"Bank-Wreckers, Defaulters, and Embezzlers": America's Popular Fear and Fascination with the Misappropriation of Bank Deposits during the Gilded Age and Progressive Era

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This article explores how "bank-wreckers, defaulters, and embezzlers" were popularly perceived during Gilded Age and Progressive Era America, and how they contributed to a broader concern over the safety of deposits and helped drive efforts to achieve greater financial security. Their actions, often described as "wrecking," referred to instances in which a banking institution was damaged or destroyed due to the embezzlement or general misappropriation of depositor funds by bank officials or employees. Wrecking occurred inside and outside of the era's major banking panics, and attracted popular and critical attention over this period, especially between the 1880s and the early 1910s. It is argued that this phenomenon resonated within the popular imagination, which was reflected, reinforced, and even instilled through the media, and that this helped sustain doubts on the reliability of the nation's banks and bankers. This article shows how notions of class, character, and gender influenced how people thought about the problem: wrecking demonstrated that respectability could be illusory and that men of the era could be tempted to "get rich quick" through dubious means. Some of the major attempts

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to resolve the problem are also discussed to highlight how efforts to prevent wrecking relate to the period's general push to bolster economic stability. Ultimately, the article shows how seemingly disparate events can aggregate into a larger problem, which can in turn motivate solutions and reforms.

> The number of cases that could be cited are innumerable, and there is not a section of the country that has escaped. The number of bank wrecks piled upon the financial beach is a silent monument to this truth.[1]

Author Phil A. Rush dedicated his 1905 novel, *The Teller's Tale: A Bank Story for Bankers, A Law Story for Lawyers, A Love Story for Lovers,* to the "faithful bank employees of America." Perhaps he felt this necessary given the book's subject: bank embezzlement. Following this dedication, the opening pages include fictionalized newspaper reports of banking scandals resembling those "seen almost daily in the public press," and an authorial comment asking if a banking system "permitting" such scandals deserved the public's confidence.[2] Later in the narrative, one of the characters, Colonel Wilmont, a Civil War veteran, banker, and esteemed citizen, warns his banking compatriots that this problem would "destroy" banks if left to continue. If not due to embezzlement itself, banks would be ruined by popular distrust. The "fact" that banks were considered easy targets by embezzlers had "travelled to the reading public, and the intelligent depositor [knew] that his deposit may not be held safely, notwithstanding the integrity of the management." It was "impossible that such knowledge should fail to have its influence against the continued use of the banks by the public."[3]

The Teller's Tale probably was not a popular book, but it captured the cultural presence of banking scandals committed by bank insiders from the late 1870s to the early 1920s, reflected by its choice of subject matter and by its observation that the public's repeated exposure to these cases could undermine their faith in banking institutions. It also was far from being the only production pertaining to the embezzlement or misappropriation of depositor funds produced during this period. Indeed, newspapers and magazines keenly reported and editorialized on actual cases, and other cultural mediums such as novels,

1. Moxey, "Bank Defalcations," 35.
2. Rush, *Teller's Tale,* ix–xii (dedication on unnumbered opening page).
3. Ibid., 82–83.

cartoons, songs, and even a motion picture explored the topic in detail. Resultantly, countless Americans were exposed to incidences, stories, or artifacts pertaining to banking malfeasances.

The media (and government officials, reformers, and society at large) often dubbed the illegal, or at least unethical, misuse of deposits as "bank wrecking" or "defaulting" and called those responsible "wreckers" or "defaulters," labels they applied to presidents as well as cashiers, tellers, and other employees (for convenience, this article will hereafter use the terms "wrecking" and "wrecker" exclusively). This coverage was in part because individual and unaffiliated deposit banks—both commercial and savings, as well as chartered and unchartered—were afflicted across the country. As I will show, it is possible that more than 1,130 banks of all kinds were "wrecked" between 1863 and 1920. This was also due to socioeconomic anxieties and reformist sentiments that fixated on and amplified business and financial malfeasances. Such a condition had existed in the antebellum period,[4] but reached new heights during the Gilded Age and Progressive Era. Although banking scandals also were often reported in the decades before the Civil War, postbellum banks were especially susceptible to these fears and sentiments due to the rise of demand deposits and the public's increasing use of all kinds of banks. In this context, wreckers aroused popular fascination due to their abuse of interpersonal confidence and, importantly, their potential to wreck people's bank accounts and their lives.

This article argues that the cultural presence of wreckers reflected, reinforced, and likely helped instill a popular concern over the reliability of America's deposit banks, a concern that fueled calls for greater state activism and law enforcement, especially between the 1880s and the early 1910s. Unlike wholesale banking panics, which were periodic and would affect confidence abruptly, wrecking was not necessarily restricted to time, location, or type of bank. It could occur at any moment, in any place, and in any bank. Such criminality was thus a persistent and pervasive possibility, one that endured over this entire period, inside and outside times of panic. In this way, while panics were profound and brought sentiments to the boiling point, wrecking was the "glue" that sustained the public's awareness of bank volatility in the interim. Additionally, this article shows how notions of class, character, and gender guided and were affected by perceptions of such vulnerability. Given that perpetrators typically were once "respectable" men, their actions displayed that reputability and prestige could be entirely cosmetic and therefore unreliable

4. Balleisen, *Fraud*, 75–104, esp. 77.

indicators of institutional integrity and strength. Similarly, they also conveyed the idea that gentlemanly bankers or their young male employees could be tempted to fleece their patrons to "get rich quick." Combined, wreckers helped to cast doubt on the reliability of deposit banks and the individuals running them. In this way, wrecking may well have affected confidence insidiously. They in turn contributed to the popular desire for greater financial security during the Progressive Era. Various solutions were offered that sought to end this issue and to bolster the public's confidence, including governmental intervention. Therefore, by looking at wrecking, I show how a series of seemingly isolated incidents can aggregate into a macro problem, and how repeated exposure and reference to these incidences can motivate efforts to prevent them.

Various scholars interested in the history of capitalism have explored the historical connections between business and confidence. They have demonstrated that nineteenth and early twentieth century business people, from hucksters to high financiers, depended on interpersonal confidence (or trust, or faith—here considered synonymous). This was true within closed business circles in which all parties knew one another, though in a vastly expanding, urbanizing, and industrializing nation, social anonymity increased rapidly, which thus also normalized transactions with strangers. In either case, having confidence that others could and would deliver on their promises was essential for transacting business.[5] As Rowena Olegario has observed, "trust was a functional component of the entire national economy."[6] Based on this premise, several historians have recently explored ways that confidence was manifested, particularly in regards to finance.[7]

More specifically, other historians have keenly explored the relationship between confidence and fraud within the American economy. Edward Balleisen recently offered a detailed history of fraud in the United States from the early nineteenth century to the present day, covering the likes of mail fraud, counterfeiting, dubious investment schemes, and forgery. Balleisen demonstrates that although the phenomenon has existed throughout America's past, the prevalence and intensity of such crimes has varied according to how seriously society (and its regulatory authorities) has sought to understand and prevent

5. Ibid., 5, 23–33; Mihm, *Nation of Counterfeiters,* 10–12.

6. Olegario, *Culture of Credit,* 6.

7. Jonathan Levy, Julia Ott, and Scott Sandage have examined confidence issues on structural and individual levels. Olegario and Susie Pak have detailed the importance of confidence to business people in their transactions with clients and among themselves. Levy, *Freaks of Fortune*; Olegario, *Culture of Credit*; Ott, *When Wall Street Met Main Street*; Pak, *Gentlemen Bankers*; Sandage, *Born Losers*.

