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Paying for the Dreams **A Short History of Banking in Rochester**

by Gerard Muhl





Above: Young Thurlow Weed, a printer's assistant, was sent to Albany by Nathaniel Rochester and Elisha Strong to lobby for a charter for the Bank of Rochester, Rochester's first bank. He later recalled that the charter cost only \$1000 while a New York bank paid \$200,000.

Cover: Industry and thrift were virtues encouraged by Charles Finney in his revivals in the 1830's. The Rochester Savings Bank was founded on these virtues. It did not accept large deposits, but encouraged the working man to save. (Courtesy of Rochester Community Savings Bank).

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The Rochester Savings Bank was founded in 1831. The bank building on West Main Street was impressive.

Paying for The Dreams

On July 4, 1812 Hamlet Scrantom moved into his newly built log home on lot number one in Nathaniel Rochester's hundred-acre tract and became the first resident of what would be incorporated as the village of Rochesterville five years later in 1817. A small part of the forest was cleared, water power waited to be tapped for flour mills, and roads and bridges were planned. In fact, Rochester was just lacking one ingredient to become America's first "boom town," that ingredient being money. How would the dreams be paid for?

In 1817 a group of prominent citizens pledged the then near astronomical sum of \$500,000 as capital towards the founding of a local bank. Delegates were sent to Albany to attempt to secure a State Charter but were soon to run up against the successful lobbying of the Batavia Bank and the Canandaigua State Bank. Undaunted by this setback, Colonel Rochester, who had founded the first bank in his old home

town in Hagerstown, Maryland, wrangled his way on to the board of the Bank of Utica. Almost immediately that bank sent an agent to the new town on the Genesee to conduct the necessary financial business although at long distance. Thus Ebenezer Ely was to become Rochester's first banker.¹

In 1821, 1822, and 1823 the Republican Rochester again applied for a bank charter, but was rejected by the Federalists in Albany and their allies in Canandaigua. Being a member of the wrong political party was a definite disadvantage in the banking world.²

By 1824 Rochester had nearly 11,000 residents and the need for a local banking house was apparent. At the urging of Elisha B. Strong and Nathaniel Rochester the Bank of Rochester was organized with a capital of \$250,000. To secure the necessary State Banking charter Rochester hired Thurlow Weed, the 27-year-old editorial assistant to village printer Everard Peck, to represent bank interests in Albany. Judge Strong made friends with the Canandaigua money interests who dropped their opposition, and thus Weed could begin his day and night lobbying effort in Albany. In Weed's autobiography he notes that of over twenty bank charter applications submitted that year, only Rochester's and two New York City banks, were accepted.³ The city banks bought their charters according to Weed—the Fulton Bank of New York paying a political "donation" of \$200,000 to U.S. Vice President Daniel D. Tompkins and the Chemical Bank making similar pledges. The effort to charter Rochester's first bank he proudly conceded cost under \$1,000—most of that going to a "legislative banquet." Weed later went on to become the dominant force in New York State's Whig Party guaranteeing the Electoral College's choice of John Q. Adams for President in 1824.⁴ As part of the triumvirate of Horace Greeley and William Seward he went on to help form the new Republican Party.

Colonel Rochester, as board president of the new Bank of Rochester attempted to encourage "eastern money" to invest in the city. This policy ran into conflict with Judge E. B. Strong who was obliged to favor Canandaigua money. A compromise gave Rochester his way but with the stipulation that he resign his board presidency after one year. An election was then held and the middle-of-the-road candidate Levi Ward defeated Rochester's son-in-law Jonathan Child.

In 1828 the Bank of Rochester declared its normal dividend of the percent plus an extra nine percent to its stock holders.⁵ Business was good but all parties concerned realized that the capital of one bank was insufficient for the expansion of credit necessary to fuel a rapidly de-

veloping village and to service the credit needs in the land speculation business. Petitions were sent to Albany urging the creation of more banks to help the area out of the recession of the mid-1820's. As a cause of concern, it was noted that in Rochester in 1828 there was about one imprisoned debtor for each ten families.⁶ Opposition was dropped by the Bank of Rochester, and in 1829 a second bank was chartered as the Bank of Monroe.

