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## Banking in Orange County: Early Years

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# BANKING IN ORANGE COUNTY:

## Early Years

by Lynne Pierson Doti

BANKS PLAY AN essential role in any area that is starting to develop, as local businesses depend upon them to borrow funds for purchases of equipment and supplies. Thus, early banks contributed heavily to the growth of Orange County, where ranchers and developers came to borrow money for the development of the new county. At first, business men relied upon Los Angeles lending institutions to get their funds, but the growth of Orange County attracted banks, which made it easier for contractors to obtain loans for the expansion of trade.

Generally speaking, banking is a staid and conservative business, and bankers are highly respected people in their communities. The early banks and bankers of Orange County fitted into this pattern, even though there were occasional moments of excitement.

As Anaheim is the oldest city in the County, it is appropriate that the first incorporated bank was located there. Several officers of the Commercial National Bank of Los Angeles approached Anaheim business men to form a bank. Hiram Mabury, the principal stockholder of the Commercial National, was developing a chain of banks from Los Angeles to San Diego; and he expected local business men to participate in both the ownership and the management.<sup>1</sup> Local business men were interested, and the Bank of Anaheim was opened in 1876 with \$20,000 in capital.<sup>2</sup> By 1879, it had 154 deposit accounts and was lending funds at an interest rate of 18 per cent per year, a rate quite normal for California in that period.

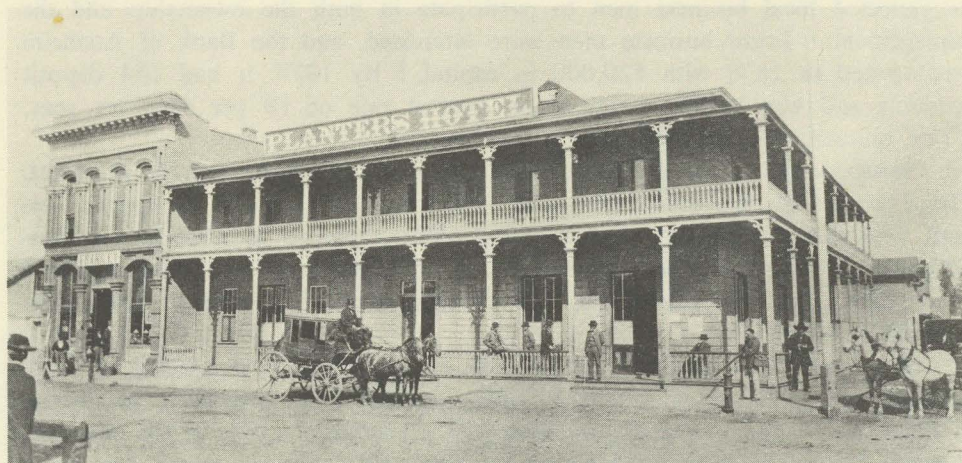
Serving as the first president of the Bank of Anaheim was S. H. Mott. The Commercial National Bank group hired the first cashier, Benjamin Seibert, who became also the key operating officer, reputed to have gained considerable experience in banking with Wells Fargo in San Diego. He remained in Anaheim until changes in the bank brought about his move to Santa Ana in 1882.<sup>3</sup>

That year, Plez James, a relative of Hiram Mabury, purchased most of the stock of the Bank of Anaheim, which put the bank control in the hands of James and Mabury. The change prompted a laudatory article in the *Anaheim Gazette*: "There is no other town in the State of California which can boast so strong a banking institution as we have here. It has always been one of the most solid banks on the coast, and the change of proprietorship adds to its strength — if such a thing is possible, and there is nothing to prevent its career from being onward and upward."<sup>4</sup>

To house the Bank of Anaheim, an ornamental two-story building was erected at 108 West Center Street (now Lincoln Blvd.) near Los Angeles Street (now Anaheim Blvd.).

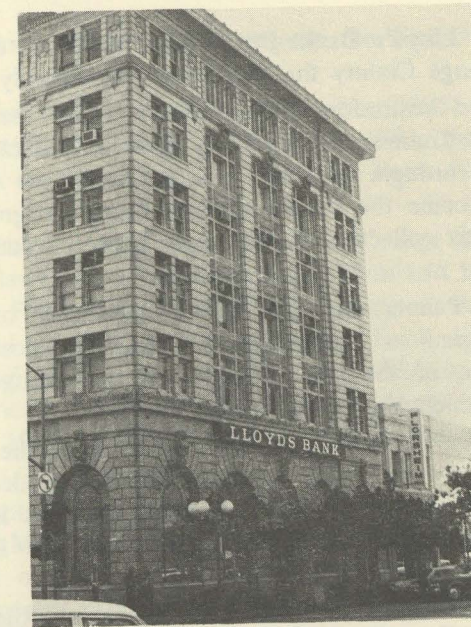
Benjamin Seibert, the cashier of the Bank of Anaheim, transferred to Santa Ana to open that city's first bank at the southeast corner of Fourth and Broadway, early in 1882. By August of that year the bank's deposits reached \$130,000. However, one unfortunate morning that month, the citizens of Santa Ana discovered that B. F. Seibert had disappeared, along with most of the liquid assets of the bank. The County's most illustrious banker had apparently become the County's first bank robber.<sup>5</sup>

