FERDINAND WARD Shows
Wherein the Firm of Grant &
Ward Was Not Responsible, and How
the Illness of One Man Vitally Affected
the Double Disaster

The following is the third installment of the story of
the failure of Grant & Ward and the Marine Bank
front, written for the HERALD by Ferdinand Ward.

The general impression prevails, and for years,
that the failure of the firm of Grant & Ward brought
about the failure of the Marine National Bank, and
compelled it to close its doors on May 4, 1894. Whereas indirectly
this may have been true to a certain extent, still, had
the Marine Bank been able to care for itself, the house of
Grant & Ward would have done likewise and the
failure been averted. It is my belief that had Grant
& Ward had no connection whatever with the Marine
Bank that stagnation would have failed anyway, al-
though it might have been averted for some time.

As a proof of my contention in this respect I wish
first to draw the attention of the reader to the fact
that Grant & Ward carried a balance in the Marine
National Bank for in excess of any other depositor,
their average balance being in the neighborhood of
$200,000, and many times, when the bank became
deptor to the Clearing House from excessive loans
made by the directors and president the firm of Grant
& Ward was asked and did decrease its balance, and I
went so far as to borrow money in the street to carry
our stocks, paying therefor the ruling rates rather than
deposit the balance in the bank.

I would often ask General Grant to do what he could to
increase our balance, which he would do willingly,
and the records will show that at times we had
$200,000 to $400,000 on deposit in the bank, and at the
same time were borrowing millions on stocks else-
where. This, of course, was not sound business, but
circumstances were such as to warrant it.

The bank had the city and the Erie Railroad as de-
positors, whose balances varied from time to time,
and whose drafts were necessarily at times so large
that it devolved upon us to help out when these
drafts the bank became a heavy debtor at the Clear-
ing House.

It will be remembered that Nelson Tappan, City
Chamberlain of New York city; B. W. Spence, treas-
urer of the Erie Railroad, and myself were directors
of the bank, as later was also U. S. Grant, Jr. We
constituted the younger element of the Board and
worked together in connection with J. D. Fish, its
president, to advance the bank's business and to keep
it up standing.

Mr. Tappan had the placing of the city's money in
the banks of New York, and, naturally, favored the
Marine, and at times had a balance there of $1,500,000,
even when the city's working bank, the Importers
and Dealers, would have much less.

Mr. Tappan was interested in speculation with the
firm of Grant & Ward, and often when I wanted
money in our business and it was difficult to get it in
the street, Mr. Tappan would make an additional
deposit in the Marine Bank of city money for the
express purpose of accommodating us, so that we
could borrow from the bank. The City Chamberlain
was not allowed to lend to brokers, but by depositing
the city's money in banks could in a roundabout way
help the broker to procure loans. In this way Mr.
Tappan, not only helped to increase the interest ac-
count of the bank, but being interested with our firm
in stocks we gave him the advantage of any informa-
tion we might possess as to probable fluctuations in
the market.

This also was the case with Mr. Spencer, treasurer
of the Erie Railroad. He, too, kept a large balance
in the Marine Bank, and, though much of his busi-
ness consisted of out of town checks, still his balance
was large and often an important factor.

Thus it was that we three, in connection with Mr.
Fish, worked together to give the bank a good stand-
ing, and in this U. S. Grant, Jr., also did what he
could, and although the capital of the bank was
smaller than many, being only $400,000, and the
deposits about $4,000,000, still for its size it did a busi-
ness equal to many others of larger capital.

Helping the Bank.

It was the custom of Mr. Tappan and myself to con-
duct and act together in the bank. If the city, through
Mr. Tappan, was compelled to draw heavily on its bal-
ance I would try to increase our balances, so that the
deposit account of the bank might not be depleted and
the earning power might be kept intact.

Again at times we all became large borrowers.
Mr. Tappan on his personal account, Mr. Spencer on
account of the Erie Railroad and myself on account
of the transactions of the house of Grant & Ward.
I never remember the time, however, when we paid
less than six per cent per annum on loans. Often we
paid in excess of that rate.

The remaining members of the Board were men
much older than ourselves and of longer business ex-
perience, and no loans were ever made by the presi-
dent that were not submitted to the full Board at
its meetings held on Tuesday and Friday of each
week. I say this, as at the time of our failure it
was the aim of some of the directors to claw out of
the responsibility by saying they did not know of
such loans being made. This was not a fact, for,
though Mr. Tappan and myself became quite a factor
in the bank management, we never did a thing nor sug-
gested a loan that was not submitted to the full board.

Thus it will be seen that rather than the bank
holding Grant & Ward that firm, through General
JAMES
D. FISH
at the Time of the Marine Bank Failure

Grant, U. S. Grant, Jr., and myself, was doing much to increase the business of the bank. Had it not been for us and for Mr. Tappan and Mr. Spencer I fear the bank would have died of dry rot, for there was a dearth of active, pushing business men in its directorate aside from us.