After the 1830 religious revival preached by Charles Finney, evangelicals sought to establish institutions to encourage workingmen to reform themselves and to sustain those who reformed. Thus in 1831 wealthy church members founded the Rochester Savings Bank to encourage thrift and personal discipline.⁷ Large personal accounts were not accepted although seed money for the new institution was accepted from the Canandaigua bank.⁸ Rochester's three banks also benefited from the state's decision to deposit area canal tolls in local banks. In 1832 Rochester bank capital was thus increased by over \$280,000.⁹

Banks were not the only local institutions supplying the needed development capital. In 1827 the Monroe Fire Insurance Company was advertising available loans. New York Life Insurance also began offering loans locally in 1836.

The potential for economic investment in Rochester did not go unnoticed outside the area. Thus it was that in 1836 a group of New York City investors, with a liberal input of funds by John Jacob Astor, opened the Rochester City Bank that would last until 1887.

In 1837 Rochester began to slip into a financial depression that would last well into 1842. Within that time over \$150,000 in businesses would fail. The new Bank of Western New York, overinvested in Georgia lumber, would fail taking nearly \$250,000 of investors' money with it.¹⁰ The three-year-old Farmers and Mechanics bank would also close its doors but would manage to reorganize and reopen before New Year's Day 1842.

The city listed 1,389 persons on direct relief in 1839 and it was operating a soup kitchen within the shadow of the rented City Hall. Churches and private individuals were also doing their part to lessen the suffering of fellow citizens.

It was at the beginning of the crisis that Rochester leaders realized that bold action would be required to weather the looming national slowdown. In fact, in May of 1837 when every bank in the City suspended specie (gold or silver) payments from bank accounts, a troop of State Militia was assembled near Brown's Square to be ready to stop violence at the banks if necessary.¹¹ (As an interesting aside, the *Roch-*



Freeman Clarke hosted elaborate parties in his home, the former home of Jonathan Child, first mayor of Rochester. This home on South Washington Street still stands today. Freeman Clarke founded his own bank in 1845.

ester Daily Advertiser noted many counterfeit fifty cent pieces in circulation on the same date as the specie payment suspension was mandated). On May 23, 1837 a special session of City Council was called to discuss the City's reaction to the economy. On the following day the Council voted to accept Alderman Van Rensselaer's proposal to issue non-interest bearing city scrip notes.

Before the depression ended, eight separate issues of scrip totaling \$59,200 were printed to pay unemployed city residents mainly working on public works projects. The scrip was accepted by the city in payment for taxes and assessments, and the Council hoped local merchants would also accept them. Most merchants took the bills but usually at a discount between two and four percent. The necessity of having a circulating medium caused local merchants to accept a wide range of paper notes. Edwin Scrantom noted in an 1838 diary entry:

My partners gained a new appreciation of the treacherous character of the circulating medium, which consisted of depreciated Michigan and Canadian paper, worth possibly 25% of Eastern

*banknotes of varied merits, and personal notes of the neighbors—hard either to refuse or redeem.*¹²

The following is a list of the notes issued by Rochester between 1837 and 1839 to meet its financial obligations:

1. May 24, 1837—\$6,000 in notes payable Feb. 1838 (2,000 @ 25¢, 4,000 @ 50¢, 1,000 @ 75¢, 1750 @ \$1.00, 500 @ \$2.00).
2. June 20, 1837—\$4,000 in notes payable June 1838 (600 @ \$3.00, 600 @ \$2.00, 1,200 @ \$1.00).
3. July 12, 1837—\$8,750 in notes payable July 1838 (5,000 notes in each of the following denominations—\$1.00, 50¢, 25¢).
4. Sept. 12, 1837—\$6,500 in notes payable Dec 1838 (2000 in notes in each of the following denominations—\$2.00, \$1.00, 25¢).
5. Oct. 3, 1837—\$3,750 in notes payable Dec 31, 1838 (1,000 notes in each of the following denominations—\$2.00, \$1.00, 50¢, 25¢).
6. April 17, 1838—\$10,000 in notes payable July 1839. No breakdown by denomination was given in City Council minutes.
7. June 26, 1838 due July 4, 1839—\$10,000.
8. March 26, 1838 due July 4, 1839—\$10,000.

By 1839 this colorful part of Rochester's early experiment in the issue of city scrip came to an end. By February 15, 1839 \$55,806 of the notes were redeemed and burned while small sums of city funds were periodically deposited in local banks to redeem the rest.

