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Panic in Paradise: Florida's Banking Crash of 1926. By Raymond B. Vickers. Tuscaloosa: The University of Alabama Press, 1994. Pp. xvi, 312. $34.95.

Raymond B. Vickers demonstrates, as others before him have demonstrated, that the savings-and-loan debacle of the 1980s was a case of history repeating itself. His description of the Florida banking crash of 1926 applies equally well to the S&L mess: "insiders looted the banks they pledged to protect. They tried to get rich by wildly speculating with depositors' money, and when their schemes failed so did their banks" (p. 5). Florida banks, which often were controlled by real estate developers or their partners, fueled the state's real estate boom, and many failed when real estate prices sank. The complicity of bank regulators who, often for personal gain, acted in the interests of favored bankers rather than in the public interest, made the situation worse. Vickers reconstructs the web of developers, bankers, and regulators who conspired to rob depositors of millions of dollars.

Part 1 of the book focuses on the developers and bankers who funded the Florida boom. The story centers on Addison Mizner, promoter of a grandiose Boca Raton development, and J. R. Anthony and W. D. Manley, who controlled the leading banking chain of Florida and Georgia. Mizner actively sought investors, including bankers from whom he borrowed large sums. Anthony and Manley speculated in the stock of numerous Florida and Georgia banks, including the Palm Beach banks that loaned heavily to Mizner. These "promoter-bankers" profited from buying banks, lending themselves large sums of money, then selling out before their schemes were revealed. Anthony and Manley were also experts at co-opting state banking regulators by contributing heavily to their campaigns and lending them large sums of money in exchange for the granting of new charters, regulatory forbearance, and the secrecy of potentially damaging examination reports.

Part 2 expands on the role of state and federal bank regulators. Vickers shows that the Comptroller of the Currency, as well as top bank regulators in Florida and Georgia, knew of the risky and fraudulent activities of banks in the Anthony-Manley chain, but did little to stop them. Examiner reports documenting such activities and indicating the precarious positions of many of the banks were kept secret and brought no enforcement action. When Mizner went bankrupt and runs began on banks owned by Mizner's associates, the chief regulator in Florida blamed depositors and rumors for the collapse of state banks, and declared insolvent banks to be healthy.

Part 3 explores the aftermath of the banking collapse. It documents the fates of the principals involved, including the legal proceedings against Anthony, Manley, Ernest Amos, chief bank official of Florida, and T. R. Bennett, Georgia's superintendent of banks. One of the more intriguing chapters examines how, with the assistance of the Comptroller of the Currency, Joseph McIntosh, then Vice-President Charles Dawes and his brothers came to acquire the assets of the Mizner Development Corporation to the detriment of depositors in the failed banks that had lent money to Mizner. Though a relatively small part of the Florida episode, the event illustrates Vickers's argument that the banking debacle was largely the product of fraud, secrecy, and political influence.

Vickers reconstructs the web of bankers, developers, and regulators involved in the Florida calamity, drawing evidence from numerous sources, including previously unavailable examination reports and other documentation from state and federal regulators. Many states, including Georgia, have destroyed their banking records from the 1920s, whereas others have fought vigorously to keep them secret. Vickers shows, however, that these documents are tremendously important for understanding the banking debacle and makes a strong case for full disclosure of financial institution activities, including examination reports listing insider and delinquent borrowers, and the dealings of bank officers, directors, and regulatory agencies.

Many researchers, myself included, have focused on the role of deposit insurance in

explaining the S&L collapse of the 1980s. As structured, deposit insurance removed much of the incentive for depositors to monitor the activities of their banks, while giving banks an incentive to assume excessive risks. Vickers shows, however, that the absence of deposit insurance is not enough to ensure depositor monitoring, because of the difficulty of obtaining and evaluating accurate information when bankers, regulators, and even the press are in cahoots to misinform the public.

The book has a few weaknesses. It includes some material that seems irrelevant, such as lengthy discussions of banker opposition to an income tax in Florida and of the activities of former Florida supreme court justices, as well as other material that appears more innuendo than fact. These are minor, however, compared to the rich new history of the Florida banking debacle and the insights it gives to other such episodes. The book will thus be of considerable interest to students of banking panics and failures in any era.

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