

MUHLENBERG COUNTY HISTORY



By AMIE WALTRIP

When Central City's first bank abruptly closed its doors

Is it just me, or has this month been exceptionally strange? I mean, I know we all laugh about the unpredictable weather around here, but 70-degree days in February – in Kentucky – just doesn't seem right. Not that I'm complaining, of course. I hate being cold. It just feels weird.

But I've recently been researching a February that might've felt even stranger for Muhlenberg Countians. Not in regards to the weather, per se, but in other ways.

I'd say that's probably a fair assessment of a period in time when a local bank was forcibly closed and the president imprisoned for problematic business practices.

That's just what happened in Central City in February 1915, though.

The whole shocking affair came to light on Saturday, Feb. 6, when the Central City Deposit Bank – the town's first bank, in fact, having opened in 1887 – suddenly closed its doors and turned the business over to the state banking commissioner for liquidation.

The closure was initially blamed on a downturn in the local mining industry and a resulting increase in people withdrawing funds, as well as difficulties in collecting loan payments. Bank president Eli Gregory



Central City Deposit Bank, circa 1900 from Thistle Cottage Archives.

assured bank customers that their money would be returned as soon as all the logistics were settled, and he suggested a willingness to put up his own property, including a house in town, a local laundry service and a partial ownership of Central City's Argus newspaper, as collateral.

It wasn't long, however, before things became more serious. On Feb. 11, less than a week after the closure, a warrant was issued for Gregory's arrest on charges of lying to the state Banking Commissioner about the bank's condition.

The ensuing investigation revealed bad news for the bank's

customers. As officials began to look more closely into the bank's dealings, they identified several bank loans that the alleged borrowers denied. Within a week of Gregory's arrest, the suspected forgeries totaled \$35,000.

That was a huge amount of money for that time, especially considering that total outstanding loans by Central City Deposit Bank, according to a Feb. 5 statement, equaled approximately \$147,000 and total deposits in the bank at that time about \$100,000.

Newspapers all over the state were reporting almost daily updates on

the investigation's progress by this time, and the situation only continued to grow worse as the investigation continued.

Eventually, Gregory was indicted on 10 charges: four of forgery, five charges of receiving deposits despite knowing the bank was insolvent and one charge of obtaining money under false pretenses. He pled guilty to one charge each of forgery and dishonestly accepting deposits, and he was sentenced to 13 to 15 years in prison. That was later reduced to eight to 10 years.

About 50 civil cases were also filed relating to the bank's failure.

It is notable that in

October 1914, only four months before the bank's closure, four of the bank's five directors had supposedly reviewed the bank's dealings, including loans, and found all to be accurate and above-board to the best of their knowledge, as reported by the Lexington Leader newspaper on Feb. 21.

However, three days later, the same paper reported on a loan supposedly issued to W.O. Smith, president of the Cooperative Union Store, in early September 1914.

Smith vehemently denied taking out that loan, and there was no such store in Muhlen-

berg County. The bank's directors, along with stockholders, were sued by the bank's depositors following Gregory's conviction.

That was the end of the Central City Deposit Bank. It was no longer the only bank in town – the Home Deposit Bank, later known as First National, opened in 1902 – and the scandal, not to mention the lack of funds, made it impossible for the bank to reopen and continue as that organization.

However, the building, constructed by the bank in 1910, still stands at the corner of Locust and West Broad Streets, across from the United States Postal Service. Gregory's house, also, is still standing at the corner of Center Street and West Second Street.

Both of those locations are on the Central City historical tour available from the library, and Thistle Cottage's archives include quite a bit of information about the Central City Deposit Bank's history, particularly the devastating end of the organization. If you'd like to learn more, I encourage you to call or visit the archives.

In the meantime, I'll be enjoying the unusual, but nice, weather. I'm sure it won't last, but I'm going to take advantage of it while I can!

Until next time, happy history hunting!

Letter to the Editor

More than 200 years of coal production comes to an end

On Thursday morning I received a phone call that we all have been anticipating but hoping would never come. The caller informed me that the last remaining coal mine and prep-plant in Muhlenberg County would be closing in 60 days.

Muhlenberg County Coal Resources, Inc.'s Pride Mine and Prep-plant employees received notice that morning their mine was closing, and they would be losing their jobs on April 29 or within the following two weeks.

I feel the pain, anxiety, and concerns of the employees who are going through this as I have walked in your shoes while working as a coal miner.

To help displaced workers, Muhlenberg Economic Growth Alliance has set up a job fair from 9 a.m. to 3 p.m. Friday March 8 with several companies (Warrior Coal, Riverview Mine, Peabody Energy, and Yager Materials) at our MEGA Center, located at 55 Career Way in Central City. It will be adver-

tised on county social media and in the local newspapers.

Unfortunately for Muhlenberg and other counties, Kentucky, and even other states, across the United States, this Green Energy Agenda has been the demise of an industry that has built economies, provided reliable, affordable energy to fuel our nation's industrial revolution, provided the energy to build a war machine to defeat our enemies during two World Wars, and has provided readily affordable electricity to power our nation.

Our economy will feel the effects of the closing of this facility as it has of all the mine closings in the past as well as the effects of two coal fired steam power plants in our county, as well.

Another downside to this particular mine closing is it is our last coal mine in operation in Muhlenberg County; due to this matter, we will lose the Coal Severance Funds coming back to Muhlenberg

County. When these funds are no longer available, funding for services provided by our local government is cut.

Muhlenberg County began producing coal commercially in 1820 and was the first to do so in Kentucky. The first commercial coal mine in Kentucky was the "McLean Drift Bank mine" located near the Green River and Paradise in Muhlenberg County. Muhlenberg County has a long heritage with coal mining that has provided good jobs and a lucrative livelihood for our families.

For 204 years, there has been commercial coal mining in Muhlenberg County providing good jobs and income to drive our economy; it is sadly coming to an end April 29, 2024.

Mack McGehee
Muhlenberg County Judge/Executive

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