

The History of Banking in Caswell County, North Carolina

by

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The purpose of this article is to explore the history of banking in Caswell County, North Carolina, from the opening of the first Milton branch in 1814-1818 until the disappearance of the Bank of Yanceyville in the 1970s. The goal is not to create a formal banking, historical, or legal treatise, but to provide for the people of Caswell County and others interested in its history a framework that will allow them to understand and navigate the sometimes-complicated local banking landscape during this period of some one-hundred and fifty years. Accordingly, excursions may be taken, and topics discussed that some might not deem appropriate for a banking journal, historical review, or law review article. To the extent that the documentary evidence allows, the relevant social and political forces at work will be explored. If anecdotes are uncovered, they will be shared. Hopefully, adding this texture will allow a greater understanding of Caswell County's banking institutions, the people who ran them, and the impact these banks had on the community.

In 1791 North Carolina was the fourth most populous state in the Union. However, it had no bank and few laws pertaining to financial affairs. Over the next few years laws were passed concerning such things as the negotiability of promissory notes and counterfeiting, but the history of banking in North Carolina had its true beginning in 1804 with the chartering of the first two banks to do business in the state.¹

¹ *A History of Banking in the United States*, John Jay Knox (1900) at 544 (hereinafter "Knox").

Cape Fear and New Bern Banks



As would be expected, North Carolina banks were organized first on the eastern shore of the state at the centers of population and trade. In 1804, the state chartered two private banks: the Bank of Cape Fear; and the Bank of New Bern. The Bank of Cape Fear, located in the port of Wilmington near the mouth of the Cape Fear River, was the state's first bank.² The Bank of New Bern was located in the coastal seaport of New Bern in Craven County. The state of North Carolina was a stockholder in both banks,³ and their charters were to expire January 1, 1820.⁴ The original charter of the Bank of Cape Fear provided for a branch in Fayetteville. In 1807, the charters of both banks were modified to allow "offices of discount and deposit" at places other than the locations specified in their original charters.⁵ In 1813, the charters of these first two banks were extended until 1835.⁶ In 1814, both banks were authorized to establish branches or agencies wherever they wished:⁷

Using this authority, the Bank of New Bern established branches at Raleigh, Halifax, and Milton. The Bank of Cape Fear opened offices in the same three places and also in Salem, Charlotte, and Hillsboro.⁸

While the context in which the above quoted language appears suggests the Milton branches were established in 1814, exactly when these Milton branches or agencies were

² *The Bank of Cape Fear of Wilmington, North Carolina*, Robert S. Neale (1999). While the Bank of Cape Fear was the first bank to be chartered, the Bank of New Bern was the first to open for business. Both banks began operation in 1805.

³ A serious problem facing North Carolina when it joined the United States was the large amount of inflated Colonial currency still circulating. Some had recently been removed from circulation by selling land certificates and imposing a property tax (with the proceeds used to purchase and retire the old notes). However, a more effective method proved to be the use of dividends from bank stock, such as those dividends paid by the first two state-chartered banks. *North Carolina through Four Centuries*, William S. Powell (1989) at 238 (hereinafter "Four Centuries").

⁴ *Banking in North Carolina: A Narrative History*, T. Harry Gatton (1987) at 27 (hereinafter "Gatton").

⁵ Gatton at 30-31.

⁶ Gatton at 30. See also "The First One Hundred Years of Banking in North Carolina," *North Carolina Banking Institute*, Vol. 9, Lissa L. Broome (2005) at 103-131 (hereinafter "Broome").

⁷ North Carolina adopted early a liberal policy with respect to branch banks. Beginning in 1804, the Bank of Cape Fear, Wilmington, established a branch in Fayetteville. The Bank of New Bern may have established branches as early as 1814, the year the General Assembly permitted the directors of banks to establish branches or agencies at any location the directors saw fit. Gatton at 39.

⁸ *Ibid.*

created has not been determined. It obviously would have been no earlier than 1814, when the authority was granted to establish branches (and agencies).⁹ One source states that the Milton branch of the Bank of New Bern operated between 1820 and 1826.¹⁰ Another source claims that this branch opened in 1818.¹¹ No primary record has been located showing that the Bank of Cape Fear had a Milton agency or branch.¹² Thus, we have three dates for the establishment of the first Caswell County bank: 1814; 1818; and 1820-1826. This assumes, of course, that these two early banks did not use the 1807 authority to create an “office” in Milton.

The following suggests an “agency” of the Bank of New Bern operated in Milton before August 29, 1818, and that the “state bank” would soon open an agency there:

"Milton, N.C. The improvements in the navigation of the noble river Roanoke, we have heretofore observed, has given birth to several new and thrifty villages. We have just received the 4th No. of a well printed newspaper established at the new town of Milton, N.C. -- which has also a post office, and at which 1500 hhds. of tobacco where [sic] received of the last crop. The Newbern bank has an agency at the place, and another is expected from the state bank."

Source: NILES' REGISTER-AUGUST 29, 1818-CHRONICLE

The chartering act provided that the Bank of Cape Fear had authorized capital of \$250,000; the Bank of New Bern was limited to \$200,000. The total of notes and debts in the Bank of Cape Fear could not exceed \$750,000 over the funds on deposit; the Bank of New Bern, not over \$600,000. The state retained the right to subscribe 250 shares in each bank.¹³

⁹ A branch apparently had authority similar to the main bank. However, an agency could not issue bank notes. The 1807 authority to establish “offices” apparently was not used to open a branch or agency in Milton.

¹⁰ *When the Past Refused to Die: A History of Caswell County North Carolina 1777-1977*, William S. Powell (1977) at 333 (hereinafter Powell).

¹¹ “North Carolina Banking Prior to 1865” (by Ron Vinson) at *North Carolina Business History*. <http://www.historync.org> (accessed March 2008) (hereinafter Vinson).

¹² While Gatton clearly states that the Bank of Cape Fear had a Milton “office,” neither Powell nor Vinson lists such a branch (or agency). See Gatton at 39.

¹³ Gatton at 28.

With this late start, North Carolina was the last of the original thirteen states to establish state-chartered banks.¹⁴ All the early North Carolina state-chartered banks were private businesses, essentially unsupervised by the state, which was merely a stockholder. A formal system of state bank examinations was not adopted until 1889.¹⁵

State Bank of North Carolina

Before discussing the creation of the State Bank of North Carolina, a word of caution is appropriate. This bank and its two successors had very similar names and often are confused. These three banks are, in chronological order:

1. State Bank of North Carolina (1810-1838)
2. Bank of the State of North Carolina (1834-1860)
3. Bank of North Carolina (1859-1890)¹⁶

Although the names of these three institutions changed, the people chartering, directing, and holding stock in these three banks with very similar names remained largely the same.¹⁷ They also often are described as “State” banks as if they operated in some fashion as a central bank for the State of North Carolina. That is incorrect. All three were private banks, albeit with the state a major shareholder. Now, we can return to the history of the first of these banks.

In 1810, the North Carolina General Assembly chartered the State Bank of North Carolina. It began operation August 19, 1811.¹⁸ The main bank office was in Raleigh, with branches in Edenton, Wilmington, New Bern, Fayetteville, Tarboro, and Salisbury. Of the \$1.6 million in capital stock authorized, \$250,000 was reserved for the state. The corporation was to continue until 1830 and during its existence no other bank was to be chartered (and that proved to be the case). A preference in stock subscription was given to the two banks already in operation (Bank of Cape Fear and Bank of New Bern), but they did not invest. Three-fourths of the amount subscribed by private investors was required in specie (metal money).

¹⁴ *Encyclopedia of North Carolina*, William S. Powell and Jay Mazzocchi, Editors (2006) at 85 (hereinafter “Encyclopedia of North Carolina”).

¹⁵ Gatton at 61.

¹⁶ The life of this bank was cut short by the Civil War. In 1868 bankruptcy proceedings were begun.

¹⁷ *Encyclopedia of North Carolina* at 1072.

¹⁸ Note that Gatton gives two dates upon which the State Bank of North Carolina began operation: August 19, 1811 (Gatton at 32); and November 26, 1811 (Gatton at 30).

As subscriptions to the new bank were disappointing, in 1811 the General Assembly amended the authorizing legislation to extend the charter to 1835, to provide a 4% interest payment for the general benefit of shareholders, and to allow stock to be purchased with bank notes.¹⁹ This charter eventually was extended to 1838, as were the charters of the other two banks.²⁰ In 1818, an “agency” of the State Bank of North Carolina was established at Milton:

Milton agency: established in November 1818; John W. Graves, agent
(October 1818 -)²¹

That a Milton arm of the State Bank of North Carolina was established in Milton around this time also is supported by the following from Gatton:²²

When the Bank of the United States established a branch at Fayetteville in 1817, the thriving business and commercial city became a major banking center for its day. The State Bank of North Carolina had a principal office in Raleigh and six branches at Salisbury, Fayetteville, Wilmington, Tarboro, Edenton, and New Bern. Each location was allocated a specific amount of capital. Each branch had authority to issue notes that were payable only at that office. Agencies “for the purpose of making loans and receiving deposits” were established at Milton, Leaksville, and Morganton.

