

The Kirtland Safety Society: The Stock Ledger Book And The Bank Failure

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A previously unreported stock ledger book of the Kirtland Safety Society was recently discovered among the papers in the Mormon collection of the Chicago Historical Society. The ledger, which contains an alphabetical index of names and 287 account pages, is unquestionably authentic and carries the accounts of 205 members of the Church at Kirtland, including most of the Church's leaders. The handwriting in the ledger has been identified by Dean Jessee, senior historical associate in the Church Historical Department, as that of Warren Parrish, a leading ecclesiastical and bank figure of the time. Each account occupies two open pages—or in some cases, two accounts share two pages. The verso (left) page denotes debits, and the recto (right) page lists credits (also labeled "Contra"). Each page has two columns of figures. The first column on the verso-debit side lists the number of stock shares for each individual, and the second column lists the total face value of those shares at \$50.00 per share. Any loans taken out are also listed in the second column. The first column on the recto-credit page lists the date of the entry, and the second column gives the amount paid into the bank (being specie, notes, values of mortgages, or whatever).

The first account entry is Sidney Rigdon's and shows that he paid \$12.00 on 18 October 1836 for 2,000 shares of stock,

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with another 1,000 shares added and an additional \$818.00 in payments made by 16 November. He, Joseph Smith, Edmund Bosley, and John Johnson were the largest stockholders, each owning 3,000 shares; ten other people held 2,000 shares and some sixteen, 1,000 shares. These constituted a total of thirty different people holding 48,000 of the 69,636 shares subscribed. Eight of these thirty were members of the Smith family who, until 8 June 1837, collectively held about a sixth of the stock. A note on the Prophet Joseph's account shows that on 8 June 1837 he transferred his holdings to "O. Granger and J. Carter" as did nine other stockholders.¹ Five more transferred their stock to Granger and Carter on 10 June, one on 13 June, one on 14 June, five on 15 June, four on 17 June, one on 19 June, and two on 20 June. By the close of business on 20 June 1837, Oliver Granger and Jared Carter held more than 20,000 shares of stock.

An analysis of the ledger shows the \$50 per share face

¹8 June 1837 might be a good terminal date to work from in determining the Prophet Joseph's disassociation with the bank, since in his history he said: "Some time previous to this [7 July 1837] I resigned my office in the "Kirtland Safety Society," disposed of my interest therein, and withdrew from the institution; being fully aware, after so long an experiment, that no institution of the kind, established upon just and righteous principles for a blessing not only to the Church but the whole nation, would be suffered to continue its operations in such an age of darkness, speculation and wickedness. Almost all banks throughout the country, one after the other, have suspended specie payment, and gold and silver have risen in value in direct ratio with the depreciation of paper currency" (Joseph Smith, *History of the Church of Jesus Christ of Latter-day Saints*, ed. B. H. Roberts, 7 vols. [Salt Lake City: Deseret News, 1965], 2:497. [Hereafter designated *H. C.*])

This date might also indicate the date Oliver Granger became the Prophet Joseph's business agent with the special assignment to clear up his Kirtland business affairs. "As I was driven away from Kirtland without the privilege of settling my business, I had, previous to this, employed Colonel Oliver Granger as my agent, to close all my affairs in the east; and as I have been accused of . . . running away, cheating my creditors, etc., I will insert one of the many cards and letters I have received from gentlemen who have had the best opportunity of knowing my business transactions, and whose testimony comes unsolicited:

A Card

PAINSVILLE, October 19, 1838.

We, the undersigned, being personal acquaintances of Oliver Granger, firmly believe that the course which he has pursued in settling the claims, accounts, etc., against the former citizens of Kirtland township, has done much credit to himself, and all others that committed to him the care of adjusting their business with this community, which also furnishes evidence that there was no intention on their part of defrauding their creditors."

[Signed] THOMAS GRIFFITH
 JOHN S. SEYMOUR

value of the stock to have been highly inflated. Actually, a fairly consistent $26\frac{1}{4}$ cents was paid for each share of the stock, or \$262.50 per thousand shares. A few subscribers, such as Joseph Smith, Jr., paid in more than that amount; a few others paid less, with some subscribers paying half that figure. A few took out loans or made payments periodically. It is possible that the $26\frac{1}{4}$ cents per share was meant to be but a first installment with further installments to be paid later, since several accounts have notations of payments for first installments.

