

SCANDAL AT THE FIRST NATIONAL BANK OF VANCOUVER

By Vincent Roman



HISTORY IN THE NEWS

In recent years we have witnessed a huge wave of bank failures and near-failures. This is not a new or isolated phenomenon. Major woes in the banking business have arisen throughout American history, including the Great Depression, the 1980s savings and loan crisis, and, of course, the current subprime mortgage debacle. However, bank failures occur more often than one might imagine. In fact, 2005 and 2006 were the only two years since 1934 in which a bank did not fail in the United States. A toll of human misery accompanies every bank collapse. A recent case in point is Freddie Mac chief financial officer David Kellenmann, who in April 2009 hanged himself in an apparent suicide over financial woes and stress related to his job.

Naturally, when a bank fails, the finger is pointed at the people in charge. This was just as true a century ago, when there was a bank at the heart of every small town in America. If the one and only bank in town collapsed, it could take the community with it. Many lives were affected when scandal broke out at the First National Bank of Vancouver in 1901, but the community survived. The person at the root of the scandal, bank president Charles Brown, was affected most of all.

Charles Brown was born into privilege and pedigree on July 23, 1850, in Knox County, Illinois, to Sam and Harriet Brown. Sam Brown was a great friend of President Abraham Lincoln's and served in the Illinois state legislature. In 1861, when Lincoln had to appoint a new land agent for distant Washington Territory, Sam Brown was his number one choice. Later that year the Brown family ventured to the Pacific Northwest via the Isthmus of Panama.

Eleven-year-old Charles took his family's move in stride. He attended school in Vancouver and then moved to San Francisco, where he worked in the printing business. After a brief sojourn he returned to Vancouver to contemplate his future. Shortly after his return, Charles met Rebecca Alice Slocum. Six years his senior, she came from the distinguished New England Slocum family,

many of whom had recently immigrated west. The two were married on September 10, 1874, and lived in a distinctive French Second Empire house.

After his marriage, Brown became involved in city government. Over time he held the positions of mayor, city councilman, and county auditor, the latter of which he retained for four consecutive terms. His signature can be found on many of Vancouver's old land records and deeds. In 1891, at age 41, Brown was elected president of Vancouver's First National Bank. This career change marks the beginning of the last chapter in Brown's otherwise successful life.

The bank's problems began during the boom years of 1889 and 1890. Brown went to work for the bank in 1891. He and E. L. Canby, the bank's cashier (an elected position at that time) soon began making false entries in the books to cover up bad transactions. Both men continued this practice over the next decade, keeping the state of the bank a tightly held secret. As the cover-up progressed, Brown's emotional state spiraled downward into depression. Though he struggled to mask his emotions and uphold the family's good name, such an act was hard to sustain. Family and friends began to notice that something was wrong, but Brown's façade made it hard to identify what was troubling him.

It was not until April 1901 that bank inspector J. W. Maxwell—who turns out to be a maternal great-grandfather of Microsoft founder Bill Gates—uncovered Brown and Canby's secret. The following account of his confrontation with the two men appeared in the local newspaper:

"Well, what is it?" asked the inspector, turning around.

"I may as well own up, old man," replied Canby. "You've caught us. You've got onto this thing. No other man ever did, but you have learned it all. There's nothing left but for me to blow my brains out."

Saying this, Canby picked up a revolver, which was on another

table in the room and dallied with it for a moment. Maxwell made a leap for him to take the gun away, but Canby ran out of the room into a passageway and held the door fast after him. Maxwell hurried into the main room of the bank where Brown was and exclaimed: "For God sake, go in there: that man is going to kill himself!"



Courtesy Liz Carpenter

First National Bank president Charles Brown (above) and bank inspector J. W. Maxwell (right).



Banker's Magazine, Vol. 80, courtesy Google Books

Brown was perfectly self-possessed. Not a muscle flinched as Maxwell made the astounding statement. He walked quickly back into the rear room and out into the passageway, where he and Canby remained alone for several moments. Every instant the examiner expected to hear the pistol shot that would send Canby into eternity, but it did not come. After a few moments waiting, the two bank officers came back into the rear room where Maxwell was. Canby still held the revolver.

"It isn't my fault that I'm not dead," he told Maxwell. "This gun wouldn't go off."