For several years these three banks (Bank of Cape Fear, Bank of New Bern, and State Bank of North Carolina) were the largest corporations in North Carolina. Milton was served by at least two (Bank of New Bern and State Bank of North Carolina), and possibly three. While 1814 is the earliest year a state-chartered bank could have been established in Milton (whether it be branch or agency), 1818 is emerging as the earliest year for a documented bank presence. We would not be surprised to learn, of course, that either the New Bern or the Cape Fear bank had a presence in Milton between 1814 and 1818 (and, possibly, both banks).

Note the following with respect to 1927:

In 1827, there were banks in Wilmington, New Bern, Fayetteville, Raleigh, Halifax, Milton, Salem, Charlotte, Hillsboro, Salisbury, Tarboro, Edenton, Morganton, and Leaksville, a total of fourteen banks. Morganton was the

¹⁹ While not directly relevant to banking activity in Caswell County, note that in January 1817 a branch of the Bank of the United States was established in Fayetteville, North Carolina. This was the second attempt at a Bank of the United States, and such was chartered April 10, 1816. The Fayetteville branch operated until 1836. In 1832, President Andrew Jackson had vetoed the bank charter renewal bill, thus ending federal involvement in banking and the nation’s credit until the Civil War.

²⁰ Broome at 113.

²¹ See Vinson.

²² Gatton at 39.

westernmost banking outpost. Wilmington, New Bern, and Milton, located near the Virginia line in Caswell County, had two offices.²³

So, in 1827 Milton had two bank “offices.” One was the State Bank of North Carolina. The other was either the Bank of Cape Fear or the Bank of New Bern. Since no record has been found corroborating Gatton’s statement with respect to the Bank of Cape Fear, this second “office” is assumed to be a branch (or agency) of the Bank of New Bern.

Bank of the State of North Carolina

In 1834, the North Carolina General Assembly chartered the Bank of the State of North Carolina to replace the original State Bank of North Carolina.²⁴ The new bank was similar to the one it essentially replaced, the State Bank of North Carolina: authorized capital of \$1.5 million, with two-fifths of the stock being reserved for the state. Its charter was to expire in 1860. Duncan Cameron was elected president. The main office building of the former bank was used by the new bank. The charter authorized branches and agencies (an agency could not issue notes), and the bank expanded to New Bern, Fayetteville, Tarboro, Elizabeth City, Charlotte, Morganton, Leaksville, Milton, Wilmington and Windsor.²⁵ Thus, the Milton bank continued. Initially an agency, it apparently became a full branch by the mid-1840s.²⁶ Re-chartered in 1857, the Bank of the State of North Carolina was replaced by the General Assembly in 1859 with the Bank of North Carolina, which is discussed below. Thus, during the period 1834-1847, the state continued to be served by three state-chartered banks. Whether the apparent successor to the Bank of New Bern (whose charter expired in 1835), the Merchants Bank of New Bern, had a branch in Milton is unknown.

²³ *Ibid.*

²⁴ It was re-chartered as the Bank of the State of North Carolina (1834-1860). The reason for the new company was to failure of the original bank to maintain a proper ratio of circulated banknotes versus the amount of specie supporting those notes. This version of the bank had branches in Charlotte (1834-1866), Elizabeth City, Fayetteville, Milton, Morganton (1829-1865), New Bern, Tarboro, Wilmington and Windsor (1834-1866). See Vinson. That session of the North Carolina Legislature also extended to 1855 the charter of the Bank of Cape Fear and granted a charter to the new Merchants Bank of New Bern because the original Bank of New Bern elected not to seek an extension of its charter. Broome at 117-118. The Bank of New Bern paid the last of its creditors in 1838. See Vinson.

²⁵ Gatton at 45.

²⁶ Powell at 333.

Gatton describes the 1837-1947 period as follows:

For ten years from January 1837 to January 1847 no banks were chartered by the North Carolina General Assembly. The chartered banks of the State during that period were: Albemarle Bank at Edenton; Merchant's Bank of New Bern; Bank of the State of North Carolina, Raleigh; and the Bank of Cape Fear, Wilmington.²⁷

Did Milton continue to be served by two banks during this ten-year period? Banks became more numerous between 1847 and the Civil War. During the 1847-1862 period, the state chartered twenty-four banks,²⁸ five of which were savings banks.²⁹ This ended the three-bank monopoly on banking in North Carolina.

With the 1834 chartering of the “new” Bank of the State of North Carolina came the sale of shares of its stock. One famous Milton cabinetmaker apparently became a bank stockholder:

The first historical reference to [Thomas] Day can be found in a March 1827 edition of the Milton Gazette and Roanoke Advertiser. In that same year, Day purchased a piece of property for \$550 and opened his first shop. So quickly did he establish himself that, by 1834, he was one of 17 Miltonians to buy stock in a newly created state bank agency in Milton.³⁰

Bank of North Carolina

The Bank of the State of North Carolina was liquidated upon the expiration of its charter in 1860. However, in 1859, the General Assembly had chartered the third partially state-owned bank, the Bank of North Carolina. It took over the assets and liabilities of the Bank of the State of North Carolina and continued to operate a network of branches. Except for the closure of the Elizabeth City branch, the branches from the previous entity were kept (including Milton); and a new branch was opened in Salisbury. As explained above, the Bank of North Carolina was the successor of the Bank of the State of North Carolina, as the latter had been of the State Bank of North Carolina. The authorized life of the Bank of North Carolina was until 1890. However, the bank ceased doing business in 1868 when it was placed in bankruptcy by a

²⁷ Gatton at 46.

²⁸ Gatton at 46-47. Among these new banks were the Bank of Yanceyville and the Bank of Roxboro (in Person County).

²⁹ Savings banks had the power to receive deposits, issue certificates of deposit, and could pay whatever rate of interest was agreed to by the bank and the depositor. They could not issue notes, and checks could not be drawn against deposits. See Gatton at 48.

³⁰ *Danville Register & Bee* (Danville, Virginia), “Tom Day – Wizard in Wood” (15 June 1990), Republished in *River City: Stories of Danville*, Adrian O’Connor (1994) at 257. For more on Thomas Day see *Thomas Day: African American Furniture Maker*, Rodney Barfield and Patricia Marshall (2005).

petition of its directors. Whether the Milton branch of the Bank of North Carolina survived until 1868 is unknown. However, if it did, Caswell County was served by this bank and its confusingly named predecessors for fifty years (1818-1868).

Milton Bank Building

The following photograph is believed to be the building that housed the Milton Branch of the Bank of the State of North Carolina and its successor, the Bank of North Carolina:



Photo 348. (Former) Milton State Bank. 1859-1863. Built as a branch bank by the Bank of the State of North Carolina on the eve of its Civil War bankruptcy. The 2-story building is a fine example of the transitional Greek Revival-Italianate style. The original banking room and vault are well-preserved. At the rear is a 1½ story brick kitchen, one of the few antebellum kitchens in the county.

However, not entirely certain is whether this building first housed the Milton branch of the Bank of the State of North Carolina or was first used in 1860 after the North Carolina General Assembly had created the Bank of North Carolina (chartered in 1859 and began operation November 1, 1859).³¹ Where the Milton branch of the Bank of the State of North Carolina was housed before 1859 is unknown. Today, as was possible even in 1859, the building pictured above is privately owned.

Following is the architectural description from Ruth Little-Stokes (footnotes added):³²

“The Milton State Bank represents the height of prosperity of the state banking system prior to its bankruptcy as a result of the Civil War. The banking room (Fig. 47) is so large that wooden Doric columns provide additional bracing to the ceiling.³³ The vault, converted to a bathroom when the structure became a private residence, has a richly decorated cast-iron door with a

³¹ *An Inventory of Historic Architecture: Caswell County, North Carolina*, Ruth Little-Stokes (1979) at 219 (hereinafter “Ruth Little-Stokes”). The text is incorrect with respect to the “eve of its Civil War bankruptcy.” The Bank of North Carolina remained in business until 1868, when its directors filed for bankruptcy.

³² Ruth-Little Stokes at 41-42.

³³ Unless the vault is on the second floor, which would seem odd, the reason for the additional ceiling bracing is not clear.

wide Italianate crosssetted surround.³⁴ Like the exterior, the interior woodwork is a combination of motifs drawn from several different historical periods, primarily Greek and Italianate.”



