

# Broke, But Not Out of Luck

Using Bankruptcy Records for Genealogical Research

By Jake Erslund

**T**he post–World War I business boom that swept the United States made its way to all parts of the nation, including the heartland—Kansas City, Missouri.

In this city that had been a jumping-off place for west-bound explorers was a start-up in the entertainment industry, specializing in the fairly new medium of animated cartoons. Founded in May 1922, Laugh-O-Gram Films, Inc., had an initial capitalization of \$15,000.

Despite producing several short films, advertisements, and an information piece for a local dentist, Laugh-O-Gram Films struggled financially. Production costs proved higher than had been anticipated, and new revenues came in only upon completion of projects.

As a result, the company was perpetually behind in meeting its payroll and paying its bills. Salaries for employees were paid only partially, and later than agreed upon. Utility bills at times were completely ignored, and needed supplies were acquired on steadily eroding credit. Things were bad enough at one point that the company’s founder and president could not meet with a potential client because he did not have a decent pair of shoes to wear.

By August 1923, the company folded, and its president left Kansas City to start fresh in California. Bankruptcy proceedings began before the end of 1923. But the founder of Laugh-O-Gram Films, Inc., Walt Disney, who had grown up in the rural Missouri town of Marceline, was already well on his way to bouncing back.

### **Bankruptcy Records Often Overlooked**

A certain negative connotation is generally associated with bankruptcy and the implied failure that accompanies the term. Genealogists are not normally excited to see such information associated with their ancestors. Often family stories allude to past financial difficulties, but rarely is it known whether bankruptcy proceedings occurred. As a result, genealogists often overlook opportunities to use bankruptcy records.

Since 1790, the country has weathered as many as 47 separate recessions or depressions, depending on the economic historian you ask. Reasons for economic downturns include wars, natural disasters, financial bubbles, or faulty foreign or domestic policy. The victims of financial crashes come from all walks of life—rich or poor, highly educated or illiterate, industrious entrepreneur or deadbeat.

The federal government has responded to these downturns in many different ways, including the passage of bankruptcy laws, provided for under Article I, section 8, clause 4 of the U.S. Constitution, which gives Congress the power to legislate for “uniform laws on the subject of bankruptcies.” By 1900, Congress had passed four separate bankruptcy laws—the Bankruptcy Acts of 1800, 1841, 1867, and 1898.

*Opposite: Walt Disney founded Laugh-O-Gram Films, Inc., in May 1922 in Kansas City, Missouri, to produce animated cartoons, but the company faced bankruptcy the next year. Court files like those for Disney, located in the National Archives in Kansas City, can yield insights for a deeper understanding of one’s ancestors: who they were, what they did day to day, what they owned, and even how they entertained themselves.*

## Various Bankruptcy Acts Responded to a Crisis

To understand the potential genealogical use of bankruptcy records, it is helpful to understand what each bankruptcy act covered.

The Bankruptcy Act of 1800 resulted from the Panic of 1797, which was caused by the naval quasi-war with France, deflation from the Bank of England, and a land speculation bubble. This first bankruptcy act covered only merchants and involuntary bankruptcy. The system was rife with corruption and favoritism and was repealed in 1803. As a result, there are not many records of genealogical use from this bankruptcy act.

The Bankruptcy Act of 1841 was a result of the Panic of 1837, which was caused by massive bank failures and a collapse of the cotton market. This act allowed for voluntary bankruptcy, which provided for a discharge of debt. Any individual could file for bankruptcy as well.

Creditors felt that the law was too lenient on debtors, allowing them to discharge too many debts, and the act was repealed in 1843. Though containing more records of genealogical value than the Bankruptcy Act of 1800, there still is not a huge wealth of information available from this bankruptcy act.

The Bankruptcy Act of 1867 was a response to the economic depression caused by the devastation of the Civil War. This act provided for involuntary filings for any individual and created bankruptcy registers to help district court judges handle the large caseloads. Creditors once again thought that debtors were allowed to discharge too many debts, and the act was repealed in 1878. The number of cases generated in the courts greatly increased from the two previous acts, and genealogists have a much higher probability of locating bankruptcy records from this critical period of change and transition in American history.

