

The Kirtland Safety Society

In the fall of 1836, Joseph Smith and other Church leaders decided to found a bank in Kirtland, Ohio. The Saints in Kirtland, like the people of many smaller American communities of the time, wanted a bank of their own. In an economy based on farming, where people's assets were mostly tied up in land, local banks not only gave needed loans but could also circulate their own notes as money to promote the exchange of goods and services, thereby expanding the local economy. For the early Saints, the goal of economic growth also had religious purposes: to expand the city as a gathering place for converts, to help Saints in Missouri who had been driven from their homes, to spread the gospel, and ultimately to establish Zion.

In October 1836, the Saints began collecting funds from stockholders to open the Kirtland Safety Society Bank, which was officially established on November 2, with Sidney Rigdon and Joseph Smith both serving as officers.¹ That winter, however, the state legislature did not issue a banking charter for the Kirtland Safety Society or any other new bank. In January, the society's directors adjusted their plans to operate without a state charter, as some other financial institutions did, given the difficulty of securing a vote by the legislature to obtain a charter.²

The Kirtland Safety Society faced a variety of challenges, however, and struggled for months before ceasing operations by August 1837.³ Many Saints incurred financial setbacks as a result, particularly Joseph Smith, whose losses were substantial. The period became a trial of faith for many members of the Church. The society's difficulties, combined with more general economic challenges, sparked dissension within the Church and led to a significant migration of faithful Saints to Missouri.

Reasons for the Society's Failure

Multiple factors contributed to the Kirtland Safety Society's struggles. Many Church members looked to shortcomings within their community, blaming Church leaders for failing to anticipate problems, individuals for engaging in land speculation and overspending, or Church membership in general for not adequately supporting the society. Not all the possible contributing factors, however, were in the Saints' control. Outside opposition, often fueled by prejudice against the Mormon community, also played a role in undermining the society.⁴

The timing of the society's founding was also unfortunate, coming just prior to a broader financial crisis known in the United States as the Panic of 1837. The Saints' economic efforts did not take place in a vacuum; they were dependent on the larger American economy, which at the time was greatly influenced by British fiscal policy. Higher interest rates in Britain, combined with policy changes in the United States that disrupted land sales and put pressure on the nation's developing banking system, led to an extended economic depression in the United States.⁵ Land values and crop prices plummeted, leading banks, businesses, and even

many U.S. states to declare bankruptcy over the next few years.

Legal and Political Context

Long before the financial panic of 1837, there were heated debates over how tightly the American government should control banking and currency. Because people on the frontier needed some medium of exchange, they often relied on notes issued by local banks, companies, or other institutions rather than on gold, silver, or the limited supply of government-issued currency. Hard-money advocates tended to oppose the spread of such practices and wanted banking and currency tightly regulated and backed by gold. Soft-money advocates preferred easier access to banking and a wide circulation of public and private currencies to encourage economic development. When the Kirtland Safety Society issued its own notes, it was in line with the position held by soft-money advocates but in conflict with an 1816 state statute established by hard-money advocates.⁶ Though prosecutions under the 1816 law were rare, both Joseph Smith and Sidney Rigdon were tried and fined over the Kirtland Safety Society's decision to circulate banking notes.⁷

Saints' Responses

Economic conditions in 1837 were hard on the Saints in Kirtland.⁸ A collapse in land prices was a struggle for a community where many still owed money on farms and homes they had purchased for far more than they were worth in 1837. The downturn was particularly difficult for Kirtland Saints to weather because of their previous optimism about the city's economic future, which had been bolstered by statements from Joseph Smith and other Church leaders.⁹ That general optimism had included a sense that the Kirtland Safety Society would succeed if the Saints were faithful.¹⁰ When the year brought economic pain instead of prosperity, some Saints experienced a crisis of faith.

Some Latter-day Saints became outspoken critics of Joseph Smith during the period. A faction led by Warren Parrish rejected Joseph's leadership altogether and created a short-lived splinter church. Others, like Apostle Parley P. Pratt, expressed feelings of betrayal and disappointment in the short term but soon returned to fellowship. Most Kirtland Saints remained faithful but saw friends dissent and ultimately leave the Church.¹¹

In 1838, in the face of continued dissension, threats of violence, and economic and legal challenges, members of the First Presidency moved to Missouri, followed by many of the Kirtland Saints.¹² Even after Joseph Smith left Ohio, work to settle his financial affairs there was not neglected. Oliver Granger, who had assumed responsibility for many of Joseph Smith's Kirtland financial assets, continued to work on settling his financial affairs and paying remaining debts in the area until Granger's death in 1841, when Reuben McBride assumed these financial responsibilities.¹³

Church Resources

Brent M. Rogers, Elizabeth A. Kuehn, Christian K. Heimbürger, Max H Parkin, Alexander L. Baugh, and Steven C. Harper, eds., *Documents, Volume 5: October 1835–January 1838*. Vol. 5 of the Documents series of *The Joseph Smith Papers*, edited by Ronald K. Esplin, Matthew J. Grow, and Matthew C. Godfrey (Salt Lake City: Church Historian's Press, 2017), 285–440.

