

Why Jacob Left LeRoy

by Lynne Belluscio

It certainly seems that the financial gyrations of today are not so much different than those 170 years ago.

In 1835, Jacob LeRoy and Herman Redfield were negotiating for the purchase of all the remaining unsold property of the Holland Purchase in Orleans, Niagara, Genesee and Erie Counties. The land was to be purchased at \$2 per acre and the contracts, bonds and mortgages were to be purchased at 20% to 23% discount. One fourth to one half of the purchase price was to be paid within one year and the rest in six annual installments.

Redfield and LeRoy represented the Farmers Loan & Trust Company. (The Farmers & Loan Company was originally chartered in 1822 as the Farmers Fire Insurance and Loan Company. It was merged and bought out several times and exists now as Citibank.) The Farmers and Loan Company wanted to overtake its major rival, the New York Life Insurance & Trust Company. The latter had been linked with the Holland Land Company and they had been denounced in the political campaign in 1834. The New York Life Insurance Company was blamed for crushing the economy with ramifications that trickled down to a lot of small businessmen and farmers. There was concern that the state legislature would curtail business transactions of the large loan companies. (Does any of this sound familiar?)

LeRoy and Redfield, on behalf of the Farmers Loan and Trust had to work in a hurry and accepted a counter. The new terms were 50% of the purchase in cash and the remainder in two years. The contract was signed December 25, 1835 for \$2,282,382.63. Most of this was for contracts and outstanding mortgages.

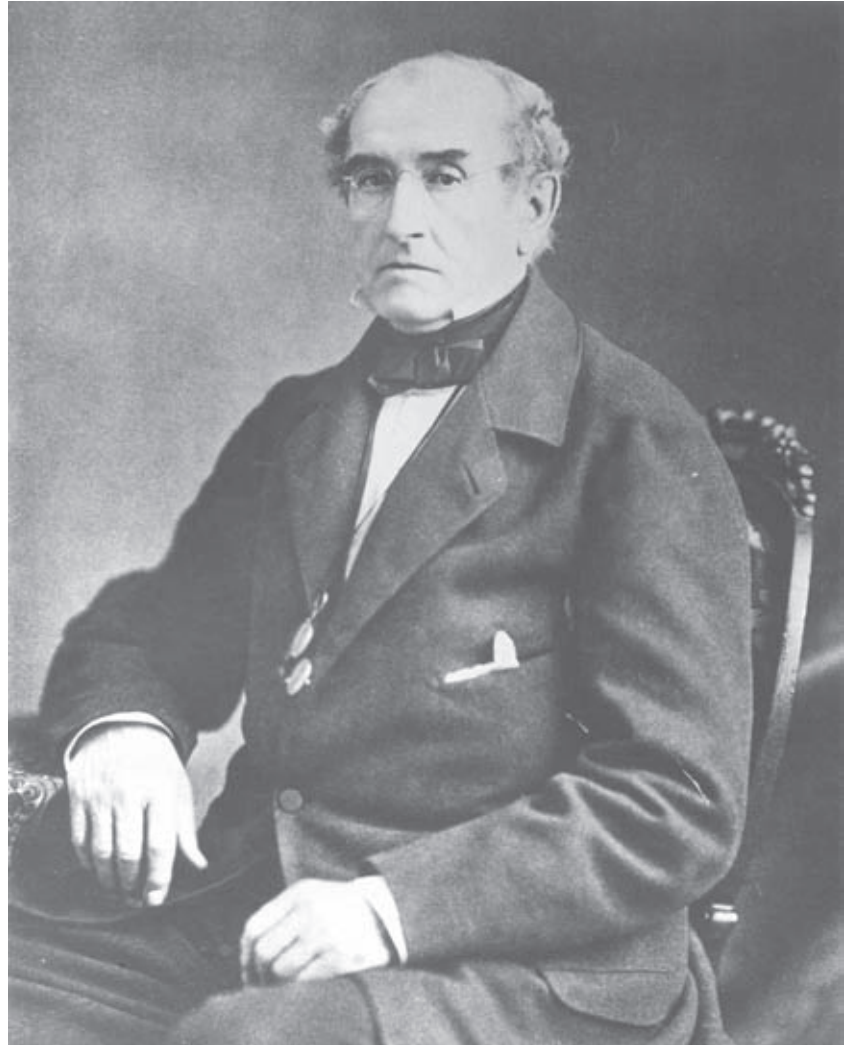
In the four counties there were but 50,000 acres of unsold land and 39,000 acres held under expired contracts. But LeRoy and Redfield planned for some changes. The Holland Land Company had been lenient. Many settlers had not been making payments on their land and

had not renewed their contracts. LeRoy and Redfield announced that there would be no reduction of the original contract price. Contracts could be renewed within six months, with 1/8 of the new purchase price as down payment and the rest payable in ten annual installments at 7 percent.

In all cases where the amount due was less than \$3 per acre, the new price was \$4. If the acreage price was between \$3 and \$5 there would be a \$1.50 increase. Over \$5 and less than \$8, the increase was \$2 an acre and over \$8 the increase was \$3. These were huge increases and became known as the "Genesee Tariff." The bad news spread like wild fire.

In Chautauqua, where another group of businessmen had bought up the unsold land of the Holland Land Company, a thousand settlers, afraid that they would be under similar increases as the "Genesee Tariff", gathered in Mayville at the land office. They stormed the land office in protest. News of the unrest spread north to the lands held by Redfield and LeRoy. It was feared that the disgruntled settlers would come to Batavia. In preparation of an attack, the papers from the land office were moved from Batavia to Rochester.

Later, two strong block houses were built to defend the land office and an appeal for aid was sent to Gov. Marcy. He ordered the transfer to Batavia of a large quantity of munitions from the Canandaigua arsenal. In the midst of this, protest meetings were held in Buffalo. Eventually, the situation began to improve. As calmer heads prevailed, it became apparent that the modified terms outlined by LeRoy and



Redfield were not as oppressive as first thought. Payments were resumed and business continued as before. The Farmers Loan and Trust Company completed its payments nearly on schedule at the end of 1837.

Early in the summer of 1838, the Holland Company's interests

were closed in Niagara, Erie, Orleans and Genesee Counties. Considering Jacob LeRoy's part in this unpopular economic venture in Western New York, it is perfectly understandable that he moved from LeRoy to New York City, never to return.

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