

RAMSEY COUNTY
History
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Mark Twain And
The Mighty Mississippi

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The Lilly family at their Mendota Heights farm. Left to right: David, Richard C. Lilly, Sr., Richard, Jr., and John.

RAMSEY COUNTY HISTORY

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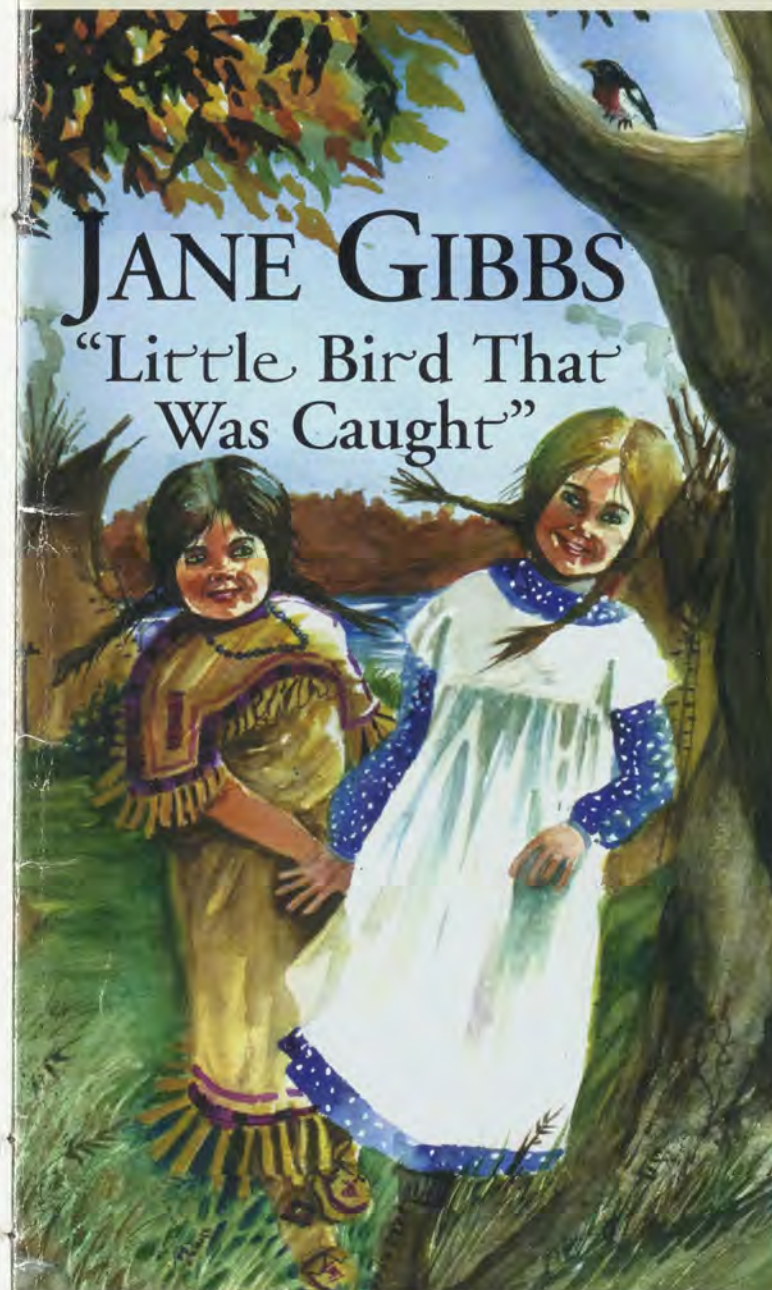
A Message from the Editorial Board

Many long-time residents of Ramsey County have heard of or know about the banking activities and contributions of Richard C. Lilly, a former president of the First National Bank in St. Paul. Lilly had a distinguished banking career that began in 1900, when he was sixteen, and lasted until his retirement from First Bank as president in 1945. Business associates, community leaders, and friends of Lilly who had followed the many twists and turns in his banking career understood that he epitomized the American dream in his rise from very humble beginnings to great business success. Lilly was a self-made man, but as Virginia Brainard Kunz shows in the lead article in this issue, Lilly led two lives; he was also a very giving man whose philanthropy serves as a model of generosity even today. Until his death in 1959, Lilly repeatedly shared his wealth, time, and talents with many schools, churches, and charities that have continued to make Ramsey County a better place to live for its citizens.

The Ramsey County Historical Society has recently remounted an exhibit of Henry Peter Bosse's unusual cyanotype photos of the Mississippi River that Bosse took in the 1880s and 1890s. In honor of the reopening of this exhibit, our magazine includes an insightful and persuasive article by Michael Connor, who originally discovered many of the Bosse prints in 1991. Connor's article demonstrates the definite influence of Mark Twain's *Life on the Mississippi* (1883) on certain aspects of Bosse's photographic work. The similarities and parallels that Connor identifies between many of Bosse's photos and Twain's descriptions of the Mississippi are remarkable and shed new light on our understanding of Bosse's achievements as a visual artist.

John M. Lindley,
Chair, Editorial Board

An Exciting New Book for Young Readers



Based on a true story about real people
and events that happened.

PUBLISHED BY THE RAMSEY COUNTY
HISTORICAL SOCIETY

Banker and Philanthropist

Richard C. Lilly: The Man Who Led Two Lives

Virginia Brainard Kunz

He is remembered in St. Paul as a innovative and creative banker and businessman, but he was more than that. He was also a compassionate, sometimes capricious philanthropist. With the 145-year identity of the First National Bank of St. Paul passing into history, submerged into US Bank, it is time to review the record of the man who was so closely associated with the First.

Much is known about Richard C. Lilly as president, first of Merchants National Bank and then of First National Bank; less is known of his support and encouragement of the fledgling local industries that grew into national powerhouses; but almost nothing is known of his quiet, often anonymous philanthropies, except by the hundreds of people he helped. He was a man who led two lives. As is often the case with the colorful, resourceful leaders who people a community's history, stories about him—some true, some embroidered but with a core of truth—have become part of St. Paul lore.

Richard Coyle Lilly was born on November 4, 1884, into the Irish Catholic household of Donald W. and Catherine Enright Lilly who had joined a thriving Irish community on the city's West Side. St. Paul, with its large Catholic archdiocese, was the center of the religious, political, and social life for the Irish and they made a colorful contribution to the city's history. They were among the city's earliest settlers. Edward Phelan from Londonderry and John Hays from Waterford, both soldiers discharged from Fort Snelling, built a cabin at the foot of Eagle Street in 1839.

By the 1850s their successors had formed a visible thread in the fabric of the growing community. They were laborers, craftsmen, carpenters, policemen, firemen, watchmen, dressmakers, milliners, servants. They became lawyers, judges, bankers, politicians, priests. Their high profile in a city that was more German

and New England Yankee than Irish stemmed from their joyous celebration of St. Patrick's Day, and their eventual dominance of St. Paul politics. They included the O'Connor brothers, Richard T. ("the Cardinal") and John J. ("the Big Fellow") who late in the nineteenth century originated the "O'Connor System," an understanding that law-breakers would not be arrested while in St. Paul as long as they obeyed the law. They also numbered among their ranks such titans as James J. Hill, Ignatius Donnelly, and Archbishop John Ireland.

Clustered at first in the old center of the city, the Irish began to spread out after the Civil War. In 1868 St. Michael's Church and School were established at the northeast corner of Parnell and Colorado on the lower West Side. (The church has been replaced by a new structure, but its old tower still stands on South Robert Street.) The poorer Irish families living across the river from downtown St. Paul could attend Sunday services at St. Michael's without having to pay a toll (5 cents for foot passengers, 25 cents for two-horse teams) to cross the Wabasha Street bridge to the Cathedral.

The Lilly family included Richard, the oldest; Leonard; Lawrence; a daughter, Mary Elizabeth, and one other child who died young. The family moved several times, but in 1890 their home was at 660 Cherokee Avenue, on the bluffs of the Upper West Side. They attended St. Michael's and the combination of faith and heritage would flavor the later years

of Richard Lilly's life. He drew his best friends from among the Irish Catholic community. Restless, creative, charismatic, with a well-honed sense of humor, a tough competitor who wanted to win—qualities shared by others of his era—Lilly was respected for his sound business sense. In his philanthropy, he would be drawn to programs and organizations that shared a common bond with his church.

Milk Cans on His Bicycle

Richard Lilly's business life began suddenly and prematurely. When he was fifteen, his father, a linotype operator for the *St. Paul Dispatch*, was injured when he was struck by a carriage while riding his bicycle. He was unable to work, so Richard Lilly dropped out of school to help support the family until his father recovered. He was an ambitious youngster. His second wife, the former Elizabeth Murphy, whom Lilly married in 1955 after the death of his first wife, remembered that he told her how he once had sold milk, riding around with the milk cans strapped to his bicycle. He also sold newspapers, and he once applied for a job at the Great Northern Railroad, only to encounter a sign reading "No Irish Need Apply."

