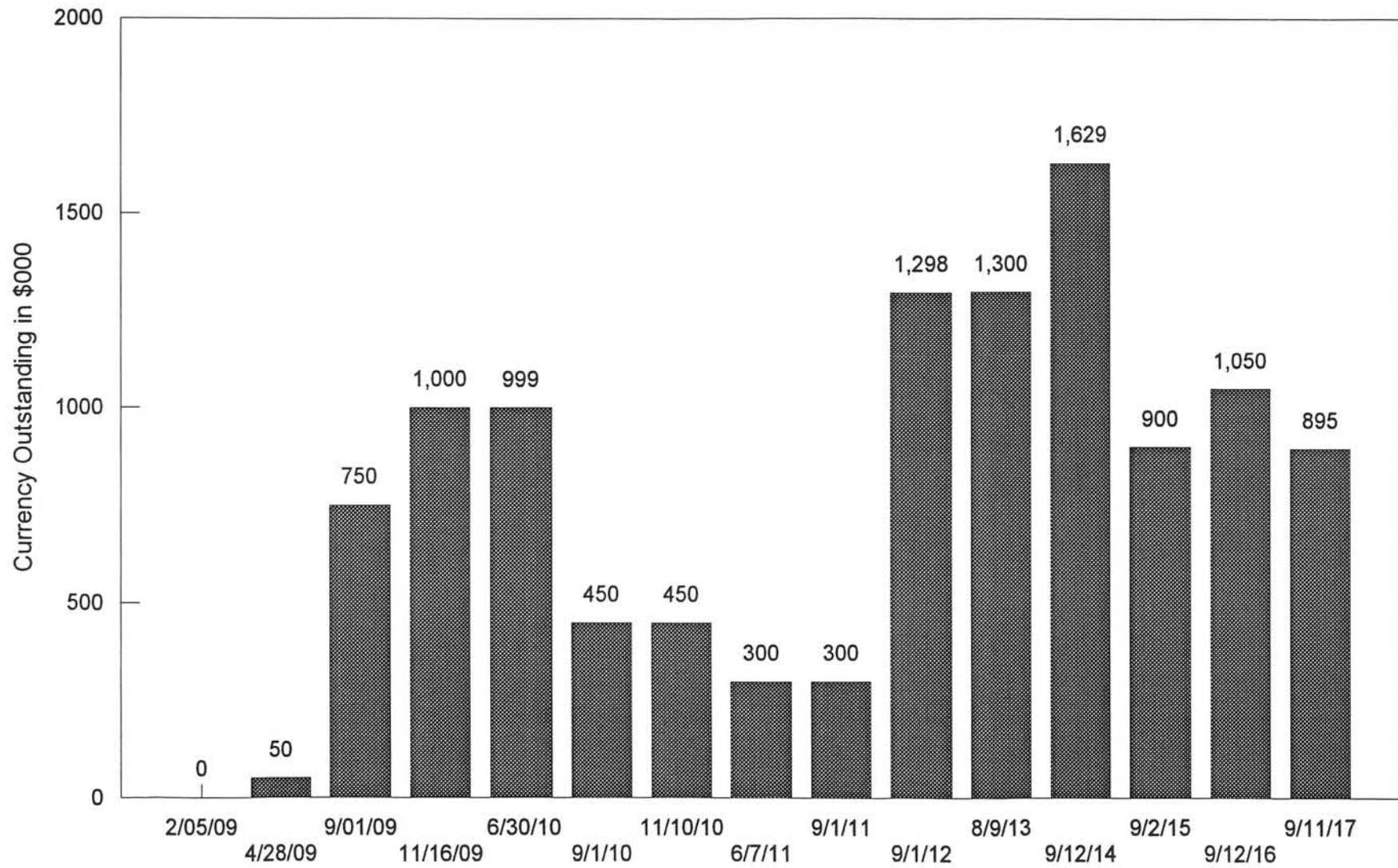
Festus Wade was a strong supporter of the Federal Reserve Act and participated actively in the Currency Commission. Not surprisingly, the Mercantile Trust Company became the first state chartered bank to become a Federal Reserve member at passage of the Act. Shortly thereafter, the reserve laws were also changed, so that, as a member of the Federal Reserve System, MTC could also accept the reserves of both state and national banks. The only remaining advantage of Mercantile National was its circulation privilege.