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them.[8] Additionally, Stephen Mihm's history of antebellum banknote counterfeiting details how financial fraud was inextricably woven into the poorly regulated economy and explores how managing impressions were used by not only criminal counterfeiters but also by "legitimate" bankers. Mihm highlights that it was not unusual for the latter to defraud customers through high-risk investments or outright embezzlement. Passing counterfeit notes rested on confidence as much as on acquiring other people's valuables.[9] Combined, scholars clearly have been busy revealing how confidence was an indispensable requirement for commercial and fiscal exchange, whether legitimate or fraudulent. However, while Balleisen and Mihm have addressed the economic and cultural significance of fraud and have shown that antebellum America was saturated with cases of financial malfeasance, historians have yet to explore wrecking during the Gilded Age and Progressive Era, and have yet to explore how it complicated the relationship among bankers, depositors, and society more broadly at a cultural level.[10]

Scholars interested in the relationship between banking and confidence or banking and politics during this period have instead focused on the machinations of elite Wall Street financiers and the impact of panics. Turn-of-the-century Wall Street and its critics have received much attention, and continue to do so.[11] Regarding panics, economic historians have long explored the causes and effects of the era's financial calamities. Recent literature suggests that this remains the case. In their 2014 study into the causal links between the structure of banking systems and the volatility of their banks, Charles Calomiris and Stephen Haber argue that the "dual-banking" system that emerged in America during this time, consisting of thousands of unitized commercial banks chartered by the federal and state governments and maintained by a populist-state bank alliance, made the system unstable and susceptible to panics.[12] Carlos Ramirez has shown how

8. Balleisen, *Fraud*.

9. Mihm, *Nation of Counterfeiters*, esp. 1–19, 101–102, 253, 333.

10. Indeed, although Balleisen occasionally mentions bank fraud, he otherwise notes that he sidesteps the "rich history of embezzlement committed by employees against their employers." Balleisen, *Fraud*, 10. Individual cases and figures have been mentioned by historians, though it remains that this history has until now received scant attention. For John R. Walsh, see Tarr, "J. R. Walsh of Chicago," 451–466; for Paul Stensland, see Duis, *Challenging Chicago*, 298–299; for Sarah E. Howe, see Robb, "Depicting a Female Fraud" and Zuckoff, *Ponzi's Scheme*, 104–105. Donald Cressey's sociological exploration of embezzlement has also been useful. Cressey, *Other People's Money*.

11. For instance, see Pak, *Gentlemen Bankers*; Ott, *When Wall Street Met Main Street*; Fraser, *Everyman a Speculator*.

12. Calomiris and Haber, *Fragile by Design*, esp. 153–202.

the panic of 1893 affected depositor confidence for several years following.[13] Kris Mitchener and Matthew Jaremski have shown how the financial panics of the period, combined with the rise of deposit banking, inspired states to adopt greater supervisory regimes.[14] These are useful studies, and although this article does not seek to deny the significance of panics, it does intend to demonstrate that they were not the only cause of banking related anxieties. By exploring wreckers, the understanding of why people may have been wary of banks throughout this period can deepen. Only then is it possible to gain a better sense of why depositors were so eager to "run" on their banks or were reluctant to use them at all.

To show that wreckers had a strong cultural presence, this article adopts a qualitative approach. It favors materials and artifacts that appeared within the public sphere, including newspaper reports, editorials, articles, novels, and music. By unifying such materials, their broader meaning and a greater sense of how pervasive wreckers were within the popular imagination can be explored. Admittedly, such materials do not necessarily provide a direct insight into what ordinary people thought and felt about the matter, given that they were generally produced by middle-class reporters, editors, writers, and artists. However, it remains that these materials show that wreckers resonated throughout culture, suggesting that they spoke to common interests and sentiments. As such, it is assumed that they provide an indirect insight into popular attitudes and feelings.

Bank Wrecking in Reality and Representation

Wrecking was among several issues that served to complicate the relationship between people and bankers throughout the Gilded Age and Progressive Era. Over this time, popular confidence within banking had been tenuous. On the one hand, following the National Banking Acts of 1863 and 1864, America had a new banking system that established a uniform currency and facilitated the creation of individual, unitized banking institutions that were chartered and overseen by the federal government (that is, national banks). Further, beginning in the 1880s, various other banks proliferated, including state-chartered banks, savings banks, trusts, and assorted private banks. Banks of all kinds rapidly grew in number and deposits (demand and time)

13. Ramirez, "Bank Fragility."

14. Mitchener and Jaremski, "Evolution of Bank Supervisory Institutions," 828–830, 849–851.

increased tremendously. This was because deposit banking became the prevailing business model for commercial banks and because banks of all kinds eventually began to accept savings deposits.[15] Clearly, this growth suggests there were features within banking that inspired confidence.[16] On the other hand, a range of other factors coalesced to do just the opposite. Thousands of banks failed. Widespread financial panics engulfed the nation in 1873, 1893, and 1907. In all instances, banks failed, bank runs took place, banks suspended payments to depositors, loans were recalled, credit was restricted, and currency hoarding occurred.[17] Moreover, the majority of Americans were unfamiliar with banks, as most lacked a savings account even by 1910.[18] Additionally, during the Gilded Age, agrarians and labor agitators frequently accused bankers of monopolizing the money supply to protect their financial assets.[19] During the Progressive Era, muckrakers and progressives accused the nation's leading bankers of monopolizing credit and securities through abusing their access to other people's money, in the form of bank deposits and insurance funds.[20] Furthermore, the panics of 1893 and 1907 resulted in popular calls to reform the banking system.[21] Overall, while there was much to inspire confidence, there was just as much, if not more, to undermine it.

It was early in this period that the term "bank wrecker" proliferated, becoming commonplace around the late 1880s. Although the term did not originate at this time, it was being applied more broadly by the 1880s to any instance of a bank losing funds or going bust due to a misappropriation of the funds that people had entrusted to it.[22] Wrecking typically applied to instances in which a bank had been damaged or destroyed by the act of embezzlement, defined by the

15. To compete with their various counterparts, national banks started to take savings accounts seriously from 1903. Osborne, "Little Capitalists," 202–206.

16. For the growth of banks and deposits, see Comptroller, *Annual Report 1920*, 260–261. For the ascendancy of deposit banking, see Mitchener and Jaremski, "Evolution of Bank Supervisory Institutions," 820–821, 827–829.

17. Bruner and Carr, *Panic of 1907,* esp. 135–150; Sprague, *History of Crises,* esp. 61–68, 82, 109, 153–169, 180, 286, 303; Steeples and Whitten, *Democracy in Desperation,* esp. 34–50; Wicker, *Banking Panics of the Gilded Age*.

18. Sheldon Garon has demonstrated that by 1910 only around 10 percent of Americans had a savings account. This figure does not include banks other than "mutual and stock savings banks." Garon, *Beyond Our Means,* 92.

19. Ritter, *Goldbugs and Greenbacks*, 48–52; Postel, *Populist Vision,* esp. 150–155.

20. McCulley, *Banks and Politics*, 180–181, 260–281.

21. Ibid., 143–166.

22. Prior to the 1880s, "bank wrecker" appears to have been used far less often. See Note 36. Nevertheless, as Scott Sandage has noted, "Shipwreck was a common metaphor for financial distress in popular fiction" in the antebellum period. Sandage, *Born Losers*, 55.