The Bankruptcy Act of 1898 came about because of the Panic of 1893, which was caused by the failure of the Reading Railroad and a withdrawal of European investment from American markets. Individuals could file for voluntary bankruptcy, and anyone owing at least \$1,000 could be adjudged an involuntary bankruptcy. This

No. 46—Class E

C. S. ... 708 Walnut St., Kan. ...

## Chattel Mortgage

Short Form

EXHIBIT D.

**Know All Men by These Presents, That**

Laugh-O-GRAM Films, Inc., a corporation,

of Kansas City in the County of Jackson and State of Missouri,

for and in consideration of the debt and trust hereinafter mentioned, and the sum of One Dollar

to it in hand paid by Fred Schmeltz

of Kansas in the County of Jackson and State of Missouri,

the receipt of which is hereby acknowledged, do es Bargain, Sell and Convey unto the said Fred Schmeltz

the following described property, to-wit:

- 1 Roll top desk
- 1 flat top stenographer's desk
- 1 stenographer chair
- 1 office table
- 2 Swivel office chairs
- 1 Filing cabinet
- 1 Book and magazine rack
- 2 Office chairs
- 1 Coat and Hat Rack
- 2 Cuspidors and mats
- 1 Typewriter
- 4 Steel waste baskets
- 1 Card index file
- Ink wells, blotter pads, etc.
- 2 Cooper Hewitt Lights & Reostats
- 1 Still camera-lens-tripod, plate holder
- 1 Movie camera, tripod
- 1 Printer

Cabinets, tables, chairs, etc. All said property located at the place of business of Laugh-O-Gram Films, Inc., 2nd floor 3239-41 Troost Avenue.

TO HAVE AND TO HOLD THE SAME, Unto the said Fred Schmeltz and unto his heirs and assigns forever; PROVIDED, always that it is agreed and understood between the parties to these presents that if it the said Grantor shall well and duly pay unto the said Fred Schmeltz the sum of SEVEN HUNDRED FIFTY DOLLARS (\$750.00) DOLLARS which it owe s as evidenced by one (1) certain promissory note of even date herewith, payable as follows, to-wit: Said note payable August 19th, 1923 at Kansas City, with interest at six per cent (6%) per annum

then these presents and everything herein shall cease and be void. But if the said Laugh-O-Gram Films, Inc. shall default in the payment of said indebtedness, or any part thereof, when the same shall become due and payable, or if it shall sell or attempt to sell, remove or attempt to remove said property out of Jackson County, Missouri at any time before said indebtedness is fully paid and discharged, whether the same be due or not, then it shall be lawful for the said Fred Schmeltz or anyone in his name, to take possession of said property, wherever it may be found and sell the same in any manner he shall think fit and out of the proceeds arising from said sale, pay off said indebtedness, or so much thereof as shall be unpaid, together with the costs and expenses of said sale, and the overplus, if any there be, shall be paid to the said

IN WITNESS WHEREOF, The said Laugh-O-Gram Films, Inc., has set its hand and seal this 2nd. day of June 1923

Laugh-O-Gram Films, Inc. (Seal)  
Walter E. Disney, President. (Seal)

bankruptcy act remained in place, with a few amendments and adjustments, until 1978. Most cases that genealogists will use are from this bankruptcy act.

### To learn more about

- The Bankruptcy Act of 1867, go to [www.archives.gov/publications/prologue/1989/fall/](http://www.archives.gov/publications/prologue/1989/fall/).
- How to order copies of bankruptcy files, go to [www.archives.gov/research/court-records/bankruptcy.html](http://www.archives.gov/research/court-records/bankruptcy.html).
- How to find a National Archives location near you, go to [www.archives.gov/locations/](http://www.archives.gov/locations/).

## UNSECURED CREDITORS.

N. B.—When the name and residence (or either) of any drawer, maker, endorser or holder of any bill or note, etc., are unknown, the fact must be stated, and also the name and residence of the last holder known to the debtor. The debt to each creditor must be stated in full, and any claim by way of set off stated in Schedule B.

