

A

CONFEDERATE NATIONAL BANK NOTE

by CHARLES A. DEAN

There is, of course, no such thing as a Confederate national bank note. I use this term to refer to a national bank note issued during the Civil War by a national bank in a Union-occupied Confederate state.

WHEN the Civil War began in 1861, both the North and the South sought a means to finance the war. The Confederate States sold bonds and circulated paper money, some of which bore interest. In an unusual scheme to raise money in Europe, the South sold bonds with a convertibility clause. The bonds were convertible to cotton at the option of the bearer upon redemption. As the war wore on, the South became more desperate for money and simply turned to running the printing presses.

The United States also sold bonds, and for the first time in its history starting issuing paper money. The first circulating federal currencies were the demand notes of 1861, followed by legal tender notes of 1862. Also issued were compound interest treasury notes and interest bearing notes. Union successes on the battlefields required increasing amounts of capital. In order to facilitate the selling of bonds, Congress passed the National Banking Act of February 25, 1863. This act enabled the U.S. government to grant national charters to banks for a period not to exceed 20 years from the date of the Act. The Act of June 3, 1864 specified a 20-year charter period beginning on the date of organization of the bank. These banks were then allowed to issue their own bank notes, up to 90 percent of the par value of the U.S. bonds which they had deposited with the U.S. Treasury, as security for the national bank notes to be issued. The first bank chartered under this act was the First National Bank of Philadelphia, Pennsylvania, granted charter 1 on June 30, 1863. The initial national bank notes were called First Charter Period notes and were first placed in circulation in late December 1863.

As Federal armies gained control of Confederate territory, efforts were made to re-establish Union influence, both politically and economically. To this end, national banks were organized in captured Confederate cities. There were eight national banks that were chartered in Confederate states before the end of the Civil War:

The First National Bank of Nashville, Tennessee, issued charter 150 in December 1863.

The First National Bank of New Orleans, Louisiana, organized on December 18, 1863 and granted charter 162.

The First National Bank of Norfolk, Virginia, organized on February 23, 1864 and granted charter 271.

The First National Bank of Memphis, Tennessee, issued charter 336 in March 1864.

The First National Bank of Knoxville, Tennessee, issued charter 391 on April 19, 1864.

The First National Bank of Alexandria, Virginia, issued charter 651 in December 1864.

The Second National Bank of Nashville, Tennessee, issued charter 771 on January 31, 1865.

The National Bank of Vicksburg, Mississippi, issued charter 803 on February 14, 1865.

By the end of the Civil war, the economy of the South had almost completely collapsed. Many cities and towns were badly damaged, farms were in ruins, bridges and railroads had been destroyed, and many people had to try to find enough food to last until new crops could be harvested.

The Reconstruction policies of the radical Republicans in Congress helped keep the South far behind the North, economically, for almost the entire duration of the First Charter note issuing period of 1863-1902. As a result, First Charter Period national bank notes from all the southern states are rare, with only about 200 notes known to have survived. The earliest First Charter Period notes of the Original series issued from 1863-1875 are even rarer, with only about 75 notes known today, with almost all of these having been issued after 1869. How many of the so-called Confederate national bank notes exist? To the best of my knowledge, only one note that was placed into circulation over 130 years ago has survived. A lone \$10 Original Series national bank note issued by the First National Bank of Knoxville, Tennessee, charter 391, remains from a unique period in our nation's history.

Knoxville

Arriving in 1786, James White and his family were the first permanent settlers in what is now the Knoxville area. At that time, the region that is now Tennessee belonged to North Carolina. In 1790 North Carolina ceded her western lands to the United States government. Congress organized this area as "The Territory of the United States South of the River Ohio." William Blount was appointed governor of the new territory and he named White's settlement, Knoxville, in honor of Secretary of War Henry Knox. Knoxville served as the capital of the new territory. On June 1, 1796 the territory that had been popularly known as "the Southwest Territory" became the State of Tennessee, with Knoxville serving as the capital until 1812. Knoxville was incorporated on October 27, 1815. About this time, a number of publishing houses were established in Knoxville, helping to make it an important publishing center within a few years. The capital returned to Knoxville briefly in 1817, but was finally moved to Middle Tennessee because of the expanding western population and because of the growing political influence of Andrew Jackson after his victory at the Battle of New Orleans on January 8, 1815.

Because several local politicians quarreled with Jackson, who was a Democrat, during the 1820s and 1830s, the Knoxville area became an anti-Democratic stronghold. By the mid-1830s, the Whig party was firmly established in East Tennessee.

