Commercial fishing got its start on the north shore when the American Fur Company became involved in 1834. The fur trade had been in decline for many years and the company looked for a new source of income to bolster its shrinking profits. Fishing stations were set up at intervals along the north shore to use as bases of operation. From these gathering points, the fish were taken to the Fond du Lac post to be cleaned and processed for shipment to the eastern markets. Two other important processing posts were located at Grand Portage and La Pointe. At each of these three posts fish were packed into barrels and loaded onto one of the Fur Company schooners for transport to Sault Ste. Marie. There were no locks in these days, so the schooners unloaded their cargo of fish and then headed back up the lake for the next shipment. As many as 5,000 barrels of fish were moved eastward from Lake Superior each year during this period.

On one of these trips in April 1838, the American Fur Company schooner Madeline left La Pointe heading to Fond du Lac. Once they were out in the open lake, the captain noticed pack ice blowing in on them from the east. These Fur Company schooners were not built for speed and it was soon evident that the ice was gaining on them. The captain angled across the lake in a desperate attempt to get in behind the island at Knife River or into the flow of water that is discharged by the stream. Just short of safety, the vessel was grasped by the icy hand of Lake Superior and held fast. During the night the lake froze again allowing the crew to move the cargo and most of the rigging to shore. After daylight the power of the moving ice crushed the helpless Madeline and scattered debris all the way from Knife River to Minnesota Point. This forced the captain and crew to walk through the woods to reach Fond du Lac.

The disaster, which happened adjacent to the Duluth Township line, was the first total loss American shipwreck on Lake Superior. It was only the second shipwreck up to that point on the lake, but neither would it be the last. In 1844 a sister Fur Company schooner, the 111-ton John Jacob Astor, was wrecked at Copper Harbor on the south shore. In 1837 there was a financial panic in the U.S. and this caused the American Fur Company to fail in 1842. The Missouri Fur Company took over the Fond du Lac operation in that year and continued on until 1847. From 1847 to 1854 there was practically no activity anywhere along the north shore. It seemed as though the region had returned to a primeval existence. This was only temporary however as big changes were soon to come.