

Maggie Lena Walker:
Banker, Entrepreneur, and Social Activist

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Introduction

Few women have achieved the stature in the black community of Richmond, and the United States, as Maggie Lena Walker. In 1903 she founded the St. Luke Penny Savings Bank, becoming the first woman, white or black, to found a bank in the United States. In addition to being President of the bank, she was the head of the Independent Order of St. Luke, a beneficial society that provided insurance and social opportunities for its members. Her mission was to alleviate and reverse the discrimination facing blacks by generating economic growth and proving that blacks were capable.

Walker was a remarkable leader and social entrepreneur who combined her social vision with business talent to generate economic growth for the black community of Richmond and the nation. She saw “race unity” as the critical element in black racial uplift. By buying from and supporting black businesses, the community could gain economic leverage against the white community. As her experiences showed, blacks did have a significant economic voice, a fact that many white businessmen understood and appreciated. Her feminist views made her philosophy doubly important. She sought to employ as many women as possible and to unlock the potential of black women as a means of uplifting the race. Blacks, especially black women, had difficulty obtaining employment, so her desire to help black women was critical to African American progress.

As Jim Crow solidified and segregation pervaded the South, financial discrimination against blacks became more severe, and credit more scarce. Walker founded the St. Luke Bank and rescued a failing fraternal society, the Independent Order

of St. Luke, in an attempt to alleviate the challenges blacks faced. Through these institutions she was able to increase the financial security of her African American customers. One of the ironies of Jim Crow was that segregation encouraged the creation of a separate black middle class and a separate economy. Centered on the professions (teachers, doctors, and lawyers), this economy grew but remained constrained because its customer base was poor and its credit limited.¹ Walker sought to alleviate this challenge for her people.

Walker and her institutions served as a point of pride for the black community of Richmond. Her bank and the Order were headquartered in Richmond and made an outsized impact on Jackson Ward, the largest African American neighborhood in the city. Her bank financed hundreds of home purchases and numerous small businesses, enabling other entrepreneurs to succeed. Maggie Lena Walker was truly one of the great African American women of the 20th century.

¹ Jane Dailey, *Age of Jim Crow*, (New York: W. W. Norton & Company, 2008), xxi.

Chapter I

Creation of a Social Entrepreneur

Maggie Lena Walker's experiences as a child and young adult were crucial in making her the social entrepreneur and visionary financier she became. Maggie Lena (short for Magdalena) grew up with her mother, Elizabeth and her stepfather William Mitchell. Mitchell was not her biological father, a fact frequently overlooked in her lifetime and in scholarship published before the work of Gertrude Woodruff Marlowe, Walker's first and only serious modern biographer. Maggie's mother, Elizabeth, was a slave in the Van Lew household² in Richmond. She was freed before the Civil War, but continued to work for her mistress, the Union spy Eliza Van Lew.³

Maggie Walker claimed she was born on July 15, 1867. The claim is symbolically important because 1867 was also the year the Independent Order of Saint Luke (IOSL) was founded.⁴ Several factors suggest that she invented this date to align her birthday with the founding of the Order. Every census in which Walker appears, from 1880 to 1930, indicates that her birth year was 1865 or earlier.⁵ Had she been born in 1867,

² Eliza Van Lew was a Richmond socialite and abolitionist. She remained in the social circles of the Confederate leaders during the Civil War, even when she was employed by the Union as a spy.

³ Gertrude Woodruff Marlowe, *A Right Worthy Grand Mission: Maggie Lena Walker and the Quest for Black Economic Empowerment* (Washington, D.C.: Howard University Press, 2003), 2.

⁴ *Ibid.*, 1.

⁵ Federal Census Richmond, Henrico County, VA. US Federal Census: Schedule 1 – Inhabitants in Richmond, in the County of Henrico [Page No. 13, Supervisor's Dist. No 3, Enumeration Dist. No. 87]), 1880; Federal Census Richmond, Henrico County, VA. US Federal Census: Schedule 1 – Population, in Richmond City [Page No. 6, Supervisor's Dist. No 3, Enumeration Dist. No. 108]), 1900; Federal Census Richmond, Henrico County, VA. US Federal Census: Schedule 1 – Inhabitants in Richmond, in the County of Henrico [Page No. 13, Supervisor's Dist. No 3, Enumeration Dist. No. 87]), 1910; US Federal Census: Richmond Madison Ward, Richmond (Independent City), Virginia ([Page 25A, Enumeration Dist. 144]), 1920; US Federal Census: Population Schedule – Inhabitants in Richmond City ([Page 1A, Supervisor's Dist. No 6, Enumeration Dist. No. 116-57]), 1930.

Maggie Mitchell would have been ineligible to teach after she graduated from Richmond's Colored Normal School, at 16, two years shy of 18, the minimum age required.⁶ Marlowe was the first to point to this inconsistency. William Mitchell listed Maggie's age as 8 when he opened an account for her at the Freedman's Bank in August of 1872, and 1864 has become widely accepted as her birthdate.⁷ Walker's date of birth is listed as July 1865 in the 1900 Census but inconsistently in other Censuses. She was born in 1864 or 1865 but the evidence remains less than perfectly conclusive.

William and Elizabeth Mitchell were married in May 1868, well after Maggie was born, whatever her true birthdate.⁸ Maggie's biological father was Eccles "Max" Cuthbert, a fact both she and her mother acknowledged. Cuthbert had migrated to South Carolina from Ireland before the war and fought in the 1st South Carolina Infantry.⁹ He moved to Richmond after the war, and worked as a journalist for the New York *Herald* and later for the Richmond *Dispatch*. There he received high praise for covering the Virginius affair and the Hayes-Tilden presidential race of 1876.¹⁰ His obituary in the *Confederate Veteran* calls him a "most genial man, noted for his kindness of heart and unflinching humor."¹¹ He died on July 13, 1902, in Washington D.C. and was buried in

1890 Census Data unavailable, as destroyed by fire in 1922.

⁶ Marlowe, *Grand Mission*, 1.

⁷ Wesley P. Hester, "New birth year uncovered for Maggie L. Walker," *Richmond Times-Dispatch*, July 5, 2009. Author exchanged emails with Elvatrice Belsches, whose research was cited by the *Times-Dispatch*. Her research strongly suggests the 1864 birthdate which is the more plausible of 1864 and 1865.

⁸ Marlowe, *Grand Mission*, 2.

⁹ "Mr. Eccles Cuthbert," *The Richmond Dispatch*, July 15, 1902: 3. Cuthbert was a private in Company H according to National Park Service searchable database. He was probably from Northern Ireland as he was Episcopalian.

¹⁰ "Mr. Eccles Cuthbert," 3. The Virginius Affair was a diplomatic dispute between the US, Great Britain, and Spain which was then at war in Cuba. A Cuban ship, falsely flying the U.S. flag and carrying British and American passengers, was intercepted by Spain. Spain executed 53 passengers and paid an indemnity to victims' families.

¹¹ "Eccles Cuthbert," *Confederate Veteran*, Volume X., Nashville, TN, Editor S. A. Cunningham, 421. (Digitized at Duke, <http://archive.org/details/confederateveter10conf>)

Hollywood Cemetery in Richmond.¹² It is not known whether Walker attended his funeral service; the only relatives mentioned in obituaries were brothers in Nashville and California.¹³ His obituaries include no mention of his illegitimate, black daughter.

No article about Cuthbert mentions his relationship to Maggie, but two stories indicate that he knew she was his daughter and felt some responsibility for her. He offered to send her to private school in Baltimore, and for her high school graduation he gave her a dress which her mother promptly burned in the kitchen stove. Walker must have felt some bond to her biological father because she named her son Russell Eccles.¹⁴

Young Maggie Mitchell's life was shaped by four events. The first was her education, one of the best a black youth could receive in Richmond at the time. In 1872 Walker began attending the Old Lancasterian School, recently converted to a primary school for African Americans.¹⁵ She subsequently attended Navy Hill School. It had an all-black faculty, was a source of community pride, and provided good black role models for her to emulate. Walker was clearly talented because she gained admission to the Normal School, a public high school, through a competitive exam.¹⁶ She attended school for a total of eleven years because requirements for graduation changed in her final year,

¹² "Eccles Cuthbert," Find A Grave - Millions of Cemetery Records and Online Memorials, <http://www.findagrave.com/cgi-bin/fg.cgi?page=gr&GSln=CUT&GSpartial=1&GSbyrel=all&GSst=48&GSctry=4&GSsr=201&GRid=92989248&> (accessed January 5, 2014).

¹³ Cuthbert's relationship to Walker was not mentioned in his page two obituary in the Richmond Dispatch, July 15th (it was not published on Monday's). Cuthbert's death was not mentioned in the Richmond Planet in the July 19th Edition. He had a brother in Nashville, Robert Cuthbert, and brother in California who is unnamed in all sources. Walker is not mentioned in Dispatch Article the next day (July 16th) where notable guests and details were listed. He received additional and equally favorable coverage in the Dispatch, where he was, in his July 15th Obituary was given the honorific of Col.

¹⁴ Marlowe, *Grand Mission*, xl.

¹⁵ Ibid, 5-6. Dabney, Wendell Phillips, *Maggie L. Walker and The I.O. of Saint Luke: The Woman and Her Work* (Cincinnati, Ohio: The Dabney Publishing Co, 1927), 25.

¹⁶ Marlowe, *Grand Mission*, 16.

forcing her to complete an additional year.¹⁷ Her classmates included at least two future black leaders: publisher Wendell Dabney and physician Sallie Boyd.¹⁸

One of Maggie's teachers wrote to her years later, "if we are to judge the tree by its fruit, I conclude in your case, the impressions must have been good and I therefore take some little credit to myself. I consider that *you*, as well as many others of my old pupils, have reflected great honor upon me as one of your old teachers."¹⁹ E. Lee Trinkle, the Governor of Virginia from 1922-1926, reportedly said, "If the State of Virginia had done no more in fifty years, with the funds spent on the education of the Negroes than educate Mrs. Walker the State would have been amply repaid for its outlay and efforts."²⁰ Walker's education prepared her well for her future role as a leader of the black community of Richmond.

The second crucial event in Maggie's early life was the death of William Mitchell which drove her family into poverty. He had worked at the elegant St. Charles Hotel, probably as the headwaiter, an excellent, high paying job.²¹ In February 1876, William Mitchell did not come home from work.²² After a five-day search, his body was found in the James River. The Coroner's office ruled the incident a suicide by drowning, but the black community was convinced that he had been robbed and murdered. Maggie Walker herself believed that he was murdered.²³ He had little savings and no insurance, and his untimely death plunged his family into poverty.

¹⁷ Ibid, 6, 16.

¹⁸ *Richmond Daily Dispatch*, June 16, 1883.

¹⁹ Marlowe, 7.

²⁰ Dabney, *Maggie L. Walker*, 1a.

²¹ Marlowe, *Grand Mission*, 2. Most works call William her father, not her stepfather. Marlowe, however, set the record straight.

²² Dabney, *Maggie L. Walker*, 22.

²³ Bureau of Vital Statistics, Richmond City 1873-1886, Reel 36, p. 207, line 954 collected by Park Ranger Celia Suggs) as quoted in Marlowe, *Grand Mission*, 3.

Elizabeth Mitchell became a washerwoman, one of the only jobs available in Richmond to a black woman who had to stay home and care for small children. Washerwomen in Richmond were almost always black.²⁴ Maggie was deeply affected by William Mitchell's death which showed her the hardships a lack of insurance could impose on a family. In a speech she gave February 17, 1907, at the Second Street Baptist Church in Richmond, she said, "I was not born with a silver spoon in my mouth: but instead with a clothes basket almost upon my head," a reference to the difficulties her family faced during her childhood.²⁵

Another key event occurred after William Mitchell's death, her accepting of Christianity and joining the First African Baptist Church. During the Great Richmond Revival of 1878, Maggie Mitchell was baptized.²⁶ Her faith became exceptionally important to her, inextricably linked to her life and work, pervading all of her endeavors. In a 1925 diary entry, Maggie Walker listed William White, her childhood Sunday School superintendent at the First African Baptist Church, as one of the four most influential people in her life.²⁷ White's son later described for a writer for the magazine *Sepia* the circumstances of Maggie's invitation to attend church. William White frequently walked through the streets around his church, inviting children in the neighborhood to attend. One Sunday he found Maggie Lena playing in the street. He invited her to church, she went with him, and the next week returned on her own.²⁸ Walker remained deeply involved with the church for the rest of her life, even meeting her future husband there. Walker included many religious references, including the story

²⁴ Marlowe, *Grand Mission*, 5.

²⁵ Maggie L. Walker, "Stumbling Blocks," Second Baptist Church, February 17, 1907 (MLW Papers).

²⁶ Marlowe, *Grand Mission*, 8.

²⁷ *Ibid*, 8. Other 3 were her mother, Lizzie Knowles, and Rev. Holmes of the FABC.

²⁸ Alvin White, "I Remember Maggie Walker," *Sepia* (December 1977): 58 in Marlowe, *Grand Mission*, 9.

of Beniah, in her speeches.²⁹ The obscurity of some of the references proved her deep knowledge of scripture. Her religious views drove her commercial undertakings, which she often couched in terms of working to please God.

Maggie Walker's career as a social entrepreneur took a step forward in 1881 during her second year at the Normal School when she joined the Good Idea Council #16 of the Independent Order of the Sons and Daughters of St. Luke.³⁰ The organization provided social activities as well as industrial and life insurance to its members. The Council was led by two of the most important members of her church, the Reverend James H. Holmes and Superintendent White, whom she called two of the most influential people in her life. Elizabeth Mitchell was also a member of the Council.³¹ In time Walker held leadership positions in the organization to which she devoted her career.

Maggie Walker also participated in the fight for black civil rights. In the spring of 1883, her class, ten students, had scheduled graduation exercises.³² The black churches of Richmond where Normal School graduations were usually held appear to have conspired to prevent any of them from being the venue for the event in order to thrust the issue of unequal treatment of African Americans into the light. The graduates told city officials that their parents paid taxes, just as the white parents did, and that their graduation should be held at the same venue, the Richmond Theater.³³ The Richmond Theater was willing to host the event, but would permit blacks to sit only in the balcony. To the graduating students this was unacceptable, and the school held the graduation exercises in its

²⁹ The story of Beniah, one of King David's generals and bodyguards, is recounted in the Old Testament, 1 Chronicles 11:22-24 and 2 Samuel 23:20-22.

³⁰ Marlowe, *Grand Mission*, 11, 12.

³¹ *Ibid*, 11.

³² "Normal Colored School: Closing Commencement Exercises," *Richmond Daily Dispatch*, June 16, 1883.

³³ Marlowe, *Grand Mission*, 19.

undersized auditorium. One of Maggie Mitchell's classmates, William Dabney, called the event "the first school strike of Negroes in America."³⁴ The protest made it onto the front page of the Richmond *Dispatch*, but not the *Times*. Eccles Cuthbert may have planted the story in the *Dispatch*, as he may have then worked at the paper.³⁵ The event was the first of many times Walker worked for social change.

After graduation, Mitchell became a teacher, assigned to Richmond's Valley School, which at that time employed many future black leaders. James H. Hayes, who went on to study law at Howard University, was the principal. John Mitchell Jr., (unrelated to Walker), a future editor of the Richmond *Planet*, was a teacher, as were many women who became leaders of benevolent societies in Richmond.³⁶ Teaching was among the best available careers for black women during the Jim Crow era. While she was a teacher, Walker continued to be involved in the community. In early June 1883 a group of black activists founded the Acme Literary Association. The membership was a who's who of Richmond's black community, and included James H. Hayes and attorney E.A. Randolph. Maggie Mitchell was a Vice President of the organization.³⁷ Being a teacher clearly gave her status in the African American community and her involvement in the Literary society helped her develop her ability to lead.

Maggie Mitchell's career as a teacher ended in 1886 when she married Armstead Walker, Jr. They met at church and were married by the Reverend Holmes. They had three children and were happily married until Armstead's untimely death in 1915.³⁸

³⁴ Dabney, *Maggie L. Walker*, 32.

³⁵ Marlowe, *Grand Mission*, xlviii. Even if Cuthbert worked for the *Herald* at the time he, had an office at the *Dispatch*.

³⁶ *Ibid*, 29.

³⁷ *Ibid*, 27.

³⁸ See Appendix 1.

Armstead had graduated from the Normal School in 1875 and worked in his family's brick contracting business. Maggie Walker's marriage into one of Richmond's most prosperous families made her a member of the black economic elite of Richmond and gave her a level of affluence she had never experienced before. As a married woman, she could no longer teach, and her free time let her become even more involved in the community. She volunteered at one of her husband's fraternal societies, the Odd Fellows, and became an officer of its Ladies Auxiliary.³⁹

Maggie had joined the Independent Order of Saint Luke in 1881, but, Wendell Dabney wrote, "Her marriage to Armstead Walker soon brought her into closer relations with the Saint Luke. She now became one of the pillars of the organization," and her involvement steadily increased.⁴⁰ Her name first appeared in the Order's histories in 1886, the year she married, when she became Right Worthy Grand (R.W.G.)⁴¹ Outside Sentinel. She rose quickly through the organization and became Inside Sentinel in 1887, Grand Messenger in 1888, R.W.G. Vice Chief in 1889, and R.W.G. Chief 1890. She was following a leadership track already followed by many of its most successful members.⁴²

In 1890 Council No. 125 of the Order formed and was named the Magdalena Council in her honor, a testament to Walker's growing influence.⁴³ The extent of her experience with fraternal insurance organizations before working with the IOSL is unclear. She may have worked for the True Reformers, one of the organization's major competitors in Richmond, as well as for the Women's Union insurance company.⁴⁴ In

³⁹ Ibid, 30-31.

⁴⁰ Dabney, *Maggie L. Walker*, 35.

⁴¹ The designation Right Worthy Grand denotes the position or body is affiliated with the national headquarters.

⁴² Marlowe, *Grand Mission*, 36-37.

⁴³ Dabney, *Maggie L. Walker*, 25.

⁴⁴ Marlowe, *Grand Mission*, 36.