As the war wore on, the inevitable inflation made operation of two institutions increasingly uneconomical. At the end of 1916 Wade sent a memo to his staff encouraging them to watch costs; as an example, he noted that the cost of supplies had "gone up double or more" in the recent past. Further, in 1917 Mercantile paid its employees the equivalent of 14 months wages to deal with increasing costs. At the same time, the demand for loans was depressed. In a December 31, 1917 letter to David R. Francis, the United States ambassador to Russia, Wade noted that St. Louis real estate was "very dead" and was not expected to be revived until the end of the war. As War Savings Director for Missouri, an increasing amount of his time was devoted to the U.S. war effort in encouraging the purchase of Liberty Loans and war savings stamps. He had



One of the scarce Mercantile Plain Backs. This note (from sheet 73179) was received from the Bureau of Engraving and Printing on August 22, 1917 and shipped to the bank on the same day.

**MERCATILE NATIONAL BANK**  
Outstanding Circulation



**TABLE II**  
**MERCANTILE NATIONAL BANK**  
 Note Issues & Signatures

	<b>Total Notes Issued</b>	<b>Festus Wade Edward Buder</b>	<b>Festus Wade John Waggoner</b>
<b>Dates of Officer Term</b>		<b>Dec 1908 thru Feb 1917</b>	<b>Dec 1908 thru Feb 1917</b>
1902 Date Backs			
\$5	283,320	X	X
\$10	179,004	X	X
\$20	59,668	X	X
\$50	15,480	X	X
\$100	7,160	X	X
Total Notes	544,632		
Total Value	\$5,890,000		
1902 Plain Backs (only issued from August 20-24, 1917)			
\$5	12,760	—	X
\$10	9,000	—	X
\$20	3,000	—	X
Total Notes	24,760		
Total Value	\$213,800		
Total Notes Issued	569,392		
Total Value of Issue	\$6,103,800		

much value in being able to generate circulation to make loans. Further, the new Liberty Bonds bore a higher rate of interest than the 2% and 3% bonds securing the bank's circulation which were increasingly becoming a drag on earnings.

As the activities of the bank slowed and the inevitability of its closure became more clear, a number of officers, including Buder, returned full time to the trust company and were replaced by others whose focus was winding up the affairs of the bank. The consolidation of the bank's assets and liabilities into the trust company occurred on February 5, 1918, and the bank entered voluntary liquidation on February 18. Writing to the comptroller in April, an officer noted that they were very satisfied with the move and that practically all of the deposits had been retained.

Table I indicates that by August 1917 over a year had passed since the bank had received any currency. During this time the bank had just its minimum U.S. bond requirement of \$50,000 on deposit. The balance of the outstanding currency was secured with deposits of lawful money, which prevented any additional shipments of currency to the bank. On August 6th the first of several new bond deposits was made, totalling \$845,000. During the month, a similar amount of currency was issued to the bank. Interestingly, these shipments were made in two groups. The first of these occurred on August 6th and 7th. These shipments exhausted the supply of date back \$5-5-5-5 and \$10-10-10-20 sheets on hand, and used most of the \$50-50-50-100 sheets as well. These shipments were



*A current view of the bank.*

a personal interest in assisting with the war effort as well. His son, Festus Jr., was in the 12th field Artillery and expected to be sent any day to France.

With no demand to finance St. Louis real estate projects, a major business of Mercantile since its inception, there wasn't

\$213,800 short of the amount of bonds deposited, however, and new notes were ordered from the Bureau of Engraving and Printing and began to arrive on August 20, 1917 when shipments to the bank resumed. These new notes were all Plain

*Continued on page 250*



individually tinted the notes in various patterns. Several deemed not "good enough" were held back to be used someday as part of larger collage works. The remaining ones were for sale at \$425.

I had picked out my favorite before we left the Brew House earlier in the evening—Number 14. The note had a pinkish cast, which contrasted well with the white paper border. The seal was in red, and the vignettes were dabbled in green.

