

June 2009



A Newsletter for the Volunteers of the 1820 Col. Benjamin Stephenson House

The Volunteer

RoxAnn Reisinger, Director

Stephenson and the Bank of Edwardsville

By Dr. Sid Denny

Money was always a problem on the western frontier. Most of the early settlers in the Illinois Territory were subsistence farmers who had little money when they arrived. Further, money itself was in short supply. A large part of the problem was the fact that the Federal Government did not print paper money. The Continental Congress had printed paper money to help finance the Revolutionary War, but, in the absence of tax revenues, the money was quickly devalued. The devaluation of this currency led to the widespread use of the phrase "not worth a Continental" to describe anything that was worthless.

In 1791, Congress created the Bank of the United States which was authorized to issue bank notes. The following year the first U.S. Mint was established in Philadelphia and began producing coins. Since the new United States had incurred huge debts during the Revolution and had few sources of income, the amount of money actually produced was quite small. Further, the money that was issued was concentrated in the east and little money made its way onto the frontier providing little monetary improvement on the frontier. These problems were really not solved until the Civil War when the federal government began producing large quantities of paper money in the form of "Greenbacks."

In the Illinois Territory, the shortage of money was acute. Not only was money scarce, but the supply also was constantly shrinking. What little money made its way to the Illinois Territory quickly made its way back out of the territory. Manufactured goods all had to be imported from New England. Textiles, metal goods, spices, and almost anything other than food and liquor, had to be brought into the territory from somewhere else. Even worse, what little money remained ended up being deposited in banks outside the territory since there were no banks within the territory. This fact became intolerable when the Federal Land Offices opened in Illinois. The Federal Land Office in Edwardsville became one of the largest land offices in the United States. Stephenson, as Receiver of Public Money in the Land

Office, had to take the receipts to St. Louis to deposit the money in a bank approved by the federal government.

During the early years of the 1800s, states and territories began chartering banks. By the 1830s more than 1,600 banks had been created. The creation of these banks solved a number of problems—money became more plentiful, individuals could secure loans, and money generated in the territory could be kept "at home" rather than being sent to New England. However, in the absence of any form of regulation, problems were legion. Fraud and counterfeiting were epidemic.

Throughout this period, local newspapers were full of accounts of nefarious schemes. The *Western Intelligencer* in Kaskaskia ran numerous articles detailing these problems. In 1817, the paper ran articles detailing the activities of an individual passing \$5 and \$10 counterfeit notes on the Patterson Bank and the New Brunswick Bank. A second article detailed the appearance of counterfeit five dollar bills on which "the cashier's name is a good imitation," but "The President's name is very indifferently written." The paper also ran an article from New York stating that "the high constable of this city returned from Canada....He obtained there, and brought with him *thirty-five* plates on the following banks, and of the subjoined denominations..." Another article from Kaskaskia sites problems in Ohio:

"We are informed that two trunks of bills lately struck off for the Mansfield Bank, were shipped from this place last week, for Ohio, where they are to be called up, and will probably be soon thrown into circulation. It perhaps is not generally known, that this association is nothing but a gang of swindlers who, under the specious name of *"the President and directors of the Bank of Mansfield,"* are imposing on the community an immense amount of paper which they have neither the disposition or ability to redeem." Another article described "Ten Dollar Bills purport-

(Continued on page 7)

Welcome New Volunteers!

Genie Manterfield

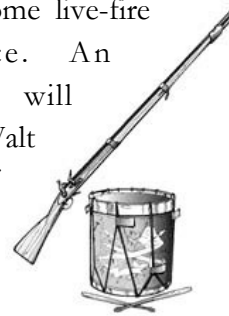
Bryan Conner



Ben's Brigade Shoot Planned

On June 14, 5p.m. Ben's Brigade will meet at the residence of Liz and George Edwards to enjoy some live-fire shooting practice. An evening cookout will follow. Please let Walt or RoxAnn know if you plan to attend.

618-692-1818.



Piano Forte Repair Fund

To date, twelve piano forte keys have been purchased by donors, making our total funds raised \$360. Each month the volunteer newsletter will display the keyboard with the number of sold keys colored yellow, and a list of donors who have contributed to the project. The repair fund goal is \$1000.

Donors to date are:

Diane Schrader

Lucia Weber

Ed and Candy Wentz

Kathy Schmidt

Elizabeth and Bill Bowling

Dr. Robert Malench

Brenda Knox and Matt Crowe

As an added incentive, southeastern Iowa historical reenactor and seamstress Brenda Knox has offered to provide a new linen shirt or shift with the purchase of a set number of piano keys. The chosen garment will be entirely hand sewn by Brenda to fit the purchaser.