The following request for construction proposals establishes a date before which the Milton bank building could not have been built May 1, 1860.

Source: *Richmond Dispatch* (Richmond, VA), 15 Mar 1860.

TO ARCHITECTS AND BUILDERS.—
PROPOSALS will be received until the 1st day of May next for the construction of a **BANK BUILDING** and Out-houses, in the town of Milton, N. C.
 The Bank Building will be of brick, two stories high, fronting 48 feet, and running back 52 feet. As it is presumed that contractors will visit the place before handing in their proposals, all further necessary information can then be obtained.
SAMUEL WATKINS,
GEORGE A. SMITH,
JOHN WILSON,
 Milton, N. C., March 12th, 1860. } Building Committee.
 mh 15-2w*

³⁴ Crossettes are decorative square offsets at the upper corners of a door, window, or mantel. See Ruth Little Stokes at 229.

Also consider the following from *Milton, North Carolina: Sidelights of History*, Charles B. Motley (1976) at 87-88:

There are two schools of thought as to the location of the Milton Branch of the North Carolina State Bank. Some are of the firm opinion that it was in the Walker home [pictured above], that the State of North Carolina erected this home as a State Bank with living quarters for the banker.

Others are just as firmly of the opinion that the State Bank was never located in the Walker home but rather on the lot of the home which was later purchased by Albert G. Ferguson, on the corner of Broad Street and Warehouse Street (Sycamore St.). It is said that Ferguson dismantled the portion that was the Milton Branch of the State of North Carolina Bank when he renovated the home.

The writer is simply passing along opinions and shall leave it to others to determine the location of the Milton Branch of the North Carolina State Bank.

We also were advised by a knowledgeable Miltonian that there was a Bank of Caswell County located in Milton and perhaps in the Walker home.

The foregoing observations do raise interesting issues to consider, but it is highly unlikely that the State of North Carolina had anything to do with the building. The author of the above apparently did not understand that all early North Carolina banks were privately owned and financed. The State of North Carolina was only a stockholder, albeit a large one. This mistake has been made by many over the years.

While it does appear that the building shown above did at one time house a bank, which Milton bank did it house? Charles B. Motley is not the only Milton researcher to be told that a bank building existed on the street corner he describes. As Milton had many banks during the nineteenth century, ascribing a particular institution to a given site or building is fraught with uncertainty. Note, however, that both sides of the argument described by Motley may be correct. The Ferguson property described to Motley could have housed one of the predecessors of the Bank of North Carolina. And, when the new building (in the photograph) was constructed, it was occupied by the Bank of North Carolina until that entity ceased operation in 1868.

Milton Bank Property Sale: 1871

“Important Sales

“On Saturday the 13th day of August next at 12 p.m., I will sell on the premises, the Banking House and lot, the property of the Bank of North Carolina, situate on Main street in the town of Milton, in the county of Caswell, said lot said to be 116 feet front running back 208 feet.

“C. Dewey, Assignee of Bank N.C.”

Also being sold were the Bank of North Carolina buildings in Raleigh and Tarboro.

Source: *Raleigh Daily Telegram* (Raleigh, North Carolina), 6 July 1871.

Milton Savings Institution

In 1851, the North Carolina General Assembly (Session of 1850-1851) chartered the Milton Savings Institution. It could accept deposits, but issuance of banknotes was forbidden.

The Milton Savings Institution began operation with the following members:

| | |
|----------------------------|----------------------|
| John Wilson | Caleb H. Richmond |
| Samuel Watkins | George A. Smith |
| John T. Garland | Samuel B. Holder |
| John B. Barrett | Charles K. Dodson |
| James D. Newson | George W. Thompson |
| Willie Jones | Martin P. Huntington |
| N. J. Palmer ³⁵ | Edward P. Hawks |
| Montfort McGehee | Dabney Terry |

Authorized capital stock was \$250,000, and the institution was required to pay dividends in January and July. Loan interest was capped at six percent and had to be paid by the borrower in advance.³⁶ How long the Milton Savings Institution operated is not known. However, at least for some period during the mid-1800s Milton was served by at least two financial institutions: the Milton Branch of the Bank of the State of North Carolina/Bank of North Carolina; and the Milton Savings Institution. Also unknown is from what building the Milton Savings Institution operated.

³⁵ This probably was Nathaniel J. Palmer (c.1805-1854), who in October 1831 established the *Milton Spectator* newspaper. Powell at 402. Palmer along with Charles L. Cooley rented the Union Tavern in Milton and re-opened it as a hotel of sorts. See Ruth Little-Stokes at 210.

³⁶ Powell at 333-334.

Bank of Yanceyville

Yanceyville, not to be left behind, sought its own bank. On December 10, 1852, the North Carolina General Assembly chartered the Bank of Yanceyville, thus giving Caswell County three banks. The initial stockholders apparently were:³⁷

From Yanceyville

Thomas D. Johnston (1800-1883)
 Dr. Nathaniel M. Roan (1803-1879)
 Dr. Allen Gunn (1807-1884)
 Samuel P. Hill (born c.1824 Chatham County, North Carolina)
 George Williamson (1788-1859)³⁸
 William Long (1801-1876)³⁹

From Milton

Samuel Watkins⁴⁰
 Montfort McGehee⁴¹
 Nicholas M. Lewis⁴²
 N. J. Palmer⁴³

From Leasburg

Solomon Lea (1807-1897)
 James S. Thompson
 Nicholas Thompson (1781-1857)

From Lawson's Store

R. J. Lawson
 Q. P. Watt

³⁷ Powell at 345.

³⁸ There were several with the name George Williamson in Caswell County. However, given the time period and then wealth required to invest in a bank, this probably is George (Royal George) Williamson (1788-1859). Note that he has a son named George Williamson. See: *Caswell County North Carolina Will Books 1843-1868*, Katharine Kerr Kendall (1986) at 85-86 (Will of George Williamson).

³⁹ This probably was the William Long who married Sarah Donoho Johnston, sister of Thomas Donoho Johnston.

⁴⁰ Living at this time was a Samuel P. Watkins, who in 1878 married Maria Green Slade (1854-1914). She was the daughter of Abisha Slade (1799-1869) (on whose farm the bright-leaf tobacco process was developed) and Sarah Lucinda Taylor (1819-1906).

⁴¹ A Montfort McGehee was a member of the Board of Trustees of the University of North Carolina in the mid-1800s. He was a Democrat, a 1841 graduate of the University, and from Person County, North Carolina. See *The Heritage of Person County, Volume I*, Madeline Hall Eaker, Editor (1981) at 304-305 (Article #624 "The McGehee Family" by John W. McGehee, Jr.).

⁴² Possibly Nicholas Meriwether Lewis (1801-1889).

⁴³ Possibly Nathaniel J. Palmer (c.1805-1854).

William D. Bethell
Joseph D. Neal

Thomas Donoho Johnston was appointed by the North Carolina General Assembly as one of the superintendents authorized to accept subscriptions for stock in the new Bank of Yanceyville, and he soon would become the bank's president. The authorized capital was \$200,000.

The General Assembly had authorized the Bank of Yanceyville to issue banknotes,⁴⁴ which it did. Many of these notes survive. Based upon early banknotes issued, it appears that Samuel P. Hill was the first president, with Joseph J. Lawson as cashier. Proceed here with caution. The signature on the notes is difficult to read, and some sources state that the name is James Hill. Later bank notes show Joseph J. Lawson continuing as cashier, but with Thomas D. Johnston as president (possibly as early as 1853/1854). Note the following from Professor Powell's history of Caswell County:

. . . . During the Civil War the Bank of Yanceyville made a series of "temporary loans" to the State of North Carolina "to meet liabilities of the State." A portion of the total was repaid, but it is not known whether the full debt was ever cleared. . . .⁴⁵

The foregoing is a bit confusing. This confusion comes from the lawsuit filed in 1872 against the Bank of Yanceyville (and others) by Joseph B. McMurray. McMurray died in 1877, and the administrator of his estate, George W. Long, continued the litigation. The lawsuit essentially was to force the stockholders of the Bank of Yanceyville to pay what the plaintiff believed they owed under the following personal liability of the bank charter, which charter was an act adopted by the North Carolina legislature:

That in case of any insolvency of the bank hereby created, or ultimate inability to pay, the individual stockholders shall be liable to creditors in sums double the amount of the stock by them separately held in said corporation.

⁴⁴ Before the Civil War our federal government did not issue paper money, like we are familiar with today, only coins. The constitution forbid the states from coining or printing money, but the same loophole which allowed the Bechtlers to establish their private mint also allowed private banks and companies to print their own paper money. This interesting period is now referred to as the obsolete or broken banknote period of United States paper money. It is considered obsolete because the federal government began printing its own paper money during the Civil War in the north and then passed laws in the aftermath of the Civil War that made it very difficult through high taxation for the private printing of paper money to continue. All paper money printed prior to 1866 is obsolete. It is sometimes also called the broken banknote period because many of the banks that issued these notes failed. Source: *North Carolina Obsolete Banknotes*.