List name, residence, occupation; amount; when and where contracted and consideration.	Amount of Debt
Dr. H. C. House, Arkansas City, Kansas, Dentist, November, 1927 at Arkansas City, Kansas,	2 00
E. C. Baker, Arkansas City, Kansas, Mechanic, Work on car, January, 1932, at Arkansas City, Kansas,	12 00
Fitch Music Store, Arkansas City, Kansas, Radio Tubes and Service, April, 1931, at Arkansas City, Kansas,	1 40
Peerless Grocery, Arkansas City, Kansas, Groceries since January, 1930, at Arkansas City, Kansas,	150 00
Star Wetmore, 215 East Central, Arkansas City, Kansas, For Rent, 1930-1931, at Arkansas City, Kansas,	45 00
C. D. Mohler, R.R.# 4 Arkansas City, Kansas, For Cow, January, 1932, at Arkansas City, Kansas,	13 00
M. L. Bacastow, R.R.# 4 Arkansas City, Kansas, For Feed, May, 1932, at Arkansas City, Kansas,	12 50
W. E. Hammond, 1606 South First, Arkansas City, Kansas, for Raleigh Products, April 15, 1932, at Arkansas City, Kas	7 50
June Petrow, 417 East Washington, Arkansas City, Kansas, for Rent, 1929, at Arkansas City, Kansas,	15 00
Kansas Gas & Electric Co., Arkansas City, Kansas, for Radio, January, 1929, at Arkansas City, Kansas,	50 00
S. Bigger, Geuda Springs, Kansas, for Mule, April, 1932, at Geuda Springs, Kansas,	3 00
Dr. L. M. Beatson, Arkansas City, Kansas, Doctor services, December, 1928, at Arkansas City, Kansas,	20 00
Dr. M. M. Miller, Arkansas City, Kansas, Doctor services, January, 1928, Arkansas City, Kansas,	21 00 ✓
Dr. H. M. Stricklen, Arkansas City, Kansas, Doctor services, March, 1932, Arkansas City, Kansas,	2 00
Dr. V. L. Overstreet, Arkansas City, Kansas, Dental services September, 1931, Arkansas City, Kansas,	1 00
Gambrill-Bryant Hardware Co., Arkansas City, Kansas, Merchandise, check given, June, 1932, Arkansas City, Kansas,	3 50
A.A. Downing Hardware Co., Arkansas City, Kansas, Merchandise, April, 1931, Arkansas City, Kansas,	3 50 ✓

Left: Bankruptcy Case Files often contain exhibits that document debts owed by the bankrupt. This chattel mortgage lists property Walt Disney used in operating Laugh-O-Gram Films, Inc.

Above: Close examinations of debts owed disclose details of the bankrupt's daily activities. This list of unsecured creditors sheds light on where the individual shopped, which doctors he visited, and even what recreational activities he enjoyed.

### Much Information Awaits In Bankruptcy Records

Bankruptcy cases can contain an enormous amount of information. Much of the paperwork consists of standard court orders, setting out dates and actions to be taken. Filings can include the petition for bankruptcy, schedule(s) of debts, lists of names and addresses of creditors, records of amounts due, inventories of real and personal property, notices to creditors, orders of bankruptcy, and final discharges. These records, which make up the bulk of the case file, can contain details that a genealogist cannot find anywhere else.

One potential gold mine of information is the list of creditors. This document lays out the debts of the individual filing for bankruptcy. The identities of

those to whom an individual owes money can be very revealing.

For example, a list of creditors from a 1932 bankruptcy case file from Wichita, Kansas, shows that the debtor had racked up a \$150 grocery bill at Peerless Grocery in Arkansas City, owed \$170 on mortgaged furniture, was indebted to the Ernest Thompson Shell Station for \$10 worth of gasoline, and even owed a neighbor for \$1.98 worth of kerosene. Perhaps more revealing are the five separate doctor and dental bills owed.