Treatise on Criminal Law in 1896 as "an intentional and fraudulent appropriation of the goods of another person intrusted with the property of the same."[23] It could, however, also be used to describe legally questionable or unethical acts that involved the misuse of depositor funds to invest in high-risk business ventures, typically through stock speculation. Wrecking, then, generally referred to instances in which banks failed to honor their contractual obligation—explicit or implicit, legal or moral—to return the deposits entrusted to them due to a criminal or at least unethical misappropriation of those funds ("defaulting" and "defalcating" were two other common terms describing the same phenomenon).[24]

According to A. R. Barnett, an "ex-government examiner of failed banks," the turn of the century was an "era of fraud and embezzlement." In an article within the progressive magazine *The Arena*, he claimed that "bank-wreckers, embezzlers and defaulters" had stolen over $100 million between 1885 and 1895, and that conditions were worsening: in 1892 alone $9 million had been stolen, whereas by 1894 the figure had grown to $25 million. Such figures represented only what was known. The actual cost was expected to be much higher.[25] It is unclear what these figures were based on, but, if accurate, they do at least suggest that the problem was more significant than just a few dollars occasionally disappearing from vaults or the cashier drawers.

Quantitative data is scant, so it is nearly impossible to provide precise figures for the number of embezzlements and wreckages, and for their fiscal costs to society. In terms of banks that failed due to misappropriation, it is possible to develop an estimate based on the findings of the Comptroller of the Currency's report for 1920, which offers figures for the different causes responsible for the failures of national banks. Between 1865 and 1920, a total of 594 national banks failed. Of these, 228 (38.4 percent) failed due to "criminal actions," including "defalcation of officers," "fraudulent management," or being "wrecked" by a cashier, a bookkeeper, or an assistant cashier.[26] These figures were only for national banks. Between 1865 and 1920, 2,538 nonnational banks failed, including state and private banks.[27] No details are provided for the causes of these failures and it is impossible to differentiate

23. Wharton and Lewis, *Treatise on Criminal Law*, 863.

24. For more, see Moxey, "Bank Defalcations," 32–42.

25. Barnett, "Era of Fraud and Embezzlement," 196–204.

26. Another 19.2 percent (or 111) failed due to "unlawful acts" such as making "excessive loans" to "officers" and "others." Comptroller, *Annual Report 1920*, 183.

27. This figure is derived by adding together the findings of three different comptroller's reports. The 1913 report found that 2,213 nonnational banks had failed since 1863. The 1919 report found that 349 had failed since 1914. The 1920 report found that 66 had failed since 1919. Comptroller, *Annual Report 1913*, 104; Comptroller, *Annual Report 1919*, 25; Comptroller, *Annual Report 1920*, 28.

between state and private banks adequately, owing to a history of poor recordkeeping on behalf of state banking authorities. For example, the National Monetary Commission's 1911 report on state bank failures observes that the states had "not until recently shown any disposition to give the officers charged with the administration of the banking laws any control over failed banks," and it was "only in a few states that any official statistics are procurable on the subject [the only example offered is Nebraska]." It also highlights that it is "impossible to gain from the data collected by the Comptroller's office any information as to the rate of insolvency of the state banks, since there is no possible way of separating the failures of states banks from those of other classes of banking institutions, such as savings banks, private banks, and trust companies." The commission had to rely on previous investigations conducted by the comptroller and the data provided by *Bradstreet's* magazine.[28] Nevertheless, with both state and private banks being subject to myriad degrees of regulation and oversight, from undergoing inspections roughly equivalent to national bank examinations to none at all, it is not rash to assume that a large number of these failures were the result of wrecking.[29] To offer a working estimate, then, if one applies the same rate of 38 percent to this figure, then that equates to the wrecking-induced failure of approximately 964 nonnational banks. Adding the 228 national banks to this, then it can be estimated that 1,192 banks were wrecked over this period.

In the relative scheme of things, this figure could be considered quite low. By 1920 there were 30,139 banks in America.[30] As such, a total of 1,192 wrecking-induced failures over 57 years is statistically meager. It is also true that most losses were usually recuperated in time, and that other banks would often come to the aid of a faltering bank's depositors. This can be observed in the runs against Frank G. Bigelow's bank. Local bankers came to "save the day" by injecting funds into the bank to thwart further runs and a panic.[31] In terms of losses being recuperated, Elliott Flower conceded this fact in his opinion article on the "safety of banks," although he noted that this process could be inconvenient and could take several years.[32] If considered this way, wrecking could be seen as a relatively minor problem.

28. Barnett, *National Monetary Commission*, 182–185.

29. The comptroller made this observation within the 1911 report. Comptroller, *Annual Report 1911*, 71.

30. Comptroller, *Annual Report 1920*, 260.

31. "Story of the Greatest Bank Steal of the Age," *Perrysburg Journal*, May 12, 1905, 3.

32. Flower, "The Safety of Banks," *New York Tribune Sunday Magazine*, May 19, 1907.

However, this figure does not in itself fully convey the economic or social significance of wrecking. For one, the data reveals only the total number of banks that *failed*, not the total number of embezzlements. Edward P. Moxey, an expert accountant and onetime bank examiner for the Department of Justice, made this precise point in 1906, highlighting that it was "only those cases which have resulted in the failure of the bank that [were] recorded." Most cases, he observed, were dealt with internally. Stockholders would cover the losses incurred from embezzling officers, and thieving clerks were typically "discharged" and the issue "hushed up" to prevent embarrassment.[33] Still, as Moxey noted earlier in 1905, there were "few banks in the United States" that had not experienced "some loss from the dishonesty of an officer or clerk."[34] As I show, both the trauma and sensation of "wrecking" were felt deeply, and far and wide. In any case, there were enough incidences of wrecking and embezzlement to warrant concern and commentary.

In every such instance, news would spread fast not only among depositors but also among society at large, both regionally and nationally. With the development of a national press network, itself facilitated by the rapid cabling of information via the telecommunications system, any malfeasance that involved the swindling of trusting depositors could be communicated almost instantaneously across the country. This was especially so by the turn of the century, with the explosion of expository journalism in the form of the sensationalistic "yellow press" and, later, "muckraking."[35] Newspapers, then, were apt to report of wreckers, both because they did in fact exist and because they were popularly constructed as villains who could be responsible for wrecking people's lives as much as their banks.[36]

Stories involving bank scandals often contained plentiful drama and some accounts were so sensational that they bordered on the fantastic. In 1898, *The San Francisco Call* covered the foiling of a

33. Moxey, "Causes, Methods and Prevention," 230.

34. Moxey, "Bank Defalcations," 41.

35. Teel, *Public Press*, 1–37.

36. The search results for newspaper items containing the phrase "bank wrecker" or "bank defaulter" (the searches were conducted with the inverted commas) within digital newspaper archives are *somewhat* illustrative of this. For instance, the following databases returned these results for "bank wrecker": Newspapers.com: 1860–1869: 1; 1870–1879: 28; 1880–89: 1,055; 1890–1899: 6,902; 1900–1909: 6,409; 1910–19: 2,799; 1920–1929: 1,187. The Library of Congress's "Chronicling America" collection: 1860–1869: 5; 1870–1879: 27; 1880–1889: 309; 1890–1899: 2,064; 1900–1909: 2,071; 1910–1919: 1,055; 1920–1924: 128 (1924 is the last year available). "Bank Defaulter" returns the following: Newspapers.com: 1860–1869: 137; 1870–1879: 368; 1880–1889: 1,117; 1890–1899: 718; 1900–1909: 1,083; 1910–1919: 364; 1920–1929: 172. The "Chronicling America" collection: 1860–1869: 318; 1870–1879: 967; 1880–1889: 1,504; 1890–1899: 4,337; 1900–1909: 2,221; 1910–1919: 765; 1920–1924: 200.

