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## Jones and White: The First National Bank

### THE FIRST NATIONAL BANK

By Pat Jones

The fact that the First National Bank corner has, except for a few years, always been a banking site coincides nicely with the point that it overlooks the two most important spots in the county--the spring, which first drew settlers to this section, and the courthouse square, the center of civic interest.

At this location once stood the Planters and Merchants Bank of Huntsville, the first bank in the Mississippi territory, which included both Alabama and Mississippi, and later, the third branch of the state bank, almost as short-lived as its successor.

These institutions were pioneers in Alabama banking history, laid the foundation for the present system, and played a large part in early state politics. Both were purely experiments, and, as in most cases, all that was gained from them was the advantage derived from an actual test.

#### Branch Bank Established

The establishment of a branch bank here in 1835 led to the erection on the site of the present banking building, a large stone structure still in a sound state and recognized as a fine example of Grecian Ionic architecture. Not even the appearance of the edifice, however, can indicate the pages wrapped up in the history of its location, once known as Bank Row.

This part of the town facing the courthouse, like almost everything else in Huntsville during the early years, originally was owned by Leroy Pope. The first transfer of the land occurred on June 20, 1816, at which time it was deeded to Martin Beaty and Stephen S. Ewing, the latter the builder of the present J. D. Thornton home on Whitesburg Drive. These two men were engaged in the mercantile business here and had their warehouse adjoining.

Soon after the purchase, however, Beaty and his wife, Elizabeth, became tired of frontier life and returned to their home at Abingdon, Va., leaving the property in the hands of Ewing. On December 7, 1816,

the small corner, where stands the present Griffin and Ford law office, was divided off and sold to Ben and George Cox, who immediately erected there a brick storeroom, two years later to become the Planters and Merchants Bank building.

#### Stock Sold in 1817

According to Betts' "Early History of Huntsville," in February, 1817, agreeable to an act of the territorial legislature of the preceding year, Leroy Pope, John P. Hickman, David Moore, Benjamin Cox, John M. Taylor, Thomas Fearn, Jesse Searcy, Clement C. Clay, and John W. Walker, commissioners, opened books for the subscription to the capital stock of this first banking corporation.

The authorized capital stock was \$500,000, in 5,000 shares of \$100 each.

Leroy Pope, father of Huntsville, served as president of the corporation throughout its entire existence. The first board of directors included John W. Walker, John P. Hickman, Thomas Bibb, David Moore, John Brahan, John Read, John M. Taylor, Nicholas Pope, James Manning, Thomas G. Percy, Henry Chambers and James Clemens. When the bank was disbanded, only two of these first officers, Pope and Percy, remained. Other directors at the end numbered Samuel Hazard, John W. Tilford, Francis T. Mastin, William Patton, John Estill, L. Mead, Henry Stokes, John Mastin and Bartley M. Lowe.

#### Directors Buy Building

On February 2, 1818, with the necessary capital subscribed, the directors bought the store building from the Coxes, "a certain brick house and the lot of land on which it stands.....running toward the spring 54 feet to a brick wall bottomed with a stone wall....." In this small structure, hardly 16 feet wide, the Mississippi territory made its debut into the banking world.

History records that the institution did a large business for that day. Its board of wealthy cotton planters, with thousands of dollars at their call,

gave depositors confidence in the corporation, but it was doomed from the start.

The bank had been organized because of the need of money in this frontier community, as in all new and lively settlements. A. B. Moore, in his "History of Alabama and Her People" explains that such local institutions as the one here apparently were organized and chartered in the hope that they might become money manufacturing institutions.

In time, however, they became so extravagant with their note issues as to draw a warning from the secretary of the United States treasury. But limited capital, demands and the chance of profit created such a temptation that the advice was wasted. Soon, specie payments were suspended, and persons holding notes were shocked at the way in which their money dropped in value.

#### Specie Payments Suspended

The Planters and Merchants Bank suspended its specie payments in 1820. This was the beginning of its downfall. During the five remaining years, until its charter was annulled in 1825, because it had failed to fulfill a pledge to resume specie payment, nearly every imaginable charge was brought against its president and directors. They even were accused of robbing the people and of "shaving," or of exchanging its own coin for its own notes, accepted at a discount.

On September 9, 1822, Israel Pickens, Governor of Alabama, wrote Joseph Eastland, solicitor of the Fifth judicial circuit, as follows:

"Pursuant to the provisions of the third section of the act of the General Assembly of the State of Alabama, passed the 17th of December, 1821, entitled 'An act in relation to the banking institution of the state, and in virtue of the power and duty conferred by said section on the executive; you are hereby informed that, at the expiration of six months after the passage of said act, the president, directors and company of the Planters and Merchants Bank of Huntsville

did not make regular specie payments for the bills and notes it had issued.

Directed to Proceed

"You are therefore directed forthwith to proceed against said corporation on a writ of quo warrant requiring it to show cause why its corporate power, privileges and immunities should not be adjudged to be forfeited and the said bank dissolved.

"I have deemed it proper to associate with you in the prosecution William Kelly, esquire, of Huntsville, who is hereby authorized accordingly."