By the spring of 1833 the Rochester city "shinplasters" were meeting mounting resistance among the merchant class, while the city was able to successfully negotiate bank loans to pay its bills. Thus on July 24 a resolution passed City Council ending the issue of any new notes except those needed to finish reconstruction of the Buffalo Street (Main St.) Bridge damaged by flood in 1837.

An interesting service of most of Rochester's early banks was the issuance of their own distinctive paper currency. (The national government did not begin issuing its own regular paper money until the Civil War). Before such local bank currency was taxed out of existence by the federal government in 1863, sixteen area banks issued notes. Gods and goddesses fluttered from the notes. Scenes of rural contentment were popular subjects, as were portraits of the bank founder and president. Most were issued in demoninations of \$1, \$5, \$10, and \$20 notes. Four denominations from sixteen different banks would give the average merchant a possible choice of sixty-four bills from Rochester alone—not to mention a multitude of notes from neighboring towns and even

from out of state.¹⁴

Rochester banks had a reputation of fiscal conservatism and soundness at this time and their paper money was accepted at par with gold and silver. This fact was noted by an unscrupulous printer somewhere out of state. Capitalizing on the Rochester name he engraved plates for, and began printing banknotes under the name of the "Canal Bank of Rochester." The bills were most likely artificially soiled in tea and folded many times to give them the look of having been passed through many hands on their way from Rochester to the out-of-state location. Dated 1840, they no doubt were printed and passed much later to again give them the air of authenticity that they had seemingly been accepted for years. In the 1850's, lists of counterfeit monies began to circulate throughout the northeast but by then the bogus "Canal Bank" had taken its toll of unsuspecting merchants.

Between 1839 and 1845 six new banks opened their doors in Rochester. Frequently they kept odd hours—being open only in the evenings or two days a week. They more often than not were in rented rooms on the second or third floors of local buildings. One new bank advertised its location as being above a grocery store.

One of these new banking institutions was not so much remembered for its official function as for the elaborate Third Ward parties thrown by its founder and president Freeman Clarke. Clarke bought the Washington Street mansion of Jonathan Child in 1845 after the teetotaling ex-mayor moved to Buffalo. Before the end of the year he opened the Clarke Bank. Perhaps some of the festivities had the desired effect on local State Legislators in rushing the charter through Albany.¹⁵

In 1857 an economic panic again hit Rochester and the nation. In October of that year all New York City banks suspended payments in gold and silver. Rochester suspended such species payments the following day. By the end of the following year the Rochester private banking houses of Belden, Keeler and Company; Brewster and Company; and Lester's Banking House were forced out of business.¹⁶ Fortunately for the city and its residents, no major state-chartered bank went under. To support its citizens during this time of economic stress the city initiated a series of major public works and bridge rebuilding projects. The city's economy would, however, remain in recession until 1861.

With the firing on Fort Sumter in April of 1861 the Civil War began and all local banks chipped in to do their part to reunite the nation. Thousands of volunteer soldiers were needed, but since county quotas were not always met, money bonuses were authorized to every able-bodied man coming forth. To raise the initial money to pay the bonus-



All of the banks in Rochester pledged their full support to the war effort. They gave special loans to industries gearing up for war and they sponsored bond drives.

es, Monroe County borrowed \$100,000 from Rochester Savings Bank.

Other banks were also called upon to extend credit to the city during the war. In 1862 Director Freeman Clarke of the Monroe County Bank called upon the Union Bank Note Co. of Newark, N.J. to print bank notes in various denominations—some as low as five cents. These notes were then countersigned by the City Clerk and City Treasurer and loaned to the city. They circulated on the full faith and credit of the bank and of the city, but apparently not to the best regard of city merchants. In July of 1862 nearly 75 merchants petitioned City Council against the use of “shinplaster” currency.¹⁷ They said, that they would receive and pay specie at 8% over paper money. Before the end of the war, however, that 8% inflated to over 40%—if gold and silver could be found at all. Rochester City Bank led the way in 1864 in applying for a National Charter and was soon to change its name to the First National Bank of Rochester. In 1872 the First National Bank bought out the Clarke Bank and once again became a State Bank. National banknotes of later issue appear to be nearly identical to U.S. notes, but with the name of the issuing bank printed on the front. These “localized” banknotes were issued up until 1935 and still occasionally turn up in change.¹⁸

During the Civil War, with the suspension of government payments in gold and silver and paper money being made legal tender, a number of people began hoarding all coins containing precious metal. Coins from the lofty \$20 gold piece to the lowly silver three cent piece disappeared from circulation virtually overnight. Following Gresham's Law that bad money will drive out the good, people hid their change as a hedge against inflation and a possible devaluation of the currency so often a fact during times of war. If you were a merchant in Rochester in 1861 or 1862, however, how could you make change?