Lilly's own account of his informal beginning as a wage earner, has been told and retold. In their history of the First National Bank of St. Paul, *The First Through a Century*, authors Frank R. Donovan, Jr. and Cushing F. Wright, let him tell the story in his own words:

They were paving a downtown street with asphalt and I asked the crew foreman for a job. He looked me over, nodded, and said "Would you like to be a water boy?" "No, sir," I answered, "I can do anything." "That's the spirit!" he said. "How about

going on as a Timekeeper? The pay is twenty cents an hour for a ten-hour day." I kept that job until the freeze-up in the fall.

Lilly's father had hoped that his son would be a printer, too, but Richard chose banking instead. It is interesting to note that, while he long has been identified with First National Bank of St. Paul, he began his career with the Merchant's National Bank, established in 1872 by a group of St. Paul merchants led by Maurice Auerbach of the wholesale firm of Auerbach, Finch and Scheffer. Lilly was just sixteen years old when he was hired as a messenger. He was well-positioned for a career that would take on a Horatio Alger coloration. The Merchant's board of directors at one time and another formed a stellar roster of St. Paul businessmen, many of them pioneering business leaders: Charles H. Bigelow of St. Paul Fire and Marine Insurance Company; Daniel R. Noyes of the wholesale drug house of Noyes Brothers and Cutler; General John T. Averill of the wholesale paper firm of Averill, Russell and Carpenter; Elias F. Drake, builder of the first railroad in Minnesota; John L. Merriam, of the St. Paul and Sioux City Railroad, and his son, William, best-known as Minnesota's eleventh governor of Minnesota from 1889 to 1893.

Even so, Lilly was his own self-made man. Like many of his generation who rose into the upper echelons of American business, he began work early in life in a lowly position and brought to his chosen career persistence, dedication, and skill. His rise at the Merchants was, in the best rags-to-riches tradition, steady and rapid, but his own account reflects his humble beginning. He was hired at a salary of \$20 a month, "quite a come down," he once reflected, "from the handsome pay I had been getting with the paving gang." At that time, the bank had just four officers: president, vice president, cashier, and assistant cashier. Its first building, the delightful Romanesque-inspired structure completed in 1892 at Fifth and Jackson Streets, still stands as the McColl Building.

One story of Lilly in those early years has become legendary, as well as reflective of a certain amount of Irish guile. It seems that smoking was forbidden at the



Richard C. Lilly

bank but Lilly, who was a good messenger, did smoke occasionally. One day he was sneaking a smoke when he saw Henry Van Vleck, the bank's assistant cashier, coming down the hall. Lilly quickly flipped his cigarette into a handy wastebasket, which promptly caught fire. Seeing the blaze and smelling smoke, Van Vleck demanded, "Who's been smoking?" Lilly admitted that he was guilty. "You're fired," Van Vleck announced. "Get your hat and coat." Lilly left but was back at work the next day as usual. When Van Vleck reminded him that he'd been fired, Lilly replied, "I didn't think you meant it, sir." Van Vleck smiled, Lilly smiled and remained on the job.

Law Degree in 1908

In 1911, at the age of twenty-seven, Lilly was named assistant cashier of the Merchants Bank. He had resumed his interrupted education, studying nights at the St. Paul College of Law and earning a law degree in 1908. The following year, 1912, the Merchants merged with the National German American Bank in a move to head off a looming threat from James J. Hill, who had decided to go into the banking business. The third of St. Paul's "Big Three" banks, the National German American Bank traced its origins to a small, private bank established in 1853

by two young German immigrants, Ferdinand Willius and Henry Meyer. Forty years later, in the throes of the financial panic of 1893, the German American bank was forced to suspend, a victim of one of the worst series of bank failures in Twin Cities history. It shortly was reorganized under the aegis of such business leaders and stockholders as Charles E. Flandrau, James W. Lusk, John B. Sanborn, Channing Seabury, and Frederick Weyerhaeuser.

The bank's growth was steady, if gradual, until 1912 when James J. Hill began casting about for a bank of his own that would serve his vast holdings. He already held stock in the First National Bank and Henry P. Upham, its former president, was his close friend. What could be more logical than to buy First Bank? Negotiations broke down when the bank's stockholders refused his terms. The redoubtable Hill then set his sights on the Second National Bank of St. Paul, established in 1853 as a private bank under the name of Mackubin and Edgerton. Hill bought up all of Second National's stock for a little more than \$1.2 million. At this juncture, faced with the possible loss of the Great Northern and Northern Pacific accounts, First Bank's stockholders found it prudent to sell Hill almost all of the bank's capital stock for \$3.35 million. Within months, Hill had merged the two banks and the First National Bank of St. Paul became an institution with more than \$22 million in resources—twice the size of any other St. Paul bank. Lilly would head it some seventeen years into the future.

Down the street, the Merchants National Bank was prospering. In the merger, completed in November, 1912, after much negotiation, the National German American Bank's separate identity was lost, submerged into that of the Merchant's, but a new bank had been created that now was second only in size to First National. A new bank building also was in the offing for the Merchants, a handsome, sixteen-story structure completed in 1915 at the corner of Fourth and Robert Streets.

Lilly, Weyerhaeuser, and Henry Von der Weyer emerged from the merger as vice presidents of the Merchants Na-

tional Bank. New directors, the extraordinary businessmen who surrounded Lilly, began to appear on the board: Lucius P. Ordway, who even then was pouring money into what would become 3M; Charles P. Noyes of the wholesale drug company; Jule M. Hannaford; Alfred H. Lindeke of Lindeke, Warner and Schurmeier, wholesalers; Timothy Foley of Foley Brothers, railroad contractors; Charles H. Bigelow, Jr., of Farwell, Ozmun and Kirk; Louis W. Hill, son of the Empire Builder; and Frank B. Kellogg, attorney and future United States senator, ambassador to Great Britain, and the secretary of state who helped frame the Kellogg-Briand Peace Treaty, for which he received the Nobel peace prize.

Donald S. Culver, vice president of the German American Bank, moved over to the Merchants as president and George H. Prince was elected board chairman, but it was Prince and Lilly who were responsible for the management of the bank. They made an interesting team. Authors Donovan and Wright described the two men in their history of First Bank:

With Prince and Lilly, the Merchants had a beautifully balanced management. Prince was both an administrator and an admirable judge of men, with the ability to delegate authority. Lilly had a restless, creative imagination coupled with a sound sense of credit. Prince was deliberate in his carefully weighed conclusions, while Lilly had an uncanny gift for quick, brilliant decisions.

It was well that he did. During those years before World War I, St. Paul's banking community was fluid, to say the very least. New banks grew out of mergers with pioneer banks; weaker banks, buffeted by recurring financial panics, joined with stronger banks; others formed to serve special constituencies. The Merchants, of course, was one of the latter, and there were others: the National Exchange Bank, organized in 1917; the Swedish American Bank of St. Paul, chartered in 1887 and renamed, for some reason, Central Bank in 1918; the Metropolitan Bank, established in 1918 but merged in 1921 into Central as Central Metropolitan; and Capital National Bank,



Merchants National Bank at 366 Jackson Street as it looked 1906–1912. Lilly began work here as a messenger in 1900, eight years after the building was completed in 1892. It still stands today as the McColl Building. Minnesota Historical Society photo.

founded in the 1880s and its affiliated Capitol Trust and Savings Bank, an institution that would play an important role in Lilly's career.

A Young President

In 1918 Culver retired and Richard Lilly, at the age of thirty-three, became president. He was one of the youngest presidents of a major American bank, and his leadership proved crucial in the crises that roiled the banking industry during the difficult years that followed. The "Roaring Twenties" were darkened by a crime spree born of prohibition and a frightening agricultural depression that has been obscured in history by the Great Depression of 1930s. War-time demand

for grain and livestock dropped at war's end, prices and farm values fell, farmers began defaulting on their loans, and many banks stared failure in the face.

On May 4, 1924, state banking officials closed the Capital Trust and Savings Bank, setting off a heavy run on its affiliate, Capital National Bank. At the Merchants Bank a block away, the implications of an impending bank failure were of such grave concern to Prince, Lilly, and other financial leaders that they set in motion a dead-of-night rescue. As James B. Bell wrote in his history of Norwest Bank St. Paul, published in 1995 in *Ramsey County History*:

These men were civic leaders, concerned for their community, but also possessed of a



George H. Prince

strong sense of enlightened self-interest. Moving quickly, they examined Capital National's assets and recommended that the bank be absorbed by Merchants Bank. Twenty-four hours later, on Sunday night, May 4, 1924, a truck under heavy guard moved Capital's books and assets from its vault to Merchant's and by the next morning the crisis had been averted.

