

## Joseph Smith's Kirtland Bank Failure

While it is common knowledge that Joseph Smith founded the Church of Jesus Christ of Latter-day Saints, few know of his attempt to found a bank in Kirtland, Ohio. This important event in Mormon history was reportedly done because of a revelation that Joseph Smith received. The following excerpt is from [\*Mormonism - Shadow or Reality?\*](#) page 531:

Warren Parrish, who had been an officer in the bank and had apostatized from the Church, made this statement: "I have listened to him [i.e. Smith] with feelings of no ordinary kind, when he declared that the AUDIBLE VOICE OF GOD, INSTRUCTED HIM TO ESTABLISH A BANKING-ANTI BANKING INSTITUTION, who like Aaron's rod SHALL SWALLOW UP ALL OTHER BANKS (the Bank of Monroe excepted,) and grow and flourish and spread from the rivers to the ends of the earth, and survive when all others should be laid in ruins." (Painesville Republican, February 22, 1838, as quoted in *Conflict at Kirtland*, page 297)

Wilford Woodruff, who remained true to the Church and became the fourth President, confirmed the fact that Joseph Smith claimed to have a revelation concerning the bank. Under the date of January 6, 1837, he recorded the following in his journal: "I also herd [sic] President Joseph Smith, jr., declare in the presence of F. Williams, D. Whitmer, S. Smith, W. Parrish, and others in the Deposit office that HE HAD RECEIVED THAT MORNING THE WORD OF THE LORD UPON THE SUBJECT OF THE KIRTLAND SAFETY SOCIETY. He was alone in a room by himself and he had not only [heard] the voice of the Spirit upon the Subject but even an AUDIBLE VOICE. He did not tell us at that time what the Lord said upon the subject but remarked that if we would give heed to the commandments the Lord had given this morning all would be well." ("Wilford Woodruff's Journal," January 6, 1837, as quoted in *Conflict at Kirtland*, page 296)

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A brief account of the failed bank is told in [\*Mormon Enigma\*](#):

"Construction of the temple had temporarily boosted the economy of Kirtland, but after the dedication the economy declined as poor converts arrived in ever increasing numbers. The old settlers attempted to keep them out of Kirtland by economic pressures, but the Mormon population increased twentyfold while the landholdings only quadrupled. In November 1836 Joseph and other church leaders drew up articles for a bank to provide capital for investments. It was a desperate gamble. Oliver Cowdery went to Philadelphia for plates to print bank notes, and Orson Hyde went to the legislature in Columbus with a petition for a bank license. It was refused. Oliver returned with plates for the Kirtland Safety Society Bank, but Orson Hyde came back without a charter. The plates were so expensive that they printed some specie anyway, writing in "Anti" before the word "Bank" and "ing" after it. The notes read, "Kirtland Safety Society Anti-Banking Company," and the paper passed as legal tender from a joint-stock company. At first the money circulated wildly. When merchants and businessmen who were more sophisticated than the Mormons began to redeem their notes, Joseph could see that a run would ruin the bank. After one month he and Sidney Rigdon resigned as officers but the bank failed. This affected Joseph's status.

People who were convinced that Joseph had intended a swindle at the outset attacked him verbally and threatened him physically. This disruption forced Joseph to leave the city frequently....

In April 1837 Joseph went into hiding without seeing Emma before he left. ([\*Mormon Enigma\*](#), pp. 62)

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(click on photos to enlarge)

Photos of 3 dollar bills issued by the Kirtland Bank. The bill on the right has "Anti" and "-ing Co." added. The bill on the left does not.

