



Canadian Bankers Solve U.S. Specie Nuisance

BY FRED REED

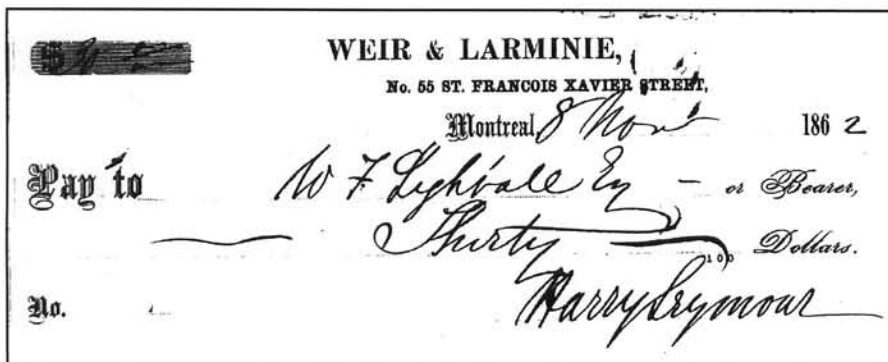
THE USE OF UNITED STATES ENCASED STAMPS IN Montreal, Canada East, in fall 1862 is one of the extreme oddities of the U.S. encased stamp series. This is especially true because Canada was not suffering from the small change shortage that had given rise to this emergency currency south of the border at that time.

In fact, it was quite the opposite in the Canadian provinces. United States silver coinage was so plentiful in Canada at the time that it passed at a *discount* compared to Canadian paper currency. Excess U.S. silver coinage in Canada became such an intractable problem for the Dominion that the senior member of the private banking and specie brokerage firm of Weir and Larminie, William Weir, enhanced his political career helping to resolve this U.S. specie nuisance.

However, it was the junior member of the firm, G. H. Larminie who arranged for the manufacture of the John Gault's New Metallic Currency late in the year 1862. This merchant is one of those on whom we have good second hand information how their issue came to be. According to numismatist P. Napoleon Breton, who knew both Weir and Larminie personally, the issue was contracted for by "Mr. Larminie, on a visit to New York, [who] had a quantity made for his firm, although such change was not required in Canada."

Above: During the U.S. Civil War the Montreal, Canada East, private banking firm of Weir & Larminie circulated thousands of store cards with U.S. stamps encased. The senior member of this firm made his political career out of helping to resolve the issue of redundant U.S. silver north of the border. Ironically, exportation of U.S. silver coins had brought about the invention of the encased stamps as a small change remedy in the first place. Most of the encased stamp store cards the firm circulated were these 10-cent pieces.

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Check drawn on Weir & Larminie, November 8, 1862, at approximately the time this firm purchased its encased stamps from John Gault. (Warren Baker collection)

Newspapers routinely reprinted articles to bring national and world news to their readers. The Detroit Advertiser story, right, is typical of conditions in Eastern Canada during the war. U.S. silver coinage was so plentiful as to be a "glut," and thereby discounted. Thus, there was no practical necessity for the Weir and Larminie issue. They must have been thought of as a novelty by their issuers, and thus purchased for their advertising or prestige value. *Scientific American*, February 21, 1863, p. 118. (Dallas Public Library)

The Glut of Silver in Canada.

It is some gratification in these days of paper currency to know that there is coin still somewhere on the continent. If we have no specie the Canadians are surfeited with it, and are consequently in just about as bad a fix as we are. The following paragraph tells the whole story:—

"It would do a hard-money man good to go to Canada. The currency consists almost exclusively of American silver. Silver abounds everywhere. Everybody is loaded with it, and everybody tries to get rid of it, as people do of doubtful funds. The taxes are paid in silver, and the collectors take it by the bushel. The City Treasurer of Toronto has half a tun of it. The merchants have bags of it in their safes. The banks won't receive it. The Great Western Railway has issued printed notices that only five per cent of silver will be received for fare or freight. Only think of a country where you cannot pay your fare on the cars in silver coin! At Toronto, London and elsewhere, business men and firms have united in a general resolution to receive silver only at a discount of five per cent for Canada bank paper. This of course applies to American silver, as the Canadian and English coinage is a legal tender. Think again of a region, within one mile of Detroit, in which the 'dirty rags' issued by the bank are worth five cents on the dollar more than the shining coin!"—*Detroit Advertiser*.