"Let me look at it," requested Maxwell, and Canby passed it over. Mr. Maxwell promptly put it in his pocket.

"Mr. Brown," queried Maxwell, "Are you a party to the condition of this bank? Have you been in this thing, too?"

"Yes," replied Brown coolly. "I'm equally guilty. I have known all about it all the time."

Maxwell mistakenly assumed this was the end of the incident. Following the encounter, Brown and Canby left the bank, apparently racked with guilt.

In local newspaper accounts of the day, eyewitnesses recalled seeing them come out of the bank and walk north along the street. One claimed to have seen Brown stop by his house and peek through the windows, possibly for a last glimpse of his family. Those were the last known sightings of the two men alive.

The newspaper account has Brown and Canby continuing their walk to a nearby field on the edge of town, where they both committed suicide with the same pistol. Their bodies were found facing each other no more than two feet apart—Canby up against a stump and Brown against a thicket. The gun was still clenched in Brown's hand, proving that Canby shot himself in Brown's presence. Once he knew Canby's shot had proved fatal, Brown took the gun from his friend's lifeless hand and shot himself in the mouth.

The authorities found in Brown's possession 10 cents in loose change, a note to his wife, and \$25 wrapped in a piece of paper addressed to his daughter Harriet Carpenter. After the shocking double suicide, Maxwell was criticized for failure to notify officials of Canby's botched suicide attempt and the emotional state of both men as they left the bank that day. Town residents speculated that the outcome would have been much different had Maxwell done so.

A subsequent investigation into the bank's difficulties found that the institution was not in as much danger as both men evidently assumed. Newspaper reports at the time presumed the bank might have recovered if proper steps had been taken to correct the pecuniary state of affairs.

With the conclusion of the initial investigation into its financial condition, the bank was temporarily placed in Maxwell's hands before being turned over to a larger organization. A committee of several depositors looked after the personal interests of other depositors. With only one other small financial institution in town, most people in Vancouver lost money. However, the majority of them had only kind words for Brown and Canby and were saddened by

the misfortune. Only one man—a well-known politician named Scott Swerland—seemed overjoyed by the bank's collapse and publicly expressed his elation after the tragic news broke. Apparently he had owned stock in the First National Bank until recently, having sold it because of a squabble he had with Canby.

The bank's logbook at the time of the suicides was off by \$10,000. Brown and Canby being of such prominent families, it was thought that they would have had little difficulty raising the money to put the troubled bank back on a sound footing but they appeared to have let their pride cloud their judgment. Townsfolk were not angry with the bank officials—only saddened by a situation most thought could easily have been averted.

The heaviest individual loss was that of County Clerk S. P. Gaither, who was out \$11,300.

Skamania County took the second biggest loss, totaling \$10,000. The Vancouver and Yakima Railway, the Knights of Pythias, and numerous small businesses and individuals suffered smaller though significant losses. However, the *Morning Oregonian* mentioned one family that lost everything:

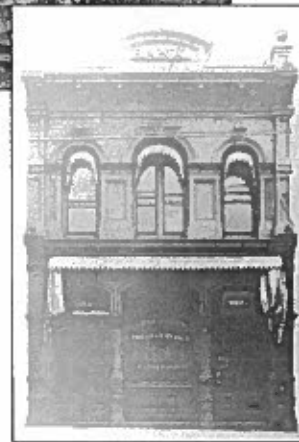
The case of one depositor is pathetic in the extreme. He is an old man named Potter. He and his wife had been tilling a farm near Vancouver for years and years, and by toil and hardship had saved up \$1,800, which was deposited in the bank. It represented the labor of a lifetime. This morning the old man's wife died. He will probably follow her soon.

The death of Mrs. Potter and the suicides of Canby and Brown a century ago are prime examples of how financial strain can affect one's emotional state. The passage of time has not altered this element of human nature.

Vincent Roman became interested in the historic Charles Brown House, where Stahancyk, Kent, Johnson & Hook, the law firm for which he works, has its offices. His research uncovered the tragic story of the house's former owner.



ABOVE: The historic Charles Brown House.



RIGHT: Facade of the Vancouver First National Bank.

#04938, Clark County Historical Museum, Vancouver

#00783, Clark County Historical Museum, Vancouver