Two years later, the National Exchange Bank faced a similar crisis. A Clearing House examiner felt that the bank's portfolio of farm mortgages was not sufficiently protected and the bank could no longer remain open. Merchants Bank, joined this time by First Bank, examined the bank's condition and found it was serious indeed. Once again, Prince and Lilly called together St. Paul's business leaders, spelled out for them the dire consequences if the bank failed, and recommended immediate action.

Under Lilly's leadership, \$350,000 in new capital was raised to keep the bank afloat. First Bank and Merchants each contributed around \$70,000. Again, the list of investors rings with the names of such men and their companies as Charles H. Bigelow, Jr., Farwell, Ozmun & Kirk; Herbert H. Bigelow, Brown and Bigelow; Otto Bremer, American National Bank; Homer T. Clark, West Publishing Company; Watson P. Davidson, Oregon and Western Colonization Com-

pany; Theodore W. Griggs, Griggs, Cooper and Company; Louis W. Hill; Horace H. Irvine, Thomas Irvine and Company; Paul N. Myers, Waldorf Paper Products Company; George W. Robinson, Tri-State Telephone and Telegraph Company; and Frank Schlick, Field-Schlick Department Store.

Meeting the night of April 24, 1926, these community leaders organized a new bank, the National Exchange Bank in St. Paul, which then took over the assets and liabilities of the former bank, the National Exchange Bank of St. Paul. That night the new bank received its corporate



Merchants Bank Building at Fourth and Robert, after its completion in 1915. Photo from First National Bank archives and *The First through a Century* by Frank P. Donovan, Jr., and Cushing F. Wright, published by the bank in 1954.

charter by telegraph and at 9 p.m. the directors held their first meeting. Under Lilly's supervision, they elected their officers. Their choice of president, James B. Bell noted, was a "stroke of management brilliance." David C. Shepard, II, was not a well-drilled banker but he was an experienced businessman who had the trust of the investors.

Bold Act of Leadership

The new bank opened for business the following morning. In a signal to the community that it was strong and well-managed, the bank was installed in the former headquarters of the recently-rescued Capital National Bank. It was a bold, imaginative act of leadership. The historical record is silent as to who made that decision, and the choice of David Shepard as president, but both had all the hallmarks of Lilly's style.

As Bell pointed out, the records reveal that "Richard Lilly was a critical and pivotal figure in the rescue of the bank. His knowledge of banking affairs had been honed by experience."

The Merchants was growing rapidly by the 1920s, spreading its facilities out into the community by acquiring branch banks or affiliates. Farmers and Merchants State Bank on East Seventh Street was added in 1922 and Grand Avenue State Bank, established in 1923 by Leonard Lilly, Richard Lilly's brother, in 1924. Prince and R. C. Lilly were surrounded by a strong board of directors that included new leaders in financial and industrial circles: industrialist Paul J. Kalman, brewer William Hamm, Jr., Soo line president Clive T. Jaffray, Shreve Archer of Archer-Daniels-Midland, George W. Robinson, E. W. Randall of Minnesota Mutual Life Insurance Company, and C. Milton Griggs of Griggs-Cooper.

Then, in 1927 the Merchants Bank, relatively unknown nationally, attracted wide-spread notice around the country, due to a banking coup Lilly engineered. It all began rather informally a year earlier during a lunch he had with Roy Young, governor of the Federal Reserve Bank of Minneapolis. Young was curious. Congress was about to begin issuing cash bonuses, known as Veterans Adjusted Service Certificates, to veterans and Young wanted to know if the Merchants Bank planned to accept loans against the certificates. As of the following January, 1927, Young pointed out, the certificates would have a loan value of around \$90 per certificate. Lilly was skeptical. A loan against \$90, he protested, would make little money, even at 6.5 interest, unless an



The National Exchange Bank (later the Empire National Bank) at 360 Robert Street, as it looked about 1929, three years after Lilly and a group of investors raised \$350,000 to keep it solvent. The bank became Norwest Bank St. Paul, but its former headquarters and name remain as the Empire Building. Minnesota Historical Society photo.

enormous number of certificates was involved. But he sensed opportunity when Young pointed out that other bankers around the country also were refusing to make loans against the certificates.

Back at the office, Lilly consulted with his directors. Also skeptical, they suggested a trip to Washington to talk with Frank Kellogg, by then secretary of state in President Hoover's cabinet. Kellogg arranged a meeting for Lilly with secretary of the treasury Andrew Mellon who told Lilly to take every loan he could get. "They are just as good as government bonds," he said. The certificates were payable in gold.

Lilly assigned the bank's assistant

cashier, Frank Delaney to head the program. Delaney traveled around the country lining up loans, most of them made through local banks or American Legion posts. (The Legion took the unusual step of commending the bank for its work on the program.) By March, 1932, the Merchants had close to \$50 million in outstanding loans against the certificates. Elizabeth Murphy Lilly, who was a young secretary at the bank in the 1930s, remembered working over-time during the hectic crush when loan applications were being processed.

In 1929, in an eerie forecast of more recent concerns, a major event in banking history once again drew national atten-

tion to St. Paul. It was the merger of First National Bank and Merchants Bank, a move announced in the sort of headlines usually reserved for murders. The merger was precipitated by the attempt of the Northwest Bancorporation, headed by Northwestern National Bank of Minneapolis, to acquire a strong St. Paul bank. Northwest Banco saw First Bank as its best bet and opened talks with Louis W. Hill, all of which made Prince and Lilly exceedingly nervous, to say the very least. They saw a loss of prestige as well as a threat to the Merchants if control of the city's oldest bank moved over to Minneapolis. Besides, the plan generally was unpopular in St. Paul.

Suddenly Out of Space

The solution, Prince and Lilly decided, lay in a consolidation of forces. Plans for a merger moved swiftly as talks between Northwest and First National were abandoned. Northwest Banco soon acquired, instead, Empire National Bank of St. Paul, the newly-renamed National Exchange Bank rescued by Lilly and his group of investors back in 1926. (In 1959 Empire changed its name to Northwestern National Bank of St. Paul, the present-day Norwest Bank St. Paul, National Association.)

There was no question but what George Prince and Richard C. Lilly, who had initiated the merger, would be the dominant figures in the management of the consolidated First National Bank of St. Paul. Prince was named chairman of the board and Lilly became president of an institution with \$11 million in capital funds. With the merger, Cyrus P. Brown, recruited in 1914 by James J. Hill to serve as the First's president, chose to retire. He had been president of the Industrial Trust Company of Providence, Rhode Island, until Hill brought him west. His son, Edward C. Brown, remained at First Bank as one of Lilly's active vice presidents. With Lilly's retirement in 1945, he became a senior vice president under Julian B. Baird, Lilly's successor. In years to come, Brown's daughter Perrin would marry Lilly's son David.

Lilly presided over First National Bank of St. Paul for the next sixteen

years, a period that embraced a nationwide depression, a terrifying accident that changed his life, and another World War.

With the merger, the two banks suddenly were out of space. The existing Merchants Bank building was remodeled and in the summer of 1930 excavation began for a new structure joined to the Merchants' building but facing Minnesota Street. The decision to begin construction was both wise and courageous. The decision to begin construction was both wise and courageous. The stock market's memorable crash in October, 1929, had sent shudders through the financial markets and construction projects ground to a halt as the nation hovered on the brink of a severe depression. Nevertheless, the new bank, a steel and concrete thirty-two-story skyscraper faced with Indiana limestone, opened for business on December 21, 1931. A new combination—12/21/31—opened the vault as well as a new era in banking history. A tower added a year later was topped by the huge 1st sign that still hovers like a beacon over the city and changed its skyline. The old Merchants lives on in the "MNB" initials on the doorknobs in the eastern section of the building.

Although Northwest Bancorporation's plans to acquire a strong St. Paul bank had been diverted from First Bank, competition remained a challenge for Lilly and his colleagues in the First National Banks in Minneapolis and St. Paul. A week after the consolidation with the Merchants, the two First Banks formed First Bank Stock Investment Company. In 1930 another merger took place with the consolidation of the trust departments of both banks to become the First Trust Company. Philip L. Ray was named president; George Prince, chairman of the board, and R. C. Lilly, Julian Baird, and N. Paul Delander directors.

