

BANKING IN THE BRIGHTON AREA (Cont.)

To promote the evolution of the new state of Michigan from one of forest trails to one with a progressive climate for development, the advancement of the banking business held a high priority. Minimum capitalization seems to have been the norm in the organization of a local bank. Creative and varied means were employed to determine the origin of the currency generated. These included state bonds and mortgages on land, unimproved real estate and bank shares, besides precious metals.

An 1838 statewide analysis showed that 75% of the loans issued went to those most closely connected to the bank, the bank directors and stockholders; these were the ones who were most anxious for a community to develop and thereby had the most to gain.

By November, 1837, it was evident to the Legislature that in order to bring some semblance of order to the banking business in this newcomer to the Union some changes were necessary. Banking commissioners were appointed to inspect and audit specie reserve. Stories of skulduggery abound. On at least one occasion a layer of coins over the top of a box of nails and broken glass passed inspection by the county clerk. The transfer of specie from a bank examined one day, through the forest or down the river, to the next bank on the examiner's list. The story goes that one examiner marked a chest of gold and other securities and counted the same specie at three different banks in as many obscure and inaccessible sites. Occasionally an examiner came back to a bank unannounced to learn the box of specie could not be found only to discover it at another bank several days later. The intimate knowledge of the local bank personnel with the forest trails made it possible to precede the examiners who were unfamiliar with the area.

These commissioners, exposing the often fraudulent procedure of "Free Banks", recommended the repeal of the free banking laws. It was also decided that banks organized after January 1, 1838, could not suspend specie payment as had been done regularly in the past. So it was that under these conditions the Bank of Kensington was created. By organizing December 12, 1837, the Board of Directors got in just under the wire.

The signatures of Henry Fisk, President, and Fred Hutchinson, Cashier, are on the few remaining 'Bank of Kensington' notes. Only a few collectors of currency have any in their possession. On the Board of Directors one finds the names of Alfred A. Dwight, Sherman Dix, B.P. Hutchinson, Chauncy Crouse, N.F. Butterfield, A. M. Brown and C. F. Cooke. Stockholders include Joel Redway, Joseph Wood and Kinsley Bingham (1854 Republican Governor of Michigan, first in the nation). (By Marieanna Bair. To be cont.)

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