Eastland followed the governor's instructions, and on May 28, 1823, the following record appeared in the circuit court files for this county:

"After the day named in the writ.....awarded and issued in this case, to wit, on the \_\_\_\_\_ day of the present term, being the 20th of May, 1823, came again the said Joseph Eastland, solicitor, etc., and John McKinley and Henry Minor, attorneys of the court, produced to the court a warrant of attorney under the common seal of the president, directors and company of the said bank, and prayed leave of the court in virtue of said warrant to appear for and on behalf of said corporation for the purpose of moving to quash the writ of quo warrant and proceedings on this behalf.

Move to Quash Writ

"Thereupon, leave being given accordingly, the said John McKinley and Henry Minor, attorneys, etc., moved the court to quash the said writs and proceedings on the ground of irregularity in the mode of issuing the said writ of quo warrant; there being nothing shown for the issuing of said writ of quo warrant other than the written direction of the said solicitor to the clerk for the issuance thereof, and the letter of Israel Pickens, governor of the said State of Alabama, dated at the executive office....."

But the court overruled the motion to quash, and the trial proceeded, eventually ending in the annulment of the charter.

During the last five years of the bank's existence, it had other troubles beside the fight to keep its charter. Alabama had just joined the Union and the new state found itself faced with the problem of obtaining revenue with which to develop its organization. An easy prey was found in the local bank. The tax placed upon it led to the following court record of November 17, 1823:

"This day came Anderson Hutchison, solicitor of the fifth judicial circuit and suggests to the court here that Leroy Pope, as president of the Planters and Merchants Bank of Huntsville, hath become indebted to the State of Alabama in the sum of \$2,000 by reason of the said bank failing to pay unto the treasury of the said state the taxes accruing from the stock of said bank on the first day of January, 1823, and the said solicitor according to the act of the General Assembly, entitled 'An act to raise a revenue for the support of the government until otherwise provided by law,' passed the 31st day of December, 1822, moved the court for judgment against the said Leroy Pope, president as aforesaid, for the said sum ....."

The year before the bank's charter was taken away from it, Thomas and William Brandon filed a suit in court for the recovery of a bundle of bank notes found by one of their slaves, deposited in the bank by two bystanders, and then held by the cashier as property of the bank. This case was not tried until May 25, 1826.

#### Jury is Impaneled

At the beginning of the trial, Willer Davidson, James Milligan, Joseph W. Ayres, Bryant Ready, James Mullins, William Baker, Augustus Hewlett, John Allison, Samuel Vest, Lindley Johnson, Isaac Moore and Reuben Shotwell were impaneled as a jury. As clerk, the court appointed James G. Birney, later to become a slave "agitator," and the first candidate for president of the United States on the abolition ticket.

The record on the case follows in part:

"....the said plaintiffs show in evidence to the jury aforesaid to prove and maintain the issue aforesaid

on their part by one witness, that on the 19th day of November, 1824, between 9 and 12 o'clock in the morning, he, John P. Brown, the said witness, was standing on the public square in the Town of Huntsville, near the engine house, talking with Richard Pryor, when his attention was attracted by a negro boy, who was cutting wood near the said engine house and who exclaimed that he had found money.

"He saw the boy raising the bundle up and afterward saw part of the paper in which it had been enveloped still lying near to said engine house. The said boy stepped toward him, the said witness, and the said Pryor, and they advanced toward the boy, and the said negro boy handed said bundle to the said Richard Pryor, who examined it and said it contained bank notes, and handed it to the witness, who also examined it and found the said notes to be the notes issued by said Planters and Merchants Bank of Huntsville.

#### Notes Deposited in Bank

"The witness then asked said Pryor what they should do with said notes, who replied that it was the bank's money and they would carry it to said bank, which was done accordingly, and the notes were counted, and by them deposited in said bank, and a list of the amounts and denominations taken from the cashier, as follows:

"One note of \$100, three notes of \$50 each, 119 notes of \$10 each, 62 notes of \$5 each, 22 notes of \$20 each, amounting in all to \$2,190.

"The said John P. Brown further stated that, on the next day, he returned to said bank and, in the presence of said Pryor, demanded said bank notes of the said cashier, who refused to deliver them to him."

William Acklen testified that he had witnessed the entire incident and that he had seen the bundle lying there before the negro discovered it, but that he had thought it contained newspapers.

Logan Brandon, another witness, told the court that, as both Brandons were in Tennessee at the time, he had been urged by several persons to go to the bank

and demand a description of the notes. This he had done on the same day they were found. What he had learned, he testified, agreed with the evidence given by Brown.

#### Case Won on Demurrer

The case was won by the defendants on a demurrer, for Judge John White ruled that "the said plaintiffs, for their false clamour, be in mercy, etc., and that the defendants go hence without day and recover against the plaintiffs their costs by them about their defense in this behalf expended."

But the suit was not to end with the judge's first decision. The Brandons immediately entered an appeal, and eventually won. To cover the damages involved, Pope, as trustee of the bank, sold the property to Henry Stokes on September 6, 1830.

Evidence is given that this first bank building in the state burned between 1828 and 1830, for a record of the earlier year indicates the structure was standing, while the transfer to Stokes mentions the "lot upon which the banking house of said bank previously stood." Further in the deed, the land description reads: "...to the line of the lot formerly the property of Taylor and Foote, including the whole of the ground occupied by the division wall which was formerly erected thereon and recently destroyed by fire."

