

135th ANNIVERSARY OF THE FOUNDING OF THE BANK OF LONDON MEXICO AND SOUTH AMERICA

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Speaking of the history of the Bank of London, México and South America, that recently celebrated the 135th Anniversary of the opening of its doors to the public, brings us to make a brief but necessary reference to the second Mexican empire, that is, the empire of Maximilian of Austria.

June 7, 1863 saw the victorious entry of the French into México City. A few days later ordering General Forey to convoke a meeting of notable citizens that would propose the new form of government for the country. The Assembly of Notables, composed of 215 members, presented its resolution the following July 10, declaring that a limited and hereditary monarchy be adopted with a Catholic prince who would be named emperor and that he should be Joseph Ferdinand Maximilian of Hapsburg, then the Archduke of Austria. Four days before, on July 6, 1863, the French had ordered, in the name of the assembly, the striking of a bronze medal with an imaginary bust of Maximilian and also the mention of the "Assembly of Notables".

On April 10, 1864 Maximilian accepted the crown in his castle of Miramar. Until then, the government of México had been in the hands of a triumvirate, which was given the name of "Regency of the Mexican Empire".

It was composed of Juan N. Almonte,

Bishop Juan B. Ormachea, who had replaced Archbishop Labastida, and Mariano Salas, who had been president of the country in 1846. Finally, Carlota Amalia, 24 years old, daughter of King Leopold of Belgium and Maximilian, 32 years of age, brother of Emperor Franz Joseph of Austria, embarked in the Austrian frigate Novara arriving at Veracruz May 28 and México City June 12, 1864.

Numismatically speaking, the three years of the Maximilian regime were favorable to the definite introduction of the decimal system in the coinage of the country with the coins of 1, 5, 10 and 50 centavos and of 1 and 20 pesos.

Returning to the month of February 1864, we find that on the 15th an English financial society was founded with the name "Bank of México, Ltd. A short time later the name was changed to "The London Bank of México and South America" since it did not operate only in México but also issued bills for Peru. Three months later on May 4, the Englishmen William Newbold and Robert Geddes arrived by coach to a México City of barely 200,000 inhabitants. The following month Mr. Newbold, who was the first manager of the Bank of London, México and South America, sent a circular letter to the most important commercial companies in which he announced the banking services that were offered. The

capital of the bank of two million pounds sterling, equivalent to 10 million pesos of that time, was also mentioned.

During the same days that Maximilian was arriving in México, Newbold rented premises for the offices of the bank at #3 Capuchins Street on the corner of Lerdo, now Venustiano Carranza y Palma. It was July 2 when Newbold sent a communication to the imperial government that said "The bank is now established and in a few days will be open to the public". At 9 a.m., August 1, 1864, the first branch of a foreign bank opened its doors in Mexican territory, with the right to issue bank notes. William Newbold was the manager, Robert Geddes was accountant, J. P. Sewell was cashier and Joaquín Mello was collector. In his book, "The Bank of México, Its Origins and Establishment", Antonio Manero reports the following:

"In 1864 the first bank to be properly called such was established in México and was a branch of an English bank that was registered in the Mexican capital when it was invaded by the French forces and still in effect the Commerce Code of ... 1854..."

"The inscription and registration of this bank, conforming to the dispositions of Article 53 of the Code in effect, was obtained ... July 22, 1864 and completely fulfilled its banking functions during the empire. It continued its operations upon the establishment of the republican government under the Law of August 20, 1867, that revalidated all the judicial actions of the empire." He ends by stating that it should be "considered the institution from which is derived our history and commerce of banking".

For our part, together with Dr. Leaner

Ludlow, we conclude that "without seeking government approval or any privilege they opted to establish the first bank of the country". In effect, from August 1864 began the history of the private bank in México, the history of the first system of bank agencies in our country, the history of the first account holders of a bank, the history of how the use of checks began and especially, for the benefit of numismatists and collectors, the history of the Mexican bank notes. Now the moment has arrived to get to the subject! Our presentation comprises two stages:

The first encompasses the bills issued by the Bank of London, México and South America during the 24-year period from February 13, 1865, to June 1, 1889.

The second includes the bills issued by the Bank of London and México during the almost 25 years that began July 1, 1889 and ended February 14, 1914.

