

business in the west, and enquiries from Buffalo, as to their operations, continued. From some of these letters we learn that those manipulating the banks had occasionally redeemed small amounts of their notes, thus adroitly giving the ventures the appearance of sound institutions and greatly aiding their further operations. This will account for the action of the representatives of the Merchants and Mechanics banks in Montreal. Their retiring disposition is also illustrated in the case of a man who, in going from Buffalo to Montreal, exchanged a \$500 United States note for notes of the Mechanics Bank, under the assurance that they would be redeemed at the head office in Montreal. In Montreal, however, he could find no such bank and returned to Buffalo seeking redress. It appears that it was chiefly under cover of exchange transactions, such as these, that the notes were put into circulation and flooded the western States. When one bank was discredited, another took its place. Thus the Ottawa, Brockville and Merchants banks came to be too well known in certain districts, and in the place of their notes appeared those of such banks as the Mechanics Bank of St. Johns, and the Malbaie Bank. The notes of the former bank were particularly admired for the beauty of their designs and the excellence of the engraving.

As the men connected with these institutions came to be known, most of them were found to be from Buffalo, but a few were from Canada, usually near the border line. In all cases they were parties without responsibility, the agents being usually mere clerks.

On August 5th, the Montreal committee of the Board of Trade met and passed several resolutions on the subject of these banks, as a further warning to the public. However, some of the ventures maintained their operations with remarkable boldness in regions far from home. Thus, in August, the following advertisement appeared in the *Chicago Democrat*; "Notice. The subscribers have opened an office in this city for the purpose of doing an exchange business. Notes of the Mechanics Bank at Montreal, and all other kinds of uncurrent money, taken at the usual rates of discount. Next door to King Walker & Co. Aaron Goodrich, Horace O. Gaylord. References, Hon. Wm. B. Rochester and Messrs. Stevens and Co., of Buffalo, L. A. Spauld-