

# CANAL BANK NOTES

Not until the Civil War did the United States have what could be considered a national paper currency. Instead, paper money was issued by state chartered banks. Some of these banks were founded to help finance the construction of canals. These notes, while beautifully engraved, were easy to copy and it is estimated that during the 1850's almost 50% of bank notes were counterfeit. Many banks were also financially unsound, making the notes that they issued practically worthless. In 1865 Congress placed a prohibitive tax on state bank notes, which led to the development of checking accounts as a substitute.

## **Morris Canal and Banking Company**

The Morris Canal and Banking Company was chartered in 1824 to build a canal across New Jersey. To help underwrite the construction of the canal, the company was allowed to set up a bank. By 1836, the Morris Canal had been completed between Phillipsburg and Jersey City. Due to financial mismanagement, the company lost its banking privileges in 1844. The canal operated until 1924.

## **James River and Kanawha Canal**

Virginia's James River and Kanawha Company was founded to join the Chesapeake by way of the James River, with the Ohio River by way of the Kanawha River.

The two river/canal sections were joined by a turnpike over the mountains. Greatly damaged by both the Civil War and a successive series of floods, the James River and Kanawha Canal was sold to a railroad company in 1880.

## **Illinois and Michigan Canal**

The Illinois and Michigan Canal was completed in 1848 to link Lake Michigan with the Illinois River. Its commerce stimulated the growth of Chicago and made possible the settlement of large portions of Illinois. In 1933, this canal was replaced by the Illinois Waterway system.

### **Chesapeake and Ohio Canal**

The Chesapeake and Ohio Canal Company was chartered to build and operate a canal that would link the Chesapeake Bay with the Ohio River. In 1850 it ended at Cumberland, Maryland never crossing the Appalachians. The canal served as a coal carrier until a flood ended its operations in 1924.

### **Cincinnati and Whitewater Canal**

The Cincinnati and Whitewater Canal linked the great Ohio River port of Cincinnati, Ohio with Indiana's Whitewater Canal. The route of this canal overcame many geographic obstacles through the use of large aqueducts and a tunnel. The canal ceased operation in 1863.

### **State Bank of Illinois and I&M Canal Fund**

The State of Illinois was forced after 1840 to issue bank notes to cover the cost of constructing the Illinois and Michigan Canal. The State Bank of Illinois at Lockport issued paper bank notes in a variety of denominations. These notes soon became virtually worthless and could only be used to buy canal lands from the state.

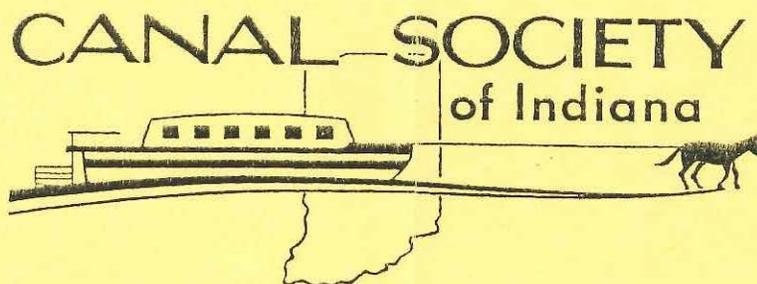
### **Susquehanna and Tidewater Canal**

The Susquehanna and Tidewater Canal linked the southern counties of Pennsylvania with the great seaport of Baltimore, Maryland. This canal was put into operation in 1840 and its active life ended in 1894.

### **Canal Bank**

Since its founding by French colonists during the 18th century, New Orleans, Louisiana has been the site of many canals. The Canal Bank was located on the city's Canal Street and issued notes to help finance the construction of canals linking the city to the surrounding sugar plantations.

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Dear CSI Member/s,

This packet is our way of saying "thank you" for rejoining CSI and of supporting a fund raising project of the National Canal Museum in Easton, Pennsylvania. In the packet you will find wonderful replicas of canal currency and your membership card for 2001.

Due to the postal standards for non-profit bulk mailing, we may not customize our mailings in any way. This means we cannot put your names on the membership card. We ask that you do so for us. If it is a family membership, please write on both names.