Rochester citizens always willing to rise to the need of the situation with creative solutions began using postage stamps as small change. When these proved to be too messy and often stuck together merchants would encase the stamp between a clear piece of mica and a brass backing and create their own "coin." Such encased postage stamps would also carry an advertisement of the company issuing it. Local bankers, such as Daniel Powers of the Powers Bank, also issued currency in denominations as low as ten cents. The government came to the rescue in March 1863 when it began issuing paper currency of its own in fractions of a dollar.¹⁹

When the war ended several new millionaires were added to the social roster of Rochester society. New banks were created to invest war profits. Mechanics Bank (1867) and East Side Savings Bank (1869) were formed. Both eventually merged with Community Savings. The Rochester Safe Deposit Company (1868) was chartered and would become one of the parent financial concerns to consolidate with the Lincoln Bank.²⁰

But early local banks were not without their problems. To forestall a run on his year-old bank, Daniel Powers in 1869 piled over \$800,000 in greenbacks in his corner window in the Powers Building. Public confidence was so bolstered by this Barnum-like act that besides stopping the run, new accounts began to pour in. In fact, Powers was soon able to add the sixth floor addition to his building.

In 1871, private banker George J. Whitney was forced to close his doors having been caught overextended in his speculative buying of railroad stock during the Jay Gould—Cornelius Vanderbilt stock war. Two Rochester businessmen were reported to have shot themselves over the same problem.²¹ Then came the stock market crash of September 20, 1873 (Black Friday) when the international banking house of Jay Cooke toppled under the weight of nearly worthless Northern Pacific Railroad stock.²² Officers of Rochester's Farmers and Mechanics Bank were caught using bank credit to finance their own private speculation. To cover their losses in railroad stock they attempted to get the

Monroe County Treasurer to deposit public funds in their bank. When this scene failed too, the bank suspended operations in May of 1874.

In 1879 City Bank President Charles Upton was convicted of stealing \$330,000 from his own bank. His conviction led to his suicide and the demise of the bank three years later. Even Rochester Savings was not without its problems when a disgruntled clergyman's widely reported sermon in 1877 caused a three-day run on the bank. The apparent calm of the bank tellers at closing out accounts slowed the run to a trickle. Soon cooler heads prevailed and depositors began returning with money in hand.²⁴ The federal government in 1879 also helped regain lost confidence in the currency by beginning to redeem its bonds and to pay its debts in gold. Tax reductions also helped the economy.

With the influx of immigrants into Rochester in the 1880's and 1890's a number of ethnic groups set up local loan and aid societies. Two of these, founded by the German community, were to endure and expand to become part of the city's largest banks today. In 1884 the assets of the Second Bank of Rochester were taken over by a board headed by Frederick Cook, Henry Bartholomay, T.W. Whittlesey, and Frederick Goetzmann. Their new bank was called the German American Bank of Rochester. Aggressive advertising and innovation allowed them to triple their deposits in five years. This bank merged with the Flour City Bank in 1906, and a few months later the Commercial Bank was absorbed, the name changing to the National Bank of Rochester, the predecessor of the Lincoln Bank.

The year 1884 also saw the founding of the Columbia Banking Savings and Loan Association. A group of Germans pooled their funds and rented a room in the Florack's Hall neighborhood center on Gregory Street. From that humble beginning Columbia Banking Federal has grown to have assets of over one billion dollars.²⁵

As federal bonds were redeemed after the Civil War National banknote currency was also retired. Currency shortages prevented the much needed expansion of the economy in the 1890's and the nation slipped into possibly its worst depression ever. Salaries were cut, factories closed, while thousands moved in with relatives or to cheaper homes in the rural areas. Military reserve units in Rochester were called up to protect against strike-related violence in neighboring cities. Local businessmen petitioned to have an armory built in the central city.