"gigantic conspiracy" of wreckers to rob their bank and to deceive examiners.[37] It also reported in 1900 on a case in New Jersey involving a woman, Anna Hart, adorning "male attire" in order to flee police wanting her for questioning over "jewels" she had acquired from William Schrieber, a "defaulting bank clerk."[38] Another spectacular case was the capture of Paul Stensland, the former president of the failed Milwaukee Avenue State Bank, in Morocco, who had fled from Chicago on a German ocean liner in a bid to avoid prosecution. An article that appeared within multiple newspapers across the country described the case as "one of the most dramatic in the history of those all too frequent events" and featured lively narration and illustrations charting his travails.[39] In yet another case, a New York banker named Joseph G. Robin caused a sensation when he pled insanity against charges of looting the Washington Savings Bank in 1910. Psychiatrists had to assess his mental state following a suicide attempt. He was subsequently committed "as a paranoic" to an asylum before being "ejected." On his expulsion, he then pled guilty and was prosecuted.[40]

While such wreckers were situated within specific locations and their fiscal effects were largely confined to their immediate vicinities, commentary on their antics spread widely. This was largely because the figure of the wrecker was relatable almost everywhere. Florida's *The Sun* demonstrates this in a 1906 editorial. The article, titled "Jail for Bank Wreckers," took the "failure of a Chicago bank as a cue for the discussion of bank failures." Although it did not mention the bank specifically, it is highly likely that it was referring to Stensland's Milwaukee Avenue State Bank, given the time, place, and description of events. Despite the considerable distance between the two states, it charged that the case was nevertheless relevant since banking was a "leading" component of Florida's commercial system and that the same principle applied to Florida as much as it did to Chicago: that it was, as originally written in all capital letters: "Impossible for a bank to fail unless its officials were dishonest." Consequently, all bank failures were alleged to have been the result of banker malfeasance and

37. *San Francisco Call*, November 1, 1898, 1.

38. *San Francisco Call*, October 16, 1890, 2.

39. The same article appeared in at least seven southern and midwestern newspapers. "How Stensland Was Captured," in *Donaldsonville Chief* (Louisiana), *Guthrie Daily Leader* (Oklahoma), *Jackson Herald* (Georgia), *Perrysburg Journal* (Ohio), *Rising Son* (Missouri), *Virginia Enterprise* (Minnesota), and *Willmar Tribune* (Minnesota), September–October 1906.

40. *New York Times*, December 30, 1910, 1–2; *New York Times*, December 28, 1910, page number unavailable; *Daily Missoulian*, December 29, 1910, 1; *Salt Lake Tribune*, January 6, 1911, 1.

of their, again in all capital letters, "betrayal of the trust imposed" in them. Panics were never sufficient explanations, as "straight" and "honest" bankers would "weather the storm." This was not necessarily true. Still, the article shows how specific cases could be discussed far and wide. The phenomenon was not regionally restricted. Wreckers could be anywhere, in reality and representation.[41]

Further still, accounts of wreckers made for titillating crime stories. *Uncle Sam: Detective*, a 1916 collection of "true stories of celebrated crimes," features a case titled "The Bank Wrecker." It involves a detective, Billy Gard, uncovering and arresting a crooked cashier.[42] *Collier's* magazine published an article in 1912 titled "Trapping the Bank Looter," which contains exciting tales of scrupulous bank examiners uncovering clever criminals.[43] If not a villain in a true-crime story, then the wrecker's other literary role was as a character in a fictional morality tale. Popular author Oliver Optic's 1876 novel, *Living Too Fast; Or, the Confessions of a Bank Officer*, tells the story of "defaulter" Paley Glasswood and his "downward career of crime."[44] Likewise, Rush's 1905 novel, *The Teller's Tale,* tells the story of two bank employees: one that prospers due to his integrity and one that flounders due to his criminality.[45] Further attesting to the issue's popularity, the motion picture, then in its infancy as a mode of popular entertainment, was also used to tell such a story, as represented by the 1906 silent film, *The Bank Defaulter*.[46] There was more to wrecking and defaulting, however, than mere entertainment value.

Confidence, Class, and Criminality

Wrecking resonated largely because society considered it a serious violation of trust perpetrated by people who were supposed to be respectable and reliable citizens, typically from the upper and middle classes. To convey its seriousness, critics often stressed the criminality of wrecking, and challenged any notion that it was less criminal than other common and openly condemned infringements committed by more "lowly" figures. In one instance, an opinion piece on bank

41. *Sun*, August 25, 1906, 9.

42. DuPuy, "Bank Wrecker," 24–47. There were various other stories involving banks, including "The Psychological Sleuth," 93–115, "A Bank Case from the Outside," 136–153, and "The Bank Bookkeeper," 214–230.

43. Arkins, "Trapping the Bank Looter."

44. Adams, *Living Too Fast*, 5

45. Rush, *Teller's Tale*.

46. The film is considered "lost" by the Internet Movie Database. *The Bank Defaulter*, www.imdb.com/title/tt0212799

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wrecking in New Orleans's *Herald* compared wreckers with frontier horse thieves, once considered the "lowest criminals of the day." Wreckers were, it asserted, far worse, as while a horse thief would injure only the owner of the horse, a wrecker would injure vast numbers of people, often leaving "old widows" destitute and orphans "dependent on the charity of others."[47] A. R. Barnett, the "ex-government examiner," argued that these cases were little more than "robberies." This, Barnett insisted, was their "true name," and a wrecker or defaulter, whether a "trusted officer" or an "employee," was a thief "just as much so as the man who at night blows open the safe and takes what he can find." To Barnett, a wrecker was a greater threat than a bank burglar. Whereas the burglar, formerly the "greatest danger," could "make away" with thousands by blasting open vaults, cracking safes, and fleeing the scene all in a single hit, a "skilled financier or bank clerk" could steal millions by abstracting or misapplying funds and falsifying accounts "coolly and quietly" within their institution over the course of many years. Regardless of whether they rationalized their crimes by promising to repay what they were "borrowing," it remained that they were thieves and that they had violated their moral and professional duty. Despite a burglar's capacity for loud and tangible acts of destruction, Barnett considered a wrecker's capacity for quiet and intangible acts to have greater consequences. Both were crimes, but wrecking was worse.[48]

There was an apparent difference in form, though. Stereotypical criminals, like burglars, were expected to be brutish, nasty, and hardened criminals. Barnett described the burglar as a "rough character" who had been "brought up in a life of crime" and made "no pretense of anything else." Wreckers, on the other hand, conveyed themselves to be refined and noble and esteemed citizens. A wrecker would have the privileges of "education, refinement, and moral surroundings," pose as an "honorable gentleman," be philanthropic, and be a respected church member. All of this was to cultivate a favorable image to win the trust of their peers and their depositors. To Barnett, manipulating or abusing esteemed symbols and behaviors to exploit the trust they could develop in others was their modus operandi. This made them much harder to detect than the standard criminal figure, and thus more effective.[49]

The dichotomy between "rough" and "honorable" was flawed. Stereotypical criminals were exactly that. They could be rough figures as much as they could be honorable. Moreover, many wreckers probably did not set out to defraud others but rather succumbed to

47. *Herald,* April 18, 1912, 4.
48. Barnett, "Era of Fraud and Embezzlement," 196–197.
49. Ibid., 197.

temptation or exercised poor financial judgment. The point should not be dismissed entirely, however. Wreckers were not anonymous people who operated in a hit-and-run, cash-and-grab manner. They were usually renowned and respected gentlemen who gradually violated the trust that had been placed in them, regardless of whether they at first intended to do so or not. This is what made their crimes particularly shocking and notorious. If one could not trust society's esteemed citizens to ensure the safety of their money as a matter of routine, then in whom could they trust? In theory, then, any banker could have been a wrecker.