In the meantime, Northwest Banco had been acquiring country banks hit hard by the dismaying agricultural depression of the 1920s and First Bank Stock Investment Company, with Lilly as a vice president, entered the fray. By the end of 1931, more than eighty banks had been brought into First Bank's system. It was an effort on the part of both bank systems to shore up public confidence in

MINNESOTA DECLARES BANK HOLIDAY

Roosevelt Becomes President

TO ASK WAR-TIME POWER IF NECESSARY TO DEAL WITH CRISIS, HE SAYS

THE MAN OF THE HOUR

PROCLAMATION FOLLOWS N. Y. AND ILLINOIS MORATORIUMS; BANKS OF STATE SOUND

Must Act Quickly, New Executive Adds, Promising Special Session of Congress; Pledge Sound Money; Thousands Join Streets for Colorful Ceremonies; Crowd One of Greatest in History.

WASHINGTON, March 4.—(AP)—Hope of a world free from these dreadful years of economic confusion unexpressed today in the rapid talks on Franklin D. Roosevelt will be as the president who stepped forward to shoulder the burden of the presidency.

Minnesota banks today closed under a holiday proclamation declared to prevent Minnesota deposits and prevent Minnesota funds being withdrawn for outside financial centers in New York and Chicago, where all banking facilities were suspended. The emergency closing this time across after the Legislature Friday had passed a bill designed to make such a step unnecessary.

DEMOCRATIC CHIEF EXPRESSES CONFIDENCE IN FUTURE OF U. S.

CHECKS INVALIDATED, IS PETERSON OPINION

BANKS IN 47 STATES EITHER CLOSED OR OPERATING UNDER RESTRICTIONS

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Washington, March 4.—(AP)—The man of the hour today in the north city of St. Paul is Franklin D. Roosevelt, who stepped forward to shoulder the burden of the presidency.

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Bank Status in All States

Open without restriction—Connecticut, Delaware, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming.

Open with restrictions—Alabama, Arkansas, Arizona, California, Colorado, Georgia, Idaho, Mississippi, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming.

Closed—Louisiana, Mississippi, Missouri, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming.

The depression deepens and banks close—temporarily.

banking at a time when so many banks were failing and it needed all the courage Lilly and his associates could muster.

As the depression fastened its grip on the country, desperate measures were needed. In 1930 the State Savings Bank, organized in 1890 by a group of businessmen who wanted to encourage people to save their money, was merged into First Bank. More than 32,000 people had some \$8.5 million in savings on deposit with the savings bank when the state banking commission decided it was no longer safe for the bank to accept more deposits. Closure loomed. For the third time in ten years, Lilly and Prince rescued still another bank from failure. To cover estimated losses, \$500,000 was raised, half of it from First Bank; a year later First Bank took over all the deposits and liabilities of the savings bank. There was no legal obligation to do so. It was simply a matter of protecting a fellow institution and the people who had entrusted their savings to it.

A White Elephant

The depression deepened as the securities market collapsed. With ten floors

still unfinished, the new First Bank building began to look like a white elephant. Then, in February of 1933, the bank experienced its own run on deposits. Lilly proclaimed stoutly that "the bank will never close." With a substantial amount of the bank's assets consisting of Adjusted Service Certificates backed by gold, he might well have been right, had it not been for the new president of the United States. Two days after his inauguration on March 4, 1933, Roosevelt declared a bank holiday, closing all banks throughout the country until the government could test them for financial soundness. It was a time of panic for many people. Some families, convinced the banks would never reopen, buried cash in coffee cans in their back yards or stuffed cash in mattresses. Examinations were ordered, some banks were reorganized, and those belonging to the Federal Reserve System had to obtain permits to resume business. St. Paul's First National Bank reopened on March 14.

Throughout the troubled decades of the 1920s and 1930s, Lilly's leadership as a banker was inextricably tied to his efforts to find places to invest his bank's

money, since the depression had made it difficult to keep money at work. Here his creative bent, his gift for innovative, aggressive financial decisions came into play, and gave birth to countless legends that have found their way into St. Paul history.

Another Good Bet

Searching for a counterpoint to his success with the Veterans Adjusted Service Certificates, Lilly watched closely, in 1934, as Congress passed the National Housing Act. Title I permitted banks to make loans for home improvements or buy installment contracts to cover home improvements. Furthermore, the Federal Housing Administration provided some insurance for banks handling the credit.

It looked like such a good bet for mass lending that Lilly sent his brother Leonard to Washington to look into the program. At the time, Leonard was president of First Bancredit Corporation, which dealt with small-sales financing. The program was as good as it looked and Richard Lilly lost no time in launching the venture. The bank worked through First Bancredit, using regional offices to acquire dealers' installment contracts and sell them to the bank. First Bancredit then serviced the notes for the bank.

"For a number of years," Donovan and Wright noted in their First National Bank history, "the First Bancredit Corporation was the largest operator in the Title I field, and it has continued to be active down to the [1950s]." Later, Leonard Lilly led First Bancredit into financing premiums for fire and casualty insurance, another venture that became a nationwide operation.

Another opportunity beckoned in the mid-1930s when the railroads began to use diesel electric locomotives. Under Richard Lilly's urging, First Bank aggressively financed the purchase of the new equipment through buying conditional sales contracts—one of the first banks in the country to do so.

Then, on October 3, 1933, George H. Prince died suddenly of a heart attack and new players began to join Lilly in directing First Bank's affairs. Frederic R. Bigelow, president of St. Paul Fire and



The First National bank building, including the Merchants Bank building on the right in the early 1950s. Also from The First through a Century.

Marine Insurance Company, succeeded Louis W. Hill as chairman of the board and Julian Baird became vice president.

In Lilly's constant search for investments, he played a leading role in supporting and developing budding enterprises that would grow into cornerstones of American business. According to Carl B. Drake, J., retired chief executive officer of the St. Paul Companies, one of the most famous stories about Lilly concerns Tri-State Telephone and Telegraph Company, the forerunner of what is now U. S. West. Sometime around 1928, the story goes, Lilly was sitting in the bar car of a fast train to Chicago listening to several businessmen who were talking about a telephone company that might be for sale (or whose investors, "some Pittsburgh in-

terests," were at the very least looking for a cash infusion through the sale of substantial blocks of stock.) The company was Tri-State, an enterprise that was organized in 1903 in a merger of several smaller companies and gained control of the Northwestern Telephone Exchange Company five years later. Tri-State operated in St. Paul and southern Minnesota and Northwestern in Minneapolis and parts of central and northern Minnesota.

Arriving in Chicago, Lilly called one of the bank's officers and told him that if Tri-State was for sale, the bank should buy it, hold it, and consolidate it into a larger entity.

"Tell the directors," Lilly is said to have instructed him, "that I think the bank ought to make the investment in

order to control the future of what's probably going to be a big communications company." According to Tri-State's history, in 1929 "a syndicate of St. Paul bankers" did purchase a block of Tri-State stock at \$150 a share and sold it later at \$200 a share. In 1933 control of Tri-State's stock was acquired by the Northwestern Bell Telephone, now known as U. S. West.

The story of Lilly and Northwest Airlines is another case in point. It begins in the 1920s at the dawn of such practical applications of aviation as mail service between major cities. An air mail contract that went into effect in 1926 was the motivator behind the incorporation of Northwest Airlines in St. Paul on August 1. A group of St. Paul and Detroit businessmen, Lilly probably among them, provided the capital. Colonel Lewis H. Britten, vice president of the St. Paul Association, forerunner of the Saint Paul Area Chamber of Commerce, was named president of the hopeful airline. That same year St. Paul established its own airport by buying 230 acres of land on the flats across the Mississippi from downtown St. Paul, a location they thought would be easy to find for pilots navigating by following the river. The airport soon would be known as Holman field, named for Charles W. "Speed" Holman, a dashing figure in early aviation history.

'A Buzz Saw'

Air service grew rapidly. In 1929, the year night air mail flights began, Lilly brought control of Northwest "home" to the Twin Cities. Kenneth D. Ruble, in *Flight to the Top*, a history of Northwest, described what happened. Lilly, he wrote, attended a board meeting in Detroit that October to represent Roger Shepard, who could not attend. Lilly told the board that he was forming a pool of potential stockholders from St. Paul and Minneapolis. Board members were understandingly skeptical, remembering that stock subscriptions had been anemic a few months earlier.

"What the board didn't know," Ruble went on, "is that when Dick Lilly charged into action, he could make a buzz saw appeared to be standing still." Besides that, he was leading from strength as president



A Tri-State installer-repairman working in St. Paul during World War I. Below: a light-hearted ad. From *Diary of a Dream—Good-bye, Central; Hello, World, a centennial history of Northwestern Bell* by James C. Rippy.



of the newly-merged Merchants and First National banks.

