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REPORT ON THE BANK OF THE UNITED STATES  
1822



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**REPORT**  
**ON**  
**THE CONDITION**  
**OF THE**  
**BANK OF THE UNITED STATES,**

**BY THE COMMITTEE OF**  
**INSPECTION AND INVESTIGATION,**

*Appointed at a Triennial Meeting of the Stockholders, held according to the thirteenth Article of the eleventh Section of the Charter, at Philadelphia, on the second of September, 1823, and continued by several adjournments to the first of October, 1823;*

**ADOPTED BY THE STOCKHOLDERS.**

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**PHILADELPHIA:**  
**PRINTED BY WILLIAM FRY,**

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# REPORT.

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AT a triennial meeting of the Stockholders of the Bank of the United States, held by adjournment at their Hall in the City of Philadelphia, on Tuesday the 1st of October, 1822—

THOMAS ELLICOTT, Esq., in the Chair, and  
WILLIAM MEREDITH, Secretary.

The following Report of the Committee of inspection and investigation, appointed agreeably to the resolution of the Stockholders, at the meeting held on the 2d of September, 1822, having been *adopted*, it was "Resolved that the Report with its Appendix be published in the public papers; and that the President and Directors of the Bank of the United States do also cause the same to be published in pamphlet form, and that a copy thereof be held at the disposal of each Stockholder."

Your Committee, to whom was referred an examination of the condition of the Bank,  
Report,

THAT they have carefully considered and diligently investigated the subject confided to them. But, before submitting any opinion or statement in detail, as to its actual situation, they beg leave to refer to the luminous exposition of the President, hereto appended, containing a fund of information in relation to the Institution in con-



nexion with various topics of sound speculation and practical utility, which cannot fail to prove highly interesting to the Stockholders and to the public; while, at the same time, they illustrate the consoling truth that the most appalling difficulties may be surmounted by the steady application of industry, integrity and talent.

In compliance with the provisions of the 13th article of the 11th section of the Charter, your Committee have ascertained that the suspended debts at the Bank and its various Branches are

	<i>Dolls.</i>	<i>Cts.</i>
Upon personal and other than stock securities, - - - - -	6,401,255	90
And upon loans secured by pledges of stock	4,017,050	76
Together amounting to - - -	<u>10,418,306</u>	<u>66</u>

Your Committee are decidedly of opinion that the loss to the Bank upon this debt, together with overdrafts, counterfeit checks, and from all other sources, cannot exceed 3,743,899 dollars, a loss arising partly from the peculiar situation of the monied relations of the country, but principally from a misplaced confidence in unworthy agents. But your Committee feel gratified in saying that a fund more than sufficient has been derived from the previous profits of the Bank, and specifically pledged, and set apart to meet this loss; besides which it possesses a surplus of 971,425 dollars 41 cents, arising from

a balance which stood to the credit of the profit and loss account on the 1st of July last, from interest which has actually accrued, but which has not yet been paid, upon that portion of the suspended debts which it is confidently believed will be ultimately obtained, and from the advance above par upon 37,954 shares United States Bank stock, held by the Bank, estimated as worth four dollars per share above the par value.

The preceding facts, with the following analysis, your Committee feel assured will render the conviction irresistible, that the Bank of the United States has now arrived at that point when its capital may be declared to be sound and entire, while it possesses contingent interests of nearly one million of dollars, to be applied to such objects as the future administrators of its affairs may deem advisable.

	<i>Dolls.</i>	<i>Cts.</i>
DR. Bank of the United States, to Stockholders for Capital paid in - - -	34,992,139	63
The sum paid but not yet extinguished for Bonus, premium on four millions of 5 per cent. Government Stock, and for Banking Houses, provided for and to be extinguished by the semi-annual appropriation of 60,000 dollars, -	2,015,802	15
Estimate of all the losses of the Bank, up to the present period, - - - - -	3,743,899	00
Balance, - - - - -	971,425	41
	<hr/>	
	41,723,266	19
	<hr/>	

	<i>Dolls. Cts.</i>
CR. Bank of the United States, by Capital paid in, - - - - -	34,992,139 63
The sum which has been paid on Bonus, premium on four millions 5 per cent. Government Stock and Banking Houses, and which will be extinguished by a semi-annual appropriation of 60,000 dollars, - - - - -	1,620,000 00
Value of Banking Houses which have cost 834,922 dollars 15 cents, but which at the expiration of the charter, will not then stand on the books of the Bank at a value more than -	395,802 15
Contingent Fund of 3,550,000 dollars, which will be increased by the transfer of 193,899 dollars from the balance of the profit and loss account as it stood on the 1st July last, to cover the losses sustained, - - - - -	3,743,899 00
The balance that will remain of what appeared to the credit of the profit and loss account on the 1st of July, after having transferred to Contingent Fund, 193,899 dollars, - - -	51,897 07
The interest which has accrued on suspended debts amounting to 1,279,520 54	
After deducting interest on that portion which is deemed bad of 511,808 20	767,712 34
Advance above par on 37,954 shares Stock of the Bank of the United States, which it holds—say four dollars per share, - - - - -	151,816 00
	41,723,216 19

