

RAMSEY COUNTY  
**History**  
*A Publication of the Ramsey County Historical Society*

*Growing Up in St. Paul*  
Random Recollections  
of Grace Flandrau

Page 12

**Fall 2008**

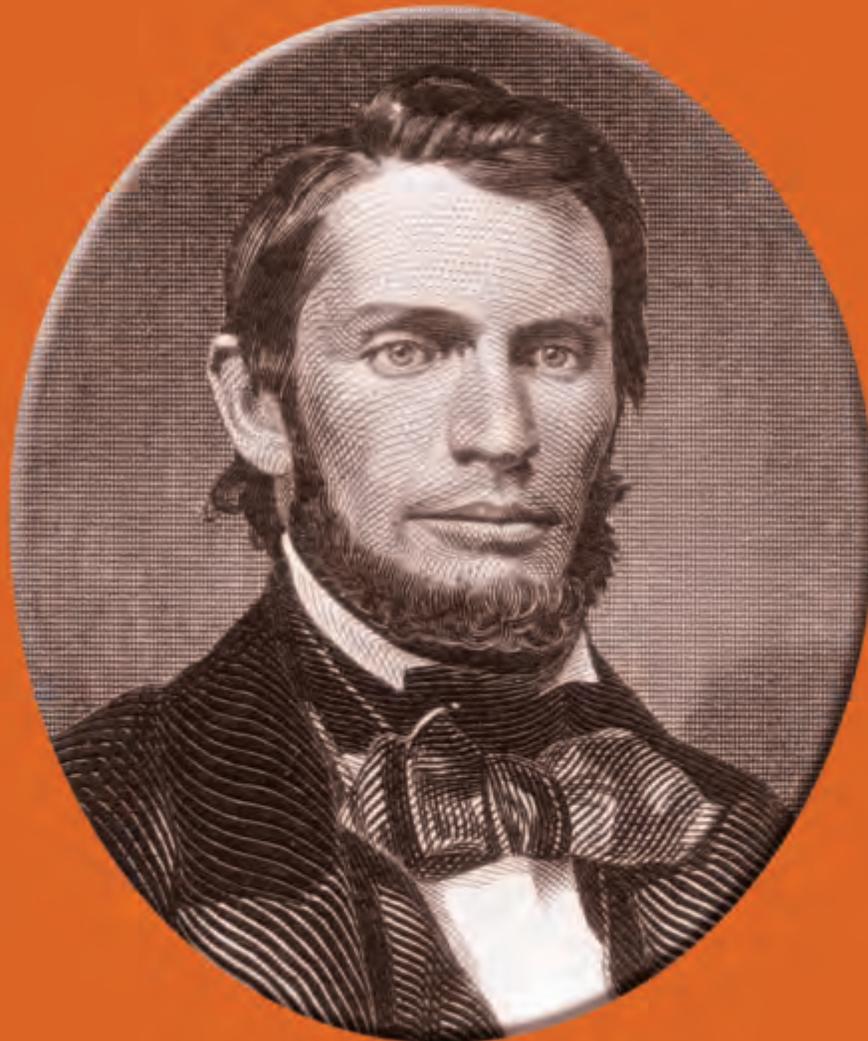
Volume 43, Number 3

*Pith, Heart, and Nerve*

**Truman M. Smith: From Banker to Market Gardener**

*Barry L. and Joan Miller Cotter*

—Page 3



*An engraved portrait of Truman M. Smith from about 1857 by the Rawdon, Wright & Hatch Company. Engraving courtesy of the Minnesota Historical Society.*

## RAMSEY COUNTY HISTORY

*Executive Director*

Priscilla Farnham

*Founding Editor (1964–2006)*

Virginia Brainard Kunz

*Editor*

John M. Lindley

## RAMSEY COUNTY HISTORICAL SOCIETY

### BOARD OF DIRECTORS

W. Andrew Boss

*Past President*

J. Scott Hutton

*President*

Thomas H. Boyd

*First Vice President*

Paul A. Verret

*Second Vice President*

Joan Higinbotham

*Secretary*

Carolyn J. Brusseau

*Treasurer*

Norlin Boyum, Julie Brady, Anne Cowie,  
Nancy Randall Dana, Charlton Dietz,  
Joanne A. Englund, William Frels, Howard  
Guthmann, John Holman, Judith Frost Lewis,  
Laurie Murphy, Richard H. Nicholson, Marla  
Ordway, Marvin J. Pertzik, Jay Pfaender,  
Ralph Thrane, Richard Wilhoit.

George A. Mairs

Richard T. Murphy Sr.

*Directors Emeriti*

### EDITORIAL BOARD

Anne Cowie, *chair*, James B. Bell, John Diers,  
Thomas H. Boyd, Laurie Murphy, Richard H.  
Nicholson, Paul D. Nelson, Jay Pfaender,  
David Riehle, G. Richard Slade, Steve Trimble,  
Mary Lethert Wingerd.

### HONORARY ADVISORY BOARD

Olivia I. Dodge, William Fallon, William  
Finney, Robert S. Hess, George Latimer,  
Joseph S. Micallef, Marvin J. Pertzik, James  
Reagan, Rosalie E. Wahl.

