

Lancaster Intelligencer.

TUESDAY EVENING, DEC. 21, 1880.

John Sherman's Pet Bank.

The Structure Called "Fort Sherman" by the Brokers.—2 1/2 Per Cent. Meant Itself.

On the northeast corner of Broadway and Wall street, hidden from sight by a rough screen of lumber, now nearly a hundred feet high, a large force of workmen are adding the upper stories to a building that promises to be a notable landmark of the city.

The building is the joint investment of the First National Bank and the National Bank of the Republic. The style of architecture is Romanesque.

Above the huge, rough-hewn piers that enclose the basement and support the seven stories formed of columns of pressed brick, relieved by heavy stone work.

The seventy-foot front in Broadway and half of the ninety-two feet front in Wall street of the ground floor will be occupied by the First National Bank.

Three years ago the First National Bank was doing a moderately profitable business in an unostentatious way a few doors above the new building.

Mr. John Sherman, then president and George F. Baker the cashier. Its capital was \$500,000, and in that respect it ranked about the fortieth in the list of banks of the city.

Toward the close of 1874 it had a surplus of \$200,000, a year later its surplus was \$300,000. In the summer of 1877 Cashier Baker, F. B. Baker, F. O. French, F. P. Thompson, Ebenezer Seefeld, who were directors, and H. C. Falmestock and James A. Garland, who had been associated with it in the banking business, were bought out by the interest of Samuel C. Thompson and his father, John Thompson.

They are all young men, and as shrewd as they are entertaining. It was not an altogether amicable transaction. Mr. John Thompson, the conservative, old school gentleman, who was practically the head of the institution, found the young men inclined to speculations that he did not consider safe.

He had succeeded in having his bank recognized in the work of placing the 4 1/2 per cent. bonds when the Rothschilds, through their agents, attempted to monopolize the handling of these bonds.

On account of the services of this bank in assisting in the placing of that loan, John Sherman was compelled to allow his bank to become a member of the new syndicate that was formed for the purpose of placing the 4 per cent. bonds.

But the young men who were associated with him in the management of the bank wanted to undertake what he thought was too large a business for them to handle with safety.

Owing to manipulations of the Rothschilds to force a monopoly of the bonds into their control, the price was depressed in August, 1877, soon after the new syndicate was formed, and it fell 1 per cent. below what the syndicate bargained to pay the government for them.

While Mr. Thompson cherished an almost perfect faith in the credit of the government, he was reluctant to have his bank in such a position that a fluctuation of 2 1/2 per cent in government bonds would either double its capital or wipe it out.

As an officer of the bank at that time said: "It was a position in which we faced a profit of 100 per cent on one hand and the grand jury on the other."

0.0,000 of the four per cents. Its advantages were colossal. Its members practically controlled the bond market, not so much by their capital and position as by their information.

The First National Bank, with its comparatively paltry capital of half a million of dollars, handled millions upon millions of bonds at a time.

As a member of the syndicate it enjoyed the liberal yet discriminating commission allowed by John Sherman. After allowing a uniform commission of one-fourth of one per cent. to all banks and bankers who received subscriptions for bonds, John Sherman, when he felt confident that the four per cents would be successful, issued a circular which virtually threw the profits of placing the bonds into the hands of the syndicate headed by the First National Bank.

His rates of commission were as follows: Upon subscriptions made during three months, of less than \$100,000, no commission; upon subscriptions of \$100,000 to \$1,000,000, one-eighth of one per cent.; upon subscriptions of \$1,000,000 to \$10,000,000, one-fourth of one per cent., and upon subscriptions of over \$10,000,000, an additional one-tenth of one per cent.

This schedule discouraged the small banks and bankers throughout the country from participating in the refunding of the national debt, except so far as their own demands and those of their customers made it necessary.

The larger banks also felt that injustice was being done them, and they pursued much the same course. John Sherman wrote that he thought this sliding scale of commissions would provoke rivalry among the banks.

It not only failed to do so, but bred discord and jealousies. The president of a national bank in this city was told to change his policy. He characterized his scale of commission as "a mistaken financial and political policy."