In addition to the above, the Committee deem it proper to exhibit the following brief view of the present actual situation of the funds of the Bank, and of their distribution:—

	<i>Dolls. Cts.</i>
The Capital of the Bank paid in is - - -	34,992,139 63
The circulation of Bank Notes, amounts to -	5,456,891 90
The deposits are - - - - -	6,776,492 74
Unclaimed Dividends, - - - - -	129,741 28
Amount due to sundry Banks, in current account, and to individuals in Europe, - - -	1,964,898 36
Fund reserved to cover the losses sustained by the Bank, - - - - -	3,743,899 00
Profit and loss account, after having transferred to Contingent Fund 193,899 dollars, - -	51,897 07
Interest, Discounts, &c. received from 1st July to September, - - - - -	388,237 01
<b>The total amount of Funds, are - - -</b>	<b>53,504,196 99</b>

*Which are distributed as follows:*

In United States 5 per cent Stock, - - -	11,000,000 00
United States 6 per cent. Stock, - - -	2,020,469 27
Loans on personal security, - - -	26,236,150 88
Loans secured by Bank Stock, - - -	5,974,725 80
Loans secured by Mortgage, - - -	8,000 00
Due by State Banks, bearing interest, -	739,918 76
Real Estate taken for debt, part of which is productive, - - - - -	587,102 38
Amount due by sundry State Banks, &c. in current account, - - - - -	910,950 97
Paid on account of Bonus, and premium on 5 per cent. Stock, - - - - -	1,180,880 00
Banking House in Philadelphia and Branches cost - - - - -	834,922 15
Notes of State Banks on hand, - - -	664,642 56
Specie in United States Bank and Branches,	3,346,434 22
	<hr/>
	53,504,196 99
	<hr/>

It might be deemed prudent to abstain from expressing an opinion upon the future prospects

of the Bank, leaving each individual to draw his own inferences from the facts exhibited; yet your Committee are unwilling to omit the expression of what they believe to be a well grounded hope that the profits of the Bank and its public utility will continue to increase with the gradual development of its resources. If the Bank has, under the embarrassment and perplexity in which it has been placed, not only sustained its own credit, but that of the circulating medium of the country, with which its interest and prosperity are indissolubly connected, it can scarcely be doubted that these difficulties being surmounted, and a more ample field opened for the exercise of its energies, an increase of profit will result from a corresponding extension of its business. And whilst your Committee have found it impracticable to view this Institution, in any other light, than as an establishment to effect great national objects, they have been compelled to remark that, though those objects have been most fully attained, the Institution itself has not received the support, which it is clearly the interest of the nation to afford.

The past history of the Bank has proved that, where a sense of moral obligation is wanting, the existing laws are inadequate to deter the agents of the Bank from the commission of

frauds upon its vaults. Your Committee therefore advise that the President and Directors present to Congress a respectful memorial, praying—1st, The enactment of efficacious laws, that adequate punishments may be inflicted upon such agents of the Bank as may be guilty of malversation in office. 2dly, That they ask an alteration in that part of the charter which requires that all the notes of the Bank which are payable on demand shall be received in payment of debts due to the Government, inasmuch as this requisition, as heretofore construed, has not only the tendency to prevent the Bank from restoring to some sections of the country a sound circulating medium, but it may occur that the Bank cannot safely place to the credit of the Government, in cash, notes at one office, which, according to the contract on the face of them, are payable at a different and distant office alone, and where only funds have been placed for their redemption.

Though your Committee are aware, that not only the convenience of the public but the interest of the Institution require an additional emission of its notes, and although they believe, that with a reasonable degree of exertion on the part of the cashier, these may be executed and put in circulation, while the business of the Bank is

confined to its present limit; yet they are satisfied that a considerable extension of the ordinary business of the Institution, would render it wholly impossible for its officers to perform this service: it is therefore respectfully suggested, that Congress be prayed also to pass a law, authorizing other agents of the Bank to sign its notes, and in the mean time the Committee recommend that the best means in the power of the President and Directors be taken, to put in circulation a large additional amount of notes, not exceeding the denomination of twenty dollars.

Your Committee have not discovered that any serious consequences have resulted to the interests of the Bank (except those which have been followed by a public exposure,) from a want of obedience in distant agents; they nevertheless deem it proper to advise, that the President and Directors of the Parent Bank keep steadily in view the absolute necessity of enforcing its own orders through all the various departments of the Institution; without which, neither harmony can be expected in its administration, nor security to the interests of its stockholders.

Your Committee feel much gratification in

being able to state, that the current expenses of the Bank have been essentially reduced since the year 1819, and while it might be supposed that the present embarrassed state of the commerce of the country, and the limited amount of interest heretofore divided upon the capital of the Bank, are strong admonitions to your agents to observe the most rigid economy; yet, inasmuch as the splendid edifice in which you are assembled is now so nearly completed, they cannot but recommend that it be finished, provided the expense shall not exceed 25,000 dollars.

