

## *A Mysterious Bank Robbery*

**T**HIS is the story of the Marietta and Susquehanna Trading Company, a bank organized under the general Banking Act of 1814<sup>1</sup> in what is now the Borough of Marietta in Lancaster County, Pennsylvania. After a stormy existence of about eight years its books and records and the notes in which a large part of its assets had been invested were stolen and presumably destroyed. Its creditors received nothing whatever on account of their claims. Though the circumstances of the robbery were investigated by a legislative committee, no person was tried or even arrested for its commission.

In part this is also the story of Jacob Grosh—farmer, tavern keeper, legislator, soldier, merchant, real estate promoter, liquidating trustee of the bank, and lay judge—by whom it was generally believed that the robbery was contrived. The moral of the story will be left without discussion to the consideration of a generation which has had its own experience of banking crises.

At the time of the organization of the bank and for some years afterward, the citizens of Marietta were engaged in an entirely local land boom which was characterized by The Hon. W. U. Hensel, sometime attorney general of Pennsylvania, speaking at the celebration of Marietta's Centennial in 1912, as "never . . . paralleled or even approached before or since anywhere else in Lancaster County." The speaker went on to say that in 1814 forty-five acres of land were sold for \$58,500.00, that "eighteen acres subdivided into eighty-three lots brought \$29,650.00" and that an "addition of 106 lots, with ferry franchises and bridge charter commanded \$110,000.00."<sup>2</sup> On the same occasion, Mr. Barr Spangler, a lifelong resident of Marietta, stated that "farms were knocked off at more than \$300.00 an acre and town lots in the suburbs at \$2,000.00,"

<sup>1</sup> 6 Sm. Laws, Ch. 3902: [Charles Smith], *Laws of the Commonwealth of Pennsylvania* . . . (Philadelphia, 1810-1844).

<sup>2</sup> *Marietta's Centennial 1812-1912*, privately printed, Lancaster, Pa., September, 1912 (cited hereinafter as *Marietta's Centennial*), 22 and 23.

and that when the boom collapsed "the same farms were sold . . . at \$60.00 to \$75.00 per acre and the lots at \$10.00."<sup>3</sup> According to another local historian "houses sold [after the collapse] for less than the cost of the mortar in and on their walls; one, that cost \$16,000.00 sold for \$1,100.00; lots brought one per cent of former prices; even farms, five or six miles from town, sold for only one sixth of their cost." It is worth mentioning that Mr. Spangler died in 1922 at the age of more than a hundred, so that his knowledge of the facts was almost at first hand.

Some of the vicissitudes of the bank may be traced in the newspapers of the period. On September 18, 1818, the editor of the *Marietta Pilot*<sup>4</sup> considered it his "duty to state, that the Bank in [that] place [continued] to transact business as usual; injurious reports to the contrary notwithstanding." This statement was copied in the *Lancaster Intelligencer and Weekly Advertiser* on September 26, 1818, and immediately aroused the animosity of the editor of the *York Gazette*. His comments were as follows:

We are a little surprised to find that Mr. Dickson of Lancaster, has copied the paragraphs respecting the Marietta Bank, into his paper. From the *Lancaster Journal and Gazette*, we could expect nothing better; it is their vocation to impose on the Public. But from the Republican Prints, which indefatigably advocate and support the interests of the common People, the industrious and laboring Class, we expected better things, than to see them, by their publications, endeavoring to create impressions, by which the Public will be cheated. We cannot see how an Editor can reconcile it to his conscience, unless it was seared as with a hot iron, to tell the Public that the Notes of a Bank are good, when he would not take one of its ten-dollar Notes for a year's subscription, and when he knows that a Barber, not ten miles from the Bank, would refuse to shave you for one of its five dollar bills. Oh, Tempora, Oh, Mores!

In reply the editor of the *Intelligencer* insisted (October 10, 1818) that at the time he had printed the excerpt from the *Pilot* "the Marietta Paper [had] passed currently" in Lancaster, and that he "would have cheerfully received, from all indebted [to him], the

<sup>3</sup> *Ibid.*, 7, 8.