### RAMSEY COUNTY COMMISSIONERS

Commissioner Jan Parker, chair  
Commissioner Tony Bennett  
Commissioner Toni Carter  
Commissioner Jim McDonough  
Commissioner Rafael Ortega  
Commissioner Victoria Reinhardt  
Commissioner Janice Rettman

Patrick H. O'Connor, interim manager,  
Ramsey County

*Ramsey County History* is published quarterly  
by the Ramsey County Historical Society,  
323 Landmark Center, 75 W. Fifth Street, St.  
Paul, Minn. 55102 (651-222-0701). Printed in  
U.S.A. Copyright © 2008, Ramsey County  
Historical Society. ISSN Number 0485-9758.

**All rights reserved. No part of this publica-  
tion may be reprinted or otherwise repro-  
duced without written permission from the  
publisher.** The Society assumes no respon-  
sibility for statements made by contributors.  
Fax 651-223-8539; e-mail address admin@  
rchs.com.; web site address www.rchs.com

# RAMSEY COUNTY History

Volume 43, Number 3

Fall 2008

THE MISSION STATEMENT OF THE RAMSEY COUNTY HISTORICAL SOCIETY  
ADOPTED BY THE BOARD OF DIRECTORS ON DECEMBER 20, 2007:

The Ramsey County Historical Society inspires current and future generations  
to learn from and value their history by engaging in a diverse program  
of presenting, publishing and preserving.

## C O N T E N T S

- 3 *Pith, Heart, and Nerve*  
Truman M. Smith: From Banker to Market Gardener  
*Barry L. and Joan Miller Cotter*
- 12 *Growing Up in St. Paul*  
Random Recollections of Grace Flandrau  
*Horace Blair Flandrau Klein*
- 16 “Mr. Livingston . . . Had the Tenth”  
An Episode in Minnesota Railroad Building  
*John M. Lindley*
- 24 *Minnesota at 150*  
Marking Minnesota’s Sesquicentennial: Four New Books  
*Steve Trimble*

*Publication of Ramsey County History is supported in part by a gift from  
Clara M. Claussen and Frieda H. Claussen in memory of Henry H. Cowie Jr.  
and by a contribution from the late Reuel D. Harmon*

### A Message from the Editorial Board

Today’s headlines blare news of bank failures and foreclosure notices. But in October 1857, when New York banks failed, there were no federal bailouts and no financial “safety nets”: eighty percent of St. Paul businesses went under. Truman Smith, who had pinned his hopes on fervent land speculation in the young frontier town, lost his bank and later, his house. In this issue, Barry L. and Joan Miller Cotter tell Smith’s harrowing story. But stay tuned for a future issue of our magazine, in which Smith “reinvents” his career. And check out Minnesota Public Radio’s website at mpr.org, where the archives (search “Truman Smith”) contain Dan Olson’s July 2008 report on the Panic of 1857, based in part on the Cotters’s research.

Also in this issue: John Lindley’s look at Crawford Livingston’s role in railroad financing in the 1880s; a personal story of Blair Klein’s 1950s road trip with his aunt, writer Grace Flandrau, in her green Packard sedan; and Steve Trimble’s review of four books celebrating 150 years of Minnesota statehood.

*Anne Cowie,*  
Chair, Editorial Board

# Pith, Heart, and Nerve

## Truman M. Smith: From Banker to Market Gardener

Barry L. and Joan Miller Cotter

**T**ruman M. Smith: this name appears from time to time in mid-nineteenth-century St. Paul history, but the name usually tells no story except to suggest failure. Smith's bank went down with other financial institutions in the panic of 1857, and that bit of narrative, a fall from financial prominence, did survive over the following decades.<sup>1</sup> In 1886 T. M. Newson published a pen-sketch of Smith, picturing the former banker now as "a quiet, undemonstrative, old-time gentleman" selling vegetables in the St. Paul market.<sup>2</sup>

### "Old-Time Gentleman"?

"Selling vegetables in the market" actually marks a reversal of the story of failure, a re-make of the man who was, in his time, well-recognized as market gardener, wine producer, nurseryman, and Grange leader. Most people knew the post-banker Smith as an energetic, strong personality. One of his Grange contemporaries composed this verse vignette in 1869:

Tis said brother Smith never ceases his toil  
To bring forth the smiles from his excellent  
soil.  
By the feast that he gave us I haven't a  
doubt  
When he tickles his vineyard it snickers  
right out!  
His motto is, "Work till the hard horny  
hand  
Brings wealth and good wine from our  
beautiful land!"  
May we each have the nerve and the heart  
and the pith  
Of our excellent Lecturer Truman M.  
Smith.<sup>3</sup>

Smith was Lecturer (program chair) of the St. Paul North Star Grange of which he was a founding member in 1868. Evidently, on the occasion of the poem, he had added to the happiness of the gathered members with some of his known fruit wines.

A decade earlier, when the economic bubble burst in Minnesota in 1857, Smith

could have left town, sought insolvency protection or ended his life—all ways in which American men did in fact resolve the stigma of business failure. Instead, the Smith "nerve, heart and pith" generated a productive recovery. Tracing that personal curve, from the opulence of boom to the simpler vigor of garden and market, we are able to discern a strong personal profile emerging from the colorless name, one also enriching the local history of Ramsey County. From Smith's long life (1825–1909) we choose the pivotal years 1857 to 1864 to add contour and interest to his story.<sup>4</sup> In this first of two articles, we focus on Smith the banker.

