

*Explore
the Romance of History.*



Illustration from the November 30th, 1911 edition of Life Magazine.

*Join the
Clayton / Deer Park Historical Society.*

Free — Take One

*The C/DPHS meets at 9 a.m. every second Saturday of the month. Join us at the Clayton Drive-In, Clayton, Washington.
Visit our website at <http://www.cdphs.org>*

The C/DPHS is an association of individuals dedicated to the preservation of the history of our community. To the preservation of the region's oral history, literary history, social history, graphic and pictorial history, and our history as represented by the region's artifacts and structures. To the preservation of this history for future generations. To the art of making this common heritage accessible to the public. And to the act of collaborating with other individuals and organizations sharing similar goals.

THE
CLAYTON/DEER PARK
HISTORICAL SOCIETY

Mortarboard

© C/DPHS

The First State Bank of Deer Park

by
Peter Coffin

Banking in the western United States was a vague, semi-regulated institution prior to 1900. Banking laws were the responsibility of the individual states and did not inspire public confidence. None of the consumer protection laws we enjoy today, such as deposit insurance or bank liquidity, existed at that time.

The date of formation of a banking institution in Deer Park is uncertain. First State Bank of Deer Park records that the Historical Society has obtained indicate that by 1908 a formal state bank had been chartered and was in operation. A letter in the First State Bank's files indicate that most of the banks in Washington State were incorporated prior to 1907 (see note #1). There had been a Bank of Deer Park prior to June 1907, which was the date of formation of the office of

Washington State Bank Examiner. When this bank began operation, or who organized it, seems to be unrecorded. Vague references seem to indicate that Louis Olsen may have been a part of the early bank. Banks were generally formed by individuals, or groups of individuals, who had enough money to loan out at interest. Terms were generally short, typically 60 to 90 days with relatively high interest rates with simple interest rates of 8% to 9% (in 1909).

Washington State bank formation in the period from 1889 to the 1930s was repeatedly affected by "Panics" or runs on bank deposits in 1893, 1907, and 1920. The worst panic in this period occurred in 1907 (see note #2), and was caused by an attempt to corner

— text continued on page 1620 —

Footnotes:

- (1) Letter from Washington Bank Examiner J. L. Mohondro to First State Bank of Deer Park cashier F. Irish dated June 10, 1909.
- (2) Morrison, S. E., 1965, "The Oxford History of the American People," New York, Oxford University Press, p. 828.