⁴⁵ Powell at 345.

The plaintiff was the holder of notes issued by the Bank of Yanceyville, the bank had refused to honor Bank of Yanceyville notes when they were presented to the cashier, and the plaintiff demanded that the stockholders pay under the above-quoted personal liability clause. Two of the named defendants were Thomas Bigelow and George Williamson. Presumably, many of the Bank of Yanceyville stockholders listed above also were defendants. These events are known from two appellate decisions of the North Carolina Supreme Court, both of which addressed procedural issues.⁴⁶

Of particular interest here is the following from the 1884 opinion of the North Carolina Supreme Court:

The present suit, instituted on December 30th, 1872, is prosecuted on behalf of the creditors of the bank against the defendants, who are a portion of the stockholders, to enforce the personal statutory obligation and to collect what is due from each, to constitute a fund to be applied to the debts of the insolvent corporation.

It is admitted that the bank suspended specie payments on December 15th, 1860, and has never since resumed, nor been able to redeem its bills and meet its liabilities in coin.

Thus, we learn that the Bank of Yanceyville “failed” December 15, 1860: it was unable to redeem its notes in specie (coins). At the beginning of the Civil War there were twenty-one banks chartered by the State of North Carolina to issue paper money (banknotes). All failed.

This sad state of affairs was not due to corruption or mismanagement but instead due to patriotism. North Carolina was rich in gold prior to the Civil War and its banks were financially strong. The state in 1861 cast its lot with its southern neighbors and joined the Confederacy. With the outbreak of hostilities that year the need for hard money to finance the war effort was felt throughout the south. When the war did not end quickly as everyone had hoped the drain on southern wealth accelerated. The banks transferred their hard money and gold to the state and Confederate governments to be used to procure war supplies from Europe, in exchange for war bonds. As the war dragged on for four long years the south was not only bankrupted of its young men but also its wealth so when the surrender finally came the banks were left holding worthless paper issued by a defeated government.⁴⁷

⁴⁶ *Long v. Bank of Yanceyville*, 81 N.C. 41 (1879) and 90 N.C. 405 (1884). The first case reversed the decision of the lower court, which had dismissed the case, not allowing the plaintiff to amend the complaint. The second decision upheld the lower court’s dismissal of the lawsuit because it was filed after the statute of limitations had run.

⁴⁷ “North Carolina Obsolete Banknotes” at *The Coin & Medal Collectors’ Asylum*. <http://www.coins-n-medals.com> (accessed March 2008).

The failure of the North Carolina banks also was accelerated by the ten percent tax levied by the U. S. Congress after the Civil War on all notes issued by state banks.

However, what is odd about the December 15, 1860, failure date is the fact that North Carolina did not secede from the United States of America until May 20, 1861. Had the Bank of Yanceyville already loaned all its money to the State of North Carolina before December 15, 1860? If so, why was this done before the state seceded? It must be believed that the state was already preparing for secession and possible war, and the efforts of Governor Ellis are well-known.⁴⁸ And, to fund the war effort North Carolina banks were encouraged to increase loans to the state, which implies that such loans had been made before secession. One step taken was to authorize the North Carolina treasurer to borrow \$1 million from the banks at six percent. This amount was increased almost immediately to \$3 million, and rose to \$8.4 million as the Civil War progressed. This amounted to almost one-third of the state's bank capital in 1862. Presumably, this is why the Bank of Yanceyville was not able (or refused) to redeem its notes in December 1860. This has not, however, been confirmed.

A further step taken by the state to encourage bank loans was the suspension of the requirement that banks redeem their notes in specie.⁴⁹ However, if this provision of the law was in force December 15, 1860, that presumably would have been an absolute defense. However, the subject was not discussed in the appellate decisions reviewed.

Moreover, it appears that in April 1861, some four months after refusing to redeem its bank notes, the Bank of Yanceyville was sufficiently solvent to lend to the state a substantial sum to fund the war effort:

. . . . On 30 April [1861], the Bank of Yanceyville tendered the State of North Carolina "a loan of twenty-five thousand dollars for use of the state in its present emergency in Equipping and raising Volunteers for the defence of Southern rights."⁵⁰

The following also is of interest:

Four days after North Carolina seceded, Joseph J. Lawson, of the Bank of Yanceyville, wrote to his long-time business associate in New York, Lucius Hopkins, asking for his views on the problems facing the nation. Lawson pointed out that "you must know the South is only contending for her rights,

⁴⁸ See Broome at 339-345.

⁴⁹ Gatton at 49.

⁵⁰ *Boy Colonel of the Confederacy: The Life and Times of Henry King Burgwyn, Jr.*, Archie K. Davis (UNC Press, 1998) at 77.

and no unprejudiced mind could say truthfully that there was anything wrong in that” But the lines of communication were already broken, and Hopkins perhaps never received the letter from his Southern friend.⁵¹

Not stated is whether Joseph J. Lawson, Cashier of the Bank of Yanceyville, was actively engaged in bank business on May 24, 1860, when he sent this letter.

From the North Carolina Supreme Court opinions discussed above we also learn that after the Civil War concluded, the State of North Carolina enacted legislation March 12, 1866 that would allow a failed bank to terminate business by surrendering its charter. The intent of the legislature apparently was to wipe the slate clean of the banking failures caused by the Civil War,⁵² to provide for an orderly submission of claims, and to bar future claims (thus absolving bank stockholders of their personal obligations going forward).⁵³

The complaint further recites the general provisions of the act of March 12th, 1866, entitled, “an act to enable the banks of this state to close their business,” (acts of 1866, ch. 3), and alleges that the stockholders in the spring of the same year filed their bill in the name of the bank and proceeded to wind up its business in the manner therein directed; that the assets collected admitted of a very small per centum distribution among the creditors, and the per centum was paid only upon their surrender of the entire claim held by each who accepted his part or share; and that the intestate [plaintiff] was no party to the proceeding, and did not participate in the division of the fund.

Thus, a bit confused is the status of the Bank of Yanceyville between December 15, 1860, when it suspended payment of coins (specie), and the spring of 1866 (presumably after March 12, 1866) when it filed a bill in equity to wind up the business. As asked above: why did the bank suspend payment of coins to honor a tendered banknote as early as December 15, 1860?

⁵¹ Powell at 184.

⁵²At a post-war convention to restructure the North Carolina state government in October 1865, the delegates voted to repudiate all state debts from the war. This action made the war debts worthless, forcing the immediate liquidation of almost all the existing antebellum banks.

⁵³ The fifth section of the act declares that creditors who may prove their demands in the case “shall be entitled to payment in satisfaction of the same out of the assets,” and that “all claims and demands not presented, proved and established according to the provisions of this act, within the time allowed by the decree of this court therefore, shall be barred of recovery by any action at law or other proceedings in equity, and any suit brought for their recovery otherwise than as herein provided, shall on the plea of the commissioner of such bank, be abated, or on the motion dismissed.”

This language is from *Long v. Bank of Yanceyville*, 81 N.C. 41 (1879), and while discussed by the court, the justices were not prepared to hold the statute constitutional. Moreover, they were not required to address the issue of constitutionality to resolve the issue before them, which was whether the statute of limitations barred the suit against the Bank of Yanceyville, which they so held.

What kind of business did the bank transact between December 15, 1860, and the spring of 1866 when it apparently surrendered its charter?⁵⁴ Where did it obtain the funds to even pay a “very small per centum” to creditors in 1866?

While not necessarily the answer to some of these questions, it may be instructive to note the highly leveraged position of the Bank of Yanceyville. On October 20, 1860, the bank had issued notes totaling \$390,908 redeemable in specie (gold and silver coins). However, the bank had on hand only \$24,500 in specie. This was an astounding ratio of about eighteen-to-one. And, before the bank closed it would become worse, reaching about twenty-to-one. Thus, it is possible that a run on the bank in late 1860 resulted in the inability to redeem notes in specie. Obviously, the Bank of Yanceyville could not cover the notes it had outstanding. It also was during this time (1860-1861) that the North Carolina General Assembly changed the law relating to failure to redeem notes. Such failure no longer resulted in the bank’s losing its charter. This may explain how the Bank of Yanceyville was able to continue in existence after it, at least nominally, had failed (had refused to honor its notes). In 1863, banks were absolved from redeeming notes in specie if they had loaned money to the state (presumably to fund the Civil War). Whether this affected the Bank of Yanceyville is unknown, but likely.