"Honest" John Sherman replied that he had not thought of the political effect of his course, and that it was then too late to change his policy. The political effect was felt when John Sherman was spoken of as a presidential candidate for the Republican party.

According to a well-informed officer of one of the national banks of this city the officers of national banks throughout the country with the exception of the few in this city who have enjoyed his favoritism, were, regardless of party, unalterably opposed to his nomination—and all because of his discriminating scale of commissions.

What a hundred of banks remained apathetic to John Sherman's chromatic device, the syndicate went on subscribing for tens upon tens of millions and receiving upon the same the commission of one fourth of one per cent. and one-tenth additional.

The First National Bank, though having no special partner or correspondents abroad, as was the case with many of the private banks that were members of a reorganized syndicate formed to sell the bonds in Europe.

But commissions were not the only profit that the First National Bank derived from its bond speculations. It seemed to know the proper moment to sell bonds. A near relative of one of its directors held and still holds, a high place in the treasury department. He is next to John Sherman.

But the general belief in Wall street is that no kindly relative was needed to intercede for or give information to the First National Bank. It was well known in all street that the occasion of John Sherman's extending the time within which payment for certain bonds was to be made was for the benefit of what had become known as his "pet bank."

The allegations that it was not the only time that he came to its rescue are many. There are a hundred things possibly incapable of proof, that the Wall street community implicitly believe respecting John Sherman's connection with this bank.

He lent it the government credit to the extent of millions, and with comparatively no security. This was done by allowing the bank to take the four per cent. bonds it had subscribed for without immediate payment for the same.

It had three months from the time the bonds were delivered to it in which to pay for them. In the meantime John Sherman had a certificate of deposit in the bank to the amount of the bonds taken. Thus the bank got three months' credit for the amount of its purchase and three months' interest upon it as well.

Whenever an issue of four per cents was made six per cent. bonds were called against them. The First National, by means of the capital in four per cents lent it by John Sherman, was able to purchase the called sixes on more advantageous terms than other dealers. The interest on the loan did not expire until three months from the date of the call, so that by purchases of the bonds, either for cash or by exchanging four per cent. bonds the bank increased its rate of interest upon such portion of the capital loaned as they reinvested from one per cent. to one and one-half per cent. for the three months. In this way it secured at least one per cent. interest on tens of millions of dollars. The holders of called bonds were obliged to turn them over to the government at par and interest, 10 1/2 per cent. for either cash or four per cent. bonds.

As the syndicate and the First National got their four per cents at less than par, they were able to make more advantageous terms than the government to holders of the called bonds, and make a handsome profit by the operation.

As to results, it is certain that whereas John Sherman was poor, now he is rich, and the First National Bank has made greater profits in proportion to its capital than any bank ever did in the same length of time. Five years ago its surplus was \$300,000. In its last quarterly statement, made Oct. 1, 1880, its surplus was given at \$2,000,000, and its profits for the quarter, \$222,346.53. Jan. 1, 1880, it declared a dividend upon its stock of 100 per cent. cash, an amount in the aggregate equal to its capital stock. This was in addition to the 10 per cent. quarterly dividends that it pays. The bank is practically owned by the directors, and they having received in the shape of one dividend the par value of their shares, are content to hold them for a profit of 40 per cent. a year. In addition, it is said to have contributed liberally to the "legitimate" expenses of every political campaign. Its contribution to the October elections in Ohio and Indiana is reported to have been \$10,000, while its share in the general election is believed to have been a large yet unknown quantity.

"I Am All Played Out" is a common complaint. If you feel so, get a package of Kidney Pills and take it and you will at once feel its tonic power. It renews the healthy action of the kidneys, bowels and liver, and drives out every element of impurity and strength to the weary body. It can now be had in every drug store, and in either way is always prompt and efficient. New Bedford Standard. 12-11-1880

TRIMMINGS, NOTIONS, &c.

NOVELTIES IN SCARF PINS. THE "BERNHARDT" GREYHOUND PIN. UNDERSHIRTS AND DRAWERS, E. J. ERISMAN'S, THE SHIRTMAKER, 66 NORTH QUEEN STREET.