It is possible that physical ailments may have contributed to hard times, both in debts owed, as well as possibly limiting earning abilities. Another interesting note in the file is the debt both for the purchase of, and parts for, a radio. Reviewing this one document reveals much about the individual, providing details on their neighbors, where they shopped, which doctors provided care, and how they spent time at leisure.

Equally telling are lists of property.

The Dust Bowl era brought many farmers to financial ruin as drought conditions and poor farming circumstances led to impossible economic situations.

A look at a farm bankruptcy from western Kansas can reveal a wealth of information on what farm life in the Dust Bowl looked like. All of a farmer's property is listed, including the amount of seed owned, acres of producing farmland, farm equipment, and farm animals. One list even noted the names of the horses that worked the fields for the family, which included a 7-year-old mare named "Blackie," a 10-year-old mare named "Avis," and a 5-year-old mare named "Sis." It is doubtful there are many other sources for genealogists that provide the names of family animals. Additionally, analysis of equipment owned sheds light on how technologically up to date a farmer was. Information in the case file can also lead researchers to new paths of research, such as the legal description of where property was located.

### Statements of All Debts Provides Complete Picture of Business

Case files of businesses that filed for bankruptcy often contain "statements of all debts of bankrupt." Most businesses that went under were small in nature, often operated by an individual or family. The bankruptcy and subsequent loss of such businesses could alter the course of a family's life, causing people to uproot and move to look for new opportunities.

Statements of debt include debts incurred in general operation of the business, from supplies purchased to the furnishings. The statements can also open the door to new avenues of research, such as when money is owed for advertisements purchased in local newspapers. If digital or microfilm copies of the newspapers exist, a researcher can use information found on the statement of debt to locate and view the advertisements produced for an ancestor's company or business.

Exhibits filed in bankruptcy cases add depth and understanding to the environment in which a person lived and conducted business.

Often creditor companies would submit inventories on colorful letterhead listing goods purchased on credit. Promissory notes and receipts for goods purchased further document the accumulation of debt and the financial decisions that contributed to the bankruptcy.


Walt Disney's Laugh-O-Gram bankruptcy included exhibits of each of these types, as well as employee salary schedules, noting what was due on a regular basis, and what was actually paid.

Disney tried to get through financially thin periods by paying employees a percentage of a salary, with the balance to be paid once revenue came in. Unfortunately for Disney, the expected revenue to cover back pay never came in, and employees left the business rather than continue to work for greatly reduced, and uncertain, wages. Such details provide a look into an individual's decision making and how they tried to weather tough financial times.

Despite the unique information found within the hundreds of thousands of files in the National Archives' holdings, bankruptcy case files are grossly underused by genealogists. Those looking for new angles to research their family histories should strongly consider bankruptcy case files.


Recently a researcher visited the National Archives at Kansas City to look at an ancestor's criminal case file. A background discussion revealed that the family had become involved in bootlegging to try to get by financially. A search through the bankruptcy indexes revealed two separate bankruptcy cases for the researcher's ancestors. The researcher found a wealth of information in the case files, from the legal description of the family's property, to lists of household possessions, to lists of creditors that happened to include other family members. Researching the bankruptcy case file added an entirely new chapter to the family's known past.

**FRANZ WURM HDWE. & PAINT CO.**  
923 E. 31st St.  
KANSAS CITY, MO.



RED SEAL  
DRY BATTERY  
SPARKER

Jan 13, 1924.  
Lough O Gram.