Whatever the circumstances, there was agreement that wreckers were generally well regarded citizens. James R. Walsh, for instance, had been a "former king of finance" and had been a respected member of Chicago's financial community (per the *Chicago Daily Tribune*). His indictment as a wrecker thus came as a shock.[50] Even those very highly esteemed by other bankers could be wreckers, such as Frank G. Bigelow, who had at one time been the president of the American Bankers' Association (ABA). He was later erased from their records.[51] For example, Bigelow was listed as the president for 1903 within the proceedings for the ABA's 1904 convention, although the listing was removed from the following year's proceedings.[52] Other cases had been conveyed as what Mihm would call "rags-to-riches-to-rags" stories.[53] In 1881, Oscar L. Baldwin, an embezzling cashier at the failed Mechanics' National Bank of Newark, in New Jersey, represented such an instance. An article in the *New York Times* succinctly charted his background from his time as a "boy" entering the bank, through to his rise as an "honored and trusted" cashier who was a "vestryman of Trinity Church," was "looked upon as a model of uprightness and business integrity," and "moved in the highest circles of Newark society." Baldwin had then "fallen" by appropriating "other people's money" and sought to hide the crime by laundering funds into speculative and depreciating stocks that could then be written off as legitimate business losses.[54] Robin was another example. Originally named Joseph Robinovitch, Robin had emigrated as a boy with his

50. The quote comes from *Chicago Daily Tribune*, October 1, 1909. This article appeared several years after the Walsh incident. See also Tarr, "J. R. Walsh of Chicago," 452.

51. *Perrysburg Journal*, May 12, 1905, 3. In addition to the *Perrysburg Journal* (Ohio), this article appeared in at least three other newspapers: *Iron County Register* (Missouri), *Donaldsville Chief* (Louisiana), and *Willmar Tribune* (Minnesota).

52. Branch, *Proceedings of the Thirtieth Annual Convention*, v; Branch, *Proceedings of the Thirty-First Annual Convention*, v.

53. Mihm, *Nation of Counterfeiters*, 185.

54. *New York Times*, November 1, 1881, page number unavailable.

family from Russia. He later pursued several business interests before settling with banking, only to result in his demise. For the *New York Daily Tribune,* though, the story was not "about the rich banker's downfall." This was certainly "no new story." Instead, it was about the "lonely boy Robinovitch and how he ate his way like an acid through the thickly folded fabric of New York affairs."[55] Regardless of their origins, bankers and their employees were generally wealthy and respected men. This is partly what made their cases, and the reports, so intriguing and scandalous.

Despite any sensationalism, though, it was not as if wreckers were depicted endearingly. Their crimes had a real impact, and to emphasize the scandal and tragedy of such cases, reports would focus on victims, often along class lines: wreckers were characterized as corrupt capitalists fleecing the vulnerable. Such was the case with the *Chicago Daily Tribune*'s 1906 report on the collapse of Stensland's bank. On the day that the bank had been forced closed for examination, the bank was reported to have been "besieged by thousands" in scenes of "clamor and mute anxiety." It claimed that in the event that the bank failed to repay its depositors, it was "feared that distress and perhaps ruin [would] be the portion of the thousands of poor folk whose savings were all intrusted to the institution." One depositor, Henry Koepke, a grocer, husband, and father of two children—a working family man—was reported to have fatally shot himself on learning of the bank's condition. Another, John E. Viser, was reported as having died of a heart attack following the news. Two unnamed women were reported to have been left homeless.[56] The victims of Robins' wrecking were also detailed within the press. Though in a less emotionally evocative manner, the *New York Times* reported that his bank's seven thousand depositors came from the "poorer districts in the neighborhood of Columbus Circle." Interestingly, it claimed that many were "negroes" and remarked on how poorly "versed" many of the depositors were. It is unclear whether there was supposed to be a connection between these two facts, although it was clearly implying that society's most vulnerable people had been preyed upon.[57] The villainous nature of the figure is also evident within the plot of *The Bank Defaulter*, the 1906 film. A wealthy and seemingly respectable banker turns out to be a criminal who steals from his working-poor depositors, who are subsequently left impoverished. He is eventually captured and trialed, only to be acquitted, whereas one of his victims

55. *New York Daily Tribune*, January 8, 1911, 3.
56. *Chicago Daily Tribune*, August 7, 1906, 1–2.
57. *New York Times*, December 30, 1910, 1–2.

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is convicted for stealing bread.[58] Wreckers, then, were not glamorized. They were conveyed as crooks that would steal from the poor to give to themselves.

Nevertheless, it was not just lower classes affected by wrecking. It was sometimes the case that a wrecker's activities bore consequences on a network of interconnected banks. Branching was generally prohibited at the time, though this did not prevent directorship, investment, or influence within multiple banks. The banking scandal involving Walsh represents such an instance. Walsh had been a "leading banker" of Chicago and at the helm of various types of banks, including national, savings, and trusts, all catering toward people of varying demographics. Following the collapse of his banking interests in 1905, runs ensued across his banks. Although the majority occurred at his savings banks—institutions typically for working people—crowds apparently not seen since the "black days of [the panic of] '93" were composed of individuals from a host of backgrounds. The *Chicago Daily Tribune* reported that the "solicitous" early depositors seeking to rescue their funds were "mostly small business men, clerks, and women employed in downtown offices." Overall, the crowd was composed of those "classed between the poor and the well to do"—in other words, people from the middle class.[59] Wrecking, then, was a crime against society more broadly, committed by those that were supposed to be respectable. Ultimately, their actions show that class and character in and of themselves were not enough to evaluate a bank's strength and stability.