<sup>4</sup> The *Marietta Pilot* expired in 1820 "for want of punctuality on the part of subscribers." *Lancaster Intelligencer and Weekly Advertiser* (cited hereinafter as *Lancaster Intelligencer*), Mar. 11, 1820.

notes of that bank in payment," but that "as soon as the Philadelphia Papers stated, that Marietta notes would not pass there, [he had given] the information to the public."

As a matter of fact the editor was in a hole, and some explanation was in order. On the very day on which he had printed the reassuring quotation from the *Pilot* a meeting had been held in Columbia at which resolutions had been adopted to the effect that the depreciated Marietta notes would no longer be accepted as payment for produce except at the Philadelphia price.<sup>5</sup> Similar resolutions had been adopted at Elizabethtown on September 30, 1818, and on October 9, 1818, one day before the *Intelligencer's* explanation appeared, "the pressure occasioned by injurious reports" had in the language of the still optimistic *Pilot*, "compelled [*sic*] the Banking Institution [in Marietta] to suspend payments for a short time." About a month later the discount on the bank's notes in Philadelphia was thirty per cent. Exactly a year later it was sixty per cent.

There was no Secretary of Banking in those days to take possession of banking institutions which saw fit to suspend payments, whether for a short time or for good and all, and though in the early part of 1819 a bill to take away the charter of the Marietta and Susquehanna Trading Company (along with those of certain other enumerated corporations) was passed by the Senate of Pennsylvania,<sup>6</sup> the bill did not become a law and no steps toward the liquidation of the bank's affairs appear to have been taken. I am without evidence as to whether or not the acceptance of deposits and the transaction of other business were resumed. The election of thirteen directors—perhaps the number was unlucky—was reported in the press on December 4, 1819,<sup>7</sup> and the bank's paper continued to be quoted in Philadelphia at least as late as September 30, 1820, the discount having then fallen from sixty per cent to fifty per cent.

But any improvement in the corporation's condition was apparent rather than real. On May 25, 1821, "a number of the Stockholders . . . convened, at the house of *John Burg*, Innkeeper, in the city of Lancaster," and unanimously adopted the following resolutions:

<sup>5</sup> *Ibid.*, Oct. 10, 1818.

<sup>6</sup> *Ibid.*, Mar. 20, 1819.

<sup>7</sup> *Ibid.*, Dec. 4, 1819.

*Whereas* it is the opinion of the Members of this Meeting, that, whenever a Banking Institution becomes unable to redeem its Paper and keep the Notes issued by it at *par*, it becomes the duty of the Members of that Institution to close its concerns as soon as possible. That the first duty of such an Institution to the Public, is to pay and redeem those Notes which are now in circulation and pay those debts which have been necessarily contracted; and next, to repay the Stockholders the sums which they have paid. And, whereas, the Marietta and Suquehanna Trading-company, for more than 3 years past, has been unable to maintain that Credit which a Banking Institution ought to sustain, and redeem its Paper when offered, keep its Notes at *par* or pay its honest Creditors; justice to the Public therefore, requires that something effectual should be done.

*Therefore: Be it resolved*, That a General Meeting of all the Stockholders in the said Institution be called, to meet at the house of *John Burg*, Inn-keeper, in the city of Lancaster, on *Monday*, the 18th instant, to take such measures as will bring to as speedy a conclusion as possible the concerns of the said Institution.

*Resolved*, That the proceedings of this Meeting be signed by the Chairman and Secretary and published.<sup>8</sup>

The "general meeting" thus called was held at the appointed time, only five per cent of the stock being represented, and resulted in the appointment of a committee of seven to "investigate the concerns of the said Institution, to ascertain the amount of debts due to Individuals from said Bank, and also the amount due to said Bank, and do all other things necessary to enable the said Committee to lay before the Stockholders a complete and perfect statement of the situation of the funds of said institution; and that the said Committee shall have full power . . . to inspect all books, papers, vouchers, and other documents, which belong to the said Bank. . . ."<sup>9</sup>

When the committee went to the bank its members were informed by the cashier, William Child by name, that "the directors had strictly enjoined on him not to expose to the view of the committee the statement which he had made, or suffer them to inspect any of the books, papers or vouchers of the institution."<sup>10</sup> In justification of this refusal a lengthy communication was addressed by the direc-

<sup>8</sup> *Ibid.*, June 9, 1821.

