

And You Can Take That To The Bank -

by Lynne Belluscio

I had always assumed that the brick vault room at LeRoy House was used just to store papers and not money, but now I think otherwise.

The vault was part of the land office and LeRoy did not have a bank until 1838. Up until that time, it would have been necessary to have a secure place for specie (gold and silver) and bank notes which served as paper currency. Since Jacob LeRoy served as land agent, it makes sense that he would need a vault.

The iron doors were long ago removed and I suspect that there were bars and iron shutters on the window. At some time a doorway was carved on the North side of the vault and we know that in the mid 1800s there was a spiral staircase that came down from the second floor into the vault.

Walk-in vaults were not uncommon. The Masonic Temple building, recently torn down, had a large walk-in vault. The Shiloh Building on Church Street has a huge vault and the Jell-O factory building has a vault. Of course the bank buildings in LeRoy had vaults and Pontillo's Pizza which is in an old bank building has a vault. The first bank in Genesee County was chartered in Batavia in 1829, but after the financial crash in 1837 and the closing of all the banks in New York City, the banking laws in New York State changed.

Before 1838, the banks were in effect, monopolies, controlled by politicians and businessmen who sought high profits and the opportunity to use bank funds for



special investment opportunities. In 1827, the legislature prohibited bank directors from several practices that made depositors' money vulnerable. First the directors were prohibited from borrowing more than one-third of the capital. They could no longer pay dividends except from the profits. And the banks could no longer operate until all the capital had been paid in. The maximum interest was fixed at 6 percent and total debts could not exceed three times the paid-up capital – exclusive of the gold or silver that they had in their vaults. The new regulations certainly give an indication of the abuses that had been taking place. Even with the new regulations there were gross abuses.

In 1829, the legislature established a "safety fund" which required each bank to pay into the fund 3 percent of their capital. In

addition, the state appointed three commissioners to supervise the system, but the commissioners were corrupt and eventually two state senators were charged with improper conduct. There was an attempt to overthrow the control of the Democratic politicians in Tammany Hall. The group called itself the Equal Rights Party and when they finally had a majority at a meeting, the old guard politicians turned off the gas and extinguished the lights. This diversion had been tried before and the Equal Rights Party was prepared. They all carried the new friction matches called "locofocos" and soon the room was alight.

The following day, the Equal Rights Party became known as the Locofocos and the *LeRoy Gazette* and the *Genesee Gazette* carried many stories about the Locofocos. The financial crash of 1837 was blamed on the Democrats. As result William Seward was elected Governor of New York in 1838. Almost immediately the Free Banking Act of 1838 was authorized and anyone with enough capital could apply for a bank charter.

In LeRoy a group of businessmen were able to raise enough capital to form a bank. The directors were Israel Rathbone, Miles P. Lampson, John Lent, Elisha Stanley, Samuel Skinner, I.N Stage, A. Wilcox, Marshall

Smead, Lucius Parks, J.C. Ferris and Noah Starr. Israel Rathbone served as its first president and John Lent was vice-president. Miles Lampson was the cashier. The *LeRoy Gazette* in January 1839 laments "Banks Banks Banks" It is doubtful which is likely to prevail the most this winter, the Mulberry mania (a reference to the silkworm craze that hit the nation which encouraged farmers to raise silkworms on mulberry leaves) or the Bank mania. Every little Village in the County is to have at least one and some two or three Banks.

In this County, Batavia has one beside the old Bank of Genesee; Attica has one, G.B. Rich President; LeRoy has two, J. Rathbun President, M.P. Lampson, cashier, and S. Skinner, Attorney of the one – the officers of the other have not yet been chosen. Alexander has one, Warsaw and Perry are each taking measures to create an organization and how many more we do not know."

I have searched the *Gazette* for more information on the LeRoy bank, but have not found anything. Eventually the Genesee County Bank merged with the First National Bank of LeRoy in 1864. Miles Lampson died and his son William became the president and the bank became known as the Bank of LeRoy.



ncrocker@nothnagle.com
www.nothnagle.com
1-800-295-2797 PC#

570 East Main St.,
Batavia, NY14020
585-343-6750, x109 Office
585-768-6129 Home
585-314-7982 Cell
585-343-8502 Fax



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