Elizabeth Kuehn and Mason Allred, "The Kirtland Bank: Q&A," LDS.org.

Notes

1. In November 1836, Sidney Rigdon was listed as president and Joseph Smith as cashier, but after the reorganization in January 1837, Sidney Rigdon was listed as secretary and Joseph Smith as treasurer. Both men resigned sometime between June 8 and July 7, 1838, and were replaced by Frederick G. Williams and Warren Parrish. See "Kirtland Safety Society," josephsmithpapers.org.
2. "Part 5: 5 October 1836–10 April 1837," in Brent M. Rogers, Elizabeth A. Kuehn, Christian K. Heimbürger, Max H Parkin, Alexander L. Baugh, and Steven C. Harper, eds., *Documents, Volume 5: October 1835–January 1838*. Vol. 5 of the Documents series of *The Joseph Smith Papers*, edited by Ronald K. Esplin, Matthew J. Grow, and Matthew C. Godfrey (Salt Lake City: Church Historian's Press, 2017), 285–86. For a discussion focused on the Kirtland Safety Society's legal context, see Jeffery N. Walker "The Kirtland Safety Society and the Fraud of Grandison Newell: A Legal Examination," *BYU Studies*, vol. 54, no. 3, 32–148.
3. "Part 6: 20 April–14 September 1837," in Rogers and others, *Documents, Volume 5*, 366.
4. Grandison Newell, for example, went to great lengths to undermine the Kirtland Safety Society. See Dale W Adams, "Grandison Newell's Obsession," *Journal of Mormon History*, vol. 30, no. 1 (2004), 159–88.
5. For a general discussion of the Panic of 1837, see Daniel Walker Howe, *What Hath God Wrought: The Transformation of America, 1815–1848* (New York: Oxford University Press, 2007), 502–4, 870–71.
6. "Part 5: 5 October 1836–10 April 1837," in Rogers and others, *Documents, Volume 5*, 291–92.
7. "Agreement, 4 January 1838," Historical Introduction, in Rogers and others, *Documents, Volume 5*, 490.
8. W. A. Cowdery, ed., Editorial, in *Latter Day Saints' Messenger and Advocate*, vol. 3, no. 9 (June 1837), 520–21.

9. In December 1836, for example, an editorial by Sidney Rigdon discussed the wealth the Saints would need to take the gospel throughout the world and fulfill prophecy about the beauty and glory of Zion and argued that the Lord would bless the Saints' industry with prosperity. See Sidney Rigdon, "The Saints and the World," *Latter Day Saints' Messenger and Advocate*, vol. 3, no. 3 (Dec. 1836), 417–23. At the April 6, 1837, conference held in the Kirtland Temple, Joseph Smith described a prosperous, growing future for Kirtland "as it was given him by vision," while both Hyrum Smith and Sidney Rigdon taught that if the Saints would be faithful and work hard, Kirtland would become a safe, secure place. See Wilford Woodruff journal, Apr. 6, 1837, Church History Library, Salt Lake City.
10. In a January 6, 1837, discussion about the Kirtland Safety Society, Joseph Smith said if the Saints "would give heed to the Commandments the Lord had given this morning all would be well." See Wilford Woodruff journal, Jan. 6, 1837.
11. See related Topic "Dissent in the Church."
12. Joseph Smith and Sidney Rigdon left on January 12, 1838, after seeking revelation about what to do; Hyrum Smith followed in March (see "Revelation, 12 January 1838–C," Historical Introduction, in Rogers and others, *Documents, Volume 5*, 500–501). Some Saints migrated individually, but a large group known as the Kirtland Camp, led by the seven Presidents of the Seventy, made the journey together, starting on July 6, 1838 (see Alexander L. Baugh, "Kirtland Camp, 1838: Bringing the Poor to Missouri," *Journal of the Book of Mormon and Other Restoration Scripture*, vol. 22, no. 1 [2013], 58–61).
13. For references to Granger's work, see Historical Introductions to "Statement of Account from John Howden, 29 March 1838" and "Statement of Account from Perkins & Osborn, circa 29 October 1838," in Mark Ashurst-McGee, David W. Grua, Elizabeth A. Kuehn, Brenden W. Rensink, and Alexander L. Baugh, eds., *Documents, Volume 6: February 1838–August 1839*. Vol. 6 of the Documents series of *The Joseph Smith Papers*, edited by Ronald K. Esplin, Matthew J. Grow, and Matthew C. Godfrey (Salt Lake City: Church Historian's Press, 2017), 63, 254. For McBride's assignment, see "Minutes, 1–5 October 1841," in *Times and Seasons*, vol. 2 (Oct. 15, 1841), 579, josephsmithpapers.org.