

**“All the Other Devils this Side of Hades”:
Black Banks and the Mississippi Banking Law of 1914**

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Whites’ suspicions of Negro plots and machinations swarmed like locusts around Minnie Geddings Cox when she stepped off the train in Indianola, Mississippi, in February 1904. Cox had been the African American postmistress of the town until threats against her life forced her to escape from Indianola shortly after New Year’s Day in 1903.¹ After a year exiled in Birmingham, Alabama, she felt it safe to return home. She may have wondered that she miscalculated her timing given the orgy of bloodletting that greeted her return. One dead white man. Six dead Negroes in retaliation: three women and three men. Only a day or so before Cox arrived home, a crowd of about one thousand men, women, and children looked on as its members beat, tortured, and then burned to death sharecropper Luther Holbert and his common

A note on racial identifiers: I prefer to capitalize Black as a proper noun when used as a racial descriptor to acknowledge the social construction of racial identity and African-descended people’s struggle for acceptance and recognition as citizens. I prefer not to capitalize white, not because it is not socially constructed, but because it has historically been a signifier of social domination and privilege beyond its role in indicating racial or ethnic origin. I use African American and Black interchangeably, depending on the syntax. I do not hyphenate African American, even when used as a compound adjective. I sometimes use Negro and colored when describing race in early twentieth-century contexts.

¹ In 1902, a recent economic depression, an aggressive parlay by the Republican Party, and a hotly contested governor’s race heightened racial tensions that placed Cox in the crosshairs of locals who suddenly resented their black postmistress, despite her more than eight years of valued service. In December 1902, Cox tendered her resignation, but President Theodore Roosevelt refused to accept it. Threats and provocations against her life only increased. Though some in Roosevelt’s cabinet and others in Congress counseled sending troops to Indianola or, at the very least, prosecuting those who threatened Cox’s life, he chose instead to close the Indianola post office on January 2, 1903. On January 4, Cox and her family left Indianola after learning about a planned lynch mob the night before. Newspapers referred to the event as the “Indianola Affair.” The Indianola Affair intensified national debates about race, states’ rights, and federal power. Shennette Garrett-Scott, “Minnie Geddings Cox and the Indianola Affair, 1902-1904,” *Mississippi History Now*, <http://www.mshistorynow.mdah.ms.gov/articles/421/minnie-geddings-cox-and-the-indianola-affair>.

Conventional treatments of the Indianola Affair, however, fail to consider Minnie Cox in any detail. They focus instead on James K. Vardaman’s election under Mississippi’s new direct primary system in 1902, the limitations of two-party politics in the early twentieth-century South, or debates about how “progressive” Roosevelt was on the question of race. See, for example, George E. Mowry, “The South and the Progressive Lily White Party of 1912,” *Journal of Southern History* 6, No. 2 (May, 1940): 237-247; Vincent P. De Santis, “The Republican Party and the Southern Negro, 1877-1897,” *Journal of Negro History* 45, No. 2 (April, 1960): 88-102; Seth M. Scheiner, “President Theodore Roosevelt and the Negro, 1901-1908,” *The Journal of Negro History* 47, No. 3 (July, 1962): 169-182; and Willard B. Gatewood, “Theodore Roosevelt and the Indianola Affair,” *Journal of Negro History* 53, No. 1 (January, 1968): 48-69.

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law wife Mary in nearby Doddsville. A lynch mob led by Indianola lawyer and future district attorney Woods Eastland chased the desperate couple across four counties in as many days before the mob caught them hiding on a plantation in LeFlore County. Some papers set the mob’s numbers at 500 men strong. The mob shot and wounded two women, killed two women, and killed two men it mistook for Holbert. Many white Sunflower County residents suspected that a number of African Americans had aided the couple, which explained how Holbert and Mary had been able to evade Eastland’s lynch mob for so long.²

Minnie Geddings Cox—an educated, property-owning, middle-class African American woman—was spared Mary’s brutal fate; Cox survived her ordeal with angry white Indianolans. Survival, however, can be a relative term. For nearly two years, she found herself equally vulnerable to the terrifying atmosphere of extralegal racial sexual violence and intimidation designed to keep African Americans in their place in the early twentieth-century Mississippi Delta. Cox’s ordeal made clear that well-to-do African Americans who believed they were insulated from extralegal violence and white capping did so at their own peril: material success was no shield. The Coxes’ education, wealth, and social standing had not insulated them from the

² Luther Holbert allegedly murdered Sunflower County plantation owner James Eastland, Woods’ brother, and fellow sharecropper John (or Albert) Carr. Scores of stories in other newspapers tell some version of the lynching reported in these reprinted new stories. On hunt, see “Lynching in Store for Negro Who Killed Plantation Owner, If Captured,” *Morning Herald* [Lexington, Ky.], February 4, 1904, 8; “One Negro Hanged. And Posse of 500 in Hot Pursuit of Another,” *Biloxi Daily Herald*, February 5, 1904, 1; and “Murdered [sic] at Bay. Negro Man and Woman Surrounded in Swamp. Pos[s]es Form [sic] Four Counties Guarding Them,” *Idaho Daily Statesman*, February 7, 1904, 12. On lynching and whites’ suspicions, see John Gordon Cashman, “Both Lynched: Holberts, Man and Woman, Captured Near Itta Bena,” *Vicksburg Evening Post*, February 8, 1904, 187; John Gordon Cashman, “Most Horrible Deaths of the Burning at the Stake of the Holberts,” *Vicksburg Evening Post*, February 13, 1904, 187-188; and “Editor J. A. Richardson Talks about Indianola Post Office and Doddsville Burning,” *Vicksburg Evening Post*, February 13, 1904, 188-189, all reprinted in *Lynching in America: A History in Documents*, edited by Christopher Waldrep (New York: New York University Press, 2006). For contextualization of the lynching with regard to African American political autonomy in the Mississippi Delta, see J. Todd Moya, *Let the People Decide: Black Freedom and White Resistance Movements in Sunflower County, Mississippi, 1945-1986* (Chapel Hill: University of North Carolina Press, 2004), 4-18.

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threat of lynching, which claimed the lives of Holbert, Mary, and hundreds of other black men and women who threatened the system of Jim Crow. It did, to be sure, shape their responses to and their options within that system.

Cox hardly returned to the good graces of the white community in Indianola (see Image 1). As whites speculated about the ways African Americans had conspired to aid and protect Holbert and Mary, they should have considered the ambitious plots of Cox, her husband Wayne, and several other prominent African Americans in the Delta and throughout Mississippi. In October 1903, only a few months after the Coxes returned to Indianola, Governor James K. Vardaman signed Minnie and Wayne Cox’s charter for the Delta Penny Savings Bank, the third African American-owned bank in Mississippi.³



Image 1. Minnie Cox, ca. 1900. Source: Philip Rubio, *There’s Always Work at the Post Office: African American Postal Workers and the Fight for Jobs, Justice, and Equality* (2010), p. 24.

The irony was certainly not lost on the Coxes. After all, Vardaman had been instrumental in fanning the flames of white resentment against the African American postmistress. During his

³ “Charter of Incorporation of the Delta Penny Savings Bank,” dated October 29, 1904, filed November 8, 1904, Deed Record Book T2, Page 142, Sunflower County Chancery Clerk’s Office, Indianola, Mississippi. Also see Howard University Commercial College, “Statement Showing the Condition of Delta Penny Savings Bank, Indianola, Miss.,” in *Commercial College Studies of Negroes in Business, Volume 1: Negro Banks* (Washington, D.C.: Howard University Press, 1914), 32; and “Delta Penny Savings Bank,” *Washington Bee*, June 12, 1915, 6.

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1902 campaign for governor, Vardaman singled out Cox as a particular threat. He shook thousands of hands, visited dozens of Mississippi towns, and penned scores of editorials heralding “negro domination” as a threat to white civilization and democracy. He pointedly attacked “the negro wench” postmistress, and he chided whites who accepted their mail “from the paws of a Negress.”⁴ In another bitter irony, only a few weeks before Vardaman signed the charter, Woods Eastland walked out of the Indianola courtroom a free man. Not only had the jury exonerated him for his role in the deaths of Holbert, Mary, and the four other African American men and women killed during his manhunt, an enthusiastic crowd carried him out of the courthouse buoyed by a chorus of cheers and celebration.⁵

The Delta Penny Savings Bank opened its doors in January 1905. Had it not been for the Indianola Affair, the Coxes may not ever have considered organizing a bank. Some years after opening the bank, Wayne Cox described the Delta Penny and other Black-owned banks and businesses in the state as “monuments of protests to the injustices inflicted upon him and his wife” during the Indianola Affair.⁶ In the span of about six years, those monuments grew to include twelve African American-owned banks in the state, more than any other state.⁷ Dr.