Thus died the first attempt at banking in Alabama. But five or six years later there was to appear in Huntsville a second and large bank—the Branch Bank of Alabama—backed by the state and housed in a building which even today is considered magnificent.

II. After the dissolution of the Planters and Merchants Bank, the first in the Mississippi territory, in 1825, Huntsville continued for 10 years without a banking institution of any sort. During this period, there was a constant fight to establish a bank here, but the failure of the early corporation lingered in the minds of legislators and financiers, so that the task was made extremely difficult.



Even as early as 1820, a move had been started to establish a state bank in Alabama. The legislature of that year made a futile attempt in this direction, believing it would bring the state revenue and could be much easier handled than any under private ownership. Then too, its members had been encouraged in such a move by a part of the people, who had conceived the idea that a house of this kind under state control would bring cheaper money.

A private bank, similar to that discontinued here, had been started in Mobile in 1829, but Israel Pickens, its president, was forced to admit its success was none too pleasing. While an agent had been in the North buying plates and materials, the remainder of the specie of its capital left at home was stolen by robbers.

#### Leading Issues in 1823

So, under these circumstances, Pickens, upon running for reelection as governor against Dr. Henry Chambers of Huntsville in 1823, made the hope of a state bank a leading issue.

Following his election, the first bank of this sort in Alabama was founded at Cahawba, the capital, in 1824. Two years later, it was moved with the seat of government to Tuscaloosa.

Soon afterward, a cry for branches of the bank was heard about the state, and controversy in regard to such additions frequently came up on the floor of the legislature. Finally, in 1832, branches were established at Mobile, Montgomery and Decatur. The fourth and last was founded in Huntsville in 1833, with a capital of \$500,000 which the following year was increased to \$1,000,000.

This last branch was created, according to Moore's "History of Alabama and Her People," because of a complaint that North Alabama had been discriminated against in the matter of banking capital.

Such a feeling was due largely to jealousy over the fact that Decatur, a smaller and younger town, had been chosen over Huntsville for the site of one of the

branches. The following quotation from an article in regard to the selection is taken from a local newspaper of January 3, 1833.

Quotation on Bank Location

"There is one special little matter which we will notice before we close. To combat the assertion which we had made that the location at Decatur had caused dissatisfaction, 'Amicus Veritatis' (the pen name of a contributor to an Athens paper) proceeds as follows:

"Before we had received intelligence of the location of the bank at Decatur, a highly respectable number of the intelligent citizens of Limestone and Madison counties assembled and adopted a preamble and resolutions upon the subject of the location of the bank, to be forwarded to the legislature. I will insert two of the resolutions for the editor of The Democrat.

" 'Resolved. That we view Athens as the most central and, therefore, our first choice for the location of said bank.

" 'Resolved. That we view Decatur as our next choice, and that in Decatur, we see (in proportion more real advantages to the country at large (with the exception of Athens) than any other place we have heard spoken of as a suitable site for the bank; it is central; its railroad will certainly make it a great mart for deposits; its situation will give almost every county an opportunity of being represented in the directory, and without much cost or inconvenience.'

Number Present Known

"As we happen to know the precise number at this meeting and some other little matters connected with it, we will here insert them for the information of Amicus. Let the weight of every public assemblage go for just what it is worth. That this meeting was composed of highly respectable men is not denied. But we weigh the influence which every such body should exert by its respectability and number.

"Amicus speaks of the assemblage of a highly

respectable number of the citizens of Limestone and Madison counties -- Madison he blazons out in capit-als -- what a ridiculous puff! A highly respectable gentleman who attended that meeting informed me that there were about 30 men present. We learned that of these, about five were Madison men, two of whom spoke in favor of Huntsville. This is your highly respect-able number of the citizens of Limestone and Madison -- Madison with more than 2,000 voting men!

"More of this matter. These resolutions were sent to Tuscaloosa after the news had been received that the bank was to be located at Decatur. What was the need of this when the object had been accomplished for which they had been passed? It may seem strange to some, but not to us. A 'talented representative' forsooth. We did not then know as much of the 'Ways and Means.' True talent is above little tricks. It was a poor trick, Doctor, a poor trick."

#### Awarded Branch in 1835

But Huntsville was awarded its branch, even though it had to put up a mighty howl to stir the General Assembly. The act establishing the bank here was approved on January 10, 1835.

In the rules set down for this last branch, the president and 12 directors were given the power to elect and to remove the cashier, as well as other officers and clerks, and to "allow them such compen-sation for their services as shall be fixed by law." In addition to this, they were given the right to accept deposits, pay out money, deal in bills of exchange and accept deposits at six per cent interest.

The act further provided that "no individual, co-partnership, or body corporate, shall be indebted directly or indirectly by discount of any note or notes in a greater amount than \$2,000."

A vacancy among the directors, due to death, resig-nation or removal, was to be filled by election of the board. In case of the death, resignation or removal of the president, except for a temporary period or by permission of the directors in the last two

instances, the board was authorized to elect one of its members to the vacancy. No person who was not a resident of Alabama, or who was a director in any other bank was allowed to serve as either president or director.

