

Did You Know.... By Clem Dougherty

Did you know... that A.P. Giannini (“A.P.”) revolutionized banking practices here in California? Yes it’s true. In a prior edition of the Clarion we left A.P. in 1902 quitting both the wholesale produce and real estate businesses and starting his own bank which he incorporated in 1904 as “The Bank of Italy.”

Up until this time banks regularly sought large and wealthy depositors and ignored the ordinary man, particularly immigrants. Furthermore, the banks of the time seldom started branches and preferred to operate out of single institutions located in single towns. A.P. reversed those policies. A. P. already was well acquainted with North Beach in that he grew up there and worked in the produce and real estate businesses there. In entering the bank business, he set his sights on the Italian workers living in North Beach. In fact he chose the name: “Bank of Italy,” so as to appeal to the Italian workers in North Beach. This was the age when all Californians, including the Italian immigrants, dealt in silver and gold as ordinary currency and not paper money which only became common in California during World War I (1914-1918). A. P. faced an uphill battle in 1904 to convince the Italian workers to take their hard-owned gold and silver coins out of mattresses and hidden tin cans and deposit them with the Bank of Italy. He walked door to door in North Beach to convince the immigrants to trust him, and because of his powers of persuasion, he was successful.

Not only did the workers open accounts with the Bank of Italy but bought Bank of Italy shares so as to acquire an ownership interest in the Bank. A.P. deliberately sought a broad ownership of small investors and was not a major shareholder in the Bank. In an age when banks ordinarily refrained from loaning money to the working class, A.P.

adopted a liberal loan policy whereby hundreds of North Beach working class residents for the first time could now own their own homes. The Bank's initial location at the intersection of Washington St. and Columbus Ave. in North Beach, and its Spartan one-room quarters with no frills (a former saloon) emphasized its identification with the working class. The Bank became extremely popular among Italian North Beach residents who formed a hard group of A.P. supporters in the battles yet to come. Thus began the Bank of Italy's total immersion into the very life of the City.

To San Franciscans living at the time, April 18, 1906, marked a dividing line in history. To them everything was measured either

as occurring before or after the earthquake and fire. The earthquake occurred at approximately 5:15 A.M. on Wednesday, April 18, 1906. At the time A.P. lived in San Mateo. As word of the disaster spread, A.P. walked from San Mateo into the City where he was able to get into the Bank of Italy. With the help of two of the Bank's employees arriving on the scene, they were able to load onto two horse drawn wagons the Bank's cash (\$80,000 in silver and gold-roughly \$2million today)



Bank of Italy circa 1906

and the Bank's books and furniture and hide them under crates of oranges. With A.P. riding shotgun on one of the wagons, they made their way back to San Mateo where they hid the cash in the fireplace of A.P.'s home. Two days later A.P. appeared on the Washington St. wharf and set up an outside office with a board atop two barrels serving as a desk and a bag of gold on the desk and announced that the Bank of Italy was open for business. This time he began lending money to the North Beach Italians at low interest rates, but only 1/2 of what they wanted. The other half they had to raise on their own. This made the Italian community produce the gold and silver still hidden and place it on deposit with the Bank of Italy. He also lent money to ship owners to bring lumber from Oregon and Washington in order that the City would have the necessary lumber to rebuild the City.

By the time the other banks in the City were able to open for business, the Italian residents of North Beach were far along in rebuilding their homes. The significance of what A.P. did after the earthquake and fire was to show the Bank of Italy's solidarity with the Italian community of North Beach and to further plant the Bank's roots deeper into the very life of the City.

(Sources: Bonadio, Felice A., A.P.Giannini, Banker of America, pp.1-38; Catani, D. and Haight, A., A.P.Giannini, The Man With the Midas Touch, pp. 25-50; James, M. and James,B., Biography of a Bank, the Story of the Bank of America N.T.& S.A., pp.21-32

Next time: the Bank of America and branch banking