In taking into view the business of the Bank as connected with its different offices, the Committee think it right to recommend to the continued attention of the President and Directors the necessity of withdrawing those Branches which are found to be unprofitable, and transferring their funds to those offices which shall seem to require additional capital.

Your Committee take great pleasure in unanimously declaring that the circumstances of the Bank fully realize the anticipations of the Stockholders as expressed at their last meeting, in regard to the President, who, by his talents, disinterestedness, and assiduity, has placed its



affairs in an attitude so safe and prosperous, as that the burthen of duty devolving upon his successor will be comparatively light.

**THOS. ELLICOTT,**

Chairman of the Committee of Inspection  
and Investigation.

*Bank of the United States,  
October 1st, 1822.*

## EXPOSITION.

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THE Stockholders generally have never had any view of the progress of the Bank submitted to them. At the triennial meeting in 1819, it was my intention to have given them such a view. I was, however, advised that it would be more expedient to reserve the communication for a committee, and my opinion was cheerfully surrendered. But as it is my determination in a few months to quit the station with which you have honoured me, and as my silence on a former occasion has kept you, as well as the public, in a great measure ignorant of the difficulties in which I found the Bank, and has subjected the administration, of which I have been a member, to censures which were unfounded, and which have fallen in many instances, from the lips of the very persons who were the authors of the errors and mismanagements, to use no harsher language, by which this Institution was brought to the verge of bankruptcy and ruin, I will now present to you a short view of the progress and present state of the Bank. You will probably raise a committee of inspection and investigation, and as far as any facts or circumstances which I shall present, may be deemed material, their accuracy or error may be ascertained.

The Institution commenced active Banking operations about the 1st of January 1817, and in the course of that year established eighteen Branches, being all that have been established. One was projected at Augusta, but on reconsideration was abandoned. The Report of the Committee of Congress made in December 1818, has made you fully acquainted with so many of the leading details of the previous management, and the lapse of time has made them so much less interesting than they would have been at an earlier day, that I mean to do little more, in relation to the period which preceded 1819, than present the

results as they will be exhibited in the state of the Bank, when I came into it.

The Bank, immediately on its commencement, did a very extensive business, imported vast sums of specie, paid its notes and those of the Offices, without reference to the places where they were payable, at the Bank, and all the principal Offices north of the Potomac, while they were, under the charter, necessarily received every where in the payment of debts to the Government of the United States; and drafts were given without limit, on the Parent Bank and northern Offices by the western Offices, at par or at a premium merely nominal.—As soon as the notes of the southern and western Offices were paid or received by the Bank and northern Offices, they were returned to them and re-issued in perpetual succession. 'An accompanying exhibit (1) will show the enormous amount of the notes of southern and western Offices which became chargeable on the Bank, directly, and, indirectly, through the northern Offices. The result was that the Bank and the great northern Offices were drained of their capital, and on the twentieth of July 1818, only eighteen months after the Institution began its operations, it was obliged to commence a rapid and heavy curtailment of the business of the Bank and its Offices. During all this time it had the advantage of immense government deposits. At the moment these curtailments were ordered, the government deposits in the Bank and its Branches, including the deposits of public officers, amounted to eight millions of dollars, (a) and they had been larger at preceding periods. Curtailments were ordered, from time to time, at the southern and western Offices, to the amount of seven millions of dollars, and at the Parent Bank to the amount of two millions, though at the latter they were made to the amount of 3,600,000 dollars, and upwards, between the 30th July, 1818, and the 1st April, 1819. No curtailments were ordered at the Offices of New York and Boston, because there was no room for them, yet necessity obliged them to reduce their business very much. The curtailments at all points within the above-mentioned dates, (b) being eight months, were 6,530,159 dollars 49 cents. Yet after these immense and rapid

(a) See the Monthly Statements, of the 6th and 30th July, 1818.

(b) I refer to the Monthly Statements of the 30th July, 1818, and 1st April, 1819.

curtailments, the most sensible and vital points (Philadelphia, New York and Boston) were infinitely in worse condition than when the remedy was devised.

An accompanying exhibit (2) will show the distribution of capital at the close of this period. At that moment the discount line of the important Office at Boston was only 94,584 dollars 37 cents. And when in this wretched state, the southern and western circulation was pouring in upon these weak points, and the Government at liberty, according to the practice of the time, to draw on either Office or the Bank for the gross amount of its deposits, throughout the whole establishment, whether south, north, east or west. The southern and western Offices were not restrained from issuing their notes, which they did most profusely. The curtailments in many instances resulted merely in a change of debts, bearing interest for debts due by local banks, or the notes of local banks, on neither of which was interest received. The western Offices curtailed their discounted paper, but they purchased what were called *Race Horse Bills*, to a greater amount than their curtailments. The Bank itself continued during the whole period, to purchase and collect drafts on the southern and even western Offices, though almost the whole active capital already lay in these quarters of the Union, and though the great object of the curtailments was to draw funds from these points. The debt due in Kentucky and Ohio, instead of being reduced, was within this period actually increased upwards of half a million of dollars. An accompanying exhibit (3) will show, that instead of getting relief from the southern and western Offices generally, where curtailments had been ordered, the Bank was still further exhausted by the intervening operations.

