

Thomas S. Underwood vs. Asa Bradshaw and The National Bank of Herndon

By Chuck Mauro

Thomas S. Underwood was a respected, stern, and hard working man. It is safe to say that Asa Bradshaw ruined his life.

In a previous column (“Asa Bradshaw and the Mystery of the Missing Money,” published on November 27) we talked about Asa Bradshaw, who for a number of years used his position at the National Bank of Herndon to steal from bank depositors. Unfortunately, not everyone received compensation for his losses as a result of Bradshaw’s embezzlement. One of those depositors, Thomas S. Underwood, not only lost his savings at the bank, but he lost his farm as well.

In 1920, Thomas and Mary Underwood acquired a 145-acre farm on Route 625 (Church Road) in Sterling. They lived there with their five children. The trouble leading to their financial ruin began in 1925, when the National Bank of Herndon informed Underwood that he had no money on deposit at the bank. He was unable to convince the bank otherwise, even though he had all his deposit slips and statements.

Things got worse when his hired hands took his new high-tech steam traction engine to a neighbor’s farm to do some work. Not totally familiar with the equipment, they failed to cool the engine down before putting it in the neighbor’s barn at the end of the day. The hot engine ignited the surrounding hay, causing a fire that burned down the barn and ruined the engine. Not only did Underwood lose his new equipment, but he also had to pay for a new barn.

Underwood managed to borrow some money from the People’s National Bank in Leesburg, but it was not adequate to meet all his obligations to his creditors. It became necessary for him to sell his farm. Asa Bradshaw was in charge of the sale and the settlement. On May 25, 1926, Bradshaw and an attorney brought a deed to Underwood’s house, which Underwood signed. No money changed hands, and Underwood waited for Bradshaw to set a settlement date.

Later court proceedings would reveal that Bradshaw and his associates had prepared three deeds. The first conveyed the property directly to the buyer, Mr. C. E. Chick, as Underwood expected; but Bradshaw drew up two more—one that conveyed the property from Underwood to the bank, and a third that conveyed the property to the buyer. This was part of a scheme to defraud Underwood.

On August 3, 1926, one of Chick’s men began cutting timber on the property. Underwood went to Chick, who said he had acquired the property from the bank by paying Bradshaw. This was news to Underwood, who was still waiting to go to settlement. He went to Leesburg and found a deed there signed by him and his wife that conveyed the property to the bank, not to Mr. Chick—a deed that Underwood said he had not signed. This allowed Bradshaw to sell the property to Mr. Chick without reimbursing Underwood.

The bank threatened to evict Underwood and his family from the property. Underwood refused to vacate without a proper settlement, and Chick agreed with that position. On September 20,

1926, Bradshaw came to the farm with Chick. The three parties agreed on terms, and a settlement was scheduled for November 1, 1926. When Underwood arrived for the settlement, Bradshaw stalled and said he had not had time to make up the account and paperwork. In fact, Bradshaw never did prepare the paperwork and he never executed a settlement. Underwood was out of money, out of property, and—as events unfolded—out of luck as well.

Years of discussions, meetings, and negotiations took place between Underwood and Bradshaw. In 1934, Underwood wrote letters to the bank's Board of Directors asking for a meeting to discuss his case. The Board scheduled a meeting but cancelled it at the last minute.

Bradshaw was feeling pressure, however. He met Underwood at the Mayflower Hotel in Washington, where Underwood now worked. According to later testimony, Bradshaw said, "You have accused me of stealing." Underwood said, "Yes, I accused you of stealing, and I can prove it, Asa. Now if I don't bring this to the public, somebody else is going to bring it to the public, and you are going to be caught." The men scheduled yet another meeting in Herndon for 10 a.m. on January 12, 1935. When Underwood arrived for the meeting he found that the authorities had taken Bradshaw to jail just 30 minutes earlier. He also learned that the Federal Deposit Insurance Corporation (FDIC) had taken control of the bank two days earlier.

The FDIC took over the bank because bank examiners discovered shortages amounting to about \$70,000. Bradshaw confessed to having embezzled cash from the bank since 1918. He served four years in prison and was not heard from again. He never repaid any of the money and he never revealed the details of the methods he used to steal it.

Looking back, it appears that Bradshaw kept two sets of books—the bank's official books and his own private set of books for managing the pilfering. Later court records indicate that Bradshaw would take deposits at the bank and not record them to depositors' (including Underwood's) accounts, but rather would place them in other accounts—including his private accounts.

Thomas Underwood's only hope was to talk to the bank president, Dr. E. L. Robey, who promised to see that he was reimbursed for his losses. Unfortunately, that discussion took place on January 9, 1935, the day before the FDIC took control of the bank. That made Robey's offer to Underwood moot, as the FDIA now controlled the process.

The FDIC later claimed to have repaid all depositors up to the maximum amount of insured value, which was \$5,000. However, it only paid depositors of record. Because—according to bank records—Underwood had no balance, he never received any reimbursement.

Underwood sued the Herndon National Bank and the FDIC for \$25,000, claiming that the amount of money he lost through the bank's negligence was in excess of \$21,000 and that it approached \$25,000. The lawsuit was handled by the District Court of the United States for the Eastern District of Virginia in Alexandria. Underwood's relationship with the bank was reviewed in detail from the time of his first deposit in 1911 to the day the bank closed in 1935. A magnifying glass was frequently employed to determine if any erasures or changes had been made to documents. Underwood provided the court with a ledger showing every transaction he

made. He presented abundant detail about the irregularities relating to how Bradshaw handled his account and the manner in which he was tricked and deceived in the sale of the farm.

For unknown reasons, the case was extended until early 1939. It was not completed and it never went forward to trial. Although he tried for the rest of his life, Underwood would never receive restitution for his losses. He died on March 19, 1958, in his 89th year, and was buried in Chestnut Grove Cemetery next to his father, Samuel Underwood—who was a Mosby Ranger—and his mother, Georgia A. Underwood.

Thomas S. Underwood was a respected, stern, and hard working man. He was an active member of the Sterling Methodist Church, where he at times served as a preacher and a Sunday school teacher. He trusted others and expected them to be honest. By being so trusting of others, he opened himself up to victimization.

It's safe to say that his encounter with Asa Bradshaw ruined his life. But having gone through it all, he still was able to make a profession of faith on his deathbed and to sing some of the hymns of the Methodist Church that had been an important part of his happier days, when he owned his farm in Sterling before his troubles with one Asa Bradshaw.

Thank you to Warren Underwood, Thomas's grandson, for providing this information.