The steamboat *Atlas* reached Knoxville in 1828 and regular steamboat service was started in 1835 during the high water season. Franchises for city water and gas were contracted-for in 1854 and at about the same time, city streets were paved with cobblestones dug from the Tennessee river. The first railroad came to Knoxville in 1855 when the East Tennessee and

Georgia began service, with the East Tennessee and Virginia starting service the following year. In 1858 the railroad was completed from Bristol, Virginia to Dalton, Georgia.

Knoxville, in the 1850s, became a melting pot with French-Swiss seeking religious liberty migrating there, Germans moving there from surrounding areas, and Irish arriving to help build the railroads.

By 1861, because of the mountainous terrain of East Tennessee, which lent itself to small farms instead of large plantations, East Tennesseans had a different political view than the rest of Tennessee and most of the South. East Tennesseans, as a rule, believed in slavery and state's rights, but the Union was sacred.

After the Confederate firing on Fort Sumter on April 12, 1861 and President Lincoln's call for 75,000 troops, the Tennessee legislature, on May 6th, passed an Ordinance of Secession and submitted it for ratification by a vote of the people on June 8, 1861. Meanwhile, a convention of East Tennessee counties was called, and assembled at Knoxville on May 30. The convention was in session two days and adopted resolutions protesting recent acts of the Tennessee legislature, which favored the Confederacy, and appealing to the people of Tennessee to vote against secession. On June 8 Tennesseans voted for secession, by an over 2-1 majority, while East Tennessee voted overwhelmingly against it. However, Knoxville voted for secession. The East Tennessee convention reassembled at Greenville for four days starting on June 17 and talked of forming a new state loyal to the Union, along the same lines as was being done in the western counties of Virginia. Accordingly, a petition was drafted and presented to the Tennessee legislature asking for separate statehood. The legislature quickly dismissed the petition. Soon afterwards, many East Tennessee Unionists joined the Federal army.

On July 26th Brigadier General Felix K. Zollicoffer was assigned command of the Confederate Department of East Tennessee. At first, he was lenient toward the Union majority, but after a number of railroad bridges were burned on November 8th, the jails in Knoxville were filled with Unionists.

Because of its strategic importance, with one of only two east-west Confederate railroads passing through it, Knoxville was called the "Keystone of the Confederate Arch."

The Confederate Department of East Tennessee had gone through several changes of command by the spring of 1863, when Major General Simon Bolivar Buckner assumed command on May 12th. After the Confederate loss of Middle and West Tennessee to Federal forces in 1862-63, Confederate General Braxton Bragg encamped his Army of Tennessee around Chattanooga on July 7th. On July 25th the Confederate Department of East Tennessee was merged into the Department of Tennessee under Bragg's command. In mid-August Union Major General William S. Rosecrans started his advance from Tullahoma, Tennessee toward Chattanooga and at the same time Union General Ambrose E. Burnside started his advance from near Lexington, Kentucky toward East Tennessee.

Bragg, knowing that he was outnumbered and that Buckner was badly outnumbered, decided to concentrate forces at Chattanooga. In late August, Buckner started a slow withdrawal to Chattanooga. On September 2, 1863 Federal troops, under Burnside, marched into Knoxville through streets lined with cheering Unionists.

On September 9th Rosecrans' Army of the Cumberland entered Chattanooga after it had been abandoned by Bragg. On the same day, General Robert E. Lee decided to detach General James Longstreet's corps of the Army of Northern Virginia and ship them via rail through the Carolinas and Atlanta to northern Georgia to join with Bragg. Part of Longstreet's corps had arrived by September 19th, which was the first day of the Battle of Chickamauga. On the second day of the battle, Longstreet realized that a Union division had been pulled out of line by mistake, leaving a gap. Longstreet struck, cutting the Federal line and starting a Union retreat toward Chattanooga. The Confederates advanced and laid siege to Chattanooga. Throughout October, Federal reinforcements and supplies were sent to the Chattanooga area.

On November 4th Bragg decided to send Longstreet to attack Burnside and drive him from East Tennessee, hoping to



"The Confederate National Bank Note." Original Series \$10 from the First National Bank of Knoxville.

Knoxville, under the Confederacy, was a busy place. The city was in the heart of a rich meat-producing district, which had traditionally supplied the lower South with pork and poultry, as well as horses and mules to work the cotton plantations. With a pork packing plant at the foot of Gay Street, Knoxville was an important distribution center for the Confederacy. Barrels of pork were shipped by rail or boat all over the South.

relieve pressure on the Confederates in the Chattanooga area. By November 16th Longstreet was nearing Knoxville. Burnside, who had advanced from Knoxville, kept the Confederates from cutting off his line of retreat and withdrew to Knoxville. The next day Longstreet began a siege of Knoxville. The Confederates could not wait for the siege to starve out Burnside since General U.S. Grant was sending reinforcements.