Whether the stock credited in the ledger was actually distributed is doubtful, because no specimen of such stock has come to light and no diaries report such. Whether the subscribers received bank notes in return for their subscriptions is also not known. This may have been the method by which the notes were placed in circulation, though the ledger does not tell us explicitly what the relationship was between bank payments and Kirtland Bank notes. It does, however, indicate that there was some relationship as the Lorenzo Wells account (pages 29-30) notes that "Wells refused to sign transfer / paid back Kirtland money / \$6....." The ledger account shows that he had purchased 20 shares of stock for \$5.25 on 26 October 1836. Just how much Kirtland money was in circulation is still unknown.

Although some writers have alleged that the bank had collapsed by February 1837, the ledger shows them to be in error. It contains many entries made in April, May, and June of 1837, and the last entry carries a 2 July 1837 date.

The ledger records that the highest price paid for stock was $\$1.20\frac{1}{2}$ per share (more than four times the $26\frac{1}{4}$ cents). On 12 June 1837, Joseph Fielding paid \$25.00 for 20 shares of stock. A few others paid $52\frac{1}{2}$ cents (double $26\frac{1}{4}$ cents). This would indicate that these were individuals who "paid in" additional installments. However, more than ninety-five percent of the subscribers were given credit for paying only $26\frac{1}{4}$ cents per share. Thus, when contemporary observers reported that the value of the stock fell to $12\frac{1}{2}$ cents, this would appear to be only about a 50 percent drop in real value from $26\frac{1}{4}$ per share, the subscription price paid by the overwhelming majority of owners, rather than the striking drop from \$50 per share.

It seems likely that bank officials used projected real estate values as a basis for establishing the \$50 per share face value. The high face values of shares owned could possibly be the reason for the complaints in some letters and journals that the Saints were given to worldliness and to thinking that they were now wealthy. One might excuse them for thinking so, for with \$5.25 they could purchase twenty shares of stock with a bank-credited face value of \$1,000. The failure to realize such inflated values might explain the widespread discontent and apostasy after the bank's failure.

Analysis of the stock ledger reveals much about individuals who later apostatized. It shows that John Boynton withdrew his wife's (Eliphalet) account in July, and he must have been sorely disappointed that those 200 shares were worth so little.² Luke Johnson and Leonard Rich did not come close to paying for their shares of stock even at 26 $\frac{1}{4}$ cents per share. Johnson paid \$11.16 on 12 December 1836, and either \$35.50, \$25.50, or \$15.50 on 5 January 1837, for 2,000 shares of stock. Although the second entry has been written over so that reading the exact numbers is difficult, the total of \$46.66 is very clear and would make the \$35.50 payment necessary; but the clearest number is \$15.50. Rich paid \$50.00 for 1,000 shares of stock on 12 December 1836. There are no other notations on the account pages for these two men. Could it be that their apostasy was a way of avoiding responsibility for the remainder of their obligation? Another "eye witness" to events (and a later apostate) was Cyrus Smalling, whose name is completely missing from the ledger.

Although the presence of the Kirtland Safety Society ledger book is a boon to scholarship in that matter, it does not tell us why the bank failed. We must look to other sources for that answer. As the reader can note in Professor Partidge's study in this issue of *BYU Studies*, the failure of the bank was not a unique nor even an unusual event in Ohio in the bank crisis of 1837. But we must try to find whether there are attributable reasons for its failure in addition to the general bank failures of that summer.

George A. Smith, a contemporary of those times and later an apostle in the Church, had this to say:

²See *H. C.*, 2:509-10, where John F. Boynton is noted as linking his falling away from the Church with the bank's failure.

13. Dr. Joseph Smith Junr.
3000 Shares Stock \$50.00 150000.

Oct. 25 '70	cash	80.00
" 25 '70	do	105.00
" 28 '70	do	14.00
" " '70	do	15.00
" 31 '70	do	2.00
" 31 '70	do	2.00
Nov. 1 '70	do	100.00
" 2 '70	do	10.00
" 3 '70	do	140.00
" 4 '70	do	5.00
" 4 '70	do	15.00
" 5 '70	do	250.00
" 5 '70	do	5.00
" 6 '70	do	18.00
" 6 '70	do	20.10
" 6 '70	do	18.00
" 7 '70	do	11.50
" 7 '70	do	58.00
" 11 '70	do	100.00
" 11 '70	do	25.00
" 12 '70	do	19.00
" 12 '70	do	46.00
" 14 '70	do	300.00
" 14 '70	do	6.00
" " 70	cash p ^d on stock for friends	799.60
" 21 '70	do	112.55
" " '70	do	59.75
" 24 '70	do	110.00
" 25 '70	do	6.00
" 26 '70	do	16.00
" 26 '70	do	20.00
" 22 '70	do	41.00
" 29 '70	do	20.00
" 29 '70	do	11.00
Dec. 5 '70	do	3.00
" 9 '70	do	20.00
" 10 '70	do	130.00
" 11 '70	do	10.00
" 12 '70	do	4.00
" 14 '70	do	2.00
" 14 '70	do	11.00
" 15 '70	do	150.00
Jan. 2 '71	do	3.00
1867	do	100.00
" " '71	do	140.20
" " '71	do	1.00.00
" 31 '71	do	20.00
		<u>4887.60</u>