⁴ Untitled news clipping transcribed in M[erah] S. Stuart, *An Economic Detour: A History of Insurance in the Lives of American Negroes* (New York: Wendell Malliett and Co., 1940), 278.

⁵ Eastland had been taken into custody on September 10, 1904. In Eastland’s trial on September 21, then-Senator and former governor Anselm McLaurin called for all charges against Eastland to be dropped. The district attorney acquitted Eastland due to lack of evidence. Kerry Segrave, *Lynchings of Women in the United States: The Recorded Cases, 1851-1946* (Jefferson, N.C.: McFarland and Company, 2010), 109.

⁶ Stuart, *An Economic Detour*, 302.

⁷ By 1911, Virginia had eleven banks. On banks in Mississippi, see “W. W. Cox,” *Beacon Lights of the Race*, edited by Green Polonius Hamilton (Memphis: F. H. Clarke and Brothers, 1911), 215-225, edited by G. P. Hamilton (Memphis: F. H. Clarke and Brothers, 1911), here 219; Stuart, *An Economic Detour*, 277; Neil R. McMillen, *Dark Journey: Black Mississippians in the Age of Jim Crow* (Urbana: University of Illinois Press, 1989), 184; Arthur James, Jimmie James Jr., and Robert E. James, *The Mississippi Black Bankers and Their Institutions* (n.p.: Arthur James, Jimmie James Jr., and Robert E. James, 1996), 8; Table “Black Banks in the United States by State, 1912,” in *Encyclopedia of African American Business*, edited by Jessie Carney Smith and Millicent Lownes Jackson (Westport,

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Edward W. Lampton of Greenville spoke boldly about the flowering of Black finance and enterprise in Mississippi. Lampton, an African Methodist Episcopal minister, Grand Master of the Prince Hall Masons in Mississippi, and cofounder of the Union Guaranty Insurance Company, invoked Minnie Geddings Cox’s ordeal when he declared in 1905, “Governor Vardaman and all the other devils this side of Hades cannot stay *this* kind of prosperity.”⁸

The kind of prosperity that Lampton described represented enterprising early twentieth-century African Americans’ core mission of economic development and job creation as not only a response but also a bulwark against Jim Crow, within the period historian Juliet E. K. Walker marks as the Golden Age of Black Business.⁹ Banks represented a practical riposte to efforts to block African American progress through strict segregation, denial of education, and economic repression. In one of its most radical roles, Black banks in Mississippi served as a source of much-needed credit for economically vulnerable African American communities, especially cash-strapped farmers: those who owned their own land as well as tenant farmers and sharecroppers. Financial institutions controlled by African Americans complicate notions of accommodation and protest that still hold sway in characterizations of Black political thought in the early twentieth century.

Conn.: Greenwood Press, 2006), 47; and Charles Banks, *Negro Banks of Mississippi* (Cheyney, Pa.: Committee of Twelve for the Advancement of the Interests of the Negro Race, 1909), 9.

⁸ Quote reprinted in W. E. B. Du Bois, *Economic Co-operation among Negro Americans...* (Atlanta: Atlanta University, 1907), 111, emphasis added. On Lampton, see *Centennial Encyclopaedia of the African Methodist Episcopal Church...*, edited by Richard R. Wright (Philadelphia: Book Concern of the AME Church, 1916); William H. Grimshaw, *Official History of Freemasonry among the Colored People in North America* (New York: Macoy Publishing, 1903; reprint, Kila, Mont.: Kessinger Publishing, 2010), 283; *Beacon Lights of the Race*, 45; “Building Brick Structures. Colored Men of Mississippi Capital ‘Saying Nothing and Sawing Wood,’” *New York Age*, March 30, 1911, in Reel 1, *Tuskegee Institute News Clippings File, 1899-1966* (Sanford, N.C.: Microfilming Corporation of America, 1976), hereafter microfilm *Tuskegee Clippings File*.

⁹ Juliet E. K. Walker, *The History of Black Business in America: Capitalism, Race, and Entrepreneurship* (New York: Twayne Publishers, 1998), 182-224.

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African Americans’ struggles for economic autonomy and power within the realms of banking and finance reveal a far more complex approach to citizenship and activism. Enterprising African Americans’ strategies expressed a broad spectrum of responses and motivations: from the purely profit driven to civic-focused institution building and community development to outright demands for political and social equity. In practice, they reflected more of a “both/and” rather than an “either/or” orientation to political activism and to issues of social equity. The Coxes and other enterprising men and women in the state did not consider personal ambition and profit as mutually exclusive from communal empowerment and uplift but essential to accomplishing both. To be sure, their economic self-interest and desire to consolidate political power reveal that they sometimes privileged the personal over the communal. These “Negro Captains of Finance,” however, broadened the spectrum of economic and political possibilities available to African Americans in the early twentieth-century South.¹⁰

While law, demeaning social etiquette, and extralegal state and private violence had proved effective in confining most Afro-Mississippians’ in segregated enclaves and limiting their economic fortunes, in some ways it also reinforced Blacks’ commitments to self-determination. Enterprising Afro-Mississippians did not merely concede ground to white supremacists. They embraced a vision of Black self-determination that linked community building with the kind of

¹⁰ For assessments of the political ideologies in the period, see August Meier, *Negro Thought in America, 1880-1915: Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: University of Michigan Press, 1963); Kevin K. Gaines, *Uplifting the Race: African American Leadership, Politics, and Culture in the Twentieth Century* (Chapel Hill: University of North Carolina Press, 1996); Jacqueline M. Moore, *Booker T. Washington, W.E.B. Du Bois, and the Struggle for Racial Uplift* (Wilmington, Del.: SR Books, 2003); and W. Fitzhugh Brundage, *Booker T. Washington and Black Progress: Up From Slavery 100 Years Later* (Gainesville: University Press of Florida, 2003).

Black women’s history has been at the forefront of challenging the polarities of accommodation and protest in implicit and explicit ways, particularly in its dismantling of the false dichotomies of public and private. For one explicit challenge that informs my “both/and” commentary, see Elsa Barkley Brown, “‘What Has Happened Here’: The Politics of Difference in Women’s History and Feminist Politics,” *Feminist Studies* 18, No. 2 (Summer, 1992): 295-312. I appreciate my colleague Jenifer Barclay for first pointing out this article to me.

economic prosperity that Lampton extolled as a force so dynamic and inexorable that no amount of machinations by white bigots could wend its flow.¹¹

Lampton, however, underestimated the power of a new tool in the arsenal of white supremacists: the Mississippi Banking Law of 1914. The political, economic, and social implications of the proliferation of Black banks had not been lost on Mississippi’s white business-civic elite. Their anxieties melded in a peculiar alchemy of progressive zeal and white supremacy that professed the idealistic goal of protecting citizens from unscrupulous individuals and exploitative business practices but had the practical effect of destroying symbols of Black economic and social progress. Politicians and bureaucrats aligned competing motives and constituencies to grapple with a wave of bank failures across the state in the early 1910s. They bent crass supremacist ideology to the more palatable rhetoric of progressive reform. The context that drove the opening of Black banks as “monuments of protest” during the first decade of the twentieth century also made the Mississippi Banking Law of 1914 a powerful tool to strike blows against Black-owned financial institutions, particularly banks and insurance companies; Mississippi’s Lily Black Republican Party, which controlled political patronage in the state; and the economic autonomy of Afro-Mississippians, especially farmers, who depended on Black-owned financial institutions banks for credit, mortgages, savings, and death and sick benefits.