I have gone thus at length in this matter to show how erroneous is the general idea that the firm of Grant & Ward deliberately undertook to wreck the Marine Bank, and I assert here boldly and with sincere truth that had any man told me a week before the Marine Bank closed its doors that the failure was imminent I would have regarded the assertion as ridiculous. Up to the time of its failure our balance in the Marine Bank was very large, averaging $100,000, and, though we were heavy borrowers at times, it was due to Mr. Tappan's deposits which he made for this purpose. I have many letters from Mr. Fish and Mr. Tappan bearing on this matter, which will show that it was not Grant & Ward alone who should bear the responsibility of the failure of the bank.

I have, therefore, often been asked what was the direct cause of the failure of the Marine Bank, and to this I frankly answer it was largely due to the fact that Mr. Tappan became ill and was confined to his house, and though he held the reins in his hands for some time and worked through his secretary from his home still the day came when his illness became so serious that the business of the office had to be turned over to others, and as soon as this became the case drafts were made on the Marine Bank to such an extent, and with such rapidity, that try as I might I could not help enough to avert the disaster.

Wall street was shaky and money was hard to get. The Marine Bank had large loans on securities on which it was impossible to realize quickly, and as the city was so persistent in its drafts it was more than the bank could stand.

General Grant, through his loan from William H. Vanderbilt of $150,000; Mr. Spencer, through his road, and our firm, through every channel available, endeavored to stem the tide with the hope that every day the city would let up or that Mr. Tappan would so far recover as to take up the reins of business and help us out.

The city's balance of $1,500,000 dwindled in a few days to less than $500,000. I was compelled not only to bolster up our account but had to manage my own business, involving millions in loans in other institutions, and, therefore, it is not surprising that a man of my years, then but little over thirty, should break down under the strain.

The Fatal Day.

May 4, 1884, was the saddest day of my life, for it brought to me the death of my dearest hope, which was to see the firm of Grant & Ward become one of the greatest financial institutions of the age. I have now in my possession a correspondence, which has never yet met the public eye, that will uphold me in my assertion that rather than being a wrecker of the Marine Bank I did everything in my power by my own exertions and through others to avert that disaster.

Whatever may have been my business relations elsewhere it cannot be laid to my charge that I was

(continued on page ten.)
alone responsible for the failure of the Marine Bank. Although I had loans in that bank backed by securities that were not a quickly available asset and could not be used on a sudden emergency, yet when we come to look back and remember that the Marine Bank eventually paid some eighty cents on the dollar—a thing almost unprecedented in the history of bank failures—it will be seen that I was not so guilty as the public believed.

The fact is that in one instance the amount realized on a security deposited by the firm of Grant & Ward as collateral for a loan netted the Marine Bank so large a sum that it became a factor in the ultimate assets of the bank, and, as I have before said, if we could have checked the drafts of the city in even a moderate degree and if the Marine Bank could have held up its head for a few weeks longer, that disastrous failure as well as the failure of Grant & Ward would have been averted.

Thus it is shown how slight a matter as the temporary illness of one man will affect the history and future of a firm so well established as was ours.

Therefore, whatever might have been my indiscretion in the management of the affairs of the firm of Grant & Ward, I was not wholly responsible for the failure of the bank. I had the sole management of a business involving some $80,000,000, and had I been left unhampered I would have made it a great success, but besides this heavy responsibility I was burdened, with others, with the care of a bank the conduct and management of which should have been borne by its president and directors.

I have borne my burden as bravely, as I could, trusting that time will lessen the stigma that has rested on me all these years in relation to this failure.

My greatest regret has been that it pleased the Divine Power to take away General U. S. Grant, for I feel that had he lived I could have convinced him that too much was expected of me in those days for one so young and inexperienced, and that I did what I did with a sincere belief that it would lead us to victory.

I know that many of my enemies will ridicule
this statement, but I am ready and willing to meet any one of them with my evidence, and feel confident that facts, figures and correspondence, which do not lie, will soon convince them that, though I bore the brunt of that failure and the punishment, the severity of such punishment was far beyond what I deserved when the responsibility and burden I bore are taken in consideration.

General Grant was a man fair in every respect and one who would stand by a friend, which fact was shown during his administration as President, and how happy would I be could I but have talked it all over with him before his death!

Did I Profit by the Failure?

It is a prevailing impression and belief that the failure of Grant & Ward brought the financial ruin of General Grant and necessitated his writing his book as a means of livelihood, and that I appropriated and concealed millions of dollars that belonged to others and thus precipitated the crash of the firm.

