



THE SECOND MERCHANTS BANK



THE THIRD MERCHANTS BANK BUILDING

Two Banks Under One Roof Revisited and Insight Into Note Issuance

Raymond H. Williamson, SPMC 3332, was prompted by Terry Vavra's article "Two Banks Under One Roof" in the Jan./Feb. 1978 issue of PM to submit a privately published history of the Merchants National Bank of New Bedford, Massachusetts. It told of a long-term, space-sharing arrangement with another bank. The following excerpts give a brief history of the situation as well as insight into the issuance of bank notes.

BRM

When the Merchants National Bank opened for business on September 1, 1825, New Bedford, Massachusetts had a population of 5,000 people. The bank was an outgrowth of the Merchants Insurance Company, begun at the behest of the booming whaling

industry which needed marine insurance. John Avery Parker and James B. Congdon were the founders of the bank.

At the first stockholders' meeting the following entry dealt with the issuance of paper money:

John Avery Parker, Job Eddy and Abraham Barker were appointed a committee to superintend the building of a suitable vault for the Bank. Mr. Parker was authorized "to procure from Abraham Perkins, One Hundred Thousand and Twenty dollars of bills of the stereotype plate of the following denominations, viz. 4000 sheets of the plate 1.1.2.3. — 2500 sheets of 5.5.5.10 and 136 quarter sheets of 20.50 to be obtained as soon as possible."

A task of the President and Cashier was to sign all the bills, or currency, and this consumed a good deal of the time of those officials. The records show that after many years authority was given to others to sign the bills to relieve the President. The capital stock of the institution was bound for the payment of all paper endorsed by the Cashier and was redeemable at the Suffolk Bank of Boston. The latter bank was a clearing house for most of the banks of New England and was responsible for the currency.

The issuing of currency was profitable for the banks, and it was also the source of much concern and labor. Throughout the records of the Directors of the Bank in the early days the subject is brought into prominence. Committees were appointed to secure plates and imprints and to check up deliveries. On some occasions the printers delivered too many. In other instances the

Interesting Notes 'Bout Interesting Notes

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during the printing process, but closer inspection shows the vignette to be complete. Note the centering between the words "Five" on each side. To my knowledge, this vignette has been used on no other note. The company which prepared the plate for this note is not indicated on the plate itself as was the practice on some of the early notes. Very often counterfeit plates did not have imprints on them because of the difficulty in cutting the small letters in the plate during this era of banking, but this note seems genuine. Certainly, a no more appropriate device could be used for a five dollar bill. It is a known fact to collectors that the rarest half eagle is the 1822. They think that it is *the* gold coin; but we in syngraphics know that it is this note, for it is unique. Its current resting place is in the collection of C. John Ferreri.

printers were taken to task for shipping by express without regarding the form or order. The records show that steps were necessary to join with outside organizations to suppress counterfeiting. In 1855 a vote was passed to ascertain if it would be possible for bills to be protected by a colored ground from the chance of being imitated "by means of the Chrystalotype."

Likewise much space in the records is given to orders to destroy defaced, ragged, worn - out bills. The Directors appointed committees to count the bills condemned and give receipts to the Cashier. One of the ceremonies was the burning of the worn bills. They were incinerated under the surveillance of groups of Directors. The old bills were usually burned in a stove, and there is a tradition that upon one occasion the draft was so strong at a certain New Bedford bank that a number of bills flew up the chimney, scattered about the highway and were picked up by passersby. After that, the bills were usually cut before burning.