At the commencement of this period, (a period commencing with the order for curtailments, and ending March, 1819) the Bank was indebted to Baring, Brothers & Co., Reed, Irving & Co., Adams, Robertson & Co., and Thomas Wilson & Co. the sum of 1,586,345 dollars 47 cents, growing principally, if not entirely, out of its specie operations. Of this sum the greater part was paid during this period. It had, however, contracted new debts with Baring, Brothers & Co. and Thomas Wilson & Co., of which there remained due, including any balance which may have been due on the former accounts, the sum of

876,648 dollars; and within the same period it had disposed of 2,270,926 dollars 65 cents of its funded debt, furnishing, by these compound operations, ways and means, in addition to its curtailments, to the amount of 1,561,229 dollars 13 cents, and making with these curtailments, a reduction in the productive capital of the Bank, within the period of eight months, of eight millions of dollars and upwards.

At the close of this period the discounts on personal security at Philadelphia, had been so long the subject of curtailment, that but a small portion of them admitted of further reduction, and, after great efforts, a rule had been established to reduce the discounts which had been granted on the stock of the Bank at the rate of five per cent every 60 days. These latter constituted the bulk of the discounted paper, and so small a reduction afforded no material relief against a great and immediate demand. Even this small reduction was the subject of loud, angry, and constant remonstrances among the borrowers, who claimed the privileges and the favour which they contended were due to stockholders, and sometimes succeeded in communicating their sympathies to the Board. All the funded debt which was saleable had been disposed of, and the proceeds exhausted. The specie in the vaults at the close of the day on the 1st of April 1819, was only 126,745 dollars 28 cents, and the Bank owed to the city banks, deducting balances due to it, an aggregate balance of 79,125 dollars 99 cents.

It is true there were in the Mint 267,978 dollars 9 cents, and *in transitu* from Kentucky and Ohio overland, 250,000 dollars; but the Treasury dividends were payable on that day to the amount of near 500,000 dollars, and there remained at the close of the day more than one half of the sum subject to draft, and the greater part even of the sum which had been drawn during the day, remained a charge upon the Bank in the shape of temporary deposits, which were almost immediately withdrawn. Accordingly, on the 12th of the same month, the Bank had in its vaults but 71,522 dollars 47 cents, and owed to the City Banks a balance of 196,418 dollars 66 cents; exceeding the specie in its vaults 124,895 dollars 19 cents. It must again be remarked, that it had yet the sum before mentioned in the Mint, as well as the sum *in transitu* from Ohio and Kentucky—this last sum (250,000 dollars) arrived very sea-

sonably on the next day or a day or two thereafter. The bank in this situation, the office at New York was little better, and the office at Boston a great deal worse. At the same time the Bank owed to Baring, Brothers & Co. and Thomas Wilson & Co. nearly 900,000 dollars, which it was bound to pay immediately, and which was equivalent to a charge upon its vaults to that amount. It had, including the notes of the offices, a circulation of six millions of dollars to meet, to which were to be added the demands of depositors, public and private, at a time too when the scarcity of money called forth every disposable dollar, and therefore created demands upon the Bank for an unusual portion of the ordinary deposits and circulation.

The sums which were collected daily on account of the revenue, in branch paper, were demandable the next day in Philadelphia, and, at the same time, at every office of the establishment, at the discretion of the officers of the government. The revenue was principally paid in Branch paper, as well at Boston and New York as at Philadelphia, and while the duties were thus paid at one compter, in Branch paper, the debentures, which amounted to one million of dollars every three months, were demanded and paid at the other, in specie or its equivalent,—money of the place. Many additional details, increasing the difficulties of the moment, might be added. The Southern Offices were remitting tardily, and the Western not at all. All the resources of the Bank would not have sustained it in this course and mode of business another month!! Such was the prostrate state of the Bank of the nation, which had only twenty-seven months before commenced business with an untrammelled active capital of twenty-eight millions of dollars.

But it would have been fortunate for the Institution if its danger had ceased here. There still remained in some of the trusts of the Bank some of the men who had contributed most to involve it, in this state of things. As I must be brief, and the subject is very extensive, I will advert only to the principal instance of the misfortune and profligacy to which I allude.