ASTRICH BRO.'S ADVERTISEMENT.

During Christmas week we intend presenting an array of bargains in our

MILLINERY DEPARTMENT.

Which will be found well worthy the attention of Ladies. We have reduced all our Untrimmed Hats to the Uniform price of

44c.

FEATHERS, WINGS, BIRDS, BREASTS AND JET FEATHERS AT REMARKABLE LOW PRICES.

We give timely notice that if you desire to get the choicest selection of

HOLIDAY PRESENTS

You must come early in the week and

EARLY

in the day to avoid the enormous afternoon rush in all departments. We have made special prices in our

DOLLS.

You will find one of the best assorted stock of DOLLS of every description. You will acknowledge the lowness of our prices after inspection, and if you come to buy you will do so.

SUITABLE

than Handsome LACE TIES or FIGURES we have lately opened a new lot of Handsome Lace Goods, you will find the prices low. Napkins, Towels, Table Cloths, a specialty.

Ladies' Underwear a Specialty.

FANCY GOODS.

POCKET-BOOKS, WORK BOXES, AUTOGRAPH ALBUMS, PHOTOGRAPH ALBUMS, LEATHER SATCHELS AND JAPANESE WARE.

We call your special attention to

Silk Handkerchiefs.

NO OLD STOCK.

The Highest Designs, Colors and Qualities at prices that will astonish our customers.

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in the week and day to avoid the afternoon rush. You will be able to buy more comfortably and have a better selection to choose from.

KID GLOVES.

We keep constantly on hand

A GOOD STOCK OF

GOOD KID GLOVES,

3 AND 6 BUTTONS.

In Black, White, Cream, Flesh, Slate, Brown, Fawns, Old Gold, and

All Other Fashionable Colors.

We undoubtedly sell the best article for the money and guarantee entire satisfaction to every customer.

A full assortment of all kinds of

WINTER GLOVES,

for Ladies, Gents and Children, suitable for

CHRISTMAS GIFTS.

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We would call the attention of the ladies to our large stock of the above goods, which have all been

REDUCED IN PRICE

TO EFFECT

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Those in want should not fail to see them before purchasing.

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Next Door to the Court House.

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HAGER & BROTHER

Are offering a Large and Attractive Assortment of goods suitable for

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Ladies, Gentlemen and Children.

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BAILEY, BANKS & BIDDLE,

12TH AND CHESTNUT STS., PHILADELPHIA.

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CHRISTMAS WINES AND LIQUORS, AT RINGWALT'S

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FRUITS, NUTS, CONFECTIONS.

Fine Delicia Raisins, Fine French Prunes, Conserves Apricots, Prunelles, Fine Layer Figs, Golden and Persian Dates, French Crystallized Apples and Cherries, Choice Florida and Jamaica Oranges, White Grapes, Fine Bananas.

CANNED FRUITS, viz: Peaches, Pears, Pine Apples, Cherries, California Egg Plums, Apricots, Nectarines, Green Gage Plums, Quince Olives, &c.

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Plain Window Shades,

All Colors and Widths. Hollands, Paper Curtains, Fictures, Fringes, Corals, Tassels, Lamps, Picture Sails, Tassel Hooks, &c. Opening almost daily New Styles of

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Every article is marked at its lowest price, which will not be changed.

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GIFT DRAWING.

27th Popular Monthly Drawing, OF THE COMMONWEALTH DISTRIBUTION CO. At Macony's Theatre, in the City of Louisville, on

FRIDAY, DECEMBER 31st, 1880.

These drawings occur monthly (Sundays excepted) under provisions of an Act of the General Assembly of Kentucky, incorporated in the Kentucky Printing and Newspaper Company, approved April 8, 1878.

This is a special act, and has never been repealed.

The United States Circuit Court on March 21, rendered the following decision: 1st.—That the Commonwealth Distribution Company is legal.

2d.—That the Commonwealth Distribution Company is legal.

N. B.—The Company has now on hand a large reserve fund. Read the list of prizes for the

NOVEMBER DRAWING.

1st prize, \$2,000. 2d prize, 1,000. 3d prize, 500. 4th prize, 250. 5th prize, 1