Back in the Twin Cities, Lilly personally made the rounds of Twin Cities business leaders, Ruble wrote, telling each man how many dollars he was expected to contribute. Lilly himself, Shreve Archer, and lumberman H. H. Irvine all made large investments and Lilly succeeded in amassing \$160,000 to accompany an offer to buy out the Michigan shareholders. They debated all night, then sold. The list of Northwest's new officers and directors represented a "Who's Who" of Twin Cities businessmen. Lilly was elected president, a post he held from 1929 through 1933 and again in 1939.

Another story involved Brown and Bigelow, an important producer of calen-

dars, greeting cards and other advertising specialties. Lilly was one of the firm's pioneering stockholders. It seems that an aggressive and inventive young employee Herbert Bigelow had hired named Charles A. Ward approached Lilly with an idea for printing rotogravure pages in color, but he needed a \$60,000 press from Germany. Bigelow hadn't thought much of the idea, Ward explained. Could he borrow the money from Lilly? He could and he did, even though Ward's collateral was simply an idea. As the story goes, when Bigelow asked about it later, Lilly told him he and Ward were thinking about starting a printing business. Before long Bigelow made Ward his own partner. Bigelow also paid off Ward's loan.

Still another investment was the Log Cabin Syrup and Molasses Refinery Company, William G. Towle, president. Located on St. Paul's lower West Side, the company was famous for packaging its syrup in small, metal reproductions of a log cabin. Lilly bought the company, then sold it some years later to General Foods. He also bought a small manufacturer of lawn equipment called the Toro Lawn Mowing Company.

"It was for sale originally by an estate," Carl Drake recalled. "R. C. Lilly, in his typical style, thought it was a big opportunity." Lilly put together a group of investors, including himself. At that time his son David came home after service during World War II, he joined in the venture, bringing along several investors of his own. They bought control of the company. David went to work there and built Toro into an impressive company. "David is like his father," Drake noted, "very bright, very astute, very forward-looking."

Richard Lilly's golden touch sometimes failed him, David Lilly remembered. After his father invested heavily in raising cattle in Montana, the price of cattle dropped sharply and "he almost lost his shirt."

The Lilly Powdered Milk Company was a venture that involved Richard Lilly's other son John, who is a scientist. As a student at the California Institute of Technology, John Lilly had as a roommate a man named George Tooby, a fel-

low scientist with an inventive bent. Tooby developed a formula for producing dried milk. The idea seemed so promising that Richard Lilly fianced Tooby in launching the Lilly Powdered Milk Company. After the onset of World War II, powdered milk became essential to feeding huge numbers of people. The first shipments began to reach England by way of Lend Lease at the end of May, 1941. Eventually the company was sold, although out of it came the Lilly Dry Milk Foundation, established in 1941, but no longer in existence. John Lilly moved on to a doctor of medicine degree from the University of Pennsylvania and to pioneering research into how dolphins communicate under water. His research laid the groundwork for the development of sonic communication for submarines.

Move to the Farm

During World War II, Richard C. Lilly made his own contributions to the nation-wide effort. In a major commitment of his time, he served as a negotiator for the government's Price Adjustment Board. His work saved the federal government a substantial amount of money on war contracts. He also headed the Smaller War Plants Corporation in an effort to spread war contracts around to smaller manufacturers in the Northwest region.

During the years immediately after the war, a group of former enemy-code breakers—mathematicians and engineers—who had been working for the United States navy banded together to form a young firm named Engineering Research Associates. The firm's original investors included R. C. Lilly and John E. Parker. ERA eventually became Control Data.

In 1937 Lilly had moved to property he owned on Delaware Avenue in Mendota Heights. In 1910, when he was twenty-six and about to achieve the level of assistant cashier at Merchants National Bank, Lilly had married Rachel Cunningham, a teacher at the Irving School and daughter of William Cunningham and his wife, Mary E. At the time of Rachel Lilly's birth in 1888, William Cunningham and Charles L. Haas were in business together at the

Livestock Commercial Stock Exchange Building at the Minnesota Transfer.

The Lillys had four children: a daughter who died in infancy, and three sons, Richard, Jr., David and John. One of the more interesting stories about Lilly at this stage of his life concerns his election as president of the Merchants Bank in 1918. It seems that his fellow officers felt that the Lillys' modest home in the Summit-Dale neighborhood of St. Paul wasn't in keeping with his dignity as head of a major St. Paul bank. The bank moved him (or made it possible for him to move) to a larger, more substantial dwelling on Summit Avenue at Avon. There the family lived, according to the *St. Paul City Directories*, from 1920 to 1936 when they are found next on Delaware, a move that would have some sad consequences.

During the years following World War I, many of the farms lying south of St. Paul in Dakota County were being bought up by St. Paul businessmen who wanted more land for more spacious homes outside of but still close to the city. West St. Paul and what is now Mendota Heights had for several generations been primarily a farming and gardening community for farmers living within reach of St. Paul where they could easily sell their produce. A harbinger of the changing community was the establishment in 1919 of the Somerset Country Club on Dodd Road and Wentworth Avenue. Lilly was one of the founders and secretary-treasurer. The club had been the 140-acre Somerset farm that Northwestern Trust Company sold to C. C. Emerson in 1918. Apples and alfalfa were its main crops, but Emerson owned a commission house in St. Paul and was a wealthy man. Known also as "Eureka Park," Somerset Farm was a favorite stopping off place for automobile and sleighing parties.

In 1920 Lilly bought a forty-acre farm about a mile away and the family spent summers there. In addition to a farmhouse, built in 1900, the property included a barn for horses and a granary which was converted into bedrooms for the children. Richard C. Lilly, Jr., the Lillys' oldest son, especially loved horses. He was a skilled rider who liked the out-of-doors and he was proud of his

horse. On a June day in 1928 when he was seventeen he was out riding and his horse came home without him. Nobody knows exactly what happened, but apparently he had been thrown. He died a week later of severe internal injuries.

Throughout the next few years, Lilly added more land until he eventually owned 160 acres, almost all of the Glentoro addition in Mendota Heights. In 1937 their summer home became their year-round residence, a farm with the old farmhouse remodeled into a two-story house staffed by four servants. There was a swimming pool and, originally, a tennis court. When Lilly could no longer play tennis, he converted the tennis court to a putting green. An avid golfer, he twice won the state senior golf championship, once in 1937 and again several years later.

It was a period in his life when, despite the heavy loss of his son, Richard Coyle Lilly seemed to have everything. He had worked hard to reach a pinnacle in the banking world. He was respected for his financial acumen, known for his brilliant snap-judgments; he was a hard-drinking, hard-driving, hard-headed businessman, ambitious, and intensely competitive. Not much of a "joiner," not an organization man, he still had a wide circle of friends and his loyalties to them ran deep.

Plunge Off the High Bridge

In politics, he tended to stand with the Republicans, but Governor Floyd B. Olson was a close friend. The governor, Lilly, and Joseph Shiely, Lilly's lifelong friend and president of a road construction company, maintained a private room at the Minnesota Club where they held "beverage" parties. When Olson was dying of cancer, one news story reported, Lilly chartered a plane to fly him from Gull Lake to the Mayo Clinic in Rochester for treatment. When Olson asked Lilly to care for his daughter after his death, Lilly and Shreve Archer set up and maintained a trust fund for her. Nevertheless, David Lilly remembers that as a father at this time he was distant, preoccupied with making money and maintaining his position in the business community.

Then Richard Lilly drove off the High

Bridge on March 20, 1938, and, in almost killing himself, embarked on a new life. He dearly loved golf, and he had played 18 holes at Somerset Club that afternoon. He'd had a few drinks. That evening he crossed the river to visit with Philip L. Ray, vice president of First Bank, at Ray's home on Summit Avenue. Other sources placed Lilly at the Minnesota Club playing poker.

About 10:30 that night Lilly was entering the east end of the High Bridge on his way home to Mendota Heights. What happened next is murky. Lilly apparently dozed off. As police reconstructed the accident, the right front wheel of his car slid into the pedestrian walkway, bounced off the guard rail, crossed the roadway, smashed through the guard rail on the opposite side of the bridge, flipped on its back, hung for a second in mid-air, then plunged off the bridge and landed on the river bottomland between the Upper Levee Road and the Omaha Railroad tracks more than 125 feet below. Rescuers pried Lilly, hanging upside down, from the smashed car. That it was a Chrysler Airflow with the first all-metal body might well have saved his life. His chest area was crushed, one lung badly damaged, his spleen ruptured, and there were other internal injuries and massive loss of blood. Lilly was fifty-three years old.

Months of surgery followed, accompanied by a despondency that led him close to suicide. During his prolonged convalescence, however, he decided he had survived for a reason.

"His accident was a turning point," said his priest, Father Harvey Egan. "He decided to spend the rest of his life in thanksgiving to God. He never tired of talking about his 'conversion' to small gatherings of friends."