<sup>9</sup> *Ibid.*, June 30, 1821.

<sup>10</sup> *Ibid.*, Aug. 18, 1821.

tors to the stockholders in which the committee was characterized, it would seem somewhat inappropriately, as "surreptitious."<sup>11</sup> In spite of this criticism, the committee evidently continued its effort to find out as much as possible about the condition of the bank, and on September 20, 1821, reported to a meeting of stockholders that they had called on the president and directors, who had exhibited a general statement which they believed to be correct. The wording of the report leaves some doubt as to whether the belief in the correctness of the statement was confined to the president and directors or was shared by the members of the committee. The report added that the president and directors had also exhibited a list of all whom they believed to be insolvent debtors, showing the amount each was indebted, which would make a loss of \$101,419.00. The "general statement," as printed in the *Intelligencer* for October 6, 1821, was as follows:

## DR.

To amount of capital stock paid in . . . . .	\$163,640.00
Notes in circulation . . . . .	25,198.00
Due other banks . . . . .	23,937.15
Dividends due and unpaid . . . . .	19,128.98
Due to depositors . . . . .	21,219.00
	<hr/>
	\$353,123.13

## CR.

By amount of bills discounted . . . . .	\$164,181.00
Judgments and mortgages . . . . .	179,376.52
Real estate . . . . .	9,565.61
	<hr/>
	\$353,123.13

As a result of what I think must be regarded as a printer's error, this statement is incorrect on its face, the true total of the enumerated debits (i. e. liabilities) being \$253,123.13 and not \$353,123.13 as set forth. A missing liability of \$100,000.00 must therefore be assumed. An examination of other bank statements of the period suggests that this missing liability is more likely to lie in the amount of notes in circulation than in the amount due to depositors.<sup>12</sup>

<sup>11</sup> *Ibid.*, Sept. 1, 1821.

<sup>12</sup> On Nov. 4, 1822, the Lancaster Bank had a capital stock of \$161,910.00, notes in circulation of \$174,035.00, and deposits of \$53,472.10.

Entirely apart from this discrepancy, a number of comments will occur to anyone even casually familiar with banking. In the first place, the combined capital and surplus (dividends) are nearly nine times the stated deposit liability of \$21,219.00—on the face of things an extraordinary ratio. In the second place, no cash whatever appears on the asset side of the statement. In the third place, the amount invested in real estate, judgments, and mortgages, exceeds the entire capital and surplus. Moreover, it is reasonable to suppose that a large amount of the notes represented the purchase price of land. The bubble of inflation had burst, and Mr. Hensel is authority for the statement that every man in Marietta except four was insolvent.<sup>13</sup> I have more than once heard the same statement from my father, who was born near Marietta and lived there in early manhood. When the extent of the collapse in real estate values is considered, it is clear not only that the bank was hopelessly insolvent but also that its liquidation seemed likely to result in the virtual bankruptcy of an entire community. Before the year was out its charter had been declared forfeited by the State Treasurer for failure to pay the tax on dividends imposed by the act under which it had been incorporated.<sup>14</sup>

The asserted forfeiture of the bank's charter was doubtless the occasion for the selection by the stockholders and directors of five trustees to liquidate the bank's affairs. The trustees so selected were appointed by the Court of Common Pleas of Lancaster County on March 19, 1822,<sup>15</sup> and their acts and proceedings were specially confirmed by an act of the legislature entitled "An Act providing for the closing of the concerns of banking institutions."<sup>16</sup> Four of the five trustees had previously served as either directors or officers of the bank, William Child, the former cashier, being the acting trustee. The fifth trustee was Jacob Grosh. He had been born in the year of the signing of the Declaration of Independence; had served four years as an Assemblyman and four years as a State Senator; and, though an ardent Federalist, had raised and com-

<sup>13</sup> *Marietta's Centennial*, 24.