Early Black Banking in Mississippi, 1860s-1913 [How can I shorten this section?](#)

The origins of Black banking in Mississippi begin in the Civil War. In late 1862, then-Major General Ulysses Grant enlisted his new chaplain John Eaton Jr. to deal with the growing numbers of self-emancipated men and women flocking to Union lines at his base of operations in

¹¹ [Need works on Southern-brand Progressivism.](#)

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Grand Junction, Tennessee. Grant issued Special Order Number 15 (see image 2). The order appointed Eaton Superintendent of Freedmen in the Mississippi Valley, a position he would hold to the end of the Civil War. The desperate freedpeople were secondary to Grant’s real concerns: the potential profits in abandoned plantations and putting Blacks back to work to extract that profit. An enslaver himself, Grant believed Blacks should work. They could receive rations and protection from the army in exchange for their labor. He did not feel it advisable to pay freedpeople wages, but Eaton disagreed. Eaton advocated modest salaries for Blacks working for the army as teamsters, servants, cooks, nurses, and in other capacities. In addition to performing services for the military, he negotiated contracts for and hired out freedpeople to grow and pick cotton on abandoned, confiscated, and embargoed farms and plantations throughout the Mississippi Valley. Some freedpeople cut timber along the Mississippi River.¹²

**HEADQUARTERS 13TH ARMY CORPS,
DEPARTMENT OF THE TENNESSEE,
LA GRANGE, TENN., November 11, 1862.**

**SPECIAL ORDERS,
No. 15.**

Chaplain Eaton, of the Twenty-seventh Ohio Infantry Volunteers, is hereby appointed to take charge of the contrabands that come into camp in the vicinity of the post, organizing them into suitable companies for working, see that they are properly cared for, and set them to work picking, ginning and baling all cotton now out and ungathered in field.

Suitable guards will be detailed by commanding officers nearest where the parties are at work, to protect them from molestation.

For further instructions the officer in charge of these labors will call at these headquarters.

By order of Maj.-Gen. U. S. GRANT.
(Signed) JNO. A. RAWLINS,
Lieut.-Col. and A. A.-Gen'l.

Image 2: Transcription of Special Order No. 15, which Chaplain John Eaton relied on to create a “Freedmen’s Fund” for self-emancipated blacks in the Mississippi Valley. Source: John Eaton and Ethel Osgood Mason, *Grant, Lincoln, and the Freedman: Reminiscences of the Civil War with Special Reference to the Work for the Contrabands and Freedman of the Mississippi Valley* (New York: Longmans, Green & Co., 1907), p. 5

¹² On efforts to reconcile Grant’s history as an enslaver, see Sean Kane, “Myths & Misunderstandings: Grant as a Slaveholder,” *American Civil War Museum Blog*, <https://acwm.org/blog/myths-misunderstandings-grant-slaveholder>; and Philip Leigh, “Did Ulysses Grant Own and Rent Slaves?” *Abbeville Institute Blog*, February 8, 2019, <https://www.abbevilleinstitute.org/blog/did-ulysses-grant-own-and-rent-slaves/>

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Although Eaton advocated *paying* freedpeople a modest salary, he did not advocate *giving* wages to them. He established a Freedmen’s Fund into which he deposited freedpeople’s earnings and the profits from the cotton, timber, and foodstuffs they produced. Eaton not only deposited freedpeople’s wages in the Fund but he took their wealth as well. Soldiers confiscated horses, wagons, money, and other valuables self-emancipated blacks brought with them to the Union lines. What soldiers and the quartermasters did not steal for themselves Eaton commandeered for the Fund. Eaton also placed money, clothing, and other items donated by Northern churches, aid societies, and individuals into the Fund. By 1863, in less than a year, his fund held at least \$125,000, about \$2.6 million in modern-day dollars.¹³

Freedpeople had no individual access to their wages nor did they have any say in how their own wages or money donated for their benefit would be used. The Freedmen’s Fund, like the Freedman’s Bank, reflected anxieties about African American economic autonomy. Many whites believed their efforts expedient, philanthropic, and sympathetic. Grant, perhaps congratulating himself on his foresight, observed, “At once the freedmen became self-sustained. The money was not paid to them directly, but was expended judiciously and for their benefit. They gave me no trouble afterwards.”¹⁴ In practice, quartermasters, officers, and soldiers used the

¹³ All modern dollar figures calculated using Inflation Calculator, <https://westegg.com/inflation>. Eaton modeled his fund after one General John E. Wool created in October 1861 at Fortress Monroe, the first fund created for freedpeople. John Eaton and Ethel Osgood Mason, *Grant, Lincoln, and the Freedmen: Reminiscences of the Civil War with Special Reference to the Work for the Contrabands and Freedmen of the Mississippi Valley* (New York: Longmans, Green, and Co., 1907), 13-14n3, 128, 128n1, 131-132, 139-140, and 194; and Shennette Garrett-Scott, *Banking on Freedom: Black Women in U.S. Finance before the New Deal* (New York: Columbia University Press, 2019), 10, 14–19, 20, 21, 26, 40.

¹⁴ Eaton and Mason, *Grant, Lincoln, and the Freedmen*, 14.

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funds as their own personal piggy banks. They shorted freedpeople’s wages, “reimbursed” the army for freedpeople’s rations, and embezzled from the Fund.¹⁵

The Funds represent a complicated legacy. On the one hand, they evinced African Americans’ ability to be self-supporting amid widespread beliefs about the Negroes’ idleness, ignorance, and general unfitness for citizenship. Though not often acknowledged, Freedmen’s Funds helped support freedpeople schools and hospitals, and the Funds underwrote the Departments of Contraband created during the war and later the Freedmen’s Bureau, created in 1865. The Freedmen’s Bureau relied on at least \$7.9 million held in Freedmen’s Funds to fund its operations until it received its first Congressional expenditures. On the other hand, the Funds exploited African Americans’ labor and stood between them and the very thing they wanted: the right to take care of themselves and their own families from the profits of their labor.¹⁶

The Freedmen’s Fund most important legacy lay in creating the Freedman’s Bank and Trust Company, popularly known as the Freedman’s Bank. Unspent money in the Funds and unclaimed colored soldiers’ bounties seeded the first Freedman’s Bank. The Freedman’s Bank and Freedmen’s Bureau, approved by Congress on the same day, were separate agencies with different goals and objectives, but they were strongly linked in the minds and lived realities of freedpeople. Like the Freedmen’s Bureau, they expected the Freedman’s Bank to help protect their economic rights. They would be sorely disappointed by both. Many bank customers—and

¹⁵ Eaton, too, personally enriched himself from the Freedmen’s Fund. Eaton set up in business a relative, Frederick Eaton. The Eatons bought goods and furnishings, established a Freedmen’s Store, and purportedly sold goods to freedpeople at only 10 percent above cost. *Ibid.*, 128n1.

¹⁶ The Freedmen’s Funds comprised the lion’s share, and the unclaimed bounties of colored soldiers (\$1.9 million) as well as taxes and tuition collected from freedpeople (\$583,000) helped make up the \$15.3 million collected for the Bureau’s work before it received any funding from Congress. For figures, see reprint of *Freedmen’s Affairs. First Official Report of Major-Gen. Howard. History of the Organization of the Bureau...*, <https://www.nytimes.com/1865/12/20/archives/freedmens-affairs-first-official-report-of-majorgen-howard-history.html>.

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most of the public, for that matter—believed the federal government protected and guaranteed the Bank’s deposits, but it did not. Images of Abraham Lincoln and other Republican leaders on bank passbooks also reinforced the connection between the bank and the government in the minds of most depositors (see Image 3).¹⁷

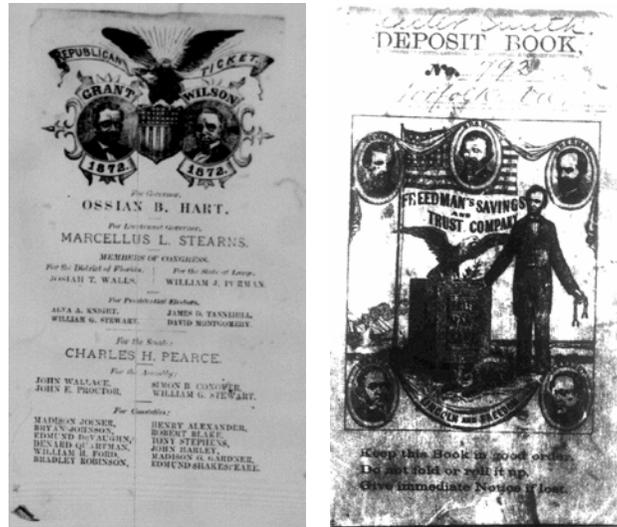


Image 3. [retouch and sharpen pics] Freedman’s bank passbooks included moral lessons like adages and poems about thrift and were unabashed in their promotion of Republican Party candidates as in these images from a Florida passbook (left) and a Norfolk passbook cover emblazoned with an image of Lincoln (right). Source: Freedman’s Bank Commissioner’s Letters microfilm reels [full citation]

In less than a decade, from the Bank’s opening in 1865 to its closure amid scandal in 1874, the modern-day equivalent of more than \$12 billion dollars passed through it, representing overwhelmingly the wealth of formerly free and enslaved African Americans. At its height, the Freedman’s Bank, headquartered in Washington, D.C., operated thirty-seven branches, mostly in the South but as far North as New York and as far west as Arkansas. Three branches operated in

¹⁷ Funds from the three free labor and military banks created for freedpeople and colored troops in Beaufort, South Carolina; Norfolk, Virginia; and New Orleans also helped seed the Freedman’s Bank. Abram Harris, *The Negro as Capitalist: A Study of Banking and Business Among American Negroes* (College Park, Md.: McGrath Publishing Company, 1936; reprint, 1968), 25–45; Carl R. Osthaus, *Freedmen, Philanthropy, and Fraud: A History of the Freedman’s Savings Bank* (Urbana: University of Illinois Press, 1976); Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in America* (Cambridge, Mass.: Harvard University Press, 2012), 104–49; and Garrett-Scott, “I Am Yet Waitin’: African American Women and Free Labor Banking Experiments in the Emancipation-Era South, 1860s–1900,” in *Banking on Freedom*, 13–40.

