

Bank of the Manhattan Company eBook

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Bank of the
Manhattan
Company

*Origin
history
Progress*

40 Wall Street
New York

[Illustration: *Present office of the Manhattan company
40-42 Wall Street*
Building erected jointly in 1884 by the Manhattan Company and the
Merchants' National Bank]

*Bank
of the
Manhattan company*

*Chartered*1799

A progressive commercial bank

[Illustration: *Chief of the MANHATTANS*]

40 Wall Street
new York

[Illustration: Common Seal]

On May 8th, 1799, the Committee of By-Laws reported “that they had devised a common seal for the Corporation, the description of which is as follows:

“Oceanus, one of the sea Gods, sitting in a reclining posture on a rising ground pouring water from an urn which forms a river and terminates in a lake. On the exergue will be inscribed ‘Seal of the Manhattan Company.’”

There are nine banks now in existence whose history reaches back into the Eighteenth Century. Of these, two are in Massachusetts, two in Connecticut, one in Pennsylvania, one in Delaware, one in Maryland and two in New York.

Corporate banking in New York began with the organization of the Bank of New York by Alexander Hamilton in 1784, which received its charter in 1792. For fifteen years this bank, together with the New York branch of the first Bank of the United States, were the only banks doing business in either the City or State of New York. With Hamilton and the Federals in control of the Legislature, new bank charters were unobtainable. This monopoly of banking facilities in the City and State was of great strategic value to the political party in control, and naturally aroused jealousy and resentment among the members of the opposition, whose leader was Aaron Burr.

[Illustration: *Excerpt from charter*]

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In 1798 New York City suffered from a severe yellow fever epidemic, which was attributed to an inadequate and inferior water supply. Upon the assembling of the Legislature in 1799, an association of individuals, among whom Aaron Burr was the moving spirit, applied for a charter for the purpose of “supplying the City of New York with pure and wholesome water.” With a capital of \$2,000,000, the project was an ambitious one for those days, and, as there was considerable uncertainty about the probable cost of the water system, a clause was inserted in the charter, permitting the Company to employ all surplus capital in the purchase of public or other stock or in any other monied transactions or operations, not inconsistent with the constitution and laws of New York or of the United States.

A great effort was made to defeat the charter on account of this clause granting the Company banking privileges. But the necessity for a proper water system, which could be procured only by the organization of a responsible company with large capital, carried it through the Legislature and it received the Governor’s signature.

[Illustration: *Form of Early stock certificate*]

The Bill was passed April 2d, 1799, and by April 22d books were opened for public subscription to the \$2,000,000 Capital Stock of the Manhattan Company, the par value of which was \$50. These original books are still in the possession of the Company, and contain the signatures of many of the prominent men of the time. By May 15th the entire amount had been subscribed by several thousand persons—the City of New York having taken 2,000 of the shares. The Charter provided that the Recorder of the city should be *ex-officio* a director of the Company, a provision which was in effect for 108 years, until the abolition of the office in 1907.

[Illustration: *Subscriptions of directors* Reproduced from original subscription book]

[Illustration: *Oath of first President*]

THE WATER SYSTEM

At the first meeting of the Directors, held at the house of Edward Barden, Innkeeper, on April 11th, 1799, the following Directors were present:

Daniel Ludlow,
John Watts,
John B. Church,
BROCKHOLST Livingston,
William LAIGHT,
Pascal N. Smith,
Samuel Osgood,

John Stevens,
John B. Coles,
John Broome,
Aaron Burr, and
Richard Harrison,
Recorder of the City of New York,
Ex. Officio,

the only absentee being William Edgar.

Daniel Ludlow was chosen President, and the following minute was made:

The principal object of this incorporation being to obtain a
supply of pure and wholesome water for the City of New York.

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Resolved that Samuel Osgood, John B. Coles and John Stevens be a committee to report with all convenient speed the best means to be pursued to obtain such supply.

[Illustration: *Old Wooden water mains*]

On May 6th, 1799, the water committee was empowered “to contract for as many pine logs as they may think necessary for pipes and also for boring the same.”

[Illustration: *Contemporary Cartoon*]

A number of wells were sunk, reservoirs and tanks built, and the distributing system extended generally through the city south of City Hall.

About 1836 the system was extended north along Broadway as far as Bleecker Street, and at that time the company had about twenty-five miles of mains and supplied 2,000 houses.

[Illustration: *Manhattan company Reservoir on Chambers Street*]

While the water was said to be “wholesome,” its quality did not give entire satisfaction, as may be seen from the muddiness of the water in the glass held by “Pure Manhattan” in the contemporary cartoon reproduced on the opposite page.