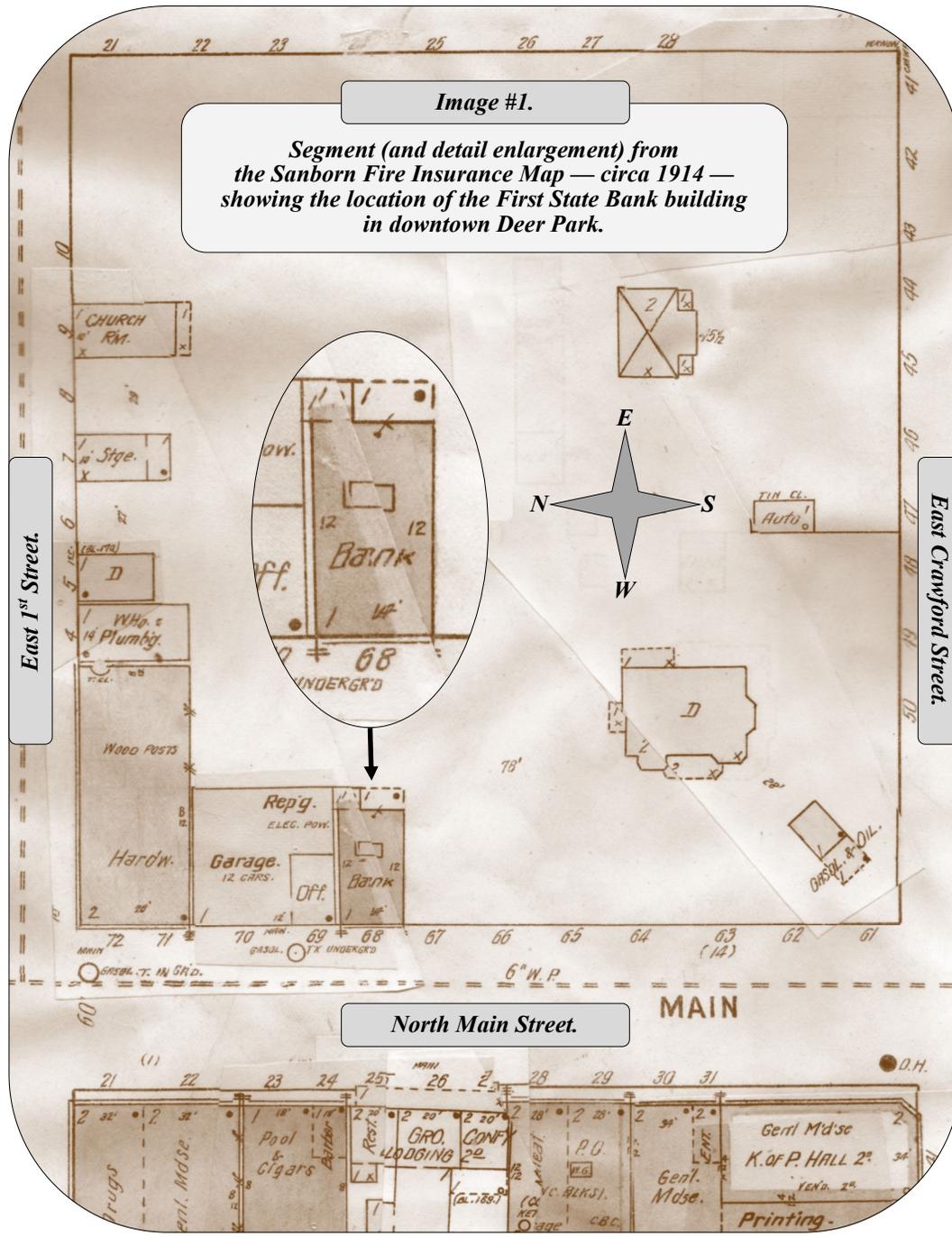


Image #2.

*Interior of the First State Bank of Deer Park.
 (From the Lawrence Zimmerer photograph collection.)*

Image #3.

First State Bank of Deer Park

OFFICERS

O. F. Kelly—President
Evan Enoch—Vice President
F. A. Reed—Cashier
Einer Berg—Cashier

DIRECTORS

L. E. Chapmen—House Builder
Evan Enoch—Lumber Mill Gen. Manager
Charles C. Gilger—Real Estate Agent
B. A. Hopkins—Lumber Mill Millwright
Thomas Haggert—Williams Valley Farmer
O. F. Kelly—Department Store Manager
O. L. Olsen—Orchardist
F. A. Reed—Lumber Mill Superintendent
W. H. Short—Lumber Mill President

— text continued from page 1617 —

the copper market using stock manipulation of the stock of the United Copper Company (*see note #3*), overextended bank credit and currency problems. The panic was eased by investor J.P. Morgan pledging large sums of his own money to shore up the banking system. As a result of this economic disruption the United States Congress passed the Aldrich-Vreeland Act in May 1908 that authorized the National Monetary Commission to investigate money problems (*see note #4*) and allowed banks to issue emergency currency based on certain securities and commercial paper (*see note #5*). It was at this time that the First State Bank of Deer Park was formed.

An advertisement in the Deer Park Union newspaper listed the officers and directors of the First State Bank of Deer Park in 1911 (*see note #6*). The name list (*see image #3 on page 1619*) includes the individual's occupation taken from the 1910 United States Census listing.