The president and cashier were required to put up a \$50,000 bond. They also had to furnish a statement of the condition of the bank to the legislature "within the first week of every session."

A 12-month prison term and a monetary fine were provided for embezzlement. Furthermore, a person found guilty of such a charge was barred from any Alabama office.

The act also stated that the credit of the State of Alabama was pledged to the redemption of the notes issued by the bank. It specified further that the state treasury provide a set of books for the registration of state certificates, and that it set up a \$1,000,000 deposit of stock in the state bank, half of which was to go to the Huntsville branch and half to the Decatur branch.

Officers for the local branch were elected during the afternoon of Friday, January 9, 1835. Bartley M. Lowe won the choice for president by a large majority. Directors included Thomas Brandon, James Bradley, Hugh Caperton, Richard Campbell, Daniel Coleman, James J. Donegan, Stephen S. Ewing, Alva F. Hopkins, Francis T. Mastin, Benjamin Patterson, Edward W. Parker, John Read, Henry Stokes and Preston Yeatman.

#### Banks Create Flush Times

The creation of the four branches of the state bank in such a short period caused flush times in Alabama. Cotton was a good source of income, and resident planters and persons coming into the state bought land and slaves recklessly. Soaring with this spurt of buying went prices, particularly the value of slaves. But money was no object, for business was good.

This stimulated trade brought increased deposits at the banks. So profitable were they that, on January 9, 1836, a year after the Huntsville branch had

been founded, the legislature passed an act abolishing direct taxation in Alabama. Expenses of the state, it was set forth in the legislation, were to be paid from the profits derived from the operation of the state bank and its branches.

These flush times, however, like all others in history, were doomed to end. The break came early in 1837. While the public sat in a daze and tried to determine what had happened, Governor C. C. Clay called the legislature into special session.

#### Board of Control Ordered

After an investigation, the legislation that followed provided for withdrawing from the market and canceling the unsold bonds. A board of control, to consist of three members appointed by the governor and to exercise a supervisory control, also was ordered. Thomas Brandon of Huntsville, Thomas Owen of Tuscaloosa and John B. Norris of Mobile were chosen in this capacity.

To relieve the debtors of the banks, the legislature provided that no more than 20 per cent of the sum due could be collected in a single year. This act suspending debt payments was a bad move, as it was realized later, for it enabled dishonest persons to escape payments by moving to other parts of the state, by leaving the state, by statute of limitations and by various technicalities.

As soon as this legislation had had time to be felt, Thomas Brandon, George T. Jones and Alfred Moore were appointed commissioners to examine the condition of the branch here. Their report was made December 12, 1840.

#### Report of Commissioners

"Under a law of the last session of the legislature," the report stated, "not exceeding 20 per cent of the debt due the bank on notes then running to maturity, or upon bills and notes in suit, or upon which judgments had been obtained, could be collected in any one year, until otherwise ordered by that body. This law has been executed here, by requiring notes to be

given at 120 days' date, upon each renewal of which a small curtailment has been exacted.

"Regarding the safety and permanent interest of the bank, as a matter of the first importance, the course pursued cannot be too highly commended. While it relieved the debtors from heavy payments, which might have seriously incommoded many, it has calculated to protect the bank from the imposition of insolvent names upon notes offered by bringing the whole class debtors before the board at short and regular intervals.

"From such a mode of collecting the debts due the bank, inviting by its lenity and forbearance to promptness and punctuality, it was reasonable to have anticipated the most favorable results. This expectation, however, has not been realized; and the increased, and rapidly increasing, amount of the suspended debt furnishes conclusive proof that a board of directors can devise no means, however wise and judicious, which can counteract the effect of laws which hold out to the debtors of the banks the strongest possible inducements to withhold even the limited payments now authorized to be required of them."

#### Suspended Debt of Bank

These commissioners further reported that, on November 30, 1838, the total amount of suspended debt at this branch was \$104,934.07, of which \$29,754.40 was considered doubtful. The next year, "will all the advantages of the act," the debt had been swelled to \$212,704.88, with \$60,000 of it considered doubtful. At the time of their report, the suspended debt had reached \$844,903.78, of which amount \$87,453.77 was doubtful and \$80,451.13 bad.

"The cashier's statement of the condition of the bank," the report continued, "shows her immediate liabilities to be \$336,499.82; her present available means to meet them, \$465,205.17--leaving a surplus of mean, over and above her liabilities, of \$128,705.47. The net profits for the last year, ending the 31st ultimo, amount to \$37,372.61, of which sum \$23,081.63 have been appropriated to defray the expenses of the

state government and \$14,190.98 carried to the credit of sinking fund.

