THE COHEN NATIONAL BANK of Sandersville, Georgia

by HOWARD L. COHEN

FOLLOWING the Civil War and the initial phases of Reconstruction, the rural South remained mired in the long-lasting vestiges of financial ruin and political instability. In Georgia, a state so wealthy prior to the war that it could afford to not raise taxes in the war's first two years, virtually every bank had closed bankrupt. The nine-million dollars in banking capital invested in Confederate bonds had to be written off, Confederate currency was worthless, most assets (such as railroads, buildings, livestock, farmland and roads) had been destroyed or damaged, and an estimated three hundred million dollars in slave assets vanished. Georgia's financial headaches were compounded by the National Banking Act of 1863, which established the new National Currency (Greenbacks) at a total of $300 million dollars in circulation. Since this amount could not satisfy the credit need of agricultural interests, and the great majority of the currency was closely held in Northern banks, it undermined and stymied any recovery or growth in Georgia's most important industry—farming.

In order to maintain simple commerce in rural areas, the populace turned to "vest-pocket" bankers. Early records of the post-Civil War period describe banking in rural Georgia as a man in need of some cash going to the house of a known "lender," being asked to sit down and wait in the parlor, and watching the "lender" absent himself for a short period and then reappear with the money in hand. These "lenders" operated without state or national charters, dealt mostly in loans and mortgages, and charged interest rates "... so high as to border on confiscation" (i.e. 18 to 30%). The situation was especially desperate outside of the major cities where few banks had existed prior to the war and none had survived. The shortage of money was critical. Even thirty years after the war had ended there were 124 counties in Georgia without a bank of any kind.

Private banks began to fill the void. Among these early banks was one in Washington County called the "Banking House of Louis Cohen." The bank was a partnership of Louis Cohen and Morris Happ and opened for business in 1885. Subsequently, Mr. Happ, Louis Cohen'sbrother-in-law, retired in 1890. Farmers in the area and citizens of the local communities would go to these banks or their resident merchants for loans and mortgages. In this instance, Mr. Cohen was both the banker and the merchant, owning a mercantile establishment along with other business interests. This bank was one of only two banks in operation between Macon and Savannah for over 10 years. (Mr. George D. Warthern, a director of the Banking House of Louis Cohen, was president of the other bank in the region, The George D. Warthern Bank, opened in 1871).

By 1890 the bank had worked a local miracle. As stated by a historian of the time, the bank "... had emancipated our merchants from the bondage of the cotton factor and for the first time in history made the average merchant a free man." Additionally, Louis Cohen was instrumental in local civic affairs and was a catalyst in the dynamics of bringing a small part of rural Georgia back from the ruins of the war.

Louis Cohen, bank founder, at age 30.

As noted in the *Memoirs of Georgia*, published in 1891, Louis was noted for his "... integrity of character, and the strictly business principles which govern him." At the time of this statement, he was 42, and had been in the "official" banking business since he was 28 years old. Prior to that while "... still a boy ...," he had opened and operated his first mercantile business. It is probable that he first began "vest-pocket" banking while in this business, providing credit needed for seed, farm implements and livestock and accepting future crops as collateral.

A naturalized citizen of the United States, Louis immigrated at the age of three in the company of his German parents. They settled in rural Georgia and he received a basic country school education, followed by higher education at the Bryant and Stratton Business School in New York City. Returning to Georgia, Louis embarked upon his remarkable careers as farmer, merchant banker, Alderman, Mayor, lumber store and jewelry store owner and operator, long-term School Board member (president for eleven years), partner in a cotton warehouse, and as a seller of wagons and buggies. Initially, he entered business in Tennille, Georgia, moving to Sandersville shortly thereafter in association with Pinkus Happ and Company. There, he married into the prominent and wealthy Happ family and his exceptionally active and successful business life ensued.

In addition to his business and financial interests, Louis was also deeply involved in activities and ventures that served his community. For example, he was co-founder of the Sandersville Telephone Exchange (later merged with the Southern Bell Telephone Company), he installed the first electric light system, and he was one of the principals involved in establishing the municipally owned Electric Light and Waterworks and Sewer System. At one time, although subject to intense political and economic pressures from national railway interests and the Augusta Southern Railway, he individually succeeded in initiating and completing the financing for and construction of the Sandersville and Tennille Short-Line Railway. This railway was a boon for the farmers and was instrumental in making Sandersville a thriving railhead community. As also noted in the *Memoirs of Georgia*, the construction of the railway was "... due almost entirely to the pluck, perseverance and financial ability of Mr. Cohen ... a work which has been of inestimable advantage and benefit to ... people of Sandersville ...." Louis was president of the railway and an active member of his community. He was a founding member of the Jewish Temple (Reform Congregation Synagogue), the Georgia Bankers Association, and the Standard (social) Club in Atlanta, as well as president of the Birmingham Guano Company.