Steam Superheaters

Since Weir was president of a local bank located in the same city in which Breton was writing in 1894, it seems safe to accept his explanation.

The firm advertises itself as "Specie Brokers." Thus this store card was an extremely attractive and appropriate billboard for the private bankers who were actively engaged in trading in U.S. specie. Much of this silver initially had reached Canada in the purchase of supplies and matériel for the war effort. The situation intensified, however, when the eastern U.S. banks suspended specie payments after December, 1861. Canadian banks then took over movement of northwestern produce to markets, which greatly exaggerated the amount of U.S. silver in circulation in Canada. Brokers like Weir & Larminie in Montreal and others in Toronto and elsewhere in Canada quickly discounted the redundant U.S. silver at 8-10 percent.

It is quite probable the purpose of Larminie's trip to New York City was to sell surplus silver to brokers in New York at the then current premium, approximately 20 percent. Such a transaction would have netted the partners a tidy sum from the difference in market values. It's ironic Larminie chose to invest about \$1,000 of those proceeds with John Gault to purchase an estimated 9,000 encased stamp storecards to advertise their banking and brokerage firm. Larminie's purchase was predominantly 10-cent store cards (Reed WL10), although smaller quantities of 1- and 3-cent issues (Reed WL01 and Reed WL03) were also selected. "Face value" of the purchase was about \$800. Thus the advertising premium of the purchase was \$200 or 25 percent.

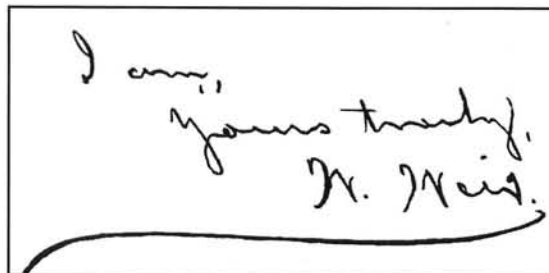
William Weir and G. H. Larminie operated their private banking and specie brokerage business at 55 St. Francois Xavier in Montreal in 1862. At the time the city was a thriving commercial metropolis of 130,000 population, located on the south side of the island of Montreal in the St. Lawrence River.

Weir, the firm's senior member, was born October 28, 1823, in Greenden, Scotland, where his boyhood was passed. Well educated in local parochial schools, he came to Canada in spring 1842. Weir's initial employment was as a



The Weir & Larminie 1-cent (Reed WL01, EP29) and 3-cent (Reed WL03, EP58) encased stamps are very rare. Fewer than a half dozen of each denomination are believed to exist.





William Weir was an important and powerful man in Canadian 19th century economic history. Above and left are details from the frontispiece of his autobiography, *Sixty Years in Canada*, 1903. (John J. Ford collection)

tutor, then as a public school teacher. He studied at the college and developed a life-long admiration for the French culture of the province.

Following a brief stint in a retail store, Weir commenced the brokerage business in Montreal in 1847. Several years later, he took active part in a groundswell within the business community to separate from Great Britain and seek annexation by the United States. Free trade with the large U.S. markets to bring about prosperity was their goal. "It was simply," Weir later contended, "a case of men holding loyalty to families above loyalty to their Queen." Unfortunately, in Weir's view, the movement abated without success.

The problems, however, did not simply subside with the dissent. Weir and his family moved to Toronto in 1856, where in addition to his exchange business he established the *Canadian Merchant's Magazine*. In his dual roles as financier and publisher, Weir took a leadership in the movement to secure restrictive tariff legislation to protect Canadian manufacturers.