Other banks soon opened in Santa Ana to replace the closed institution, by then in the hands of C. F. Mansur and C. W. Wilcox, receivers, The Commercial Bank of Santa Ana opened in 1882 with Daniel Halleday, a land developer, as president. The First National Bank of Santa Ana opened in 1886 in the building vacated by Seibert's bank, while waiting for their own elaborately ornate building at 116 West Fourth Street to be constructed. That building is now occupied by Davis Stationers. Though deemed attractive, this edifice was small, and the business quickly outgrew these quarters. Relocation was made into another newly constructed place on the northwest corner of Fourth and Main, the former site of the Santa Ana Hotel (which was moved). With the new location, the officials began to plan for a permanent home. The result was a six-story building on the southwest corner of Fourth and Main, finished in 1926 to house the First National Bank for nearly a century. It is now used



(Courtesy, Mother Colony Room, Anaheim Public Library)

First Bank Building in Orange County, Bank of Anaheim, here occupied by Frank Ey, next to Planters Hotel, northwest corner of Center and Los Angeles streets, Anaheim. The banking firm had moved across the street by this time.



(Photos, Courtesy Lynne Doti)

ABOVE—Formerly the First National Bank of Santa Ana, now used as a branch bank but the oldest building in Orange County in consecutive use as a bank. Located at the southeast corner of Fourth Street and Main, Santa Ana. Built in 1927. BELOW—Interior of Lloyd's Bank, nearly as it was in 1926 when it was built.

as a branch office of Lloyd's Bank. Beautifully preserved, this building is the oldest building in Orange County that has been continuously used as a bank.

Another long-lived institution was opened in 1886, the Bank of Orange. Noah Palmer of the Commercial National Bank of Santa Ana led in the organization of it. He brought the chief bookkeeper of the Commercial Bank, John R. Porter, to become the bank's cashier. Porter resigned his position in 1890 to become the tax collector for the newly formed county. Then in 1895, he returned to his post at the Bank of Orange.<sup>6</sup>

The active Noah Palmer was also on the first board of Directors of the Bank of Tustin, founded in 1887. But this business closed shortly before 1905. Palmer was one of the first directors of the Orange County Savings Bank of Santa Ana, which had 46 accounts in 1894.<sup>7</sup>

A national financial panic in 1893 severely affected the California Banking system. By the time the short, severe depression ended, California had experienced more bank failures than any other state except Kansas. The panic had come to California June 14, 1893, triggered by the Riverside Banking Company closing its doors.<sup>8</sup>

Bank closings were rapid after that. The Bank of Anaheim was closed on June 21, the only one of the Orange County banks thus affected which never reopened. The *Anaheim Gazette*, once so sure of the security of the bank, bitterly reported "an examination of the books disclosed that James and Mabury had systematically bled (the bank) of its financial resources to the extent that it had not assets with which to continue business, and no credit to borrow operating capital."<sup>9</sup>

Following the closure of the Bank of Anaheim, other banks had difficulty. The first Orange County bank to experience a run was the First National of Santa Ana. It closed early on June 2, 1893. In five minutes, a crowd of depositors seeking to withdraw funds was gathered at the Commercial Bank of Santa Ana. It promptly closed, as did the Bank of Orange. Orange County Savings Bank had a mild run; however, all of these banks quickly reopened.<sup>10</sup>

The quarters vacated by the Bank of Anaheim were soon assumed by a new bank, the Citizen's Bank of Anaheim, chartered in 1893 with Hippolyte Cahen as president. This institution became the First National Bank of Anaheim, after much of its stock was purchased by W. F. Botsford in 1902.<sup>11</sup> It was among the many Orange County banks acquired in the 1920s by the chain of banks assembled by A. P. Giannini, which was consolidated in the 1930s into the Bank of America.

In 1895, two banks opened in Orange County. The Exchange Bank of Santa Ana was formed by M. M. Crookshank and his sons who were involved in several County banks. This business was purchased in 1900 by the First National Bank of Santa Ana. The other bank that opened in 1895 was the

Fruit Growers Bank of Fullerton, to become the First National Bank of Fullerton in 1901.

No new banks started in the County after 1895 until 1902, when the Santa Ana Savings Bank opened its doors. In 1903, the Bank of Huntington Beach was started, becoming the First National Bank of Huntington Beach in 1905.<sup>12</sup>

A large number of banks were opened in Orange County in 1905 in anticipation of new laws which made starting a bank in California more difficult. Organizers of the First National Bank of Huntington Beach started a savings bank, but it closed in 1919. American Savings Bank opened in Anaheim becoming a branch of the Giannini chain in 1926. Also opening in Anaheim was the German-American Bank in 1905. A name change to Golden State Bank was necessary in 1918 because of public opinion about the War; but it, too, was absorbed into the Giannini chain in 1925.

