

"AMADEO"

- A.P. Giannini, Social Justice Warrior
of the 1906 San Francisco Earthquake

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TREATMENT

In the mid-summer of 1876, in the hamlet of Alviso in the Santa Clara Valley, California, a disheveled itinerant farm laborer named Jose Ferrari knocked brusquely at the farmhouse door of Luigi and Virginia Giannini.

Armed with a concealed shotgun, he had come to demand payment of the single dollar which, he insisted, Luigi still owed him. For his part, Luigi was equally insistent that he no longer owed Ferrari a cent.

Infuriated, the worker gunned down his employer in cold blood.

This senseless murder – all for the sake of a single, paltry dollar – was witnessed by the Gianninis' six-year-old son: Amadeo...

Almost one-hundred-and-fifty years later, on a balmy late-summer night in present-day San Francisco, where the homeless stake out their territory, the security-guard shift is changing at the Rushman Goldfield boutique investment bank. One of the relieving guards is Raúl, a Punjabi-Mexican Sikh with a passion for history, inclusiveness, and social justice.

Meanwhile, unobserved by the distracted security-guards, investment banker Rich has arrived for a late-night 'undertaking' of his own. When the guards finally notice Rich on the security monitors, he seems so distraught that Raúl even feels the need to go up and check on him.

And with good reason. In a reckless speculation, Rich has lost all the money of associates of his aristocratic and demanding wife, and is now on the brink of suicide.

In fact, it is only the timely, level-headed intervention of

Raúl that saves his life.

But Raúl does even more than this. He also helps Rich to recover his lost ideals.

And he does so by telling him an epic and inspiring story: the story of an old-school banker.

The story of Amadeo Giannini and the great San Francisco Earthquake and Fire of 1906.

In December of 1905, a tremor caused minor damage in the city center. Residents were alarmed, but not for long. After all, up to then, such tremors were hardly unusual. Moreover, within living memory, there had never been a major earthquake in California.

For that reason, several months later, on April 18, 1906, with Enrico Caruso and the New York Metropolitan Opera Company in town, an earthquake was the very last thing on people's minds.

Except, that is, for the troubled minds of the psychiatric patients at the Agnews Asylum in the Santa Clara Valley. It was precisely these patients who complained that the "demons of the Underworld" were "up to no good!" - a remark which aroused no end of mirth among the medical personnel.

If they had only known...!

Accompanied by his devoted if exasperated wife Clorinda, the workaholic Amadeo Giannini was also among those in attendance at the Opera House. All around him were the cream of San Francisco society, together with the corrupt Police Chief; several equally corrupt City officials; an 'operatic' courtesan or two; and last but not least, the incorruptible Fire Chief Dennis T. Sullivan, a prophetic voice crying in the wilderness.

A voice which, alas for San Francisco, was soon to be silenced forever.

Giannini was now thirty-five years old. After a precociously successful career in business, he had recently come out of an equally precocious retirement at the age of thirty.

And he had done so for one purpose and one purpose only: to found his own bank.

And why?

From the days of his childhood, Giannini had witnessed the daily struggles of ordinary, hard-working people to improve their lot. People like his own widowed mother Virginia, and like his beloved step-father Lorenzo Scatena.

And now, with control of his very own bank, Giannini was at last able to grant such people the credit withheld from them by the mainstream banks of that time. Banks whose only apparent purpose was lending money to the very people who didn't need it in the first

place!

In short, as a banker, Giannini's mission in life was to extend a helping hand to those he called the "Little Fellows".

But populist and humanitarian though he might have been, Giannini was also a towering businessman: within only one year, his little bank (known at that time as the Bank of Italy) had already begun to make great strides.

And now the 1906 San Francisco Earthquake was poised to give him perhaps the greatest test of his life.

And perhaps also his greatest opportunity.

In the small hours of April 18, 1906, it was the animals which, true to form, were the first to sense the imminent cataclysm: dogs were howling with no apparent cause; cats removed their kittens to safety; thousands of rats fled from the city sewers toward the waterfront; and the Fire Department's horses broke madly out of their stalls.

5 a.m.

Two hours before, Enrico Caruso had gone to bed after studying the glowing early-morning reviews of his performance in Bizet's *Carmen*.

And Amadeo Giannini, an inveterate early riser, was studying a biography of St. Francis, whose life provided him with an unparalleled example of Christian compassion in action.

5:12 a.m.

No respecter of persons, the earthquake hurled Giannini and Clorinda from their bed in San Mateo. Their house, though shaken to its foundations, remained standing. But its tall chimney stack crashed to the ground.

Seventeen miles away, in San Francisco, another crash was imminent. While Fire Chief Sullivan held on for dear life to the railings of his bed, the dome and chimney stacks of the adjoining California Hotel were shaking ominously above him.

In fact, the days were numbered of the incorruptible Fire Chief. A man who, had he lived, possessed the expertise, clear-headedness, and leadership to save San Francisco from the worst ravages of the fire.

Meanwhile, from the ignoble ruin of the corruption- and sewage-ridden City Hall, reluctantly corrupt Mayor Eugene Schmitz was moving his office over to the Hall of Justice, and the incorruptible Amadeo Giannini was setting out for San Francisco.

It soon became clear, however, that he would not be able to get there by train. So he *walked* those seventeen miles, against an endless flow of refugees.