RED SEAL  
DRY BATTERY  
SPARKER

	Spt 20-1922 1 Fish Line,	25	
	2 Box Thump Tax,	25	
	1 Cabege Can,	1.55	
	2 Cuspifog	2.80	
	6 Paire Cloves,	.00	
<i>Hkt</i>	6 Lamp Sheeht,	2.70	
"	20 1 Out Varnish Stain,	1.45	
	Terpentin,	.15	
	Nails	.25	
<i>Hkt</i>	" 11 1 Cabege Can,	1.55	
"	9 4 Crocks,	2.00	
<i>Hkt</i>	" 6 6 ft Rubber Hose,	.60	
<i>Hkt</i>	" 6 3 ft 1-2" Hose,	.40	
	2 Clams,	.10	
	3 2 Hose Connection,	.40	
	1 Brush,	.30	
	5-1-2 Proctetion Wire,	.55	
<i>Hkt</i>	" 1 Tin Worck,	5.00	
	1 Watch,	6.00	
Okt	4 4 Spol Wire,	1.40	
	1 Lb Stof Wire,	.15	
"	5 1 Spol Wire,	.35	
	3 ft Hose,	.30	
"	6 2 Hag Sow Plat,	.20	
	1 6" Shim,	.20	
"	26 Rubber Cement,	.10	
	2 Sheeht Sand Paper,	.05	
	1 Box Tax,	.10	
	8 ft 5-8 Hoge,	1.20	
Nov	1 1 Hose Connection,	.20	
	1 Socket,	.20	
"	3 Nails,	.10	
"	6 5 Out Can,	.40	
"	8 1 Mashine Beld,	.25	
	1 Hag Saw,	1.00	
"	23 2 Hag Saw Plat,	.20	
	1 Nail Set,	.20	
"	24 2 lb Nails,	.20	
	1 1-2" Eal,	.15	
	2 Dc Scews,	.20	
"	25 16 Stof Polts,	.20	
	1 Dc Scews,	.10	
	80 ft Lamp Wire,	2.00	
	3 Dc Scews,	.30	
<i>Jan 2-1923</i>	<i>3 lb nails</i>	<i>.25</i>	
		<u>37.29</u>	

*Spt 1, 1 sheet 30*  
*1 sheet 30*  
*1 sheet 35*  
*95*  
*37.28*  
*38.23*

APPLICATION FOR REJECTION OF BURDENSOME  
PROPERTY

Comes now Hazel M. Jones and respectfully shows to the court:

That she is the trustee herein, and that a portion of the bankrupt's estate consists of the following property:

- 2 Jersey cows, 3 to 6 years old, average wt.1000 lbs.,with increase
- 1 red cow, 6 years old, wt. 1000 lbs., with increase,
- 1 Holstein cow, 5 years old, weight 1000 lbs.,
- 1 Holstein cow, 3 years old, weight 1100 lbs.,
- 8 Holstein cows, 2 years old, av. wt. 900 lbs., with increase,
- 8 Holstein heifers, 1 and 2 yrs. old, av. wt. 700 lbs,with increa
- 3 white face and 1 Holstein calves, 11 months old,
- 3 spring and summer calves
- 1 black mare, 7 years old, wt. 1550 lbs., named Blackie,
- 1 gray mare, 7 years old, wt. 1550 lbs., named Nance,
- 1 black mare, 10 years old, wt. 1500 lbs., named Avis,
- 1 gray mare, 5 years old, wt. 1350 lbs., named Sis,
- 1 black filly, 2 years old, wt. 1000 lbs.,
- 1 black horse, 12 years old, wt. 1500 lbs.,
- 1 black mare, 2 years old, weight 800 lbs.,
- 1 black horse colt, 1 year old,
- 1 wide tire farm wagon,
- 1 Peoria grain drill,
- 2 sets harness, complete with collars,
- 1 McCormick mower,
- 1 John Deere manure spreader,
- 1 iron wheel low wagon,
- 1 Oliver gang plow,
- 1 John Deere 2-row machine,
- 1 2-section harrow,
- 1 John Deere lister.

Laugh-O-Gram Films Co.

1127 East 31st St. City

FORM NO. A11-586-6-12-21

COPY NO.	DATE OF FIRST INSERTION	DESCRIPTION OF AD	Kind	WORDS OR LINES	TIMES	RATE	DEBITS	CREDITS
5217	Sept 1 22	Help Wanted		19	5	2	1.90	
5128	Sept 1 22	Help Wanted		14	5	2	1.10	
5129	Sept 1 22	Help Wanted		19	5	2	1.90	
5120	Sept 6 22	Help Wanted		14	3	2	.81	
5634	Sept 14 22	Help Wanted		16	3	2	.96	
7334	Sept 17 22	Help Wanted		16	3	2	.96	
		Amount due					7.96	

### Federal Records on Bankruptcies In Facilities Around the Country

The federal government has had jurisdiction over every bankruptcy case since 1898, with proceedings held in United States district courts, bankruptcy courts, and territorial courts. To locate a bankruptcy case file, you need to know in which state or territory the proceedings occurred.