1891, her role in the Order became genuinely professional. She served as the Organizing Deputy Lecturer and was compensated for opening new councils in Virginia and West Virginia.⁴⁵ Over the course of that work, Walker mastered the organization's rituals, structure, and functions.⁴⁶

Walker was one of the most progressive officers in the organization. In 1895 she founded the St. Luke's Juvenile Department. The Order's 50th Anniversary History proclaimed that bold and brilliant "thoughts flew with lightning-like rapidity through [her] fertile brain."⁴⁷ She based the Juvenile Department loosely on the successful Rosebud program⁴⁸ of the True Reformers, and provided insurance, educational and social opportunities to its youth members. The new Department became a source of strength for the organization. Unlike the rest of the Order, this division had an endowment and based its operations on actuarial science and modern financial principles. In 1897 she was elected secretary of the Endowment Department, an indication of the value of her skills to the organization.⁴⁹

At the R.W.G. Council's Annual Convention in Hinton, West Virginia, on August 15, 1899, loss of membership and failing management provoked widespread criticism. Resistance to the adoption of a modern, centralized endowment for the IOSL was strong, even though the lack reduced its financial stability. The Independent Order of St. Luke was on the verge of bankruptcy and membership declined 50% that year to 1,080

⁴⁵ Ibid, 36. Dabney, *Maggie L. Walker*, 35.

⁴⁶ Theda Skocpol, et al, *What a Mighty Power We Can Be*, (Princeton, NJ: Princeton University Press, 2006), 122, 126. The organization's rituals did include some degree of hazing, though it was on the milder side relative to other comparable groups.

⁴⁷ Marlowe, *Grand Mission*, 38.

⁴⁸ The True Reformer's Rosebud program consisted of groups that taught children values, gave them social opportunities, and provided them with insurance.

⁴⁹ Dabney, *Maggie L. Walker*, 36.

members. Its assets had fallen to \$31.61 and its debts had increased to \$400.⁵⁰ W.M.T. Forrester, the R.W.G. Secretary who had served the organization for thirty years, was encouraged to resign, and Walker, the head of the growing, 1,600-member Juvenile Department and Secretary of the profitable Saint Luke Association,⁵¹ was elected Right Worthy Grand Secretary.⁵² Her career as a social entrepreneur who combined business and charity had been gaining momentum for well over a decade. This promotion marked a major turning point in her life. It gave her control of the organization from which she would spread her message and improve the lot of her people.

Under Walker's leadership the fortunes of the Order quickly rebounded. One of her first actions was to move the Order's headquarters to Richmond from Baltimore.⁵³ Her Normal School classmate Wendell Dabney wrote, "Success came almost immediately. The earnestness, diplomacy, and oratorical ability of the new official served as a magnet."⁵⁴ Membership increased, and planning for new ventures began. In 1901 she proposed founding a bank, a press, and a store, and quickly turned her dreams into reality. Walker's leadership of the black community of Richmond and the mid-Atlantic region gave her the influence she needed to make her vision a reality, and she used her position to the greatest possible extent. These ventures implemented her social mission, creating jobs and opportunity in the black community, especially for women.

⁵⁰ I. O. Saint Luke, *Fiftieth Anniversary – Golden Jubilee: Historical Report of the R.W.G. Council, I.O. Saint Luke 1867-1917* (Richmond, VA: Everett Wadley Co., 1917), 20 (MLW Papers).

⁵¹ The St. Luke Association owned real estate utilized by the organization. Marlowe states that Walker "headed" the St. Luke Association which was owned by various councils and individuals but this assertion is not accurate. Walker was the Secretary but not the head; that distinction went to President Armstead Washington). *Golden Jubilee*, 71-72.

⁵² Dabney, *Maggie L. Walker*, 37. Marlowe, *Grand Mission*, 46.

⁵³ Marlowe, *Grand Mission*, 46.

⁵⁴ Dabney, *Maggie L. Walker*, 37-38.

Beneficial societies like the Independent Order of St. Luke were important cultural assets in the black community. W.E.B. Du Bois stated in 1906 that the societies were “next to the church...the most popular organizations among Negroes.”⁵⁵ Fraternal organizations mobilized the community to work for social and economic progress. They taught their leaders and members key skills, “how to conduct meetings according to Roberts Rules of Order, keep honest secretarial and financial materials,” and plan and carry out events. Women were rarely if ever excluded from leadership positions, and women did dominate the IOSL. In fraternal organizations overall, women made up forty percent of the leadership.⁵⁶ Members from all socioeconomic backgrounds “actually gained *extra* opportunities to develop organizational and leadership capacities during an era of U.S. history when blacks are often presumed to have been relatively atomized.”⁵⁷ These organizations served an important role in developing the community’s social capital and generating economic opportunity.

A former slave, Mary Prout, founded the Independent Order of Saint Luke in 1867 in Baltimore, Maryland. The IOSL provided social opportunities and insurance to its members. Its charter authorized it to organize and maintain a fraternal benefit society carried on solely for the mutual benefit of its members or their beneficiaries, and not for profit.⁵⁸ The organization was floundering when Walker took over in 1899, but grew significantly in the quarter century following her installation as Secretary.

⁵⁵ Howard N. Rabinowitz, *The First New South, 1865-1920*, (Arlington Heights, Ill: Harlan Davidson, 1992), 152.

⁵⁶ Skocpol, et al, *What a Might Power*, 74.

⁵⁷ *Ibid*, 84.

⁵⁸ Virginia State Corporation Commission, *Charter Books*, Book 85, 412 (Library of Virginia).

At its peak in the mid 1920s, the organization claimed 100,000 members. This figure was exaggerated; membership peaked in 1925 at 85,255 members.⁵⁹ In that year the organization and the IOSL generated more than \$400,000 in revenue.⁶⁰ On December 31, 1925, the IOSL held nearly \$240,000 in excess of statutory requirements, had more than \$8 million in insurance in force in 22 states and the District of Columbia, and since its founding had paid almost \$1.3 million in death benefits to its policyholders' beneficiaries.⁶¹ By 1930 it had paid out more than \$2 million.⁶² This success helped to increase financial security, provide leadership opportunities, employment, and organization, and help blacks resist the injustices of Jim Crow discrimination.

As the financial health of the organization improved in the early years of the 20th Century, Walker began to use the Independent Order of Saint Luke to launch new ventures to implement her vision of "Race Unity," and increase employment opportunities for women.⁶³ In 1901 at the 34th annual session of the R.W.G. Council, Walker called for the creation of a bank, a store, a factory and a newspaper. The financial success of the Order and her role in it gave her the opportunity to become a social entrepreneur and start new businesses that would generate wealth and benefits for the black community of Richmond. Among the ventures she founded were the St. Luke Penny Savings Bank, the Emporium general store, and the St. Luke Press. Dreams of operating an apparel factory never came to fruition.⁶⁴

⁵⁹ Marlowe, *Grand Mission*, 266.

⁶⁰ Dabney, *Maggie L. Walker*, 123.

⁶¹ *Ibid*, 123.

⁶² Marlowe, *Grand Mission*, 246.

⁶³ Maggie L. Walker, *Race Unity*, 1909 (MLW Papers).

⁶⁴ Maggie Lena Walker, *Address to the 34th Annual Session of the R.W.G. Council of Virginia, I.O. St. Luke, at 3rd St. AME Church*, 1901 (MLW Papers). *Golden Jubilee*, 24.

Walker carried out her projects under the umbrella of the Independent Order of Saint Luke. The bank and the Emporium were separately chartered, but were not truly independent from the IOSL. Nepotism was prevalent in the management of most fraternal organizations, and the IOSL was no exception. It granted Walker an honor that similar organizations frequently bestowed on successful leaders; it made her Secretary-Treasurer for life. This practice may have been socially acceptable, but it was not a responsible business practice, and attracted the attention of state insurance regulators who forced the Order to reelect her to the position every four years.⁶⁵ The IOSL was often the majority shareholder in the businesses it controlled and its officers formed interlocking directorates. The Order was unusual in its management only because it did not collapse.⁶⁶

When Walker first advocated the creation of a bank, she urged the Order's members, "Let us put our moneys together; let us use our moneys; let us put our money out at usury among ourselves, and reap the benefit ourselves. Shall we longer continue to bury our talent, which the Lord has given us, wrapped in a napkin and hidden away, where it ought to be gaining us still other talents?"⁶⁷ Her argument, laden with biblical imagery, centered on the primary message of her social philosophy – that blacks must work together to develop a strong black economy. The bank served two practical purposes; it was a depository for the funds of the IOSL, its members, and the black community, and it was a source of prestige for Walker and the black community. The St. Luke Penny Savings Bank opened on November 3, 1903, with Walker as President and Chairman. Newspapers lauded the new institution and praised Maggie Walker, the first

⁶⁵ Marlowe, *Grand Mission*, 179, 183.

⁶⁶ Skocpol, et al, *What a Might Power*, 83.

⁶⁷ Walker, *Address to the 34th Annual Session*.

woman bank president in the United States.⁶⁸ The bank survived the Great Depression, and Walker remained Chairman of the institution, the oldest surviving black-owned bank in Virginia if not the United States, until her death in 1934.⁶⁹ It was the oldest independently operated black-owned bank until it was acquired by Adams National Bank in 2005.⁷⁰

Walker founded two other major ventures under the IOSL umbrella, the Emporium and the Press. At the August 26, 1904, Board Meeting of the St. Luke's Bank, she called for purchasing a building to house a millinery store.⁷¹ She expected the store to provide employment for black women.⁷² The building at 112 Broad Street that housed the Emporium also housed the St. Luke's Bank which moved there from its first location in the St. Luke Hall.⁷³ The Bank purchased the building for \$13,500, with a \$3,500 down payment and a \$10,000 loan for two years from an unidentified party, secured by a deed of trust.⁷⁴ To raise operating capital the Emporium sold shares to the IOSL, its councils, and its twenty six board members, eighteen women and eight men, whom it required to purchase \$50 in stock.⁷⁵

The St. Luke Emporium sold a variety of goods and was fiercely opposed by white merchants who wanted to retain their black customers'. A group of "real estate men" who opposed a black owned store on the primary retail thoroughfare of Richmond

⁶⁸ "Negro Woman and her Bank," *Times Dispatch*, August 13, 1903. "Colored People to Have New Bank," *Times Dispatch*, July 29, 1903.

⁶⁹ The bank survived as Consolidated Bank, following mergers with the other black banks of Richmond in 1930 and 1931.

⁷⁰ Today, it is owned by Premier Bank of West Virginia. Carol Hazard, "Consolidated Bank to become Premier Bank," *Times Dispatch*, January 7, 2013.

⁷¹ St. Luke Bank Board of Directors Minutes 1903 – 1913, August 26, 1904 (Virginia Union University).

⁷² Walker, *Address to the 34th Annual Session*.

⁷³ Marlowe, *Grand Mission*, 91.

⁷⁴ St. Luke Bank Board of Directors Minutes, August 26, 1904 (Virginia Union University).

⁷⁵ Marlowe, *Grand Mission*, 97. It is unknown how many directors could afford this and purchased shares.

offered \$17,500 for the 112 E. Broad Street property, but Walker refused to sell.⁷⁶ The white merchants of Richmond pressured their suppliers in New York not to sell to the Emporium, and caused the Emporium difficulty in procuring merchandise.⁷⁷ The opposition to the Emporium contrasted sharply with the support whites gave the bank. White banks supported the St. Luke Bank because black customers were unprofitable and they wanted to reduce the number of blacks they served. Market forces evoked the opposite reaction from white merchants who profited from black business.

The store was “symbolically crucial” because it promised “to provide the employment for women that was the cornerstone of the St. Luke’s development program.”⁷⁸ The business employed twenty people, fifteen of whom were women working as sales clerks.⁷⁹ The store generated revenues of more than \$29,000 in 1907 but was never profitable.⁸⁰ It never became as fashionable a place to shop as stores like Thalheimers, and succumbed to competition and closed on November 2, 1911.⁸¹ The venture survived as long as it did only because it was heavily subsidized by the IOSL. Insurance and banking regulation and inspection was increasing, and the Insurance Commissioner prohibited the Order from investing in the Emporium, cutting off the financial lifeline of the failing enterprise. The black community of Richmond failed to support the venture and “the St. Luke women’s hearts were broken at the failure of this ‘woman’s enterprise’.”⁸² After the store closed the St. Luke bank owned the property, even though it already moved to a new location, and the IOSL absorbed the Emporium’s

⁷⁶ St. Luke Bank Board of Directors Minutes, May 8, 1905 (Virginia Union University).

⁷⁷ Marlowe, *Grand Mission*, 99.

⁷⁸ *Ibid*, 97.

⁷⁹ Elsa Barkley Brown, “Womanist Consciousness: Maggie Lena Walker and the Independent Order of Saint Luke,” *Signs* Vol. 14, No. 3 (Spring, 1989), 624.

⁸⁰ Marlowe, *Grand Mission*, 111.

⁸¹ *Ibid*, 119.

⁸² *Ibid*, 119.

debts. The Order also received a loan from the St. Luke Bank for \$1,200, the amount of the Emporium's debts.⁸³

The other substantial business Walker founded under the IOSL was the St. Luke's Press which published a weekly newspaper, the *St. Luke Herald*. She knew the publication was necessary for the success of the organization: "No business, no enterprise, which has to deal with the public, can be pushed successfully without a newspaper, a trumpet to sound the orders."⁸⁴ The press also published St. Luke's documents and materials.⁸⁵ Walker was keenly aware of the importance of marketing and its ability to organize the community.

Walker's words and actions were inextricably linked. In 1899 she repeatedly insisted that "race unity" would strengthen the black community in the face of white prejudice and persecution. Only a united black community could develop the economic bargaining power it needed to demand and achieve positive change. Walker gave dozens of public speeches, the best source of her social and economic vision, in which she enunciated the details of her philosophy.⁸⁶ In her eulogy of the black fraternal leader, financier W.W. Browne, Walker advocated training "Negros in financering [sic] and mercantile development," training that was crucial to unlocking black economic potential.⁸⁷ Her philosophy paralleled that of Booker T. Washington who argued that

⁸³ St. Luke Bank Board of Directors Minutes, March 5, 1912, (Virginia Union University).

⁸⁴ Walker, *Address to the 34th Annual Session*.

⁸⁵ Only a handful of copies of the *St. Luke Herald* still exist and are in varying condition. The majority of copies are currently housed at William and Mary where they are being catalogued. The Maggie Walker House and NPS are supposed to eventually take over management of the documents. I viewed copies of the *Herald* at the MLW house, but was unable to gain access to those at William and Mary.

⁸⁶ Walker did not keep a journal with extensive discussion of thoughts or actions.

⁸⁷ Maggie L. Walker, "W.W. Browne – Financier," (MLW Papers).

black economic unity could be “a little green ballot” that “no one will throw away or refuse to count.”⁸⁸

The feminist thrust of Walker’s philosophy of the way the black community could improve itself from within was slightly unusual. Walker not only talked about improving the role of women; she also acted, hiring women and installing them in important positions. The economic empowerment of women in the black community was central to her mission. In her “Address for Men Only,” also called “Benaiah’s Valour,” delivered March 1, 1906, at the Saint Luke Hall, she clearly enunciates the fusion of these ideals:

You know how it is where your wife and children bought their hats and dry goods. The white woman is there. Step into the bakery and make a purchase. The white woman is there. Sometimes when you are so thirsty and just drop in to get a cool glass of beer- the white woman is there to draw it for you. You stop in and pay your rent. What woman is there to write the receipt? Step to the phone and by the time you touch it, a white woman is there. The white woman is everywhere. And, my dear friends, she is in many of the places that she is, BECAUSE YOUR MONEY, YOUR INFLUENCE, YOUR PATRONAGE keeps her there. WHILE YOUR OWN WOMEN, FLESH OF YOUR FLESH, BLOOD OF YOUR BLOOD, ARE LEFT TO SHIFT FOR THEMSELVES, AS BEST THEY CAN – TO KEEP HATS ON THEIR HEADS, SHOES ON THEIR FEET AND CLOTHES ON THEIR BODIES.⁸⁹

Walker spoke of the internal divisions in the black community and especially of its failure to patronize black businesses, “the greatest obstacle in the path of our race progress.”⁹⁰ Black economic power could lift up black women, even lift the entire race. Her business ventures sought to do just that.

Walker had decided views on the financial affairs of the black community. Black financial institutions were often under pressure from their larger and better managed

⁸⁸ *Report of the Commissioner of Education for the Year 1894-1895*, Volume 2, (Washington: Government Printing Office, 1896), 1359.

⁸⁹ Maggie L. Walker, “*Benaiah’s Valour: Address for Men Only*,” (St. Luke Hall, March 1, 1906), (MLW Papers).

⁹⁰ *Address for Men Only*.

white counterparts and struggled to compete with them. She sought to change this and frequently criticized banking regulations seemingly designed to inhibit the growth of black financial institutions:

White people have been running Banking and Insurance for more than a thousand years: you imagine that they ought to know something about the business by this time? THEN WHOM ARE THEY AFTER? They are after the Negro banks, which have come into existence in Richmond, Hampton, Norfolk, Newport News and all over the Southland. The white man doesn't intend to wait until the Negro becomes a financial giant, he intends to attack him and fetter him now, while he is an infant in his swaddling clothes, helpless in his cradle.⁹¹

Financial discrimination against blacks was rampant, but Walker was wrong when she blamed white financial institutions and regulators for black failure. Banking regulation was implemented to make the largest banks, white banks, safer and less vulnerable to collapse. Black owned banks were small, and had negligible deposits and assets relative to white banks; their collapse was not as threatening to the banking system as the collapse of white banks. Black banks may have been disproportionately affected by banking regulations because of their small size and frequent mismanagement, but those regulations were implemented to strengthen and modernize the system, not to dismantle black banks.⁹² It is unclear whether Walker believed her assertions or was using the argument to encourage black patronage of the financial institutions she controlled. In reality, she worked hard to comply with all regulations and made drastic organizational and operational changes in both the IOSL and the St. Luke Bank to appease regulators.