The economy recovered slightly under McKinley and Roosevelt, but began slipping once more in 1906-07. So many tax payments were late that the city of Rochester considered issuing scrip money to meet its payroll. The Clearing House which was established in 1890 was to administer this program. Notes were printed, examples of other cities



Daniel Powers built his bank on the site of the Eagle Hotel Building at the corner of Main and State Streets. Powers displayed 800,000 dollars in his window to head-off a run on his year old bank in 1869.



Daniel W. Powers



Daniel Powers built this building of cast iron and advertised it as fire-proof. He was greatly disturbed when he learned that cast iron buildings had perished in the great Chicago fire. He became a supporter of the Holley system rather than opposing this high-pressure firefighting water supply. This building housed the Powers Art gallery until Power's death in 1897.

with similar programs were reviewed, but when area merchants heard of this proposal their hue and cry put a quick end to its chances for success.²⁶ The scrip program was cancelled. Instead, the city encouraged industrial fairs and advertised the slogan—"Rochester Made Means Quality" to help local firms get back on their feet.²⁷ Rochester's economy, and that of the nation began improving markedly after 1907.

In 1908 Congress passed the Aldrich-Vreeland Act that would allow banks to issue additional notes if circumstances demanded it. In 1913 the Federal Reserve Act created a more orderly method for regulating the nation's money supply.

World War I led to the boom economy of the twenties and all the local papers were predicting prosperity for decades to come. Even the stock market crash of 1929 was viewed by many as a temporary setback. Rochester banks weathered the storm better than banks in many cities since they had heavily invested in local blue-chip firms. Although bank dividends were cut, most Rochester banks were able to declare a dividend even in the darkest years of the depression. No Rochester city bank failed during the thirties.²⁸

Each year from 1930 on, President Hoover predicted times would be getting better the following year. Each year the economy sagged lower. In 1930, 1,352 banks failed nationwide. In 1933 that figure jumped to 4,004. And, this was a time at which almost no accounts were insured. The prime rate hovered around 1% and yet there were few takers for loans. Then came the Franklin Roosevelt administration.

Inauguration day was March 4, 1933. On Sunday, March 5, the new president announced that all banks throughout the country would be closed until federal inspectors could certify their soundness. Faith in the nation's financial institutions had to be reestablished.

In a small room in the Powers Building an emergency meeting of the Rochester Clearing House was called. William Durand, acting as chairman, called for suggestions as to how its many checks could be cleared daily without access to the banks. The suggestion was made and unanimously passed that the Clearing House would issue its own "scrip" to act as a medium of exchange for the interim. Frantic phone calls were made to Washington and Albany and confirmation that the new currency would be legal was received the next morning. The Todd Company on University Avenue was called upon to submit a prototype of the scrip on Monday morning and by noon that day over \$4 million of the new notes were ordered. Incidentally, Selma, Alabama; Boston, Massachusetts; and Binghamton, New York also placed orders for scrip on that same day.

Under extremely heavy security scrip currency began arriving on March 7th. By the 10th the City was able to meet its payroll in scrip. Merchants accepted it at par. The newspapers, however, were flooded

with questions concerning the "funny money." The papers reported that students at the University of Rochester had never eaten so well as during the Bank Holiday since the student union was for the first time accepting checks in its food line. The Friday night junior prom at the University advertised that it would take scrip or I.O.U.'s.²⁹

During the bank holiday, Meyer Jacobstein, President of the First National Bank and Trust Co., was called to Washington to confer directly with F.D.R. and his "brain trust." Upon his return to Rochester he became one of the strongest advocates in banking circles for the New Deal. A moderate inflation of the currency no longer seemed a problem to him.

By March 14th all Rochester city banks had been given permission by the federal bank board to reopen. Nearly all of the \$2 million worth of the scrip currency actually issued was redeemed by the end of the month. The episode might now have been completely forgotten except for many one dollar scrip notes that were kept as souvenirs. Few people could afford to keep a ten or twenty dollar note and thus those are rare in collections today.