Gentlemen: The purchase of five piano

forte keys (\$15 each for a total of \$75) will buy a new, handkerchief-weight, 1820 linen shirt with mice teeth on the collar and optional neck ruffle.



Ladies: Purchase four keys (\$60) to obtain a new, hand-sewn, ladies' linen shift with short sleeves and a drawstring neck, either calf length or ankle length.

This is a very generous offer and a great bargain for area reenactors needing a new linen shirt or shift. Brenda and her husband Matt have been very supportive of this project and were the first to donate to the project. If you are interested in this incentive, call RoxAnn (618-692-1818) for more details.

To purchase a key or keys, send donations to:

Piano Forte Repair Fund

c/o. 1820 Col. Benjamin Stephenson House

P.O. Box 754

Edwardsville, Illinois 62025

Checks should be made payable to ***Friends of the Col. Benjamin Stephenson House.***

Volunteer Recognition

The following is a list of the top ten volunteers of the month. This list is based on the number of hours each volunteer worked and recorded in the volunteer hours log book. We appreciate all the time our volunteers give each month, regardless of total hours worked. Thanks to each and every one of our volunteers!

April 2009

Bob Jurgena

Amy Mullane

Maxine Callies

Rudy Wilson

Diane Schrader

Meg Solon

Kathy Schmidt

Ellen Nordhauser

Karen Mateyka

Pat Peverly

May 2009

Bob Jurgena

Amy Mullane

Meg Solon

Ellen Nordhauser

Angela Otto

Rudy Wilson

Pat Peverly

Maxine Callies

Diane Schrader

Kathy Schmidt





The Needler by Elizabeth Bowling

Silk Purses and Sows' Ears:

Making Modern Items Historically Passable

Not everything for a historical impression is available in reproduction form from vendors. A case in point is children's shoes—something that is quickly outgrown and needs frequent replacement.

Necessity, as the saying goes, is the mother of many things. The living-history parent thus becomes a master of adaptation. Shown here is the transformation of a pair of mass-market, girl's modern slippers, adapted for wear in an early-19th-century setting.

The shoes began life as a pair of glitter-covered Hello Kitty ballet flats, on clearance at Target. At first glance, these might not seem like a candidate for historical restoration. But their saving graces were a) a size match for the foot in question, b) a shape essentially appropriate to the period and c) a fabulously low price.



Target's Hello Kitty ballet flat, before adaptation.

The first step was the removal of the multi-colored glitter. This process, experience showed, was best accomplished by hand, with



Late-18th-century or very early-19th-century child's shoes, made for use with shoe buckles. The soles of the child's original buckle shoes.



the human nail. (Scraping tools, as it turned out, removed too much of the material underneath.) Slow, careful removal of the glitter and glue alone revealed a suede-like surface, much like the texture of period shoes made with the leather's "rough" side (i.e., the side from which hair had grown) turned to the exterior. (See illustration below.)



The modern left shoe, with a portion of the glitter surface removed.

Following removal of the modern glitter, the suede-like surface needed dyeing to a historically appropriate shade. Black being a common, serviceable option of the day, we recolored the shoes by hand, using industrial magic markers.

(See illustration.)

At the end of the process, a minimal investment of money and a few hours of labor resulted in a shoe that would meet a four-year-old's needs for the 2009 season.



The de-glittered right shoe, with recoloring almost complete.



The completed shoes, modeled by Gillen



Child's shoes, of brown leather, c. 1839 (Museum of Fine Arts Boston).



Child's shoes, of brown leather, c. 1820-50 (Wisconsin Historical Society).



Boy's shoe, of black leather, c. 1837 (Museum of Fine Arts Boston).

Correcting Misinformation: Second Installment

"The canopied bed in the children's bedroom would have been Elvira's."

(R.Raisner) First of all, the furniture is not original to the house or family. Second of all, just because there is a lace canopy on the bed does not make it 'girly'. Canopied beds were not uncommon and boys slept in them too.

"Bed hangings kept the night air from settling on you while you slept."

(R.Raisner) Bed hangings were used to keep the occupants warm at night. Keep in mind, homes at that time did not have central heating and could be drafty. Working bed hangings helped to keep body heat in and cold air out.

(Karen Mateyka) However, in the warm weather they would have had netting to keep the insects off them.



York, Pennsylvania, Family c. 1828, Unknown Artist (The Saint Louis Museum of Art)

"The indentured servants, owned by Stephenson, chose to be indentured."

(R.Raisner) It all depends on how you look at this statement. Most visitors to the house will only be familiar with the practice of Europeans who indentured themselves in order to gain passage to America. Our indentured servants had no choice. Since slavery was illegal in Illinois, slave holders found a way around the laws with the legal practice of indenturing. Slave holders moving into Illinois were required to register their slaves in the county they resided. Legally the slave became indentured; put under contract for so many years. The amount of time indentured

ranged from 10-99 years. The idea was not to set the slave free but to legally keep him/her in bondage.