Wrecking as a Symptom of Immoral Masculinity

In addition to class, wrecking was understood in terms of gender. This was largely because men almost always committed it, given that banking was a male-dominated business. Regardless, gender conceptions guided how people interpreted the problem. I have shown how much of the sensation around wrecking and defaulting stemmed from high-profile cases that were committed by once respectable gentlemen. The figure of the wrecker also extended to junior bank employees, however, who were typically conveyed to be young men that had succumbed to the desire to "get rich quickly." Either way, notions of masculinity informed the issue, and these two models were different in form rather than substance. Regardless of position, if one were a

58. This description is based on those provided by M. Keith Booker and Steve Fraser. Booker, *Film and the American Left*, 2; Fraser, *Every Man a Speculator,* 345.
59. *Chicago Daily Tribune*, December 19, 1905, 2.

male and within a bank, then he was potentially capable of running off with depositor funds. A 1907 newspaper article titled "Record is Bad" made this clear. It covered both forms within its analysis and asserted that "high living, fast women and speculation" similarly motivated such men. Perhaps more spectacularly, it charged, originally in all capital letters, that "speculation[,] drink and women conspire to ruin scores of bankers and bank employees each year."[60]

The novels by Optic and Rush further capture this gendered image. Optic narrates from the perspective of a former embezzler, charting his journey from being an ambitious young man who gains employment in a bank to being an embezzler who flees to Europe. Glasswood's descent to criminality was caused by living beyond his means: he started to "borrow" from his bank to finance his expensive tastes and to court and wed a prominent young woman. By the end, however, after seeing the error of his ways and confessing his sins, he returns home to establish an honest and successful business.[61] Rush's narrative follows two young men from the South who eventually succumb to the temptation to get rich quickly and decide to "borrow" funds so that they can invest them in securities. Although escaping exposure, one of the men is overcome by guilt and vows to repay the money and never repeat his actions, while the other continues to embezzle. Prior to dying of tuberculosis, the latter confesses to the former, his banking companion. The embezzlements are then discovered following his death, and the reformed banker subsequently falsely confesses to the crime to preserve his friend's honor. He is then charged and convicted. However, he is later exonerated and subsequently revered for his extreme devotion to his friend. He then becomes a leading banker.[62] Both stories sought to demonstrate what it was to be a good man, informed by the Protestant ethic that asserted that earthly rewards came to those who lived and worked virtuously. This was the moral of the stories, which clearly were intended to reach young men of the era. That Optic and Rush chose defaulting bank employees to deliver this message suggests that this stereotype was a popular and thus poignant figure to do so.

Additionally, rather than being fodder for plot lines, satirical works could be especially thoughtful and aggressive, exploring themes like gender in a facetious, though scathing, manner. An excellent example of this is found in M. H. Rosenfeld's song, "I've Just Been Down to the Bank," performed by the "popular comedian" J. H. Jordan. Much occurs within this song, demonstrating that a satire could be used

60. "Record Is Bad," *Spanish Fork Press*.
61. Adams, *Living Too Fast*.
62. Rush, *The Teller's Tale*.

to explore and explain this phenomenon. It addresses the fallacious nature of trusting others based only on their association to esteemed and prestigious institutions, and explores the typical reaction to such crimes and their sequence of events. Importantly, it addresses the motivation and actual character of these figures. It carried the message that young men of the era were being encouraged to get rich quick by any means to conspicuously consume as macho breadwinners. This was what inspired wreckers, and once successful they would be laughing all the way *from* the bank. They were crooks all along, they were confidence men, and they were products of a time of lax morality. The song is a lesson as much as it is a comedy.[63]

There was an exception to the rule, though. The 1879–1880 case of Sarah E. Howe and the Ladies' Deposit of Boston marked an incidence of a female fraud. Howe established her bank to attract deposits from "single ladies, old and young"—essentially widows and unmarried younger women—promising an extraordinarily high rate of 8 percent interest each month. By September 1880, it was estimated that the bank had 1,200 depositors with accounts totaling $500,000. It turned out that Howe had been running what would later be dubbed a Ponzi scheme, using new deposits to pay the principle at maturity or interest on demand to old depositors. An article in the *Atlantic Monthly* by Henry A. Clapp explored the case in detail, and placed emphasis on the nature of the scheme, the power of the press to expose scandal, Howe's character, and the sex of the perpetrator and her victims. Given that Howe's victims were of little means, it described her scheme as a "peculiar kind of highwayman's justice," taking "from the poor to give to the poor."[64]

This was no glorification of Howe, who was allegedly a former convict and psychiatric patient. She was described as an amoral swindler who held "contempt for her sex's powers of understanding," stealing from women to fund a lavish lifestyle that included the construction of a luxurious house. Although a pathological liar, she had a "great natural gift of utterance, and a singularly plausible manner, and … often persuaded the incredulous in the very teeth of their better judgment." Moving the bank to a new building in early 1880, money had been spent on "repairs, on a new conservatory, and on plants, pictures, plate, and furniture." Howe also conveyed herself as a philanthropist, offering a service to improve the lives of socially and economically vulnerable people. Women trusted her because she was a woman; she was "sympathetic" to her female clients, apparently unlike male bankers who treated them with contempt. All of this was to generate

63. Rosenfeld, "I've Just Been Down to the Bank."
64. Clapp, "Sympathetic Banking," 121–136.

the illusion of respectability and prosperity to inspire confidence. Howe was, in short, a confidence woman. She was eventually exposed through the press, convicted, and sent to prison for three years. After release, Howe opened another bank, though it was short-lived.[65]

Much of the sensation was highly misogynistic, depicting women as inherently inept with financial matters. Debate emerged over whether Howe a deliberate fraud or an incompetent due to her sex.[66] M. A. Dodge highlighted the absurdity of gendering the case, demonstrating that men, as well as women, had been victims of financial fraud and that there was neither a fairer, less rational sex nor a sterner, more rational sex.[67] Nevertheless, wrecking and defaulting was taken by many to be a crime committed by men. The fact that there was a debate over Howe's culpability is significant. It suggests that male bankers were particularly threatening, as they were believed to have the motive and the intellectual capacity to deliberately swindle others. However, although as a woman Howe may have been exceptional, she does demonstrate that anyone, regardless of gender, could be a wrecker.

Progressive Era Solutions to Wrecking

The question that came from all of this was what to do about wrecking. There was considerable discussion on how to solve the problem both within banking circles and outside of them, especially during the 1890s and the 1900s when the issue was at its height. The solutions offered were consistent with other Progressive Era approaches to reform, such as pooling risk and bolstering governmental oversight.[68] Much attention also was placed on effective law enforcement. Historians Daniel Wadhwani and Nicholas Osborne have shown that state officials and regulators in the Northeast had been busy implementing greater safety measures within mutual savings banks since the late 1870s.[69] By the 1890s and 1900s, however, securing the confidence and capital of *all* depositors, whether users of commercial or savings banks, became a principal concern for reformers. The instatement of state-based deposit insurance schemes, the postal savings system, and the eventual enactment of the Federal Reserve in 1913 were, in one way or another, attempts to address confidence issues. While undoubtedly

65. Robb, "Depicting a Female Fraud," esp. 454.

66. Ibid., 454.

67. Dodge, "Gentlemen's Contribution," 111–121.

68. Levy, *Freaks of Fortune*, 264–307; Campbell, *Growth of American Government*, 65–98; Horwitz, *Irony of Regulatory Reform*, 65–69.

69. Wadhwani, "Protecting Small Savers," 126–145; Osborne, "Little Capitalists," 175.

profound, these developments have overshadowed attempts to prevent wrecking. These attempts, though, were just as much a part of the drive to bolster financial security.