<sup>14</sup> See note at end of 7 Sm. Laws, Ch. 5171.

<sup>15</sup> See *Slaymaker v. St. John*, 5 Watts (Pa.), 27.

<sup>16</sup> 7 Sm. Laws, Ch. 5171. The procedure established by this act may profitably be compared with that established by later acts providing for the liquidation of banking institutions.

manded a company in the War of 1812. In the midst of other activities he had bought a tract of forty-eight acres in Marietta at thirteen dollars per acre and had laid it out in building lots. Within two months he had sold all of the lots at \$500 apiece. He had afterwards repurchased some of them at \$600 apiece and upwards; had bought a farm and built an imposing house; had been liberal with endorsements for the accommodation of others and had incurred heavy debts of his own. In after years he was to serve ten years as a lay judge of Lancaster County. Mr. Hensel described him in that capacity as "the one man before whose rebuke even Thaddeus Stevens quailed,"<sup>17</sup> and Mr. Spangler testified to his early interest in the movement for women's suffrage and his warm friendship for women, adding quaintly, "He married five of them."<sup>18</sup> At all events Jacob Grosh was a man of force, and tradition has assigned to him the leading role in the events which followed. He must, in short, be regarded as either the hero or the villain of this story, as the reader may determine.

On September 5, 1823, the following advertisement, dated Marietta, August 30, 1823, appeared in the *Lancaster Weekly Journal*:

#### \$1000 REWARD

A most daring robbery was perpetrated last night on the Marietta and Susquehanna Trading Company, by three villains who seized the Cashier, on the back porch of the banking house and presenting three pistols to his breast to enforce silence, dragged him into the bank and compelled him to unlock the vault, from which they took out and carried away all the books and promissory notes and other valuable papers belonging to the bank, and a large quantity of bank paper; one of the villains held the Cashier with a pistol to his breast, until his two comrades had sufficient time to escape with their plunder, and then made his escape. The villains were well disguised and masked, and spoke only in the German language.

We, the Trustees of the Institution, offer the above reward of \$1000 for the apprehension and conviction of the villains and the restoration of the books and papers carried off by them, or \$500 for the restoration of the books and papers aforesaid.

#### NOTICE IS HEREBY GIVEN

That in consequence of the above robbery, the debtors to the institution are hereby notified to attend at the Bank on the 22nd day of September

<sup>17</sup> *Marietta's Centennial*, 24.

<sup>18</sup> *Ibid.*, 5.

next, in order to ascertain the exact amount due by each person. In case of neglect or refusal, measures must and will be adopted by the Trustees to compel their attendance at some other time and place, to ascertain that fact.

Jacob Gisch  
 Jacob Grosh  
 Jacob Mishy  
 James Patterson, Jr.  
 William Child.

That a resemblance between the "three villains . . . well disguised and masked" and Falstaff's men of buckram was immediately suspected by certain of the bank's creditors is apparent from the fact that the advertisement just quoted from the *Journal* was followed in the same issue of that publication by a second advertisement in the following form:

#### MARIETTA BANK

The creditors of the Marietta Bank, are requested to meet at the house of Mr. William Cooper, Innkeeper, in the city of Lancaster, on Saturday the 6th inst. at three o'clock. P.M. to take such measures as mas [*sic*] be deemed necessary, relative to the late *apparent robbery* of the Bank house, in the Borough of Marietta, September 3.