Stephenson's indentured servants were not given a choice of freedom or bondage. They were property and therefore owned by the family.

(Sid Denny) It's not like they had a choice. They were indentured in some cases at a very early age. The 1820 census shows two free blacks living with the Stephensons. But several of the earlier indentured servants remained after their indentures expired.

(Karen Mateyka) But, they really did not have a choice. It is difficult to understand how Barksley, age 42 days and Washin Will, under a year old, could have communicated their agreement!

"Why do we have paintings of people who were not related to the Stephensons in the house?"

(R.Raisner) The portraits of Captain Blakeman (children's bdr), Henry and Mary Gerke (parlor), and President Martin Van Buren (dining room) are on loan to us. All the portraits were painted by John Phillip Gerke during the period of the Stephenson occupation.

According to the 1822 auction inventory, there were two portraits sold. Who the portraits were of we do not know. The loaned portraits were accepted for display in the house for their regional significance and to create a more lived-in atmosphere to the restored home.

"Were there schools in Edwardsville?"

According to the book, "Edwardsville: An Illustrated History" by Ellen Nore and Dick Norrish, the first public supported school building was completed in 1864. Before 1855, there was no established tax to support free public education in Illinois. Schools before the 1850s were either subscription or private academies. The stereotypical one room school did not come into being until after 1855. Documented schools in Edwardsville during the early 1800s include:

1807- Joshua Atwater, the first documented teacher in EDW, taught at a subscription school near Edwardsville.

1809 – A log "subscription" school located 2.5 miles south of town.

1820 -1830 – A private Academy of Science, advertised in the local newspaper, offered "French, geography, history, drawing, arithmetic, embroidery, plain needlework for young ladies and the English language."

1820s – Sunday schools often taught more than Bible studies to students.

1825 – John Barber established a log school three miles south of Edwardsville.

1834 – Edwardsville Female Academy. This school did not last very long.

(Sid Denny) In the early 1820's Stephenson and Theophilus(?) Smith rented a brick structure in lower town (near the courthouse of the time) to start a new school that would have been like the other subscription schools. Stephenson's death seems to have derailed the whole thing.

"Were there churches in Edwardsville? What denominations?"

(Karen Mateyka) There is information readily available about the Presbyterian Church. On March 17, 1819, Rev. Salmon Giddings of St. Louis, and 15 other people organized the Edwardsville Church. Records have been lost, but it is believed most of the original members were of Scotch-Irish descent. It is



(Continued on page 5)

Gardens at Stephenson House by Carol Fruit

The Teaching garden has been planted with seeds and seedlings. There are lots of flowers and some vegetables. Look for little plants this month that should be producing by next month. All areas are marked with wooden shingles naming what plant is there. After each name there is a mark in parenthesis *i.e.* *Fingerling Potatoes* ©. The © means that the potatoes are for culinary use. The letters we used are:

(C) culinary or cooking

(F) flowers or fragrant

(D) dye

(H) herb

Some tags will have more than one letter. For example: Many flowers are also used for dye.

The garden to the east of the wash house and under some trees is the new woodland garden. It is planted with native plants that are found in our local woods. These plants flower in early spring and tend to disappear in the hot summer months. Don't expect much this year but it should begin to

look like something next spring.

Ellen Nordhauser has planted a Prairie garden in front of the Teaching Garden with plants native to our Midwestern prairies. Watch to see how quickly it fills out in that hot area.



Leonard Gnojewski and Ellen Nordhauser work on planting the woodland garden next to the wash house.

(Continued from page 4)

known that very early in the church's history there were four who served as elders: Thomas Lippincott (who performed the marriage of Elvira and maybe Julia, the minister is not named for Julia's wedding). , Hail Mason, Jeremiah Abbot and Mathew B. Torrence.

But were the Stephensons members? Lucy was secretary of the Female Society. The president was Mrs. John Blair Smith, widow of Blair who was one of the most prominent Presbyterian ministers of his day. One would assume there was a friendship between Mrs. Blair and Lucy, so certainly Lucy would have been a member of the church. And Lucy was an original member of a Presbyterian Church in Carlinville - record dated June 1834. She had just left Edwardsville. I think there is reason enough to safely say the Stephensons were members of the Presbyterian Church here in Edwardsville.

According to the "History of Madison County" (pg. 95), the Methodists had a strong presence in the area. The group first appeared in 1803 in the Goshen area. In 1807 there was the first camp meeting and Rev. McKendree attended (*i.e.* McKendree College). Bethel Church (pg 278) was built in 1805 and located in the Center Grove area, by 157 Center Grove Road.