None More Favorable

"Perhaps no banks trammled as our banks now are by existing laws can make a more favorable exhibit; and if her future prospects were not taxed by burdens imposed on her by the legislature, too heavy to be borne, the state might be congratulated on the high standing which she now so justly occupies. Her natural prospective liabilities, which have to be met stand thus:

Interest on state bonds sold for capital .....	\$90,540.00
Premiums on sterling exchange to meet these payments and commissions .....	3,310.00
Interest on 16th Section school fund at 8 per cent .....	5,234.40
Expenses .....	16,100.00
Proportion of \$200,000 ordered by the legis- lature to be given by banks annually to val- ueless 16th Sections .....	35,000.00
Proportion of appropri- ations made by the legislature to defray expenses of state gov- ernment .....	17,385.33
<b>Total</b>	<u>\$167,569.73</u>

"This sum is to be paid from her profits annually, without regard to losses by doubtful and bad debts. The amount of the above liabilities given away every year by the legislature is \$52,385.33, which is certainly more than any net profit that can possibly be realized, however ably the business of the institution

may be conducted. In addition to her annual expenditures as stated above, she has to provide for the payment of the short bonds sold for part of her capital, maturing November 1, 1842, \$228,000, and the balance maturing November 1, 1844, \$262,000, making \$500,000, which with the annual expenditures of November 1, 1844, amounting to the sum of \$670,278.92, make the sum of \$1,170,278.92 to be paid by November 1, 1844."

From this report can be seen the hopeless condition into which the banks had been brought. After the break of 1837, both the parent bank and its branches were on the defensive, and every step from that time on was taken with the idea of helping them to an easy landing rather than sending them out on any new financial voyages.

III. After the 1840 report of the special commission appointed to examine the affairs of the Huntsville bank, showing that the branch had fallen into a state from which it could not recover, rumors of fraud and corruption among its officers were heard on all sides, but the addition of the four branches, followed by the upset in business, had dragged it down.

From 1840 until the banks were put in liquidation, circuit court records show, motions for the recovery of payments due on notes were filed so rapidly by the local branch that a special blank was printed to lighten the work of the court clerk.

From the Court Record

"Comes the branch of the Bank of the State of Alabama at Huntsville, plaintiff, by James W. McClung, their attorney," the form read, "and produced a promissory note, bearing date on the \_\_\_\_ day of \_\_\_\_\_, 18\_\_, executed by \_\_\_\_\_ whereby he the said \_\_\_\_\_ promised 120 days thereafter to pay to the order of the said \_\_\_\_\_ the sum of \_\_\_\_\_ for value received, negotiable and payable at the branch of the Bank of the State of Alabama at Huntsville ...."

In almost every case, the motions were decided in



favor of the bank, but, after that, there was the trouble of collecting the money, so that the branch was involved in a steady legal controversy during its closing years.

An editorial urging the people of Madison County to instruct their delegates on their wishes regarding the banks appeared in a local paper of October 23, 1841. Its text follows:

"We insert today a communication from Jeremiah Clemens, Esq., one of the representatives-elect from this country, in which he questions the correctness of the statements and differs widely in his conclusions, from the results set forth in a petition published in our last number, calling upon the legislature to remedy the evils which are now preying on the vitals of our state bank and its branches, and consuming as we verily believe are there correctly detailed, their entire substance ....

#### Detailed Abuses Embraced

"The abuses which Mr. Clemens details, which he thinks require first to be reformed, although not minutely specified in the memorial, are clearly embraced in the concluding paragraph. If the expenses of the banks be reduced to the most rigid scale of economy compatible with their proper and efficient management, directors and commissioners will not be paid--because the services of men best qualified for the first can be procured without compensation, and the faithful discharge of their duties renders the appointment of the latter wholly unnecessary; the pay of officers should be no more than sufficient to command suitable qualifications for the several stations; and the expenditure for fuel, candles, et cetera, no more than the comfort of the officers and the business of the banks imperiously require. These however, are small matters, when contrasted with the items of expenditure mentioned in the memorial, and which are prayed to be corrected as burdens which the bank cannot bear.

"Again, we invoke the people to take these things

into their serious consideration, and to instruct their representatives to apply the correctives, before all is lost--and they are saddled with debt, the interest upon which would be ruinous to many, and most oppressive upon every citizen of the state.

#### People Oppose Tax

"Mr. Clemens cannot infer from his election that the people of this county are in favor of continuing the tax upon the banks of \$200,000 annually for the use of valueless 16th Sections, because in one speech, he advocated the propriety of that measure. Dr. (David) Moore was elected with a full knowledge by the people that he was opposed to it, and that he was in favor of its repeal. That question was not made a test in the election; but we trust that the people will now determine and give expression to their views on this important subject, either by signing the memorial, by public meetings, or in such other way as they may determine best."

In 1841, Benjamin Fitzpatrick, candidate for governor and a conservative Democrat, began a fight against the bank, which led to his election to the office over the attorney of the Huntsville branch, Colonel McClung.

During the session of 1842, the following resolution was tabled:

"Resolved, that the State Bank system of Alabama has failed to answer the design for which it was created, and ought to be discontinued; and it is the duty of the present legislature to adopt measures for bringing the same to a close at such time, and in such a manner as may best consult the public interest."

#### Fitzpatrick Succeeds

This resolution was the beginning of the proposals in regard to closing the bank. Fitzpatrick was determined to end the state institutions, which he considered a prey upon the treasury, and he was successful. Legislation which led to their liquidation was enacted during the year.

At the same time, a bill was passed reestablishing direct taxation, which had been suspended in 1836, the year after the branch here was founded.