Walker's ventures were able to adapt, survive, and thrive in the face of the regulation that drove competing black owned insurance companies and banks into

⁹¹ *Address for Men Only.*

⁹² Allan Garfield Gruchy, *Supervision and Control of Virginia State Banks*, (New York: D. Appleton-Century Co., for the Institute for research in the Social Sciences, University of Virginia, 1937), 9. Bank regulation in Virginia "find's its prime purpose in the effort of the regulatory authorities to see to it that the banks function in accordance with the maximum economic welfare as far as that welfare is dependent on banking."

bankruptcy. The regulations were challenging but not insurmountable for well-managed institutions, and were not Walker's primary concern. Pointing to the failure of black business and industry, she attacked the lack of racial unity as the primary obstacle to black economic success. She made the argument most effectively in her "Stumbling Blocks" address:

In the business world, our stumbling-blocks are many. Some of them are the work of the enemy, but the most of them are the work of ourselves and our friends, hardly from intent, however, but from thoughtlessness and habit. The Negro merchant and the Negro banker are new things with us. These infants are still in their swaddling clothes; they are lusty healthy babes, thriving and getting fat but they have not started out to walk, as yet, they are but slowly crawling. When the time comes, as come it must, and that in the near future, when our merchants and our bankers shall receive the same support as we now give our undertakers and doctors, RICHMOND will, indeed, be the leading Negro business centre of the world.⁹³

Walker demanded that blacks support each other economically, that they keep their money within the black community. She was concerned that blacks spent hundreds of thousands of dollars a week in white businesses that would not employ blacks or compete fairly with black businesses. That spending was a "stream of living water" for the white community. In her "Race Unity" speech Walker succinctly described her mission: "we are going to see if we can try and turn the course of that almighty stream of dollar, [sic] and see if we can till our own barren lands, feed our own hungry, clothe our own naked, so that we can tell Jesus, 'Lord, we did it all in thy name.'"⁹⁴ The St. Luke Penny Saving's Bank was Walker's answer to financial discrimination and the scarcity of black capital. By pooling black capital, she insisted, the bank could offer financial services to underserved and credit-starved blacks.

⁹³ Maggie L. Walker, "Stumbling Blocks," (Second Baptist Church, February 17, 1907), (MLW Papers).

⁹⁴ Walker, *Race Unity*, (MLW Papers).

Walker and the Independent Order of Saint Luke also agitated for civil rights, efforts that are somewhat overshadowed but no less significant than her work for black economic growth. The St. Luke Press and the *St. Luke Herald* publicly opposed segregation, lynching and inequality of opportunity for blacks.⁹⁵ Walker also was a leader in several national organizations, among them the National Association of Colored Women (NACW) and the National Association for the Advancement of Colored People (NAACP). Walker was also a Trustee and benefactor of Virginia Union University which awarded her an honorary degree for her service in 1925.⁹⁶ She led other organizations as well: the Richmond Neighborhood Association, a welfare society for women, and the Community House for Colored People which conducted relief work.⁹⁷ Through these organizations she agitated for civil rights and protested against injustices including lynching, segregation, and educational inequality.⁹⁸

Even before she joined these organizations Walker spoke out boldly against racial injustice. In November 1899, months after being installed as R.W.G. Secretary, she spoke out against the treatment of black veterans of the Spanish-American War, and included this condemnation in her introduction of NACW President Mary Church Terrell at her speech in Richmond.⁹⁹ Walker was not a member of the NACW at that time, but her interests aligned her with the organization, and she had joined it by 1912.

In 1904 Walker helped to lead a citywide boycott of the Virginia Passenger and Power Company to protest its announcement in April of 1904 that it would enforce segregation on its trolleys. The four black bank presidents of Richmond, a group

⁹⁵ Brown, "Womanist Consciousness," 618.

⁹⁶ Marlowe, *Grand Mission*, 205.

⁹⁷ *Ibid*, 170-171.

⁹⁸ Skocpol, et al, *What a Might Power*, 175.

⁹⁹ Marlowe, *Grand Mission*, 57, 47.

including Maggie Walker, supported the peaceful boycott. The extent of her involvement is hard to ascertain, and newspaper articles about the incident do not mention that she was involved, but did state that the four black bank presidents supported the boycott as well as efforts to develop a black transportation company.¹⁰⁰ Walker did not speak at the mass meeting at which the boycott was organized, but her close associate Patsie K. Anderson, a member of the St. Luke's executive board and a director of the St. Luke Bank, did speak. John Mitchell, one of the organizers, declared the boycott ninety percent successful, but the white community viewed it as a failure.¹⁰¹ The transportation company went out of business at the end of the year, the victim of mismanagement and fraud.¹⁰² In 1906 Virginia adopted statutes mandating segregation, settling the issue for decades to come.

Walker was also heavily involved in the National Association of Colored Women (NACW). Her first recorded participation in the organization was at its annual convention in Hampton in July 1912 where she was a speaker.¹⁰³ The organization sought to improve the position of blacks, especially black women, and waged a robust campaign against lynching. Walker was an influential leader in the NACW and worked closely with NACW presidents Mary Church Terrell and Mary McLeod Bethune, as well as with Charlotte Hawkins Brown and her lifelong friend Nannie Helen Burroughs. Walker once entertained the President of the NACW, Mary McLeod Bethune, at a luncheon in her home.¹⁰⁴

¹⁰⁰ *Times Dispatch*, April 20, 1904. Nothing ever came of this suggestion to create a black transit company in Richmond.

¹⁰¹ Marlowe, *Grand Mission*, 94.

¹⁰² *Times Dispatch*, August 5, 1904.

¹⁰³ Marlowe, *Grand Mission*, 121.

¹⁰⁴ *Ibid*, 85, 203, 82, 121, 180, 203, 252-253.

In 1913 Walker became head of the business department of the NACW. She served on the NACW Auditing Committee beginning in 1925 and was chair of the NACW Finance Committee beginning in 1928.¹⁰⁵ It is probable she held these positions for several consecutive years each. Her health was deteriorating, when she addressed the NACW in 1928 on the financial condition of the organization from a wheelchair. Despite her ill health, the Richmond *Planet* called her the “Lame Lioness,” as she remained a force to be reckoned with.¹⁰⁶ After her death, chapters across the country held memorial services, an indication of her influence in the NACW.¹⁰⁷

Walker also served as Vice President of the Richmond Branch of the NAACP, a role she took on in 1917 when the branch was founded. The Richmond Branch, many of whose members were also members of the Independent Order of St. Luke, struggled because it could not include whites as northern branches did. The only real successes of the organization came in a campaign to register children who were not attending school and a drive for the Legal Defense Fund which raised more than \$1,000.¹⁰⁸ In 1925 when she attended the annual NAACP board meeting New York City, the organization in Richmond was flagging. At the meeting she was energized and promised Walter White that she would reinvigorate the Richmond Branch, but her efforts were not successful.¹⁰⁹ Her time and energy were stretched thin across too many organizations, and in one of her few diary entries in 1925, she justified skipping a monthly NAACP national board meeting by remarking, “too much.”¹¹⁰ She appears to have attended the more important

¹⁰⁵ Ibid, 122-123, 189.

¹⁰⁶ Ibid, 226.

¹⁰⁷ Ibid, 253.

¹⁰⁸ Ibid, 169, 201.

¹⁰⁹ Ibid, 201

¹¹⁰ Maggie Lena Walker, Diary, March 10, 1925 (MLW Papers).

annual meetings where she worked closely with DuBois and White, and served as chair of the Budget Committee.¹¹¹ The organization did not thrive in Richmond until after her death.

Walker was also involved in other successful charitable pursuits. In 1922 she helped to establish Richmond's Urban League which was more successful than the NAACP chapter at gaining crucial white support. Walker's charisma was critical to the success of the Urban League in Richmond. The unpublished memoirs of Eugene Kinckle Jones, the Executive Secretary of the Urban League National, noted that at a meeting in the Governor's Mansion, the governor's secretary repeatedly addressed Walker as "Maggie." The blacks in attendance took offense at this slight to their venerable colleague. By the end of the meeting, everyone present, white and black, was calling her "Mrs. Walker." No one explicitly asked her to be called by her honorific. "Whenever any question would be addressed to her," Jones noted, "she would with deliberation, unusual poise and an excellent choice of words, answer it directly—a manner which showed the questioner to be inferior in choice of words and in intelligent analysis of the points at issue."¹¹² She commanded respect from white and black alike.

At the core of Walker's mission as a social entrepreneur was creating good jobs for black women. Most black women were employed in tobacco factories or as servants in private homes.¹¹³ Blacks were the last hired and first fired, making it hard for them to find and retain jobs. In 1900 less than 1 percent of black women in Richmond were employed in clerical or skilled positions. In 1910 only 222 black women listed their

¹¹¹ Marlowe, *Grand Mission*, 217.

¹¹² *Ibid*, 172.

¹¹³ Brown, "Womanist Consciousness," 624.

occupations as typist, stenographer, bookkeeper or salesclerk.¹¹⁴ In the 1920s the IOSL employed 54 clerks, enough of whom were female to consist of one-third of black female clerical workers in Richmond.¹¹⁵ Her other businesses also employed women. The Emporium employed 15 women and the St. Luke Bank employed female tellers and assistant cashiers.¹¹⁶ Walker's progress in creating jobs for black women was significant especially in light of the difficulty they experienced in finding good jobs.

¹¹⁴ Ibid, 624.

¹¹⁵ Marlowe, *Grand Mission*, 209. Brown, "Womanist Consciousness," 624.

¹¹⁶ St. Luke Bank Board of Directors Minutes, November 5, 1906 (Virginia Union University).

Chapter II

Black Banking and the St. Luke Bank

The St. Luke Penny Savings Bank did more than just create jobs; it provided essential financial services to a group that was underserved and financially mistreated by the Jim Crow South. The first bank to specifically serve blacks, the Freedman's Bank, was founded on March 3, 1865, authorized by Congress in the Act to Incorporate the Freedman's Savings and Trust Company. The bank was a non-profit institution and had no shareholders; its board consisted of philanthropic-minded, well-meaning white northerners who paid little attention to the bank.¹¹⁷ Its charter allowed it to hold only cash and government securities – safe investments – and required all profits be returned to customers as interest payments on deposits.¹¹⁸ It could not provide loans or credit to the black community.

The Freedman's Bank was not the first truly black bank because it was not founded, owned, or entirely operated by blacks. The bank did add black trustees to its board of directors in 1867 and began to hire black cashiers and officers at the same time, but was never controlled by the black community it served.¹¹⁹ It was initially marketed with “missionary zeal” in advertisements placed in black newspapers across the country. The board sought to improve the lives of blacks by teaching them the importance of thrift and frugality and informing them about financial topics like compounding interest.¹²⁰ The Freedman's Bank was successful in attracting funds from depositors, and handled a total

¹¹⁷ Carl R. Osthaus, *Freedmen, Philanthropy, and Fraud: A History of the Freedman's Savings Bank*, (Urbana: University of Illinois Press, 1976), 5.

¹¹⁸ Osthaus, *Freedmen, Philanthropy, and Fraud*, 6.

¹¹⁹ *Ibid*, 105

¹²⁰ Abram L. Harris, *The Negro as Capitalist: A Study of Banking and Business Among American Negroes*, (College Park, Maryland: McGrath Publishing Company, 1936), 49-51.

of \$57 million over the course of its operation.¹²¹ It had 61,131 depositors, and at its peak in 1873 held \$4.2 million in deposits.¹²² It had 37 branches across the nation, 32 of them in the South, and grew to be a “part of the very fiber of black community life across the South.”¹²³

Beginning in the 1870s, the Freedman’s Bank strayed from its philanthropic mission. In 1870, Congress amended the bank’s charter to permit it to invest not only in conservative government securities but also in risky securities such as real estate loans and bonds. A “Washington Cabal” led by financiers H. D. and Jay Cooke gained significant influence over the board and officers of the Freedman’s Bank, and used it by selling it securities of dubious value that yielded less in interest payments than it paid to its depositors in interest.¹²⁴ Board members also used their influence to obtain loans directly from the Freedman’s Bank.¹²⁵ The corrupt practices brought about the collapse of the bank in 1874.

The Panic of 1873 and the failure of Jay Cooke and Company caused the bank severe financial distress, and when its financial difficulties came to light, runs occurred at its branches nationwide. The directors implemented several measures, among them restrictions on withdrawals, in an attempt to restore its solvency. Depositors’ confidence in the bank was so low that in March 1874 the bank’s trustees elected Frederick Douglass president, hoping his celebrity could save the institution, a last ditch attempt to halt its collapse. Black leadership and enthusiasm, however, could not undo the effects of poor

¹²¹ Osthaus, *Freedmen, Philanthropy, and Fraud*, 173.

¹²² Arnett G. Lindsay, “The Negro in Banking,” *The Journal of Negro History* 14, no. 2 (April 1929): 165. Harris, *The Negro as Capitalist*, 29.

¹²³ Osthaus, *Freedmen, Philanthropy, and Fraud*, 201.

¹²⁴ Harris, *The Negro as Capitalist*, 38, 42.

¹²⁵ *Ibid*, 34-35.

institutional design, gross mismanagement, dishonesty and rampant speculation. The bank failed on July 2, 1874, after only nine years in operation.¹²⁶

The failure of the Freedman's Bank was far reaching. Democratic newspapers including the Richmond *Daily Enquirer* viewed it as a carpetbagger scheme and celebrated its collapse.¹²⁷ For the black community, its failure was an unmitigated disaster, an economically devastating event which caused a widespread fear of banks that lasted for generations. Worse, the collapse destroyed black faith in financial institutions generally. The *Louisianian*, a black newspaper, argued that the failure "created a feeling of apathy towards saving," and undermined the values of work and thrift the bank had tried to encourage among blacks.¹²⁸ Other observers noted that black depositors and their friends who had viewed work and thrift as the most promising way to achieve a better life "lost faith in frugality and accumulation as a means toward improvement."¹²⁹ During the course of its liquidation, many depositors recovered very little of the money they had entrusted to the institution. Depositors continued to inquire about lost funds into the 1920s, decades after the bank's affairs had been wound down, but the Federal government refused to allocate money to repay depositors in full.¹³⁰

The bank's collapse slowed the economic growth of the black community, especially the development of black financial institutions. One commentator argued that the failure of the Freedman's Bank had a "deleterious effects on black economic enterprise" into the 20th century, but another insisted that the failure did not damage the black financial situation, pointing out that "shortly after the failure of this institution, the

¹²⁶ Osthaus, *Freedmen, Philanthropy, and Fraud*, 201.

¹²⁷ *Ibid*, 202.

¹²⁸ *The Louisianian*, in Osthaus, *Freedmen, Philanthropy, and Fraud*, 221.

¹²⁹ Osthaus, *Freedmen, Philanthropy, and Fraud*, 221.

¹³⁰ *Ibid*, 221.

Negro began independently to establish banks, fraternal societies, building and loan associations, real estate companies, and retail enterprises.”¹³¹ The latter assessment is accurate; fraternal societies and other enterprises did grow during this period, but no new banks were founded for more than a decade, until W.W. Browne founded the Savings Bank of the Grand Fountain of True Reformers in Richmond in 1888.¹³² The 1880s was a lost decade for black banking and financial development. W. E. B. Du Bois complained, “Not even ten additional years of slavery could have done so much to throttle the thrift of the freedmen as the mismanagement and bankruptcy of the series of a savings banks chartered by the Nation for their special aid.”¹³³ Many black leaders had advocated and solicited customers for the bank, and its collapse damaged their credibility.¹³⁴ Self-help through racial unity and economic improvement were virtues Maggie Walker spent her life extolling. She understood the depth of the disillusionment and worked hard to overcome it.

The collapse of the Freedman’s Bank may have cost young Maggie Mitchell money as her father opened an account in her name there in 1872. Even if she did not lose money, she certainly felt the impact of the bank’s failure. Armstead Walker, her future husband, had an account there, as did many organizations in which she was or would be involved.¹³⁵ The First African Baptist Church in Richmond lost \$10,000, money that would have paid for the construction of a new church building.¹³⁶ Local St. Luke’s Councils had deposited funds in the bank. The *New York Times* reported that

¹³¹ Ibid, 222. Harris, *The Negro as Capitalist*, 24.

¹³² Jesse E. Fleming, “A History of Consolidated Bank and Trust Company: A Minority Bank” (master’s thesis, Rutgers University, 1972), 16.

¹³³ W. E. B. Du Bois, *The Souls of Black Folk*, 36. As cited in Harris, *The Negro as Capitalist*, 44.

¹³⁴ Osthaus, *Freedmen, Philanthropy, and Fraud*, 201.

¹³⁵ Hester, “New birth year uncovered for Maggie L. Walker.” The Freedman’s Bank records are at the Library of Virginia.

¹³⁶ Marlowe, *Grand Mission*, xxx, Osthaus, *Freedmen, Philanthropy, and Fraud*, 204.

beneficial societies in Baltimore lost \$50,000 in the collapse.¹³⁷ The IOSL had its headquarters in Baltimore at that time; it too may have lost money. Walker was not involved in either organization until 1878, but she would have seen and felt the impact of the collapse, even if she did not lose any of her own money.

The call to establish black banks arose out of a need for a safe place for blacks to save money and obtain credit. Maggie Walker and others viewed these institutions as tools to stimulate the growth of the black economy by increasing the credit available to enterprising blacks. As Jim Crow intensified, white banks sought to rid themselves of their black clients, making it even harder for them to do business. White bankers believed black customers were more expensive to serve than white. Blacks' checking account balances were low and fluctuated unpredictably, making them unprofitable deposit account customers.¹³⁸ These fluctuations were a product of the poverty of black customers and the likelihood they would suffer unemployment during recessions. White bankers also viewed blacks as less creditworthy. Blacks seeking mortgages were hampered by a lack of collateral.

Banks routinely charged black enterprises and individuals higher interest rates on loans than they did whites. In Richmond they were charged about 2 percentage points more in interest on commercial loans and as much as double the interest for first mortgage loans.¹³⁹ Some bankers and white commentators identified the cause of blacks' lack of collateral as a product of both racism and market forces. Generally, whites

¹³⁷ Marlowe, *Grand Mission*, xxx. "The Freedman's Bank: Meeting Of Depositors At Baltimore A Society Organized To Look After The Interests Of The Colored People," *New York Times*, September 15, 1874.