Santa Ana got two new banks in 1905. They were Home Savings and the Farmers and Merchants National. The latter grew rapidly, acquiring the Commercial Bank of Santa Ana in 1910 and then consolidated much of the town's banking business in a 1919 merger with Santa Ana Savings Bank, Home Savings Bank, and the First National of Santa Ana. Commercial banking continued with the First National name, and Farmers and Merchants Savings were formed to handle savings accounts, as commercial and savings banks were required to be separate institutions under California law. The Farmers and Merchants first located at Fourth and Main, but moved shortly afterward to Fourth and Broadway.

The First National Bank of Orange was opened at the same time as its affiliated savings institution, Orange Savings Bank. First National merged with the Bank of Orange (which had become The National Bank of Orange) in 1927 and moved to a newly constructed building on the northeast intersection of Chapman and the Plaza. The First National Bank of Orange remained in the graceful building until replaced in the early 1970s by Wells Fargo. The lobby remains impressive with its high inlaid ceiling. It is the second oldest building continuously occupied as a bank in Orange County.<sup>13</sup>

Fullerton added two new financial institutions in 1905: Fullerton Savings Bank and Farmers and Merchants Bank of Fullerton.<sup>14</sup> C. C. Chapman was president of the latter and remained actively interested in banking throughout his life. He helped start the Bank of America of Los Angeles, providing that bank's first quarters. It was quickly acquired by Giannini and became a flagship in his chain. For many years, Chapman served on the Board of Directors of the Bank of Italy and on the advisory board for Fullerton Savings Bank and Farmers and Merchants Bank, after they, too, were acquired by Giannini interests in 1924 and 1925.

The State Bank of Newport opened in 1906 in the quarters of a short-lived unincorporated bank, owned by W. S. Collins. Lew H. Wallace was the first president and remained in that office after the nationalization of the bank as the First National Bank of Newport, 1912. Its early history was distinguished by a Keystone Cop type of robberies.

In January 1907, burglars with a modest shot of explosives nearly destroyed not only the vault of the bank but the adjoining building. Among the stolen items was a prized gold watch belonging to Wallace. It and other stolen goods were recovered, and the bank continued business with a new but sturdier vault.

In 1912 robbers again arrived with dynamite. The first "modest shot" succeeded only in awakening two of the town's bartenders, Billy Hall and Charley Greene. Hastily dressed and armed with shotguns, those two positioned themselves to survey the bank. A second and third "dose" of explosives were set off by the burglars, which opened the vault and nearly destroyed the building. Thinking he saw movement, Hall fired under the door. The robber returned the shots and a gun battle ensued. Most severely damaged was an innocent bystander, Bradley Kemble, a fisherman. Hall shot him ac-



(Courtesy, Lynne Doti)

Second oldest bank building in Orange County, formerly First National Bank, Orange.

cidentally, when Kemble ran past the bank and failed to identify himself. Kemble later sued the amateur law man and won \$350 in damages. One robber was wounded and took refuge for several days in a hunter's shack in the hills. During the confused efforts to stop them, the robbers stuffed \$2,600 in a horse's nosebag, hitched the horse to a buggy and rode quietly out of town. It is probable that the arriving sheriff passed them on his way to the scene of the crime. Except for the fact that the nosebag full of cash was accidentally left behind, the robbers made a clean getaway. Wallace discovered about \$500 missing from the vault, but he found his gold watch. The bank was irreparably damaged by the explosives.<sup>15</sup>

Only one other bank opened in Orange County before 1910. It was the Bank of Garden Grove in 1909. Brea got its first incorporated bank in 1912; La Habra's first was in 1914; Laguna and San Juan Capistrano had banks by 1925; Seal Beach and San Clemente had them before 1930.

The early bankers were usually successful business men who saw banking as another way of increasing their wealth by providing services to their communities. In the process of accomplishing these goals, they furnished the County with the means to grow and with a legacy of solid and attractive buildings in the downtown areas. The rapidly increasing number of large financial institutions now located in Orange County could not exist without those early banks.

#### Notes

<sup>1</sup> Leo J. Friis, *Historical Buildings of Pioneer Anaheim* (Santa Ana: Friis-Pioneer Press, 1979), p. 81

<sup>2</sup> Ira Cross, *Financing an Empire: History of Banking in California* (Chicago, San Francisco, Los Angeles, 1927) p. 427

<sup>3</sup> Friis, pp. 82-3

<sup>4</sup> Ibid.

<sup>5</sup> Gladys D. Alex, Jim Sleeper et al, *Santa Ana's 100 Years* (Santa Ana: Aladdin Litho and Art, 1969), p. 14

<sup>6</sup> Samuel J. Armour, *History of Orange County, 1911*, p. 207

<sup>7</sup> California State Board of Bank Commissioners, *Report, 1894*

<sup>8</sup> Cross, p. 623

<sup>9</sup> Friis, p. 83

<sup>10</sup> Cross, p. 623

<sup>11</sup> Friis, p. 83

<sup>12</sup> Cross, p. 677

<sup>13</sup> Cross, p. 736

<sup>14</sup> Ibid.

<sup>15</sup> H. L. Sherman, *A History of Newport Beach* (Newport Beach: The City of Newport Beach, 1931), p. 112