On February 11, 1843, the following announcement in a local newspaper chronicled the liquidation:

"After much agitation, excitement and discussion, the final stroke has been given to the Branch Bank of Huntsville, the Senate, on yesterday, having concurred in the amendments made by the House to the bill placing its affairs in liquidation. The opponents of the bill had hoped that, by the refusal of the Senate to agree, the appointment of a committee of conference, et cetera, it would, at last, be defeated. In this however, they were disappointed. The amendments were adopted by a large majority; and it now only awaits the approval of the governor to become a law.

"When the question of concurrence in the amendments made by the House camp up Major (William) Fleming of Madison, who had voted for the bill on its passage through the Senate, desired to read certain resolutions of instruction, which he had subsequently received from a portion of its constituents. The president decided that such a course would be out of order. Mr. Fleming, in accordance with these resolutions, then offered the following amendment, which was also declared to be out of order: Provided, that the provisions of this bill shall not take effect until the first day of January, 1844. Mr. Fleming desired that the instructions under which he acted might be spread upon the journal, which was refused.....

"Thus has the Huntsville branch, after a desperate struggle, gone by the board, with all the rest. As the old woman said to her husband, however, who was just recovering from a violent spell of sickness, which would have killed almost anybody else, 'Ah, old man, and but ye'r tough to die'."

On April 1 of the same year came the following notice from James Penn, cashier, to the debtors of the local bank.

Notice From Cashier

"The act placing this bank in liquidation prohibits the board from renewing any note, unless the names of all the parties now on it are continued: under no circumstances, therefore, can they be dispensed with. Where the parties are not good, individually, for the amount of the note they have endorsed, other names must be added. Hereafter, notes will be taken at six months, instead of 120 days. No alteration has been made in the form of the note. Evidence of the genuineness of the signatures, and the responsibility of the parties must accompany every note offered for renewal."

The charter of the parent bank expired January 1, 1844, but it was not renewed. Joshua L. Martin, who succeeded Fitzpatrick as governor, laid before the legislature plans for immediately winding up the banks, which were adopted.

By the act of February 4, 1846, the affairs of the bank and its branches were placed in the hands of a commission of three men, composed of Francis Lyon, William Cooper and C. C. Clay, Sr. After this group's first report to the legislature had been made, Lyon was appointed sole commissioner.

Affairs Settled in 1853

This commission began its duties at once, but the affairs of the bank were not settled until 1853. A record of letters sent out by the local branch during this time shows that the process was slow and painstaking.

Among these letters is one from Theophilus Lacy, assistant commissioner here to W. S. Compton, assistant commissioner of the Decatur branch, informing him that, as a result of a suit filed by his bank against William Phipps, Asa Allen and Wade Hampton, Confederate cavalry leader, in which the defendants lost, \$156.53 had been placed to his credit.

On June 1, 1848, Lacy dispatched an important message to H. F. Selgen, commissioner, as follows:

"I regret to inform you of the death of our esteemed friend, Col. James W. McClung (builder of the

C, S. Boswell home on McClung hill), an event we have been expecting several days, but this community has yet to feel his great loss. He departed this life yesterday morning, May 30, and was perfectly conscious of his situation until within a few hours of his dissolution, meeting death calmly.

#### Attorney's Office Vacant

"In consequence of his death, the office of bank attorney is vacant at this branch; which will be, I suppose, filled by you soon. Colonel McClung, looking forward to this event as likely to happen before long, addressed you a letter requesting you to appoint Silas Parsons and E. R. Wallace bank attorneys for the remainder of the term for which he was appointed; who he said had agreed to perform as the duties of the office, for the benefit of his family; which letter I forwarded to you by request several days ago.

'I am also requested by Governor Clay to say to you that he will accept this office. Of his qualifications as well as those of the other two gentlemen named above, I need not say a word to you. It is sufficient for me to say that all of them are gentlemen of high standing and respectability in their profession. I deem it incumbent on me to give you the above information; but to say anything of the claims of the gentlemen to the office, I do not consider that in me it would be proper."

During August, 1848, Lacy wrote as follows:

"I have now in money of all sorts a little upward of \$50,000; at least one-third of that is in such a mutilated condition it would not be put into circulation. Collecting at this branch will necessarily be small in the future."

By this slow procedure of law suits, letters, controversies over note payments, lengthy correspondences to clear up misunderstandings in records, the state bank, branches and all, gradually faded away.

In its stead, shortly after 1853, came the Northern Bank of Alabama, a stock organization operated under state laws. In 1865, at the close of the Civil War,

this concern sold out to the National Bank of Huntsville, many of the old stockholders transferring over to the new corporation. This last firm, the name of which was changed to the First National Bank of Huntsville in 1889, has done business there since that time.

IV. The first National Bank building, erected in 1836, and now the attraction for many sightseers who visit Huntsville, is one of the few remaining architectural masterpieces of a century or more ago left in the county.

As sound today almost as the day it was built, this structure has many features about it which mark its design by no ordinary architect. Massive columns, huge doors and windows, fine woodwork and its colonial style of arrangement are only a few items which make it outstanding.

The cellar at the rear, walled in huge chunks of limestone rock, breathes of Old England. This effect is greatly abetted by the view from the rocky bluff falling directly from its north side to the head of the Big Spring below, a scene comparable to that of some 15th century castle.