### Fitted Up in Style

February 24, 1857, on page 4 of the *St. Paul Pioneer*: "Truman M. Smith, the well-known banker, will take possession of his new banking house. . . . The rooms . . . are unparalleled in the West for [their] beauty and neatness. . . . The good taste displayed . . . reflects great credit, not only upon the artizans [sic] employed in the work, but also upon the enterprising projector." National press agreed with local pride. *Ballou's Pictorial Drawing Room Companion* praised the premises as "fitted up in style which few if any of our Eastern banking houses can equal."<sup>5</sup>

Smith's bank occupied the ground floor of the newly constructed, well-appointed Fuller House, annual rent at \$1,000 for a term of four years (I, 285, 294). A bold sign—"Truman M. Smith's



An engraved portrait of Truman M. Smith from about 1857 by the Rawdon, Wright & Hatch Company. Engraving courtesy of the Minnesota Historical Society.

Bank"—wrapped itself around the frieze at the corner, as publicly emphatic as the thirty-two-year-old man who owned and ran the business. Smith also operated a marble factory in downtown St. Paul and so we may imagine that the bank's interior displayed counter space supplied by his Minnesota Marble Works. Some of the bank's massive, leather-bound ledgers still survive.<sup>6</sup> Smith had chosen well, a place where travelers and customers would gather in a steady movement of depositors and borrowers, farmers and merchants, politicians and at one point a trickster named Rolette, to be noted below.<sup>7</sup>

Business flourished in the overheated atmosphere of a speculative balloon rapidly expanding since Minnesota became a territory in 1849. Some people who settled in the region wrote beguiling accounts of life in their new "floral home."<sup>8</sup> Newspapers puffed the virtues of settling in Minnesota Territory,

projecting health, prosperity, and unlimited possibility.<sup>9</sup>

Unsurprisingly, immigrants, including Smith himself, moved in. Many of these people needed heavy, front-end leveraging in a rapidly rising market. Eastern investors bought land or capitalized town ventures, including Smith's bank. He and others exploited opportunities to provide the financial services needed in this fertile economy.<sup>10</sup> And so, inside Mr. Smith's bank in mid-1857, conversation would focus on what the hot properties were, the price of money, the terms of credit, and where the market stood.

### What's in the Vault?

Progress toward statehood probably also figured in the conversations, statehood that would come in May 1858. But in late February 1857 there was certainly talk about how the territorial legislature was on the verge of moving the capital from St. Paul to St. Peter as part of a drive to shape the new state on an east-west axis. No doubt Smith supported the north-south option favoring St. Paul at the head

of shipping on the Mississippi and as a hub for the northern trade.

Later would come news that the original copy of the bill naming St. Peter as capital was missing, believed to be in the possession of Joseph Rolette, chair of the Committee for the Enrollment of Bills. Opposed to the move, Rolette too was missing. No further action could be taken until he and the original bill turned up.

One version of the story has Rolette spending a week or so on the fifth floor of the Fuller House, improbably disguised as a chambermaid, after depositing his document in the safe—new, massive, and best quality—of the Smith Bank (I, 285). Did the banker know what lay in his vault? Loyal to St. Paul, Smith may well have decided to let professional discretion cover an illegal and eventually successful sequestration.<sup>11</sup>

### Overlooking the River

Rising bankers need housing adequate to their status. Living downtown at Seventh and Robert streets, Smith had his eye on a fine, field-stone residence, two and a half

The Largest Premium List ever offered by any Newspaper in the United States.



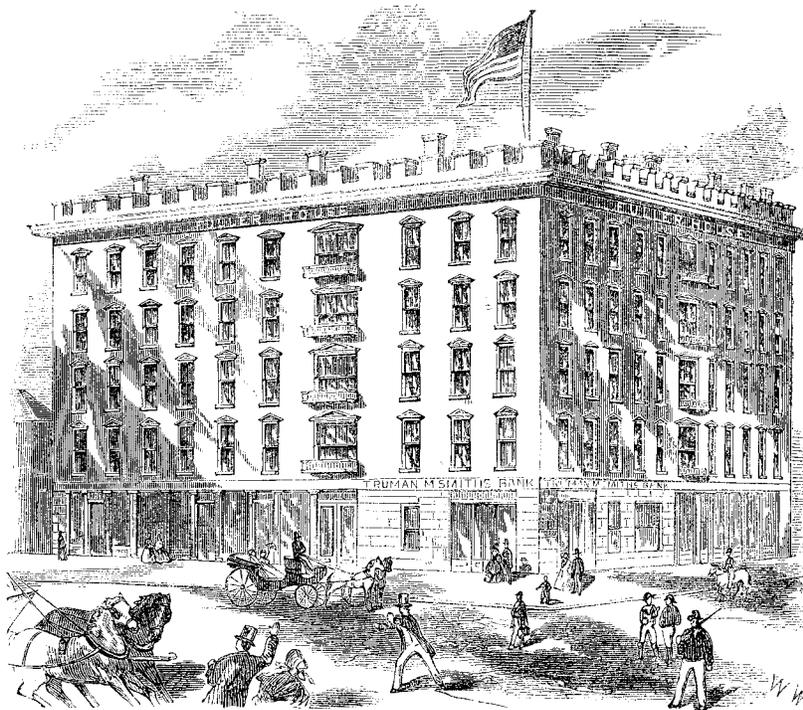
In May 1871 the St. Paul Pioneer Press published this sketch of Truman Smith's former home on Dayton's Bluff as part of a raffle to sell the house. Courtesy of the Minnesota Historical Society.

