

PAST TIMES: STORIES FROM THE SHELDON'S PAST

Key Recalls Twisted Tale in Local Bank History

Jan Albers, former Executive Director, Henry Sheldon Museum

This article first appeared in the *Addison Independent* in November 2006. Reproduced with permission.

The Henry Sheldon Museum has a key made of brass, five inches long, somewhat twisted out of shape, so heavy it looks like it could wear through the lining of your pocket in an afternoon. It is a typical large key of the early 1800s, except that this one bears a cardboard tag, saying, "Key to Middlebury Branch, the Vermont State Bank, Henshaw Block. This key was used to enter the Bank in 1812 when over \$25,000 was taken. It was afterwards found in the Congregational Parsonage."

If you live here long enough, you are bound to hear the story of the robbing of the Middlebury branch of the Vermont Savings Bank in 1809. In this suspenseful tale, the bank was robbed on a June night, and a considerable sum was taken. There was no sign of forced entry, and it was determined that access to the bank had been gained using this very key.

Suspicious centered on Joshua Henshaw, who owned the bank building, a common wall dividing it from the dry goods shop he ran on the other side. Henshaw was deeply in debt, and soon left Middlebury for Canada to escape his creditors. The false key was supposedly found hidden the rafters on his house at 190 South Pleasant St. The three unfortunate directors were held personally liable for the stolen money and gamely made restitution to the bank's clients for their losses.

As popular as this story has been, almost every part of it has turned out to be false. Historian Kenneth Degree has unraveled the tale, and in some ways the truth proves to be stranger than fiction.

Exactly 200 years ago this fall, the Vermont State Legislature held its session in Middlebury. Money was tight here on the frontier, so the lawmakers created the first Vermont State Bank, with branches in Middlebury and Woodstock. The branch started with \$25,000 in gold and silver, as mandated by the legislature. The bank was to be under the direction of three of the leading men of the town: the lawyer and civic booster Daniel Chipman, the wealthy and popular Horatio Seymour (both of whom also sat in the legislature) and physician-turned-sheriff, John Willard. What did they know about running a bank?

By 1812, the Middlebury branch was in terrible trouble. The legislature drew up a list of ten charges against Chipman, Seymour and Willard... They were accused of being grossly overextended, giving out too many unsecured loans, delegating their responsibilities to a disreputable middleman and, most seriously, being short almost \$14,000 in cash. Three of Middlebury's most eminent men were facing ruin.

The directors countered that the missing money had actually been stolen in 1809—three years before! They recounted the now-mythic tale of Henshaw and the false key. The examiners greeted this story with the skepticism it deserved, given that the directors had never mentioned the robbery to anyone at the time. In fact, there was evidence (recorded in a book currently on view at the Sheldon), showing that they had paid Henshaw \$125 in 1810 to build a new vault for the bank—an odd commission for a man they believed had robbed them a year before. (“I say, Horatio, that robber is just the man for the job!”) The Vermont Supreme Court was unconvinced, and in 1813 it brought a judgment making the three personally liable for \$22,826.

It was a humiliating defeat for the three eminent personages, but it was not to be the last word. Daniel Chipman still had enough political clout to get elected as the Speaker of the House that fall. He pushed through a new legislative committee to review the decision. His cronies readily chose to believe the story of the robbery, which was now embellished by a ‘witness,’ the fourteen-year-old Udney Penniman, who said he had seen the missing \$14,000 at the Henshaws’ house. The charges against the directors were overturned and they were told they need not pay back the missing money.

Chipman and Seymour emerged unscathed, but Willard was not so fortunate. He was the only director who had borrowed from the bank himself, and he was held liable to repay his \$3000 loan. With few remaining financial prospects, his wife, the former teacher Emma Hart, had to go back to work to restore the family fortunes. The silver lining of this tawdry tale is that she became one of the great pioneers of women’s education in America. Her husband spent the rest of his life working for her.

The great bank robbery never happened, but it makes a great story. The key, the account book proving that the directors paid the ‘robber’ to build a new vault and an illustrated account can be seen in the Sheldon’s current exhibit, “Take It to the Bank: A History of Money in Middlebury,” sponsored by the National Bank of Middlebury in honor of their 175th anniversary. (Accountholders take note: The National Bank bears no relation to the bank in this story!)