In my opinion we are safe in saying the Methodist Church was the strongest and largest church. Then came the Presbyterians and Cumberland Presbyterians.

An article written by Miss Ella Tunnell in 1955 (Edwardsville Historian) states that a church was built at Ebenezer in 1817. It was the second church built near Edwardsville—Bethel being the first—on land 2 1/2 miles south of Edwardsville (AKA Center Grove).

Ella Tunnell states the Methodists, the Presbyterians and the Cumberland Presbyterians worshipped there. Apparently those three were the main religions in Edwardsville at that time.

Dr. Benjamin Edwards, brother of Ninian, started a Baptist Church here in 1828. He left the area in 1837. His congregation was not very big.



Baroness de Neuville's cabin on a passage boat, c. 1816

JUNE 2009

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3 Book Club	4	5	6
7	8	9	10	11	12	13
14 Sewing Circle	15	16	17	18 Tour	19	20
Archeology Camp →						
21	22	23	24	25	26	27 Story Time
28 Sewing Circle	29	30				

Calendar Activities

June 3, **Book Club**, 7-9 p.m.,
Join the book club to discuss this
month selection, *Daniel Boone* by
John Mack Faragher.

June 14, **Sewing Circle**, 1-3 p.m.

June 15-19, **Archeology Camp**,
Learn about life of an archeolo-
gist and participate in an archeo-
logical dig. Students will learn to
excavate in grid units and strati-
graphic levels, measure and re-
cord artifacts, and to analyze the
excavation site, and with written
report. Open to children grades 3
-5. A morning session (9 a.m. –
12 p.m.) is offered. Limited regis-

tration. To register, call 618-468-
2222. *Funded in part by the Greater
Edwardsville Area Community Foun-
dation.* \$75 per student.

June 18, **SIUE Museum Studies
Tour**, 12:30-2:30 p.m., 36 adults

June 27, **Story Time**, 1-2 p.m.
Gather under the old shade tree
to listen to stories of adventure
and fun. During the months of
June through October guest sto-
rytellers will entertain visiting
children with stories of the past,
fantastical worlds and distant cul-
tures. *Children must be accompanied
by an adult.* FREE

June 28, **Sewing Circle**, 1-3 p.m.



Members of Ben's Brigade and the 1st Regiment
U.S. Infantry at Lewis and Clark Heritage Days in
St. Charles, Mo. *Huzzah!*

(Continued from page 1)

ing to be issued by the Urbanna Banking Company...They are of different dates—tolerably well executed; the paper of an oily cast, and the engraving of a darker hue than the genuine bills.” The *Saint Louis Enquirer* reported in February 1819:

“On the night of 6th Jan. five villains were detected in the vicinity of Golconda, (Ill.) and taken into custody for passing counterfeit and spurious money, principally on the State Bank of Indiana and its branches....One of the rogues who calls himself Merrick Sturdivant, made his escape with a considerable sum, which we have no hesitation in saying was counterfeit.”

In addition to the cases of outright fraud and counterfeiting, many banks succumbed to the temptation to print more money than they could secure. One author says of the situation: “...the chief function of a western bank seems to have been to manufacture paper money and issue it on easy terms to the ambitious but impecunious inhabitants.” (Dowrie 1913:366)

In December 1816, the Illinois Territory chartered its first bank. The case for the creation of the bank was made public by Daniel Pope Cook, editor of the *Western Intelligencer*. In a front page article, Pope pointed to the scarcity of “precious metals” and the difficulty of accepting paper money from banks in other states due to “the remoteness of our situation.” Additionally, “the many frauds and deceptions that have been perpetrated in the country, by the circulations of spurious paper, purporting to be on bank at a distance, has very justly awakened the suspicion of those to whom such paper was offered and consequently cramped its circulation.”

Cook argued that money from a local bank would be much more familiar to people within the territory and thus more difficult to counterfeit. The Territorial Legislature and the Governor obviously agreed. The Bank of Illinois at Shawneetown was incorporated with \$300,000 of stock at \$100 a share. A total of \$100,000 of stock was reserved for purchase by the Territorial Government at a future time. Purchasers of stock were required to pay ten dollars a share in gold or silver coin with the remainder to be paid in paper money and on demand of the directors. The Bank was allowed to open when it had received \$10,000.

The Bank was also authorized to print its own paper money. The bank notes provided a medium of exchange at a time when gold and silver coins were in such short supply that there was no other effective medium of exchange. The initial reluctance of people to accept the paper money was eased when the Legislature passed another law saying that creditors could not demand payment unless they had notified the sheriff in writing that they would accept paper money from approved banks. Thus, creditors could not demand payment in gold and silver and were forced to accept the notes printed by the bank. The law was an open invitation to the bank to print more money than it had in capital.