Within banking circles, methods of self-regulation were explored. One such measure was the adoption of fidelity or surety insurance bonds, which, in theory, would cover losses derived from the dishonest actions of officers or other employees. Interest in this kind of insurance led to the ABA creating a Committee on Fidelity Insurance in 1898. The committee was tasked with reviewing the "chaotic" and inconsistent state of these policies and with advancing the need for their standardization. It observed in 1901 that 61 percent of claims had been "resisted, contested or otherwise unpaid" by insurance companies. The resultant losses totaled more than those sustained from the average annual losses from the "depredations of burglars, robbers and 'hold ups' since 1894." The ABA, in turn, pushed for greater consistency and efficacy for a kind of security that bankers were increasingly turning to.[70] The United States Fidelity and Guaranty Company of Baltimore was one of several insurance companies that capitalized on this trend, asserting in an advertisement from around 1907 that "the widespread and rapidly increasing defalcations among trusted bank officers and employes [*sic*]" emphasized that "banks everywhere" needed the protection offered by their business. Accordingly, if bankers did not already have fidelity insurance, they apparently needed it.[71]

Another internal measure was ensuring that directors actively oversaw every aspect of their banks, particularly the activities of their officers and employees. Addressing the Pennsylvania Bankers' Association in 1906, the comptroller stressed that bank failures, including those caused by wrecking, "almost always" stemmed from poor internal vigilance. He charged that directors therefore had to "actually direct the affairs of their bank, and for a director to fail to do so [was] to violate his oath and disobey the law in a manner for which he [was] not only morally but legally responsible." The comptroller was referring to court rulings from 1891 and 1897 that established the illegality of directorial negligence within national banks.[72] He thus made it clear to his banking audience that the law was getting tougher on lax internal supervision, at least for national banks (several state governments were, in fact, tackling directorial negligence too).[73] Beyond banking circles, outside

70. Anderson, "Report of the Committee on Fidelity Insurance," 48–52.

71. US Fidelity and Guarantee, advertisement, *No System Is Embezzlement Proof*.

72. Ridgely, "Duties of Our Bank Directors," 78–81. The cases referred to were *Briggs v. Spaulding* 141 U.S., 132 (1891) and *Gibbons v. Anderson*, 80 Fed. Rep., 345 (C.C.W.D., Mich. 1897).

73. Bolles, "Duty and Liability," 287–395.

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observers also focused on adequate directing. In a cartoon satirizing the failure of the Mechanics National Bank, *Puck* magazine asked, with the caption in all capital letters, "Broken banks—defaulting cashiers—negligent directors—who is to blame?" To *Puck*, negligent directors ultimately were the most blameworthy.[74] Moxey too stressed the responsibility of directors. Improper supervision facilitated and encouraged criminality among officers and employees.[75] Proper direction, then, was construed to be vital in the fight against wrecking.

In line with the Progressive Era's general advocacy of greater state activism, however, reform advocates considered self-regulation to be, in and of itself, inadequate. This applied to the supervision of banks. Rather than leaving directors entirely responsible for protecting depositors and stockholders, reformers and the depositing public expected the state to thoroughly monitor chartered banking institutions. Of course, governmental supervision was not a Progressive Era innovation. National banks, for instance, had been subject to inspection since the National Banking Act of 1864.[76] Critics saw these examinations, though, as ineffective. Moxey asserted that the "official examinations as now conducted" were "of little value against the dishonesty of employees." They were "not thorough enough" and were "too hurriedly made."[77] The inadequacy of national bank examinations owed to an inefficient system. Examiners were paid for each inspection and there were not enough examiners. The combination of the need to earn a living and the need to inspect each of the banks under their supervision—often well more than 100—therefore forced examiners to make hasty inspections.[78] Consequently, reform advocates called for a more effective supervisory regime. This included Lawrence Murray, the comptroller between 1908 and 1913. Murray worked hard to professionalize examining by raising standards, hiring educated candidates, and lobbying the government to pay examiners by salary rather than piecework.[79] So, while governmental supervision was by no means new, the drive to take it seriously and make it effective was.

Additionally, much emphasis was placed on meaningful law enforcement. Ensuring tough penalties for wrecking, commentators insisted, would create a clear disincentive to commit the crime and thus would serve to prevent it. The National Banking Act of 1864 had already established the penalty for embezzlement within national banks. Although

74. Keppler, *Broken Banks*, cartoon in *Puck*.
75. Moxey, "Bank Defalcations," 37.
76. *An Act to Provide a National Currency*, 116.
77. Moxey, "Bank Defalcations," 41.
78. Stockwell, "State and National Examinations," 194–201.
79. Ibid., 200; Secretary of the Treasury, *Annual Report 1911*, 16.

the crime was considered a "misdemeanor," it still carried a five- to ten-year sentence.[80] Like examinations, however, critics stressed the gulf between what was on the books and how the law was executed. They highlighted regularly that wreckers were rarely convicted, and, if they were, they received lenient sentences and were often paroled early or pardoned, particularly if they were officers or high-ranking employees.[81] Reflecting this sentiment, "The Man Higher Up," a satirical column in the *Evening World*, quipped in 1903 that:

> If a crook breaks into a bank, blows a safe and gets away with a few thousand they hound him to the ends of the earth, soak him for life when they get him, and a suggestion to pardon him would be looked upon by the President of the United States as an insult. This is the difference between a crook who breaks in from the outside and a bank president who breaks out from the inside.[82]

President William McKinley became particularly notorious for pardoning wreckers. A newspaper remarked in 1898 that McKinley had "pardoned thirteen bank wreckers and embezzlers" within nine months. He was releasing them "more rapidly than the courts [could] order their incarceration, and if the pace [was] maintained there [would not] be a bank wrecker behind bars at the close of McKinley's first term." The newspaper considered his "sympathy" for wreckers one of the "national mysteries," as "no class of criminals was more dangerous to the welfare of society."[83] Such lenient treatment, critics charged, sent the message that wreckers could get away with their actions. Securing convictions, instating tougher penalties, or even committing to sentences would change that impression.

Between the 1890s and the early 1910s, legislators appear to have responded to these calls. State governments had been active in either establishing or improving their banking departments, including their ability to supervise their chartered banks. One such measure was paying examiners by salary. The panics of 1893 and 1907 were largely responsible for pushing the states to finally commit to improving their systems, although the discussion on wrecking no doubt played its part; calls to construct more effective supervisory regimes before the 1907 panic had, after all, been in part motivated by the

80. *An Act to Provide a National Currency*, 116.

81. Moxey, "Bank Defalcations," 36–37; Moxey, "Causes, Methods and Prevention," 227.

82. *Evening World*, January 21, 1903, 10.

83. Extract from the *Republican* (Massachusetts) in *Public Opinion*, 1898, 6–7. Four other articles are included on the matter from a range of political orientations. They all make the same point.

issue.[84] Furthermore, in addition to legislating for a lender of last resort, the Federal Reserve Act of 1913 also transformed how national bank examiners were paid. Acting "upon the recommendation of the Comptroller of the Currency," the act declared that the Federal Reserve Board "shall fix the salaries of all bank examiners and make report thereof to Congress."[85] As seen earlier, concerns about wrecking had been closely associated with this drive.

Furthermore, the pressure to adequately penalize wreckers culminated in President William Taft's much-publicized refusal to grant clemency to John R. Walsh and Charles W. Morse, both former national bank presidents convicted for misappropriating funds. Referring to Walsh, Taft charged in 1910—the same year his postal savings system was enacted—that Walsh was "guilty of a fraudulent breach of trust," was "guilty of moral turpitude," and therefore had to "be punished under the national banking act." Responding to supporters of Walsh and Morse, Taft asserted that they did not "fully appreciate … the high importance to society that such criminal breaches of trust as this be severely punished."[86] *The Nation* agreed and praised Taft. It considered Taft's refusal to grant clemency and his accompanying explanation to be a "high public service," and stated that it was "not too much to say that the banks and other fiduciary institutions of the country are to-day safer from abuse." It went on to declare that "thousands of men, young and old, throughout the country" were "to-day more effectively protected from their own impulses."[87] Its verdict was premature. Soon afterward, Taft granted Morse clemency in 1912, and Walsh was released on parole in 1911, both on the grounds of illness. Morse had tricked Taft by faking his illness (by ingesting a cocktail of soap and other chemicals). Walsh died days after being released.[88] Despite this outcome, though, Taft had *attempted* to make an example of both men. Unlike McKinley, Taft had at least tried to take the issue seriously.