His one-time caddy at the Somerset Club saw the change: "His life before the bridge and after the bridge were as completely different as day and night. His philosophy was completely changed."

As David Lilly remembered it, "He wasn't the same after the accident as he had been before it. His whole life changed. There was always a stream of people going into his office at the First National Bank, asking for help."



Sister Anna Marie Meyer, founder of Christ Child School. From the St. Joseph Provincialate archives.

He remained president of the bank until his retirement on V-J Day, August 14, 1945, and then succeeded Frederic R. Bigelow as chairman of the board, but with life looming as a new adventure, Lilly wanted to do things his own way. In 1944 he set up the Coyle Foundation for "civic, educational, religious, charitable, scientific, or literary purposes." In the next fifteen years, the foundation gave away more than \$500,000, over and above Lilly's own private contributions that were estimated then at another \$500,000.

'Great Easter Egg Hunts'

These included small, heartwarming gestures, such as corsages "from a secret admirer" for twelve young girls performing in a dance recital, and invitations to neighborhood children to swim in the family pool on certain days each week. Once he chartered a bus to take eighty small orphans to a picnic on his estate; food and games were provided. One Christmas he and Joe Shiely chartered a Northwest Airlines plane to send underprivileged children on sightseeing trips above the Twin Cities.

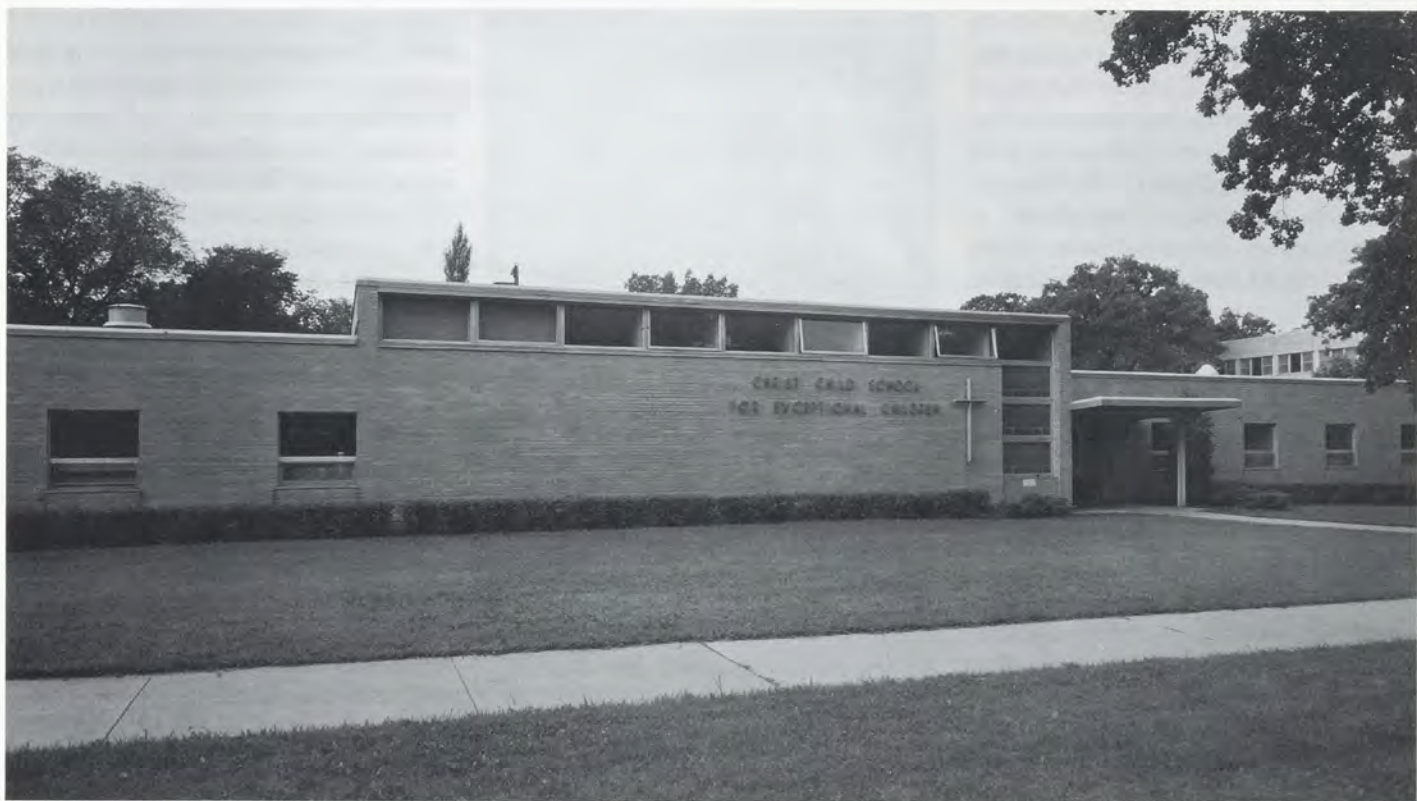
Lilly loved children, Elizabeth Lilly remembered. "He would hold great

Easter egg hunts" at his farm. He walked around with a pocket full to cash to dole out to children he thought needed a treat. Somerset Country Club staff members would see him stroll over to the caddy's shack and say, "Buy all the caddies a bottle of pop." They noticed that he always had a youngster riding on his golf cart.

He was known to search the newspapers for stories about people in need, do his own investigating, and provide what he felt was proper, usually anonymously. An abandoned infant found in an ashcan on the city's lower West Side was rescued and placed in a foster home. A family's house burned down, Lilly viewed the ashes, and sent a check. Sometimes help came in the form of a new home, as in the case of a truck driver killed in an accident on Robert Street. Lilly read that he had left six or seven children. He attended the funeral, talked to the widow, and bought a house for the family. A burned child received plastic surgery, an impoverished high school student tuition to college. "No one," Joseph Paper, president of Paper Calmenson, once said, "will ever know the good he did."

His major contributions were not so anonymous. In the late 1940s Lilly stumbled upon several projects that would consume much of his time, energy, and organizational skill for the next few years. One of them was the Christ Child School for Exceptional Children, founded in 1948 by a vibrant nun, a member of the Sisters of St. Joseph of Carondelet named Sister Anna Marie Meyer.

Like Lilly, Sister Anna Marie had been injured severely in an automobile accident that changed her life. Head of the Speech Department at the College of St. Catherine, she was attending the annual meeting of the National Speech Teachers Association in Los Angeles in 1932 when the car in which she was riding plunged down a ravine near Laguna Beach. Her back was broken. She would spend the rest of her life in a wheelchair and the next two decades of that life in St. Joseph's Hospital or its nursing home in St. Paul. There, in 1944, her new work began. Sister Anna Marie saw a great need to help children who had speech and learning problems stemming from brain damage due to cerebral palsy. She began



The school that Lilly built, the Christ Child School for Exceptional Children at 2078 Summit Avenue, St. Paul. Photo from the archives of the St. Joseph Provincialate in St. Paul

to tutor them in her room at the nursing home.

In 1948 she asked the Christ Child Community Center, a nonprofit organization located at 515 Partridge on St. Paul's East Side, to give her one room for an experimental project she called "St. Paul's School for Delayed Speech Children." The center was next door to an ice cream factory. Her schoolroom was on the second floor, and she recruited truck drivers from the factory to carry her up and down the stairs. She taught reading, writing, arithmetic, religion, arts and crafts. Her equipment included discarded school desks, some paper, a pre-primer, a box of crayons, and a borrowed victrola.

Within two years she was working with eighteen children and needed more space. Richard C. Lilly was a member of the center's board of directors. There is a delightful story that Sister Anna Marie captured his interest in her project by showing him two photographs; one of six children looking fearful, shy, and anxious at the center's Christmas party; the other of the same children at their First

Communion six months later, bright-eyed, smiling, and happy. "Education," an early report noted, "had changed the

expressions on their little faces and made them attractive."

"Can you effect this change through



Some of Sister Anna Marie's young scholars at Christ Child School. From the St. Joseph Provincialate archives.

your education?" Lilly is said to have asked Sister Anna Marie, who said she could. He responded, "I'm going to give you a school."

Search for a Site

The search was on for new quarters. Lilly found an old house on Summit Avenue and, with several of his friends, bought it and converted it into a school. When it opened in 1950, it already was too small for the growing number of students. Other benefactors joined Lilly: Ignatius A. O'Shaughnessy, oil company executive and philanthropist who donated four vacant lots west of the school, and Mrs. Carrie Zimmerman and her family who gave the school two lots next door on the east. In 1955 the old house was torn down and a new school built on the site at a cost of more than \$300,000. It was Lilly's gift to brain-injured children. Sister Anna Marie recalled in later years:

I planned the school and he built it. The children prepared a little book of poems wishing him well on his seventieth birthday. That became his treasure. . . . The beauty of it was that he never wanted any publicity. . . . His was real charity because he gave it so quietly. When he would come to visit us, the little ones would grab hold of his legs, they loved him so.