These measures, which would improve domestic prosperity in Canada, would also increase immigration, Weir contended. "Thousands of enterprising Americans would come to a country equal in every respect to their own with much more elbow room than they have at home," he wrote. Weir also played an active role in assisting Canadian Finance Minister Sir Francis Hincks in issuing its first decimal coinage in 1858.

The following year he moved back to Montreal and associated with Larminie in the exchange business. It is perhaps one of the great ironies of history that a Canadian banker should be linked to a group of U.S. merchants and manufacturers caught up in the throes of a specie shortage and share the advertising medium of brass encased U.S. postage stamps. The explanation, of course, is simple: Weir's business interests had been tied to the United States for more than a decade. The influx of redundant U.S. small change into Canada was only its most recent focus.

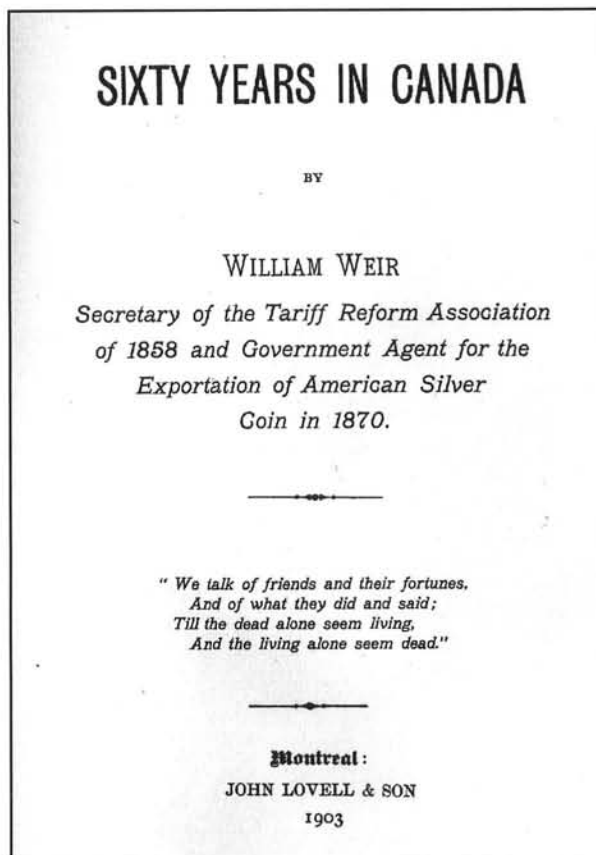
It is no wonder George White couldn't pay out a silver half dime at his hat store in New York City or Bernard Schapker locate a silver quarter for his Evansville, Indiana, dry goods store: U.S. small coins had so inundated Canada that the government eventually hired a banker – none other than



The Weir and Larminie 5-cent (Reed WL05, EP94) encased stamp is one of the great rarities of the series. Only a single, verified specimen is believed to exist for this R-10 issue. On the other hand, the firm's 10-cent issue (Reed WL10, EP133) is the most "common" for this merchant. Nevertheless, at R-5, fewer than 30 specimens are extant.



Weir's economic views became Canadian general government policy in the years following the U.S. Civil War. His autobiography is an interesting financial reflection of his times, although regrettably he fails to mention his own issuance of encased stamps or banknotes. Interestingly the accumulation of American silver coinage in Canada proved such an intractable difficulty for the remainder of the decade that the national government hired Weir to export the coinage and relieve the problem. Title page. *Sixty Years in Canada*, 1903. (John J. Ford collection)



Weir, himself – to dig Canadian commerce out from under the silver avalanche. This excess of specie eventually reached gigantic proportions since U.S. banks and the U.S. Treasury Department remained suspended in the decade following the end of Civil War hostilities.

Soon upon the release of the encased stamps, the banking partnership between Weir and Larminie lapsed. In the years following, Weir expended much of his energy to remedying this U.S. specie nuisance in his adopted land.