FIRST STAGE

Four different series are included. The first is the initial emission of 1,400 bills of 5 pesos of February 13, 1867 and the last is the emission of November 15, 1867. The last one, the only known survivor until now, is our guest of honor tonight: bill number 1585 that we have before us. With respect to the printer that produced it, we believe it was in London. Herrera Cedillo claims that it was J. H. Sanders while Salvador Sotomayor assures that it was William Morrison and Sons. What is beyond doubt is that it was printed on only one side and on the right side of it appears the Cathedral of México. Examples of the other denominations are not known even though registers exist with dates of emission corresponding to bills of 10, 20, 50, 100,

500 and 1,000 pesos.

The second series was ordered from the well-known London engraving firm, Bradbury Wilkinson and Co. and includes the period from 1873 to 1882. Only two bills are dedicated to two Aztec emperors are known:

The 5 pesos bill on which appears on the left an English version of Cuauhtemoc.

The 10 pesos bill on which appears Moctezuma Xocoyotzin on the left. Both bills are signed by Mr. W. H. Morrison as

Only two other examples are known of the denomination of 2 pesos with numbers 749 and 750, dated November 6 and also signed by W. H. Morrison as manager.

There is no evidence that bills of 5 and 10 pesos were printed.

The designs are known of the bills of the values 20, 50, 100, 500 and 1,000 pesos, all signed except the 1,000 pesos denomination.

On the 20 and 50 pesos the name of the printer appears in Spanish as "Compañía Americana de Billetes de Banco, Nueva



manager. It is known that 20 pesos bills exist and there are registers of the dates of emission.

Third series. In this series, a new printing company appears that is the most known by all of us. I refer to the American Bank Note co. of New York that was then 25 years old. This series presents various peculiarities.

The only year of emission is 1883.

York".

Before passing to the fourth and last series of the First Stage, I consider it important to mention that American Bank Note Co. also printed bills for this bank that circulated in Peru, of course, with values in soles, the money of that country. In his catalog about paper money of the world Albert Pick classified the denominations of 2, 5, 10, 25, 100, 500 and 1,000 soles issued between 1866 and 1875. It is surprising to

note that the 2 soles bill that circulated with dates of January 1 of 1866 and 1873 had the identical design as the 2 pesos bill that circulated in our country during 1883. On the first Lima appeared as the city and on the second México. Even more surprising is to verify that these bills were signed by W. H. Morrison for both countries.

The fourth series was ordered again from London engravers Bradbury Wilkinson and Co. The date of emission of all of these bills is September 1, 1887. On the extreme left of the obverse is the image of Benito Juárez who died 15 years before. All are signed by Henry C. Waters, the new manager of the bank since 1884. The design of these examples seems peculiar being very different from those of the second series. Apparently, the decision to have the image of Juárez was taken with the intention of gaining favor with the actual president of the Republic, Porfirio Díaz, compatriot of Juárez from Oaxaca. Denominations of 5, 10, 20, 50, 100 and 500 pesos are known. Since the 500 pesos bills were series A, those of 100 series B, etc., it is deduced that there were no bills of 1,000 pesos.

It is now appropriate to briefly comment about the appearance of the Commercial code of 1884 and its impact on the Bank of London, México and South America that changed its name years later to Bank of London and México.

In his work "Mexico in the 19th Century" José Antonio Bátiz, member and Secretary of the Sociedad Numismática de México comments:

"On April 20, 1884 the new Commerce Code was issued. This document marked the beginning of banking legislation in México. Among the most important precepts

we find the exclusivity given to the federal government to authorize the establishment of banks, the prohibition for foreigners to establish bank branches or agencies with the ability to emit bills" and later affirms that "rights previously acquired by the Bank of London are affected".

Antonio Manero comments in his book "The Banking Revolution in Mexico" that "on June 15, 1883, the government approved the establishment of a bank of emission with the name of Banco de Empleados". He adds that Porfirio D'az being president, "his Secretary of Treasury, Manuel Dublan found the way of a transaction consistent with ... that the Bank of London would buy the concession of the Banco de Empleados in order that it could continue existing as a bank of emission". Thus, the Bank of London "was subjected to the new Commerce code and other Mexican laws (and) the transfer was confirmed August 23, 1886".

Numismatically we close this commentary with the presentation of proofs of bills of the Banco de Empleados ordered from Bradbury Wilkinson who made them in the traditional style very similar to that used years later in the series that was ordered for the Bank of Jalisco. Examples exist in denominations of 5, 10, 20, 50, 100 and 500 pesos.