In the Office at Baltimore of which James A. Buchanan was President, and J. W. McCulloh was Cashier, there were near three millions of dollars discounted or appropriated, without any authority, and without the knowledge of the board of the Office, or that of the Parent Bank! S. Smith and Buchanan, of

which firm J. A. Buchanan was a member, James W. McCulloch and George Williams, (the latter a member of the Parent Board by the appointment of the government,) had obtained, of the Parent Bank, discounts, in the regular and accustomed manner, to the amount of 1,957,700 dollars, on a pledge of 18,290 shares stock of the Bank. These men, without the knowledge of either board, and contrary to the resolves and orders of the Parent Bank, took out of the Office at Baltimore, under the pretence of securing it by pledging the surplus value of the stock, already pledged at the Parent Bank for its par value and more, and other like surplusses over which the Bank had no controul, the sum of 1,540,000 dollars: this formed a part of the sum before stated to have been discounted by the President and Cashier of the office without-authority. When this stupendous fraud was discovered, attempts were immediately made to obtain security, and it was obtained nominally to the amount of 900,000 dollars. It was probably really worth 500,000. For this the Bank is principally indebted to the good management of Messrs. Oliver, Hoffman and McKim, of Baltimore, who were at the time members of the Parent Board.

The losses sustained at the office at Baltimore alone, the great mass of which grew out of this fraud and others closely connected with it, have been estimated at the immense sum of 1,671,231 dollars, 87 cents. The aggregate of the losses of the Institution, growing out of the operations which preceded the 6th March, 1819, exceed considerably 3,500,000 dollars. The dividends, during the same time, amount to 4,410,000. Of this sum, 1,348,558 dollars 98 cents were received as the interest on the public debt held by the Bank, which leaves, as the entire profits on all the operations of banking, the sum of 3,061,441 dollars 2 cents, which is less, by at least half a million of dollars, than the losses sustained on the same business!!

When I was invited, and consented to fill the station I now hold, (4) I was alike ignorant and unapprehensive of the situation in which I have just described the Bank (truly, I believe,) to have been. I was at the moment remotely situated from the scenes of its active business, and its important transactions. I had held, it is true, shortly before, to oblige my friends, a place in the board of the office at Charleston, at which I occasionally attended, and from what I saw there, as well as from the pub-

lic facts concerning the transactions of the Bank, I was satisfied that there was a great want of financial talent in the management of it. But I had not the faintest idea that its power had been so completely prostrated, or that it had been thus unfortunately managed or grossly defrauded. I never imagined that when it had, at so much expense and loss, imported so many millions of specie, they had been entirely exhausted and were not yet paid for; nor that the Bank was on the point of stopping payment. It was not until the moment I was about to commence my journey to Philadelphia, that I was apprized by a letter (5) from a friend, who had been a member of the preceding board, that he feared, in a few months, the Bank would be obliged to stop payment.

This was, indeed, appalling news. When I reached Washington, I received hourly proofs of the probability of this event. In Philadelphia it was generally expected. My memory deceives me much if I found any one in or out of the Bank, who entertained a sanguine belief of its being able to sustain its payments much longer. On the contrary there was (I think it cannot be forgotten) a public and general expectation that the nation was about to suffer the calamity of a currency composed entirely of irredeemable paper. The evil which thus threatened the country, is not at all to be compared with a suspension of a sound currency in times of war and great national emergencies. The former can only be conceived by a people who have suffered under a paper currency in profound peace. What a train of evils does it produce? The destruction of public and private credit, the national torpor, the individual ruin, the disgraceful legislation and the prostration of the morals of the people, of which you may discover within your own territories, some examples, will give you some but yet a faint idea of the calamity which was about to fall on the country.

On the Bank it must have brought inevitable ruin, for if it had failed, from its own mismanagement, to serve the great purpose for which it was just before established—that of restoring and preserving the soundness of the currency—there is no doubt that the hostility which its great and habitual public usefulness cannot now appease, would have overwhelmed it. Indeed it would have had no claim on the sympathy or the justice of the government, and would have suffered a merited fate. No



exertions and no sacrifices were therefore too great to avert this calamity. It was not to be accomplished without sacrifices: But they have been small, and infinitely less than was expected.

Thus stood the Bank at the organization of the present administration. I was elected and took my seat as President of the Board on the 6th March 1819. But some time of course was necessary to look into the state of the Bank before measures of relief could be projected. Its danger, however, was too manifest, and too pressing to allow much time for this purpose. The principal errors which produced the danger were fortunately of easy discovery, and to them the proper remedy was immediately applied. The southern and western Offices were immediately directed not to issue their notes, and the Bank ceased to purchase and collect exchange on the south and west. A special meeting of the Board was called, which the non-resident Directors were summoned to attend for the 9th April (the next month) and a correspondence with the Secretary of the Treasury was commenced, entreating his forbearance and his aid, to which I beg leave to refer. (6) To this officer I should be ungrateful and unjust, if I were not publicly to acknowledge my obligations and those of the Bank, for the countenance and support which he afforded to both in this struggle.