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Mississippi: Natchez, opened October 1865; Vicksburg, opened December 1865; and Columbus, opened August 1870 (see Image 4). In its early years, the Freedman’s Bank’s all-white board of trustees restricted investments to conservative products such as government securities. In 1870, Congress made the fateful decision to allow speculative uses of the freedpeople’s deposits. Risky investments by Jay Cooke and Company, coupled with fraud and mismanagement at the local levels, led to the ruin of the Freedman’s Bank in 1874. When the bank closed, more than 61,000 depositors around the country lost close to \$66 million. The depositors in the Vicksburg branch lost \$104,000.¹⁸

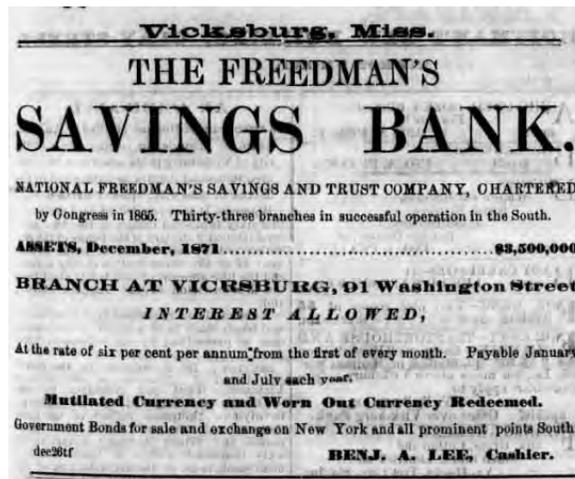


Image 5. An 1871 newspaper advertisement announcing \$3.5 million in assets at the Vicksburg branch of the Freedman’s Bank. Benjamin Lee (1838–1875), the cashier of the branch, enlisted as a Captain in the Union Army in 1863. He commanded Company G, 2nd Mississippi Infantry (African Descent), later designated the 52nd U.S. Colored Infantry. He also served as mayor of Vicksburg. Source: Vicksburg, Miss. *Daily Times*, April 30, 1872, 1.

The repercussions of the loss reverberated for generations across Mississippi. Willis E. Mollison, an African American lawyer in Vicksburg, described how the Freedman’s Bank’s failure loomed “like harpies” over Afro-Mississippians, especially those living in the shadow of

¹⁸ Mississippi was among a handful of states with three or more Freedman’s Banks: Alabama, Georgia, North Carolina, Tennessee, and Virginia. Vicksburg branch information reprinted in Osthaus, *Freedmen, Philanthropy, and Fraud*, 65 and 87.

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the bank’s office in Vicksburg.”¹⁹ The bank’s failure made most Afro-Mississippians wary but also convinced some of the critical need for African Americans to control their own financial institutions.

In the immediate aftermath of the Civil War, the state of Mississippi moved to reinstate a form of quasi-slavery over formerly enslaved and free Afro-Mississippians. Economic restrictions placed among the many of the draconian elements of the Black Codes, including state laws and municipal codes that placed limits on Afro-Mississippians’ ability to rent or lease land, required that they procure licenses and contracts to work, and even reinstated a version of the Freedman’s Fund. Local authorities levied a one dollar or more tax on Afro-Mississippians aged eighteen to sixty to endow a “Freedman’s Pauper Fund” to provide for the indigent; white law enforcement officials collected the taxes and administered the fund. Afro-Mississippians who could not produce written evidence on demand of employment to a white person—working on one’s own land or for one’s self did not qualify—could be arrested, fined, and even indentured and forced to work for local whites. The pernicious system of sharecropping and tenancy quickly degenerated into a system of crop liens that plunged most Afro-Mississippi into poverty and bondage to the land.²⁰

By the early 1890s, Vicksburg attorney Willis E. Mollison felt the need for a Black-owned bank overdue. He broadcast his intentions to local residents, and he approached a number of African American religious, fraternal, educational, and business leaders. He recalled years later,

¹⁹ Willis E. Mollison, *The Leading Afro-Americans of Vicksburg, Miss., Their Enterprises, Churches, Schools, Lodges and Societies* (Vicksburg: Biographia Publishing Co., 1908), 49.

²⁰ See various 1865 acts in *Laws of the State of Mississippi, Passed at a Regular Session of the Mississippi Legislature, Held in the City of Jackson, October, November and December, 1865* (Jackson: J. J. Shannon, State Printers, 1866). [add works about Reconstruction in Mississippi]

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“[W]e found it difficult to get people to trust their money with us; this was not only true of the general public, but even some of our leading stockholders.”²¹ By forging an alliance with the Colored Knights of Honor of the World, a secret fraternal benefit society, Mollison succeeded in chartering the Knights of Honor Bank (KOH) in Vicksburg in 1892, the first Black-owned bank in Mississippi and only the second Black-owned fraternal bank established in the United States. It might well have been the Mississippi Constitution of 1890, with its highly effective disenfranchisement provisions, that motivated Mollison to combine the power of the passbook and insurance policy to replace the franchise. The Colored Knights’ militancy was well-known. Its founder, George F. Bowles had served in the Union army. He moved to Natchez in 1871; held numerous local and state political offices, including chief of police and state representative; and founded and edited a newspaper, *The Brotherhood*. In the midst of the violence of Redemption, he commanded a well-armed militia that openly mustered and drilled in the streets of Natchez. The Colored Knights mounted legal battles against the original Knights of Honor when whites declared the colored lodges illegitimate and demanded they disband.²²

The KOH’s fortunes were tied intimately both to the health of the order and the memory of the Freedman’s Bank. Unfortunately, it grew slowly and struggled in its first decade. In January 1900, the founder Bowles passed away, leaving an order that had expanded across the South but also had fallen into financial disarray. At a national meeting in Montgomery, Alabama,

²¹ Quote in W. E. Mollison, “Lincoln Savings,” *Report of the Fifth Annual Convention of the National Negro Business League, Held at Atlanta, Ga., August 29-31, 1906* (Boston: Charles Alexander, 1906), 169–71, here 170, hereafter *NNBL Proceedings 1906*.

²² The first chartered Black-owned bank was a fraternal bank: the Bank of the Grand United Fountain of True Reformers in Richmond, known as the True Reformers Bank, chartered in 1888. E. A. Williams, *History of the Knights of Honor of the World, and the Knights and Ladies of Honor of the World...* (Cincinnati: [E. A. Williams], 1904), 6–16; Eric Foner, *Freedom’s Lawmakers: A Directory of Black Officeholders during Reconstruction* (Baton Rouge: Louisiana State University Press, 1993), 249–53; and Justin Behrend, *Reconstructing Democracy: Grassroots Black Politics in the Deep South after the Civil War* (Athens: University of Georgia Press, 2015), 147, 150–2.