To maintain solvency during the hard times of the 1930's a number of smaller financial institutions turned to mergers. In 1934 the Equity Savings and Loan joined assets with the Twentieth Ward Cooperative Savings and Loan to become the First Savings and Loan of Rochester. In 1939 Profit Savings and Loan joined the association and First Federal Savings of Rochester was born. The 1974 acquisition of Buffalo's Homestead Bank, of Ithaca Savings, Central Savings of Albany, and Fair City Savings of Syracuse completed First Federal's banking empire.³⁰

A rather colorful banking event happened in the 1930's. In 1932 Mechanics Savings opened a new office on Exchange Street. As a publicity stunt, Ollie Olsen, a comedian then playing the New R.K.O. Palace deposited ten dollars with the stipulation that it remain there for 150 years gathering interest. After that time it was to be turned over to the Mayor for charity. I wonder if the computers at Rochester's Community Savings, the new name of Mechanics Bank after 1944, can figure how much the Mayor will get in 2082 A.D.³¹

A small article in the March 10, 1938 news noted some bank-related construction on Stone Street. The first two floors of the Lincoln Bank (Manufacturers Hanover building now) were cooled in the summer by an elaborate system that pumped thousands of gallons of water through its walls every hour. With a summer drought facing Rochester the bank began drilling a water well to augment the city's mains.³²

The outbreak of war in Europe in 1939 had immediate and long-



The Rochester Federation of Womens' Clubs waited in line to join the Liberty Loan parade during WWI.

range repercussions in Rochester. Additional defense orders dispelled the last traces of the depression and enabled the community to respond with unprecedented generosity to successive appeals for war relief. While the frightening reports from the battle front created an increased interest in home defense, most of the expressions of neutrality began giving way to all-out sympathy for the Allied cause.

Early in 1941 the federal government approached the local banks in an effort to sell three issues of Liberty Bonds to help build the country's defenses. On the first day of sales Rochesterians snatched up over \$300,000 worth. By the time the United States entered the war local banks accounted for sales of over \$16 million. That is an average of \$413 for every resident of the city. (Syracuse's per capita bond sales for the same period were \$202 and Buffalo's were \$242.)³³

On December 29th, 1941 the first of many bank-sponsored war advertisements appeared in the local press.³⁴ Security Trust offered businesses loans to help local industry gear up for the war. Soon all the banks in town had pledged their full support for the war effort, some even going so far as to work with local plants in negotiating government military contracts. In 1942 every bank entered a float in Rochester's War Week parade.

Although the Federal Reserve through the War Board had curtailed much of the small loan activity of the banks they more than regained these losses through bond sales and major loans to businesses.

Bank sales of War Bonds not only supported the war machine, but also helped dampen threatened inflation. Had Americans attempted to spend their war-swelled paychecks on consumer goods instead of bonds, the greater demand for those products would have raised prices well above the 77% inflation rate caused by World War I.

Already by the beginning of 1945 the Chamber of Commerce magazine was entering into the debate of what post-war Rochester would be like. How could employment be kept high.

The Rochester economy made a surprisingly quick reconversion to civilian production. Financial transactions at the local Clearing House soared in 1946 to a new high. Local business indices, which dropped slightly because of the coal strike that winter, began to climb again the next May and reached an unprecedented height by February 1948. The end of 1948 and early 1949 showed a slackening in business output, but the outbreak of hostilities in Korea sent the index pushing up again.³⁵

The year 1945 was the culmination of over twenty different bank mergers over a one hundred year period to form the Lincoln Rochester Trust Company. With assets of \$102 million in 1940 it became the areas largest bank with over \$233 million by war's end.



Col. Nathaniel Rochester founded the first bank in Hagerstown, Md., his home town in 1807. He and Elisha Strong organized the first bank in Rochester in 1824.

Community Savings was formed from a merger of Mechanics Savings and East Side Savings in 1944.³⁶ Ten years later in 1954 Union Trust merged with Genesee Valley Trust, and the area progenitor for Marine Midland Banks came into existence. In fact, if you look closely at the old Marine Midland office at the Four Corners you can still make out the name of the older bank. The year 1954 was also a milestone in local banking. For the first time the combined assets of all area financial institutions topped the one billion dollar mark.

Rochester became a metropolitan area in the 1950's. People rushed on the new expressways to build in Greece, Gates and Webster. The first section of the thruway opened from Rome to Rochester in 1954. Emil Muller was in neck-to-neck competition with Joseph Vasile to open eleven new shopping centers in the ten year period. Area banks handled most of the financing.

But the banks had not given up on downtown. In January 1958, Columbia Banking opened its remodeled quarters on East Main Street. In June the new Community Savings Bank at Main and Clinton Streets was dedicated, and through the summer, progress continued on Central Trust's new building on Exchange Street. This was merely the start of downtown's face-lift encouraged and initiated in a big way by area banks. Chase-Lincoln, Marine Midland, and Security-Norstar's gleaming towers attest to a faith in downtown.