"Should I sign your name, or would you like to do it?" Boggs asked. I said I'd sign, and he handed me a pen. I placed the note gingerly on the back of the thick menu. Trying too hard to be neat, I signed my name in the "for Register" place. Boggs then added "Pgh, PA." beneath my name, and fashioned a serial number out of the date and print number. August 12, 1994 became "1289414." He then wrote his name out in full in the "for Treasurer" place: James Stephen George Boggs.

Now we had to pick a name. Other owners had chosen names like "Ghost Money", "Faded Glory", and "Old Friends". Hmmm. Boggs listened as the rest of us tossed around some ideas. Since I call my moonlight book business "Rebellion Numismatics" I suggested "Rebel something" as another option. "Rebel Bucks" came up and we all agreed. Boggs wrote "Rebelbux" on a placemat and the name was born. He rewrote it on the bottom border of the paper. Turning the note over he completed the work by adding "@ Gullify's, Pgh PA." on the back.

### Parking Lot Deals

Boggs stepped out front for an after-dinner smoke, then met me in the back parking lot to complete our dealings. I owed him for "Rebelbux" and a few other things. I had some books to trade in the trunk of my car: a copy of Frankenstein's *After the Hunt*, and two copies of Griffith's *Story of American Bank Note Company*. After totalling everything up, I owed Boggs \$76 and started writing him a check. "How come you always end up owing Boggs money?" Pete asked mischievously.

"I'm not sure why I buy all these books" Boggs told Cathy. "I can't read them." Afflicted with three forms of dyslexia, Boggs can read just a few sentences at a time. "I like the pictures," he grinned, turning inside-out the standby excuse of Playboy magazine readers.

Giving Cathy a parting kiss on the cheek, Boggs bid her and Pete adieu. "Gee, I never got a kiss," I complained, backing away just in case Boggs tried to remedy the situation. We climbed back into my car for the return trip to the South Side.

### Deja Vu

Before dropping him off, I had to ask Boggs about a book I'd come across earlier in the week. Using the University of Pittsburgh online catalog, I located a book by Dennis Haseley called *The Counterfeiter*. Published in 1987, it was targeted for teenage boys. The plot synopsis stopped me cold: "James, a sixteen-year-old artist, tries to create a perfect five hundred dollar bill." I located the book on a shelf in another library across campus. The standard disclaimer stated "Any resemblance to actual persons or events is purely coincidental...." I read the first three chapters before the library closed for the evening.

Boggs had never heard of the book. But had the author ever heard of Boggs? A research question for another time. After pulling-up to the Brew House doorstep, we said our goodbyes and Boggs hurried into the building. Lots of work remains to be done. ■

### GRANT (Continued from page 225)

Backs and a total of 5,000 \$5-5-5-5 and 4,000 \$10-10-10-20 Plain Back sheets were received by the Currency Bureau. The August shipments were to be the last received by the bank, however, and the remaining 1,810 and 1,000 Plain Back sheets, respectively, were cancelled when the bank entered liquidation. In addition, the remaining 640 \$50-50-50-100 sheets were cancelled as well.

### Epilogue

The notion of two different types of financial institutions, jointly owned and housed in the same facility to circumvent a government rule or regulation seems very odd, but actually is currently occurring in the Savings and Loan, or Thrift, industry. The deposit insurance premiums paid by Banks (to the Bank Insurance Fund or BIF) and Thrifts (to the Savings Association Insurance Fund, or SAIF) were equalized several years ago when funds were consolidated under the FDIC. Early in 1995 BIF was projected to meet its minimum reserve requirements of 1.25% of insured deposits by the end of 1995. A practical result of this accomplishment is that the BIF insurance premiums are expected to drop from .23% to .04% of deposits insured. In part due to the large failures in the Thrift industry, SAIF was projected to not be able to meet its minimum ratios for some time to come, and thus could not similarly reduce its premiums. In an industry where a 1% return on assets is a rule of thumb, this promises to result in substantial competitive and financial disadvantages for the Thrift industry. Since it is very difficult and expensive for an institution to move insurance coverage from SAIF to BIF, a number of larger Thrifts have responded by filing applications to organize BIF-insured national banks, located on the same premises as the Thrift. They threaten to encourage customers to move their deposits from the Thrift to the Bank, and thus benefit from the much reduced insurance premium. In a very real sense, they are just responding to a challenge in much the same innovative way that Festus Wade and his colleagues did nearly 90 years ago.



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