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in late 1902, delegates reorganized the KOH. The bank reopened in early 1902 with a slightly new and longer name: the Knights of Honor of the World Penny Savings Bank (KOH2).²³

The KOH2's fortunes seemed to turn. The KOH2's board read like a who's who of Afro-Mississippi business and civic elite and was particularly progressive with regard to women. Roxena (Mrs. W. T.) Jones, Secretary-Treasurer of the Grand Court of Calanthe of Mississippi, was the first woman to serve on the bank's board of directors in the 1890s. In 1902, the Executive Board included Cora M. Allen, head of the Grand Court of Calanthe of Louisiana and former Supreme Protector of the Colored Knights; Lillie (Mrs. H. C.) Wallace, Supreme Treasurer; and Josephine Rhone, Supreme Vice-Protector (see Image 5). The Colored Knights continued to offer insurance benefits and maintain its newspaper, *The Brotherhood*. It also expanded into other endeavors. It operated a laundry, bakery, and regalia house. It made a significant financial investment in the Carrie Tuggle School, a vocational school in Birmingham. It also purchased sixty acres in the tiny town of Shuqualak in Noxubee County, Mississippi, which it planned to subdivide and sell for the construction of single-family homes.²⁴

²³ Williams, *History of the Knights of Honor*, 155–8, 213–8 and “Charter of the Charter of Incorporation of the Knights of Honor of the World Savings Bank,” 328–30. “The Knights of Honor,” *Indianapolis Freeman*, April 13, 1901, 4; H. C. Wallace, “Savings Bank of the Knights of Honor of the World,” *NNBL Proceedings 1906*, 174; “The Knights of Honor [Bank] and the Knights and Ladies of Honor of the World,” *Freeman*, December 23, 1905, 9; “A New Bank Organized,” *Washington, D.C. Bee*, October 18, 1902, 1; “Three Kinds of Negro Banks [True Reformer's Bank, Knights of Honor, and Mound Bayou Bank],” *Freeman*, October 13, 1906; and James, et al, *Mississippi Black Bankers*, 19–20 and 77–78.

²⁴ L. J. Manaway, “[Banking Symposium],” *Report of the Eighth Annual Convention of the National Negro Business League, Held at Topeka, Kan. on August 14-16, 1907* (Boston: Charles Alexander, 1907), 151–170, here 152, hereafter *NNBL Proceedings 1907*.

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Image 5. Women board members of the Knights of Honor of the World Penny Savings Bank. From left to right, Lillie Wallace, Carrie Tuggle, and Josephine Rhone. Source: E. A. Williams, *History of the Knights of Honor of the World, and the Knights and Ladies of Honor of the World...* (1904), pp. 353, 355, 357

The Colored Knights continued to battle internal discord and mismanagement among its local lodges. In addition, despite its illustrious board, the KOH2 had only three true financial backers, which included Mollison and Dr. Lucius W. W. Manaway of Jackson, Mississippi. Undercapitalization along with the failure to sell all of the Shuqualak lots further impaired the bank's solvency. John W. Strauther, head of the Colored Masons of Mississippi, quipped that the KOH2 had a “long name that hung like a millstone about the bank's puny neck.”²⁵ In late 1903, prominently placed Colored Knights and members of other fraternal groups decided to break free of the fractious order, a move calculated to attract additional depositors and to signal its renewed commitment to economic emancipation. The board named the new bank Lincoln Savings Bank. In a revolutionary move, the board named Mabel Z. Mollison, Attorney Mollison's second eldest daughter, cashier, making her the first African American woman to serve as the head cashier of a bank (see Image 6). To make its emancipation complete, and perhaps to

²⁵ John W. Strauther, “A Successful Banker,” *Report of the Tenth Annual Convention of the National Negro Business League, Held at Louisville, Ky. on August 18-20, 1909* (Nashville: AME Sunday School Union, 1910), 118–21, here 119.

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distance itself from its close association with the Colored Knights, after a few months of operation Lincoln Savings relocated from Vicksburg to Greenville.²⁶



Image 6. Interior of the Lincoln Savings Bank, formerly Knights of Honor of the World Savings Bank, in its Vicksburg location, circa 1903 or 1904. Mabel Z. Mollison sits in the teller window. Source: Willis E. Mollison, *The Leading Afro-Americans of Vicksburg, Miss., Their Enterprises, Churches, Schools, Lodges and Societies* (1908), 48.

By 1905, at least six Black banks operated in Mississippi; four more opened the next year in 1906. The prolific growth of Black banking in the state sparked the creation of the Mississippi Negro Bankers Association (MBNA), the first state-level organization of Black bankers. The MBNA held its second meeting in Atlanta during the National Negro Business League meeting. Indeed, it may have inspired the formation of the National Negro Bankers Association in 1906.²⁷

²⁶ Another factor influencing Lincoln Savings’ move may have been a new rival in Vicksburg: the Black-owned Union Savings Bank, which opened in Vicksburg in 1904. Manaway, “[Banking Symposium],” 152. The sparse documentary record is unclear about the final end of the Knights of Honor of the World Savings Bank; I believe that it continued to operate for a short period in Vicksburg in some informal capacity, perhaps even under a slightly different name. People probably still referred to Lincoln Savings as the KOH, even after the bank moved to Greenville. On a possible alternative name for KOH and its brief continuation, see Wallace, “Savings Bank of the Knights of Honor of the World,” 174–5. On continuing confusion between KOH and Lincoln Savings, see “Three Kinds of Negro Banks”; Reuben W. Ware, “Financial Notes,” *Colored American Magazine* 10 (June, 1906): 380; “W. E. Mollison, Attorney and Banker,” *Colored American Magazine* 10 (June, 1906), 410–1; and James, et al, *Mississippi Black Bankers*, 19–20 and 77–8, which mistakenly located the KOH in Greenville and conjectures that it failed in either 1911 or 1912. On Lincoln Savings, see “A New Bank Organized”; Mollison, “The Lincoln Savings Bank”; and Mollison, *Leading Afro-Americans of Vicksburg*, 45 and 49.

²⁷ On the founding of the MNBA, see H. H. King, “People’s Penny Savings Bank,” *NNBL Proceedings 1907*, 159–61, here 161. McMillen, *Dark Journey*, 180, mistakenly places the MBNA’s founding in 1907.

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Problems continued to dog Lincoln Savings. The impressive officers and board devoted little time to the management and oversight of the bank. Indeed, few had any real expertise running a financial institution. An economic panic in 1907 and failure to sell lots the bank purchased in another tiny town, Shaw, located in both Bolivar and Sunflower counties, threatened the bank’s solvency in mid-1908. A group of African American business and fraternal society leaders merged Lincoln with the Delta Savings Bank in the summer of 1908. The merger was a questionable one, accomplished through Strauther’s powerful reputation and influence rather than fiscal prudence. Questionable loans and lack of experience eventually led to the failure of Delta Savings, and the saga of Mississippi’s first black-owned bank ended in 1913.²⁸

Table 1: Black-Owned Banks in Mississippi, 1888-1916

Name of Bank	Location	Year Opened	Year Closed
Knights of Honor Savings	Vicksburg	1892	1903
Lincoln Savings (formerly Knights of Honor)	Greenville	1903	1908
American Trust and Savings	Jackson	1904	1911
Delta Penny Savings	Indianola	1905	1928
Union Savings	Vicksburg	1905	1911
Bank of Mound Bayou	Mound Bayou	1905	1915
Peoples Penny Savings	Yazoo City	1905	1914
Penny Savings	Columbus	1906	1914
Southern	Jackson	1906	1914
Bluff City Savings	Natchez	1906	1913
Peoples Bank	Hattiesburg	1906	1907

²⁸ Extant Mississippi banking reports from 1908-1909 show the Lincoln Savings with nearly twice the assets of Delta Savings Bank (\$98,344 to \$48,565, respectively) and six times the capital paid in (\$25,000 to \$4,462); see *Statements Showing the Condition of 324 State and 30 National Banks in the State of Mississippi at the Close of Business, June 2, 1909* (Nashville: Brandon Printing Company, 1909), 27 and 77. Banks, *Negro Banks of Mississippi*, 9 and the 1909 state report list both banks’ names. On Delta Savings, see James, et al, *Mississippi Black Bankers*, 77–8; the Jameses’ work, however, does not draw the connections between Lincoln Savings and Delta Savings.

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Delta Savings Bank	Greenville	1908	1913
Magic City Bank	Hattiesburg	1908	1912
Peoples Home Savings	Shaw	1911	1912
State Bank of Mound Bayou (formerly Bank of Mound Bayou)	Mound Bayou	1914	1924

Sources: List and double check accuracy

Mississippi Banking Law of 1914

Delta Savings Bank was among the hundreds of banks that failed in Mississippi every year. The reasons for the failures lay in part with poorly run institutions and in part with lax state oversight. The Mississippi legislature created the State Banking Department in 1888. The newly created department required only that banks publish periodic reports in local newspapers. In 1892, the state added new regulations, but they were very lenient: Banks were now required to submit quarterly reports to the State Auditor. He could request late reports but little else. He made no serious effort to force banks to comply with the state laws or even to make inspections or audits of banking institutions. The new regulations lacked legislative teeth; the auditor could not force compliance or punish reprobate banks and financial institutions.²⁹

In the late 1880s, only about thirty state banks operated in the state. By the turn of the century, however, that number more than tripled and continued to increase rapidly throughout the decade. Between 1907 to 1914, the state experienced an embarrassing number of bank failures: At least one hundred banks failed every year during that period. However, the number of bank start-ups was vibrant enough to show a net increase in the state’s bank numbers.