The National Archives facility maintaining the federal records for a particular state will have the bankruptcy records from the courts in that location. (A list of National Archives facilities is at the back of the magazine.) Archival coverage greatly varies by court.

Generally, indexes are the first source to consult to locate a specific case. Bankruptcy indexes are not always available, and researchers may need to search through bankruptcy dockets or journal books for cases in a specific date range. Locating a bankruptcy case can be time consuming, but the potential rewards are well worth the effort. Consultation with an archivist to discuss the available resources is often the best course of action, though searches on the Online Public Access catalog on Archives.gov can reveal bankruptcy series for individual courts.

Generally, genealogy research shows paths of lineage, with names and dates of ancestors. Researching records like bankruptcy files allows for a deeper understanding of one's ancestors: who they were, what they did day to day, what they owned, and even how they entertained themselves.

By showing everything an individual owned, and to whom they owed money, bankruptcy files open the door into the homes of our ancestors. The details revealed in the case files allows the researcher to understand so much more than what a name and a date alone provide. They help a researcher understand why a path guided an ancestor in a particular direction.

Researchers should not let the negative stigma associated with bankruptcy deter them. Failures, both past and present, occur for myriad reasons. Often, individuals fail due to outside circumstances, with little fault of their own.

Even a failure that does rest solely with a person's poor choices and actions may not indicate that the bankrupt could not have bounced back to bigger and better things.

Walt Disney's failure in his attempt to start a film company in Kansas City served as a learning experience, which he used to guide him during an incredibly bright career.

In fact, Disney's most famous creation, Mickey Mouse, was a product of this trying time in his life. Disney claimed to have developed the idea of Mickey from a mouse that lived at his studio at Laugh-O-Gram Films.

The bankruptcy of Laugh-O-Gram Films was not a black mark for Disney, but rather one chapter that describes who he was and where he came from. The same is true for any other bankruptcy case file, waiting for a genealogist to open it up and peer into a family's past. **P**

Right: Court exhibits can provide details on how an individual conducted a business. This form documents Walt Disney's efforts to hire employees at Laugh-O-Gram Films through classified ads in local Kansas City newspapers.

Opposite, top: This bill from the Franz Wurm Hardware and Paint Company in Kansas City sheds light on the basic supplies Walt Disney needed to operate his animation studio.

Opposite, bottom: Lists of property in the file can be very detailed, including specific information on property owned. This list of the bankrupt's estate includes the names of the horses that worked a family farm.

#### NOTE ON SOURCES

Details on Walt Disney's time at Laugh-O-Gram Film Company, Inc., came from Timothy Susanin's *Walt Before Mickey: Disney's Early Years, 1919-1928* (Jackson: University Press of Mississippi, 2011). Other sources consulted for historical information on federal court history included Erwin Surrency's *History of the Federal Courts* (New York: Oceana Publications, Inc., 1987) and David Skeel's *Debt's Dominion: A History of Bankruptcy Law in America* (Princeton: Princeton University Press, 2001) for details on federal bankruptcy law.

All bankruptcy records discussed in the article are part of the holdings of the National Archives at Kansas City in Record Group 21, Records of District Courts of the United States. Walt Disney's Laugh-O-Gram Film Company, Inc., bankruptcy is from the records of the Western Division (Kansas City), of the Western District of Missouri, Bankruptcy Act of 1898 Case Files, 1898-1950 (National Archives Identifier 572819). Both the list of creditors and lists of property came from cases from the series *Bankruptcy Act of 1898 Case File, 1898-1963* (National Archives Identifier 572982) from the Wichita Division of the District of Kansas.



#### Author

**Jake Ersland** is an archivist at the National Archives at Kansas City. He received both his bachelors and masters degrees in history from Pittsburg State University. He works extensively with records of the U.S. District Courts and has given numerous presentations on using court records for genealogical research.