

Shameful Looting Closes Bank at Casselton

On December 6 the First National bank of Casselton, N. D., closed its doors and hung up a sign reading: "In the hands of the Comptroller of the Currency."

According to charges which the federal authorities have made against R. C. Kittel, former president of the bank, as shameful a tale of bank looting as was ever brought to light in the Northwest lies back of the grim sign which today confronts hundreds of depositors in that now paralyzed community.

The Real Facts of the Failure

One of the big, outstanding facts of the whole sad story has not been told by the papers of North Dakota and the Twin Cities, which have been full of the surface details of the suspension. It is here set down for the first time since the bank closed its doors.

It was known as long ago as May, 1915, to the national bank examiners that Kittel had been guilty of irregularities dating back over a year. Yet he remained as head of the institution until November 29, just a week prior to the day the federal authorities took over the affairs of the bank.

Kittel Indicted Last Summer.

In the May (1915) term of the federal court in Fargo a grand jury, on testimony furnished by C. H. Anheier, national bank examiner, returned an indictment of four counts against Mr. Kittel, charging that he had on May 8, 1914, "wilfully and unlawfully and with intent to deceive the officers and stockholders and any agent appointed to examine the affairs of the bank... made upon the books of accounts and records of said bank certain false and fictitious entries," and had on July 7, 1914, "made certain untrue, false and fictitious entries" in his report to the call of the comptroller for the condition of the bank on June 30, 1914.

Directors Knew of Falsifications

Since the closing of the bank no newspaper has printed the fact of this indictment. In the long printed quotations from the bank's directors no explanation has been given or comment made on the fact that for at least seven months after the bank examiner had reported gross irregularities against Mr. Kittel he remained as president of the institution.

It is true that in Fargo on July 2, 1915, Mr. Kittel was acquitted of criminal irregularities reported by the examiners. The verdict of the jury on the indictments was not guilty.

Bleak Days for Depositors

Casselton and the great farming territory stretching out in all directions from it is not excited. It is dumb, patient, awaiting the result of the audit of the books of the closed bank by Examiner Anheier and for the fulfillment of the optimistic promises of Kittel and the bank's directors that everything possible will be done to reopen the institution. But this was a bleak Christmas for Casselton.

Christmas Trade Paralyzed

No bank closing in recent years has involved so great a proportion of small depositors—practically every deposit which made up the \$330,000 the bank had was that of a farmer, a farm hand, a school teacher or a clerk. Paul, Ross, High School principal, is authority for the statement that nearly every teacher in the vicinity had all her small savings in the bank. The closing came when holiday preparations were on—when farmers were preparing to draw out part of their savings for the many small expenditures which help to make Christmas merry. Every activity of Casselton, a progressive town of 1500 people, and in the farming district of which it is the hub, has been stricken. The stores have felt the pinch. With savings lost few spent the usual amounts in Christmas shopping, and holiday trade was paralyzed. Payment on farm mortgages will be delayed; some may nev-

Directors Knew for Months of Kittel's 'Speculations With the Bank's Funds--Agreed To Make Bad Paper Good, Then Closed the Bank--Losses Great, Bank May Not Open.

er be paid; savings of years stand to be wiped out.

A Trusting Community Betrayed.

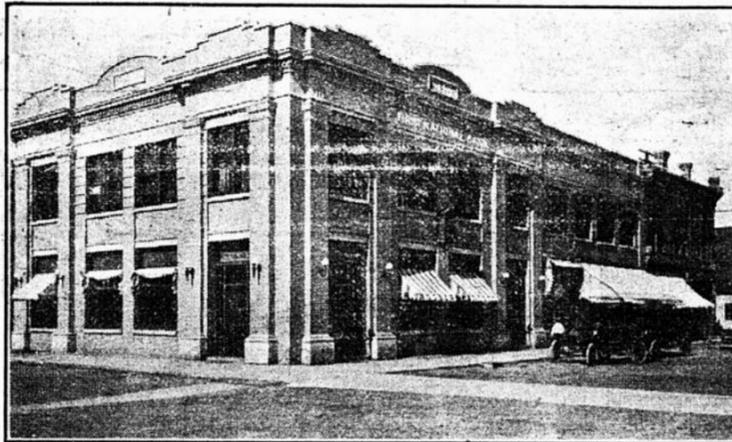
The failure of the bank to open Dec. 6 was like a bolt of lightning out of a clear sky to the trusting community. Frightened directors on

the worst—that the bank would undoubtedly have to suspend.

Kittel Adviser to Farmers.

The First National bank of Casselton is one of the oldest banks in the state. It started in business in 1882 and R. C. Kittel has been its presi-

This is the Wrecked Casselton Bank



First National Bank of Casselton, which was closed Dec. 6 and is now in the hands of the comptroller of the currency. According to the directors the illegal deals of the bank's president, R. C. Kittel, in paper of the Northern Trading company, in which he is interested, brought about the suspension.