stories, being built on the bluffs overlooking the eastern shore of the Mississippi River. Just a few weeks after moving into his bank, in March 1857, he paid \$9,500 for the house with a balance of \$4,000 due on possession (SL, 129). The house was likely one of the first imposing objects river travelers saw, prominent among the trees, and Smith may have imagined the pleasure of looking out from its rooftop toward St. Paul and the broad water artery of travel and trade.<sup>12</sup> Instead, he was poised with bank and house to absorb the full impact of financial storms moving in from the East in late summer 1857. The bank would go first and then, after a long legal struggle, the house.

### "Between 2 Buffalo Robes"

Smith had come to St. Paul in 1851, looking for the better times described in its local, proactive press. With a young wife and two small daughters, he had already struggled through a difficult chapter in Walworth County, Wisconsin, starting as a farmer in 1846 and ending as a retail grocer.<sup>13</sup> After a trying start in St. Paul, he rose rapidly. Writing in 1856 to a former business contact in Wisconsin, he recalled the previous five years as a classic narrative of perseverance and success:

I left Geneva July 19th 1851 without a Red Cent in money & with not over \$3.00 worth of clothing to my back & with poor health as that which you know was the reason you did not get your pay. I begged the first week & worked & earned the next & I would work a



FULLER HOUSE, ST. PAUL.

An 1857 wood engraving from Ballou's Pictorial Drawing-Room Companion of the Fuller House and the Truman M. Smith Bank in St. Paul. Engraving courtesy of the Minnesota Historical Society.

few days & get a little money & then travel & spend it. I arrived here the 12th of October 1851. I had when I landed at St. Paul the enormous sum of six dollars seventy-five cent \$6.75 to commence with. As my health was still verry [sic] poor I tried to get some light work but could not. I at last went to chopping cord wood at 50 cts per cord, then after a while I got 75 cts & then it finally got up to \$1.00. I worked hard & got down sick again & in February 1852 I was reduced to only fifty cents & my family still in Geneva, I not able to do a day's work to save my life. I was keeping Old Bach with 3 others & I slept the first winter here between 2 buffalo robes because it was as good as I could afford & after I got so that I could not work at all I tried to get Something to do to keep me from actual Starvation (I, 121-22).<sup>14</sup>

Smith defeated starvation, he says, by eventually collecting debts on ten percent commission. He began to purchase real estate either as agent or on his own behalf. By 1854 he had opened Truman M. Smith's Collection and General Agency Office in downtown St. Paul. Records from the mid-fifties reveal large Smith holdings in land located in Ramsey and Washington counties and as far north as Lake Superior. In the retrospective 1856 letter cited above, Smith says he owned \$40,000 of city prop-

erty and 5,000 acres near the city. His good fortune was evident but not unmixed. On December 1, 1854, his wife Lydia died of tuberculosis, leaving him with two daughters under the age of seven.<sup>15</sup>

Grief can sometimes be absorbed by concentrated activity. In January 1855, Smith made an extended trip east. Probably during this visit he obtained additional capitalization for banking and real estate through his New England connections. Post-crash correspondence and civil suits suggest significant financial involvement in Smith's affairs by some prominent New England businessmen: Seneca Smith, an uncle by marriage, located in Danby, Vermont; Thaddeus R. Fletcher of Burlington, Vermont; and Charles Hazen Peaslee of New Hampshire.<sup>16</sup> Smith probably went to New York as well in 1855, initiating a relationship with the Bank of the Commonwealth of New York City which was to serve him as depository and clearing house over the next couple of years.<sup>17</sup>

The 1855 business trip also had its personal interest. He wrote to his father from Dunkirk, New York, to ask whether the luxury fur overcoat he had sent was pleasing, a notable gift from a man reduced to sleeping in winter between buffalo robes just four years earlier (SL, 121). Smith

may also have arranged a second marriage while on this trip, because he returned to Danby in July 1855 to wed Mary Smith Backus, whose aunt was wife to Seneca Smith, his friend and mentor.<sup>18</sup>

### **"A One-Horse Banker"**

As real estate speculation boomed, the banking business boomed with it. Smith believed in keeping pace with the rising economic curve by a policy of aggressive investment. Writing to a Danby investor, he said, "My motto is to keep money all the time at work and not keep it on hand ½ the time to get a little larger interest the other half." And, a few days later: "to keep money on hand . . . is poor policy as the old saying is Constant Dripping [sic] will wear a Rock" (II, 13, 20). In the autobiographical letter from 1856 previously cited, Smith noted that he had turned over \$6,000,000 worth of transactions since commencing business (I, 122). Soon he was computing success in units of days, not years: he noted in October 1856 that he had received and paid out over \$50,000 in the last six days. As he asked Seneca Smith, "Pretty good for a one-horse banker don't you think?" (I, 291).

Smith willingly conformed to the accepted image of successful man as public citizen and benefactor. The *St. Paul*



This 1857 wood engraving from Ballou's Pictorial Drawing-Room Companion shows a general view of the city of St. Paul looking east from the vicinity of today's Cherokee Bluff. Engraving courtesy of the authors.