Along with the various other Progressive Era reforms and developments, it seemed that things were starting to fall into place. By the early 1910s, America had a lender of last resort, a postal savings system, and various state-based deposit insurance systems. It also appeared to be getting serious about effective bank supervision and punishing corrupt bankers. America was taking steps to bolster financial security, including measures to prevent wrecking.

84. Mitchener and Jaremski, "Evolution of Bank Supervisory Institutions," 828–830, 849–851; Stockwell, "State and National Examinations," 198–199.

85. *Federal Reserve Act*, 26.

86. Taft quoted in Garner, "Cases of Walsh and More," 173–174.

87. "Bank Wrecking and Clemency," *Nation*.

88. For Morse, see Bruner and Carr, *Panic of 1907*, 183–184. For Walsh, see *Cairo Bulletin*, October 24, 1911.

The Decline of Wrecking as a Popular Issue

The fascination with wrecking had been tied to the anxieties and reform sentiments of the Gilded Age and Progressive Era. These anxieties and sentiments started to wane in the 1910s and, thus, so too did popular attention to banking malfeasances. The decline appears to have begun following the creation of the Federal Reserve System and around the outbreak of World War I in Europe.[89] Several factors were likely responsible. The reforms implemented in the late 1900s and early 1910s may have jolted confidence and contributed to what historian Robert Wiebe has called the "illusion of progressive fulfillment."[90] Additionally, the expository journalism of muckrakers, the "yellow press," and other investigative reporters declined in popularity, and resultantly the sensation of wrecking probably lost its journalistic appeal.[91] Furthermore, World War I took topical precedence within the public sphere, drowning out domestic issues. Financiers also assumed a leading role in connecting people to financial institutions, including banks, through the sale of Liberty Bonds and War Savings Stamps.[92] Additionally, the turbulence of postwar America left many longing for a "return to normalcy," resulting in the ascendancy and reign of conservatism until the early 1930s. By the early 1920s, the Progressive Era was over. The push for reform that characterized the previous three decades had lapsed, or had at least been driven from the foreground. In turn, wreckers were mostly out of the spotlight during the 1920s.

This is not to say that bank embezzlement and misappropriation disappeared, or that people stopped observing them completely. The comptroller reported on wrecking-induced national bank failures in 1924 and 1927 (the final time the word "wrecked" appeared was within the 1924 report), newspapers reported on scandals, and the crime was discussed within professional circles.[93] It also is true that bank embezzlement was featured within several films throughout the 1920s. Further still, the Bureau of Investigation even created a new department to investigate

89. Again, the results from Newspapers.com and the "Chronicling America" collection are illustrative. The former returns 2,445 results for "bank wrecker" for the period 1910–1915 as compared to 580 for 1916–1921, and the latter returns 900 for 1910–1915 as compared to 256 for 1916–1921.

90. Wiebe, *Search for Order*, 196–223, esp. 222.

91. Teel, *Public Press*, 4–13, 43, 50; Wilson, *McClure's Magazine*, 188–189, 320–321.

92. Teel, *Public Press*, 50, 78–79; Ott, *When Wall Street Met Main Street,* 55–99.

93. Comptroller, *Annual Report 1924*, 206–213, esp. 213; Comptroller, *Annual Report 1927*, 70–72. In regards to newspaper reports, stories featuring "bank wreckers" did continue to appear. See Note 36. Concerning professional discussion, Martin K. Fowler published a book in 1924 for bankers on the problem of defalcation. Fowler, *Cause and Prevention*.

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bank fraud and embezzlement in 1924 (Classification 29).[94] Nevertheless, the frequency and intensity of reports and commentary declined and the broader discussion about wrecking had largely disappeared. Looking at the films, for example, they appear to lack the specificity of earlier cultural productions such as *The Bank Defaulter* and *The Teller's Tale*, and the crime looks to have been used as an incidental plot device rather the focal point of the story.[95] Looking at digital newspaper database results, articles featuring the term "bank wrecker" had declined sharply from the 1900s to the 1920s; for instance, one database returns 6,409 for 1900–1909 as compared to 1,187 for 1920–1929.[96] Simply, wrecking was not the cultural phenomenon it had been during the Gilded Age and Progressive Era. Banking was just no longer a popular issue, despite the enormous number of bank failures that occurred during the 1920s. It took the Wall Street crash of 1929 and the Great Depression of the 1930s to substantially redirect people back to banking issues. Following the collapse of the banking system and the obliteration of confidence, the Federal Deposit Insurance Corporation (FDIC) was established as a part of the Banking Act of 1933 to restore popular faith in the nation's banks and bankers. The FDIC guaranteed deposits up to $2,500 in the event of a bank failure. Such a move helped reinstate confidence.[97] It also meant that small depositors were now insulated from the effects of embezzlement, fraud, and careless speculation.

Beforehand, people knew their deposits could be misused during the Gilded Age and Progressive Era, particularly between the 1880s and the early 1910s. Wreckers had a clear presence within the popular imagination over this time and the focus on wrecking contributed to a broader concern over the reliability of deposit banks. Wrecking was an actual problem, although it was amplified by the socioeconomic anxieties of the age and a media attuned to them. Cases and stories highlighted that it could happen at any time in any place. Moreover, notions of class,

94. Haines and Langbart, *Unlocking the Files*, 27.

95. This observation is based on the synopses provided by the American Film Institute for the following films: *Passing Thru* (1921), *Home Struck* (1921), *Fools First* (1922), *Not a Drum Was Heard* (1924), *The Man Who Found Himself* (1925), *The Man in the Shadow* (1926), and *The Avenging Shadow* (1928). These films mostly tell stories of innocent or vulnerable people being framed and their attempts to overcome these injustices. The only film that appears to come close to placing embezzlement itself within the foreground is *Fools First*. American Film Institute, *Catalog of Motion Pictures*: 30 (*The Avenging Shadow*); 261 (*Fools First*); 359–360 (*Home Struck*); 482 (*The Man in the Shadow*); 486 (*The Man Who Found Himself*); 533 (*Not a Drum Was Heard*); and 592 (*Passing Thru*).

96. See Note 36.

97. Canova, "Bottom-Up Recovery," 54, 60–61. The Federal Savings and Loan Insurance Corporation (FSLIC) was established shortly after to protect savings and loan depositors.

character, and gender reinforced the perceived threat by conveying that respectability may have been illusory and that banking was an avenue for men to "get rich quickly." Together, wrecking served as a constant reminder, inside and outside of panics, that banks could be brought down at any time by the antics of those entrusted with securing other people's money. Understanding this therefore furthers an understanding of why many people were wary of banks over this period. More generally, it can also show how apparently isolated events within an economy can aggregate into a broader cultural phenomenon, which, in turn, can motivate efforts to prevent them from reoccurring.

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