The Historical Society's bank material contains file box after file box labeled "Statements," "Receipts," "Collections," and "Letters" dated from 1908 to 1922 with several years missing. They are all very dirty with the dust of 100 years of storage in the rooms over Main Avenue business buildings. The "Letters" files are the most interesting providing documents relating to long gone businesses such as the Spokane Pottery Company, the Wild Rose Prairie Farmers Club, and the Wild Rose Orchard Company.

Perhaps some of the most interesting things about these files is the lack of material related to W. H. Short's Standard Lumber Company and financing of building his new mill and the almost complete lack of material concerning the Arcadia Orchard Company. Both organizations employed many men and must have had a large payroll as well as other business records of expenses and incomes. To date very few documents have been found about the finances of these companies in the First State Bank's files.

Several other early bank organization efforts in Deer Park were made in the period from 1909 to 1912. In 1911 the *Deer Park Union* reported that Illinois banker J. McGraw felt that the resources of the district would support a new bank and that his organization had purchased ground (*see note #7*). He planned to build a new bank next to the new Olsen Block on North Main Avenue. Nothing seemed to come of this plan.

Of more interest was the attempt of Alan Haynes and Floyd Daggett of the Arcadia Company to promote a new bank in Deer Park. Letters between W. D. Vincent, cashier for the Old National Bank in Spokane, and W. P. Irish, the Cashier of the First State Bank of Deer Park — both found in the Historical Society's cache of bank documents — describe what happened to the Haynes-Daggett plan. On January 15, 1909 Mr. Vincent wrote a letter to Irish asking who was "to be connected with" the new bank. Irish responded (*see images #4 and #5*) by naming Haynes and Daggett as the chief promoters. He added that others

Footnotes:

- (3) *Glasscock, G. B., 1935, "The War of the Copper Kings:" New York, Grossett & Dunlap, p. 314 (Chapter XXI, pp. 296-314).*
- (4) *Wikipedia: "Panic of 1907."*
- (5) *Hofstadter, R. Miller, W., Aaron, D., 1959, "The American Republic," V.2: Englewood Cliffs, NJ, pp.390-391. (In 1913 Congress passed the Federal Reserve Banking System to provide currency flexibility.)*
- (6) *Deer Park Union, July 28th, 1911, p. 2.*
- (7) *"Deer Park to Have a New Bank." Deer Park Union, July 14th, 1911.*