At the meeting of the Directors on the 9th April, which was very full, the state of the Bank was submitted to them, a select committee appointed, to whom the subject of its difficulties was referred, and after very mature deliberation that committee made a Report which was *unanimously* agreed to. The principal means of relief proposed and agreed to were:

1. To continue the curtailments *previously* ordered.
2. To forbid the Offices to the south and west to issue their notes when the exchanges were against them.
3. To collect the balances due by local Banks to the Offices.
4. To claim of the Government the time necessary to transfer funds from the Offices where money was collected to those where it was to be disbursed, as well as like time (until the difficulties of the Bank were removed) to transfer funds to meet the notes of Offices paid in the Bank or other Offices than those where they were payable according to their tenor.
5. To pay debentures in

the same money in which the duties, on which the debentures were secured, had been paid. 6. To obtain a loan in Europe for a sum not exceeding 2,500,000 dollars, for a period not exceeding three years.

These measures, simple and obvious as they are, and some of them so strangely overlooked so long, lifted the Bank in the short space of seventy days (from 6 March to 17 May) from the extreme prostration which has been described, to a state of safety and even in some degree of power, enabled it to cease its curtailments, except at points where it had an excess of capital, to defy all attacks upon it, and to sustain other institutions which wanted aid and were ascertained to be solvent; above all, to establish the soundness of the currency which had just before been deemed hopeless; and in a single season of business (the first) to give to every Office as much capital as it could advantageously employ. There are two of the measures thus adopted, on which I will enter into some detail, because they have been misconceived and misrepresented.

1. The curtailments. The immense curtailments which had been made before the present administration of the Bank was organized, have been stated. The public has been led to believe that these curtailments were made by this administration, and were the fruit of a policy which originated with it. Men who sat at the Board and knew the contrary, or, which is little better, without taking the trouble to ascertain a fact which was so easily within their reach, have consented to propagate this slander.

I now state, and defy contradiction, and am ready to prove that *no curtailment has been ordered from the time I took my seat, until this day.*

That any curtailments which have been made by the administration of which I have been a member, were made under orders which I found in force;—that the Bank at Philadelphia continued to curtail only seventy days after I took my seat, that the Offices of New York and Boston were only required to sustain themselves, according to circumstances, until the scattered funds of the Institution could be collected to give them capital; and further that the greatest reduction of the discounts of the Bank itself, and all the Offices north of Philadelphia, together, at no one time exceeded 400,000 dollars, until they were re-

duced by a want of demand for money which was general through the nation. When this want of demand for money prevented the profitable employment of the funds of the Bank, the only expedient to relieve it from the losses of unemployed capital which existed, was promptly and successfully employed, by purchasing of the Government of the United States, first two millions of six per cent. stock, redeemable at the pleasure of the Government, and afterwards four millions of five per cent. stock, redeemable in 1835, on terms which were then deemed highly advantageous to the Bank, and which are so still, as shall be hereafter proved.

It is believed that a candid and dispassionate investigation of the facts will show that, with the same means and under the same circumstances, no change of proceeding or policy could have increased the profits of the Bank, (7) and that if the interest which has accrued on the heavy amount of suspended debt and not been received (and that it has not been received, is not the fault of the present administration, which did not grant the loans on which the interest accrued) be added to the dividends made and the accumulations reserved, the gains will be within less than a half per cent. per annum of the nominal profits of the preceding period, in which every thing was hazarded, and more actually lost than all that was thus nominally gained. I should have had no disposition to make these comparisons had they not been made necessary by false statements and representations of the same facts. In looking at these results, let it also be recollected what different circumstances characterized the different periods.

2. The other measure which I mean particularly to notice is the loan which was obtained in Europe. There was at the time this loan was projected great embarrassment in all the concerns of commerce, but the pressing difficulty was a real unsoundness in the Bank circulation which constituted the whole currency of the country. The weakness of the Bank of the United States, has been exposed. That of the State Banks was probably greater, though they were not subject to so many and such complicated dangers. The revenue was accumulating to the credit of the government, at various points, in paper that if immediately pressed upon the banks which issued it would not have been honoured; and yet to have discredited it suddenly

would have forced the *crisis* of the unsoundness of all the **Bank** circulation at a moment when it had no recuperative faculty, and must have ended in consequences alike disastrous to the **Bank** and the country. On the other hand to have imposed no pressure upon these banks would have been to cherish and perpetuate and increase the evil of an unsound currency. The course to be pursued by this **Bank** was a subject of great delicacy and difficulty. The situation of the country was exceedingly alarming.

It was not the present evil that was dreaded—the country was in its money concerns in an extreme state of exhaustion. It was drained of its specie in the preceding year before the first instalment of the Louisiana stock became payable. The sum necessary to make the payment stood to the credit of the Treasury in the **Bank** and was transferred to the credit of the holders of this stock. The agent of Baring, Brothers & Co. had for foreign account, at one moment, 2,410,000 dollars at his credit at the **Bank** in Philadelphia, and on the same day all the specie in the **Bank** and all its Offices did not amount to as much. It was impossible to have paid it, and the **Bank** was obliged to enter into a contract to pay it in England by a given time, with interest. In executing this contract it employed the whole operations of the next season of business in foreign exchanges, and paid a very large amount of interest; and at the time this loan was projected there remained a large balance due to Baring, Brothers & Co. on account of this contract. The country had been still further divested of its metallic basis in the interim, and a pretence was only wanting by too many individuals and banking institutions to stop payment. To them it might have afforded immediate relief and profit. But to the **Bank** of the United States it must, as already shown, have caused inevitable ruin. At every hazard it was obliged to continue its payments. Its ability to do so, depended on sustaining the credit of the country, and restoring the soundness of the currency.