#### In National Magazine

In 1906, an article prepared by Edgar L. Love, local architect, which appeared in "Indoors and Out," national architectural magazine, included the building among those in Madison County which "show study and training on the part of the designers, while the mechanics who carried out the plans were marvels of patience and ingenuity." Many items in its makeup, he stated, "are of quaint design and show much refinement of detail."

Whether bids on the construction of the bank were asked, after the legislature had founded the branch here in 1835, is not known. There is reason to believe, however, that the job was turned over to George Steele, early architect here and perhaps the best in Alabama in his day. This resident also built the old court-

house, another masterpiece,

Much planning was done before the work on the bank was started, and much time elapsed before it was announced complete.

Records still on file at the bank show that the entire property cost \$75,793.52. Of this amount, \$64,812.85 was spent for the building. \$9,687.85 for the lot on which it stands, and \$1,292.82 for furniture. It now is carried on the books at a value of \$17,000.

#### Foundation of Stone

The entire foundation was prepared of huge stone slabs, said to have been dug by slaves from a quarry which at one time was located on or near the site of the present Y.M.C.A. building.

But more skilled workmen than slaves made the six columns composing the colonnade. Capitals, bases and shafts were hauled from Baltimore to the head waters of the Tennessee by oxcart, and then floated down the river on a barge to Triana, where they were loaded on smaller boats and pulled up the old canal to the head of the Big Spring. The copper roof also was hauled in this way.

Walls of the building, two feet or more thick, are formed of brick and covered with stucco. Six long, stone steps extend across the entire front. At each end is a Greek pylon, important artistic touches.

The two double doors at the front of the bank, standing tall and solid, like the entrance to some Roman hall, at first formed the only break in the wall. The balcony, windows and doors now there were added early in the present century.

#### Ceilings 16 Feet High

Ceilings on the first floor are 16 feet high. Over the solid stone foundation below the front part of the bank, tiling floors were laid. Windows and doors throughout, the latter with brass knobs and huge locks, are wide and tall, larger than will be found in any two other houses in the county. The heavy shutters for

the windows are in two half sections, and fold back into a compartment on each side, so as to appear as a part of the casing. Bars, receptacles for which are midway between the top and bottom on each side, fit over these when they are closed.

Three doors were opened in the wall immediately behind the tellers' cage. That on the right leads into the directors' room and is its only entrance. The next is that of the vault, and the third that of a room opening onto the south side of the building and into the chambers at the back.

The vault, once fastened with an early and crude time lock, was, and still is, inaccessible to robbers. Stone blocks, 30 inches or more square, wall up a room 18 by 10 feet in dimensions. This since has been lined with steel, and a new door has been added.

#### Cashier Lived Over Bank

As the banking laws of that time required that the cashier live in the bank, the remainder of the building is arranged as a home. A walkway on the north side leads back to an entrance at the corner immediately behind the directors' room. At the foot of the stairway to the second floor, since changed to a winding flight, was another portal which opened into the yard in which the slave quarters were located.

Upstairs is a wide hallway, extending 70 feet to the front of the building. Five chambers are arranged identically on each side, with doors directly opposite each other. In the center are large doors folding in four panels. Rooms, with 12-foot ceilings, are finished in fine woodwork.

But despite all the magnificence of the front, the slave quarters at the back constitute the prize curiosity to visitors today. These, in eight rooms, four up and four down, are almost as richly built as the main part, and command a much more beautiful view. The stairway leading to the upper porch, attached to the back of the bank, once was located on the north side, but this since has been changed to the south, so that it now descends into the street.



### Cellar Entrance on Side

The cellar is reached through a door in the rock wall, nearly three feet thick, below the slave quarters. This entrance is on the south, a step above the sidewalk. An old stairway, still on the inside, but with no opening above it indicates that admittance once could be gained from the rooms above.

More of the huge boulders of limestone rock, extending up to hand-hewed rafters, divide the cellar off into four chambers, three fairly large and one small. This last, probably 15 by eight feet, was used as a cesspool. A pit, into which refuse matter from above fell through pipes, was dug several feet below the floor of the basement, allowing drainage, but retaining solid matter.

The tiny back year on the northwest, running along the bluff, once followed the floor of the cellar. To comply with this arrangement, a door was opened in the rock wall on that side, to allow slaves more handily to bring up water from the spring, or to make their trips to the brick stable, which at one time stood on the corner immediately behind the quarters. Many years ago, stone slabs were placed across this opening, and the back yard was filled in with dirt to the level of the first floor. This old opening in the wall often is a source of curiosity to persons who view it from the Big Spring park.

This was the building, magnificent and solidly constructed, which was to outlive the branch bank by score upon score of years.

### Property Sold in 1857

In 1857, the entire property was deeded to the Northern Bank of Alabama, by the commissioner appointed to settle the affairs of the old branch bank. This institution was to operate only a short time, however, for the outbreak of the Civil War followed closely upon the heels of the purchase.

During this struggle when Huntsville was occupied by Yankee forces, the building was used as a commissary. Pictures still in existence here show a large United

States flag draped between the two center columns, while sentries walked guard at the head of the steps below.

Some residents of the city remember that their forefathers told them the assets of the bank, during these years of uncertainty, were placed in a burlap bag and hung inside an idle chimney behind the tellers' cage. In this spot, the money and papers waited for the surrender, while Northern soldiers turned things upside down in search of them only a few feet away.