The bank, the bank's stockholders and their friends and political allies took advantage of this fact. They obtained loans from the bank which they used to purchase land. The land was resold for a profit to settlers and speculators. Both the bank and those who had obtained loans made money.

The Bank of Illinois at Shawneetown enjoyed such success that a little more than a year later, on 9 January 1818, three new banks were chartered. The Bank of Kaskaskia was unable to sell enough stock and never opened. The Bank of Cairo was chartered under a peculiar set of provisions. The holders of the charter owned 1800 acres at the junction of the Ohio and Mississippi rivers. The bank was chartered with the provision that the 1800 acres would be subdivided into city lots which would be sold at \$150 each. The first \$100 of the \$150 cost of each lot would be applied to bank stock. The bank was to begin business when 500 lots had been sold. The Bank of Cairo never opened.

The Bank of Edwardsville was the third of the banks to be chartered. The provisions of the charter for the Bank of Edwardsville were very

similar to those of the Shawneetown Bank. The bank was incorporated with \$300,000 of stock at \$100 per share. The terms for the purchase of the stock were even more liberal than those at Shawneetown. Stock in the Bank of Edwardsville could be purchased for \$5.00 down in gold and silver coin with the remainder to be paid in paper money upon the call of the directors of the bank. The bank could open for business when it had sold \$50,000 in stock subscriptions and received \$10,000 in specie payments.

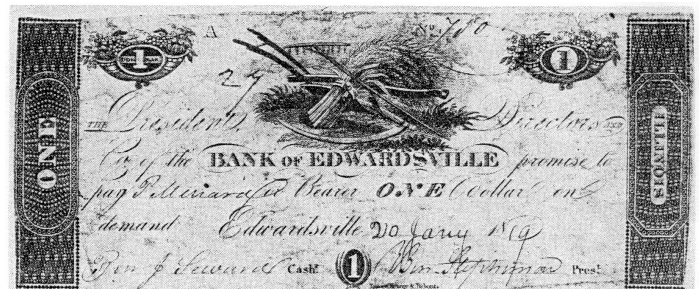
Sale of stock commenced almost immediately. Advertisements appeared in both the Kaskaskia and Edwardsville newspapers that the sale of stock would commence on the second Monday in March 1818. Commissioners for the sale of stock included John Edgar at Kaskaskia, William Kinny at Belleville, Nicholas Jarrot at Cahokia, and Benjamin Stephenson, John McKee, James Mason, Abraham Prickett and Joseph Conway at Edwardsville.

Initially, stock sales went well and within several months \$30,000 in stock had been sold. In fact, \$22,625 worth of stock had been purchased by Kentuckians. Principal among these was General John Payne, whose brother-in-law, Richard Johnson, later became Vice-President of the United States. Richard Johnson and his brother, James, were deeply involved in the chartering of the Bank of St. Louis at the same time. An additional \$5,475 in capital came from St. Louis stockholders while the remaining \$5,475 came from Illinois investors. Most of the Illinois investors were Edwardsville residents.

In the fall of 1818, the stockholders met at Edwardsville to elect directors and officers. Directors included Benjamin Stephenson, Ninian Edwards, William Kinney, Abraham Prickett, Joseph Conway, Dr. Joseph Bowers, Robert Pogue, Theophilus Smith, and Robert Latham. It was an impressive series of directors. Stephenson had served in Congress and was Receiver of Public Money in the Land Office. Ninian Edwards was Territorial Governor and soon to be the first senator for the state of Illinois. Kinney would be a state senator and Prickett would be a state representative. Conway was the clerk of the Superior Court. The remaining directors were respected professionals and businessmen in Edwardsville. At the first meeting, the new directors of the bank elected Benjamin Stephenson as president and Benjamin Seward as cashier.

Shortly after the bank opened, Stephenson, in his role as Receiver of Public Money for the Federal Land Office, received a letter from William Crawford, Secretary of the Treasury. The letter, dated 21 December 1818, said “From the favorable representations that have been made to me respecting the Bank of Edwardsville I have proposed to make it a depository of public money upon the usual conditions....”. The letter was of great significance since one of the principal reasons for chartering the bank was to keep land office money in the state. Further, the influx of substantial sums of Land Office money would put the bank in a very favorable position. The letter concludes with a cautionary note: “If any circumstance affecting the character of the Bank in which you may make your deposits should at any time, come to your knowledge, you will communicate them to me.” While the cautionary note appears to be a boilerplate addition to the letter it would cause considerable problems a number of years later. Interestingly, Crawford never seems to have considered the issue of the obvious conflict of interest in which Stephenson was depositing Federal Land Office Money in a bank Stephenson was also president of.