He once bought a cheap 1937 Chrysler from a mortician, gave it to the school, and recruited St. Thomas College students to drive it, avoiding driving costs for the school. When Rachel Lilly died in 1953 after a long struggle with cancer, the school received her year-old Chrysler and a \$4,500 memorial contribution to the school's operating fund.

Some years later he gave the school six buses and a specially-equipped car for Sister Anna Marie. Elizabeth Lilly remembered that each year he took the Christ Child children on an outing to Como Zoo. She once saw him sitting at "the very top the Ferris wheel with one of the children beside him."

Always forward looking, Lilly realized that the time would come when Sister Anna Marie could no longer run Christ Child School. He wrote William O. Brady, archbishop of St. Paul, asking that the archdiocese take over the school



The Old Lodge at Hazelden at Center City in 1952. A pioneer in the treatment of alcoholism, Hazelden opened its doors in May, 1949. Lilly was the first president of its board of trustees. Photo from Hazelden—A Spiritual Odyssey by Damian McElrath, published in 1987 by the Hazelden Foundation.

when that time came. Much correspondence followed. The archbishop was reluctant to have the archdiocese take on yet another responsibility, but Lilly eventually prevailed. An agreement was reached in September, 1957, whereby the archdiocese would take over the school, the Sisters of St. Joseph would staff it and Lilly's Coyle Foundation would provide \$12,000 a year for the next fifteen years. Lilly, however, had one requirement:

"Sister Anna Marie," he wrote the archbishop, "is the one who interested me in this School and who, in my opinion, is the person alone that has made it the success that it is. It is therefore my wish that she, so long as she desires, remain as the head of the school."

Brady replied that "I have informed Sister Anna Marie and, needless to say, her joy is beyond words."

Christ Child School for Exceptional Children was deeded to the archdiocese on December 5, 1957. Brady wrote Lilly that "I know how close this school is to your heart and we shall carry out your wishes in every possible way." Notifying the archbishop that the endowment fund at First Trust Company is "now at your disposal," Lilly added that the money was "to be used for acquisition and to

help cover operating expenses and for no other purpose."

"It will be a pleasure for me to make a cash contribution to the school every year as long as I live," he added. "This project, which is so dear to my heart, will always have my continued interest."

Help for Alcoholics

Lilly had many other interests and concerns. There is a story that Archbishop John Gregory Murray asked him to find a way to help alcoholic priests and that, as a result, Lilly founded Hazelden, the famed pioneer in the treatment of alcohol and addiction. Although Lilly was deeply involved in the creation of the center, the story is more complex, as Damian McElrath traces it in detail in his 1987 history of Hazelden. The seeds for the center actually were planted by B. Patrick Cronin, founder in 1940 of Alcoholics Anonymous in Minnesota. Cronin's efforts to help an alcoholic priest brought him into contact with Archbishop Murray, who was particularly compassionate where alcoholic priests were concerned. He had dealt with them when he was chancellor of the archdiocese.

In 1947, with Murray's encourage-

ment, Cronin and several other recovering alcoholics in the Twin Cities began exploring the possibility of creating a treatment center, not just for priests but for other professional men, as well. Although they lacked a site, fund-raising began and Lilly and I. A. O'Shaughnessy were drawn into the project, albeit reluctantly. Both men—banker and businessman—cast a cool eye on what they saw as a lack of appropriate accountability on the part of the organizers.

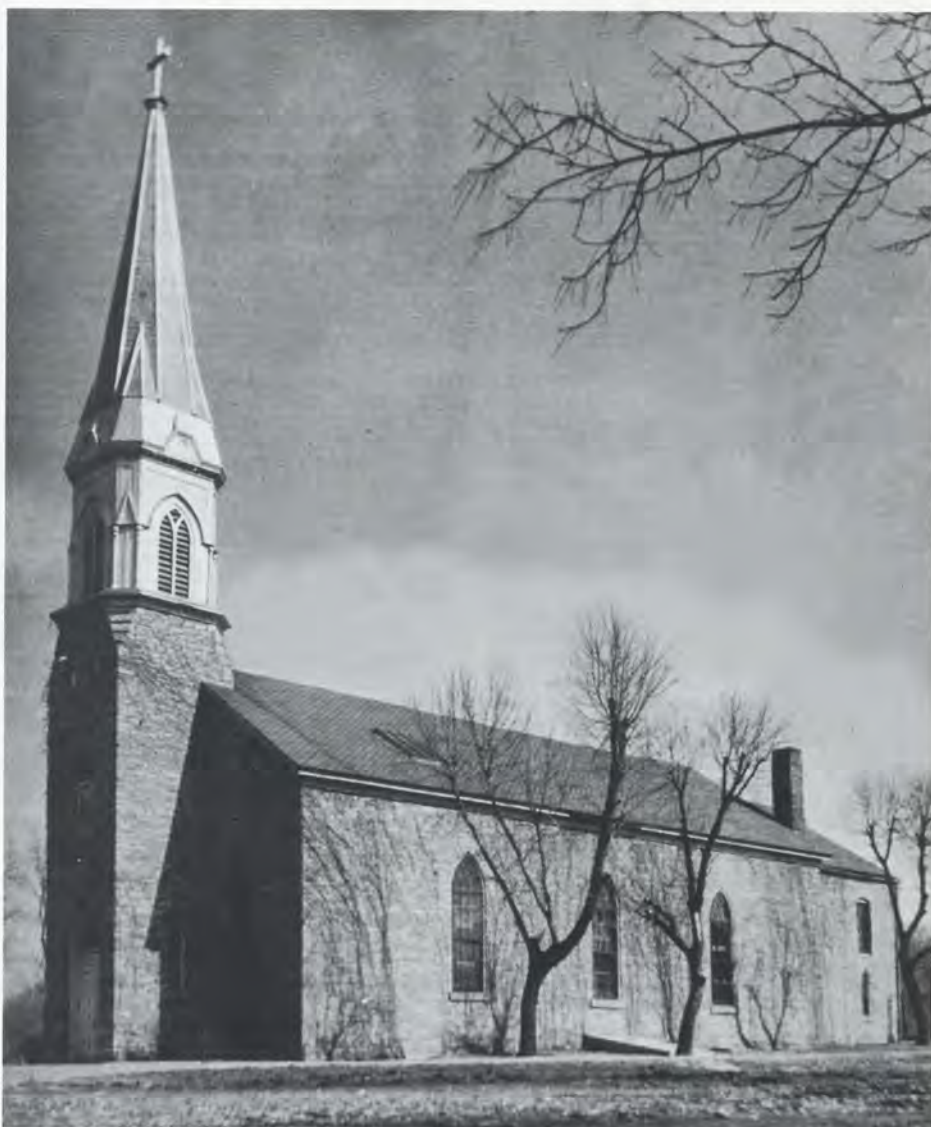
Then a site was found, a 215-acre farm on South Center Lake at Center City, Minnesota, forty-five miles north of the Twin Cities. Known originally as the Porter farm, the property was acquired in 1925 by Charles Power and named "Hazel-den" for his wife, Hazel Thompson, whose family owned the St. Paul Pioneer Press Company. On December 29, 1948, Lilly's Coyle Foundation authorized the purchase of the Power property, with its rambling farmhouse and two cottages, for \$50,000, substantially less than its value. McElrath quotes the minutes of that December meeting:

The expectation is that this corporation [Coyle Foundation] will, in turn, sell the premises on somewhat similar terms to a charitable hospital corporation about to be formed, probably under the name of Hazelden Foundation. The new hospital corporation is to operate the premises as a sanatorium for curable alcoholics of the professional class.

The hospital foundation was incorporated on January 10, 1949. Lilly was named the board of trustees' first president, providing, as McElrath wrote, "a necessary measure of structure and stability."

Hazelden opened for business that May, but it continued to struggle. Fund-raising limped along and the following year Hazelden forfeited its payment to the Coyle Foundation. Lilly considered foreclosing, but his close friend, Charles Ward, a fellow trustee and by now president of Brown and Bigelow, persuaded him to wait. Along with Ward and O'Shaughnessy, Lilly, through the Coyle Foundation, contributed an additional \$5,000 each.

Nevertheless, in the spring of 1950



St. Peter's Church in historic Mendota. Believed to be the first stone Catholic church built in what is now Minnesota and the oldest Catholic church in continuous use, St. Peter's serves a parish established in 1840. Lilly's \$120,000 bequest was used to build a convent, now the church rectory. Photo from the Dakota County Historical Society, South St. Paul.