At the ensuing meeting a committee was appointed "to institute an immediate enquiry relative to the robbery of the . . . Bank . . . [with] full power . . . to have a legal investigation instituted against the Trustees of the institution, and such other person or persons as they may think proper—and to make report to a general meeting of the creditors to be held at the house of William Cooper . . . on Saturday next, being the 13th inst. . . ." <sup>19</sup> I can find no record that this report was made, but in the course of the later legislative inquiry it was stated that "a committee appointed by a meeting of stockholders and creditors [*presumably the meeting referred to above*], to ascertain from the trustees the situation of the bank and its affairs, and who were its debtors, were totally unable to obtain any information on these subjects." <sup>20</sup>

Having met with no success at home, the creditors and stockholders of the bank transferred their activities to Harrisburg. On

<sup>19</sup> *Lancaster Weekly Journal*, Sept. 19, 1823.

<sup>20</sup> *Journal of the Thirty-Fourth House of Representatives of . . . Pennsylvania* (Harrisburg, 1823-1824), I, 937 *et seq.*



January 8, 1824, "Mr. Reynolds presented [to the House of Representatives] a memorial from sundry citizens of Lancaster County, holders of bank notes, certificates of debt, and owners of stock, in the Marietta Bank, praying for an investigation into the conduct of the trustees, and the robbery of the bank, may be instituted, and such relief granted as the circumstances require."<sup>21</sup> After due consideration, a committee was appointed to investigate the matters complained of,<sup>22</sup> whereupon Jacob Grosh, William Child and Jacob Mislin (Misly) filed on behalf of the trustees a written protest against the right of the House of Representatives to pursue the investigation.

Mr. Hensel, who spoke as an orator rather than a historian, says that Grosh, who was assumed to be the author of the protest, "proclaimed with the lucidity of a jurist and the fearlessness of a warrior that the legislative branch of government could not and should not usurp judicial power."<sup>23</sup> As a matter of fact, the protest was to some extent an answer on the merits as well as a plea in abatement, as the following excerpt shows:

The memorialists complain that the trustees did not pursue proper measures to discover the robbers and the books, but we beg leave to refer you to facts, which speak plainer than words; an advertisement offering \$1000 reward for the perpetrators and the books, was published in seven newspapers, for a length of time.<sup>24</sup>

Since the first contention of the memorialists was that no robbery had actually taken place, the insistence of the trustees on the fact that they had advertised a reward for the robbers in seven newspapers seems suspiciously beside the point really in issue.

On March 16, 1824, "Mr. Shippen from the committee appointed [by the House] . . . to enquire into the situation of the Marietta and Susquehanna Trading Company, to ascertain the debts and credits thereof . . ." made report:

. . . That from the testimony which was exhibited to the committee, it appears that in the month of August last, the said institution was so far

<sup>21</sup> *Ibid.*, 367, 368.

<sup>22</sup> *Ibid.*, 716, 717.

<sup>23</sup> *Marietta's Centennial*, 24.

<sup>24</sup> *Journal Penna. H. of R.*, 1823-1824, I, 784, 786.

solvent as to have sufficient property and credits to enable them to pay all their debts and to make a small dividend among the stockholders on the final settlement of the concerns of the bank—such too was the opinion of several of the trustees themselves—it also appears that there were at that time several individuals largely indebted to the bank; and that there was about fifty thousand dollars due by the bank to the holders of their notes and other creditors; that about the latter end of August last, all the books, notes and every scrap of paper which it could be ascertained who were indebted to the Bank, were taken out of the banking house, in Marietta.

The trustees allege, this was done by robbers who broke into the bank by night.

The complainants and agents of the creditors of the bank, allege that no such robbery was ever committed. . . . It further appears, that previous to the loss of the books, the stock of the bank was estimated by the trustees as worth about four or five dollars per share—by other testimony that it could not be sold for four dollars per share—that since the loss of the books, and since the stock has been sold at one dollar and fifty cents per share, the trustees have accepted from individuals of their board, and from other debtors, the stock of said bank, at seventeen dollars and fifty cents per share, in payment of debts due to the bank.<sup>25</sup>

The committee then reported a bill which was promptly passed by both branches of the Assembly and signed by Governor Shulze conferring on the District Court of the City and County of Lancaster “all the authority, powers and jurisdiction of a court of equity, so far as relates to the Marietta and Susquehanna Trading Company, its trustees, debtors, creditors and stockholders or any other person or persons, bodies politic or corporate, interested in the concerns of the said company,” and directing that disputed issues of fact might, in the discretion of the court, be submitted to a jury.<sup>26</sup>