To your note which was credited
on stock & supposed given up
1449.68
6337.28

		contra	to	total
Oct. 22	cash		1242.89	
"	do	Error	"	"
24	do		7.00	
25	do		20.00	
31	do		100.00	
Nov. 1	do		" 88	
"	do		110.00	
"	do		100.00	
" 3	do		10.00	
" 7	do		15.00	
" "	do		116.76	
" "	do	Error Jan	18.00	
" 9	do		20.00	
" 11	do		47.50	
" 15	do		1200.00	
" 19	do		" 50	
" 19	do		62.00	
1867	cash		2.55	
"	do		16.84	
Dec. 6	do		8.55	
" 7	do		14.15	
" 7	do		2.55	
" 12	do		45.68	
" 19	do		4.55	
" "	do		1249.68	
" 20	do		7.93	
" 22	do		5.55	
" 25	do		21.55	
" "	do		75.55	
" "	do		112.55	
" 21	do		11.18	
" "	do		1.55	
" 21	do		400.74	
1867	do		6.04	
Jan. 8	do		19.24	
" 9	do		1.55	
" 11	do		53.55	
" "	do		51.70	
" 14	do		26.55	
" 25	do		55.55	
" 25	do		748.55	
" "	do		155.27	
" 31	do		701.00	
Feb. 8	do		114.55	
1867	do		23.23	
" 4	do		10.55	
" 4	do		12.25	
" 10	do		25.55	
" 21	do		15.55	
" "	do		15.55	
" 15	do		25.55	
March 14	do		19.96	
			<u>7047.46</u>	
			<u>6337.28</u>	
			71310.18	

Sum of \$ to \$ 273

Pages 13-14 of the Kirtland Safety Society Stock Ledger Book from a microfilm of the original in the Chicago Historical Society Museum by courtesy of the Historical Department of the Church.

Warren Parrish was the teller of the bank, and a number of other men who apostatized were officers. They took out of its vault, unknown to the President or cashier [Sidney Rigdon and Joseph Smith], a hundred thousand dollars, and sent their agents around among the brethren to purchase their farms, wagons, cattle, horses and every thing they could get hold of. The brethren would gather up this money and put it into the bank, and those traitors would steal it and send it out to buy again, and they continued to do so until the plot was discovered and payment stopped.³

Brigham Young was said to have discovered irregularities when he placed some bank notes with his mark on them in the bank, and much to his surprise, a few days later he found them in circulation.⁴ Perhaps he did not realize that all banks operate on fractional reserves and any notes paid into a bank are subject to being paid out to a borrower or creditor of the bank. During the later division of the Church in Kirtland, Benjamin Johnson said that the apostate faction had the greater amount of wealth.

Warren Parrish, the secretary of the Kirtland Safety Society, later became a prominent leader of the faction that opposed Joseph Smith. Parrish was a teller of the bank under Smith, and after Joseph Smith resigned from the bank in July 1837, Parrish and Frederick G. Williams took over its management. Parrish was also signatory to the 2 January articles of organization; yet his name is missing from the ledger.⁵ This is surprising, especially when most of the prominent names are there, including signatories to the articles and several of those who later apostatized. Joseph Smith accused Parrish of taking \$25,000. An editorial in the new Church magazine *Elders' Journal*, August 1838, said:

He [Warren Parrish] had the handling of large sums of money, and it was soon discovered, that after the money was counted and laid away, and come to be used and counted again, that there was always a part of it missing; this being the case, repeatedly, and those who owned it, know-

³George A. Smith, *Journal of Discourses*, 26 vols. (London: Latter-day Saint's Book Depot, 1855-86), 11:11.

⁴Andrew Jenson, *Historical Record* (Salt Lake City: Andrew Jenson, 1888), 5:433.

⁵There is only one place where Parrish's name appears. This is in a notation on page 51 in an entry for John P. Green, 21 October, and it reads: "Cash had of W. Parrish."