Over one of the earliest wells, at the corner of Reade and Center Streets, a tank of iron plates was erected. This tank is now inclosed in an old-fashioned building which is still owned by the Manhattan Company.

The Company continued to operate its water service until about the time the Croton system was completed in 1842.

[Illustration: *Old water Gate dug up in Park Row in 1900*]

FOUNDING AND EARLY HISTORY OF THE BANK

On April 17, 1799, a committee of the Directors was appointed

“to consider the most proper means of employing the capital of the Company.”

The committee reported on June 3, 1799, in favor of opening an office of discount and deposit, and a house was bought on the site of the present No. 40 Wall Street, in which, on September 1, 1799, the “Bank” of the Manhattan Company began business.

The following is one of the earliest advertisements, reproduced from the Mercantile Advertiser, October 9, 1799:

Manhattan company.

The Office of Discount and Deposit will open for the transaction of business, for the present, at 10 o'clock in the forenoon, and continue open until 3 o'clock in the afternoon, when the business of the day will be closed.

Henry Remsen, Cashier.

September 24.

[Illustration: *Wall Street in 1803* Present No. 40 Wall Street]

The first action of the Directors after the opening of the Bank was:

Resolved, That this Board will hereafter meet twice a week, to wit, on Mondays and Thursdays of each week, at 11 o'clock.

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The policy of semi-weekly meetings still prevails in the Manhattan Company, and its Board of twelve Directors keeps in close touch with all its affairs.

[Illustration: *Manhattan company currency*]

Two months after the Bank was opened the Directors

Resolved, That a committee be appointed to visit the vaults and examine the cash and look over the effects of the Manhattan Company deposited therein.

Thus, at the outset, the Manhattan Company required its Directors periodically to examine its cash and securities, a safeguard which, 106 years later, the State of New York made compulsory for all State banking institutions.

The Bank of the Manhattan Company was profitable from the start and commenced paying dividends in July 1800. The total dividends to and including January, 1913, have aggregated \$19,726,000.

[Illustration: *Fractional currency used in Utica*]

Although the main office of the Bank has always been at the present No. 40 Wall Street, in the autumn of 1805 all the banks moved temporarily to the Village of Greenwich to escape the usual autumn fever epidemic. The Directors then determined to provide a country office for use during the "sickly season." Many persons offered sites; among them "Mr. Astor proposed verbally to cede eight lots of ground near Greenwich, being part of his purchase from Gov. Clinton." Finally land was acquired between the "Bowery Road" and the East River. From 1809 to 1819 branches of the Bank were maintained in Utica and Poughkeepsie.

In 1805 negotiations were consummated for a "union of the capitals and interests" of the New York State Bank of Albany and the Manhattan Company. A bill authorizing the consolidation was offered in the Legislature, but it failed to pass, and the plan was abandoned.

In 1808 the Legislature, in enacting certain amendments to the Charter of the Manhattan Company, reserved for the State the right to take 1,000 shares of its capital stock. This right was exercised and the capital stock was increased for the purpose from \$2,000,000 to \$2,050,000. Both the State and the City of New York are still stockholders, this being the only bank stock which the State holds.

In 1833, as shown in the cartoon reproduced on the following page, the Manhattan Company was one of the banks to receive the Government deposits when they were withdrawn from the second United States Bank by President Jackson.

[Illustration: Published and for sale wholesale and retail by A Imbert at his Caricature Store No 106 Broadway]

PRESENT ORGANIZATION AND POLICY OF THE BANK

In 1853 the Manhattan Company became one of the original members of the New York Clearing House Association, and stands, in order of seniority, No. 2 on its roll.

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From 1853 down to 1880, the Manhattan Company's deposits averaged between \$3,000,000 and \$5,000,000. The deposits doubled during the eighties, again during the nineties, and again in the decade ending 1910. This growth has been made along healthy and normal lines, and not by absorbing or consolidating with other banking institutions. The fact that the Manhattan Company is an entirely independent institution has doubtless assisted its growth in recent years.

The steady increase in both the deposits and the surplus of the Manhattan Company is evidence of its vitality, its sound banking traditions and its ability to keep its methods so modernized as to give efficient service to its widening circle of clients. To meet both its own needs and those of its commercial and banking patrons, well organized credit and foreign exchange departments are maintained.

[Illustration: Building of the Manhattan Company *Wall Street in 1860*]

The Manhattan Company, acting as the reserve agent of many State banks and trust companies throughout the country, has a substantial volume of bank deposits. But it was originally established as an "Office of Discount and Deposit," and is today primarily a commercial bank, seeking the active accounts of merchants and manufacturers and extending them accommodation in keeping with their credit and standing, for which the diversified character of its deposits has always provided ample funds.

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