²⁹ Arthur Leon Rogers, “Mississippi Banking During Depression and Recovery,” M.A. Thesis, George Washington University, 1938, 12; Alfred B. Butts, “Public Administration in Mississippi,” Ph.D. Diss., Columbia University, [1919?]; reprint, *Publications of the Mississippi Historical Society*, edited by Dunbar Rowland (Jackson, Miss., 1919), 162; and Jon Moen, “Banking,” *Encyclopedia of Mississippi History*, <https://mississippiencyclopedia.org/entries/banking/>.

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Bureaucrats became increasingly concerned for the financial vitality of the state’s banking system. Depositors complained to their state representatives and called for reforms such as guaranteed deposits. Business leaders, aware of progressive reforms in other states, also pressed legislators to tighten banking laws in the state. Legislators did not take the problem seriously since enough banks either reopened or started to realize positive growth, however anemic, in the number of state banks every year (see Image 7).³⁰

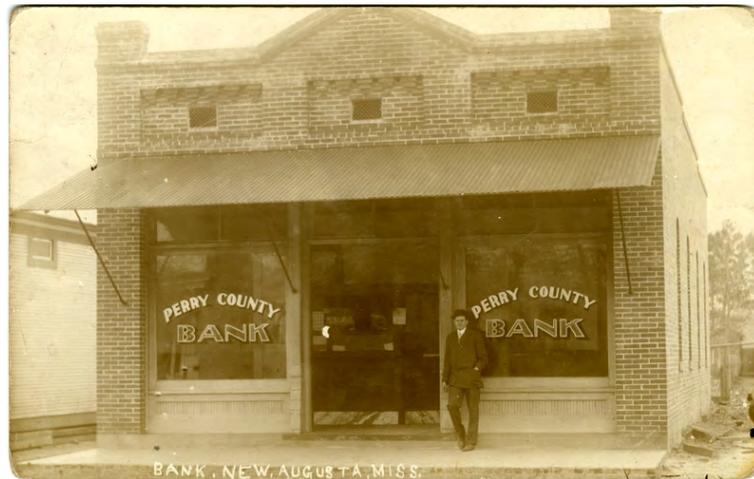


Image 7. Modest banks like this one in New Augusta, Mississippi, were often, along with the courthouse, the centerpieces in small rural towns. Source: Forrest Lamar Cooper Postcard Collection, Mississippi Department of Archives and History, Digital Collections, http://www.mdah.ms.gov/arrec/digital_archives/series/cooper

In 1913, the federal government established the Federal Reserve; not one bank in Mississippi joined. At the annual meeting of the Mississippi Bankers Association that year, bankers complained bitterly about the new federal reserve system. Their primary objections included losses to income from clearing checks at par, reductions in the amount of paper eligible for discounts, low federal rates, and fear of further encroachments by the federal government.

³⁰ Thornton Cooke, “Deposit Guaranty in Mississippi,” *Quarterly Journal of Economics* 29, No. 2 (February, 1915): 419–25; Butts, “Public Administration in Mississippi,” 162–5, 163n2 and table [“Number of Banks, 1900–1918”], 163; and “Depositors Guarantee Law for Mississippi Probable this Legislature,” Biloxi, Miss. *Daily Herald*, January 19, 1914, 8.

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Smaller, mostly rural, banks also felt that large, urban banks in the state received an unfair advantage under the system.³¹

While the legislature was in session during the first two months of 1914, however, fourteen state banks failed. The failures resulted in losses of more than \$300,000 to depositors. Wanting to show itself proactive on the issue of banking reform and to deflect mounting criticism, the legislature drafted new banking laws. It significantly amended the state’s banking laws. The 1914 law established a board of three commissioners appointed by the governor to serve four-year terms. The commissioners supervised a team of bank examiners who examined banks in the state twice a year. The examiners would subject selected banks to unannounced, in-depth audits. The new guaranty of deposits provision drew the most criticism: All banks were required to pay into a statewide fund to pay off depositors in the event of bank failures. While the examinations and other provisions of the law commenced immediately, banks had until March 15, 1915, to comply with the new guaranty provisions.³²

The new 1914 law reflected the wave of progressive, state-level reforms of business and public institutions sweeping the country. In theory, regulation made capital socially responsible and compelled the state to protect legitimate social institutions to ensure that they served the

³¹ Rogers, “Mississippi Banking,” 21–2.

³² The law also required that: state banks submit their reports on the same dates as national banks; banks file copies of their articles of incorporation with Board of Bank Examiners; and capital stock be paid in full and divided into shares in increments of \$50 or \$100. It set limits on the amount of real estate investment and liabilities in a bank’s portfolio; established capital stock requirements based on population size, with a minimum of \$10,000; and prohibited interlocking directorates and branch banks. It set up new rules on stock ownership by and loans to board members and officers. Finally, it established a minimum surplus of 20 percent of profits and a reserve of 15 percent of assets. On specifics of law, see James Thomas Brown, *A Story of Banking in Mississippi* (New York: Newcomen Society in North America, 1961), 19–20; Rogers, “Mississippi Banking,” 23–5; and Butts, “Public Administration in Mississippi,” 174. For negative, insider views on laws, see recollections of John S. Love to Gene Holcomb, July 2, 1940, in Subject File: Love, J. S., in Mississippi Department of Archives and History, Jackson, Mississippi [archive hereafter MDAH].

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people. In practice, however, regulation in Mississippi and throughout the South targeted certain constituencies and institutions for exceptional censure. Mississippi reformers narrowly defined legitimate participation in the political economy to exclude African Americans. Coupled with both large-scale migrations of blacks to the North and perceived aggressive maneuvers for control of the Republic Party by African Americans, regulators in Mississippi construed Afro-Mississippians’ economic autonomy and civic involvement as threats.

Perhaps most alarming to the white business-civic elite was the threat Black banks posed to the crop lien and sharecropping system. Black banks typically offered credit and loans to farmers at rates considerably lower and at more aggregable terms than white planters, merchants, and bankers. Black banks enabled African American farmers to borrow money to purchase desperately needed supplies and to take care of family needs and expenses. Doing business with Black banks left open the very real possibility that farmers could make a profit at the end of the picking season and cash money in their pockets.

Commissioner James Sandford Love, who started in the banking business as a bookkeeper, launched a covert assault on Black banks. He directed examiners to do everything in their power to ensure the Black banks did not pass the audits. Commissioner Love told Wayne Cox, president of the Delta Penny Savings Bank in Indianola, “I do not think that I will qualify your bank under any circumstances.”³³ Love’s open hostility transcended personal vendetta given the political and social climate in the state.

First, Blacks wielded incredible influence over the national presidential elections, some local political races, and political patronage in the state. Ironically, while the Indianola Affair had

³³ Quoted in Stuart, *An Economic Detour*, 287.

effectively diminished Black Republicans’ presence in patronage positions, the nature of the party in the state gave them a virtual monopoly in assigning patronage to whites they deemed worthy, a state of affairs that sat uncomfortably with not only Lily-White Republicans but Democrats. White Republican and Democratic interests, inside and outside of Mississippi, converged in their desire to erode Black political influence, particularly in the wake of the contentious 1912 elections.

The political tensions in the 1912 presidential election between the incumbent Republican candidate President William Howard Taft, Democrat Woodrow Wilson, and Progressive (“Bull Moose”) Party candidate Theodore Roosevelt turned deadly at the state convention meeting in Jackson. The Taft and Roosevelt factions elected African American men as chairs of the convention. When both men approached the podium, the Republican Chair pulled a gun on the Progressive and told him “You get, this is my job.” After rowdy and contentious arguments that sometimes turned into physical confrontations, the police removed the remaining Progressive delegates from the meeting hall. Beyond Mississippi, the national Republican Party passed resolutions to reduce southern representation as an end run around Blacks’ inordinate influence as a voting bloc in nominations for national elections (see Image 8).³⁴ Need more politics?