(Continued on page 8)



(Continued from page 7)

The Bank began producing paper money in early 1819. Twenty five and fifty cent notes were printed as well as bills in one, two, three, five, ten, and twenty dollar amounts. The amount of paper issued was never supposed to exceed the reserves in gold and silver coin held by the bank.

By the beginning of 1819, the directors and officers of the Bank of Edwardsville must have been celebrating their good fortune. A great deal of stock had been sold, the bank had been approved as a depository for the Land Office, and a number of real estate developments were beginning in Edwardsville based upon loans secured from the bank. Additionally, new businesses and new settlers were flocking to town. Visions of fortune must have danced in front of all the investors. Unfortunately for the investors, a number of factors came together to eventually destroy the bank.

The Panic of 1819 was one of the earliest financial crises in American history. There were widespread foreclosures, bank failures, unemployment, and declining agricultural production and manufacturing. The economy of the entire United States was affected and the people of the Illinois Territory and Edwardsville were not immune. In Edwardsville, the effect was felt at all levels. Farmers were pushed to the edge of bankruptcy. Gershom Flagg, one of the most successful farmers in the area, described the problems in several letters to his relatives. In a 12 June 1819 letter to his brother, Flagg describes how well things are going:

"We have a News Paper published in Edwardsville which has very lately commenced, by the title of "Edwardsville Spectator." There is also a Bank, and Lawyers enough to sink the place. The country is settling with extraordinary rapidity. Thirteen months ago there was not a family north of here and there is now perhaps two hundred some a hundred and twenty miles north of this. They settle on United States land. And as soon as it is offered for sale they will probably have to leave it or pay a high price for it. Land which was bought two or the years ago for two dollars and acre is now selling at 10 to 12."

A year later in October 1820 he writes to his brother again: "Money is becoming very scarce. Wheat now sells at 50 cts pr bushel and corn at 25. Beef and pork are also very low and the price of land has fell nearly one half within 18 months. The people are as is usual complaining of hard Times!"

In December of the same year, Flagg wrote a second letter writing to another brother:

"For this country this is called *Hard Times*. You may gather some Ideas of the circulation of cash here and of the great change of times from the annexed prices:

Prices current in the vicinities of St. Louis and Edwardsville:

1819	1820
Beef pr. Lb from 4-6 cents	from 2 ½ to 3 ½ cents
Pork " " " 5-6 "	" 2 to 3 "
Flour pr barrel \$8-12	" \$3.25 to \$5
Corn pr bushel from 33 to 50 cts	12 ½ to 20 cents
Wheat " \$100 (ie. 1.00)	37 ½ to 50 cents

Cows which sold last year for 25 dollars will not fetch more that \$15 and oxen which Sold one year ago for 120d now sell for 80 only.

The price of land has fallen more than one half—A bad time for speculators—there are many here who paid out all the money they had in first installment on land and depended on selling it before the other payments become due and as the price of land is now reduced no body will buy it at the former price."

The panic hit The Bank of Edwardsville, as all banks, especially hard. The bank had loaned money to land speculators and many of the loans

went into foreclosure. In an ad in the *Spectator* dated 14 May 1821, Benjamin Stephenson and Ninian Edwards advertised the sale of nearly 75 lots and nearly 28 acres of undivided land which had been part of the John Robinson estate. The Bank of Edwardsville had loaned more than \$2000 to Robert Latham, one of its original stock holders, to purchase the property in November 1819. Latham defaulted on the loan and in 1821, the bank was left with the unsold lots and undivided land which were worth a fraction of the initial value.

The panic alone was enough to kill a number of banks within the states and territories that made up the Old Northwest Territory. However, the Bank of Edwardsville was faced with additional problems. Probably the most significant problems were the attacks against the Bank of Edwardsville from the Bank of Missouri. The Bank of Missouri collected large amounts of paper money issued by the Bank of Edwardsville. It then presented all the bills to the Bank of Edwardsville in a lump sum while demanding that it be given the full face value of the bills in gold and silver coin. The state and territorial bank charters required that all banks could only print as much paper money as they could back with gold and silver. The Bank of Missouri was trying to drain the Bank of Edwardsville of its gold and silver reserves and thus force it into bankruptcy.

Similar schemes were common elsewhere with other banks, but the attacks from the Bank of Missouri were unrelenting. These attacks were based upon the fact that the new Bank of Edwardsville had become a very significant rival to the Bank of Missouri. The Bank of Missouri had been designated as a depository for the proceeds of land sales in the Illinois Territory. When the Bank of Edwardsville was chartered, Ninian Edwards convinced the Secretary of the Treasury to designate the Bank of Edwardsville as a depository for land office receipts. The gold and silver, which had been previously deposited in the Bank of Missouri, began to pour into the Bank of Edwardsville and the Bank of Missouri was badly hurt by the loss. The Bank of Missouri, therefore, mounted a long standing series of attacks on the Edwardsville bank.