*Pioneer & Democrat*, January 16, 1856, listed him with other prominent citizens as a contributor to the purchase of land for the first Minnesota Historical Society building. Affidavits still on file show his work as justice of the peace already in 1853.<sup>19</sup> The following year he attended the first territorial convention of the State Agricultural Society as a founding delegate representing Ramsey County.<sup>20</sup> In 1857 he was presiding officer on the St. Paul Board of Brokers (II, 381).

Smith's generosity and boosterism could take the occasional odd turn: in December 1856 he wished a happy New Year to friends in Danby, and perhaps startled them by the information that he had sent them, by express, an entire "fine young Minnesota Buck . . . for New Year's Dinner." He wanted to reassure the Danby folk who might "think we have nothing to eat here" and to offer a practi-

cal bit of evidence that they could safely "believe the country" he was helping to develop (II, 21, 36).

### **Crashing Could Be Heard**

This was the Truman M. Smith *Ballou's* reporter presented as a portrait in success on October 10, 1857:

Mr. Smith transacts a most extensive business, and is one of the richest men in the Northwest. His career shows how much ability, energy and integrity can accomplish in a brief space of time. . . . Mr. Smith is a foremost worker and donor, and his life in all respects is an example.

But, by poignant historical irony, the writer's portrait was already out of date. Exactly one week before publication of this article, Truman M. Smith's bank had suspended payment. During the preceding summer of that year, over-extended

financial institutions in the East had begun to shake and crack. Crack became crash on August 24, 1857, with the failure of The Ohio Life Insurance and Trust Company of New York. Fear deflated the markets almost as fast as speculation had whipped them up.<sup>21</sup>

"Crashing" could be heard everywhere in the West, Smith wrote on September 22 to a New Jersey correspondent noting his own payouts to depositors of \$160,000 over the last few weeks (II, 336). On Friday, October 2, the St. Paul banking firm of Marshall and Company closed. That Friday also brought panic through the doors of his own bank: "Messrs Marshall & Co. closed on Friday & some Persons started the rumor that I had also closed. . . . [T]he report spread like wild fire on a Prairie & they kept up a constant run all day Friday & I paid until after 4 instead of 3 pm & then after closing for

## **J. Fletcher Williams Describes St. Paul's Real Estate Mania of 1856**

The real estate mania . . . was now at its height. No description that can be given of this singular era of our history can convey an idea of it. Only those who lived through the "flush times" will ever know what they were.

Everybody seemed inoculated with the mania, from the moneyed capitalist to the humble laborer who could merely squat on a quarter section, and hold it for a rise. The buying of real estate, often at the most insane prices, and without regard to its real value, infected all classes, and almost absorbed every other passion and pursuit. . . . This mad, crazy, reckless spirit of speculation, which characterized those times, was appalling, to look on it now from a soberer stand-point. Perhaps in no city of America was the real estate mania, and reckless trading and speculation, so wild and extravagant, as in Saint Paul. It could not last, and must soon bring its own punishment in general ruin. Indeed, the storm was near at hand.

On August 24 [1857], occurred the failure of the Ohio Life Insurance and Trust Company, of New York, which

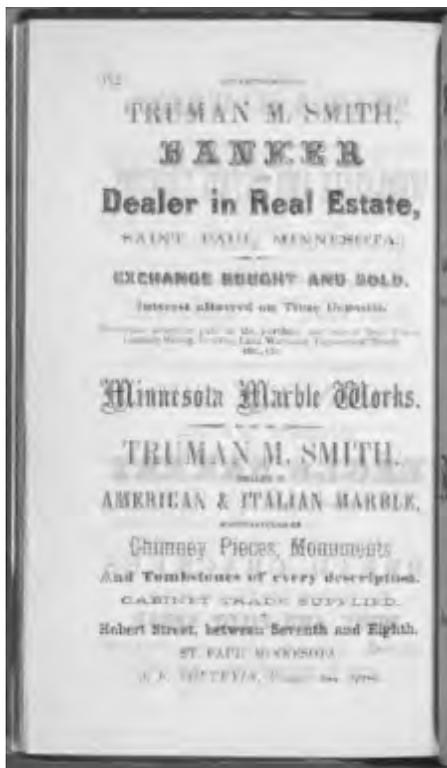
gave rise to the memorable panic or financial revulsion of that year.

To Saint Paul, this pricking of the bubble of speculation was more ruinous and dire in its consequences than perhaps to any other city in the west. Everything had been so inflated and unreal—values purely fictitious, all classes in debt, with but little real wealth, honest industry neglected, and everything speculative and feverish—that the blow fell with ruinous force. Business was paralyzed, real estate actually valueless and unsaleable at any price, and but little good money in circulation. Ruin stared all classes in the face. The notes secured by mortgages must be paid, but all values were destroyed. No device would raise money, for no one had any to lend. Everybody was struggling to save himself. The banking houses closed their doors—nearly all the mercantile firms suspended or made assignments. All works of improvement ceased, and general gloom and despondency settled down on the community. In a few days, from the top wave of prosperity, it was plunged into the slough of despond.