³⁴ B. F. Fridge, “Speech Made by B. F. Fridge at Meeting of Progressive Party held at Newport, R.I., July 3, 1913,” 9–11, quote on 10, Benjamin F. Fridge Papers, Special Collections, Mitchell Memorial Library, Mississippi State University, Mississippi State, Mississippi; Paul Casdorph, *Republicans, Negroes, and Progressives in the South, 1912-1916* (University: University of Alabama Press, 1981), 55; “Afro-American Delegates Are Arriving in the City to Attend Republican Convention,” *Chicago Broad Axe*, June 8, 1912, 1; Mowry, “The South and the Progressive Lily White Party of 1912,” 237–47; and McMillen, *Dark Journey*, 59–60, 62–5, and 208n15; “Radical Change in Southern Representation is Adopted,” *Montgomery, Ala. Adviser*, December 15, 1913, Reel 2; “Southern Representation Reduced,” *Baltimore Afro-American*, October 31, 1914, Reel 3; “Plan to Cut South’s GOP Representation,” *New York Age*, April 9, 1914, Reel 3, all in *Tuskegee Clippings Files*. For a list of Black-and-Tan Republican members, see

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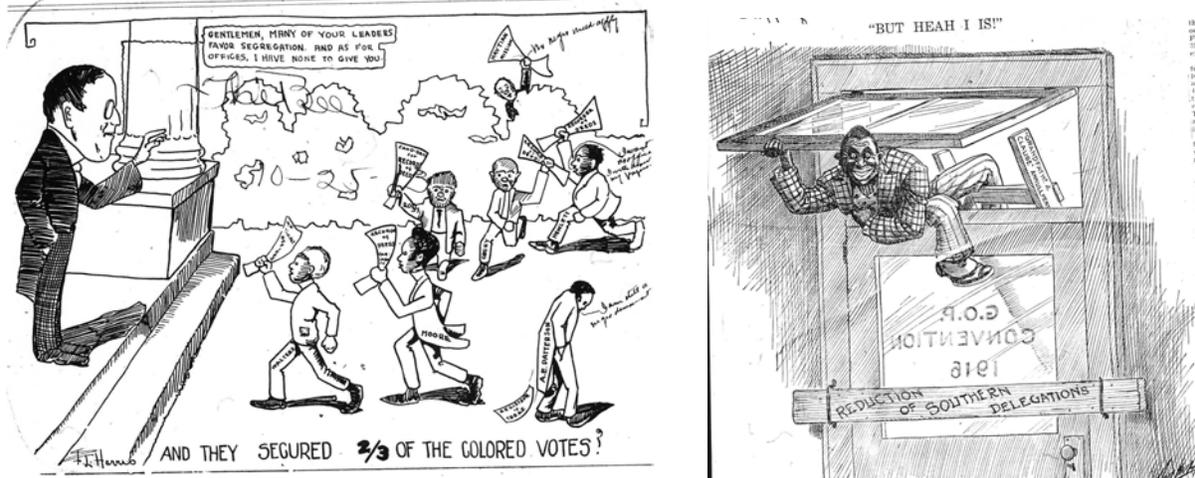


Image 8. Political cartoons. The first cartoon (1913) is from a black newspaper and reflects frustration with the difficulties Blacks faced securing federal appointments for themselves. Ironically, Black Republicans still wielded enormous power in deciding federal appointments for white Republicans and Democrats. This state of affairs led to efforts to reduce southern representation, the topic of the second cartoon (1916). Source: Undated and unidentified clippings, *Tuskegee Clippings File*, Reel 2 and Reel 4, respectively.

Second, banking regulation penetrated a wide network of Black financial institutions.

Black banks and insurance companies were economically, socially, and culturally interdependent institutions, not just in Mississippi but throughout the country. From the very beginning, the earliest Black banks housed the funds of churches, secret societies, and insurance companies. For example, the Knights and Ladies of Honor deposited the lion's share of its revenues in the Knights of Honor Bank and later Lincoln Savings. The Masonic Benefit Association (MBA) boasted over a million dollars of insurance in force (equivalent to \$25 million in modern-day dollars) by the mid-1910s. The MBA deposited its revenues in the Bank of Mound Bayou, as did the Sons and Daughters of Tabor, which also operated its headquarters out of the Bank of Mound Bayou building. The Union Guaranty Insurance Company depended on the Southern Bank in Jackson. The Woodmen of Union Benefit Association and Mississippi Life Insurance Company relied on the Delta Penny Savings Bank in Indianola. In addition, these banks often held the

typescript list “Prominent Mississippi Republicans and Progressives in 1912,” Subject File: Republican Party in Mississippi, 1901-1949, MDAH.

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accounts of local Black businesses and churches. By targeting banks, Mississippi regulators could proverbially kill multiple monuments of protest with one regulatory stone.

Black banks were also sources of easy credit and other kinds of financial assistance for Black insurance companies. For example, Mississippi Life and the Delta Penny were quite creative in their financial relationships. Before stricter regulation prevented such collusion, the Delta Penny required that anyone receiving a loan from the bank take out a Mississippi Life policy in the principal amount of the loan and designate the bank as sole beneficiary. Mississippi Life and the Delta Penny were not alone in their questionable financial practices. In January 1914, authorities indicted the cashier of the Southern Bank in Jackson for embezzlement. Nearly two thirds of its stockholders were working-class men engaged in trades and low-skilled, nonagricultural labor. Delta Savings Bank in Greenville had gone nearly bankrupt in 1912 but survived because local Black prostitutes persuaded their wealthy white clients to deposit money in the bank. It still failed in 1913.³⁵ Need more examples of credit transactions. Can I find an individual story?

Before the ink dried on the 1914 law, Black banks faltered before the coming storm. Of the peak number of twelve banks in 1910, only half remained in 1914 (listed by date of opening): Delta Penny Savings in Indianola; Bank of Mound Bayou in Mound Bayou; Peoples Penny in Yazoo City; Penny Savings in Columbus; Southern in Jackson; and Bluff City Savings in Natchez. Examinations of banks began in March of 1914. Whatever their faults, Black banks had reason to

³⁵ Wayne Cox, “The Insurance Business,” *Report of the Seventeenth Annual Convention of the National Negro Business League, Kansas City, Missouri, August 16-18, 1916* (Nashville: National Baptist Publishing Board, 1916), 94–5; and George W. Powell, “Industrial Insurance,” *Report of the Eleventh Annual Convention, National Negro Business League, Held in New York City, August 17-19, 1910* (Nashville: AME Publishing, 1910), 98; Banks, *Negro Banks of Mississippi*, 5–6; Greenville Travel Club, *History of Blacks in Greenville, Mississippi, 1868-1975* ([Greenville?]: Greenville Travel Club, 1971), unpaginated, MDAH.

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feel that they were especially targeted by the new legislation since all were vigorously scrutinized by examiners without any prior notice. None of the surviving Black banks were expected to escape the examiners’ sword; they were targeted for elimination.³⁶

The Peoples Penny was one of the first remaining banks to fall to the regulators’ scythe. By 1914, the bank operated much like a pawn shop. Customers used guns as collateral for short-term loans. On the surface, such credit terms seemed suspect. Considering sharecroppers and small farmers owned precious little collateral, Peoples Penny’s credit terms responded to the community’s credit needs and practical realities. Guns were extremely valuable given the indiscriminate violence that could be called forth at the whim of whites.³⁷ The Penny Savings in Columbus could not raise the funds by the auditors’ deadline. Examiners liquidated it on October 10, 1914. The new regulations capped a series of unfortunate circumstances leading to the demise of Bluff City Savings in Natchez. In late 1913, Assistant Cashier Major Davis embezzled \$1,311 of the bank’s \$2,200 surplus. In January 1914, the closure of a local white bank led to a run on all local banks. Bluff City closed temporarily and tried to convert some of its assets into cash to satisfy depositors but failed to raise sufficient funds. The commissioner subsequently closed the bank.³⁸

In late August 1914, examiners descended on the Bank of Mound Bayou in cashier Charles Banks’ absence. Banks was in Muskogee, Oklahoma, attending the fifteenth annual convention of the National Negro Business League. He presided over the Negro Bankers

³⁶ Banks’ list in Howard University Commercial College, “Directory of Negro Banks,” in *Commercial College Studies of Negroes in Business*, Volume 1: Negro Banks (Washington, D.C., 1914), 16–9, Mississippi listed on 17–8; and James, et al., *The Mississippi Black Bankers*, 54, 75, 78, and 94.

³⁷ James, et al., *The Mississippi Bankers*, 57.

³⁸ *Ibid.*, 66 and 75; “[Bluff City],” *Crisis* (January, 1914): 13; and “[Case of Major Davis],” *New Orleans Times-Democrat*, December 19, 1914.