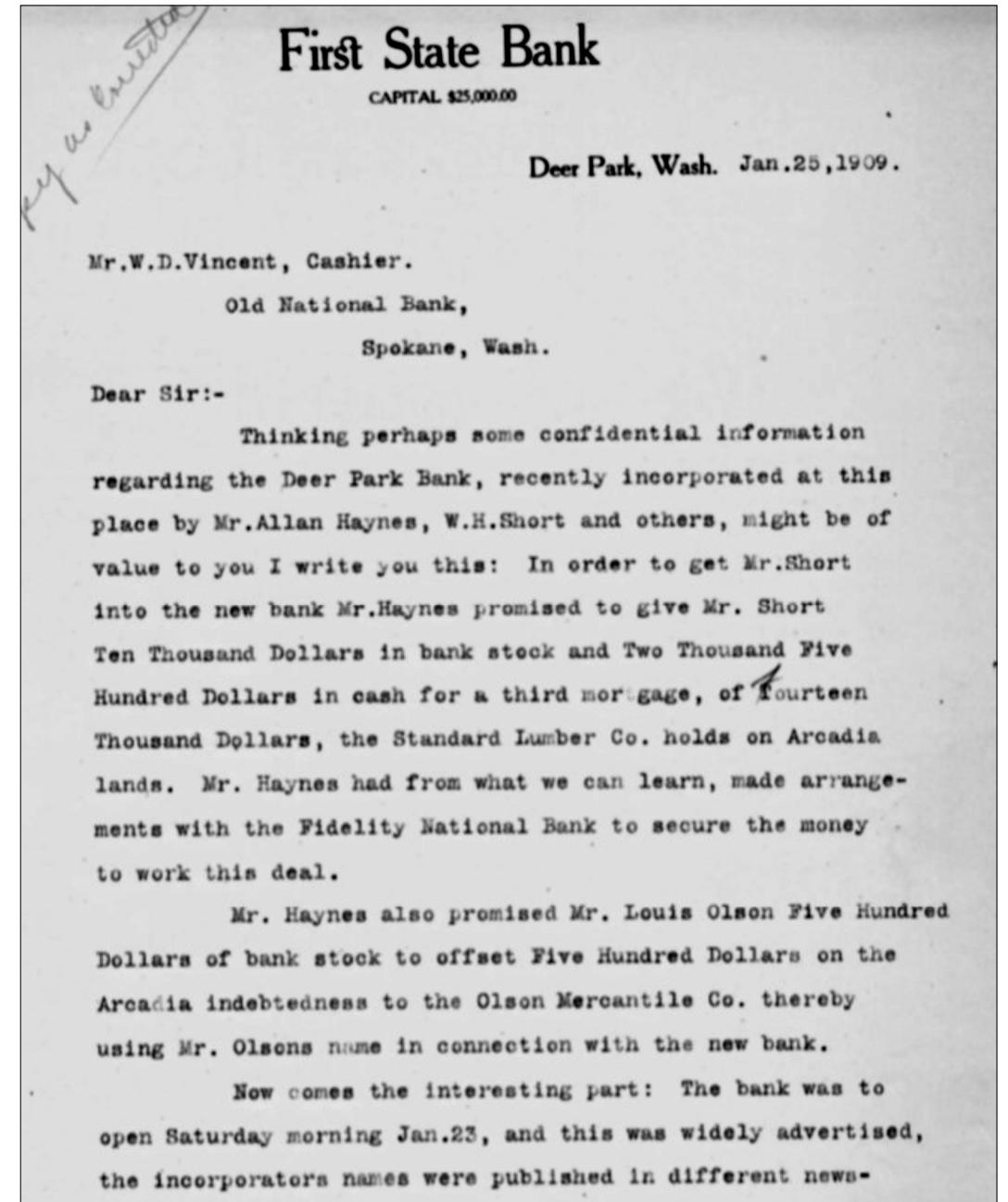


Image #4. (Continuation of letter on next page.)

Image #5. (Letter continued from prior page.)

papers. They had an office partitioned off in the Olson Merc. Co. building and reported they would have a safe installed and everything in readiness ^{by} ~~by~~ ^{the} date set,

When Saturday morning came there was no safe, money, or bank. Mr. Haynes and his crowd boarded the morning train to Spokane and the others sneaked off and hid and the incorporators became the joke of the town. The cause of this was as follows, Mr. Haynes wished to borrow Twelve Thousand Five Hundred Dollars of the new bank, giving Arcadia paper as security for same; as this would wipe out the fifty per cent of capital stock paid in, the local people objected with the result that Mr. Short, Mr. Peters, and others say they are going to kick Mr. Haynes and his crowd out and start the bank of their own accord sometime this spring.

Trusting this will be received in the spirit in which it was written, I remain.

Very truly yours,

involved were W. H. Short, of the Standard Lumber Company, and A. J. Peters, a Deer Park merchant. Irish wrote that Haynes "is to be the whole thing."

In July of 1929, the summer before the Great Stock Market Crash, the *Deer Park Union* carried an advertisement for the First State Bank of Deer Park warning of the coming wild fire season and the need for insurance (see image #6 on page 1623).

Apparently, the First State Bank continued operation during the early years of the

Great Depression. When Washington State's Governor Martin declared an optional state-wide bank holiday in early March 1933, Deer Park's First State Bank's officials did not see a reason for the protection measure and continued business as usual. By early 1934 the situation had worsened, and the First State Bank had been taken over by the Washington State Banking Department (see note #8). At the time the Banking Department asked that stockholders and depositors reorganize the bank along the lines laid down in the prior

Footnote:

(8) "Bank Taken Over by State Board." *Deer Park Union*, February 15th, 1934.



Image #6.