Fawn Brodie details this about the demise of the Kirtland Safety Society Anti-Banking Company:

"If the bank needed a final blow to shatter what little prestige it still held among the faithful, it received it when Warren Parrish resigned as cashier, left the church, and began openly to describe the banking methods of the prophet. Parrish was later accused of absconding with \$25,000, but if he took the sum it must have been in WORTHLESS BANK NOTES, since that amount of specie in the vaults would have saved the bank, at least during Joseph's term as cashier." ([\*No Man Knows My History\*](#), page 198)

"The toppling of the Kirtland bank loosed a hornets' nest. Creditors swarmed in upon Joseph armed with threats and warrants. He was terribly in debt. There is no way of knowing exactly how much he and his leading elders had borrowed, since the loyal Mormons left no itemized account of their own claims. But the local non-Mormon creditors whom he could not repay brought a series of suits against the prophet which the Geauga county court duly recorded. These records tell a story of trouble that would have demolished the prestige and broken the spirit of a lesser man.

"Thirteen suits were brought against him between June 1837 and April 1839, to collect sums totaling nearly \$25,000. The damages asked amounted to almost \$35,000. He was arrested seven times in four months, and his followers managed heroically to raise the \$38,428 required for bail. Of the thirteen suits only six were settled out of court-about \$12,000 out of the \$25,000. In the other seven the creditors either were awarded damages or won them by default.

"Joseph had many additional debts that never resulted in court action. Some years later he compiled a list of still outstanding Kirtland loans, which amounted to more than \$33,000. If one adds to these the two great loans of \$30,000 and \$60,000 borrowed in New York and Buffalo in 1836, it would seem that the Mormon leaders owed to non-Mormon individuals and firms well over \$150,000." ([\*No Man Knows My History\*](#), pp. 199-202)

Was Joseph Smith to blame for the failure of the bank or "anti-bank" as it was called? Robert Kent Fielding stated the following:

"It was natural that blame for the entire situation should be charged against the Prophet. They had gathered to Kirtland at his command; the idea of purchasing housing lots in the great subdivision scheme had his full support; he had inferred that the bank would not only succeed, but would one day be the most powerful institution of its kind....the Church populace was genuinely disillusioned when the bank failed. It was difficult for them to comprehend that a man who claimed to have divine revelation in religious matters could fail so miserably in economic affairs.... No amount of shifting of blame could obscure the fact that a prophet had failed in a grand project.... As the Sheriff appeared ever more regularly with summons and as the fortunes and anticipations of one after another of the leaders faced the humiliating prospect of publicly acknowledged incompetence and bankruptcy, the discipline and sense of responsibility, which are the heart of all organizations, broke completely and plunged Mormondom into ecclesiastical anarchy." ("The Growth of the Mormon Church in Kirtland, Ohio," typed copy, pp. 233, 234, 237 & 238, as it appears in [\*Mormonism - Shadow or Reality?\*](#) pp. 533)

In a thesis written at Brigham Young University, Gary Dean Guthrie stated:

"The State legislature refused the Kirtland Safety Society its charter upon which the name of the bank was changed to Kirtland Anti-Banking Society....Joseph and Sidney Rigdon were tried in court for violating the law, were found guilty and fined \$1,000. They appealed on the grounds that the institution was an association and not a bank; the plea was never ruled upon as the bank suspended payments and closed its doors. Other lawsuits followed....

"During the summer of 1837, Joseph spent much of his time away from Kirtland to avoid these lawsuits.... Apostles Luke S. Johnson, Lyman E. Johnson, and John F. Boynton were rejected and disfellowshipped.. "The blame of the bank failure fell heavily on Joseph. He had issued a formal invitation to his followers to take stock in the venture and the institution had been organized outside the law. Heber C. Kimball later was to comment that at this moment, 'there were not twenty persons on earth that would declare that Joseph Smith was a prophet of God.' Six of the apostles came out in open rebellion....Joseph first established the bank by revelation and then had to later admit that because of poor management and other internal and external conditions the project was a failure." ("Joseph Smith As An Administrator," M.A. thesis, Brigham Young University, May 1969, pp. 80, 81, 82, 85, 86 and 88, as it appears in *Mormonism - Shadow or Reality?* pp. 533)

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For more information on the Kirtland Bank see our book *[The Mormon Kingdom, Vol. 1](#)*, pp. 11-20.

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