And now the "hard times" commenced in earnest. No description of this terrible and gloomy period will convey any idea of it. With many, even those who had but shortly before imagined themselves wealthy, there was a terrible struggle between pride and want. But few had saved anything, so generally had the reckless spirit of the times infested all classes. The humble poor, of course, suffered; but the keenest suffering was among those who experienced the fall from affluence to poverty.

The papers were crowded for months with foreclosures of mortgages, executions, and other results of the crash. Not one in five of the business houses or firms weathered the storm, despite the most desperate struggles. The population of the city fell off almost 50 per cent., and stores would scarcely rent at any price.

*J. Fletcher Williams, A History of the City of St. Paul to 1875 (St. Paul: Minnesota Historical Society, 1876), introduction by Lucille Kane, 379–81. Used with permission.*



The 1856-57 edition of the St. Paul City Directory carried this advertisement for Truman Smith as banker and owner of the Minnesota Marble Works. Courtesy of the Minnesota Historical Society.

the night news came of the failure of R. R. Swift Brothers & Johnson who still held my funds to pay my drafts” (II, 347).

Saturday, October 3, Smith could no longer pay in cash against demands and on October 5 he published this sober notice: “It is my painful duty to announce to my depositors that through the pressure of the money market and news received from the East, and the run on me yesterday, through a false report that I had closed my doors, has compelled me to suspend payment until I can collect or negotiate for some funds, and in making this announcement I will state that I have made no assignment and shall not, knowing, as I do, my entire responsibility to pay every dollar.”<sup>22</sup>

Smith’s anguish must have been intense. Writing to his father on December 17, 1857, he said:

I have passed through more trials Financially [sic] & Mentally in the Last 4 Months than in all my life before & at times I have been as real Discouraged as any poor Mortal could

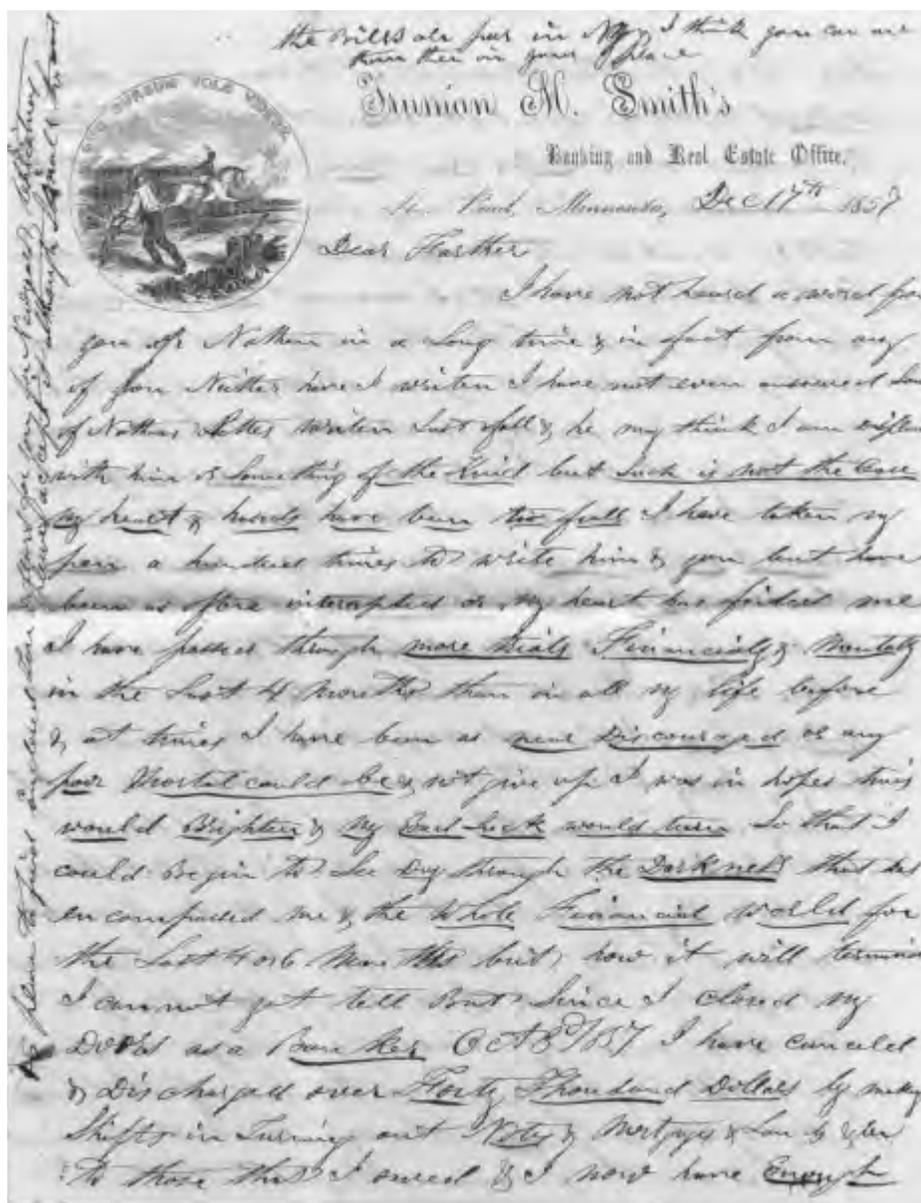
be & not give up[.] I was in hopes times would Brighten & my Bad luck would turn So that I could Begin to See Day through the Darkness that has encompassed me & the whole Financial world for the Last 4 or 6 months but how it will terminate I cannot yet tell (SL, 133).