First State Bank advertisement from the July 4th, 1929 edition of the Deer Park Union.

year. O. F. Kelly had been working hard to make the suggested changes, but was trying to honor bank obligations rather than proceed with what he termed a “wrecking campaign.”

Unfortunately, the State Banking Department continued their liquidation of the First State Bank of Deer Park during 1935 but allowed Christmas dividends to be paid at some area banks (see note #9). By June of 1936 the First State Bank of Deer Park was being liquidated in Spokane, and Deer Park businessmen were organizing a plan to restore

banking in Deer Park (see note #10). Nine months later the Deer Park City Council was considering the State Bank Liquidator’s offer to sell the bank building to the city for \$2,500 (see note #11). Although the map (Image #1, page 1617) does not show lot lines, the lot containing the bank building may have extended to Vernon Avenue and contained at least part of a new city hall lot.

— end —

Footnotes:

- (9) “Three Banks May Pay Christmas Dividend:” *Deer Park Union*, December 12th, 1935.
- (10) “Business Men Will Work for New Bank:” *Deer Park Union*, June 18th, 1936.
- (11) “Council May Buy State Bank Building:” *Deer Park Union*, March 11th, 1937.

Further Reading

—Acquisition of the papers from the First State Bank of Deer Park—
Letters/Brickbats Column

Mortarboard #99, July 2016 — page 1314 — Collected Newsletters, Volume 27.
(http://www.cdphs.org/uploads/3/4/2/0/34204235/mortarboard_issue_99_doublepage_web.pdf)

Letters, Email, Bouquets & Brickbats

— or —

Bits of Chatter, Trivia, & Notices — all strung together.

... regarding Gene Mendenhall ...

Society member and frequent *Mortarboard* contributor Ken Westby sent the following in response to last month’s article outlining the local community’s early fascination with broadcast radio.

“As a youngster I was fascinated with a Zenith console radio that stood proudly in my grandparents’ living room. It was probably built in the late 1930’s. The radio dial was marked by the manufacturer not only with

the AM broadcast frequencies, but also the call letters of certain broadcast stations, several of which were granted “clear channels” for wide-area coverage. In the 1950’s, however, I could see that several of those call sign markings were obsolete or incorrect — a testimony to the fact that the broadcast industry was and is always evolving.

“Gene Mendenhall, whose name appears in your story, aroused some curiosity in my mind because the Mendenhall family was prominent in Deer Park in the early 1920’s. I

got to digging around and found that Gene was born in late 1907, and would have been about 14 years old when dabbling with early radio as reported by the *Deer Park Union* in September 1922. His father, Mark F. Mendenhall Sr., was at that time the manager of the local power company (Little Spokane River Power Co.) that served the community. You may recall that Mendenhall Sr. was mentioned in the May 2016 issue of the *Mortarboard*, page 1274.

“In 1930, Gene’s older brothers, Mark Jr. and Wesley, were living in Deer Park and working as electricians for the power company, according to the 1930 US Census. Wesley, his wife Anna, and daughter Janet were at that time living in the house at E. 503 A-Street that my parents eventually purchased in 1941, and where I was raised. Not surprisingly, the young and industrious Gene Mendenhall went on to become an electrical engineer, and was employed by the Puget Sound Power & Light Company in the Seattle area. He was a licensed amateur radio operator with Call Sign “W7CZ”. He died Aug 6, 1987 in King County at the age of 79.”

... Little Spokane ice story a bit fishy ...

On August 31st, 1906, under the header “An Ice Mine,” the following appeared on page four of the *Leavenworth Echo*.

“The following account of the discovery of a body of ice eight miles from Spokane appeared in the daily press last Monday.”

The “daily press” (lower case in the original text) is assumed to reference the *Spokane Daily Press* — at the time an active Spokane newspaper. However, a quick search of nearby Monday editions of that paper failed to draw up the original article, as did a search of

the Monday, August 27th editions of the *Spokesman-Review* and *Spokane Chronicle* — just in case the reference was to Spokane’s “daily press” in general.