The currency in the older records was always designated "bills." A book is preserved of the issues of the Bank, and record is made of the bills destroyed. Attached to the pages are specimens of the early issues. Many were made from plates by Toppan, Carpenter & Company of New York and Philadelphia and The New England Bank Note Company. The American Bank Note Company also furnished issues. The earliest bills contained much grill work with microscopic background giving the face value of the bill. Later, the bills were ornamented with a maritime scene, with sailboats in the foreground and a whaleship in the background. Another design that appeared was a large whaling scene. The portrait of Washington was shown on some. Later on, the design included the Seal of Massachusetts and a representation of a figure of Liberty, the latter a woman of heroic size who, obviously, had not adopted a diet. Among the issues was a three dollar bill. Following one statement is this note, dated July 12, 1853:

"This issue of bills commenced with the opening of the bank in September, 1825. The plates were in use about ten years. In 1835 new plates were obtained and the old issue of bills taken in and destroyed, November 24th, 1852. As none of these bills had been received for many years, the account on the ledger was closed and the amount then remaining unredeemed as above, say, Ten hundred and forty-two dollars credited Profit and Loss account.

"The second issue of bills commenced in the year 1835 and the plates were used until 1848, when the new plates were obtained of Toppan, Carpenter & Co. The small bills, ones and twos, are about all in. Only about \$30 has come in in the last nine months. It is not likely that many more will come in so the amount lost, which will ultimately go to Profit and Loss Account, is about One thousand dollars."

The Bank opened for business September 1, 1825, when an examination of the specie actually paid in and existing in the vault was found to be \$75,000. The

following day Sheet No. 1, amounting to \$10,798.45, was discounted. It was voted that the Bank should be kept open from nine o'clock in the morning until one.

The first statement of the Bank was issued on May 6th, 1826, and was as follows:

State of Bank Saturday 2 O'clock Jan'y 7th, 1826

DUE FROM THE BANK

Capital Stock	\$112,500.00
Bills in Circulation of 5 dollars and upwards	39,640.00
Bills in Circulation under 5 dollars	15,143.00
Net profits on hand	2,225.94
Balances due to other Banks	1,472.81
Cash Deposited	37,381.42
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	\$208,393.17

The Directors voted February 18, 1831, to recommend to the stockholders an enlargement of the capital of the Bank and "to let the Savings Institution in for \$50,000 at a fair rate on the ground that said institution will not in that case unite with others to establish another Bank." In this year the Bank was rechartered for twenty years and in 1851 for twenty years more, but before the expiration of the last charter the Bank, under the laws of the United States, became a national bank, in 1865.

On May 13, 1831, the Directors voted to purchase of William W. Swain a lot of land "situated opposite the lower end of William Street, for the purpose of placing thereon a banking house and agreed to pay him \$2,000." Abraham Barker and Job Eddy were appointed a committee to superintend the building of the banking house, and it was provided that they were to be allowed two and a half per cent on the cost as recompense for their service.

The Mechanics Bank, affiliated with the Mechanics Insurance Company, was incorporated in June, 1831, and joined with the Merchants Bank in the employment of Russell Warren of Providence as an architect to design a bank building for their common use, the Merchants Bank to occupy the south half and the Mechanics Bank the north half.

The employment of Mr. Warren was a fortunate choice. As a result of the impressive architecture of the bank building, Mr. Warren received one commission after another for churches, public buildings and residential mansions in the city, contributing the classic atmosphere to the architecture which gave to New Bedford distinction — suggestion of caste and the tradition it held in the romantic age of our history.

This bank building was at the end of the vista looking down William Street, and for nearly a century its pillared facade contributed to the dignity of the

business centre. On the hilltop, at the opposite end of the street, was the mansion of Charles W. Morgan, and a view up and down the thoroughfare impressed all beholders. Henry H. Crapo related an interesting incident respecting the bank building. The design alone was a joint undertaking. The construction of each half of the building was turned over to different contractors who worked independently. The South half, belonging to the Merchants Bank was built by Dudley Davenport; the north half, by Robert Chase. When the building neared completion after a year or two of delayed construction, it was discovered that the Ionic columns supporting the pediment differed in entasis, the entasis being the perpendicular swelling turn of a classical pillar. The correct entasis is established by a formula based upon height and diameter. Mr. Warren was called in as arbiter, and he found that the pillars on the half erected by the Mechanics Bank were orthodox and those on the half built by the Merchants Bank were heterodox. The difference is so slight that unless attention is called, it does not meet the eye. For over sixty years the banks carried on in twin quarters. The interior arrangements of the banks were similar and when one bank, after the lapse of years, installed sumptuous finish and furnishings, the other bank made improvements on similar scale.

