



Banking in Gold Rush California — The Adams Express Company

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Plan of the Talk

Some History

- Sutter's Mill (January 1848)
- Treaty of Guadalupe Hidalgo (February 1848)
- President Polk's final message (December 1848)
- The Gold Rush

Gold Rush Money and Banking

The story of Adams & Co. in
California



The Steamers (Starting 1849)



Detail from Map of The Basin of the Pacific, c. 1862. Source: Personal collection

Isaiah C. Woods (1825 – 1880)

Born in Saco, Maine

Left New Bedford 1847; arrived San Francisco
1848

Established as merchant

Took over Adams & Co.

Bought Pulgas Rancho
property 1854



Adams & Co.

Founded Boston, 1840, by Alvin Adams

1849, Adams sends Daniel H. Haskell to San Francisco to open an office there

1854, Woods, Haskell, and Adams reorganize California business

Dominant express carrier in California



Buying Gold Dust

Statement

22/23 Feb. 1855
Amt of Gold Dust on hand \$198.000
" " Carried to Kellogg 200.000
In favor of Cohen \$2.000 -

Amt. accounted for by Cohen - \$148.000
Balt. in favor of " 2.000
\$146.000

Statement of Gold Dust received by Alfred A Cohen, Feb. 22-23, 1855, Adams & Co. Records, AM 205
Huntington Library, San Marino, California

Shipments of Gold

<p>List of places where ADAMS & Co., have OFFICES.</p> <p>NEW YORK, NEW HAVEN, HARTFORD, SPRINGFIELD, WORCESTER, BOSTON, PROVIDENCE, NORWICH, Ct., NEW LONDON, Ct., NORFOLK, Va., RICHMOND, Va., WASHINGTON, D.C., BALTIMORE, WILMINGTON, Del., LANCASTER, Pa., HARRISBURG, Pa., PHILADELPHIA, TRENTON, N. J., PITTSBURG, Pa., CINCINNATI, O., CLEVELAND, Va., WHEELING, Va., CHICAGO, Ill., ST. LOUIS, Mo., NEW ORLEANS.</p>	<p>No. <u>4357</u></p> <p>ADAMS & CO., DUPLICATE.</p> <p>San Francisco, Nov 20 1850</p> <p>Received of <u>A. W. Hale</u></p> <p><u>One pkgd said to contain gold dust</u> <u>valued Two hundred eleven Dollars,</u> Insured by ADAMS & Co., for that amount. <u>which we agree to forward to New York</u> <u>and deliver to H. S. Fine M.D.</u> <u>Albany N.Y. or order,</u> <u>Freight and Insurance \$ 14.77 having been paid here.</u> <u>For Adams & Co. Chas. L. Davis</u></p>
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Augustin Hale Papers, Box 1, Account Books, Huntington Library

Bills of Exchange



Banking Crisis of February 1855

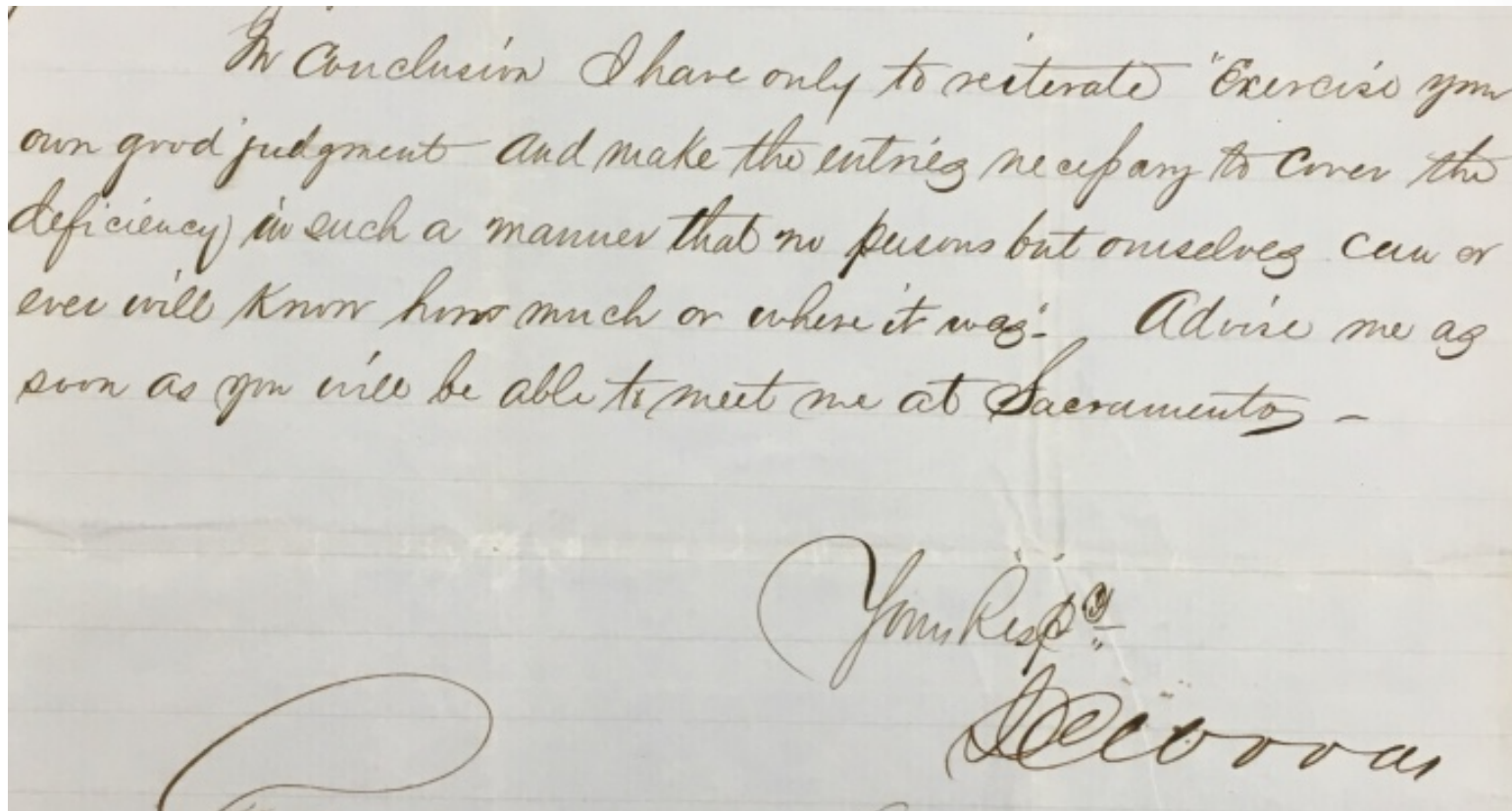
Page, Bacon & Co., largest bank in SF, suffers a serious run

