

Spring Issue 1997

MATAWAN-ABERDEEN
HOMETOWN SHOPPER™

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THE FARMERS AND MERCHANTS BANK

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THE FIRST BANK BUILDING — 1836

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146 - 148 Main Street, Middletown Point, New Jersey
(Middletown Point became Matawan in 1865)

See article on page 4

MATAWAN-ABERDEEN HOMETOWN SHOPPER™

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The Establishment of The Farmers & Merchants Bank Middletown Point, NJ

With banking as it is today, it seems difficult to imagine that a trip to the bank would take three days. But for those living in the Monmouth County area during the early eighteenth hundreds it was a fact, and it wasn't until the birth of the Farmers and Merchants Bank in 1831 that they had a reliable bank within a reasonable distance.

Before the existence of the Farmers and Merchants Bank the only banks that could be trusted to fulfill their obligations were those in major distribution centers such as Chicago, Philadelphia, and New York City. New York, which was the closest, was a three day boat trip away.

Matawan, then known as Middletown Point, was a major trading port. What is now the meadowland and the site of Lake Lefferts then was open water; an estuary which emptied into Raritan Bay. Docks in the area of Middlesex Street were the mooring-in shelter from the open waters of the bay for the sailing sloops to haul their produce. Paper money was very unreliable and frequently worthless. At times, the farmers could get metal money but risked the chance of being robbed on the way back through rural areas which they traveled. It was better to keep the money on account in one of the New York banks in spite of the fact that it was not handy. In bad times, when the value of money was most uncertain, exchange of foodstuffs for other necessities of life had to be made to get anything of value for their produce.

Despite all these difficulties of exchange, the prosperity of Monmouth County farmers increased as the population of New York grew and there was an increasing demand for their produce. Stores were established in the area of the sailing route to New York and more and more articles could be obtained from Middletown Point suppliers. People did not have to send to New York for them.

As businesses grew, the exchange problem demanded a better solution than having the nearest bank a three day trip away by water. Two men, one a farmer, D. Lafayette Schenck; the other a merchant, William Little, decided to do something about it and took the step to petition the state to grant a charter for the Farmers and Merchants Bank. It was granted on February 3, 1830 with difficulty and more than a year was necessary to get the subscribers for the \$50,000 of capital stock. The bank designed and printed its own notes and had enough metal money in its reserve to redeem each one. Mr. Schenck was named president and Mr. Little cashier. Business was started in a store owned by Mr. Little at 143 Main Street, and an iron keg was used as a safe. Five years later a brick building was built at 146 Main Street (see photo on front cover). The first dividend to be paid was 4% in 1832 which quickly rose to 8% and 9%. Farmers and Merchants enjoyed the prosperity which the whole nation saw from 1830 to 1836. Railroads were constructed diminishing customers' transportation problems, and Farmers and Merchants was also successful financing new business and industry.

In 1836 President Jackson turned down the renewal of the charter to the United States Bank and deposited federal funds in small state banks all through the country. Banks began to emerge everywhere often without the proper amount of metal money in backing for their notes. When the Treasury ordered that all land had to be paid for in silver and gold, people went to the banks to redeem their notes. Many banks were unable to fulfill their obligations and went bankrupt, but Farmers and Merchants was one of the few to remain stable during the turmoil and was to be the only dependable bank in Monmouth County until 1856. It wasn't until this time that many people started to feel the need for another good bank in Freehold. Others were sparked by the idea of establishing new banks. The men of the Farmers and Merchants Bank were well experienced and were responsible for guiding many of the young banks in Monmouth County through their early years.

In 1857 the construction of railroads began to pick up again and many banks distributed more notes than they could redeem. The Treasury Department seeing this put many of the banks out of operation. Farmers and Merchants again came through as one of the most respected banks in Monmouth County.

In 1865, Mr. Little, now president of the bank, sponsored a referendum and as a result changed the name of Middletown Point to Matawan and his bank became the Farmers and Merchants Bank of Matawan. The bank financed successful businesses and major railroads during the late 1800's, and in 1902 became a national bank. In anticipation of the future business demands, the property on the southwest corner of Main Street and Ravine Drive was purchased for a new banking house.

The bank lost its prominent position in Monmouth County during the last half of the 19th century when Asbury Park, Long Branch, Red Bank, Freehold and Keyport outstripped the borough in population growth.

— Historical pictures and information for this article obtained from: *The Summit Bank, 140 Main Street, Matawan, NJ, The Matawan Journal, 7/31/69, Matawan 1686-1936, Copyright, 1936, by Brown Publishing and Printing Company, Inc., Keyport, NJ.*