If its own vaults had been better replenished than they were, it could not have relied upon them alone. The ability of this **Bank** to sustain its credit at no time depends solely or principally on the specie in its own vaults: but on the general credit of the country sustained by the usual legal and moral obligations—destroy these practically, and all its power becomes feebleness.

Thus it has, at any given moment, from twenty to thirty millions of dollars becoming due to it within ninety days, besides very large sums standing in balances against other banks, and further sums in the notes of other banks. Now, suppose at any moment, that a state of things should arise which should destroy the general credit of the country, and disable debtors, who in their turn depend on the same means for their ability to pay, to comply with the first, and tempt them to disregard the last of these obligations, what would be then the situation of the Bank of the United States? Yet that state of things was on the point of taking place, when the loan in question was projected.

The country could bear no further exhaustion, however small, until it had a season to recover. But the second instalment of the Louisiana Stock, was to be paid in a few months; and the sum to be withdrawn by foreigners, exceeded probably all the specie in the two great cities of Philadelphia and New York. The Bank would have been bound to pay it, had it received the local paper in payment of the revenue; and if it had refused it, we have seen the disastrous consequences to which it would have led. It was a payment which the country could not, at the time, bear, and the ability of the Bank was necessarily limited by the ability of the country. Hence, in a general view, the necessity and expediency of the loan.

It has, I understand, been said, that events have proved that the loan was unnecessary, regarding merely the direct obligations of the Bank. This is an objection which no mind capable of comprehending the just policy of a national bank could make, if the foregoing views be correct. But it is not true. Events on the contrary proved it was indispensable. What would the situation of the Bank have been, if in October, 1819, upwards of two millions of dollars had been, in this section of the Union, where it was payable, drawn from its vaults? Although they had been by that day considerably strengthened, yet all the specie in the Bank, and all the offices on this side the Potomac, could not have met the draft! Will it be said, that the Government had not, at the time this instalment was payable, a sufficient deposit to make the payment? It is true, because the Government, as soon as it was discovered that the public credit would not be made to suffer, disbursed the monies which must have been and would have been reserved for this purpose; and

thus the Bank and the community generally were relieved from the foreign drain upon them, in the manner in which the relief was originally projected.

Again—the burthen of this loan has been greatly misrepresented. It has been supposed that in consequence of the subsequent want of demand for money, which prevented the Bank from fully employing its capital, the interest paid on this loan was a loss to the Bank. This might be admitted, and still the loan was not the less necessary. A sacrifice of gain was expected and intended. But the fact is not so. Although undoubtedly there was a long period during which the capital of the Bank was not fully employed, yet it so happened, that the specific money derived from this loan was employed, and has not ceased to bring in six per cent. per annum from that day to this. Without it the Bank could not have taken the Government loan of two millions of dollars in 1820, which remains yet unpaid, nor could it have done the profitable business in foreign exchanges which it did in that year, nor have distributed capitals as early as it did to the northern offices, which infused into them a new life, nor, could it have sustained the character or the usefulness of a National Bank, until it should have collected by slow and painful means its scattered capital. I have said so much of the loan, not only because it is an important circumstance in the management of the Bank, but also because it is a measure closely connected with the financial history of the country, and on which turned, in a great measure, the preservation of a sound currency, an event, however unusual it is so to consider it, probably of more importance than any other in the history of the country since the late peace. In sustaining the Bank a great public purpose was served, but it cost not an additional cent. Censured though it may be, I proudly say I suggested and advised this measure, and am well content to bear the responsibility of it. The loan was for only two millions of dollars, and was payable on the 5th of July last. One million thereof has been continued at 5 per cent. interest, and the other has been paid off at a profit which would defray the charge of remitting the remaining million, even at the present adverse rate of exchange.

During the present administration of the Bank, considerable sums have been drawn from the capital in erecting necessary

D

buildings for the use of the institution, considerable burthens, which were previously created, have been discharged, one million of dollars have been paid on account of the bonus to the Government for the charter, six millions of funded debt have been purchased, and are now held by the Bank, three millions five hundred and fifty thousand dollars have been accumulated for the purpose of repairing the losses which had been previously sustained, and there now stands to the credit of profit and loss the sum of 245,796 dollars 7 cents; and there is due to the Bank 1,279,520 dollars 54 cents, for interest which accrued before the first of July last, on suspended debts, and which has not been received.