Weir devotes four chapters of his autobiography to this problem, which persisted throughout the remainder of the 1860s. At first, Weir arranged privately with principal merchants throughout Canada to purchase their specie. He exported from \$25,000 to \$30,000 per week from cities and towns in Ontario and Quebec.

Weir was so successful with this private specie export business, that his political ally, Finance Minister Hincks, appointed him as the government's agent to rid the country of the unwanted American silver coins.

Under Weir's stewardship, three and a half million dollars was exported to New York in 1870 and about half that much to England. To meet its domestic needs, Canada substituted 25-cent shinplasters and a lesser quantity of its own silver coinage.

These activities on his own and the government's behalf created a great capital reserve for Weir, who invested his profits in land. Within a year, his property tripled in value as a land boom hit. Eventually Weir sold his real estate for six times his initial cost. In 1876, Weir established W. H. Weir & Son, members of the Montreal Stock Exchange. He also became vice president of Banque Jacques Cartier.

Six years later, he became president of La Bank Ville-Marie, one of the 65 chartered banks. The bank had been established in 1872, but had been on rocky footing. A decade after its founding, Weir and his sons sought to stabi-



These notes are among the remnants of the runaway currency issue that ran William Weir afoul of the law, thus bringing a sad ending to his distinguished financial and political career. La Banque Ville-Marie was a chartered bank. As bank president, Weir's autograph signature appears on the bank's very scarce, bilingual notes: \$5 (Cinq Piastres, Pick S944) and \$10 (Dix Piastres, Pick S945), issued dated January 2, 1889. A \$20 note (Pick nos. S 943 and S946) was also issued. The following year a \$50 was anticipated, but not issued. Although still redeemable, no one would want to redeem these, since they are much scarcer and also more valuable than prices suggested by the *Standard Catalog*. (Bank of Canada, Canadian National Currency Collection. James Zagon photos.)

lize it. A new note issue commenced in 1885 of \$5 and \$50 notes (Pick S937 and Pick S939) printed by the British American Bank Note Co. Weir also continued his active role in government financial matters of national and international scope.

In 1889 the bank commenced a large issue of redesigned \$5, \$10 and \$20 notes printed by both the Canadian Bank Note Co. and the British American Bank Note Co. All denominations featured portraits of Paul de Chomedey de Maisonneuve, who had founded Montreal in 1642, with either red or blue serial numbers. These notes (Pick numbers S941-S946) are all very scarce.

In March 1898, the discovery of a \$58,000 theft by a teller precipitated a run on La Bank Ville-Marie and suspension of payments. The ensuing investigation uncovered a multiplicity of irregularities. Among them were the circulation of more notes than the bank was legally permitted to issue, and also the filing of fraudulent statements of circulation with the government.

Bad debts, including \$300,000 in promissory notes signed by Weir on behalf of bankrupt firms, were also discovered. The inquiry charged Weir with "gross neglect" and "poor judgement." Given Weir's prominence in national financial affairs, The Crown took a hard line. Warrants were issued for Weir's arrest, along with others implicated. Criminal prosecution followed, and Weir was sentenced to jail for two years.

As might be expected, this episode was trying for the 75-year-old banker. He appealed his conviction, and in 1901 was retried. In the meantime La Banque Ville-Marie was liquidated, and its outstanding circulation redeemed. This accounts for their scarcity. Depositors lost well over a million dollars. Interestingly enough, in his autobiography (published only two years after

William Weir's son, William Henry Weir was a member of W. H. Weir & Son, a brokerage firm established in 1876, and member of the Montreal Stock Exchange. Photo. *Men of Canada*, 1901, p. 49. (The Bank of Nova Scotia Archives)



these sad events), Weir makes no explicit mention of this eventful episode, just a veiled disclaimer about the government "prosecuting the innocent with the guilty."

Alas for collectors of encased stamps or Canadian banknotes, Weir also makes no specific mention of his circulation of either currency media. He took his thoughts on those issues – grave and small – with him to internment in 1905.

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