As to the fact that General Grant was ruined by this failure, I have already given expression of the truth and denial of this fact, so will say no more than that at the time of the failure General Grant was enjoying the substantial income of $12,500 a year, derived as interest at five per cent on $250,000 given to him by friends and invested in trust for his benefit, which fund was never touched, nor could it be by me, but was kept by certain trustees for General Grant's benefit, the income of which was paid to him annually during his life, and afterward, I believe, to his family. Although a comparison of this income to many of the present date shows it to be moderate, still how many of my readers would be made happy and content today with an income of $12,500 for life safely secured.

As to the impression that I had concealed large sums to be enjoyed later by me, I feel that time has done much to dispel this impression. Had the receiver of the firm of Grant & Ward so chosen I feel confident that this impression would have been destroyed years ago, for, though, like the rest of the firm, I lived in comparative luxury and spent money on personal pleasure, still I am willing today to compare such expenditures with any of the rest, as I feel sure the result, will prove that the money was in my case well and profitably spent and resulted in a large return to my creditors.

As to my having concealed assets or money with the express purpose of defrauding others and assuring to myself a future of wealth and ease, the fact is far from true, and I defy any man the receiver included, to charge me with having concealed assets in any amount.

Had I chosen so to do I could have concealed
assets and money to the amount of millions without the slightest effort. A few days before the failure of Grant & Ward I had in my possession $500,000 in United States government four per cent bonds, negotiable at any bank, and less than a week before the failure I had in my possession some $2,000,000 of New York city revenue bonds, also negotiable at par, and on which I could have borrowed $2,000,000 and more in cash without the slightest trouble.

This fact not only goes to show that it was far from my intention to wreck either the firm or the Marine Bank, but it also shows I had no idea that the firm or the bank would fail, but felt confident that we would weather the storm.

What money I spent after the failure was largely derived from the sale of certain jewels I possessed, as well as the sacrifice of my life insurance policies, which amounted to $50,000, and on which I received a large amount for surrender. I also received help from my friends and family, in one case receiving $5,000 and in another $3,000. The expenses of my trial and confinement prior thereto were great, but every dollar of it came as I have stated, and not one cent did I take from the firm of Grant & Ward for that purpose.

It always has been a source of great comfort to me, to feel that I am guiltless of this accusation, for rather than to deplete the assets of Grant & Ward it was ever my aim to increase them, and every dollar I possessed in person or real property I gladly and openly turned over to my assignees and to the receiver of Grant & Ward.

I am to-day a comparatively poor man, but, hard as it is to fight the battle of life, I am happy in the thought that those millions went elsewhere rather than to increase my wealth at the expense of others.

Present Circumstances.

There is not a man living, to my knowledge, who was connected with me in business who is to-day in poorer financial circumstances than I, and not one who since that failure has had as little as I to spend on personal comfort and necessities.

I beg to inform the shareholders who derived from the investments in that firm, but I frankly assert that had certain men come forward and reimbursed the firm with moneys they had taken unlawfully from it the receiver would have been enabled to pay a generous dividend on all liabilities.

I am glad I am poor, if only from the feeling of satisfaction it gives that I know I was strong enough not to be tempted to enrich myself at the expense of others.

Whatever I spent during the years between 1880 and 1884 was derived from investments entered into by me, such as the Evening Star Mine, the Wyandotte Water Works and certain personal ventures in real estate and stocks. This I am and ever have been prepared to prove. I believe General Grant felt this to be the fact and knew that, no matter what mistakes I had made, I did not rob the firm, but rather that I did
everything in my power to save it from downfall. He was a just man, and no matter how he might have suffered, I believe he was fair in his judgments of me and realized what a burden I had carried along for those years.

Up to almost the last hour previous to our safety General Grant and I enjoyed that social intercourse that marked our acquaintance, and not for one moment did he indicate by word or act any lessening of interest in me or in the interests I had in charge. Not only by day at our office was this the case, but the a few evenings previous to the failure I enjoyed a visit at his house, when, as often before, we discussed topics of the day in that free and hearty manner that exists among friends. He knew I was ever anxious to listen, and I feel that the realization of this last and the confidence he had in my friendship prompted him to talk more freely with me than with many others.

It was while we were resting in blissful ignorance of the disaster so immediately impending that General Grant outlined to me ideas held by him on matters that were then of national importance, as, indeed, they are at the present time.

Grover Cleveland had recently been elected Governor of New York by an overwhelming majority and was the presumptive candidate of his party for the Presidency. It was natural, then, that General Grant should devote much thought to the subjects that were likely to determine the national campaign which was then opening.

In his conversation with me General Grant advocated a larger rather than a decreased national debt. Another subject that was of great interest to him was the possibility, and indeed the advisability, of a change in the form of government of Great Britain from a limited monarchy to a republic. The equilibration of taxes in England, a subject that is now of first importance abroad, had been made a special study by General Grant, and concerning that he frequently spoke thoughtfully to me.

As I will undertake to show, General Grant's patriotism was always foremost, and the thing he advocated was the thing that he believed to be the best for the country in which he gloried.

(To Be Continued Next Sunday.)