In 1865, the year the war ended, the assets were dragged out of their hiding place and sold to stockholders of the National Bank of Huntsville, the name under which the present bank operated until 1889. Many members of the old Northern Bank changed their share of stock over into the new institution.

The original directors of the present bank included William H. Echols, Algernon S. Fletcher, Oliver B. Patton, James R. Stevens, Herman Weil and James H. Martin, several descendants of whom still hold interest in the concern.

Offered for \$35,000

During this first year, the building was offered for sale at \$35,000, old stockholders "reserving to themselves the right or privilege of such occupancy as they require to wind up the affairs of the Northern Bank of Alabama, the said amount of \$35,000 to be paid in greenbacks."

But the new stockholders considered the property worth only \$30,000, which they agreed to pay in three installments, the first at once, the second at the end of a year, and the third two years after the deed of execution was dated. These terms were refused, so the building was rented at \$100 a month.

In March of 1866, items appeared on one of the bank's financial statements as follows:

"For rent of banking rooms from October 1 to December 31, 1865, @ \$100.....\$300.

"Rent of same from January 1 to March 31, 1866, @\$2,000 per year.....\$500

"One half of the expenses of the bank for fuel, et

cetera, from October 1, 1865, to March 31, 1866, viz.,  
11,570 pounds coal, @\$8 per ton ..... \$46.28.

"Charge for weighing same ..... \$ 1.00.

"services of boy for waiting on bank, say from  
October 1 to December 31, 1865, @ \$8 per month .... \$24."

#### Agrees With Record

This statement agrees with the record that, in 1866, the bank was leased for \$2,000 a year, to be paid in quarterly installments of \$500 each.

The following was taken from the minutes of a board meeting of November 6, 1868:

"On motion it was resolved unanimously that a dividend of 10 per cent be paid out of the profits of this bank to the stockholders for the last six months payable on and after the 10th instant."

After two years, as the stockholders of the new bank had not accepted the offer originally made them, those of the former institution dropped to the \$30,000 offer. This resulted in the following minutes on a board meeting held January 4, 1867:

"Resolved, that the president of this bank is hereby authorized and required to consummate with the Northern Bank of Alabama the purchase of its banking house and lot of land upon which it is situated, upon the terms agreed upon between the contracting parties on January 1, 1867, namely, as soon as the Northern Bank of Alabama executes and delivers to this bank a fee simple deed with general warranty to the property so purchased.

"It was further resolved that the president of this bank is authorized and required to insure the banking house at \$20,000 in one or more of the insurance offices, of which Samuel Coltart is agent, at the rate of one per cent per year....."

On February 24, 1874, a note of sadness appeared in the minutes of the directors' meetings. Theophilus Lacy, cashier of the bank, who had held his position with all of the institutions which had operated there since it was started, had died at his home on the second floor. The record follows:

"Since the last meeting of the board, Theophilus Lacy, the beloved and worthy cashier of the National Bank of Huntsville, died at his residence, within these walls, on Tuesday night, February 10, 1874, at the age of 70 years, one month, 10 days.

"It were vain to attempt to impress in mere words the sincere sorrow and heartfelt grief of each member of this board occasioned by the death of a brother who was as gentle as a little child, yet as firm as the solid mountains, who was so pure in heart, so right-minded in all things, so patient and of such lofty rectitude.

"It is becoming to say that his accounts were kept in order, and as in this world, the balance was always on the right side. His survivors have the full assurance that when he is weighed in the scales of eternal justice, he will receive the just and righteous man's reward...."

In 1885, 20 years since it first was obtained, the charter of the bank was extended "in accordance with the requirements of the comptroller of the currency."

Four years later, the board voted to change the name of the bank to the First National Bank of Huntsville. This action was succeeded by liquidation, as shown by the following dividend payments:

July 17, 1889, 100 per cent; August 13, 20 per cent; September 28, 20 per cent, November 14, 15 per cent; January 17, 1890, 15 per cent, January 17, 1891, 10 per cent; April 16, 10 per cent.

These payments totaled 190 per cent in less than two years.

Except for the changes on the front of the building its arrangement has remained much on its original order. The bottom floor has been altered practically none. Upstairs, the addition of the winding flight of steps at the back and that of a partition, running the length of the hall and dividing the floor into two separate apartments, are noticed principally.

Few alterations have been made on the sides and back of the building. Even the scraper, which once cleaned mud from the boots of Theophilus Lacy's

visitors, before they entered his home upstairs, remains at its place at the end of the stone steps before his door.

This building was erected at the beginning of a depression; it has witnessed the last depression; and it doubtless will share in others that may come, for nothing about it suggests its end. True, its outer coating of stucco has cracked in places, but its brick walls and rock foundations are straight and solid.

The last alteration in the property line there at the bank site occurred in recent years. During 1898, when the Spanish-American soldiers were quartered here, their engineers made important changes in the head of the Big Spring. A survey recently showed that this reservoir, from which the city gets its water supply, had been moved over onto the property of the bank. This was corrected a short time ago, however, by a trade in which the city got back its spring in exchange for a small triangle of land at the back of the lot.