SECOND STAGE

This stage comprises the 25-year period from 1889 to 1914 of emission of bills with the new name of the bank. In the publication that appeared about 10 years ago with the name "125 Years of the Banca Serfin", a review is made of pages 36 and 37 as follows:

In order to adapt to the new legislation the English owners of the bank, on July 1, 1889, sold one third of the stock of the

company to Tomás Braniff, Juan Lamedo and Ignacio de la Torre y Mier. With this measure, the bank ceased to be a branch of an English bank, was Mexicanized, was established as a Corporation of Limited Responsibility and was renamed the Bank of London and México, S.A.". It is also mentioned that on January 17, 1893, at the stockholder's general meeting Tomás Braniff was elected as President of the Board of Directors.

Four years later on March 19, 1897 the General Law of Credit Institutions was issued. The Secretary of Treasury was José Ives Limantour, an intimate friend of Porfirio Díaz, who was called "The Mexican Leader of Finance". This law classified as Credit Institutions the finance banks, the mortgage banks and the banks of emission. These last were defined in the third article as those "that emit bills of set denominations repayable at par, at sight and to the bearer". In Article 16 it is established that "the emission of bills cannot exceed triple the paid-in capital". Lastly, Article 20 established that "they can only put into circulation bills of the values of 5, 10, 20, 50, 100, 500 and 1,000 pesos".

Between 1889 and 1913, the printing company that produced the denominations established by law was the American Bank Note Co. in the following manner:

DENOMINATION

FIRST SERIES

AND DATE

LAST SERIES

AND DATE

5 PESOS

A-JANUARY 9, 1891

I-OCTOBER 1, 1913

10 PESOS

A-JANUARY 9, 1891

I-OCTOBER 1, 1913

20 PESOS

A-JANUARY 9, 1891

H-OCTOBER 1, 1913

50 PESOS

A-JANUARY 9, 1891

H-OCTOBER 1, 1913

100 PESOS

A-JANUARY 9, 1891

H-OCTOBER 1, 1913

500 PESOS *

A- JULY 1, 1889

H-OCTOBER 19, 1913

1000 PESOS *

A-AUGUST 1, 1896

G-OCTOBER 1, 1913

* Recently, these bills were published for the first time in the excellent book of our president, Duane Douglas, titled "Unknown Emissions of Mexican Paper Money".

Various sources of information register the existence of only the specimens dated July 1, 1889 of the values of 5 and 1000 pesos.

Again, we cite Antonio Manero, born in Toluca, who, with his excellent ability for logic, states:

"The nation was surprised by General Victoriano Huerta when he betrayed President Madero and assassinated him as well as Vice-president Pino Suárez in February 1913. This greatly aggravated the economic situation because in order to provide funds ... he had to convert the banks

of emission into his finance suppliers... in order to replace coins that left the country, General Huerta authorized the banks to issue bills of 1 and 2 pesos... this peculiar manner of obtaining funds by means of the emission of bank notes was slowly placing the banks of emission in critical condition".

In this political - financial atmosphere bills of 1 and 2 pesos of the Bank of London and México appeared for the first and only time with the date February 14, 1914. This last emission was ordered from a new printer named Bouligny and Schmidt, branch office of México, that designed a vignette for the 1 peso bills Justice and Peace and for the 2 pesos bills another vignette that represents Faith and Happiness.

Once more, we cite Manero who states: "When General Huerta fled the country June 16, 1915, the situation of the banking system was truly ruinous."

In this manner began the last period of the history of the banks of emission in México that includes:

The liquidation of the system of a large number of banks.

The preparation of the unity of emission that concluded with

The founding of the Bank of México, September 1, 1925, that began its operations in the building where the Bank of London and México had its home office, located at the corner of 16 de Septiembre and Bolívar Streets. The social capital of the Banco de México was then 100 million pesos divided into one million stock certificates, each with a value of 100 pesos, of which 13,000 were subscribed by the Bank of London and

México.

We close the pages of the history of the Bank of London, México and South America as the first bank of emissions that existed in our country with the following sketch of the much-quoted Antonio Manero:

"The first bank with which the government arrived at an agreement with respect to its concession and debts was the Bank of London and México, that, on September 15, 1925, registered in the public records the contract between its representatives and the secretary of Treasury, Ing. Pani, in representation of the Federal government (by virtue of which) the bank renounced all past claims for any concept, be they debts, damages from the Revolution, injuries from seizure, etc."

He concludes stating: "On November 5, 1925 The President authorized the Bank of London and México a concession to operate as a credit bank in accord with the new laws in effect."