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Symposium held on the first day of the three-day meeting, August 19. That same day, Love ordered the bank closed. On August 21, he ordered its assets liquidated. The Bank of Mound Bayou represented a particular jewel in regulators’ crown (see Image 9). The all-Black town, founded in 1887, enjoyed accolades around the country as an example of what Black self-determination could achieve under one of the most repressive Jim Crow systems in the country. Booker T. Washington raised the national profile of the town by diverting white industrial capital investment from the likes of Andrew Carnegie and Julius Rosenthal in the small town. The Mound Bayou Oil Mill and Manufacturing Company opened in 1910. The mill failed in a few short years, but for many it represented the possibilities of Black industry in the South.³⁹



Image 9. The Bank of Mound Bayou, circa 1910. Source: New York Public Library Digital Collections, <http://digitalcollections.nypl.org/items/510d47dd-e652-a3d9-e040-e00a18064a99>

In addition to the questionable timing of the audit, Love expressed dissatisfaction with the character of the securities representing the bank’s collateral. Love told McNair that he

³⁹ On the mill, see Montgomery, “Building Up a State Negro Business League,” *Report of the Ninth Annual Convention of the National Negro Business League, Held in Baltimore, Maryland, August 19-21, 1908* (Pensacola, FL: Florida Sentinel Printers, [1908?]), 132–9, here 135-137; Janet Sharp Hermann, *The Pursuit of a Dream* (New York: Vintage Books, 1983), 238-240; chapter 9 in David H. Jackson, Jr., *A Chief Lieutenant of the Tuskegee Machine: Charles Banks of Mississippi* (Gainesville: University of Florida Press, 2002); and Walker, *History of Black Business*, 204–5.

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was unsatisfied with the character of the securities representing the bank’s collateral. He held that the securities were Negro securities, representing Negro industry and Negro enterprises and for the most part covering the progress of the Negro town and that when they were realized upon they would be covered by Negro money; therefore, for his purposes and according to his rule, they were not worthwhile.⁴⁰

[explicate quotation; stress significance of closing of bank]

Wayne and Minnie Cox’s Delta Penny Savings Bank in Indianola passed its first round of audits in June 1914. The bank’s importance to Afro-Mississippians and whites in the Mississippi Delta cannot be overstated. It was centrally located in the region and made loans to white planters and farmers. It held hundreds of mortgages for Black farmers and helped area Black businesses with lines of credit and short-term loans. It was also the largest Black bank in the state. The examiner noted that the bank had a “good reputation” throughout the state.⁴¹ His examination bore out that assessment. Over the next six months, however, examiners returned at least six more times to conduct cursory audits.⁴²

In an unusual move, in January 1915 the Department of Insurance made another rigorous, in-depth examination of the Delta Penny Savings. Love’s assistant conducted the audit. His assistant recommended the state issue the bank a guaranty league certificate, meaning that it could guarantee deposits. [explain why guaranty a big deal] Love announced that he needed to make his own thorough examination in person. Love arrived in Indianola in April 1915. Dr. Joseph E. Walker, then-president of Delta Penny Savings, heard that Love openly admitted that

⁴⁰ The state-appointed receiver S. D. McNair publicly praised Cashier Charles Banks’ management during a meeting with the bank’s employees to announce the liquidation. “The Bank of Mound Bayou, Miss., Closed,” Topeka, Kan. *Plaindealer*, October 2, 1914, 1.

⁴¹ Joseph E. Walker, “The Only Negro State Guaranty Bank,” *Report of the Sixteenth Session and the Fifteenth Anniversary Convention of the National Negro Business League, Held in Boston, Massachusetts, August 18-20, 1915* (n.d.; n.p, 1915), 194.

⁴² The Delta Penny Savings’ deposits were smaller but competitive with the other two white banks in the town, the Indianola State Bank and the Sunflower Bank. *Ibid.*

he believed “that the Guarantee [*sic*] System was too good for Negroes and a Negro bank would not be given a certificate,” no matter what the actual inspection showed.⁴³ Love’s blustering and his presence in the town troubled depositors; they made a run on the bank, which tested its reserve funds. This may have been part of Love’s plan or perhaps just a fortuitous event that would provide him added ammunition to justify closing down the bank. Delta Penny Savings weathered the run, probably because the largest investors, including the Coxes, kept their considerable assets in the bank.⁴⁴

During the run on the bank, when the bank was in a weakened state, Love made a number of unreasonable demands. For example, he demanded that the bank retire nearly half (40 percent) of its bills payable. The bank made virtually all of its non-mortgage loans to farmers, who would not have the cash to pay part or all of their accounts until after their crops came in during the fall. To most observers’ surprise, the bank’s board met the requirement. [conjecture about how. Of the Delta Penny’s twenty-three board members, twenty were farmers. Does this have any bearing?]

Running out of schemes to shut the bank down, Love calculated that he could leverage local white resentment for help to close the bank. Love told Wayne Cox that the Delta Penny Savings would have to get two endorsements totaling \$20,000 (over half a million dollars in modern-day dollars) from the two white banks in Indianola. He gave Cox three days to do it and returned to Jackson to wait for the inevitable failure to secure the funds. After more than a week, Cox entreated Love to come back to Indianola to discuss the requirement. Love could not resist the chance to witness first-hand the bank’s failure. After Love arrived on May 20, a penitent Cox

⁴³ *Ibid.*, 194–5.

⁴⁴ *Ibid.*, 195; and Stuart, *An Economic Detour*, 287.

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begged if there was anything else the bank could do beyond securing the \$20,000. Love, confident of his victory, told Cox this requirement was the last and if the bank could not meet it, he would have to close its doors. To Love’s amazement, Cox produced the pledges for \$20,000 from Indianola State Bank and the Sunflower Bank. Having publicly announced that he would add nothing else, Love reluctantly approved the Delta Penny Savings Bank. It became the only Black-owned bank in Mississippi licensed to guarantee deposits—and the last Black bank standing.⁴⁵



Street Scene, Indianola, Miss. Pub. by The Indianola Drug Co.
Include? Image x. Delta Penny Savings faces the third light pole on the right.
http://www.mdah.ms.gov/arrec/digital_archives/series/cooper/detail/19043

Closing down Black banks did indeed have a domino effect on other Black-controlled financial institutions and businesses. For example, a week after Love ordered the Bank of Mound Bayou closed, the Masonic Benefit Association (MBA) went into receivership. The MBA was the largest insurer of Afro-Mississippians in the state; it paid claims of \$300,000 (nearly \$8 million in

⁴⁵ Delta Penny received guarantee certificate number 281. Walker, “The Only Negro State Guarantee Bank,” 195; Stuart, *An Economic Detour*, 287; McMillen, *Dark Journey*, 181; and “Statement Showing the Condition of Delta Penny Savings Bank, Indianola, Miss.,” in *Commercial College Studies of Negroes in Business*, 32.

modern dollars) each year. More than \$2 million in claims were left unpaid when the Bank of Mound Bayou and then the MBA closed in September 1914. [effect on other groups?]⁴⁶

The Delta Penny Savings Bank and Mississippi Life survived, but the victory was bittersweet. The strain of the events affected the fifty-year-old Wayne deeply. His health steadily declined throughout 1915, and he died in a segregated cottage built specifically for his accommodation at Stafford Springs, a sanitarium and resort, in Vossburg, Mississippi, on April 10, 1916.⁴⁷

Like the Delta Penny Savings’ bittersweet victory, Mississippi’s state banking regulations reflected a bit of the bitter and the sweet: high-minded Progressive Era ideals and Jim Crow reality. At the turn of the twentieth century, sensational accounts of corporate abuses and excesses riveted the public’s attention. Protecting consumers through regulation ranked high on the agenda of social and political reformers. Progressive state legislators around the country felt compelled to protect consumers from the unrestrained interests of profit-minded corporations and executives, particularly banks and bankers. Roiled by political exigencies, Jim Crow reality translated into greater scrutiny and pressure on black businesses, particularly banks. Despite racial hostilities, in some cases, black and white bankers were able to find areas of cooperation. The monuments of protest envisioned by Wayne and Minnie Cox and other enterprising blacks in the early twentieth century demonstrated that blacks would use business and politics to challenge the deceptive logic of black inferiority and efforts to consign blacks to the lowest rungs of society. **Need to revisit opening vignette; need to drive home main points**

⁴⁶ “Bank in Mound Bayou Closed,” *New York Age* (September 7, 1914), Reel 2; “The Mound Bayou Bank,” *Freeman* (September 26, 1914), Reel 2; and “Grand Lodge Takes Up Negro Insurance Case,” *Columbus, Miss. News Scimitar*, Reel 3, all in *Tuskegee Clippings File*.

⁴⁷ Stuart, *An Economic Detour*, 288; and *Crisis Magazine* (June, 1916), 60.