¹³⁸ Harris, *The Negro as Capitalist*, 54, 57.

¹³⁹ Steven J. Hoffman, "Behind The Façade: The Constraining Influence of Race, Class and Power on Elites in the City-Building Process, Richmond Virginia, 1870-1920," (doctoral dissertation, Carnegie Mellon University, 1993), 304-305.

perceived black borrowers as less likely than whites to repay loans, a result of their laziness or moral laxity. This prejudice limited lenders' willingness to invest in black mortgages, and white bankers and investors often refused to lend money even to creditworthy blacks.¹⁴⁰ A contemporary researcher found that in Virginia "with but one or two minor exceptions, all of those who deal with Negroes consider them a good credit risk. They are good installment buyers."¹⁴¹ He also found that compared to whites of the same socioeconomic level, blacks were more creditworthy because "the Negro takes his obligations in this respect seriously and as long as he has regular employment he is conscientious in meeting them."¹⁴² The research may have been accurate, but was not reflected in the credit and interest rates white banks offered blacks.

Black collateral was usually poor quality. Blacks could buy real estate only in black neighborhoods, which was much less liquid than real estate owned by whites in white neighborhoods. It was difficult for blacks to purchase property outside of black neighborhoods, a result of fierce white opposition. When the St. Luke's sought to open the Emporium on Broad Street, the major white commercial thoroughfare of Richmond, whites attempted to block the purchase of a building to house the store. In Richmond, laws and custom restricted the sale or lease of black-owned or inhabited property to other African-Americans whose limited incomes depressed property values. This factor limited the market for real estate to blacks and white absentee landlords in black neighborhoods and made black houses less valuable as collateral because they were difficult for banks to sell profitably in the event they were foreclosed, as only blacks would inhabit them. The

¹⁴⁰ Charles Louis Knight, *Negro Housing in Certain Virginia Cities* (Richmond, Virginia: The William Byrd Press, Inc., 1927), 137. Knight remarks, "It is the testimony of several bankers that the small demand for mortgages on Negro property is due to popular prejudice rather than to a lack of property security."

¹⁴¹ *Ibid*, 119.

¹⁴² *Ibid*, 119.

black real estate market had a limited number of buyers who could afford to purchase houses, and as they struggled to get mortgages, the cycle was perpetuated.¹⁴³

Perversely, compared to equivalent houses in white neighborhoods, houses in black neighborhoods were expensive to rent and credit was scarce. Houses in black neighborhoods were inexpensive to purchase relative to white houses of similar quality because few blacks could afford to buy them. These same homes were costly to rent because a larger proportion of blacks were renters, and the number of homes available to them to rent was limited.¹⁴⁴ Most of these dwellings were rented by white landlords.¹⁴⁵ Blacks were confined to black neighborhoods. When blacks would move into a formerly white occupied dwelling, rents increased, as landlords and bankers considered the higher rents charged in African-American neighborhoods to compensate “for depreciation, which is both psychological and physical, and the loss and uncertainty of rent payments due to the high rate of turnover among Negro tenants.”¹⁴⁶ Blacks were perceived as unreliable renters, a point which the same researcher who found that blacks were good installment buyers also found true.¹⁴⁷ This phenomenon also made properties less liquid and decreased the collateral value of black real estate, effectively limiting the level of home prices.¹⁴⁸ When blacks did purchase homes, most transactions were financed by the seller. The seller accepted a down payment and monthly payments which were higher than rental payments would have been.¹⁴⁹ The title to the house did not transfer to the buyer until the purchase price was paid in full. This arrangement was widespread in

¹⁴³ Hoffman, “Behind The Façade,” 304.

¹⁴⁴ Knight, 155.

¹⁴⁵ Hoffman, “Behind The Façade,” 324.

¹⁴⁶ Harris, *The Negro as Capitalist*, 57.

¹⁴⁷ Knight, *Negro Housing in Certain Virginia Cities*, 120.

¹⁴⁸ *Ibid*, 304.

¹⁴⁹ *Ibid*, 119.

Richmond because both financial and social factors discouraged both black and white banks from accepting black property as collateral.¹⁵⁰

Black businesses also had difficulty obtaining credit. These enterprises were generally small, catered to the black community, and had unstable revenues. They depended on black customers who were especially vulnerable to changes in the economy. Most black businesses were service businesses, not capital intensive, and had little collateral to pledge to secure loans.¹⁵¹ As a result, banks charged black businesses higher interest rates on loans. Lower income and poorer collateral were, according to a leading black economist of the time, “conditions no bank, whether Negro or white, can well ignore in its credit and investment policy. When all of the facts are considered, it appears to us that economic rather than racial causes are the primary determinants of the credit policy of white banks to Negro business.”¹⁵² Black banks were seriously challenged by the small size and volatility of their depositors’ accounts, and the poor quality of black collateral added risk to the bank’s operations. These problems slowed capital accumulation and the growth of a black middle class.

Maggie Walker believed that part of the solution to these difficulties lay in the founding of black banks which would provide credit to blacks by lending out a portion of their deposits. The True Reformers Bank in Richmond was the first black owned and operated bank in the nation and a key proving ground for black financiers.¹⁵³ It was organized in March 1888, and the Capital Savings Bank in Washington was formed and

¹⁵⁰ Harris, *The Negro as Capitalist*, 56, 168.

¹⁵¹ *Ibid*, 57.

¹⁵² *Ibid*, 57.

¹⁵³ *Ibid*, 45.

opened later that same year.¹⁵⁴ Historians generally consider it the nation's second black bank, even though it opened for business first.¹⁵⁵ The True Reformers' bank opened for business on April 3, 1889, and took in \$1,269.28 in deposits on its first day.¹⁵⁶ The founding of the True Reformers Bank laid the groundwork for the rise of Richmond's black financial institutions. Fraternal societies, insurance companies, and churches played a role in the founding of new banks which then served as depositories for these organizations and often shared directors and employees with them.¹⁵⁷ Walker was the head of both the IOSL and the St. Luke Bank which had interlocking directorates and shared personnel. Even the Emporium had many of the same officers, directors, and key employees as the bank.

Like many of the first black banks, the True Reformers' Bank and the St. Luke's Penny Savings Bank were founded by fraternal societies. Fraternal organizations were able to generate revenues from members through their role as insurers. In order to pay future claims, they generally held high levels of assets which placed them among the most powerful black institutions.¹⁵⁸ The True Reformers Bank facilitated African-American property ownership and bolstered the financial strength of the black community, but its most important contribution to black real estate was the development of properties owned directly by the fraternal societies.¹⁵⁹ As the first black bank, it led the way, helping to establish Richmond and Jackson Ward as a black financial and business center. Richmond had a reputation for being a hotbed of black fraternal and financial

¹⁵⁴ Ibid, 46.

¹⁵⁵ Ibid, 104.

¹⁵⁶ Hoffman, "Behind The Façade," 310.

¹⁵⁷ Harris, *The Negro as Capitalist*, 47.

¹⁵⁸ Hoffman, "Behind The Façade," 307.

¹⁵⁹ Ibid, 311.

growth, a reputation that increased in 1903 when the St. Luke's founded the St. Luke Penny Savings Bank, Richmond's fourth black bank. In *The Negro in Virginia* Virginius Dabney, editor of the *Richmond Times-Dispatch*, commented, "From 1890 to 1920...Richmond was considered the most important center of Negro business activity in the world."¹⁶⁰ Maggie Walker contributed to this tremendous success. Richmond may not have been the biggest, but it did rank with New York, Chicago, Durham, Atlanta and Nashville as a leading center of black capitalism.

The St. Luke Bank had several competitors in addition to the True Reformers' Bank. The Nickel Savings Bank was founded in 1896 to serve as the depository of the People's Insurance Company. It operated until it collapsed in 1910 when banking regulations in Virginia became more stringent. The Mechanics Savings Bank was founded in 1902 by John Mitchell, Jr. of the Knights of Pythias. When it failed in 1922 it had 1,602 savings accounts. Half of the accounts had balances under \$50. Of its 1,536 commercial accounts, two thirds had balances under \$50. Eighty percent of commercial deposit accounts had balances under \$100. The bank had nearly a half a million dollars in assets.¹⁶¹ Like the True Reformers Bank, it made many real estate loans, but the precise role of both banks in increasing black property holding in Richmond is unclear owing to a lack of records.¹⁶² When the Mechanics Savings Bank failed, it had \$127,000 in real estate loans outstanding. Most likely it was real estate speculations by John Mitchell that led to the collapse.¹⁶³ The True Reformers Bank and the Nickel Savings Bank both failed

¹⁶⁰ Virginius Dabney, *Richmond: The Story of a City* (Charlottesville: University Press of Virginia, 1990), 554. Compiled by Workers of the Writers' Program of the Work Projects Administration in the State of Virginia, *The Negro in Virginia*, (New York: Hastings House, 1940), 298.

¹⁶¹ Hoffman, 315.

¹⁶² Ibid, 316-317.

¹⁶³ Ibid, 317.

in 1910 when state inspectors found irregularities in their accounting practices. The Mechanics Savings Bank did not fail until 1922.

The St. Luke Penny Savings Bank was a key part of Walker's plan to develop the black community. Walker proposed the creation of a bank in her 1901 Address to the 34th Annual Session of the R. W. G. Council of Virginia, and her plan became a reality on July 28, 1903, when the Virginia State Corporation Commission granted the bank its charter.¹⁶⁴ Maggie Walker was the first President and Emmett C. Burke the first Cashier. It opened for business on November 2, 1903, took in \$8,183.44 in deposits, and sold \$1,247.00 in capital stock, a one-day total of \$9,430.44.¹⁶⁵ This figure fell far short of her prediction of \$75,000 in deposits on the first day, but the opening was nevertheless a success.¹⁶⁶ Burke claimed it received nearly eight times more in deposits on its opening day than the True Reformers Bank which had received only \$1,200 in deposits when it opened in 1889, and double that of the Mechanics Bank which opened in 1902.¹⁶⁷

Its charter authorized the St. Luke Penny Savings Bank to sell \$50,000 in capital stock. Initially board members were the primary investors, in part because they were required by the board to hold a minimum of ten shares. This directive proved an insurmountable obstacle for many board members, especially women, who as a result had to be removed from the board.¹⁶⁸ The bank had supporters and board members across the Eastern United States. At the first meeting of the Board of Directors on August 19, 1903, a director from Boston moved that the Grand Council of the IOSL subscribe to 200 shares and another director moved that non-members of the St. Luke's be prohibited from

¹⁶⁴ 1901 Address

¹⁶⁵ Fleming, "A History of Consolidated Bank and Trust Company," 27.

¹⁶⁶ *Ibid.*, 26.

¹⁶⁷ *Ibid.*, 77. Marlowe, *Grand Mission*, 92. Harris, *The Negro as Capitalist*, 63.

¹⁶⁸ St. Luke Bank Board of Directors Minutes, December 5, 1903.

owning more than five shares.¹⁶⁹ This limitation on investors who were not members of the Order reveals the extent to which the IOSL and the bank were intertwined. The RWG Council did buy 200 shares for \$2,000, at \$10 a share.¹⁷⁰ Walker herself bought 15 shares, making her the second largest shareholder after the R.W.G. Council whose shares she controlled.¹⁷¹ Because only 339 shares were outstanding, Walker controlled the bank.

Given the bank's difficulty in raising capital, it was fortunate that initial deposits were not larger. More deposits would have increased the likelihood that the bank's resources could be overwhelmed in its early months of operation. At the time, banks sought to limit invested capital to about 18 percent of total deposits. The St. Luke Bank had only 15 percent, indicating that it was undercapitalized from the start.¹⁷² This bank, like many other black banks, faced challenges most acutely felt by black financial institutions. The St. Luke Bank's difficulty in raising capital confirmed that the African American community had less money to invest.

The St. Luke Penny Savings bank was the fourth African-American bank founded in Richmond, and like the others, it was linked to a fraternal organization with an insurance business. Walker's bank was the only one that did not succumb to "mismanagement and an over-reliance on investments in real estate," the Achilles heel of many black financial institutions.¹⁷³ The bank, though separately chartered, was effectively an arm of the IOSL, and the organizations shared personnel and directors. As bank and insurance regulation increased, Walker had to separate and insulate the organizations from each other. Two of the four black banks of Richmond were unable to

¹⁶⁹ St. Luke Bank Board of Directors Minutes, August 19, 1903.

¹⁷⁰ Fleming, "A History of Consolidated Bank and Trust Company," 25.

¹⁷¹ VUU, Walker Collection. Shareholders as of Jan 14, 1905.

¹⁷² Harris, *The Negro as Capitalist*, 58.

¹⁷³ Hoffman, "Behind The Façade," 318.

adapt to the new regulations and failed, as did their sponsoring organizations. Because Walker's bank remained solvent, there is less information about its finances than its failed competitors. Significant records from the bank do survive, however, making it possible to develop a detailed picture of the bank.

Thanks to its skilled and experienced officers, the St. Luke Bank was well managed. During its early years, Maggie Walker played a crucial role in its day-to-day affairs. African Americans were largely excluded from working in white banks, and blacks had to teach themselves to run financial institutions. To gain experience, she spent hours each day at the Merchants' National Bank of Richmond studying bank operations and finance.¹⁷⁴ John P. Branch, a member of the executive board of the American Bankers Association, a friend of John Mitchell, and a supporter of black financial development, arranged this opportunity.¹⁷⁵ As her bank matured and became self-sustaining, in large part a result of Burke's expert management, Walker focused her energy on the Independent Order of St. Luke, the NACW, NAACP, and other organizations. She continued to be closely affiliated with the bank and was an active member of its board until her death in 1934. Following the merger of the bank in 1931, Burke became President of the new Consolidated Bank and Trust, and Walker became Chairman.¹⁷⁶

Burke was, after Walker, the most important person associated with the St. Luke Bank. He served as the bank's Cashier and earned \$50 a month. He had gained banking experience working at the True Reformers Bank as head bookkeeper.¹⁷⁷ Burke's family

¹⁷⁴ Marlowe, *Grand Mission*, 90.

¹⁷⁵ *Ibid*, 91.

¹⁷⁶ Fleming, "A History of Consolidated Bank and Trust Company," 55.

¹⁷⁷ Marlowe, *Grand Mission*, 91.

was poor, and he had sold newspapers to pay for his high school education. After graduation he worked as a teacher in Henrico County and as a valet until W.W. Browne hired him to work in the True Reformers Bank. He was only twenty eight when he began working for the St. Luke Penny Savings Bank, and remained at that institution until he retired in 1950.¹⁷⁸

Black banks attempted to help blacks help themselves and to use their resources to create jobs and strengthen the emerging black middle class. The development of black banks was slowed by the collapse of the Freedman's Bank but it did continue after the failure. From 1899 to 1905 twenty-eight black banks were organized in the United States, and 106 more were founded by 1934.¹⁷⁹ The number of black banks founded from 1899 to 1934 – 134 – excludes credit unions, savings and loans, building societies and similar institutions. Despite the large number of banks founded, only twelve – nine percent – still existed in 1937. Depression era mergers and failures had taken a significant toll. Of the 25 founded in Virginia, only 3 remained.¹⁸⁰ From 1888 to 1934 eighty-eight percent of black banks in Virginia failed or merged.¹⁸¹ In Virginia from 1910-1935, only a third of all banks failed or merged.¹⁸²

White banks were more stable than their black counterparts, even during financial crises, because they had more experienced officers and employees, access to more prosperous borrowers, and could purchase the best available securities. White individuals and businesses were less likely to be impoverished and more likely to be large customers. Black banks were more exposed to economic downturns and managed less skillfully. In

¹⁷⁸ Fleming, "A History of Consolidated Bank and Trust Company," 55.

¹⁷⁹ Harris, *The Negro as Capitalist*, 46, 48.

¹⁸⁰ *Ibid*, 192.

¹⁸¹ *Ibid*, 48, 192.

¹⁸² Gruchy, *Supervision and Control of Virginia State Banks*, 189.

Virginia, small rural white banks whose fortunes were closely tied to agriculture and were the most likely to fail, additional evidence that the small size of black banks worked to their disadvantage.¹⁸³ Larger banks operating in cities benefitted greatly from the relative stability of the large corporate, industrial accounts they served. Black banks did not serve large, stable corporate clients and so did not enjoy the advantages of operating in urban areas that benefitted white banks.

The first black-owned bank, the True Reformers, took six years to open after William Washington Browne, the organization's leader, first proposed it in 1883, an indication of how difficult it must have been to start a bank. The legacy of the Freedman's Bank failure was still evident in the skepticism his proposal had to overcome. A few years after Browne's death, Walker spoke of her former rival and his efforts to organize a bank:

When Rev. W.W. Brown came to us years ago, with his ever inseparable bundle of paper, covered with figures, mysterious and puzzling to the average man, yet to him plain, practicable and convincing, he was wrestling with a financial system. He was working out an evolving process by which the dollars and cents of the race could be employed for their own financial benefit and uplift. He was a long way ahead of the rank and file of his associates; so far ahead that they could not see him, and, therefore, most naturally, did not understand, and there were many who did not want to understand him. When a man begins to dabble with figures and to figure out the wealth in his head, upon paper (unless he is a white man) it is not very long before we hear the name "CRANK" applied to him. We all know that president W.W. Brown was a "CRANK," in those early days so thought, so received, so treated.¹⁸⁴

Clearly, the road to creating black financial institutions was difficult and required white support. Fortunately, many white financial institutions did support black banks. Early in the 20th century segregation was increasing and white banks wanted to stop serving black customers, in part to avoid upsetting their white customers. The rise of black banks

¹⁸³ Ibid, 209.

¹⁸⁴ Walker, "W.W. Browne – Financier," (MLW Papers).

enabled the industry to segregate without adversely affecting the white merchants and business people who profited from black customers.