No effort seems to have been made to invoke the remedies provided by this act until June 5, 1826, on which date twelve suits in equity were brought by separate creditors of the bank. The bank's charter had then expired by lapse of time as well as by forfeiture, which perhaps accounts for the fact that the suits were brought against the trustees, instead of against the corporation. Unfortunately, the pleadings in all twelve suits have been abstracted from the Prothonotary's Office of Lancaster County, but the docket

<sup>25</sup> *Ibid.*, 937.

<sup>26</sup> 8 Sm. Laws, Ch. 5539.

entries indicate that an interlocutory opinion was filed refusing an issue. On April 15, 1836—nearly ten years after the suits were brought and nearly thirteen years after the alleged robbery of the bank—a final decree was entered in the first suit, in which one James Porter was plaintiff. This decree, which served as a basis for the entry of similar decrees in the remaining eleven cases, awarded Porter a judgment for the amount due him, “with leave to take out execution and levy, attach and sell all the real estate of the said [Marietta and Susquehanna Trading] Company disclosed in the answer of said respondents together with the mortgages and other estate of the company as disclosed and set forth in said answer . . . and also . . . any other property real or personal belonging to said company”; but added by way of proviso that the decree was “not so to be construed as to make any of the defendants personally liable.”<sup>27</sup> The banking house had been sold before the entry of the decree on a mortgage held by “The President, Directors and Company of the Bank of United States.” After the entry of the decree certain real estate of which the bank was held to be the equitable owner was sold by the Sheriff of Lancaster County for \$1,505.00 on a prior judgment for \$1,457.40. No real estate appears to have been sold on the judgments recovered by Porter and his associates, and so far as I can ascertain they never received anything on account of their claims.

Reading between the lines of the decree it would appear that the “three villains . . . well disguised and masked” did a thoroughly workmanlike job. In the nature of the case they were compelled to leave behind the bank’s real estate and the recorded mortgages standing in the bank’s name, but they got away with everything else including the books. As a result, the work of liquidating the bank was largely performed by the sheriff.

On June 20, 1828, the following comment appeared in the columns of the *Lancaster Journal*:

As the Editors of the [Marietta] *Pioneer* appear to have a desire to inquire and examine into the various money transactions of this county, we shall, ere long, take an opportunity of asking their attention to some money transactions of a *mysterious and iniquitous nature*, which occurred

<sup>27</sup> District Court of the City and County of Lancaster, No. 1, June Term 1823.

a short time ago in their immediate vicinity. From their connection with some of the persons immediately interested or connected with the transactions alluded to, we hope they will be able to elucidate what has so long been a mystery; and by bringing the perpetrators of this iniquity to light and to punishment, remove the deepest and blackest stain which has ever been inflicted upon the character of the people of this county.

The editors of the *Pioneer* at the time were A. B. Grosh and R. K. Grosh. Their names suggest that the reference to their connection with some of those interested in iniquitous transactions was directed to the supposed responsibility of Jacob Grosh for the robbery of the Marietta and Susquehanna Trading Company. His contemporaries certainly believed him to have been responsible and believed further that under all the circumstances his conduct was justified.<sup>28</sup> The present writer desires to present rather than to discuss the interesting question of ethics which is implicit in the latter conclusion. He is, however, willing to set down here his deliberate conviction that extraordinary circumstances produce evils for which there is no remedy except by direct action, as strikingly shown long afterwards in the West at the time of the *vigilantes*.

*Lancaster, Pa.*

F. LYMAN WINDOLPH

<sup>28</sup> "When, to save their townsmen from ruin and their town from desolation, worthy burghers conspired to rob the Marietta bank of all its evidences of local indebtedness, and Grosh and his co-trustees were summoned for trial before the Legislature. . . ." *Marietta's Centennial*, 23.