The *Leavenworth Echo* article continued, “Ice forms constantly at the surface of the ground along the Little Spokane River, eight miles from Spokane, throughout the summer. The existence of this natural refrigerator has just been discovered by E. R. Peterson and W. I. Rake, who own the land on which it exists.

“The Little Spokane Refrigeration Company, for the purpose of keeping fruits, vegetables, butter and eggs and other perishable stuff in cold storage, is being organized in the expectation of developing a great industry from this discovery. It is proposed to dig a giant artificial cave at the place where the earth is constantly frozen, fill reservoirs with water, which will freeze and add to the frigidity of the temperature to an extent that will produce natural refrigeration for hundreds of car loads of fruit.

“Drafts of cold air that fairly swept them off their feet as they removed boulders from the land in question, and the formation of ice where water seeped through between rocks on the shady side of boulders, resulted in the investigation by Peterson and Rake that materialized in the unique discovery. For three weeks they have been quietly investigating the ground in that vicinity, finding that it is frozen to the depth of several feet and that all surface water is promptly congealed thereon.

“One remarkable feature of their discovery is that they can actually mine ice. In fact, they have kept the refrigerators in their own homes supplied for a fortnight by chunks of ice dug from the earth. With pick and shovel they have dug a wagon load at a time and believe there is an inexhaustible sup-

Comments Policy

We encourage anyone with observations, concerns, corrections, or divergent opinions regarding the contents of these newsletters to write the society or contact one or more of the individuals listed in the “Society Contacts” box found in each issue.
Resultant conversations can remain confidential if so desired.

ply. *The 'ice mine' is a half mile in extent, a quarter mile wide, and of unknown depth.*"

Another article, serving up the same basic information, appeared in the September 4th, 1906 edition of the *Ellensburg Dawn*.

But the story wasn't quite over. A year later — on August 16th, 1907 — this appeared in Pendleton's *Daily East Oregonian* under the headline "*Cold Storage Cemetery*."

"The Spokane Chronicle says that near Waikiki, the country home of Jay P. Graves on the Little Spokane River, there exists a perpetual body of ice underneath the soil which is believed by those who have made recent investigations to have been used by the Indians as a mausoleum for their departed chiefs.

"A farmer named Peterson, whose estate adjoins Waikiki, discovered this large body of ice under a covering of sand and gravel on his farm during the heated term of last summer. News of the discovery of this phenomenon spread among the inhabitants of the region who made frequent trips to the ice bank, carrying away blocks of the congealed mass for use in their refrigerators, and this practice, it is said, has been continued this year.

"A short time ago those who have drawn upon nature's storehouse for their supply of ice made another discovery. In cutting away the ice, portions of Indian blankets and rough matting of Indian manufacture were found imbedded in the glacial formation. This convinced Mr. Peterson and his neighbors that the vast ice deposits were used by the native Indians as a burial place. They believe that the bones of the Spokane chieftains are literally preserved on ice.

"Upon making this discovery, the use of ice for domestic purposes was abruptly discontinued. The sand and gravel which has been removed to enable the farmers to draw from the store was carefully put back, pending an investigation, which it is said will be made as soon as crops are harvested and the farmers have time to make a scientific research."

I've yet to locate any data suggesting

"a scientific research" was ever done at the site. And I've failed to find any further information about E. R. Peterson, W. I. Rake, or the proposed Little Spokane Refrigeration Company — other than the mention of "a farmer named Peterson, whose estate adjoins Waikiki" in the 1907 article. So I'm going to engage in some speculation.

Your editor doesn't want to totally rule out the extremely unlikely possibility that a glacial sized patch of permafrost could have somehow survived from the end of the last ice age at this latitude and elevation. (After all, I'm a hardcore X-Files fan.) That said, I found one observation from the August, 1906 article pushed even my gullibility to the breaking point — specifically, "*that all surface water is promptly congealed thereon.*" I believe the article was suggesting that unfrozen water poured on the surface of the underlying ice would "*promptly congeal*" — meaning promptly freeze — in mid-August.

