
Dishonest Bankers

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Some months since, one of the most scandalous bank failures known as the Kean failure occurred in Chicago.¹ One of the peculiarities about the wretched piece of business was the distinguished piety of Kean. He was a man of much prayer and great charities. He was one of the "sweet singers in Israel." Salvation was his theme on Sundays, and at social religious meetings, weekday evenings. He loved to dwell upon his "heavenly inheritance." On such occasions Brother Kean's soul "was on fire." He seemed to have electric communication with the "spirits of just men made perfect." He lived in full view of the "Promised Land." His ears were attuned to seraphic minstrelsy. He was, when not *banking*, on the summit of some sacred mountain, looking beyond Jordan's billows to the land of "milk and honey."

Brother Kean played his religious cards splendidly. He caught more gudgeons than fell to the share of other bankers. Money flowed to him in an ever-swelling tide, and as the cash came, brother Kean's piety took on a keener edge. He was *sharp*. He made religion pay. He speculated in *amens* and hallelujahs. He was not only a "pillar in the church" but was recognized as a power in the Sunday school, where the youth of Chicago are taught to be good. Brother Kean, as might be supposed, was deeply concerned in the welfare of youth. He would have them honest and virtuous — all of which helped Brother Kean in securing *deposits*.

¹ The failure of S.A. Kean & Co., a Chicago bank, occurred in December 1890, marked by piles of worthless securities and more than \$42,000 in unsecured "loans" to Kean and his wife. In all liabilities exceeded assets by more than \$800,000 at the time of the bank's closure. According to the contemporary press, Kean's bank opened each day with a prayer and featured checks imprinted with Biblical verses, which inspired confidence among pious depositors. Charges of banking fraud were brought against Kean in the wake of the collapse, for which he faced a fine and up to three years in prison.

In all of this, Brother Kean was shrewd, astute, wily. He feathered his nest. He got to himself a great name in Chicago, and then fizzled. The bank failed, the cash was gone, and with it went his piety — all of his professions and prayers came back to roost. Like ravens and owls, they took possession of the bank and amidst the wreck, ruin and desolation, they croaked and hooted, while experts were determining, as near as possible, just how much Brother Kean had got away with.

But we did not begin this article so much to write about Kean, as about the hot shot other Chicago bankers deemed it prudent to fire into him on the evening of January 3rd, 1891.

It seems that on the evening named, the Taxpayers' Association concluded to excoriate the "praying swindler," and a number of "private bankers" concluded to be present, and put themselves on record in money matters and this they did with considerable emphasis. As for instance, one man said that "any banker who carries his religion so far into his bank as Kean did is a dangerous man," the audience loudly applauded the sentiment, as they also applauded the assertion of Herman Felzenthal that "a banker who would not pay his depositors ought to be hung." The purpose of the meeting was to appoint a committee to "formulate a bill for the better regulation of banks and the protection of depositors." One speaker remarked, that "the secret of an honest bank is an honest banker. If they are honest their banks will always pay." A lawyer said, "I believe that private banking business should be forbidden unless the person doing the business should first obtain a license under strict regulations." Another man remarked, "If a man goes to prayer meeting every morning before he goes to his bank, he is a hypocrite. He missed his calling. He ought to have been a preacher. He hasn't got time to attend to the safety of other people's money. Now, I am in favor, when a banker fails to pay, to hang him. And when men fail to pay the banker, hang them. Seriously, I think the dishonesty of bankers is overrated. I do not call the men who hang a bank-sign out bankers. Of 68 banking firms in the directory today only ten are really bankers."

Another speaker said:

I have been reading a table of embezzlements in the United States, it occupies over two columns of a newspaper. The embezzlements for the year 1890 aggregated \$8,882,000. Nearly \$9 million, Mr. Chairman, embezzled by all kinds of people, including bankers. From 1878 to 1890, the amount embezzled in the

United States aggregated nearly \$63 million. One of the biggest sums was \$460,000, by a banker. A banker should be compelled to put up security with the state auditor to the extent of the capital invested. [*Applause.*] Each stockholder should be made individually liable for the entire debts of the banking company up to the last dollar he owns. You would then find fewer bank presidents fail. And I want to say that any man who, like. Kean, carries his religion so far into his bank as he did, is a dangerous man. If we punished dishonest bankers here as they do in Germany, it would be a long time until a bank failed in Chicago. [*Applause.*] The criminal lawyers would have had several jobs recently. The English and Scotch laws are better than ours. I read the other day that the Glasgow bank, which failed by the dishonesty of its officials, had been wound up by the payment of every dollar due the depositors. How different in the Kean bank case. Instead of the bank owing the depositors, the investigation tended to show that the depositors owed the bank.

Another speaker referred to "the postal savings bank system of Canada, by which depositors obtained 3-1/2 percent interest and their deposits guaranteed by the government. It was a matter of record that the government had not lost a cent for a period of ten years. Here in Chicago there were over 60 private banks doing business, and yet Mr. Mayer had declared there were not over ten bonafide private bankers in the city."

All of this talk was brought about by the failure of Kean's bank — all the more aggravating because Kean was an arrant hypocrite. But the question arises, are not all bankers who obtain the money of unsuspecting depositors, hypocrites?

It is not important, however, to discuss such questions. Honest bankers always pay depositors. Dishonest bankers do not. They are thieves and swindlers of the worst possible type, and when religion, or more properly the profession of religion, is used as a cloak of scoundrelism, as in Kean's case, the crime merits double punishment, and here comes into prominence the fact that such colossal scoundrels in a great majority of cases go free, while comparatively smaller criminals go to prison. Such things bring law, lawmakers, and courts into deserved contempt. The great mass of the people are made to conclude, that back of the law, the lawmakers, and the law's administrators, are corrupt forces, and the allegations are true to such an alarming extent that the courts are often regarded as helps to crime and rascality when sufficiently gold-plated.