What was the situation in December 1860 when the Bank of Yanceyville refused to honor its banknotes? The month before (November 1860), Abraham Lincoln, a Republican, had been elected President of the United States. Mass meetings were held in more than thirty North Counties. While no evidence has been found of a Caswell County meeting, one is likely. South Carolina was known to be leaning toward secession, and seceded from the Union on December 20, 1860, just five days after the Bank of Yanceyville “failed.” Was it this atmosphere that led to redemption demands being made upon the Bank of Yanceyville that it was unable (or unwilling) to honor?⁵⁵ There also had been a financial panic just a few years earlier, in 1857

⁵⁴ “On June 23, 1866, the charters of all the banks were repealed so far as any requirements whatsoever concerning the keeping of specie. A scale of depreciation of Confederate money was arranged, and in the general liquidation and preparation for a new beginning, a charter was obtained for a Savings institution in Newbern. During the following year two others were established, and a charter granted for the National Loan and Trust Company, of Raleigh. The act forbidding imprisonment for debt was repealed on February 27 of the same year. The Assembly of 1870 placed the tax on all the banks at five per cent. of the profits, and at the same session the Bank of Raleigh was incorporated.” See. Knox at 559.

⁵⁵ Note that the situation surrounding the Bank of Yanceyville is rendered even more confusing by the following from One Hundred Years at 120 (footnotes omitted):

that resulted in the failure of a number of banks and businesses nationwide. Could that have had an effect on the Bank of Yanceyville some three years later?

As a point of interest, it appears that the Bank of Yanceyville in the lawsuit described above was represented by two well-respected lawyers: Thomas Ruffin (not known if he was related to the famous Thomas Ruffin, who became Chief Justice of the North Carolina Supreme Court); and John W. Graham (1838-1928), son of North Carolina Governor William Alexander Graham. The Thomas Ruffin who served on the North Carolina Supreme Court also was in 1828 President of the State Bank of North Carolina. A younger Thomas Ruffin fought in the Civil War.

Thus, immediately before the Civil War began Caswell County may have had three banks. We know that the original Bank of Yanceyville failed and surrendered its charter in 1866. Nothing more has been found on the Milton Savings Institution. The Bank of North Carolina closed in 1868, thereby ending the business of the Milton branch of the Bank of North Carolina.⁵⁶

The North Carolina General Assembly was busy in the days leading to secession. On 6 March 1861, *The North Carolina Standard* newspaper reported on certain legislative acts that apparently were adopted on 23 February 1861. One was “An Act to Amend ‘An Act Entitled Revenue,’ Ratified 16th Day of February, 1859.” Here is the part relevant to Caswell County that appeared in what was referred to as “Schedule A”:

4. Paragraph (7) shall be amended as follows: Every dollar of nett [*sic*] dividend or profit not previously listed, declared, received, , or due on or before the first day in July of each year, upon money or capital invested in shares in the Bank of Washington, the Merchants’ Bank of New Bern, the Bank of Wadesboro, the Bank of Fayetteville, the Commercial Bank of

Upon the beginning of the Civil War, all banks in North Carolina were relieved of the legal obligation to redeem their notes for specie, and were required to transfer their specie reserves to the new Confederate States of America (CSA). In return, the banks received interest-bearing notes from the CSA. Bank capital was drained as a result of the war effort. The sixteen banks then located in the state were called upon to loan money to the state of up to twenty percent of their capital stock to help raise and support the military. By 1862, one-third of the total bank capital was committed to loans to the state for the Civil War. The state issued six percent bonds due in 1893 to pay off this debt. The state also taxed bank capital and bank dividends, while the Confederacy taxed cash on hand and money on loan.

If all specie reserves had been transferred to the Confederate States of America, what remained to lend to the State of North Carolina? Also, the Bank of Yanceyville troubles began before the Civil War started.

⁵⁶ Broome at 120.

Wilmington, the Farmers' Bank of North Carolina, the Bank of Charlotte, and the Bank of Yanceyville, shall pay an annual tax of nine cents, and in shares in all other banks, or in any other incorporation or trading company, or in steam vessels of twenty tons burden or upwards, four cents. And any person listing any dividends or profit of the banks herein specially named, shall be required to list the same separately from any other dividend or profit for which he is liable to a tax, and also to specify the name of the bank upon which said dividend is due or has been received.

Thus, dividends of the named banks were to be taxed at 9%, while all other banks (and certain entities) had their dividends taxed at 4%. The only Caswell County bank listed was the Bank of Yanceyville. However, at the time this law was adopted the Bank of North Carolina apparently still had a branch in Milton. Presumably, this tax was in the nature of an income tax on the recipient of the dividends.

Another provision of this act, listed under "Schedule C," taxed banks directly:

Sec. 4. And the amendments under Schedule C. shall be as follows, to wit:

1. The President and the Cashier of the banks herein named, on or before the first day of October in each year, shall pay into the public treasury the following tax on each share of stock owned by individuals or corporations, to wit:

- The Bank of Washington, twenty-five cents.
- The merchants Bank of Newbern, twenty-five cts.⁵⁷
- The Bank of Wadesboro, twelve-and-a-half cents.
- The Bank of Fayetteville, twelve-and-a-half cents.
- The Commercial Bank of Wilmington, twenty-five cents.
- The Farmers' Bank of North Carolina, twenty-five cents.
- The Bank of North Carolina, sixty cents.
- The Bank of Lexington, thirty cents.
- The Miners and Planters' Bank, thirty cents.
- The Bank of Commerce, thirty cents.
- The Bank of Clarendon, thirty cents.⁵⁸
- The Bank of Cape Fear, sixty cents.
- The Bank of Wilmington, sixty cents.
- The Bank of Charlotte, twelve-and-a-half cents.
- The Bank of Salisbury, sixty cents.
- The Bank of Yanceyville, twenty-five cents.

⁵⁷ Not capitalizing "merchants" seems to be a typographical error. However, spelling "Newbern" as one word was not. It would be some decades before the name was changed to New Bern.

⁵⁸ The President of the Bank of Yanceyville, Thomas Donoho Johnston, built an impressive in house in Yanceyville that he named "Clarendon Hall." This is mentioned here because the source of the name has not been discovered. Did Johnston have some connection with the Bank of Clarendon?

And any other which may be chartered by this or any future General Assembly, sixty cents on the share of \$100 of such stock, and in that proportion for shares of a less value.

And in case the said officers of any bank, shall neglect or fail to pay the tax, as herein required, said bank shall pay double the amount of said tax, and the same shall be sued for and recovered by the Attorney General, in the name of the State, in the superior court of the county of Wake.

This list provides a snapshot of the banks operating in North Carolina three months before the state seceded.⁵⁹ The Milton Savings Institution, established 1851, is not listed. This may be because the “savings” institutions were treated differently than banks. No name similar to the Milton Savings Institution is in the above list. It also could be that the Milton Savings Institution was no longer in business.

The presence of the Bank of Yanceyville in both lists indicates that the North Carolina General Assembly deemed it worthy of taxation, both as to dividends and shares outstanding. Not understood is what this teaches in light of the litigation earlier discussed (*Long v. Bank of Yanceyville*).⁶⁰

No North Carolina bank survived the affects of the Civil War. However, during the period since the first banks were chartered in 1804 the people of North Carolina were fairly well served. The three successive banks from 1810 to the close of the Civil War – State Bank of North Carolina, Bank of the State of North Carolina, and the Bank of North Carolina – changed names but the people in charge and the stockholders were the same in most instances. The first one, along with the two other banks – Bank of Cape Fear and Bank of New Bern – furnished much of the money in circulation. They helped restrain any notion in this state to embrace “wildcat” banking, and with the exception of periods of economic distress were on a specie basis. Not one of the banks in this state failed prior to the Civil War; they paid their note holders and depositors in full.

⁵⁹ Technically, North Carolina did not secede from the United States of America. It rescinded the act by which it had originally joined. The effect, however, was the same.

⁶⁰ It also was during this legislative session that the General Assembly enacted “An Act for the relief of the banks and the people.” This was the law that authorized suspension of specie payment by repealing the penalty of a bank’s losing its charter. This act appears to be more for the relief of the banks than of the people. And, while not relevant to bank history, it is interesting that this legislative session authorized the Caswell Railroad Company (to build a line from Burlington to Milton), the Milton and Yanceyville Junction Railroad Company, the Bank of Roxboro (Person County), and proscribed the owning or controlling of slaves by “free negroes.” The railroads authorized were never built.

Freedmen's Savings Bank

While no branch of the Freedmen's Savings Bank was established in Caswell County, that failed attempt to provide a financial institution to serve the recently freed slaves deserves mention. Although not formally associated with the Freedmen's Bureau, the Freedmen's Savings and Trust Company was created the same day (3 March 1865) and many assumed the Freedmen's Bureau ran the bank.⁶¹ North Carolina eventually had branches at Wilmington (1865), New Bern (1866), and Raleigh (1868).⁶² Due to the large former Caswell County slave population and the activity of the Caswell County branch of the Freedmen's Bureau, one reasonably can assume that blacks in Caswell County had Freedmen's Savings Bank accounts. This was unfortunate. As a result of mismanagement and possible corruption the bank failed in 1874. Depositors lost substantial amounts and created a deep distrust within the southern black community of financial institutions.