At the quarter-century directors' meeting, it was recorded that of the first issue of bills made from the old stereotype, on Perkins plate, all the fifty and one hundred dollar bills were in. Fifteen years had elapsed since the Bank commenced the issue of bills under what was designated as "the new plate" and in the last nine years but \$132 had come in, so that bills to the amount of \$1,000, unredeemed, had probably been lost or destroyed and were unlikely to be presented. Hence this amount had been entered on the credit side of the Profit and Loss Account. The so-called "second issue" which started in the year 1835, had not been called in, although most of the bills had been destroyed. This issue was larger than the first. The Cashier expressed the opinion that \$1,500 of the amount would never be claimed. Although these amounts could not be made available at the time, it was ventured they might, with propriety, be counted upon as a proper offset against any depreciation in real estate or other loss.

The quarter-century report concludes: "While we feel gratified at this, it becomes us in the extended condition of our institution to act with great prudence. Periods of prosperity are periods of danger, and managers of banks should never move with greater circumspection than when the great abundance of money presents strong inducements for the extension of the loan." This entry is characteristic in all ways, in temper and expression, of Mr. Congdon, who wrote it.

In 1876 the building in the rear of the banking houses was bought of I. H. Bartlett, Jr. in conjunction with the Mechanics Bank. The banks then occupied the second story of the newly acquired property. The Merchants Bank paid sixty percent of the cost and the Mechanics,

forty, the Merchants' share of the expense being six thousand dollars.

In 1890, the Merchants National Bank arrived at a decision so revolutionary that it caused a convulsion among the business men of the city. It decided to abandon the banking centre on Water Street, which had been the Wall Street of New Bedford for a century, and move "up town." For more than a hundred years the sea was the source of wealth, and banks were located in the neighborhood of the counting rooms of the merchants on the water front adjacent to the wharves where the ships fitted and where the cargoes of oil were unloaded and stored and from whence the oil was shipped. Here, too, were the kindred industries — the ship yards, the sail lofts, the boat shops, the block makers' shops, the blacksmiths' shops where whaling irons were forged — all the crafts connected with the whaling business.

The town was very long in realizing that the whaling industry was doomed. When petroleum was discovered, the merchants resisted the new product with desperation.

The rapidity with which big business deserted Water Street on the announcement of the decision of the Merchants National Bank to move uptown, was startling. There was an exodus of the entire business outfit following in the wake of their Merchants institution. Everybody realized it was a policy of wisdom, once the Merchants Bank blazed the trail and showed the way. The old neighbor of the Merchants Bank, the Mechanics, took a twenty-year lease of the store at the southwest corner of Purchase and William Streets, which had been a drug store for many years, originally occupied by William P. S. Cadwell, a famous apothecary, and later by Frank R. Hadley. The eagerness to get away from Water Street assumed the proportion of a panic.

The Liberty Hall building was allowed to stand for awhile. In May 1892, a committee of six, to include the President and Cashier, was appointed to erect a modern building upon the newly acquired property. Messrs. Bartlett, Wing, Tripp and Church of the Directorate were appointed. Chapman & Frazier were selected architects. The building contract was awarded Norcross Brothers.

The following entries appear:

"Meeting of Directors, December 14th, 1894. Present, Messrs. Allen, Bartlett, Kingman, Church, Homer, Tripp and Akin.

"After the usual meeting of business, the conversation turned on the fact that this was the last meeting of this Board in these banking rooms, as our new building and banking rooms were now completed, and it was the intention to occupy them on Monday next, 17th inst., for future business purposes.

"H. C. W. Mosher, Cler."