In the early hours of November 29th General Longstreet attacked Fort Sanders, which he mistakenly thought was a weak point in the Federal defense line. In heavy fighting, the Confederates reached the parapet of the fort, but were soon forced to withdraw. In only twenty minutes of fighting, Longstreet's attempt to overwhelm Burnside had ended. The siege continued, but on December 4th Longstreet, feeling threatened by advancing Federal forces under General William T. Sherman, pulled out from around Knoxville and retreated to the northeast.

Longstreet established winter headquarters at Bulls Gap, Tennessee, about 50 miles from Knoxville, along the East Tennessee and Virginia Railroad. From this position, he hoped to be able to retake Knoxville, should an opportunity be presented. Knoxville suffered deeply from the siege and battle. Many houses and buildings had been burned or shelled and the land around the city was stripped of vegetation.

During the winter cavalry from both sides had to scour the countryside for food, forage and horses because of the difficulty of transportation of supplies. Small roving bands often encountered each other and innumerable skirmishes ensued. Because of the divided sentiments of the citizens in East Tennessee, both sides perpetrated outrages on each other during this time, including many murders. Reprisals by the other side often followed. On April 7, 1864 Longstreet's corps was ordered to return to Lee's Army of Northern Virginia.

Bank Capitalization

Such was the setting when an organization certificate for the First National Bank of Knoxville, Tennessee was filed with the Comptroller of the Currency in Washington, DC, on April 6, 1864. The bank was capitalized at \$100,000, consisting of 1000 shares of stock at \$100 each, subscribed to by nine individuals.

William T. Perkins, of Cincinnati, Ohio, purchased 830 shares of stock and was subsequently elected president of the bank. W.R. Patterson, also of Cincinnati, purchased 100 shares and was elected cashier. Both men then moved to Knoxville. This was truly an early example of the carpetbagging that would soon descend upon the entire South. The remaining 70 shares were subscribed to equally by William Gannaway Brownlow, Samuel P. Carter, G.M. Hazen, Perez Dickenson, S.R. Rodgers, Oliver Perry Temple and William Heiskell, all from Knoxville and staunch Unionists.

On April 19, 1864 the First National Bank of Knoxville was granted charter 391 and began business in the building formerly occupied by the Bank of Tennessee. This building no longer exists, but the site is what is now 612 Gay Street.

Within two years, William T. Perkins sold his stock and returned to Cincinnati. Also within this time the board of directors learned that the cashier, W.R. Patterson, had discounted paper for the benefit of a mercantile house in which he had an interest. He was allowed to resign and returned to Cincinnati. Local residents then took control of the bank and Rufus McClung was elected cashier. Perez Dickinson was elected president, but in a short while R.R. Swepson replaced him. While Dickinson was president, he paid the stockholders their dividends in gold. That was a gesture that I am sure was very much appreciated.

CHART I Population of Knoxville

1850	2076
1860	3704
1870	8682

CHART II The vote on the Ordinance of Secession June 8, 1861

	for secession	Union
East Tennessee	14,780	32,923
Middle Tennessee	58,265	8,198
West Tennessee	29,127	6,117
Military camps	2,741	0
Total	104,913	47,238

CHART III The First National Bank of Knoxville Circulation Issued First Charter Original Series

1-1-1-2	plate	\$5,190	worth.	Serials 1-1182
5-5-5-5	plate	\$20,000	worth.	Serials 1-1000
10-10-10-20	plate	\$78,600	worth.	Serials 1-1572
Total amount of circulation issued		\$104,510		
Amount outstanding at close		\$80,910		
Amount outstanding in 1910		\$591		

When the bank was chartered in 1864, the bonds that were purchased to secure its national bank note circulation were bought at a discount. By the early 1870s, the bonds had risen in value and a good profit could be obtained by selling the bonds, redeeming the circulation and liquidating the bank. Accordingly, on October 22, 1872, the First National Bank of Knoxville, Tennessee was placed in voluntary liquidation. The net worth per share at the close was about \$135.

The only known surviving so-called Confederate national bank note is an Original Series \$10 bearing the engraved signatures of L.E. Chittenden, as Register of the Treasury and F.E. Spinner, as Treasurer of the United States. The note has Treasury serial 291397 in red ink and has a plate date of May 2, 1864. Using the information in Peter Huntoon's article entitled "Treasury Serial Numbers by Year for the Early Large-Size National Bank Notes" which appeared in issue number 144 of *PAPER MONEY* magazine, the Treasury number proves that this note was issued in 1864. The note grades a repaired good. The bottom left corner is missing from the note and has been repaired with a part of another note. The repair passes vertically through the bank serial number; therefore, it is impossible to determine the original bank serial number. The bank serial number on the note now is 1011. The number 10 is on the repaired part that has been added from another note and the number 11 is on the original part of the note. The note bears the original handwritten signatures in brown ink of P. Dickinson, V. President, one of the earliest, if not the earliest instance of a vice-president, instead of the president, signing a national bank note, and of Wm. Patterson, Cashier.