Bank of Caswell

In 1871, a new bank was chartered, the Bank of Caswell, which was located at Milton, Caswell County, North Carolina. It was directed by "commissioners" John B. Blackwell, George Williamson, James Poteat, Thomas D. Johnston, and Thomas Bigelow.⁶³ Note that George Williamson and Thomas Bigelow were named defendants in *Long v. Bank of Yanceyville*, discussed above. How long this Bank of Caswell operated is not known. However, it apparently ceased business before 1905. See the discussion below about the new Bank of Caswell, chartered in 1905.

Farmers Bank of Milton

Continuing in chronological order: In 1879, the Farmers Bank at Milton was chartered in the name of:

| | |
|---------------|----------------|
| I. Trion | Eustace Hunt |
| S. B. Holder | John Lee |
| Wilkins Bruce | W. M. Long |
| N. T. Riggs | C. S. Winstead |

⁶¹ Gatton at 56.

⁶² Ibid. See also, Carl R. Osthaus, *Freedmen, Philanthropy, and Fraud: A History of the Freedman's Savings Bank* (1976).

⁶³ Powell at 345.

| | |
|------------------|-------------------|
| J. R. Winston | George Williamson |
| W. M. Watkins | John B. Smith |
| J. W. Cunningham | Giles Mebane |
| John W. Lewis | R. H. Hesler |
| J. M. Smith | John L. Irvine |
| Joel Walters | Thos. Donoho |
| T. W. Cobb | W. F. Smith |
| Sydney Lea (sic) | Jas. S. Cobb |

The authorized capital was up to \$200,000 in shares of \$100 each, and the corporation was to “engage in the general banking business.”⁶⁴ From what building this bank operated in Milton is not known. How long this bank operated also has not been determined. However, the earliest North Carolina annual bank report reviewed is for 1903. It contains information on the Merchants and Planters Bank of Milton but does not mention the Farmers Bank of Milton. Accordingly, until more is uncovered, the lifespan of this bank will be assumed to be from 1879 to before 9 April 1903 (the date of the 1903 annual bank report).

Merchants and Planters Bank of Milton

In 1889, another bank was chartered for operation in Milton: the Merchants and Planters Bank of Milton, with up to \$200,000 authorized in capital. This bank was given the option of establishing branches or agencies as its president and directors so designated. Among the incorporators were several men from Danville, Virginia, as well as the following from Milton:

| | |
|--------------------|------------------|
| H. T. Riggs | W. M. Watkins |
| R. L. Walker | E. Hunt |
| George W. Thompson | J. S. Cunningham |
| John L. Irvine | W. T. Farley |
| W. W. Luck | J. A. Hurdle |

According to Professor Powell: “The Merchants and Planters Bank flourished into the next century under the presidency of J. A. Hurdle and with J. L. Walker as cashier.”⁶⁵ Whether this bank flourished or not is unknown; however, it apparently did exist as a banking entity until at least September 6, 1904. That is the date of the North Carolina Bank Annual Report for 1904, which included information on the Merchants and Planters Bank, Milton, as the only bank

⁶⁴ Powell at 334.

⁶⁵ *Ibid.* The cashier was R. L. Walker, not J. L. Walker.

operating in Caswell County (which also was the status for 1903).⁶⁶ However, the Report for 1905 contained no information of this bank, which presumably had shut its doors. The following from a newspaper of the time may provide the answer:

The Merchants' and Farmers Bank at Milton, Caswell county, a State bank, has failed. The assets in sight are about \$31,000, \$27,000 of this being in notes. The capital stock of the bank was \$3,000.⁶⁷

However, unclear is the bank identified in the newspaper item. Milton had a Farmers Bank. It had a Merchants and Planters Bank. But it did not have a Merchants and Farmers Bank; at least no record of such a bank has been found. The failure of a Milton bank around November 1904 would be consistent with the history of the Merchants and Planters Bank discussed above. Based upon the annual bank reports for 1903 - 1905, the bank was in business at the time of the 1904 report (September 6), but not when the 1905 report was prepared on May 29. Also, the Farmers Bank of Milton apparently discontinued business before 9 April 1903. See the discussion above about this bank. Query whether the Merchants and Farmers Bank was a successor to the Farmers Bank.

An 1893 map of Milton, Caswell County, North Carolina, identifies the building shown and discussed above ("Milton State Bank" building) as housing the "Merchants & Planters Bank."⁶⁸ This would be reasonable as the Bank of North Carolina succumbed to bankruptcy in 1868, thus ending the use of the Milton bank building as a branch of that bank. With its built-in vault and dedicated public areas, this building continued to be suitable for banking activity.

Bank of Caswell

However, Milton was not without a bank for long. The North Carolina Bank Annual Report for 1905⁶⁹ lists a Bank of Caswell, Milton:

President: R. L. Watt

⁶⁶ J. A. Hurdle, Acting President; R. L. Walker, Cashier; total assets/liabilities: \$32,958.64; Laws of 1889; Organized: March 1888; Opened for Business: March 1888. The reference to Laws of 1889 is confusing if the bank was organized and opened March 1888.

⁶⁷ *The Landmark* (Statesville, North Carolina, 18 November 1904 (page 4).

⁶⁸ Sanborn-Perris Map Co., Limited: Milton, Caswell County, North Carolina (September 1893). Originally intended to help insurance underwriters assess city fire risks and set insurance rates, the maps show structures on selected blocks for some 12,000 United States cities and villages.

⁶⁹ *Reports of the Condition of the State, Private and Savings Banks at the Close of Business on May 29, 1905, As Appears from the Reports Filed in the Office of the Commission, Department of the North Carolina, Corporation Commission (Raleigh, 1905).*

Cashier: E. Hines, Jr.
 Capital Stock: \$4,600
 Chartered: 1905 (by the Secretary of State, Laws 1903)
 Organized: 2 January 1905
 Opened for Business: 8 February 1905

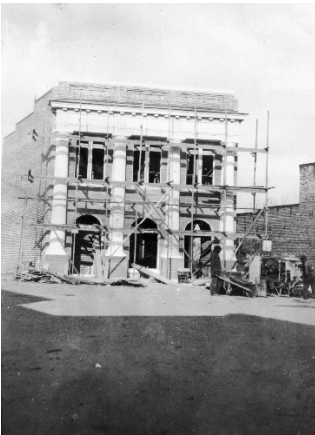
This was the only Caswell County bank reported in the 1905 Bank Report, which is a good indication that it was the only bank in the county. The Bank of Caswell, Milton, was in business from February 8, 1905, until November 28, 1914, when the bank ceased operation.⁷⁰

Local legend in Milton has it that one Daniel Hines, son of Bank of Caswell Cashier Edward Hines, absconded with the bank's funds around 1815 and departed Milton, presumably moving quickly. If correct, this certainly explains the bank's closing its doors.

The closing of the Bank of Caswell ended Milton's banking business, which had lasted, with some interruptions, for almost one-hundred years. No record has been found of a bank in Milton after November 28, 1814.

Note that the Bank of Caswell apparently was the third bank to occupy the "Milton State Bank" building, a photograph of which is shown above. A 1908 map created to assist insurance companies assess risk identifies this building as the "Bank of Caswell."⁷¹ This building is seen again on a 1925 map, but the use is not identified.⁷²

Bank of Yanceyville



This condition of only one Caswell County bank (Bank of Caswell, Milton) continued only until the next year, 1906, when a new Bank of Yanceyville was chartered. The first president was Barzillai Shuford Graves,⁷³ with R. K. Lasley as cashier. The capital stock authorized was \$5,000. While the Bank of Yanceyville was organized in 1906, it actually was chartered by the North Carolina Secretary of State under the North Carolina Laws of 1903. It opened for business in Yanceyville July 11, 1906. This apparently is the same Bank of Yanceyville that operated until the 1970s. The façade of the Bank of

⁷⁰ *Lyons v. Grand Lodge K. P. of North Carolina*, ___ N.C. ___, 90 Southeastern Reporter 422, *et seq* (1939), which provided the date the Bank of Caswell, Milton, closed.

⁷¹ Sanborn Map Company: Milton, Caswell County, North Carolina (March 1908).

⁷² Sanborn Map Company: Milton, Caswell County, North Carolina (April 1925).

⁷³ Barzillai Shuford (Baz) Graves (1854-1942): Caswell County Sheriff; Yanceyville Mayor; Caswell County Magistrate; and Clerk of the Caswell County Superior Court.