Because about one third of San Francisco's entire population — one hundred thousand souls — had been rendered homeless.

When Giannini eventually reached the outskirts of the city, he was struck by the scale, intensity, and sheer randomness of the damage: ruined buildings stood beside ones which, unaccountably, were still perfectly pristine.

All around him were thousands upon thousands of refugees, together with army troops, and scores of swearing drunk people, who staggered through the ruins in a state of alcohol-soaked denialism.

But time was running out. Giannini had to get to his bank before the fire did.

He simply *had* to get there, even though, at every turn, his path was blocked: by debris; by gaping holes in the ground; by troops; and most of all, by the towering fires which – exacerbated by the ill-conceived and counterproductive dynamiting of buildings – were raging through the city.

Still, nothing was going to stop Amadeo Giannini. He was determined to find a way through to his bank. And he was determined to rescue his bank cash, for the sake of suffering San Francisco!

And find a way, he did!

When Giannini eventually arrived at the Bank of Italy, he was mightily relieved to find it safe and sound, as was his overnight bank cash of \$80,000. Depending on how you calculate it, this is a figure which, today, is worth either \$4.8 million or \$48 million.

However that may be, with catastrophic fires all around him, Giannini's next problem was to find a way to *move* all that money to the only place of safety he could think of: his home, seventeen miles away, back in San Mateo.

And Giannini's solution was characteristically bold, radical, and simple: hiding the then stupendous sum of \$80,000 in a horse-drawn vegetable wagon, he covered it up with oranges, and took it all the way to San Mateo in open sight, under the very noses of gangs of looters and marauding ruffians.

While Giannini and his associates were making their slow, excruciating way to San Mateo, the Great Fire was devouring whatever was still left of San Francisco.

It was also chasing the corrupt Mayor Schmitz from one makeshift office to the next, and providing the corrupt Police Chief and City officials yet another opportunity for plunder – this time, under the protection of a declaration of Martial Law which was, strictly speaking, illegal.

When, a few days later, Giannini returned to San Francisco, the fires were all out. But under smoking ash, the city lay in complete and abject devastation.

Along with several other prominent citizens, Giannini had been invited to attend an emergency meeting on the fate of San Francisco. Although acutely aware of the plight of their now homeless fellow-

citizens, the overwhelming majority of Giannini's fellow-bankers were unwilling to reopen their institutions until at least six months later.

True, there were indeed legitimate logistical difficulties. For one thing, contained in some of the fire-heated vaults were banknotes in danger of spontaneous combustion if exposed to the air. But even when this particular danger was *not* present, the bankers imagined - or perhaps invented - several other dangers.

As for Giannini, he was not having any of it. Rising to his full height before the assembly, he decried their reluctance to help, announced that he himself would be re-opening for business at once, and urged them all to follow his example.

They did not: to them, Giannini was either woefully misguided, reckless, or insane.

But what Giannini did next will always have legendary status in the history of San Francisco, and the history of finance.

What Giannini did next will always constitute both a stinging rebuke and a shining example to all the bankers who succeed him.

With his usual flair for the dramatically symbolic, Giannini deliberately set up his emergency bank in the most devastated area in his neighborhood of North Beach: the waterfront.

An emergency bank, mind you, consisting of two barrels upon which rested a plank, upon which, in turn, rested a bag of money, over which was slung up a Bank of Italy sign.

Now the question will be asked: What *collateral* could Giannini's customers possibly have offered for the loans he was about to make to them? After all, hadn't they just lost *everything*?

But that was not the way that Giannini's mind worked. Not for *him* the ordinary materialistic mentality of the banker fixated on *physical* collateral.

For Amadeo Giannini, *character was collateral*. Especially a character tried and tested by the Great Earthquake and Fire of 1906!

And so it was that, over the next few weeks, Giannini's 'Character Loans' came to be made. And that is also how North Beach was the first area of San Francisco to be reconstructed.

Naturally, after the fact, Giannini's colleagues and competitors had either to follow his example or be left behind - and not for the first or last time either!

But what is truly food for thought is that every single one of Giannini's 'Calamity Day' Character Loans was repaid, with interest. For that, we have the word of Giannini himself.

Amadeo Giannini was now a living legend. And over the next few decades, he would go on to grow the one-room Bank of Italy into Bank of America.

Bank of America, which in the late forties had become the

richest and most powerful financial institution on the planet.

Bank of America, which, under Giannini, financed the Golden Gate Bridge and a litany of Hollywood classics.

Bank of America, which, at *that* time, was mostly owned by its very own employees.

Bank of America, whose boss, at *that* time, was determined *not* to be millionaire; who declined even to take a salary, and gave away his bonuses to good causes; who dispensed with a private office and a secretary; and who, at his open-view desk on the ground floor, answered his own phone, and was directly accessible to the public, without the need for an appointment.

And as for Rich - our recklessly speculative and entitled modern banker - the story of *AMADEO* has left him enthralled, inspired, but also dispirited with the sense of his own inadequacy. He feels that *he* could never measure up to the standard set by Amadeo Giannini.

However, as Rich's wife Clara gently reminds him: has he ever even tried?

Meanwhile, Raúl shows Rich a simple, elegant, and comparatively painless way to redeem himself and "pay back the money"!