My suspicion is that all this excitement was an attempt to sell stock in a dubious venture — said venture being the Little Spokane Refrigeration Company — by using advertisements masquerading as news stories. That was a ruse copied from the multitude of oil-stock scams common within the region during that era. But that's just my suspicion.

... what language are we speaking ...

The above article's reference to "*Waikiki, the county home of Jay P. Graves on the Little Spokane River,*" begs the question, how did what we assume to be an Hawaiian word end up embedded in the Little Spokane River's history?

The real mystery here is whether the place-name "*Waikiki*" is actually, as most often assumed, Hawaiian — in root a Polynesian word. Or is it in this particular application a phonetic rendering into our common alphabet of a Native American word?

As noted in an article detailing the construction of J. P. Graves' Little Spokane River mansion — said article appearing in the

May 14th, 1911 edition of the *Spokesman Review* — J. P. himself named both the ranch (founded about 1904) and mansion (completed about 1913) Waikiki. The article goes on to state, "*Waikiki is the Indian word for plain*

water" — leaving us with a conundrum that someone familiar with the local Interior Salish dialect might be able to clear up.

———— Wally Lee Parker ————

Minutes of the Clayton/Deer Park Historical Society ———— January 13, 2017 ————

The first meeting of the new year was held in the Clayton Grange Hall. We thank the Grange for accommodating us on such short notice.

In attendance: Bill Sebright, Pat Parker, Wally Parker, Mark Wagner, Sue Rehms, Mike Reiter, Roxanne Camp, Marilyn Reilly, Ella Jenkins, Rick Brodrick, Lorraine Nord, Betty Burdette, Chuck Lyons, Bill Phipps, Davin Brock, Denny Deahl, and Marie Morrill.

Society President Bill Sebright called the meeting to order at 9:00 AM. He reported that: 1) Pete Coffin mailed me a letter stating, "*This letter represents my resignation notice as Vice-President of the Clayton-Deer Park Historical Society.*" Pete is celebrating his birthday with family today. 2) Bill brought a cavalry officer's hat — a Christmas present from his son. Bill's Dad, Chester, was in the 7th and 17th Horse Cavalry during World War I in the Mexican Expedition along the Mexican-Arizona border. Pete Coffin found official papers showing the dates of Chester's enlistment and discharge.

Society Treasurer Mark Wagner reported the main checking account ended the month at \$6,603.94. There were deposits of \$160.00. The web hosting account ended the month at \$613.17 with a withdrawal of \$37.94 for web hosting. The Brickyard Day account is at \$1177.48. I have renewed our incorporation papers with the State of Washington for 2018.

Society Vice President Pete Coffin

had no report. Happy Birthday, Pete!

Print editor Wally Parker reported: 1) One hundred and ten copies of the January *Mortarboard* (#117) have been printed for distribution, and the online version has been submitted for posting. This 16-page issue includes an article by Peter Coffin titled "*Wild Rose Orchard Company.*" The issue's second featured article, "*Deer Park's All Night Radio Party,*" was penned by the *Mortarboard's* current editor. The Letters/Brickbats segment includes a letter from Sharon Borgford regarding last summer's "*Clayton Burns*" article, and a clarification of the Society's ongoing reprint policy. 2) Ten copies of the *Collected Newsletters, Volume Thirty-Three*, have been printed. This volume combines the November (#115), December (#116), and January (#117) *Mortarboards*. 3) The two-part article appearing in the November and December *Mortarboards* — "*In Search of the Legendary Gwen*" — has been reviewed in the *Deer Park Tribune*, with said review being reprinted in the *Colville Examiner*. It will be interesting to see if this mention results in any more interest in the original 10,225-word article, which differs in certain of its factual elements from the *Tribune's* review — at least in the author's opinion. 4) Regarding possible areas of future research along the lines of natural history, there are two subjects that might evoke public interest. One would be the Little Spokane River's pre-European and early settlement history as a salmon stream. This is something that clearly predates the memory of anyone

currently alive — the Little Spokane salmon runs having been completely blocked by Long Lake's dam (circa 1915). The second area would be the history of the incursion of molten lavas into the Little Spokane River basin. 5) With a possibility of cataract surgery impending, your editor is considering reducing the next four issues of the *Mortarboard* to 12 pages, and, if necessary, drawing a good portion of the text from articles previously published in the *Reports to the Clayton/Deer Park Historical Society*. I simply don't know what to expect considering I normally spend three to five hours of each day watching a computer monitor, but hope I'll be able to continue publishing acceptable issues by drawing from these well worked scripts — a selection of which has not been published elsewhere, but all of which are likely to be unknown to a good portion of our current readers.