Yanceyville building shows two dates: 1906; and 1922. It is possible that the 1906 represents the charter of 1906. Perhaps it was re-chartered in 1922, or that might represent the date the bank building was constructed. Unfortunately, this majestic bank building was demolished to make room for a modern bank with a drive-through window (the Northwestern Bank). Today, it is Fidelity Bank.



Not all of the North Carolina Bank Annual Reports are available for review. However, after the final reference to the Bank of Caswell, Milton, in 1914, the only bank listed in the reports is the Bank of Yanceyville (1916, 1917, and 1921). However, there was a change in the 1911 Report from the 1907 Report for the Bank of Yanceyville. R. L. Mitchell was listed as

president, with F. A. Pierson as cashier. Whether this change occurred earlier is not known as the Reports for 1908-1910 have not been reviewed. This R. L. Mitchell apparently was Robert Lee Mitchell (or Mitchelle) (1866-1935). Note the following from *Who's Who in Finance and Banking for 1920-1922*:⁷⁴

In 1906, with J. B. Mason of Durham, N. C., organized the Bank of Yanceyville, which everyone thought would be a failure in a town of 300 inhabitants, but has paid the stockholders the past year 23 per cent. (Bank has \$5000 and \$7500 undivided profits, \$5000 cap.) Was elected dir. In bank at time of organization, 1910 elected pres., which position still holds Defeated for State Senator on the Democratic ticket from the 18th Senatorial District in 1894 by the fusion tickets of Republican and Populist. Elected Clerk of the Superior Court of Caswell Co. in Nov., 1902, and is now completing fifth term (of four years each). Chmn. Of Democratic Executive Committee of Caswell Co. Democrat. Presbyterian.

Mitchell is said to have hired Samuel Murphey Bason (see below) and trained the young Bason to succeed Mitchell as President of the Bank of Yanceyville.

⁷⁴ *Who's Who in Finance and Banking: A Biographical Dictionary of Contemporaries 1920-1922*, John William Leonard, Editor (1922) at 476.

There also was a change in 1911 for the Bank of Caswell, Milton, with the Annual Report showing F. B. Jones as president. Again, exactly when F. B. Jones⁷⁵ became president is unknown because the Reports for 1908-1910 have not been reviewed. In 1907, R. L. Watt was president of the Bank of Caswell, Milton.

The last North Carolina Bank Annual Report found was for 1921 (spoke as of December 31, 1921). The only Bank of Yanceyville change from the 1917 Report was in the cashier. Samuel Murphey Bason (1894-1986) had replaced F. A. Pierson.⁷⁶ Samuel Murphey Bason began work at the Bank of Yanceyville in 1919. Note the following from *The Heritage of Caswell County, North Carolina*, Jeannine D. Whitlow, Editor (1985) at 274-275, which was written by Carolyn Bason Long, daughter of Samuel Murphey Bason:⁷⁷

In 1919 Samuel Murphey Bason (b. Dec. 3, 1894), son of a Confederate veteran, William H. Bason, arrived in Yanceyville from neighboring Alamance County to work in the Bank of Yanceyville. His mother, Flora Green, was a great-niece of Caswell's illustrious Archibald D. Murphey. His family home was in the Hawfields Presbyterian Church community, Swepsonville.

Sam had recently returned from 22 months service in World War I. He graduated from Burlington High School where he was a baseball star, and attended Oak Ridge Academy in Guilford County.

The Bank of Yanceyville's motto--"The Bank Whose First Interest is Caswell"--was serving the needs of this rural county. Disaster struck--the Depression. The Bank closed.

Sam Bason never stopped working to reopen its doors. When the Bank did reopen, he struggled to rebuild the institution. When he stepped down as

⁷⁵ This is Franklin Beauregard Jones (1860-1931). See *The Heritage of Caswell County, North Carolina*, Jeannine D. Whitlow, Editor (1985) at 315 (Article #388, "Franklin Beauregard and Ella Clyde Ray Jones" by Jean Bradsher Scott).

⁷⁶ F. A. Pierson may have been Frank A. Pierson, born March 27, 1848, in New Jersey, and died April 12, 1919 (thus explaining why he was not cashier in 1921). This record has not, however, been confirmed. Frank Pierson (1848-1919) apparently married Lilly Williamson (1855-1941), sister of George L. Williamson. Note that a George Williamson was associated with several banks established in Caswell County. It is possible that Frank A. Pierson was brought to Caswell County for his banking expertise, then met and married the sister of one of the bank's stockholders. This is only speculation and placed here to encourage further research.

⁷⁷ Note that the middle name of Samuel Bason is seen as both Murphy and Murphey. However, his daughter used Murphey and that spelling is on his gravestone at the Yanceyville Presbyterian Church (Caswell County, North Carolina).

President after 52 years, he was as proud of the Bank as a father is of his offspring!⁷⁸

The Banking system was rapidly changing. With his approaching retirement, he was successful in merging the Bank with a larger bank, the Northwestern Bank, which served a similar clientele.



Thus, based upon the foregoing we know that the Bank of Yanceyville was closed at some time during the Depression, and this apparently occurred in 1932.⁷⁹ Not known is what exactly happened to the finances and organization of the bank. Was it reorganized and issued a new charter? Or was it able eventually to reopen with the same corporate organization as before? These questions require further research.

However, one source whose family has deep roots in Yanceyville and whose father was on the Board of Directors of the Bank of Yanceyville reported that, while the bank did close during the early 1930s it reopened without any depositor losing a penny. The directors of the bank did not withdraw their own funds, thus providing some confidence that the bank would reopen, which it did.

Chronology of Caswell County Banks

1. 1818⁸⁰
Bank of New Bern, Milton (branch or agency)
State Bank of North Carolina, Milton (branch or agency created November 1818)
2. 1834
Milton Banking House (established August 1834 as an agency of the Bank of the State of North Carolina)

⁷⁸ For many years the Bank of Yanceyville cashier, who worked with Samuel Murphey Bason, was Earl Jones Smith (1919-1985). Smith is believed to have joined the Bank of Yanceyville after it was reorganized in the 1930s (probably under federal New Deal bank legislation). He replaced Tom Boswell, who had been appointed Yanceyville Post Master.

⁷⁹ *Their Highest Potential: An African American School Community in the Segregated South*, Vanessa Siddle Walker (1996) at 37.

⁸⁰ Note that it is possible that a branch of the Bank of Cape Fear also operated in Milton (and possibly earlier than 1818), but this has not been documented. See the discussion early in the text of this article.

3. 1845
Milton Banking House (by end of 1845 had been elevated to a “branch” of the Bank of the State of North Carolina).⁸¹
4. 1851
Milton Savings Institution
5. 1852
Bank of Yanceyville (10 December 1852 – Spring of 1866)⁸²
6. 1859
Bank of North Carolina (Milton branch)
7. 1871
Bank of Caswell, Milton (1871 – Before 9 April 1903)
8. 1879
Farmers’ Bank, Milton (1879 – Before 9 April 1903)
9. 1889
Merchants and Planters Bank, Milton (1889 – Before 29 May 1905; but was still in business 6 September 1904). Failed November 1904 according to a newspaper report.
10. 1905
Bank of Caswell, Milton (8 February 1905 – 28 November 1914)
11. 1906
Bank of Yanceyville (11 July 1906; closed during the Depression; taken over by the Northwestern Bank in the 1970s)

⁸¹ Whether it continued to be called the Milton Banking House after being “promoted” to a full branch of the State Bank of North Carolina is not known. It may have been referred to as the State Bank of North Carolina, Milton.

⁸² This was the first Caswell County bank established outside Milton.

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Early Caswell County Banking Overview

Following is a description of the early Milton banks by Professor William S. Powell:⁸³

As a center of considerable business enterprise, Milton was also the site of banking activity. A branch of the Bank of New Bern served Milton for a time between 1820 and 1826. An agency of the State Bank of North Carolina was established in Milton in August, 1834, and known as the Milton Banking House, but by the end of 1845 it had been elevated to status of branch bank. A large two-story brick structure, still standing, was constructed in or soon after 1860 in a style described as a “transition between the Greek Revival and more exotic Victorian styles.” The Milton Branch was one of eight such branches of the State Bank which had its principal office in Raleigh. The branches in Milton, Elizabeth City, and Charlotte each had capital stock of \$100,000. The financial report for the Milton branch in 1845 showed a total debt of \$131,495.04 with total resources amounting to \$197,147.60. A few years before the Civil War George Smith was president of the Milton branch and W. R. Hill was cashier. The statewide system of the State Bank was liquidated between 1868 and 1874, a victim of the war, largely because North Carolina was forced by the United States to repudiate debts incurred under the Confederacy.