The Bank of Missouri was greatly aided in its attacks by newspaper attacks upon the Edwardsville bank. The principal newspaper leading these attacks was the *St. Louis Enquirer*. The *Enquirer* attacks began within weeks of the opening of the Bank of Edwardsville. The *Enquirer* charged that the Bank of Edwardsville was illegally constituted since the principal stockholders were from Kentucky rather than Illinois. The charge was actually true since the territorial charter for the bank required that the majority of stockholders should be from Illinois and, in fact, the largest stockholders were from Kentucky. The *Enquirer* constantly published articles contending that the Bank at Edwardsville could not back its paper money by gold and silver. The *Edwardsville Spectator* published articles indicating that audits in the years 1819 and 1820 had refuted these claims. The attacks were generally answered by Hooper Warren, the editor of the *Edwardsville Spectator*. Additionally, Ninian Edwards wrote several letters to the editor of the *Enquirer* countering the newspaper claims. Nevertheless, the attacks continued for several years.

The attacks by the *Enquirer* were orchestrated by the editor, Thomas Hart Benton, and had a number of motives. First, Benton was a stockholder in the Bank of St. Louis. Obviously, he had a significant financial stake in the destruction of the Edwardsville bank. Second, during his entire life, Benton was an advocate for currency backed by gold and silver. His constant charges that the Bank of Edwardsville had too little gold and silver to back all of the bills it produced were consistent with his honest belief in "hard" currency. Finally, despite the difference in size and population, Edwardsville was beginning to be seen by many in St. Louis as dangerous.

Benton and many of the leaders of St. Louis were slave holders. Hooper Warren, the editor of the *Edwardsville Spectator*, was an outspoken opponent of slavery. Under the provisions of the Northwest Ordinance "involuntary servitude" was illegal in the Illinois Territory. When Illinois became a state in 1818, the provision was continued. Furthermore, a number of vociferous opponents of slavery lived in Edwardsville. Edward Coles, the future governor of Illinois, worked with Benjamin Stephenson

(Continued on page 9)

(Continued from page 8)

at the Land Office. Daniel Smith was one of the most vociferous anti-slavery activists. Smith gave an incendiary anti-slavery toast at the 1819 4th of July party in Edwardsville. The toast was quoted in the *Spectator* and picked up by the *Enquirer*. Even worse, from the perspective of the *Enquirer*, Smith was accused of traveling to Boon's Lick (west of St. Louis) and encouraging slaves to revolt during the July 4th celebration there. He also was accused of traveling to Saint Genevieve and encouraging slave revolts there. Edwardsville was, for a Missouri slave holder, a nest of vipers. Anything that could destroy the leading business in Edwardsville would be welcome.

Despite all the problems and the constant currency and newspaper attacks, the Bank of Edwardsville managed to survive throughout 1819 and 1820. Nevertheless, cracks appeared very early. In September 1819, Ninian Edwards wrote a spirited defense of the Bank of Edwardsville in a letter to the editor of *Spectator*. Despite his strong defense of the bank, he concluded his letter by announcing that he was resigning from the Board of Directors and would "withdraw from further future responsibility, of any kind whatever, in relation to this bank or any other..." Edwards was the consummate politician and he had aspirations for high office. One must conclude that he could see the handwriting on the wall and was getting out before his reputation would be hurt.

The end for the Bank of Edwardsville came in 1821. In mid August, the Bank of Missouri failed and announced that it would cease to redeem its bank notes. In the 21 August 1821 issue, the *Edwardsville Spectator* reported:

"In consequence of the failure of the Bank of Missouri, and the consternation it produced among all classes of people in St. Louis, a run was made by every holder of a dollar of the paper of the Bank of Edwardsville, from St. Louis and St. Charles. The news of the failure of the Missouri bank arrived at this place late on Tuesday evening, and on Wednesday morning the board of directors of the Edwardsville bank caused its doors to be opened at seven o'clock, and continued them open until several hours after the usual time of closing. The same liberal course was we understand pursued during the week, and still continues.

The result has been that not only have the holders had their notes redeemed with specie and every possible facility afforded them to obtain it promptly, but whatever unfounded impression had been made against the credit of the Bank of Edwardsville, from the circumstance of the failure of the Missouri bank, and the evil reports of slavers and slaveholders, has been entirely removed."