If after studying the currency replicas you find you don't have storage space for them, we would like to suggest you donate them to a school or library in your area. At that time please tell them about CSI and encourage them to join.

Welcome aboard for 2001.

**FINE**

**Tide Water Canal.**  
 No. 219 Baltimore May 1<sup>st</sup> 1870.  
 The Tide Water Canal Company  
 Will deliver to the holder of this Certificate

**ONE DOLLAR**

in Bonds redeemable in Five Years bearing Six per cent interest  
 payable semi-annually and convertible into Stock at any time  
 within that period at the option of the holder when Certificates to  
 the amount of One Hundred Dollars or more are presented at the office  
 of the said Company.

Receivable in payment of Tidewater Canal

*W. H. H. H. H.* Treas.

**DOLLAR**

**ONE**

10.28  
D

**State Bank of Illinois**

Pay to the order of David Pickett  
 Treasurer **One Dollar** and charge the  
 same to the **Illinois & Michigan Canal Fund**

Lockport Sept 10 1871

*Jacob W. ...* Acting Comm. *W. J. Thornton* Pres.

**ONE**

**DOLLAR**

**RECEIVABLE FOR** **TWO** **CANAL TOLLS.**

**TWO**

Three Months after date the

**Morris Canal & Banking Co.**

Will pay **Two Dollars** to the Bearer with interest

JERSEY CITY June 5 1844

*Edwin ...* Cash. *Ellie ...* Pres.

RECEIVED OF THE MORRIS CANAL & BANKING CO. JERSEY CITY

INTEREST Two & a Half cents per month No. A RECEIVABLE For debts due the Company

**FIVE** **FIVE**

Six Months after date value received

**JAMES RIVER & KANAWHA COMPANY**

Promise to pay **FIVE DOLLARS** to the order of

with Interest until due, in Current

Notes at their office in **RICHMOND Va**

BY ORDER of the **PRESIDENT** and **DIRECTORS**

For the Secretary. For the President.

Underwood, Bell, Spencer & Co. Philad. Danforth, Waterman & Co. New York. Director

5

Frederick Sept 9 1840

No. 2191

Nine Months after date

**THE CHESAPEAKE & OHIO CANAL COMPANY**

Promise to pay on Demand at their Office at Frederick, Maryland, to **Saml Marshall** or bearer

**FIVE DOLLARS** with Interest from date.

W. W. Kerns Clerk **Saml Marshall** Pres.

5

No. 1747

**FIVE** **FIVE**

The **Cincinnati & Whitewater Canal Co.**

Promise to pay **Five Dollars** to the order of

or order twelve months after date for value received at their office.

**CINCINNATI** C Lane Sec. **J. Donnell** Pres.

5

5 5

RECEIVABLE FOR TOLLS ON THE CANAL

**THE MORRIS CANAL BANKING COMPANY**

Will pay **FIVE** Dollars to the bearer **TWELVE MONTHS** after date with interest. Jersey City *Jan 5 1841*

*Samuel S. Smith* Cash. *Edwin Smith* Pres.

V

5 5 **CANAL BANK** 5 5

THE New Orleans Banking Company

Five Dollars on demand to the Bearer

**FIVE DOLLARS**

**NEW ORLEANS**

Cash. Pres.

10 10

*Frederick* *Oct 9 1840*

No 763

**THE CHESAPEAKE & OHIO CANAL COMPANY**

Nine Months after date

Promise to pay on Demand at their Office at Frederick, Maryland, to *Jacob Marshall* or bearer **TEN DOLLARS** with Interest from date.

*Wm. Warr* Clerk *James Thomas* Pres.



**CANAL INDEBTEDNESS.**



**\$100**

**B**

No. *1414*

**100**

**Due from the Board of Commissioners**

OF THE ILLINOIS AND MICHIGAN CANAL, FOR WORK DONE ON SAID CANAL,

**ONE HUNDRED DOLLARS,**

*which they promise to pay the Bearer of this when funds are provided for that purpose.*

LOCKPORT, *Nov 1*<sup>st</sup> 1847

Attest

*J. M. ...*

SECRETARY.

*Jacob ...*

Act. Com.