⁸³ Powell at 333-334.

Set forth below is a view of the Milton State Bank Building not seen before. It is from *Banking in North Carolina: A Narrative History*, T. Harry Gattton (1987) at 34.

However, Gattton's reference to this building as a branch of the "State Bank" is a bit confusing.

Before the Civil War, North Carolina had three banks that generally were referred to as the State Bank. Note, however, that all three were private banks in which the State of North Carolina was only a shareholder. They were closely related entities with successor banks taking over the assets and liabilities of the predecessor bank (and often with the same shareholders):

1. State Bank of North Carolina (1810-1838)
2. Bank of the State of North Carolina (1834-1860)
3. Bank of North Carolina (1859-1868)

The overlap in charter dates allowed an orderly transition of business. Also, the charter of the third bank, Bank of North Carolina, was longer than to 1868 (may have been chartered until 1880). However, 1868 was the date its bankruptcy petition was filed. All North Carolina banks failed after the Civil War.

As c.1860 usually is the date given for the Milton bank building's construction, the "State Bank" referred to in the Gattton book caption could have been (1) the Bank of the State of North Carolina (1834-1859), (2) the Bank of North Carolina (1860-1868), (3) both (as explained below). However, it could not have been the "State Bank of North Carolina" (1810-1838).

Note that architectural historian Ruth Little-Stokes clearly describes the Milton bank building as being built as a branch of the "Bank of the State of North Carolina." With such an awkward name, it reasonably can be assumed that she chose her words carefully in describing the bank.

Thus, while not entirely certain, it is reasonable to conclude that in 1859 the Milton bank building housed two banks: (1) Bank of the State of North Carolina (1834-1860); and (2) Bank of North Carolina (1859-1868). What it never housed was the "State Bank of North Carolina" (1810-1838).

Also, even if the Milton bank building never housed the Bank of the State of North Carolina (1834-1860), its construction probably began during the period of that bank's operation. Construction of such a large building in the late 1850s presumably took a considerable time.

An excellent pamphlet on North Carolina's early monetary system (or the lack thereof) is *Money Problems of Early Tar Heels*, Mattie Erma Parker (1957). Here is an excerpt (pages 12-13):

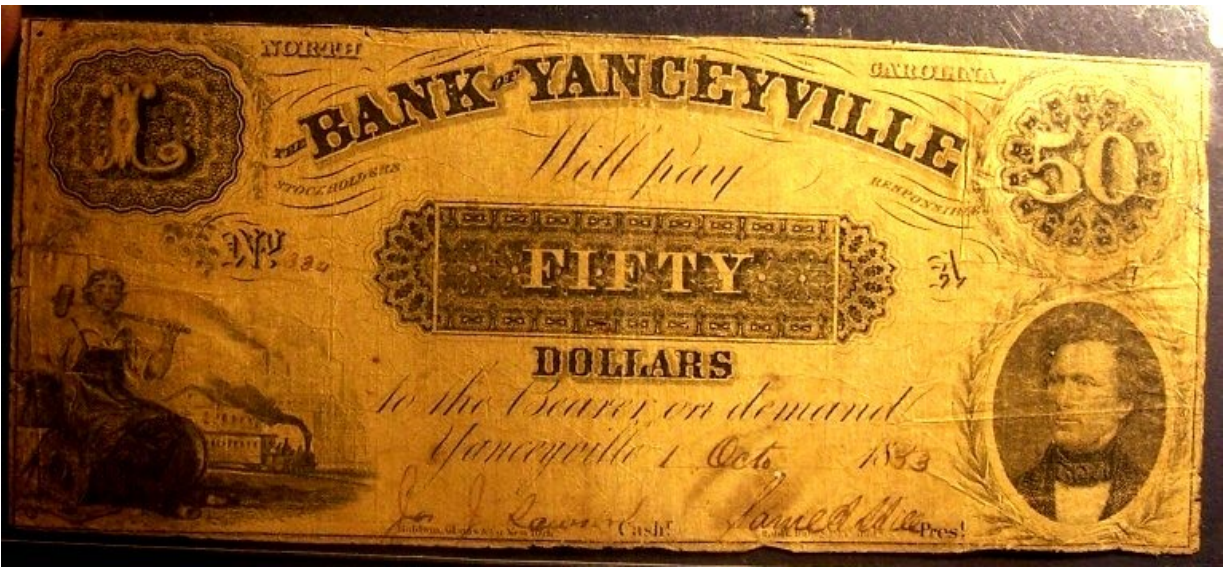
The honor and credit of the state required payment of the obligations represented by the treasurer's certificates, which had been authorized, during the period when paper currency was without value, to take care of the state's obligations to those from whom money, goods, and services had been obtained. The majority of these certificates were redeemed by exchange for public land beyond the mountains or for land confiscated from the Tories, or used in payment of taxes. As the certificates came into the fiscal offices they were supposed to be burned, but often the officers re-issued them. Depreciation, counterfeiting, and frauds of various types prolonged their redemption, which was not completed until 1818 or later.

The problem of redeeming the state currency was also urgent. Although the dollar currency of the United States was recognized as the lawful currency of the state, the North Carolina pound, shilling, and pence currency issued in 1783 and 1785 was too widely circulated to make it practical to keep records in dollars and cents. Moreover, the state currency was continually depreciating, and no new bills of credit could be issued to replace the depreciated notes. Some effort was made to redeem the currency by taxation; but the general antipathy to taxation was so great that the taxes were soon suspended. In the end the currency was retired by the use of dividends from bank stock and by the cooperation of banking institutions, which exchanged currency for their own notes, then paid it to the state as dividends on state-owned stock. By 1816 enough of the state currency had been retired to make it possible to reckon business transactions in terms of dollars and cents instead of pounds and shillings. But there were some state notes still in circulation as late as 1835.

Bank of Yanceyville Banknotes







Additional banknotes will be found online at:

<http://www.flickr.com/photos/ncccha/sets/72157600029091327/>

Bank of Yanceyville (1914)

BANK OF YANCEYVILLE, YANCEYVILLE.

R. L. MITCHELL, President.

F. A. PIERSON, Cashier.

| RESOURCES. | | LIABILITIES. | |
|--|------------------|-------------------------------------|------------------|
| Loans and discounts..... | \$43,426.99 | Capital stock..... | \$ 5,000.00 |
| Overdrafts..... | 630.66 | Surplus fund..... | 1,650.00 |
| United States bonds..... | | Undivided profits..... | 1,391.41 |
| North Carolina State bonds..... | | Dividends unpaid..... | |
| All other stocks, bonds and mortgages..... | | Notes and bills rediscounted..... | |
| Premium on bonds..... | | Bills payable..... | |
| Banking house, furniture and fixtures..... | 680.88 | Time certificates of deposit..... | 26,777.78 |
| All other real estate owned..... | 370.00 | Deposits subject to check..... | 15,749.22 |
| Demand loans..... | | Demand certificates of deposit..... | 146.45 |
| Due from banks and bankers..... | 3,119.28 | Savings deposits..... | |
| Cash items..... | | Due to banks and bankers..... | |
| Gold coin..... | 5.00 | Cashier's checks outstanding..... | |
| Silver coin, including all minor coin currency..... | 79.51 | Certified checks..... | |
| National bank notes and other U. S. notes..... | 759.00 | | |
| Suspense account..... | 1,643.54 | | |
| Total..... | 50,714.86 | Total..... | 50,714.86 |

Bank of Caswell 1905

14. BANK OF CASWELL, MILTON.

R. L. WATT, President.

E. HINES, JR., Cashier.

| RESOURCES. | | LIABILITIES. | |
|--|-----------------|-------------------------------------|-----------------|
| Loans and discounts..... | \$ 4,733.43 | Capital stock paid in cash..... | \$ 4,600.00 |
| Overdrafts..... | | Surplus fund..... | |
| United States bonds..... | | Undivided profits..... | |
| North Carolina State bonds..... | | Dividends unpaid..... | |
| All other stocks, bonds and mortgages..... | | Notes and bills rediscounted..... | |
| Premium on bonds..... | | Bills payable..... | |
| Banking house, furniture and fixtures..... | 25.00 | Time certificates of deposit..... | |
| All other real estate owned..... | | Deposits subject to check..... | 3,568.24 |
| Demand loans..... | | Demand certificates of deposit..... | |
| Due from banks and bankers..... | 2,265.90 | Due to banks and bankers..... | |
| Cash items..... | | Cashier's checks outstanding..... | 36.50 |
| Gold coin..... | 45.00 | Certified checks..... | |
| Silver coin, including all minor coin currency..... | 304.82 | | |
| National bank notes and other U. S. notes..... | 799.00 | | |
| Expenses..... | 21.59 | | |
| Total..... | 8,194.74 | Total..... | 8,194.74 |