Lilly decided to foreclose on the Foundation's contract for deed. McElrath notes that T. C. Maier, Foundation vice president, felt that a factor in Lilly's decision was his disappointment that more priests did not seem to be turning to Hazelden for help. However, Lilly also knew that the Butler family of St. Paul was interested in Hazelden. Running into Patrick Butler at the Somerset Club, McElrath wrote, Lilly suggested that the Butlers take over. They did, thus sealing Pat Butler's long association with Hazelden. On June 5, 1951, the Coyle Foundation turned over the contract for deed to the

Butlers, but Lilly remained as a trustee.

Lilly had other projects to pursue. There is a family story that he had an uncle, an émigré from England, who lived with the Little Sisters of the Poor in St. Paul's Irvine Park neighborhood and drove their "Black Maria," their "begging" van. Each day he took Sisters around St. Paul as they called on businesses and other organizations to solicit support for their work. In any case, Lilly was a longtime supporter of the "Little Sisters." In 1947 he and Charles Ward raised more than \$400,000 for a much-needed remodeling of the Sisters' old

building on Wilkin Street; \$25,000 of that money came from Lilly himself. Two years later, he and Ward gave the home a \$15,000 dental clinic. Lilly also contributed \$500 annually to the upkeep of the home, noting always that the gift "came from St. Joseph."

South St. Paul's Hospital

A new challenge arrived in 1958 when Lilly was asked to serve as chairman of a campaign to raise money for a hospital in South St. Paul. As more people moved into Mendota Heights, South St. Paul, West St. Paul and other communities, such as Sunfish Lake, the need for a hospital became apparent. However, after bond issues failed, Father Harold Whittet of St. Vianney Catholic Church in South St. Paul began a search for help. On a trip to South Dakota, he ran across Sister Margaret who was on a search of her own. Sister Margaret was a member of the Daughters of the Divine Redeemer, a Catholic order that was founded in 1849 in France and trained nuns to administer hospitals. She was searching for a hospital where she and other hospital-trained Sisters could work. Sister Margaret became the hospital project's organizer and Divine Redeemer Hospital's first administrator.

Meanwhile, back in South St. Paul an association called the United Communities Hospital and Health Care Center had formed. They lacked a site, but they knew what their project would cost: almost \$4 million for a six-floor, 150-bed hospital. Of that, \$750,000 would have to be raised among the communities the hospital would serve. The rest of the money would come from the Sisters of the Divine Redeemer whose headquarters were in Pennsylvania.

The center began its fund-raising, with Lilly as campaign chairman. The initial "leadership" gift of \$50,000 came from Richard and Elizabeth Lilly. As he told the newspapers, "This offer of the Daughters of the Divine Redeemer to furnish nearly \$2.5 million if the communities of northern Dakota and southern Washington raise \$750,000 is much too good to pass up."

He added, perhaps with an Irish twinkle in his eye, "When they told me that

twenty-three Sisters of the Divine Redeemer, fully trained in hospital administration, would operate the hospital, that impressed me. Banker-like, I figured this would save in operating expenses at least \$100,000 a year."

Suddenly, in the middle of the fund drive, Lilly died on October 22, 1959. He was not quite seventy-five. For several years he had suffered from coronary arteriosclerosis and hypertension. Death was due to a coronary insufficiency and was immediate, as he slept.

Lilly had transferred his church membership from St. Luke's on Summit Avenue to the historic Church of St. Peter in Mendota when the Lilly family moved from St. Paul to Mendota Heights. Funeral services were held at St. Peter's, believed to be the oldest church in continuous use in Minnesota. The church serves a parish formed in 1840 with Father Lucien Galtier, who would build the little log chapel of St. Paul, as its first priest. In 1853 Father Augustin Ravoux, who succeeded Father Galtier, built the stone church that still stands on the cliff overlooking old Mendota. Limestone for the structure was dug by the parishioners from a nearby quarry and they split the shingles for the roof by hand.

Over the years, the little church and its grounds have undergone periodic restorations and changes. In 1951 Lilly contributed \$2,000 toward the restoration of the church steeple after it was damaged in a windstorm. In 1956 he directed the efforts of the church's Pledge Committee to raise money to build a school. And among other bequests, in his will he left \$120,000 to the church. The money was used to build a convent, which was dedicated to the memory of Richard C. Lilly, "a generous benefactor of St. Peter's parish."

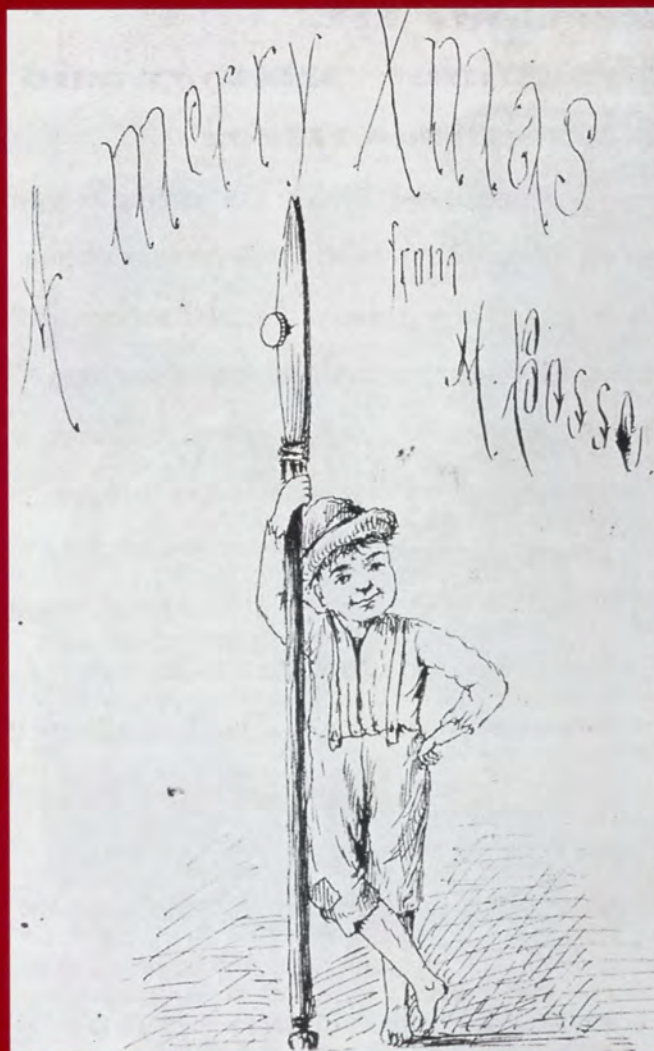
St. Peter's Church and parish are among the fruits of Lilly's generosity that have lived on after him. The convent at St. Peter's is now the church rectory. Christ Child School for Exceptional Children is now a part of the University of St. Thomas and is used to train teachers and volunteers who work with handicapped children. Hazelden is famous world-wide as a treatment center for both men and women of all ages, faiths, and

ethnic backgrounds who are struggling with alcoholism and addiction. In 1968 a twenty-two-bed patient rehabilitation unit was completed and named Lilly Hall. The Little Sisters of the Poor are caring for their charges in a new building on South Exchange Street. Elizabeth Lilly succeeded her husband as chairman of the fund drive for Divine Redeemer Hospital and served as vice president of the advisory board that helped with planning, building, and maintaining the hospital. The hospital still exists and has itself entered a new life as HealthEast's Bethesda Care Center.

Virginia Brainard Kunz is editor of Ramsey County History and the author of fourteen books on national, state, and local history. She wishes to thank the members of the Richard C. Lilly family for their help in the preparation of this article, as well as research associate Jane Angrist and Rebecca Snyder, research librarian at the Dakota County Historical Society in South St. Paul.

SOURCES

In addition to interviews with Lilly family members, other sources for this article have included the archives of the Dakota County Historical society; death certificates on file in Ramsey and Dakota counties; the archives of the Sisters of St. Joseph at their Provincialate in St. Paul; *Hazelden, A Spiritual Odyssey*, by Damian McElrath, published in 1987 by the Hazelden Foundation; *The First Through a Century*, a history of the First National Bank of St. Paul by Frank F. Donovan, Jr., and Cushing F. Wright, published in 1954 by the Itasca Press of the Webb Publishing Company, St. Paul; "The 108-Year History of Norwest St. Paul," by James B. Bell, published in the fall, 1995, issue of *Ramsey County History*; and many newspaper accounts of Richard C. Lilly's career as banker and philanthropist.



Henry Bosse's whimsical Christmas card, another Huck Finn-like boy holding a drafting pen. This sketch is from Michael Connor's collection and reproduced here with his permission. See the article about Henry Bosse and Mark Twain beginning on page 18.

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