Although it will not win a beauty contest, this lowly \$10 national bank note remains as a very important part of Tennessee, Southern, and United States financial history. Infor-

mation about any other so-called Confederate national bank notes may be directed to me at: P.O. Box 140262, Nashville, Tennessee 37214.

**Biographical sketches of
some of the Original Stockholders
of the
First National Bank of Knoxville, Tennessee**

William Gannaway (Parson) Brownlow

William Gannaway (Parson) Brownlow was born on August 29, 1805 in Wythe County, Virginia. He was orphaned at the age of 11. In 1826 he was licensed to preach by the Methodists and became a circuit rider.

He entered the newspaper business and moved to Elizabethton, Tennessee; on May 16, 1839 he founded the *Elizabethton Whig*. After one year he moved to Jonesboro, Tennessee. Brownlow later moved to Knoxville, and on May 19, 1849 started the *Knoxville Whig*.

In early 1861 he was vile in his editorials against secessionists. Brownlow was a member of the East Tennessee Convention and wrote strongly against ratifying the Ordinance of Secession.

Brownlow was suspected of being the ringleader of the Unionists who burned the railroad bridges on November 8th. He was arrested on December 6th and jailed in Knoxville. The Confederates sent Brownlow into the Union lines and on March 5, 1862 he left Knoxville for Union-occupied Nashville. Brownlow returned to Knoxville shortly after Union forces entered the city.

On February 22, 1865, William G. Brownlow was elected governor of Tennessee. Re-elected in 1867, he pursued a very heavy-handed policy toward former Confederates and plunged the state deeply into debt. On March 5, 1869 Brownlow was sworn into office as a U.S. Senator from Tennessee serving one six-year term. William Gannaway Brownlow, who was once called the meanest man that ever walked the streets of Knoxville, died on April 29, 1877.

Samuel P. Carter

Samuel P. Carter was born on August 6, 1819 in Elizabethton, Tennessee. Carter received an appointment as a midshipman in the navy in 1840. He graduated from the U.S. Naval Academy at Annapolis, Maryland in the first class in 1846.

In late summer of 1861 Carter organized 2000 East Tennessee Unionist volunteers. In May of 1862 Carter attained the rank of Brigadier General of the Volunteer Army. He was with General Burnside when he entered Knoxville. In March of 1865 Carter was breveted a Major General in the volunteer army.

In 1870 Carter was promoted to Captain in the Navy. He was Commandant of the U.S. Naval Academy from 1870-1873. He was promoted to Rear Admiral in 1882. On May 26, 1891 Samuel P. Carter, the only person in American history to be both an Admiral in the Navy and a General in the Army, died in Washington, DC.

Perez Dickinson

Perez Dickinson was a Massachusetts schoolteacher who arrived in Knoxville in 1829. He was a teacher at the Hampden-Sidney Academy from 1830-1832.

Dickinson became one of Knoxville's merchant princes after going into the dry goods business in partnership with James

H. Cowan, his brother-in-law, in 1832. Dickinson served as president of the Union Bank of the State of Tennessee, Knoxville Branch, from 1857-1863.

Although Dickinson owned slaves, he was a strong Unionist and opposed secession. After the Union occupation of Knoxville by Burnside in 1863 Dickinson commanded Company E of the militia organized by Unionists for the defense of Knoxville.

Oliver Perry Temple

Oliver Perry Temple was born on January 27, 1820 in Greene County Tennessee. Temple was admitted to the bar in 1846 and settled in Greeneville, Tennessee. He ran against Andrew Johnson for Congress, but was defeated.

In 1848 Temple moved to Knoxville. In the presidential election of 1860 he was the elector from the Knoxville district for the Constitutional Union ticket. After the election he made the first speech in Tennessee in support of the Union.

In 1881 Temple was appointed the Postmaster of Knoxville, serving until 1885. Oliver Perry Temple died in Knoxville on November 2, 1907.

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REFLECTIONS OF

John Hickman

WE are happy to report that we received a strong response from our patrons with reference to bank signatures. Without exception, the attitude is to leave the notes alone. We received several well-thought-out letters, the substance being that the signatures or lack of signatures, are an integral part of the note and, as such, should not be tampered with in any way. Many collectors feel strongly even about the dirt and stains, feeling that this evidence of honest circulation had become an essential portion of the note and should not be removed. We are now more and more inclined toward this point of view and will attempt to identify future notes as to missing signatures, washed notes, etc.

[Hickman & Waters 28th Mail List, November 1970].