One of the newer banks in the city is Goldome with its main offices in the Reynolds Arcade Building. With the sponsorship of capital from the Amalgamated Clothing Workers Union the bank was chartered in 1965 as the General Federal Savings and Loan. Its one office was in Irondequoit. In an effort to better serve its depositors and to broaden its scope of operations, General negotiated a merger into the New York Bank for savings in 1977. It now went under the name of Genesee Savings—the "Beehive Bank." In March of 1982 the New York Bank merged with Buffalo Savings and all banks within the system took the name Goldome.³⁷

Mergers, increased services, and widened geographical areas, are the banking message of the 1980's. Norstar, Chase Lincoln, Key, Empire, and Irvine Trust are new names on the local banking scene. Whereas in the 1950's banking was spreading to the suburbs, it now is beginning to encompass the nation and, through electronic computerized banking, the whole world. Money deposited in Rochester may bloom as a hotel in California. A loan to a third world nation to buy heavy machinery may result in increased orders at the Gleason Works.

Banking in Rochester has come a long way since the granting of its



Scrip was issued in 1933 by several banks and honored by local retailers. The banks were closed for a "bank holiday" in 1933 so that Franklin Roosevelt could check the soundness of each bank.

first state charter in 1824. It has been a steady and dynamic evolution to meet the needs of the times and to allow Rochester to grow from a backwoods town to a metropolis. The future no doubt will witness many changes, but all will remember those early pioneers that made it possible.



The sale of liberty bonds were an important activity of banks during the First World War. The committeemen pose outside of Liberty Loan headquarters. The women are unidentified.

Footnotes For "Paying for the Dreams—A Short History of Banking in Rochester"

1. Dillistin, William, *Historical Directory of the Banks of the State of N.Y.*, N.Y. State Bankers Assoc., N.Y., 1946. p. 220.
2. Miller, Nathan, *The Enterprise of a Free People*, Cornell University Press, pp 156-157. In 1830 the National Bank of N.Y., through its director William James, Jr., urged the State Comptroller, Azariah Flagg, a fellow Democrat, to insure the public's subscription of the banks stock by guaranteeing state funds would be deposited in the bank.
3. Weed, Thurlow, *Autobiography*, Houghton & Mifflin, Boston, 1883, p 106. As an interesting aside, Weed noted that he was a bit upset to leave Rochester where on every summer afternoon he had played baseball with a team organized by Frederick Wittlesey. Wittlesey came to Rochester from Cooperstown in 1823.
4. In the election, Bank of U.S. director Nicholas Biddle also supported Adams with a campaign pledge of \$50,000 thus earning the enmity of Jackson towards Biddle and the bank for at least the next 10 years.

5. McKelvey, Blake, *Rochester: the Water Power City*, Harvard University Press, 1945, p. 200.
6. Newspaper, *Working Man's Advocate* March 27, 1830. It must be noted that soon after that statistic was published a convention of the Friends of Liberal and Moral Principles bought the freedom of all debtors in the jail, p. 354. Dixon Ryan Fox, *The Decline of Aristocracy in the Politics of N.Y. 1801-1840*, Harper Torchbooks, N.Y. 1965.
7. Johnson, Paul, *A Shopkeeper's Millennium*, Hill and Wang, N.Y. 1978, p. 118.
8. Letter from Mark Sibley of Canandaigua to Ashbell Riley (bank director) of Rochester Savings Bank, April 4, 1833. Author's collection. It should be noted that in the year following the founding of Rochester Savings Bank that Director Riley was appointed to fill a vacancy on the Board of Health during a local cholera epidemic. Serving without compensation he personally assumed the task of burying most of the town's 118 victims and cared for others in a makeshift hospital in an old cooper shop.
9. Lecture notes from Strong Museum.
10. Letters of Freeman Clarke (L.A. Ward to Freeman Clarke, Rochester, Sept. 15, 1838). University of Rochester.
11. Rochester *Democrat*, May 15, 1837.
12. Edwin Scrantom Diary, December 8, 1838 as quoted in McKelvey, *The Water Power City* p. 219.
13. Information of Rochester 1837-1838, scrip came from hand written minutes of the City Council meetings. The Rochester Museum and Science Center has three specimens of the scrip in the Museum's collection.