Many white banks wanted to rid themselves of black customers, but in 1905 most blacks in Virginia still kept their “many millions of dollars” in white banks.¹⁸⁵ Following the collapse of the Freedman’s Bank, white banks had been the only option for black depositors. During that period blacks conducted “a large part of the banking business ... with white institutions” because it was sometimes unavoidable and white bankers did not always discriminate against them.¹⁸⁶ Small black banks had to compete not only with each other but also with larger and more sophisticated white banks. This was still true in the 1930s when the Great Depression wrought havoc on the black banking sector. Even then, white banks were still inventing ways to segregate their black and white customers, an indication that white banks still had numerous black customers, to a large extent a product of negative black perceptions of black banks.¹⁸⁷ In her 1909 “Stumbling Blocks” address, Walker rhetorically asked:

I hear you say, “I haven’t any faith in a Negro bank.” Well, what has the white man done for you, to give you such great faith and confidence in him? There are four Negro banks in this town: haven’t you faith in at least one of them? Has either one ever failed, or had the slightest financial embarrassment? Do you know of any white bank, trust company or financial concern that has failed? Can’t you remember just one? Well, if you can’t, my dear friend, your memory is poor indeed!¹⁸⁸

Two of the four black banks she mentioned did fail the following year, but her argument demonstrates that blacks and whites did discriminate against black banks. Black banks were successful in alleviating discrimination against their customers, but they were

¹⁸⁵ W.P. Burrell, “Savings and Loan,” *Annual Report of the Hampton Negro Conference* (1905): 61-75, 67.

¹⁸⁶ Harris, *The Negro as Capitalist*, 49.

¹⁸⁷ *Ibid.*, 174.

¹⁸⁸ Walker, “Stumbling Blocks,” 36-37.

weaker than their white competitors, making blacks reluctant to deposit money in them.¹⁸⁹

Despite the forces of Jim Crow which sought to separate blacks and whites, the economy remained heavily integrated. Most blacks worked for white enterprises and many black business required the support of whites to survive. Black banks in Richmond especially needed the support of white banks because they were small and could not afford to pay membership fees to the regional clearinghouse. Without membership, other banks would not accept checks written by depositors on their accounts at the St. Luke Bank.¹⁹⁰ White banks did help the St. Luke Bank overcome this obstacle and some claimed at the time that the initial reluctance white banks was broken by white merchants seeking to serve black customers more effectively.¹⁹¹ Emmett C. Burke described their relationship at the 37th Annual Session of the R.W.G. Council:

We receive the most considerate treatment from the National Banks of our city and more than a month before our opening we received letters from the leading banks, soliciting our business and assuring us a free passage of our checks through the Clearing House. The second day of our existence our checks were received and honored through the Clearing House and to this day not a bank has refused to handle a check of the Penny Savings Bank. Such a record is encouraging and it goes to show that business and the acquisition of wealth will solve in a degree this so called problem.¹⁹²

“This so-called problem,” Burke knew, was the white belief that “the Negro is lazy, shiftless and incapable of governing himself.”¹⁹³ White banks may have discouraged the business of black individuals, but many of them sought the business of black banks. Individual banks nationwide wrote to the St. Lukes Bank asking to be selected to clear

¹⁸⁹ There was no government guarantee of deposits, FDIC Insurance, at this time.

¹⁹⁰ Hoffman, “Behind The Façade,” 301.

¹⁹¹ Burrell, “Savings and Loan,” 64.

¹⁹² Fleming, “A History of Consolidated Bank and Trust Company,” 77.

¹⁹³ Ibid, 77.

checks in their respective regions in exchange for a small fee.¹⁹⁴ Black banks depended on the large white banks that served as depositories for their funds, advised them on investments, and provided them short term collateralized credit and check clearing services.¹⁹⁵

In addition to providing check-clearing services to black banks, white banks also provided emergency funding.¹⁹⁶ Walker borrowed \$5,000 from the white Morris Plan Bank of Richmond to bail out her bank in late 1930 when auditors discovered shortfalls.¹⁹⁷ The loan had a \$400 monthly payment which Walker was unable to pay on time in February of 1931. Walker's reliance on the Morris Plan Bank to make it through trying times is readily apparent in her journal entries in 1930 and 1931 which are full of financial calculations indicating that her bank was in distress. The St. Luke Bank also conducted business with the First National Bank of Richmond.¹⁹⁸ It probably had between \$5,000 and \$10,000 in collateralized loans with larger white banks in 1906 and 1907.¹⁹⁹

Maggie Walker had an excellent relationship with white banks. She had studied banking at a white bank and borrowed personally from white banks.²⁰⁰ John Branch invited her to join the Virginia Bankers Association, and she was the only black bank

¹⁹⁴ The City Trust and Savings Bank of Grand Rapids Michigan to St. Luke Penny Savings Bank, November 5, 1906, Consolidated Bank Papers, Virginia Union University.

¹⁹⁵ Hoffman, "Behind The Façade," 302

¹⁹⁶ *Ibid*, 302

¹⁹⁷ Maggie L. Walker Diary, September 12, 1930 (MLW Papers). Letters between Joseph E. Birnie of the Morris Plan Bank of Virginia and Maggie L. Walker, January 23 and 29, February 10, 16, and 26, 1931 (MLW Papers).

¹⁹⁸ First National Bank of Richmond Asst. Cashier Charles R. Burnett to Emmett C. Burke, December 20, 1906, Consolidated Bank Papers, Virginia Union University. Contents included a signature card for Burke to sign.

¹⁹⁹ Letter to St. Luke Bank, November 5, 1906, Consolidated Bank Papers, Virginia Union University.

²⁰⁰ Consolidated Bank Promissory Notes 1930-1931, MLW Papers.

president who belonged to that organization.²⁰¹ She was honored by this invitation as the three other black bank presidents were not invited. Concerning the invitation she publically remarked, “I shall hope to conduct myself so as to reflect credit upon my race and people.”²⁰² In the St. Luke Bank records is an invitation from the American Banker’s Association inviting an officer of the St. Luke’s Bank to attend its convention in Saint Louis in October 1906.²⁰³ Whether Walker or a representative of the St. Luke Bank attended is not evident, but her invitations to join the Virginia Bankers Association and to attend the convention of the American Banker’s Association indicate that many white banks and bankers did support her bank.

²⁰¹ Marlowe, *Grand Mission*, 91.

²⁰² *Times Dispatch*, August 13, 1903.

²⁰³ G. Byron Latimer, President of American Bankers Association: Savings Bank Section to St. Luke Bank, December 7, 1906, Consolidated Bank Papers, Virginia Union University. Fred L. Kent, Chairman of American Bankers Association to Emmett C. Burke, December 17, 1906, Consolidated Bank Papers, Virginia Union University.

Chapter III

The Growth of the St. Luke Bank

Black support of Maggie Walker's bank was strong. In March 1904, after only four months of operation, the St. Luke Bank held \$6,187 in checking deposits and \$9,636 in certificates of deposit. Combined with \$4,578 in capital stock sold, its total resources exceeded \$20,000.²⁰⁴ It extended nearly \$8,500 in loans, much of it to borrowers in the Jackson Ward Community, held \$5,000 in cash, and kept the remainder divided between furniture and fixtures and a note due from "National Bank."²⁰⁵ The bank continued to grow in 1904 and handled \$220,000 in its first year of operation.²⁰⁶ In January 1905 at the bank's first annual meeting of its board of directors, the members opted not to declare a dividend, because, they explained, profits were too small to justify the outlay.²⁰⁷

The directors determined that its expenses were the cause of the bank's low profits. At a board meeting in February of 1905, Walker revealed that the bank could have paid a 10 percent dividend on all shares outstanding if it did not have to pay high fixed expenses. The directors voted to give the IOSL one quarter of the bank's \$50,000 capital stock in exchange for its assumption of the expenses.²⁰⁸ By June of that year the R.W.G. Council of the IOSL was covering most expenses incurred by the bank.²⁰⁹ In 1906, under the new expense sharing arrangement, the bank could afford and did pay a 10 percent dividend, its first.²¹⁰

²⁰⁴ Fleming, "A History of Consolidated Bank and Trust Company," 28.

²⁰⁵ Ibid, 28.

²⁰⁶ St. Luke Bank Board of Directors Minutes, January 14, 1905.

²⁰⁷ Ibid.

²⁰⁸ Ibid, February 25, 1905.

²⁰⁹ Ibid, June 18, 1906.

²¹⁰ Fleming, "A History of Consolidated Bank and Trust Company," 31.

Walker first proposed to open a branch of the St. Luke Bank at the February 1905 board meeting and the idea remained a recurring dream throughout the history of the bank. The board deferred action on the proposal and it was again a major topic at the August 1906 board meeting. The board seriously discussed the advisability of opening a branch in Alexandria or Washington, D.C. and in the beginning of 1907 Walker even traveled to Washington in an attempt to rally support for the idea.²¹¹ The *Washington Bee* reported that “plans are being formulated for a St Luke Savings Bank in this city and the indications are that such an undertaking will meet the hearty cooperation of the people here.”²¹² The timing for opening a branch was not auspicious, and this effort came to naught, in part because a conflict developed within the Order regarding compulsory insurance fees. Members of the Order in Washington whose support was necessary for opening a branch were incensed by the increase in fees.²¹³ Regulations prohibiting interstate banking make it likely the St. Lukes of Washington would have been deeply involved in opening a “branch” unrelated by charter to the St. Luke Bank in Richmond. The loss of support derailed the project.

The panic and recession of 1907 was probably another contributing factor. By December the bank was in need of additional capital, and the board authorized a 10 percent commission to be paid to anyone who sold shares.²¹⁴ The lack of capital also limited prospects for opening branches, as additional shares would have to be sold to cover the branch’s fixed costs as well as provide the capital required for its operations. This was probably the closest the St. Luke Bank came to opening a branch. The

²¹¹ St. Luke Bank Board of Directors Minutes, February 25, 1905 and August 14, 1906

²¹² *Washington Bee*, January 26, 1907.

²¹³ Marlowe, *Grand Mission*, 109.

²¹⁴ St. Luke Bank Board of Directors Minutes, December 5, 1906.

economic downturn of 1907 slowed the growth in deposits in 1908 to only four percent, down from fifty two percent. Loans and investments increased a substantial 56 percent over 1907 to just over \$33,000, an increase made possible by the bank's conservative management.²¹⁵ The bank continued to grow in 1909 and 1910. It did not consistently pay dividends, but it did have \$2,500 to pay a dividend in January of 1910, and declared a 5 percent dividend at that month's board meeting.²¹⁶ Later that month, it doubled its dividend to 10 percent, indicating the bank was on strong financial footing.²¹⁷

From the end of 1904 to 1910, the total assets of the bank grew from less than \$38,000 to \$120,000. During that time total loans and investments grew almost 350 percent to \$43,600.²¹⁸ Marlowe wrote that "loans and mortgages...had to be passed by the St. Luke board," but the board's minutes from 1903-1913 do not include discussions of approval of loans.²¹⁹ Consolidated records of individual loans made by the St. Luke Bank no longer exist, but correspondence between the bank and its customers does exist and provides the best evidence of the loans the bank made and the customers it served.

The St. Luke Bank received numerous letters from African Americans from states as far away as North Carolina and Pennsylvania seeking credit. Most asked for small business loans or mortgages on property. Most of the loans required real estate as collateral, whatever the loan's proceeds were to finance. Many wrote directly to Walker who instructed applicants to write to Burke who dealt with individual transactions.²²⁰

Burke appears to have replied in detail to the majority of letters. The correspondence

²¹⁵ Author compilations based on appendices 5, 7, and 9 in Fleming, "A History of Consolidated Bank and Trust Company."

²¹⁶ St. Luke Bank Board of Directors Minutes, January 5, 1910.

²¹⁷ Ibid, January 28, 1910.

²¹⁸ Fleming, "A History of Consolidated Bank and Trust Company," appendices 5, 7, 9.

²¹⁹ Marlowe, *Grand Mission*, 99.

²²⁰ W.L. Young to Emmett C. Burke, October 17, 1906, Consolidated Bank Papers, Virginia Union University.

shows the wide range of financial literacy in the black community. Burke was patient and even paternalistic in his replies when that was necessary. The bank was limited in the number of clients who could or would borrow from it as there were few large African American businesses, many depositors in the bank had low account balances, and most loan applicants were members of the IOSL.

Blacks sought credit from the St. Luke bank either because white banks and lenders refused them credit or because they wanted to support black owned banks. White banks' refusals to extend credit to blacks was a source of great frustration to potential borrowers. Richmond B. Garrett of Greensboro, North Carolina, inquired in January 1907 about obtaining a \$730 first mortgage "on one of the best pieces of property owned by a Negro in this city" in order to repay a white bank that had loaned him money.²²¹ Garrett claimed that "the white banks and money lenders refuse me recourse" and promised to strengthen the "Lodge of St. Luke" in Greensboro in return for a loan. His reference to strengthening the IOSL reveals the close relationship of the bank and the Order. It is unknown whether the bank extended Garrett credit. Some potential borrowers indicated that they were able to obtain credit from white sources, but preferred not to. In an October 1906 letter to Burke, W. L. Young, a member of the Order and a country storeowner, wrote that he had borrowed money to expand his business but needed to borrow again to repay a note that was coming due. He explained that he would rather pay interest to the St. Luke Bank, and he did not want to borrow from a white bank if he could help it."²²²

²²¹ Richmond B. Garrett to Emmett C. Burke, January 17, 1907, Consolidated Bank Papers, Virginia Union University.

²²² W.L. Young to Emmett C. Burke, October 17, 1906, Consolidated Bank Papers, Virginia Union University.

Most of the bank's strongest supporters were members of the IOSL, and in return the St. Luke Bank supported the IOSL. Correspondence between the bank and the "Hams Council 175" of the IOSL in Rio Vista, Henrico County (now Richmond City), illustrates this relationship. In May 1906 the Council's officers explained that they had an old meeting hall which needed replacement, had already purchased the lumber, and made a \$10 down payment to a contractor for the construction of a new hall. The St. Luke Bank turned down their initial request for a \$500 loan to cover the cost of construction, and they responded, "we was sorry of its contents for we was sure that we could do business with the Bank on conditions of being one of our race and we sought no other source." They had found members willing to guarantee the loan for its one-year term and offered to pledge the new hall as collateral. Apparently this plea worked. In a November 12, 1906 letter the officers of the Hams Council acknowledged receiving the loan for \$300 at 6 percent interest.²²³ The bank required Councils of the IOSL to provide collateral for their loans. In 1904, Burke responded to a request from William Richardson who had asked for a loan of \$100 on behalf of the Randolph Council. Burke informed him that as soon as the bank received the deed of trust it would grant the loan.²²⁴ The bank worked closely with local Councils of the Order to help them reach their financial goals. In return the Order was the largest shareholder in the St. Luke Bank and relied on it as its primary depository. In 1925, the first year the Order disclosed the amount of cash it had deposited in various banks, it had more than \$51,000 in the St. Luke Bank.²²⁵

²²³ While they borrowed less than they initially asked for, it appears to have been sufficient. Letters from Samuel L. Burley, Chairman of Hams Council #175 to Mrs. Maggie L. Walker, May 12 and 19, 1906. Samuel L. Burley to Emmett C. Burke, November 12, 1906 (MLW Papers).

²²⁴ 1903-1914 Carbon Copy Letter book, pg 183 (Virginia Union University).

²²⁵ "Journal of Proceedings of the Fifty Eight Annual and Fourth Biennial Session of the R.W.G. Council of the I.O. of St. Luke and the Matrons' Conference of the Juvenile Department," (August 17-20, 1925): 79 (MLW Papers).

Letters also reveal much about the financial literacy of the bank's clientele. Some individuals discuss first mortgages and offer collateral, but others are less sophisticated. One of the most knowledgeable writers was a merchant from Coatsville, Pennsylvania, who found himself "in a pretty bad fix" and sought an \$1,800 loan to pay off other creditors, offering a large commercial property he owned as collateral. He described the premises, the value of adjacent properties as well as a \$3,000 insurance policy on the premises. His request indicates that he was familiar with the factors banks evaluated when making lending decisions. The bank's response is unknown.²²⁶ Augusta Campbell, a member of the Order from Brunswick County, Virginia, wrote Burke in September of 1906 asking for a small loan to "start-up my little business." She asked if depositing her St. Luke insurance policy with the bank would provide sufficient security for the loan. She stated she was a teacher and was saving her earnings to fund a business, but never stated what her business was or the amount of money she needed.²²⁷ She provided some, but not all, of the relevant information, indicating some financial experience.

Burke's replies to customers who knew little about borrowing money were generally kind but educational. In a response to a letter from Virginia E. Randolph of Richmond, he wrote that to get a loan for as little as \$50 for six months would require "security or collateral" or "some reliable person to endorse your note out of whom we could get the amount in case your note went by in default, or if you are willing to give a deed of trust on your property the loan will be granted."²²⁸ He was stern when the situation required. Burke's response to a letter from Martin A. Harris who requested an

²²⁶ James W. Washington to Emmett C. Burke, February 15, 1904 (Virginia Union University).

²²⁷ Augusta Campbell to Emmett C. Burke, Sept 12, 1906, (Virginia Union University).

²²⁸ Emmett C. Burke to Virginia E. Randolph in carbon copy book, July 21, 1904 Consolidated Bank Papers, Virginia Union University.

extension of his note, was sharp. Burke remarked, “You may think it is smart to dilly dally and beat the bank out of what is justly her own, but you do not seem to realize that the bank can do you tenfold the harm that you do it by this kind of procedure. It has now been about six months since we began this loan business with you and not one cent has been paid by you.”²²⁹ Whether Harris responded to this prodding is unknown. In total these letters prove the importance of the St. Luke Bank to African Americans seeking credit.