Adams & Co. and others also close — Adams never reopened

**BANKING HOUSE OF PAGE, BACON & Co., }
San Francisco, Feb. 22d, 1855. }**
We must suspend. The suspension of Page & Bacon has impaired our credit. We have large funds in New York, and in transitu to us, unavailable. We cannot raise coin on our bills. Coin is not in the country. We believe and know we are solvent, and will be able to pay, and that soon, and have a large surplus.
PAGE, BACON & Co.



Adams & Co. — Pre-plundered



In Conclusion I have only to reiterate "Exercise your own good judgment And make the entries necessary to cover the deficiency in such a manner that no persons but ourselves can or ever will know how much or where it was." Advise me as soon as you will be able to meet me at Sacramento -

Yours Res^d
W.C. Woods

Detail from letter, I. C. Woods to F. A. Cohen, January 30, 1855, Adams & Co. Records, AM 194
Huntington Library



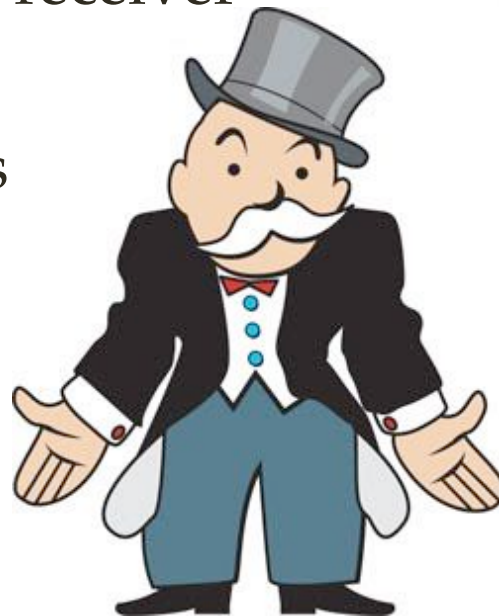
The Workout — Nothing Left

A. A. Cohen becomes receiver in “friendly” suit
— accounting discrepancies

Jos. C. Palmer becomes assignee in insolvency
proceeding

Henry Naglee becomes successor receiver
Palmer refuses to return assets

Litigation ends: judge rules funds
exhausted in litigation



Gold Rush Banking

Despite hard money economy and conservative banking regime:

Gold Rush California was chronically starved for capital

Banks failed anyway



The End



About Jonathan Tiemann

Dr. Tiemann, president and investment “guru” for Tiemann Investment Advisors, has more than 30 years of investment experience, which include nearly a decade in academia and now more than twenty years managing money and designing investment services. He earned his B.S. in Applied Mathematics from Yale University, an M.S. in Operations Research from Stanford University, and his Ph.D. in Finance from Yale University.

Dr. Tiemann co-founded TIA in 2002 to fill the need for a cost-effective institutional-caliber investment offering for individuals and families, after having served as the Chief Investment Officer of AdvisorTech Corporation. Prior to that, he served as President and CIO of BARRA RogersCasey Asset Services and Chief Investment Strategist at Barclays Global Investors (currently Blackrock), where he managed \$200 billion in institutional assets. A former Harvard Business School finance professor and member of the NASD Economic Advisory Board, he has spoken and written extensively in the area of investment management, investor rights and regulatory oversight of the broker-dealer community.

In searching for a better understanding of the antecedents of our present day banking system, Dr. Tiemann began researching the origins of banking during the Gold Rush period of California history. While he is not a “gold bug” by any means, he recognizes the value of holding a universally-valued asset like gold as a hedge in the context of foreseeable unprecedented events that may shake confidence in U.S. Government credit.

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