Webmaster Marie Morrill reported that she has uploaded the January *Mortarboard*. She was able to upload Pete's *Mortarboard* index. She also checked the monthly

and yearly stats. She has a printout for anyone interested to peruse.

Betty said the Settlers meeting is Monday at 7 PM in the Ambulance Building. If anyone has any good usable items for a fund raiser, please let Betty know.

Mike said that Max Sanchez was a force that changed Deer Park High School, especially the basketball program, starting in 1967. He also pointed out that Ken Fisher was such a force, and did the same thing for DPHS and the music program starting in 1962.

There was further discussion of the Gwen and what to do next to figure out for sure which craft is at the bottom of Loon Lake. Mike, Rick and Wally will continue to work on this.

Next meeting: Saturday, February 10, 2017, at 9 AM at the Clayton Drive-In.

Meeting adjourned at 10:15 AM.

The Society meeting minutes submitted by Mark Wagner, acting Secretary.

———— end ————

Society Contacts

C/DPHS, Box 293, Clayton, WA 99110

Bill Sebright, President — sebrightba@gmail.com — (509) 276-2693

Wally Lee Parker, Editor of *Print Publications* — bogwen100@msn.com — (509) 467-9433

Editorial and Copyright Policy

Those contributing "original" materials to the Clayton/Deer Park Historical Society retain copyright to said materials while granting the *Mortarboard* and the Clayton/Deer Park Historical Society durable permission to use said materials in electronic and print media — including permission to reprint said materials in future Clayton/Deer Park Historical Society publications. Under certain conditions proof of ownership of submitted materials and/or a signed release allowing use may be requested. No compensation for materials submitted is offered or implied. All materials submitted are subject to editorial revision for content, language, legal exposures and so forth. Any material published as an exception to these general understandings will be clearly marked as to the nature of the exception.

Permission to Reprint Policy

When requests to reprint C/DPHS materials are received, such will be granted in almost all instances — assuming of course that we have the right to extend such permission. In instances where we don't have that right, we will attempt to place the requester in contact with the owner of the intellectual property in question. But, as a matter of both prudence and common courtesy, in all instances a request to reprint must be made, and must be made in writing (letter or email), before any C/DPHS materials are reprinted.

From "The Coast" magazine,
April, 1907



See Yourself in Print.

The Clayton/Deer Park Historical Society's department of Print Publications is always looking for original writings, classic photos, properly aged documents and the like that may be of interest to our readers. These materials should be rooted within, though not limited to, northern Spokane County, southeastern Stevens County, and southern Pend Oreille County. As for types of materials, family or personal remembrances are always considered. Articles of general historical interest — including pieces on natural history, archeology, geology and such — are likely to prove useful. In other words, we are always searching for things that will increase our readers' understanding and appreciation of this region's past. As for historical perspective; to us history begins whenever the past is dusty enough to have become noteworthy — which is always open to interpretation. From there it extends back as deep as we can see, can research, or even speculate upon.

Copyright considerations for any materials submitted are stated in the "Editorial and Copyright Policy" dialog box found on page 1,628 of this issue. For any clarifications regarding said policy, or any discussions of possible story ideas or the appropriateness of certain types of material and so on, please contact the editor via the email address supplied on the same page.

———— the editor ————

*A print copy of this issue of the *Mortarboard* is or soon will be available in booklet format.*

*Ask about
"Collected Newsletters: Volume Thirty-Four."*