Banking and insurance regulation put major pressure on the IOSL and St. Luke Bank. Regulation in Virginia was limited at the beginning of the 20th Century, but the regulation of insurance companies and banks began to increase around 1908 and in 1910 became even more stringent. These pressures required changes in the organization and operations of both the Order and the bank. The State Insurance Commissioner made a surprise inspection of the IOSL in October 1908, and the regulators gained access to everything except the Order’s secret passwords.²³⁰ The Order received a clean bill of health, but the Commissioner described the Order’s investments in the Emporium as “Traacherous.”²³¹ Walker must have seen the writing on the wall and realized that the Order’s support of the Emporium would eventually have to cease, causing it to fail. In August of 1910 she proposed to move the bank from the Emporium to a new location. The Board promptly approved building a new bank at First and Marshall Streets. The building was designed and constructed by board member and architect Charles T.

²²⁹ Emmett C. Burke to Martin A. Harris, December 15, 1905, (Virginia Union University).

²³⁰ Marlowe, *Grand Mission*, 112.

²³¹ *Ibid*, 115.

Russell.²³² The ornate building opened on October 31, 1911. For the first time the bank had safe deposit boxes available to rent for \$2 or \$3 dollars per year.²³³ The Saint Luke Penny Savings Bank may have changed its name to the Saint Luke Bank and Trust Company in 1910 or 1911 as many commentators suggest.²³⁴ Despite the change, references to the bank in *Bankers Magazine*, the *Saint Luke Herald* and other places still used the phrase “Penny Savings” after 1911.²³⁵ Most likely the name changed sometime between 1921 and 1926.

In 1910 the Legislature amended and strengthened Virginia Banking law. The State Corporation Commission gained the authority to supervise and examine state banks and any national banks that acted as state depositories.²³⁶ A scholar of bank regulation in Virginia remarked that “the 1910 revision of the Virginia bank code” introduced examination and supervision of state banks “but only in a limited and inadequate manner.”²³⁷ Regulation may have been weak, but five banks (two of them black) failed in 1910, a figure that was not surpassed until 1928 as the prosperity of the roaring twenties was coming to a close, indicating that the legislation was sorely needed.²³⁸ The True Reformers, the largest bank and a major insurance company in Richmond, collapsed

²³² St. Luke Bank Board of Directors Minutes, August 5, 1910. Fleming, “A History of Consolidated Bank and Trust Company,” 318.

²³³ St. Luke Bank Board of Directors Minutes, Nov 16, 1911.

²³⁴ Sadie Iola Daniels, *Women Builders, (Washington, D.C.: The Associated Publishers, Inc., 1931)*, 39. Hoffman,

²³⁵ An image of the new bank building built in 1911 has name is St Luke Penny Savings Bank etched in stone above doorway, indicating “Penny Savings” remained in its name, Marlowe, *Grand Mission*, 112. The bank was still called the Saint Luke Penny Savings Bank in 1915 in *The Bankers Magazine* 91, (July to Dec 1915), 894. An advertisement in the *Saint Luke Herald* from January 1, 1921 still calls the bank the St Luke Penny Savings Bank. By 1926, it is called St. Luke Bank and Trust Company by the *Times Dispatch* in quarterly releases of bank financial data.

²³⁶ Gruchy, *Supervision and Control*, 71.

²³⁷ *Ibid*, 72.

²³⁸ *Ibid*, 208.

following a state inspection.²³⁹ Many commentators at the time argued that this collapse catalyzed the regulatory legislation, but in fact the regulation caused its collapse.²⁴⁰ The St. Luke Bank was solid, easily survived an inspection in November of 1910, and received a “clean sheet” because it was conservatively managed.²⁴¹ Marlowe claims the Bank was unable to issue a dividend in 1911 and 1912 because regulations required the Order to sell all of its stock in the Bank, but the Order remained the bank’s largest shareholder, calling the accuracy of this assertion into question.²⁴²

The Legislature revised and enhanced Virginia banking legislation in 1912, “a great advance over previous legislation in the matter of controlling weak and insolvent banks.”²⁴³ The State Corporation Commission could now close an insolvent bank immediately and put its assets into the hands of a receiver. This reform did not cause a spike in bank failures, probably because these measures did not affect bank operations as significantly as had the 1910 regulation. The 1914 regulations limited the loans a bank could make to any person or corporation to 25 percent of the bank’s capital and surplus unless it first received approval from the directors of the bank. Despite the IOSL and St. Luke Bank’s cozy relationship, there is no indication that this new rule caused trouble for the bank’s management. After 1914 the banking code did not change significantly until the legislature made moderate changes in 1920.²⁴⁴

²³⁹ Marlowe, *Grand Mission*, 117.

²⁴⁰ Lindsay, “The Negro in Banking,” 178. Bank legislation was passed in July 1910, prior to the collapse of the True Reformers that fall. Interestingly, the Independent Order of St. Luke pledged its support as a major backer of a proposed backer of a bailout, which never occurred. Marlowe, 117.

²⁴¹ Fleming, “A History of Consolidated Bank and Trust Company,” 34. St. Luke Bank Board of Directors Minutes, Nov 17, 1910.

²⁴² Marlowe, *Grand Mission*, 135.

²⁴³ Gruchy, *Supervision and Control*, 74.

²⁴⁴ *Ibid*, 82, 75.

By 1914 the increased regulatory pressure from the Virginia State Corporation Commission and state insurance inspectors forced Walker to shift her objectives for the IOSL and to re-charter the organization.²⁴⁵ Insurance regulations varied from state to state, and the Order needed to modernize its operations to comply with them. In 1914 the Executive Board of the IOSL ordered that the organization's charter be dissolved and a new one obtained to ensure that the organization was in full compliance with insurance regulations in all states in which it did, or intended to do, business. The amended charter increased the strength of the Order and St. Luke Bank, though it did mark "the shift of the St. Luke dream away from the creation of new businesses to provide employment for women and away from the investment of funds in black enterprises."²⁴⁶ The new charter limited the organization's real estate holdings to an acre for its headquarters, and investments to "six per cent first mortgage bonds, in bonds of cities, counties, states, or of the United States."²⁴⁷ These restrictions were later relaxed and the Order in 1929 owned shares in the St. Luke Bank and Maury Land Corp.²⁴⁸ In 1935 it even owned bonds issued by the German Central Bank for Agriculture.²⁴⁹

The Grand Council also issued new directives which prohibited the organization from establishing alliances with private corporations. It authorized executives of the Order to sell all of the stock it owned in private companies. To consolidate decision-making, it created the position of Grand Presiding Chief, the chief investment officer. It also limited the deposits of the IOSL in any bank to a maximum of \$15,000. It forbade

²⁴⁵ Marlowe, *Grand Mission*, 128.

²⁴⁶ Marlowe, 128.

²⁴⁷ Virginia State Corporation Commission, *Charter Books*, Book 85, 411 (Library of Virginia).

²⁴⁸ "Fourth Biennial Session," 39.

²⁴⁹ "Journal of Proceedings of the Sixty-Eight Annual and Ninth Biennial Session, R.W.G. Council, I.O. St. Luke, (August 19-21, 1935): 41 (MLW Papers).

executives to use their positions for personal gain. The penalty for violations was expulsion from the Order.²⁵⁰ With the implementation of the new restrictions and the new charter, the official name of the parent organization of the fraternal society changed from “The Right Worthy Grand Council of the Sons and Daughters of St. Luke” to “The Right Worthy Grand Council, Independent Order of St. Luke.”²⁵¹ The organization reincorporated and secured a new charter on August 27, 1914. Though these changes limited the ability of Walker and the IOSL to create jobs for black women through direct investments in new businesses like the Emporium, it did not prevent them from hiring black women to work in the Order and bank.

Over the course of her career, Walker focused on managing the IOSL and the Bank in ways that exceeded regulatory requirements. Both businesses were generally well managed, and as a result the insurance and banking businesses did not fail, as did many of their competitors in Richmond. In 1928, as Walker’s health was failing and the financial condition of the Independent Order of St. Luke was fading as well, she had the Order’s accountants make recommendations for improving the organization’s finances. Their report indicated that expenses were too high, Walker had too much authority, and “even indicated that she did not handle some funds in a businesslike manner.”²⁵² The IOSL centralized too much power in a single individual, a flaw in the organizational structure of the Order. Walker’s reaction to the report reveals that she was a truly great leader: “I decided to do all the things the report criticized as nearly as I could and as rapidly, and rejoiced that the opportunity came for me to see my methods as others saw. I

²⁵⁰ *Golden Jubilee*, 45-47.

²⁵¹ *Ibid*, 48.

²⁵² Marlowe, *Grand Mission*, 239.

looked into the faces of the board members and I saw what they would never express.”²⁵³ She was such a powerful figure that it took courage to challenge her. Many of her peers at other fraternal institutions ran their organizations into the ground by abusing their own power and authority. Walker’s ethical discipline in her dealings with regulators and her strivings to ensure that her businesses were professionally managed were the primary reasons her enterprises thrived for decades after her death. Her leadership was not perfect, but she did set and maintain high organizational standards.

Management practices varied widely among black banks in Richmond and the nation. A scholar who analyzed black banking at the time found that the banks were overcapitalized relative to the deposits they held. This argument is myopic. At the time, the benchmark ratio for capital investment to total deposits was 18 percent. Black owned banks averaged 32.9 percent from 1903 to 1930, indicating that they were overcapitalized, a situation that should increase the banks’ stability.²⁵⁴ Black banks lent out a greater portion of deposits, 82.6 percent compared to the industry benchmark of 66 percent, which increased the bank’s levels of risk.²⁵⁵ The capital these banks held relative to deposits should have been adequate, but about half of all black bank capital was invested in fixed assets, when guidelines called for approximately 21 percent of capital to be invested that way. This situation was a product of black banks’ small size which made fixed operating costs disproportionately high and caused the banks’ capital to be invested in especially illiquid assets. Because black banks’ capital was illiquid, they effectively

²⁵³ Ibid, 239.

²⁵⁴ Harris, *The Negro as Capitalist*, 58.

²⁵⁵ See *Exhibit 1*.

were undercapitalized. This illiquidity led to the high rate of failure of black banking institutions.²⁵⁶

Weak black banks loaned money instead of investing in bonds or stocks, a practice which heavily exposed them to the illiquidity of the black property they held as collateral for loans. From 1903 to 1930 black banks only twice invested less than 66 percent of the value of deposits in loans, the targeted industry standard. In every other year they invested significantly more than was prudent in real estate, and held a minimum of government and other good securities.²⁵⁷ These banks “did not have access to the high-rated securities and lucrative commercial loans most white banks invested in,” forcing them to choose “between relatively low-yield government bonds and real estate speculation.”²⁵⁸ Their customers were fewer and less creditworthy which limited their investment opportunities. Black banks often tried to lend money within their communities, seeing that practice as part of their mission, causing them to invest in local black real estate which decreased diversification and increased risk.

In most years, black banks held too little cash relative to total deposits, another factor contributing to illiquidity. The industry benchmark was about 22 cents in cash for every dollar of total deposits. The cash holdings of black banks fluctuated but remained below this level in most years.²⁵⁹ These banks had less cash and readily available capital, and losses were more likely to exhaust their liquefiable capital, making them insolvent.

²⁵⁶ Harris, *The Negro as Capitalist*, 60.

²⁵⁷ *Ibid*, 59.

²⁵⁸ Hoffman, “Behind The Façade,” 302-303.

²⁵⁹ See *Exhibit 2*. Total deposits include both demand deposits such as checking accounts and time deposits which are at lower risk of being withdrawn immediately.

Industry observers and managers used these ratios to evaluate bank performance, but deviation from them was not unusual or unexpected.²⁶⁰ Market forces and economic conditions caused standards to shift across the banking industry. Differences in management style also contributed to differences between individual banks, and conservatively managed banks differed from aggressively managed ones. These statistics only provide evidence of the overall condition of the banks, but do indicate that black banking faced serious challenges.

The situation in Richmond was similar with that in the nation. One piece of evidence is the four banks' ratio of total loans to total assets. At the time, it was appropriate for three quarters of a bank's assets to be invested in loans and discounts, with the remainder invested in other securities. In Richmond, black banks were all managed differently.²⁶¹ The most long-lived banks had lower loan to asset ratios, and the first to fail, the True Reformers and Nickel Savings Banks, loaned out a higher percentage of their total assets. These loans were less liquid, making these banks' capital illiquid, and making them prone to failure. The True Reformers Bank was the most illiquid. It loaned nearly all of its assets, a practice which largely caused its demise. The Mechanics Savings Bank increased its lending just prior to its failure. Like the St. Luke Bank, most of the black banks in Richmond were conservatively managed and had a relatively low proportion of loans outstanding. This situation limited their earnings, and forced the Order to cover the St. Luke Bank's expenses.

²⁶⁰ The health of the modern banking industry and individual banks are still evaluated using similar ratios.

²⁶¹ See *Exhibit 3*.

From 1904 to 1920 the black banks of Richmond also varied greatly in the proportion of loans they held compared to deposits.²⁶² Holding less in loans than the industry standard of 66 percent of the value of deposits indicated that the banks would earn less than they could, potentially causing capital losses. Jesse Fleming asserts that the statistics indicate that the executives of the banks lacked adequate knowledge of the best financial management practices.²⁶³ The acquisition of knowledge and experience took time, and the lack of experience meant that the banks were not managed in a similar or consistent fashion.

The reluctance of every bank other than the True Reformers to lend was a product of their small size and undercapitalization. Their hesitation to lend limited the credit they were able to provide the community and the benefits that credit would provide. These banks held fewer loans, a result of the difficulties they experienced in serving black customers. Black banks had many small depositors with volatile balances and few large, stable business accounts.²⁶⁴ Equity in the banks was also hard to sell and their black customer assets were limited and volatile. Many borrowers were not perfectly creditworthy and the property they offered as collateral was relatively illiquid. This situation forced conservative black banks to lend less money relative to bank assets and limited their earning potential.²⁶⁵

By the late 1920s the black banks were lending much more relative to their asset base, a reflection of the experience black bankers had gained, and their comfort at operating more aggressively. The black banks of Richmond loaned out a much larger

²⁶² See *Exhibit 4*.

²⁶³ Fleming, "A History of Consolidated Bank and Trust Company," 37.

²⁶⁴ As discussed in Chapter 2.

²⁶⁵ Harris, *The Negro as Capitalist*, 59.

percentage of their assets than they had in the early 1900s, exceeding 75 percent of their assets, more than Richmond's white banks did at the time.²⁶⁶ As a result, black banks were overextended at the onset of the Great Depression which forced the merger of the St. Luke Bank and the Commercial Bank and Trust in January of 1930 and the subsequent merger of that bank, the Consolidated Bank and Trust Company, with the Second Street Bank in January 1931. The mergers reduced the number of black banks in Richmond to one. Forming a larger bank increased capital and reduced expenses and competition.

Despite the tumultuous circumstances that plagued the black banks of the era, the St. Luke Bank was a relatively stable institution, steadily growing in assets and business.²⁶⁷ This stability was a product of the consistent, professional leadership of Walker and Burke. The impact of the credit the St. Luke Bank and other black banks provided was muted as "the funds of the Negro bank eventually [made] their way into the vaults of the white bank," making black banks "in a very real sense what it has facetiously been called...a teller's window for the white bank."²⁶⁸ Banks have the ability to create money by lending a portion of their deposits, credit that they invested in African American communities. This process was short circuited by the white businesses which blacks frequented, allowing the money to leave black communities through its deposit in white banks. Despite segregation, the economies were interconnected, not isolated. When a black bank made a loan, the money was rarely deposited and lent by another or the same black bank, a process which would have led to an overall increase in deposits and the banks' ability to make more loans. Harris identified this drain as one of the major

²⁶⁶ See *Exhibit 5*.

²⁶⁷ See *Exhibit 6*.

²⁶⁸ Harris, *The Negro as Capitalist*, 174.

challenges black banks faced. White banks eventually held most if not all black capital and credit.²⁶⁹ Black banks' illiquidity and small deposit bases hurt their profitability and their ability to extend more credit to black borrowers.

The St. Luke Bank nevertheless played an important role in the Jackson Ward community. Few records remain to provide insight into the St. Luke Bank's operations between 1913 and the late 1920s, but the bank did continue to grow and did have several notable successes. Walker claimed, "Our bank lends money for home-building at six per cent and we tide the deserving ones over in times of trouble. Six hundred and forty-five homes have been entirely paid for through the help of our bank."²⁷⁰ Bank correspondence indicates that it did a considerable mortgage business. Its records include mortgage applications and inquiries about the value of buildings to be used for collateral and the amount of insurance carried on properties.²⁷¹ By 1920, the rate of black homeownership in Richmond had increased, confirming the impact of Richmond's black financial sector and the St. Luke Bank.²⁷² Walker told a story about a small business success, a "one-legged little bootblack" who worked at a rented chair at an intersection in Jackson Ward. The St. Luke Bank helped him save fifty dollars to rent a place with three chairs, and over the course of seven years he parlayed it into a shop with twelve chairs that he owned outright. He was so successful that he could buy a \$1,900 house for his mother, and keep \$500 in his checking account.²⁷³ Confirmation of her anecdotes has not been possible.

²⁶⁹ Ibid, 167.

²⁷⁰ Daniels, *Women Builders*, 31, 38. The relationship of these houses, the mortgages at 6% and the University Realty Company is unclear. Sadie Iola Daniel's concern about factual accuracy may be limited as she neglects to mention that Armstead Walker was shot when discussing his death in 1915.

²⁷¹ Letters catalogued in Series I, Box 22-23, (Consolidated Bank Papers, Virginia Union University).

²⁷² Hoffman, "Behind The Façade," 324.

²⁷³ Daniels, *Women Builders*, 38.