### “I Need Every Cent”

Smith’s correspondence allows us to follow his financial and personal journey through this crisis. Alarmed by panic conditions in the East and advised by his cashier in St. Paul of dwindling reserves,

Smith had returned alone, “riding night and day,” from Danby in August, where he and Mary, with infant daughter Mary Frances, had been visiting since late June (SL, 133). In September 1857 he began to hedge anticipated demands against his cash position by mortgaging his house and marble works at Seventh and Robert in St. Paul and his stone house on the Bluff, along with other real estate.<sup>23</sup> As noted, false rumor and legitimate demands soon overtook these defensive measures.

For the small personal obligations he could not pay, he pleaded for time. For



A December 17, 1857 letter from Truman Smith to his father displays the handsome letterhead that identified Smith’s banking and real estate businesses. Letter copyright by David Ross. Reproduced by permission. Photo courtesy of the authors.



This 1857 certificate of deposit for Truman Smith's bank was one part of the paper records that private bankers used to record clients' deposits. Photo courtesy of the Minnesota Historical Society.

instance, he still owed a prestigious New York engraving firm for certificates of deposit as splendid in miniature as his banking offices. On October 10 he wrote: "You will see by the enclosed card that I have been obliged to suspend payment for the present. This, and the impossibility of procuring Eastern Exchange will prevent my settling your account at present but I will give it my early attention" (II, 357).

For larger business obligations, he attempted to meet demands by liquidating assets, including railroad bonds, negotiating mortgages, and trading real estate. As he reported to his father in the letter of December 17, 1857, between August and the October suspension he had paid out \$246,000. Thereafter, he said he had satisfied about \$40,000 worth of obligations before year's end. As pressure mounted for an infusion of capital, he approached firms in Chicago, New Jersey, New York, and Vermont. Swift Brothers & Johnson, the Chicago firm now closed, still held Smith's funds on deposit but refused to answer his letters demanding payment. By October 10, 1857, he wrote them: "If you knew how much disadvantage it has been to me in not Receiving my money you would make extra Exertion to help me. . . . But I need every cent and need it now" (II, 355).

The following month he floated a more imaginative idea with a Vermont contact. Like other St. Paul bankers, Smith was evidently looking for usable currency to fill the cash void opened when Eastern banks failed.<sup>24</sup> "What could the whole stock of Danby Bank be bought for & on what terms . . . if it can be had at a

Bargain there is parties here and in Vt that will take hold with me and Buy the whole thing . . . and use the whole Circulation here in St. Paul."<sup>25</sup> Failing which, the Bank perhaps could lend him between \$40,000 and \$100,000 "with good security" (by which he usually meant real estate), this money to be divided with other local banks in St. Paul (II, 383).

In January 1858 Smith went East for further help. The September mortgage on city lots, including his former residence, apparently had secured a line of credit for \$25,000 from the Farmers and Merchants Bank of Middletown, New Jersey. In Danby, on January 28, 1858, Seneca Smith negotiated a promissory note from Truman Smith, endorsing to the Farmers Bank (evidently the bank was willing to extend funds only if it could have recourse against Seneca Smith).<sup>26</sup> At the same time Smith probably obtained the Danby notes which he began to use in St. Paul no later than March 1858.<sup>27</sup>

New York City was another stop on his eastern trip where he consulted with the Bank of the Commonwealth, assuring the bank of his intention to resume operations. His route also included Chicago where he could have conferred with Swift Brothers regarding funds on deposit (II, 440-41, 450-51). In any case, on March 1, 1858, Smith did reopen his bank in hopes of satisfying outstanding claims and re-starting the commercial cycle. Of course, he thereby exposed himself to new risk and continuing liability.

It was a risk he believed in. Repeatedly Smith said that he thought he, and the local economy, could start up if people

would just leave him and it alone and let things happen over time.<sup>28</sup> But panic is not a time-released emotion. Smith's strategy required a sustainable diet of general good will and at least modest return on investment. Both were in short supply and so, at the beginning of June 1858, this second effort to resume and repair failed.<sup>29</sup> Writing to Seneca Smith on June 18, 1858, Smith admitted likely defeat: "I will say that times are awful hard here. . . . It is of no use & I cannot go any further until times change and how soon that will be God only knows. But I have hopes and shall fight till the Last" (II, 539).

As 1858 wore on, opulence in Smith's life turned into subsistence. In August he noted, still sturdy and resistant: "I have enough to support self and family after paying all debts. . . I mean to have a living while I Live if it is only a Poor one" (II, 550). In January 1859 he was barely operational: he reported that he served as his own office clerk and domestic help, "trying to save every cent to pay debts with." And he managed to pay his employees at the marble works although he was down to fifty-five cents, "all the money I had in the world" (II, 580, 581).<sup>30</sup>

### The Pound of Flesh

Smith's hope and resistance had conceded banking by the end of 1858 but not the big house on the bluff. The struggle to move into the house and remain there began almost as soon as he made the down payment in March 1857.

When the family moved is not clear.<sup>31</sup> Smith was unable to fund his wife Mary's return in the fall once his drafts were no longer honored. Mary and baby didn't arrive in St. Paul until December after a hard cross-country journey. He met her in LaCrosse, Wisconsin, and brought her home by private carriage and sleigh (II, 393).