One use for the city scrip other than for public works came in 1838 when the Canadian Schooner Caroline was attacked by armed men while it was docked at Carthage landing. The brigands attempted to sail the ship into Lake Ontario, but ran aground on a sand bar. Mayor Johnson, the following day, offered a reward of \$500 in scrip for the capture of those responsible for the attack.
14. From the unpublished researches of Arthur D. Cohen of Rochester. State notes before 1863 (Rochester Banks Issuing Currency)

Bank of Monroe	Flour City Bank
Bank of Rochester	Manufacturers Bank
Bank of Western N.Y.	Rochester Exchange Bank

Commercial Bank	Arcade Banking House
Rochester City Bank	Monroe Co. Bank
Union Bank	Perrin Bank
Eagle Bank	Powers Bank
Farmers and Mechanics Bank	Traders Bank

15. General biography of Freeman Clarke. Introduction to papers of F. Clarke, University of Rochester manuscript.
16. Rochester City *Directory*.
17. City Council minutes July 14, 1862. It is also interesting to note here that Freeman Clarke's expertise in currency matters was recognized on the national level. He was made the Comptroller of the Currency under Lincoln.
18. Friedberg, Robert, *Paper Money of the United States*, The Coin and Currency Institute, N.Y. 1975. For a discussion of National Bank Notes pp. 206-325.

The following Rochester National Banks issued currency after 1863:

Bank	\$ Amount of Currency Issued
First National Bank of Rochester 1864-1872	249,500
Farmers and Mechanics National Bank	96,250
Traders National Bank of Rochester	7,435,400
National Union Bank of Rochester	193,000
Flour City National Bank	2,220,700
Clarke National Bank	223,300
Commercial National Bank	567,420
National Bank of Rochester (Name changed to Lincoln National in 1909)	6,862,178
National Bank of Commerce	5,835,750
National Bank of Rochester (1924-1928)	3,807,860
First National Bank and Trust Company	1,664,470

19. Rothert, Matt, *A Guide Book of U.S. Fractional Currency*, Whitman Publishing Co., Racine, Wisconsin, 1963.
20. *Brighton-Pittsford Post*, Oct. 19, 1972, p. 7. An advertisement run by Lincoln Bank showed the 22 mergers necessary for Lincoln to become the corporate entity that it was in 1972. Mergers and buy-outs of out-of-county banks were not counted.
21. McKelvey, Blake, *Rochester: the Flower City*, p. 123.
22. Larson, Henrietta M., *Jay Cooke: Private Banker*, Harvard University Press, Cambridge Mass., 1936.

23. *Democrat and Chronicle*, Dec. 21-29, 1882.
24. *Evening Express*, Dec. 29-31, 1877.
25. *Columbia Banking Annual Report*, 1985.
26. The papers of William Durand, Director of the Rochester Clearing House, at the Local History Room, Rochester Public Library.
27. McKelvey, Blake, *Rochester History*, October, 1972.
28. The Hilton Bank closed but was able to reopen before the end of the depression.
29. Papers of William Durand in the Rochester Public Library, Scrapbook One.
30. McKelvey, Blake, *A Panoramic History of Rochester*, Rochester Chamber of Commerce, p. 198, Rochester, 1979.
31. Durand, op. cit.
32. Durand, op. cit.
33. McKelvey, Blake, *Rochester: An Emerging Metropolis*, Christopher Press, pp. 147, Rochester, 1961.
34. *Rochester Commerce*, December 29, 1941.
35. *Greater Rochester Commerce*, January, 1958.
36. McKelvey, *A Panoramic History*, op. cit. p. 226.
37. Interview with the bank officer, Main Branch, Anna Wight.

Gerard Muhl is a teacher in the Greece School District. He also co-wrote "St. Mary's Church" for Rochester History in October, 1982.

All photographs except the cover are from the Rochester Public Library.

Back cover: This poster encouraged readers of the Democrat & Chronicle to buy Liberty Bonds during WWI.

Copy edited by Hans Munsch.



AMERICANS ALL!

HONOR ROLL

Du Bois
Smith
O'Brien
Cejka
Haucke
Pappandrikopolous
Andrassi
Villotto
Levy
Turovich
Kowalski
Chriczanevicz
Knutson
Gonzales

Howard Chandler Christy, 1919

Victory Liberty Loan