A major service provided by the bank was the “St. Luke Penny Savings Bank Christmas Savings Club” which enabled customers to save and draw interest all year and use the money to buy Christmas gifts. The Christmas Savings Club operated at least from 1916. In 1921 it was first advertised in the *St. Luke Herald* on January 1, offering a way to save money for Christmas nearly twelve months in the future.²⁷⁴ As a result of this arrangement, the bank had to deal with heavy withdrawals just before Christmas which forced it to borrow to cover the cash withdrawn.²⁷⁵ In 1916, the Christmas Savings Club paid out more than \$9,000 to 750 depositors.²⁷⁶

Other organizations also recognized the strength and importance of the bank. In 1914 the bank became a depository for the Elks, headquartered in Philadelphia.²⁷⁷ In October 1918, the Richmond School Board selected the St. Luke Bank “as the depository for the school savings of the Colored Schools of the City.”²⁷⁸ The St. Luke Bank did not become a member of the Richmond Federal Reserve Bank after it opened in November of 1914 because it was not a national bank. Only “two or three banks...owned and operated by Negroes” became members of the Federal Reserve System.²⁷⁹ It did, however, have a relationship of some kind with the Federal Reserve. An article from 1915 refers to an arrangement between the New York and Richmond Federal Reserve Banks to clear checks for selected banks in each district, one of them the St. Luke Bank.²⁸⁰

The Order relied on the St. Luke Bank as its primary depository and had more than \$51,000 deposited there in 1925. It had around \$10,000 more divided between

²⁷⁴ *Herald*, January 1, 1921, 4 (MLW Papers).

²⁷⁵ Maggie L. Walker Diary, December 5, 1925, (MLW Papers).

²⁷⁶ “In Richmond: Christmas Savings Checks,” *The Financier* 108, (December 16, 1916): 1658.

²⁷⁷ Marlowe, *Grand Mission*, 129.

²⁷⁸ “St. Luke Penny Savings Bank: Depository for School Savings of Negro Schools of the City,” *Herald* clipping, October 1919, (MLW Papers).

²⁷⁹ Lindsay, “The Negro in Banking,” 194.

²⁸⁰ *The Bankers Magazine*, 91 (July to Dec 1915): 894.

Richmond's two other black banks as well as a black bank in Norfolk, Virginia. The order also owned more than \$9,000 in Stock in the St. Luke Bank & Trust Co. and another \$57,000 in bonds, and was owed \$30,000 for mortgages it issued.²⁸¹ The Order remained the bank's largest shareholder even after Walker's death, when it owned 889 shares of Consolidated Bank.²⁸² Burke's excellent management of the bank enabled Walker to focus on other objectives. She remained active in its affairs but spent much of her time on the IOSL's insurance business and her other charitable pursuits.²⁸³ In December of 1926 Walker used the IOSL to create the Educational Loan Fund, an endowment backed by the Order and deposited in the St. Luke Bank to help ambitious "young men and women of the Order to secure a practical education."²⁸⁴ Walker wanted to raise \$10,000 by Easter of 1927, a goal she did not reach during her lifetime. The fund began operating in 1938, but fundraising remained slow as late as 1942.²⁸⁵

In 1920 two new black banks opened in Richmond, the Second Street Savings Bank and the Commercial Bank and Trust Company.²⁸⁶ The Second Street Savings Bank was affiliated with the Richmond Beneficial Insurance Company. That bank and the Nickel Savings Bank were the only two black banks in Richmond that opened branches.²⁸⁷ The St. Luke's Bank considered opening branches in Washington D.C. or Virginia, but nothing ever came of the idea. The Commercial Bank and Trust Company was loosely affiliated with the Southern Aid Life Insurance Company and the National

²⁸¹ "Fourth Biennial Session," 79.

²⁸² "Sixty-Eight Annual and Ninth Biennial Session," 42.

²⁸³ Marlowe, *Grand Mission*, 205.

²⁸⁴ Independent Order of St. Luke, *Educational Loan Fund*, (Richmond, December 26, 1926). (MLW Papers). Educational Loan Fund. A common misconception is that the St. Luke Bank operated the Educational Loan Fund. It only held the account but did not manage its operations.

²⁸⁵ "Journal of Proceedings of the 75th Annual and 13th Biennial Session, R.W.G. Council, I.O. St. Luke, (August 1942): 36 (MLW Papers).

²⁸⁶ Fleming, "A History of Consolidated Bank and Trust Company," 15-20.

²⁸⁷ *Ibid*, 42. Location of branches were not listed by Fleming, but likely were in Richmond.

Ideal Benefit Society through interlocking directorates.²⁸⁸ In 1922, the St. Luke Bank became the oldest black bank in Richmond when John Mitchell's Mechanics Savings Bank failed, a victim of "unwise investments and mismanagement."²⁸⁹ Observers commented that state regulators must have realized real estate figures on the bank's balance sheet had been manipulated before the bank's failure but did nothing, "even though some of them bordered on personal speculation by Mitchell, the president."²⁹⁰ The best explanation of why his mismanagement was not caught sooner was that Virginia had always prided itself "on the amicable race relations of their state" and "race development" which required whites to encourage the development of black institutions. The commentator argued that bank inspectors either did not care about black banks or respected Mitchell too much, leading them to turn a blind eye on his mismanagement.²⁹¹ Virginia whites were allegedly paternalistic; they had taught blacks the art of finance so that an independent black financial system and economy could develop, solidify segregation, and stifle "the demand for social equality and civil rights."²⁹²

The greatest crisis the St. Luke Bank had to confront was the onset of the Great Depression. In 1928 the total assets of black banks of Richmond fell for the first time since 1921 when the Mechanics Savings Bank had failed.²⁹³ Marlowe asserted that "the depression had already started" for black banks in Richmond by the end of 1928.²⁹⁴ In contrast, Virginius Dabney in his history of Richmond argued that "the magnitude of the catastrophe which the stock market crash of 1929 portended was not apparent at first in

²⁸⁸ Ibid, 41.

²⁸⁹ Ibid, 19.

²⁹⁰ Harris, *The Negro as Capitalist*, 102.

²⁹¹ Ibid, 102-103.

²⁹² Ibid, 103.

²⁹³ Fleming, "A History of Consolidated Bank and Trust Company," appendices 6, 8, 10, 11.

²⁹⁴ Marlowe, *Grand Mission*, 242.

Richmond.”²⁹⁵ He also argued that economic conditions reached their nadir in 1934 or 1935. Cooperation and coordination between the black banks and insurers in Richmond increased significantly in 1928, perhaps because bankers saw the approach of the storm.²⁹⁶ In early 1929 the black banks – St. Luke Bank, Second Street Savings Bank, and Commercial Bank and Trust – tried to work together to stave off the crisis. Economic conditions were worsening, harming the banks’ viability, and white banks were planning to locate branches in Jackson Ward. The Central National Bank was building a branch there, and other banks were considering opening branches in the vacant building last occupied by the Mechanics Bank.²⁹⁷ Negotiations between the St. Luke Bank and the Second Street Savings Bank were successful in August 1929, when their leaders recommended that the banks “merge and consolidate”:

It is apparent that the interest of the public and the banks will be best conserved by a proper merger and consolidation of our interests into one organization with a larger capital reserve fund and a more uniform management. That the present condition of our groups does not permit a proper and fair showing of our financial strength nor does it permit its use in its fullest extent in the development of our group enterprises. We feel that the business of banking must be done on a very economical basis in order that proper returns may be had, and, also, that our loans will be better protected by the elimination of over extension of credits. We also feel that a single institution having as its supports our insurance companies, fraternal organizations, clubs, churches and other business interests with resources well in excess of a million dollars would be so welcomed by our depositing public that its success would be without question and its growth beyond our expectations. We therefore recommend:

1. that we do merge and consolidate

²⁹⁵ Dabney, *Richmond: The Story of a City*, 313, 315.

²⁹⁶ Marlowe, *Grand Mission*, 242.

²⁹⁷ Minutes of the Merger Committee from Saint Luke Bank and Trust Company... Fleming, “A History of Consolidated Bank and Trust Company,” 43 (note 57). Interestingly, the *Herald* had advertisements on the 9th page of its September 6, 1930 issue (MLW House) with two advertisements for white banks. One was the Bank of Essex and the other was Central National Bank, advertising its location at 3rd and Broad, indicating it did open a branch very near to Jackson Ward. That Walker would allow her publication to accept advertisements from competing banks and insurance companies (Union Life Insurance Co.) is fascinating, as it seems inconsistent with her mission.

2. that a committee of five be appointed by each bank to effect the same as early as may by them be deemed practical.²⁹⁸

On December 18, 1929, the State Corporation Commission approved the merger of the Second Street Savings Bank with the St. Luke Bank and Trust Company to form the Consolidated Bank and Trust Company, to reduce the banks' expenses and increase their stability.²⁹⁹ The St. Luke *Herald* remarked that the merger would make the new bank the second largest "Race Bank" in Virginia and that the Board of the St. Luke Bank had declared a five percent dividend at its final meeting.³⁰⁰ The *Planet* ran the headline, "Negro Banks Here Form Mammoth Merger."³⁰¹ On January 1, 1930, the new bank opened. It had \$75,000 of its \$100,000 capital stock paid in, assets of more than \$600,000 and a surplus of \$54,000.³⁰² The board gave Walker an engraved silver cup to mark the occasion.³⁰³

The *Planet* commented, "These two banking houses have done much good in the years of their existence. Their records are wonderful and they felt that before the consolidation they had rendered the public a proficient service, but they consolidated to render a greater service to a greater Richmond."³⁰⁴ The *Planet* also ran a front page spread on the new bank and its officers and mentioned that it was a depository for the Richmond City gas, water, and school funds.³⁰⁵ After the new bank opened, the *Planet* remarked, "Friday morning Richmond witnessed the consummation of one of the most definite and forward-looking steps ever taken here by our group. The Consolidated Bank

²⁹⁸ Fleming, "A History of Consolidated Bank and Trust Company," 43-44.

²⁹⁹ *Times Dispatch*, December 18, 1929, 14.

³⁰⁰ *St. Luke Herald*, December 21, 1929, 1

³⁰¹ *Richmond Planet*, December 14, 1929, 1. *Planet* Jan 3, 1930, 4.

³⁰² *Planet*, December 14, 1929, 1.

³⁰³ *Herald*, December 21, 1929, 12

³⁰⁴ *Planet*, December 28, 1929, 1.

³⁰⁵ *Planet*, December 28, 1929, 1.

and Trust Company opened its doors, behind which were safely and securely operating all of Richmond's colored banking interests."³⁰⁶ The new bank had about 7,500 depositors and more than \$450,000 in deposits. The new bank operated in the St. Luke Bank building at First and Marshall Streets.³⁰⁷ As their bank had absorbed the smaller Second Street Bank, Walker and Burke became Chairman and President of the new Consolidated Bank. Their new positions confirmed the strength of St. Luke Bank's management and reputation.

The Consolidated Bank's new charter issued by the State Corporation Commission facilitated the merger.³⁰⁸ Walker worked hard to manage the large and unwieldy 37-member Board of Directors, all of the directors of both predecessor institutions. The Bank's executive committee met frequently during the months after the merger but the bank soon ran into financial difficulty.³⁰⁹ Walker filled her diary with partially legible financial calculations that make one thing very clear: Consolidated Bank had uncovered an irregularity of \$4,500. She borrowed \$5,000 from the Morris Plan Bank using her own assets as collateral to make good on the loss.³¹⁰ When she got the loan, which required monthly payments of \$400, she wrote, "All is stabilized...Happy ever returns...God is Lord," an indication of the extent the situation had distressed her.³¹¹ Looking back she wrote, "September was a very eventful month. Conferences held almost every day."³¹² Judging by her only partially legible writing and the ferocity of the calculations pervading her journal entries, the Depression was hitting Walker and her

³⁰⁶ *Planet*, Jan 3, 1930, 1. Fleming, "A History of Consolidated Bank and Trust Company," 45.

³⁰⁷ *Herald* December 21, 1929, 12

³⁰⁸ Virginia State Corporation Commission, *Charter Books*, Book 156, 180-186 (Library of Virginia).

³⁰⁹ Marlowe, *Grand Mission*, 244.

³¹⁰ Maggie L. Walker Diary, September 10-12, (MLW Papers).

³¹¹ *Ibid.*

³¹² Maggie L. Walker Diary, "Memoranda" page following September 30th (MLW Papers).

financial empire hard. Considering her advanced age and ill health (Walker was in a wheel chair by this time and suffered from what was probably progressive diabetic neuropathy)³¹³ her efforts are even more remarkable.

Walker relied heavily on the Morris Plan Bank to survive the crisis.³¹⁴ In February 1931 she was unable to make the \$400 interest payment on time. The Morris Plan Bank notified her that she had missed a payment, and she wrote back saying that they should expect payments the fourth of the following month.³¹⁵ It seems to have accepted her alteration of the terms of the loan. Walker appears to have been struggling financially in the early days of the Depression, a situation that her death and the controversy over her will later confirmed.

The Commercial Bank and Trust Company had withdrawn from merger negotiations in 1929 and was the only other black bank remaining in Richmond. In 1930 that bank was on the verge of collapse and sought to merge with the Consolidated Bank. Commercial Bank did merge with Consolidated Bank on terms dictated by Walker and Burke on January 1, 1931.³¹⁶ This merger increased the board to thirty-eight members, the majority of them previously members of the St. Luke and Second Street Banks.³¹⁷ Following the merger, the Bank's assets reached \$864,000, and its deposits exceeded \$700,000.³¹⁸ Despite its larger size, the pressure exerted by economic conditions remained daunting, and the total resources of the bank fell nearly 27% between the merger and the end of 1933, a year marked by numerous state and federally declared

³¹³ Marlowe, *Grand Mission*, 222.

³¹⁴ Maggie L. Walker Diary, Nov 9, 1930 (date handwritten October 14, 1931).

³¹⁵ Letters between Joseph E. Birnie of the Morris Plan Bank of Virginia and Maggie L. Walker, January 23 and 29, February 10, 16, and 26, 1931 (MLW Papers).

³¹⁶ Fleming, "A History of Consolidated Bank and Trust Company," 45-46.

³¹⁷ *Ibid*, 46.

³¹⁸ *Ibid*, 47.

bank holidays and waves of bank failures. Consolidated Bank bounced back and by 1939 held total resources that exceeded \$1,000,000.³¹⁹

In January of 1934, before Walker's death, Consolidated Bank received an invitation to join the Temporary Federal Deposit Insurance program (today the FDIC).³²⁰ That institution insured depositors' accounts to \$2,500. Of the eleven black banks in the United States that survived, only eight were allowed to join.³²¹ That summer Walker's health was deteriorating rapidly, though she did speak at the Negro Insurance League Convention in Richmond in July.³²² Months before her death, the Richmond *Planet* declared October 1934 the first Maggie L. Walker Month. The *Times Dispatch* claimed the occasion was celebrated nationally "by all Negro Organizations."³²³

On December 15, 1934, Maggie Lena Walker died. The public outpouring of support at her funeral, in the press, and from Richmond's leading citizens was impressive. Despite torrential rain, the *Planet* declared, "Mrs. Maggie L. Walker's Rites Prove Coronation: Richmond And The Nation Pays [sic] Tribute As Thousands Participate In Obsequies Equal to Queen's Grandeur."³²⁴ The city closed all its black schools and the mayor closed streets along the route of the funeral procession. The procession to her burial site in Evergreen Cemetery included ten Boy Scout troops. Among the mourners were Mayor John Fulmer Bright of Richmond, the editor of the *Dispatch*, the president of the NACW, and more than a dozen "prominent white

³¹⁹ Ibid, 48, 57.

³²⁰ Ibid, 59.

³²¹ Marlowe, *Grand Mission*, 250.

³²² Ibid, 250.

³²³ "Maggie L. Walker, Noted Leader of Negroes, Dies at Home Here," *Times Dispatch*, December 16, 1934.

³²⁴ *Planet*, 1 December 22, 1934.

Richmonders” the *Planet* mentioned by name.³²⁵ Her multipage obituary listed the organizations she served and the initiatives she led.³²⁶ The *Planet* also published a letter praising her memory from a judge who had worked with her on charitable projects in Richmond: “She possessed a remarkable personality, business ability to a marked degree and a love for humanity, particularly for the people of her own race, which was the ruling passion of her life.”³²⁷ Dr. S.C. Mitchell, president of the University of Richmond, spoke at her funeral: “She changed the atmosphere in every meeting to which she came.”³²⁸ In October of 1935, the *Planet* celebrated the Second Annual Maggie L. Walker Month, and again ran a full page account of her life and work.³²⁹

The *Times Dispatch* published Walker’s obituary on its front page. The article was a testament to her achievement:

Mrs. Walker, acclaimed by many the greatest Negro race leader since Booker T. Washington, was honored by members of her race in every part of the country. Builder of the Independent Order of St. Luke, a fraternal insurance company and the oldest and second largest, Negro organization in the United States, Mrs. Walker had also the distinction of being the only American Negro woman to be president of a bank.³³⁰

The obituary also noted that her bank “has weathered every financial crisis and still stands, a monument to Negro business ability,” and that she was “reputed one of the wealthiest of American Negro women.” It called her “the literal ruler of Negro life of the city, and her word was accepted as oracular by thousands of admirers,” and discussed her achievements and charitable pursuits at length. Her obituary was considerably longer than that of a former police chief and every other white in that edition.

³²⁵ *Planet*, December 22, 1934, 1.

³²⁶ *Planet*, December 22, 1934, 4.

³²⁷ *Planet*, December 22, 1934, 4.

³²⁸ *Planet*, December 22, 1934, 1.

³²⁹ *Planet*, October 27, 1934, 4.

³³⁰ “Maggie L. Walker, Noted Leader of Negroes, Dies at Home Here,” *Times Dispatch*, December 16, 1934, 1, 6.

Walker's death did lead to a controversy concerning her will. The *Planet* warned that it might not be valid because it was a compilation of handwritten notes she made from July 1931 to December 1932.³³¹ The public was fascinated with her supposed wealth that included her lavish home in Jackson Ward on a section of Leigh Street known as "Quality Row" and her chauffeured Packard limousine customized to accommodate her wheelchair.³³² Her will made her son Melvin Walker the executor, and members of her family sued because they did not trust his handling of the estate.³³³ On February 16, the *Planet* reported that a judge had removed Walker as executor and sent the will to probate.³³⁴ The *Planet* published the will, revealing her extensive real estate and personal property as well as her one third stake in the University Realty Company, one hundred Shares of Consolidated Bank and Trust, and fifteen shares of the Southern Aid Insurance Company.³³⁵ Her most interesting holding was the University Realty Company which had been constructing Frederick Douglass Court, a 16-acre residential development adjacent to Virginia Union University since 1919.³³⁶ The development had probably not been completed at Walker's death. She had several insurance policies outstanding at her death which helped to pay her considerable debts.³³⁷ She was not as fabulously wealthy as she may have been in the Roaring Twenties and people assumed she was at her death.