193
Dr. Lucey Smith
500 Shares Stock 25000

June 8, 1937 The above named stock is transferred
to B. Granger & Carter as follows
500 Shares Stock 25000

Dr. Sophronia Stoddard
400 Shares Stock 20000 "

June 8, 1937 The above named shares is
transferred to B. Granger & Carter
as follows
400 Shares Stock 20000 "

Contract Co 194
Nov 16 By first statement \$131.25

Contract Co
Nov 16 By bank statement 105.00

ing that there was no other person but Parrish who had access to it, suspicion of necessity fixed itself on him.⁶

Lucy Smith, the Prophet's mother, said that Joseph Smith, suspecting Parrish, demanded a search warrant to attempt to find the missing money.⁷ B. H. Roberts, compiler of *A Comprehensive History of the Church*, suggests that the above took place before June of 1837, which was before Smith withdrew from the bank.⁸ The *Elders' Journal* further says that

After this affair, Parrish began to discover that there was great iniquity in the Church, particularly in the editor of this paper [i.e. Joseph Smith].⁹

Benjamin Johnson and George A. Smith also accused Parrish of irregularities, Benjamin Winchester wrote that Parrish may have printed up \$25,000 or more in notes at a critical "time when the bank should have been curtailing its issue," and that then "the circulated notes came pouring in like a flood."¹⁰ Andrew Jenson writes:

But the dishonest took advantage of every opportunity they could to swindle. It was on this account that Joseph withdrew. . . .

Warren Parrish was the principal in the business. He had his partners and they did not stop until they had taken out all the money there was in the bank and also signed and issued all the notes they could.¹¹

Warren Parrish may have been dishonest and instrumental in bringing about the failure of the bank. According to the stock ledger, only a little more than \$20,000 was actually paid in (in some form) to the bank. If someone, before June of 1837, had embezzled that much money, it would have been disastrous. According to Heber C. Kimball, Parrish later admitted to taking \$20,000.¹² Having been Joseph

⁶B. H. Roberts, *A Comprehensive History of the Church of Jesus Christ of Latter-day Saints*, 6 vols. (Salt Lake City: Deseret News Press, 1930), 1:408. (Hereafter designated C. H. C.)

⁷Lucy Smith, *History of Joseph Smith* (Salt Lake City: Bookcraft, 1958), pp. 240-41.

⁸C. H. C., 1:409.

⁹C. H. C., 1:409.

¹⁰Leonard J. Arrington, *Great Basin Kingdom* (Cambridge, Mass.: Harvard University Press, 1958), p. 427, n. 43.

¹¹Jenson, 5:433-34.

¹²Orson F. Whitney, *Life of Heber C. Kimball* (Salt Lake City: Stevens and Wallis, 1945), p. 100.

201. Dr. Artemus Millet

1000 Shares Stock \$50 ea 50,000

Nov 14 1877
 Dec 19 1877

cash
 do

212
 21 00
 60 00

Dr. Truman O. Angel

50 Shares Stock \$50 ea 2,500

The above stock is
 transferred to Carter
 Granger, June 19, 1887
 E. O. Angel

Nov. 19 77
 Dec. 19 77
 Jan. 11 78
 1877
 Feb. 25
 May - 25

contra
 cash

1 00
 1 25
 1 50
 1 50
 40 00

by cash paid in

Pages 201-2 of the Kirtland Safety Society Stock Ledger Book showing the accounts of Artemus Millet, the architect of the Kirtland Temple, and Truman O. Angel, the architect of the Salt Lake Temple.

Smith's personal scribe and close associate, a signer of the original articles of the Kirtland Safety Society, and a teller, a secretary, and a cashier of the Kirtland bank, Parrish certainly was in a position to manipulate bank funds. And it is strange that Parrish should have been a bank officer without owning any stock. Newel K. Whitney, in a letter to his brother four years later said: ". . . the bank book is in the hands of Warren Parrish. . . . Parrish scratched out his name and wrote others over them."¹³

There are a few irregularities in the ledger, but they do not suggest dishonesty on the part of Parrish or anyone else. On page 223 between the consecutive pages of entries, there is a blank entry with no name at the top. This is the only blank page in the entire ledger. Could the name have been erased? On the bottom of page 121 there is a definite erasure (perhaps the name of Kellogg).

As is too often the case, new evidence while solving some old problems almost invariably introduces new ones. We now see that the existence of the ledger disproves the allegations of fraud or dishonesty on the part of the Church leaders in Kirtland who had allegedly destroyed the ledger to hide the evidence of their evil. However, its existence does not "tell all" about the Society and its failure, but its "discovery" now makes it available to scholars.

¹³Newel K. Whitney to brother Samuel (in Kirtland), 18 July 1843, p. 1. Whitney Collection, BYU Library.