November 29 ousted R. C. Kittel as president and his brother, W. F. Kittel, as cashier and both were dropped from the board of directors. The public, naturally somewhat excited at a sudden change like this, was lulled to supposed security by a statement of the Casselton newspaper on December 3, which said, supposedly on the authority of the directors:

Directors Lull People to Sleep

"The directors are making the necessary inventory and examination pending the transfer of the business; but these matters will in no way interfere with the regular dispatch of business. Matters will proceed exactly as in all the years the First National bank has been in existence. Its officers and directorate are a guaranty of the worth of its transactions and will remain so."

Matters will proceed exactly as in all the years the bank has been in existence! Three days later its doors were closed.

Asking Deposits When Bank Unsound Adjoining the "writeup" of the

dent for years. Business men predominated on the board of directors, but the bank's business was practically all with the farmers. Casselton and vicinity is settled up largely with people of German extraction and Kittel was of German descent. He wielded a big influence in the community as an adviser of farmers for this reason. Farmers made investments on his advice and many of them not involved in the bank closing itself are spending anxious days.

Directors Continue to Fool People

Published statements of the directors are all to the effect that they first learned of the seriousness of the irregularities after the change in officers, when M. G. Straus, clothing merchant at Casselton and director of the bank, who was elected November 29 to succeed Kittel as president, called in two men from a Minneapolis bank to go over the books. Their advice was to call in the bank examiner and close the doors.

Kittel Uses Depositors' Money

But the directors knew as early as November 1, according to Kittel's

View in the Stricken Community



This is a photograph of Casselton's once busy business district, now paralyzed—not because the business men lost money because they could stand what they lost, but because with people's savings tied up they could not or did not spend. They did not do all their holiday shopping early enough at Casselton to beat the closing of the bank, which occurred Dec. 6.

change in officials in the local newspaper was printed an advertisement of the bank soliciting the public's business. At the time the "writeup" and ad appeared the directors knew

own admissions, that a large amount of the bank's paper was questionable, for on about that date the bank examiner had informed the directors that they must take up some of the

paper of the Northern Trading company, a corporation in which the Kittels were interested and which the examiner held was improper security for the bank to be holding. It was Kittel's transactions through the bank with this company that, according to statements of directors, are mostly responsible for the closing.

While this ground for suspicion—it was ground for that, at least—existed about the first of November, no thorough examination was made till nearly a month later, to judge from what directors have had to say since the bank's suspension.

Kittel Still Doing Business.

The amount of shortage and extent of irregularities are closely guarded by the directors and by the bank examiners now going over the books. All admit, however, that it was chiefly Kittel's dealings through the bank in paper of the Northern Trading company which wrecked the institution.

Since ousted from the bank, Kittel, out on bail of \$10,000 awaiting action of the January grand jury, has been actively performing at Casselton the duties of president of the Northern Trading company. W. F. Kittel, ousted cashier of the bank, like his brother held for the grand jury on a general charge of bank wrecking, is treasurer of this company.

Directors Promised to Pay

By degree since the closing it has been brought to light that when the Kittels were ousted they reached an agreement with the directors under which the latter contracted to take over the Kittels' interests in the bank—stock, etc.—and put up enough cash to cover the questionable paper the Kittels had worked off on the institution. In this way it was hoped to keep the bank open. But the long delayed activity of the directors in finding out the true condition, it has been openly stated, has disclosed such extensive shortages that this agreement may never be carried out. The directors publicly promised when the doors closed to go down in their pockets to the extent of \$25,000 each to put the bank on its feet. Since then, as the examination of the bank's affairs proceed, they have not been so emphatic in statements that the bank will reopen.

Kittel Feels Safe

Kittel himself outwardly seems the most calm and undisturbed man concerned in the matter. He states confidently the bank will reopen—the directors being bound to open it under their agreement with him to make good the bad paper, he says. He is provoked, because the newspapers have reported that Casselton was excited when the bank closed and he denies that there is any great nervousness over the matter now.

"The dealings of the Northern Trading company with the bank are greatly exaggerated," he says. "All is quiet here now. The people are waiting for the examiner's report. Until then nothing definite will be known as to the condition of the bank."

Losses More Than \$135,000

As to the amount of bad paper held by the bank and other alleged shortages, Frank Lynch, merchant of Casselton and one of the few business men with big deposits in the bank, says \$135,000 will cover all losses. He states that the Northern Trading company has 27,000 acres of land and that keeping up the interest and paying the tax on this land, through the manipulations of Kittel, was too great a strain on the bank's resources. Mr. Lynch is one of Kittel's bondsmen.

Protested Without Avail

T. O. Taubert, another merchant of Casselton and a director of the bank, says he objected at one time to some of Kittel's transactions, but to no avail. He says the Northern Trading company has been extended large

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