Legend has it that Walker's last words were "Have faith, have hope, have courage, and carry on," which neatly summarize her views.³³⁸ She believed not only in calling for change from the pulpit but actively working to improve the lives of the men

³³¹ *Planet*, January 26, 1935, 1.

³³² In 1930 Census, the value of this home was listed as \$15,000.

³³³ *Planet*, January 26, 1935, 1.

³³⁴ *Planet*, February 16, 1935, 1.

³³⁵ *Planet*, February 9, 1935, 1.

³³⁶ *Planet*, February 9, 1935, 1. See Appendix 2 for more on University Realty Company.

³³⁷ Her debts included a \$5,000 mortgage on her home on Leigh Street.

³³⁸ Marlowe, *Grand Mission*, 251.

and women around her. She used her fame and reputation in an attempt to better her race. Racism and discrimination were rampant, but Walker defied well-established stereotypes. Not only was she black, but she was also a woman. She was a visionary who had the ability to implement her vision and to effect social change.

Walker was a social entrepreneur who used businesses to provide essential services to the black community. She used the institutions she founded to help others to create social change. The Independent Order of St. Luke helped to ensure that fewer families would suffer the hardships she had endured in her childhood following the death of William Mitchell. Her bank gave blacks a place to save money at interest in a way that made possible the extension of credit to African American borrowers who had few other options.

Walker was a successful leader and manager who founded a bank and against all odds made it a success. It weathered numerous financial crises, among them the Great Depression, in addition to the daily challenges it faced because it was a black institution. It was smaller, had fewer and poorer customers, and was limited in the investments it could make. Her efficient and ethical operations helped her bank to avoid the fate of so many other black banks. Even the Richmond *News-Leader* conceded that the organizations “she directed were well managed and prosperous.”³³⁹

Walker left a monumental legacy in Jackson Ward, Richmond, and the greater African American community. After her death the St. Luke Bank and Independent Order of St. Luke continued to thrive, and her legend remained strong. Tributes to her include a black high school named after her in the late 1930s by the unanimous vote of the

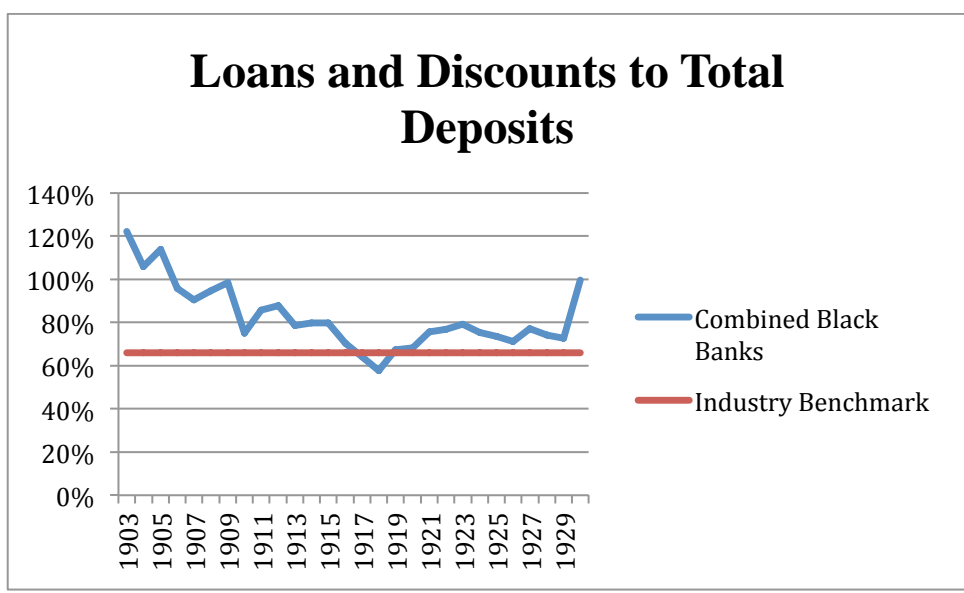
³³⁹ Richmond *News-Leader*, December 18, 1934.

Richmond School Board.³⁴⁰ The school still bears her name. In the 1970s the National Park Service declared her Leigh Street home a National Historic Site, and today, restored to its former glory, it is open to the public. Above each bookshelf in the Library of Virginia are quotations from leading Virginians, among them George Washington, Robert E. Lee, and Thomas Jefferson. Included is a quotation from Maggie Walker: “Eternal vigilance is the price of success.”

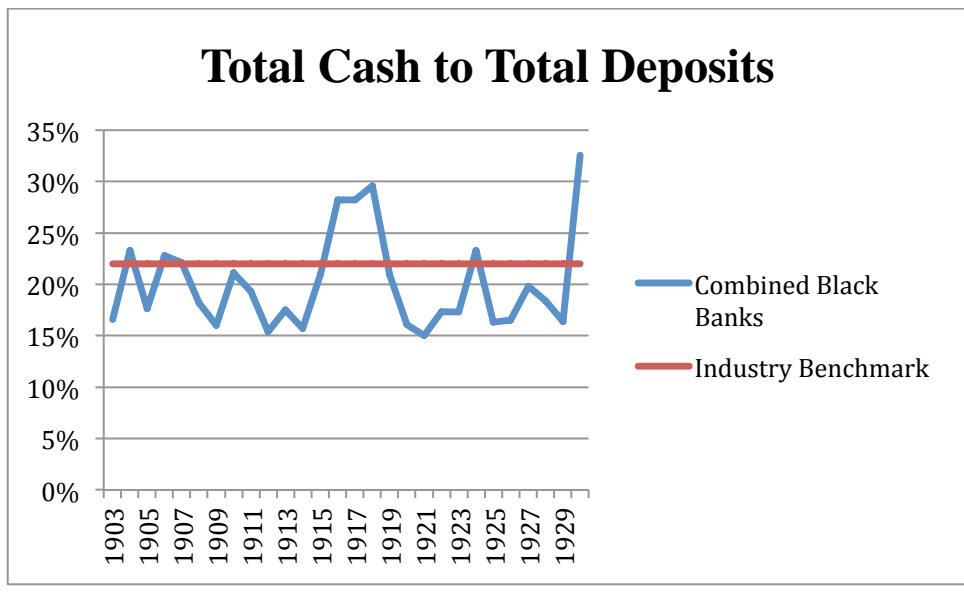
³⁴⁰ Marlowe, *Grand Mission*, 255.

Exhibits

*Exhibit 1*³⁴¹



*Exhibit 2*³⁴²



³⁴¹ Harris, *Negro as Capitalist*, 58. (Table VI)
³⁴² Ibid.

Exhibit 3³⁴³

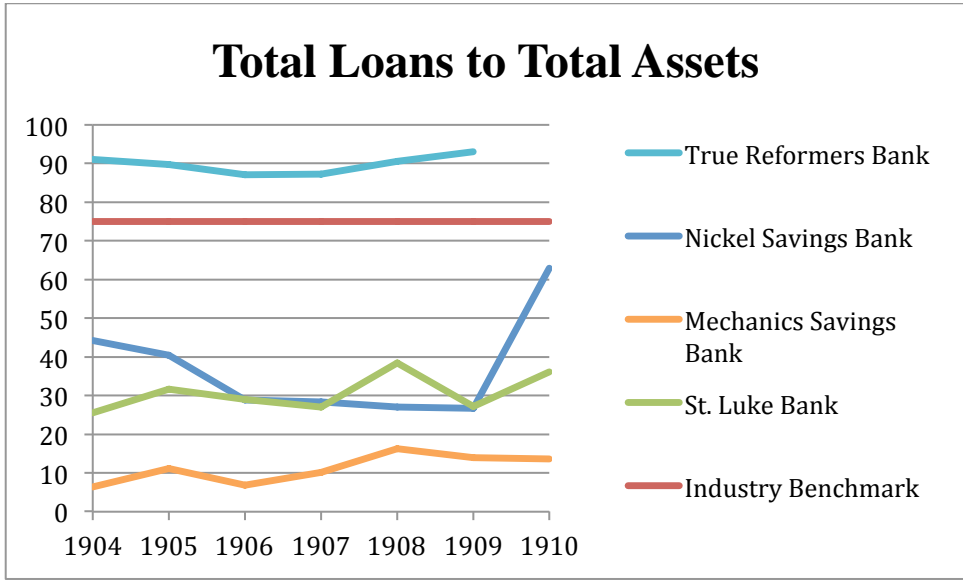
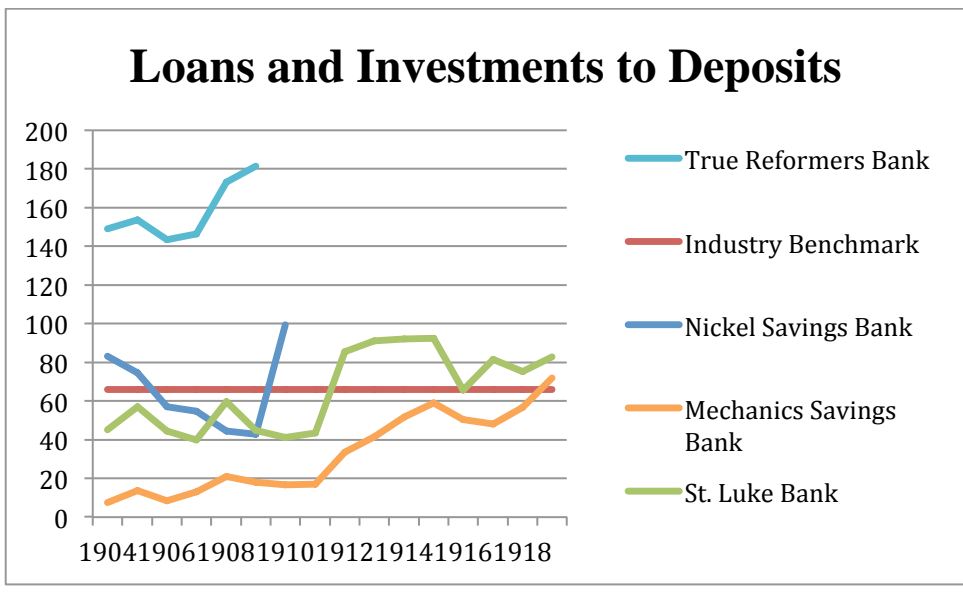
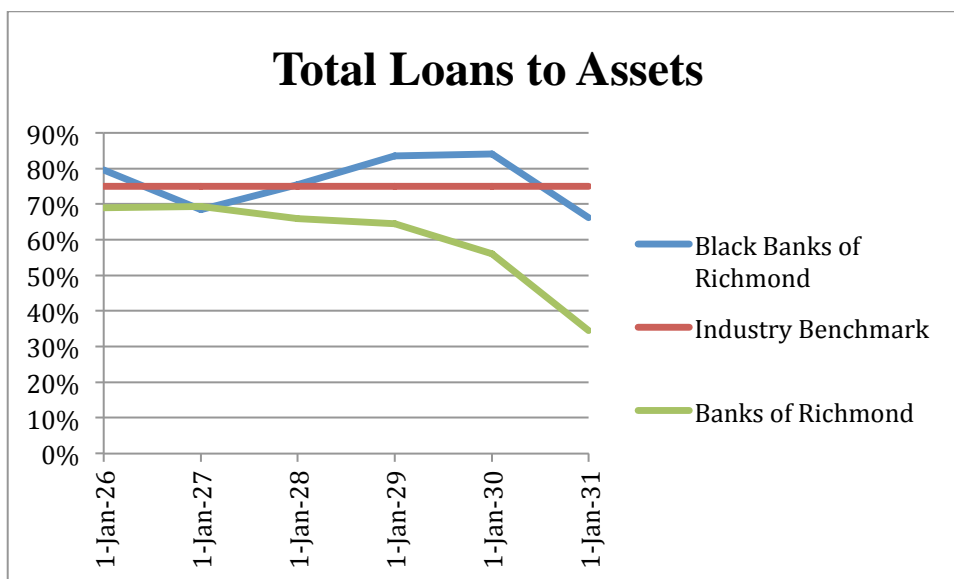


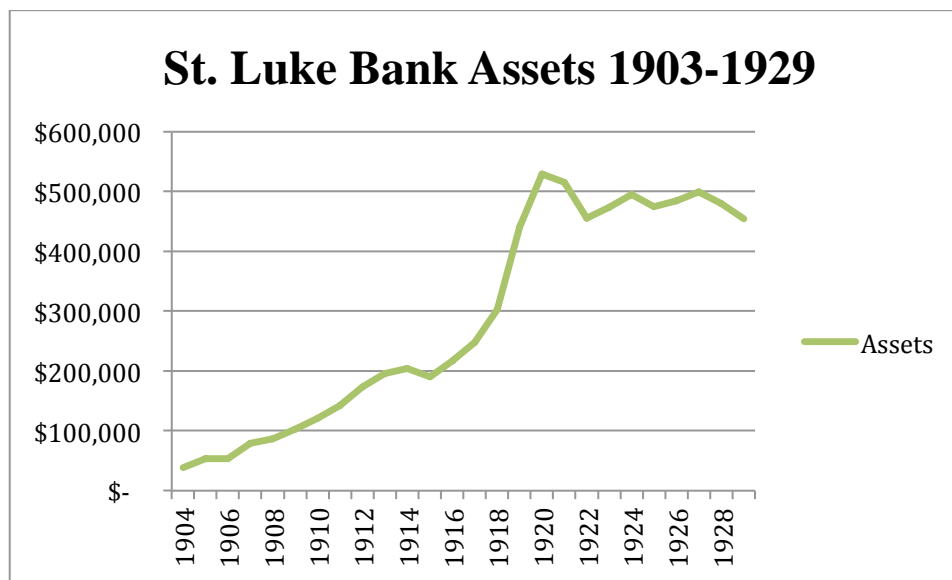
Exhibit 4³⁴⁴



³⁴³ Author compilations based on Fleming, "A History of Consolidated Bank," 86-88.
³⁴⁴ Ibid.

Exhibit 5³⁴⁵

Due to lack of data from June 1930, September 1930 data was used. “Banks of Richmond” includes the black banks. As the combined assets of black banks in the city were less than 1% of the total their impact is negligible on the overall statistic.

Exhibit 6³⁴⁶

³⁴⁵ Clearinghouse Association of Richmond, *Times Dispatch*, June 30, 1926; June 30, 1927, June 29, 1928; June 29, 1929; September 24, 1930; June 30, 1931.

³⁴⁶ Author compilations based on Fleming, “A History of Consolidated Bank,” 86-89.

Appendix 1

The Death of Armstead Walker

Maggie Walker had very modern views on marriage, calling it an “equal partnership.”³⁴⁷ She believed “that the woman and the man are equal in power and should by consultation and agreement, mutually decide as to the conduct of the home and the government of the children.”³⁴⁸ Walker acted on this belief and purchased the family’s Leigh Street home in her name in 1904.³⁴⁹ Her husband, Armstead, was a popular but private man who left the spotlight to his wife and continued working at his brick contracting business after their marriage.³⁵⁰ Marlowe presents no evidence that suggests their marriage was unhappy, though her views on marriage were unique for her day.

One hot evening in June 1915, Russell Walker shot Armstead, mistaking his father for a burglar. Armstead had borrowed the gun from a friend earlier that day, because several break-ins had occurred in the neighborhood.³⁵¹ About \$19,000 in life insurance had been taken out on Armstead, including a \$7,500 accident insurance policy Maggie Walker had taken on her husband.³⁵² Newspapers sensationalized the episode and accused her of conspiring with Russell to murder her husband for the insurance money. The policy’s issuer, Standard Accident Insurance Company, sued her and the case that went all of the way to the Virginia Supreme Court. The court ruled in 1920 that Armstead was killed accidentally and that evidence was insufficient to find Walker guilty of

³⁴⁷ Margaret Duckworth, “Maggie L. Walker: 1867-1934.” In *Epic Lives: One Hundred Black Women Who Made a Difference*, edited by Jessie Carney Smith, 571.

³⁴⁸ Ibid, 571.

³⁴⁹ Marlowe, *Grand Mission*, 137.

³⁵⁰ Ibid, 140.

³⁵¹ Ibid, 144-145

³⁵² Ibid, 140, 144, 163.

conspiring to kill him.³⁵³ This crisis severely damaged her reputation and called her leadership of the IOSL into question, but she remained at its helm.³⁵⁴ In the end, she hardly profited from his death. She spent \$5,500 in legal fees and received just over \$6,000 from Standard Accident, indicating that she waged a legal battle to defend her reputation and that of the St. Luke institutions.³⁵⁵ She visited his grave regularly, but her diary includes no recollections of him.³⁵⁶

³⁵³ Standard Accident Insurance Company v. Walker, Supreme Court of Virginia, March 18, 1920.

³⁵⁴ Marlowe, *Grand Mission*, 152-153.

³⁵⁵ *Ibid*, 159.

³⁵⁶ *Ibid*, 139.

Appendix 2

University Realty Company

The University Realty Company sold lots to buyers for between \$675 and \$825. Dwellings had to cost a minimum of \$1,500 to build.³⁵⁷ The Company sold lots for a twenty five percent down payment and a three year first mortgage at 6 percent interest for the remainder, payable to the company.³⁵⁸ Lots could be used only for residential housing.³⁵⁹ Construction required a \$500 cash down payment, a first mortgage of more than \$2,500, and a second mortgage for the remainder of the cost. Monthly payments were usually around \$40 plus interest.³⁶⁰ One commentator determined that houses in this neighborhood were about 20 percent more expensive than “their actual values would justify.”³⁶¹ Most likely, the St. Luke’s bank issued the mortgages for the development.

³⁵⁷ Knight, *Negro Housing in Certain Virginia Cities*, 121.

³⁵⁸ *Ibid.*, 50.

³⁵⁹ *Ibid.*, 121.

³⁶⁰ *Ibid.*, 122.

³⁶¹ *Ibid.*, 122.

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