In January of 1910 the Banking House of Louis Cohen was chartered and became the Cohen National Bank (Charter number 9641). Its original capital of $50,000 was raised by selling shares at $100 each (see Figure 1), almost all of which were subscribed to by local residents. The children featured on the share certificate vignette are Henrietta Cohen (age nine) and Louis Lieberman (age five), both grandchildren of Louis. The share certificate illustrated in Figure 1 (for five shares) was issued by Mr. C.L. Brewer, cashier and a director of the bank and one of the national bank note signers, as well as a signatory on the shares.

Figure 1. The stock certificate for 100 shares shows Louis Lieberman and Henrietta Cohen, grandchildren of Louis Cohen.

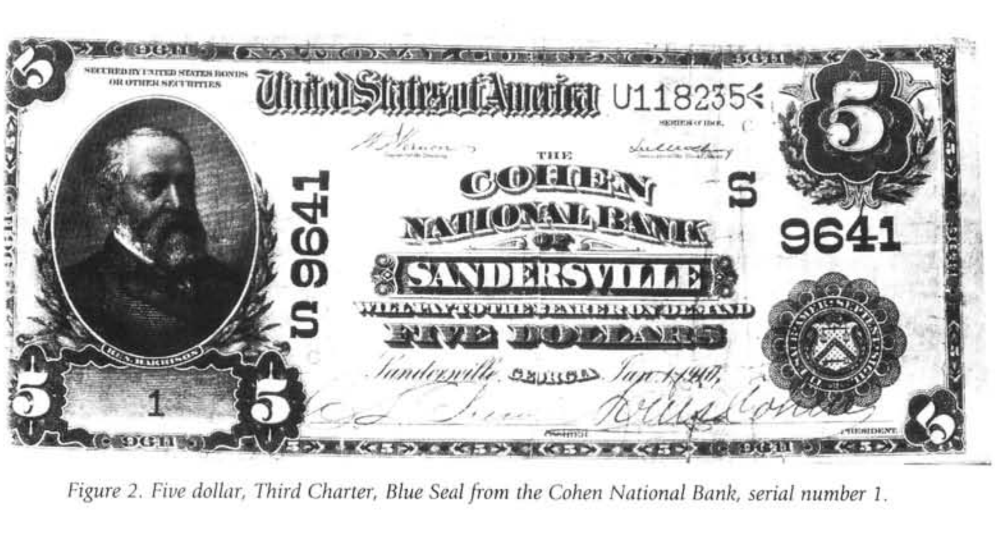

Figure 2. Five dollar, Third Charter, Blue Seal from the Cohen National Bank, serial number 1.

Figure 3. Cohen National Bank stationery.

The chartered bank issued Third Charter, date back, blue seal $5, $10, and $20 notes. There were $12,000 in notes outstanding in 1917, of which the only known notes extant are four privately-held five dollar bills (see Figure 2). Apparently, no tens or twenties survived redemption. Based on the serial number observations of Mr. Don C. Kelly, it appears that the bank's original order would have been for $25,000 in $5 notes and $25,000 in $10 and $20 notes. Both Mr. Brewer, the cashier, and Mr. Cohen, the president, signed the notes and share certificates.

As the region prospered, so did the bank. In a short time, the bank's stationery proudly advertised "Capital and Surplus" totaling $75,000.00 (see Figure 3). This was a significant amount of money for the times and reflected the confidence of the community in the bank and Louis Cohen. It was the fruition of his banking efforts and a testimonial to the esteem and regard that the citizens of Sandersville held for him.

Unfortunately, nature intervened. The boll weevil landed in Georgia! It arrived uninvited in 1915 and spread rapidly throughout the state. During this same time, bankers had overpopulated the region, opening bank after bank with a flourish. First the farms went under and then the banks that had lent them the money collapsed. In a living history interview, quoted in *To Wield A Mighty Influence, The Story of Banking in Georgia* (published in 1992), Mr. Dorsey Crowe commented, "Every little town around here had a bank. When they went broke, the people lost their money. A few of the banks paid 'em maybe 10 percent or something like that For years after that, country people would hide their money—when they'd get a little money—instead of putting it in a bank. They put it in jars and buried it around their homes."

In 1917 the Cohen National Bank was voluntarily liquidated, with all depositors being paid-in-full. It was succeeded for a short period, once again by the private Banking House of Louis Cohen. The bank closed on December 20, 1920 when Louis retired at the age of 71. Louis Cohen died at his home on North Harris Street in Sandersville in February 1937.

Author's Notes:

The author is not related to Mr. Louis Cohen. He is a collector of bank notes and related fiscal documents imprinted with his given name and surname. The information for this article was obtained from Louis Cohen's family, various reference works and books, and letters from photocopied articles provided by local historians in Sandersville, Georgia as part of the author's efforts (unsuccessful to this date) to locate and obtain a "Cohen National Bank" specimen for his collection.

Highly recommended reading for anyone interested in Georgia banking history from 1800 to date is the book *To Wield A Mighty Influence, The Story of Banking in Georgia* by Jan Pogue, published by Corporate Stores, Ltd., of Atlanta, Georgia.