

“A San Diego Bank Scandal”

‘The California National Bank has suspended.’ As this information passed up and down the business streets yesterday morning merchants, professional men, mechanics and others stopped in their various pursuits as if suddenly attacked by a paralytic stroke. Down went pen, yard-stick and scales, hammer, pick and shovel, and soon a crowd had gathered about the handsome edifice at the corner of Fourth and D streets.

--San Diego *Union*, November 13, 1891.

As crowds gathered at the offices of one of Southern California’s leading financial institutions, the bank president, J. W. Collins emerged to reassure nervous depositors, explaining: “Owing to continued shrinkage in deposits and our inability to promptly realize on our notes and account, the bank is temporarily closed.” Merely a precaution, Collins soothed, “it is beyond question that depositors will be paid in full.”

Business leaders in the city pleaded for calm. The owner of San Diego’s largest department store, George W. Marston, admitted: “the situation is serious, but I am of the opinion that [the closing] is only temporary. I think the suspension is an honest one, and we can only wait for an official investigation to know the condition of the bank’s finances.”

The California National Bank had prospered in San Diego after its incorporation in January 1888. The bank’s founders, David D. Dare and John W. Collins, suave businessmen in their early 40s, had arrived in town just as the “Boom of the Eighties” was going bust. Offering liberal loans, the California National Bank and its sister institution, the California Savings Bank, helped restore confidence in the community and stimulated San Diego’s recover from the crash.

The personal prosperity of the two bankers impressed San Diegans. J. W. Collins moved into swank quarters at the new Hotel Brewster, an opulent Victorian at 4th and C Streets. Noted for its “magnificent appointments,” the Brewster was the first building in San Diego to run a passenger elevator.

D. D. Dare chose to live in the “suburbs” at 20th and K Streets where he purchased a beautiful Queen Anne-style mansion, the Villa Montezuma. He sold the house a short time later but began building an elaborate three-story brownstone at Fifth and Juniper, known as the “Castle.” Newspapers eagerly detailed the construction progress of the magnificent home, reputed to be the most costly residence in Southern California.



The surprise closing of the bank in November 1891 came when a “sight draft” for \$10,000 from San Francisco was presented for payment. Despite recorded deposits over one million dollars, the bank failed to cover the check. San Diego mayor Matthew Sherman got wind of the problem and tried to withdraw \$45,000 in city funds. The bank officers, knowing they could not meet the demand, chose to “voluntarily suspend rather than have the bank closed by process of law,” reported the *Union*.

But the “process of law” came quickly enough. A bank examiner brought in to count the money at hand found \$200,000 missing. A court-appointed receivership began in December, shocking the bank’s depositors who now realized the problems were no longer “temporary.”

And then the arrests began. A bank cashier and a bookkeeper were charged with making false account book entries and issuing phony certificates of deposit. Bank President J.W. Collins, was charged with embezzling the lost \$200,000 and placed under house arrest at his suite at the Hotel Brewster. Meanwhile, D. D. Dare, who had the good fortune to be on the east coast at the time of the bank closure, sailed for Europe.

When Collins failed to make bail of \$50,000, U.S. marshals told the banker he would be going north with them for trial in Los Angeles. Collins took the news badly. *The New York Times* reported on March 3, 1892:

He was asked how he was feeling and replied, “Oh, about as well as could be expected.” In a few minutes he left the table and went to his room. A minute later the report of a pistol was heard, and when the door was opened Collins was found lying on the floor. He died almost immediately.

Despite the banking scandal, Collins was mourned in San Diego. A gregarious and popular man, Collins was also pitied for a personal tragedy. Two years earlier, a yacht carrying his wife and two young children sank in San Diego Bay. Everyone on board drowned.

But San Diegans were less sympathetic when news began to surface from Cheyenne, Wyoming, of all places. Collins and Dare, it turned out, had been business partners before. The two men met in Cheyenne in the 1880s when Dare was a photographer and “sign painter” and Collins was a cashier in a local bank. Somehow the schemers managed to pool enough money to start the Cheyenne National Bank. Lavish spending followed. Dare built a stone mansion--“Castle Dare”--with funds from Collins. The house was a smaller version of the pretentious home Dare would build in San Diego.

The failure of the California National Bank cost San Diegans dearly. Any business with ties to the bank felt pressure. The San Diego Cable Railway, partly owned by Collins and Dare, would close down. Havermale and Rossier, a rising mercantile firm that had invested with Dare and Collins, also failed. Individual investors waited years for recompense; by 1900 the fortunate among them received small dividends.

“Bank wrecker” D. D. Dare fared better. Escaping to Italy with an estimated \$50,000 (though some said \$200,000), he never returned to the United States. Sightings of the fugitive were occasionally reported. In 1893, he was seen in the “Holy Land,” building a railroad from Jericho

to Jerusalem. In 1900, Cheyenne sources claimed he was in Alexandria, Egypt operating a street car company. Eventually, Dare settled in Greece where he would die in Athens in 1909.



The D. D. Dare stone "Castle" at Fifth and Juniper. The architect was William S. Hebbard who would also design the George S. Marston home near Balboa Park.

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