

Bank of Cape Fear ^[1]

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Bank of Cape Fear

by Bennett L. Steelman, 2006



A four dollar bill issued by the Bank of Cape Fear, 1855. Image from the North Carolina Museum of History.

^[2]The Bank of Cape Fear was the first private state bank chartered in North Carolina and one of the state's largest banks until the Civil War. Created by an act of the [General Assembly](#) ^[3] in 1804, the bank was authorized initial capital of \$250,000 with notes and debts not to exceed \$750,000. In addition to its headquarters in [Wilmington](#) ^[4], it was permitted to open a branch in [Fayetteville](#) ^[5]. In 1807 the General Assembly authorized the [state treasurer](#) ^[6] to borrow from the bank, and the state exercised its statutory option to buy 250 shares of its stock. Throughout much of the antebellum era, income from Bank of Cape Fear shares represented a major source of state revenue. On 8 Apr. 1807, the bank announced the opening of a [Raleigh](#) ^[7] branch.



Keys to the vault of the Raleigh branch of the Bank of Cape Fear, circa 1820-1830. Image from the North Carolina Museum of History.

^[8]Supported by [Federalists](#) ^[9], the bank and its sister institution, the Bank of New Bern, angered [Republicans](#) ^[10] by reissuing old state notes, which led to specie hoarding and currency depreciation. This prompted the General Assembly to levy a 1 percent tax on private bank stock in 1809 and helped push the chartering of the public [State Bank of North Carolina](#) ^[11] in 1810.

Additional branches had opened in Charlotte, Halifax, Hillsborough, Milton, and Salem by 1835 and in Asheville, Fayetteville, Greensboro, Raleigh, Salem, Salisbury, Washington, and Wilmington by 1859. By 1861 Bank of Cape Fear capital had reached \$2.5 million. The bank remained open throughout the [Civil War](#) ^[12], and the Wilmington branch purportedly prospered from the [blockade-running](#) ^[13] trade. However, the postwar repudiation of state war debts and a new federal tax on state bank notes forced its liquidation late in 1865, with a 25 percent payoff to investors.

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