Smith had mortgaged the house in September 1857 for \$6,500 to one John P. Thompson of Pennsylvania, perhaps to satisfy the original balance due of \$4,000 and to cash out additional equity. This mortgage came due in September 1858 and Smith renegotiated a payment schedule of monthly interest through September 1859 with a balloon payment due then and another a year later in 1860.



Truman Smith endorsed the back of this \$5.00 note from the Bank of Danby, Vermont, as part of his effort to stave off the closing of his bank in St. Paul. This photo is from R. Shawn Hewitt, *A History & Catalog of Minnesota Obsolete Notes & Scrip*, published by R. M. Smythe & Co., 2006. Used by permission. Photo courtesy of R. Shawn Hewitt.

He was unable to meet these schedules and Thompson, through a local agent, moved to sell the property under a power of sale included in the mortgage instrument, provoking a suit for injunctive relief in August 1860 which was granted temporarily. The parties then agreed to dismiss the action in November 1860.

For the purposes of this narrative, it is enough to note that the house on the bluff absorbed much Smith energy well into his transformation into an increasingly successful market gardener. Thompson finally obtained judgment in late 1861 and purchased the house in February 1862 despite ongoing negotiations for a rental agreement.<sup>32</sup> Still, the Smiths remained in possession. A climax was reached in April, when a U.S. marshal appeared on the premises demanding keys to the front door of the house. These were refused. Securing a second order and accompanied by a posse (Smith's word), the marshal returned, forced an entry, took the keys and installed a constable who occupied the premises for twenty-four hours until Smith's lawyers obtained an order for returning his keys (BP, 1122).

Homestead and dower rights grounded Smith's defense. Even before the excitement of posse and constable, Smith told one correspondent, one of his nursery suppliers, that the fight was not over, in spite of foreclosure and sale: "They calculated to come a snap game on me . . . but will find themselves Badly Sold. They have got the Pound of Flesh But not as much Blood as they expected, for the house belonged to my wife" (BP, 1122).

Already in 1860, in her suit for injunctive relief, Mary had argued that Smith lived

on the premises "by courtesy." She alleged an assignment, unrecorded apparently, surrendering Smith's interest in the property, in addition to surviving homestead rights and dower interest. This was the technical bind against Thompson which Smith hoped would stop the legal bleeding.<sup>33</sup>

Smith refers to a further suit by Mary which was argued in November 1863 (II, 820). Her plaintiff status suggests the same legal strategy. This case has not been found and its disposition remains moot: Mary died of tuberculosis on January 24, 1864, and the fight was over. Writing to his brother Nathan in March, Smith noted his need to vacate the premises by May (II, 830).<sup>34</sup>

### A Little Vain

Business culture does not value losers, but a culture which prizes risk-taking will always produce more losers than winners. Smith lost in the aggressive market culture of mid-century St. Paul. How did he withstand the personal implications of financial collapse in a culture equating failure in business with failure of personal character?<sup>35</sup>

For one thing, Smith was capable of a certain amount of detachment even while approaching the acme of his banking career. In the 1856 letter already cited, when he described a classic trajectory of success, he added this marginal postscript: "If my letter is some what [sic] curious you must excuse me if I am a little vain when you think what severe hardships & trials I have been through" (I, 122). Smith's ability to discern personal vanity suggests some psychological distance between his

sense of self and the booster and boom culture he enthusiastically exploited.

Self-distancing showed up again at the height of the financial crisis in late 1857 when Smith wrote to the unresponsive Chicago firm of Swift Brothers & Johnson. He adduced the Golden Rule as a sufficient reason for their honoring his appeal for partial payment of funds on deposit: "[I] know and appreciate you [sic] situation and all I ask is to have you candidly & frankly do by me as you would wish me to by you under similar circumstance" (II, 355). Merciful reciprocity sounds exotic as a valid element for governing business relations, yet Smith evidently believed that parties to transactions should transcend purely commercial values.<sup>36</sup>

Independence strongly marks Smith's stance toward business. Writing on December 8, 1856, he said: "I do my business in New York with The Bank of the Commonwealth of N Y City—but I have no connections or Partnership or company or individual But do business for myself on my own account and with my own capital" (II, 10). He evidently bridled at being confused with his personal backers or big institutions. The underscoring in the manuscript letter emphasizes a foundational characteristic: Smith is not the same thing as his business connections or the structure of his arrangements.

And so, as in his public notice of suspension, we find letters from the months of crisis in which Smith makes clear his intention to pay all his creditors dollar for dollar. He recites the volume of payment almost with the same sense of accomplishment as he formerly recorded the volume

R.C.H.S.

RAMSEY • COUNTY • HISTORICAL • SOCIETY

Published by the Ramsey County Historical Society  
323 Landmark Center  
75 West Fifth Street  
Saint Paul, Minnesota 55102

Address Service Requested

NON-PROFIT  
ORGANIZATION

U.S. Postage  
PAID  
St. Paul, MN  
Permit #3989



*An 1857 wood engraving from Ballou's Pictorial Drawing-Room Companion of the Fuller House and the Truman M. Smith Bank in St. Paul. Engraving courtesy of the Minnesota Historical Society. See Barry and Joan Miller Cotter's article on page 3.*