The article went on to report that the run had ceased: "The solvency and resources of the Bank are unquestionable." Unfortunately, in real life things do not happen as they do in Hollywood. In "*A Wonderful Life*", Jimmy Stewart triumphs and his bank is saved. Stephenson's bank did not survive despite his best Stewart-like exertions. On 3 September 1821, the *Spectator* ran an ad from the bank: "The Board of Directors of this institution have determined on a temporary and partial suspension of specie payment." While redeeming all notes smaller than ten dollars, they stopped redeeming larger bills until the drain on specie reserves would end. The ad ends with the comment: "Whether this course of policy will prevent these drains time will determine."

The drain on specie continued and within two weeks, the bank closed its doors for the last time.

The failure of the Bank of Edwardsville was accompanied by significant

irony. The failure of the Bank of Missouri was the principal cause of the failure of the Bank of Edwardsville. The ultimate irony is the fact that Thomas Hart Benton went on to serve as a United States senator from 1821-1851. Over time, he slowly changed his early views and became a vocal critic of slavery. His later opposition to slavery led to his defeat in the 1851 Senate election.

For the Stephensons, the failure was a financial disaster from which they never recovered. Not only did Benjamin Stephenson lose a great deal of money in the bank collapse, but the U.S. government also lost a large amount of land office deposits. While Stephenson was paid a substantial salary for his job as Receiver of Public Money at the Land Office, he could have never earned enough to replace all the federal money; however, given time he could have certainly earned enough to pay his personal debts. Unfortunately, he died a year after the bank failed and the family was left with no money and all of the debts.

The failure of the bank also had a devastating political effect upon the political career of Ninian Edwards. In 1824 Edwards was appointed Ambassador to Mexico. It was a political plum which he badly wanted.

However, in 1823 Edwards, then a senator, had been called before Congress to testify about the \$46,800 of federal money which was lost when the bank closed. Edwards had testified that he had resigned from the board in 1819 and was not responsible for any of its subsequent difficulties. Additionally, he testified that he had asked Benjamin Stephenson, as required, to notify the Secretary of the Treasury William Crawford that the difficulties of the bank should disqualify the bank as a depository of federal funds. Crawford's original letter, designating the Bank of Edwardsville as a federal depository, had required: "If any circumstance affecting the character of the Bank in which you may make your deposits should at any time come to your knowledge, you will communicate them to me." Edwards testified that he was present when Benjamin Stephenson wrote such a letter to Secretary Crawford. Finally, Edwards testified that, at the time of the bank closure, the assets set aside to secure the federal deposits were large enough to cover the entire federal deposit. His testimony indicated that Crawford had delayed the final settlement for such a long time that, by the time Crawford required a settlement, the securities had become worthless. Therefore, not one cent of the \$46,800 of federal deposits was ever recovered.

In 1824, days before Edwards was scheduled to leave for Mexico, Crawford informed Congress that he had never been informed that Edwards had resigned from the board of directors and no letter informing him of the difficulties of the bank had ever been received from Benjamin Stephenson. Believing that Crawford had accused him of lying, Edwards resigned his post as Ambassador and leveled a number of charges against Crawford. A congressional committee investigated Edwards' charges against Crawford and also investigated Crawford's charges about Edwards' testimony. The committee finally concluded that Edwards was telling the truth, but so was Crawford. The final conclusion was that since Benjamin Stephenson was both the president of the bank and the Receiver of Public Money, it was natural that he should fail to warn the Secretary of the Treasury that the bank was in trouble. Aside from the fact that Edwards never became the Ambassador to Mexico, the congressional investigation yielded only a suggestion "that the practice of appointing the presidents of depository banks to be receivers of public moneys be discontinued (Dowrie 1913:376).



News & Needful Things

FOUND:

- green windbreaker, child's size Medium
- green insulated jacket, adult size (may belong to one of the master gardeners)

THANK YOU:

- Thank you, Elizabeth Bowling, for the donation of old candle wax to use for student candle projects.
- Thank you, John and Amy Mullane, for the bottle water donated for docents to drink.

WANTED:

- flour (all purpose or whole wheat)
- yeast
- bottled water
- seamstress willing to oversee the construction of a Father Christmas robe
- medium-weight linen for ladies' mitts
- seamstresses to sew men's aprons and trousers and ladies' shifts for the wardrobe

- seamstresses to work on summer bed linens and draperies
- monetary donations to buy two period men's coats.
- cutting knives with wooden handles (no serrated edges)
- period silverware for the dining room
- old wool clothing with a 95% or greater wool content for use in a rug-hooking class
- child's and male dress forms (torsos)
- period forks and knives
- tin plates
- straw brooms (historical construction)

NOTICE:

- Interpretive training booklets are available for volunteers to sign out and study the basic history of the house. The booklets contain the basic house tour and various information from the interpretive tour conducted at the house on a daily basis. Anyone interested in becoming a historical interpreter or in reviewing the tour information, may contact RoxAnn to check out a booklet.

The Volunteer

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