The losses of the Institution were estimated, at the last meeting of the Stockholders, at three millions of dollars. They have been found to exceed that sum. The estimates of the Dividend Committee, in July last, made the aggregate of the losses \$3,743,899. This includes all losses to that time from whatever cause. A very small portion of these losses, you will discover, has resulted from the business or management posterior to March, 1819. It is hoped, from the lapse of time, and the trying circumstances which have intervened, that the losses have reached their utmost amount. The greatest pains have been taken to probe the state of all the offices to the bottom, as the accompanying documents will show. (8)

The western debts, by which are meant those due in the states of Ohio and Kentucky, have been a subject of peculiar anxiety and attention. To ascertain the exact state of them, the Board were not satisfied to rely on the ordinary means, but dispatched the Cashier of the Bank, who was understood to be particularly well acquainted with these states, to look into the situation of the offices in Kentucky and Ohio, and to furnish an estimate of the probable loss which would be sustained upon them. His reports which accompany this communication, will exhibit these results. His estimates very far exceed those of the committees of the offices; and the Parent Board and the committees of that Board have been governed by his estimates, in forming their opinions of the amount of these losses. A number of investigations of particular cases have, in the course of the current transactions of the Bank, taken place, and, on all such occasions, his estimates of loss have appeared to be be-

yond the probable loss, with the exception of the cases of some local banks at Cincinnati. Doubts, however, of the sufficiency of these estimates, founded on the *fear* of the fraudulent disposition of some of the debtors, and the unjust laws of those states in relation to creditors, were excited—the Board, therefore, in July 1821, set apart, as an auxiliary fund, in addition to the contingent fund of 3,550,000 dollars, all excess over the par value of certain stock pledged and transferred to the Bank, and all interest due and to grow due on the suspended debts at the offices in Kentucky, and Ohio, to be with the said “contingent fund” inviolably appropriated to the extinguishment of the losses of the Bank, unless otherwise ordered or advised by the stockholders at a triennial meeting or at a regular meeting which should be called for the purpose.

The course of policy pursued by the Board in relation to suspended debts, and particularly the debts due in the western states, was not to press the debtors rigorously where they were willing to give the best security in their power, and indeed never to press them except with a view to security.—The most liberal indulgence therefore has invariably been granted where satisfactory security or the best in the power of the debtor has been given. On the 1st April 1819, the sum due to the Bank in Ohio and Kentucky, including balances due by local banks, was 6,351,120 dollars, 80 cents; on the 30th August 1822, the sum due, including also real estate taken in payment, was 5,389,477 dollars 18 cents, being a reduction of 961,653 dollars 62 cents, (a) but in the debt now due, is a considerable sum of contingent interest which has been liquidated and notes taken for it, so that the reduction will exceed one million of dollars of the principal.—Mortgages, and other collateral security deemed ample have in many cases been obtained, in others valuable additional security, in others judgments, and suits are pending in all, or nearly all cases in which security has not been obtained.

The office at Cincinnati was discontinued in September 1820, and a confidential agent is now employed in winding up its affairs.—The reasons for discontinuing this office it would be tedious and perhaps invidious to narrate, they shall be stated

(a) Vide Monthly Statements for 1st April 1819, and 30th August, 1822.



to any committee you may appoint. It has been deemed inexpedient to discontinue any other office.

The several funds which may be relied upon to extinguish the estimated losses are the following: 1. A contingent fund of actual profits which have been reserved of three millions five hundred and fifty thousand dollars. 2. Any excess beyond the par value of 37,954 shares of the capital stock of the Bank pledged to it and standing in its corporate name on the books. Though the debts secured by these shares are only estimated at par, they give a claim to the Bank which will cover any value beyond par which the shares may hereafter bear. 3. The sum of 245,796 dollars 7 cents, now standing to the credit of profit and loss. 4. The sum of 1,279,520 dollars 54 cents, arrears of interest due the Bank. It must be remarked that this last sum includes interest as well on debts estimated as bad and doubtful as on those deemed good. There is now no charge on the Bank besides ordinary current charges, except 60,000 dollars semi-annually, which will, if applied for the duration of the charter, extinguish the bonus, the premium on the five per cent. loan, and about forty per cent. of the cost of banking houses which have been erected, and of any that in all likelihood will be hereafter erected, as well as the completion of the building in which you are assembled; and although I have been opposed and have even entered my dissent upon the journals, to some of the acts of the Board in relation to this building, I nevertheless do advise, as it is so near completion and is so beautiful a specimen of architecture, that it be finished. It never again can be done at so small an expense, and never under the superintendence of an agent more skilful, faithful, economical and accurate, than the gentleman who planned and has so far executed it. The additional expense will be small. (9)

It was expected by the stockholders at their last meeting, that the Bank would have been enabled to have repaired the losses which had been sustained, and to have made a dividend in January, 1820. This the increased estimates of the losses and the stagnation of trade concurred to prevent, while the same causes have diminished the amount of the dividends which have since been made. It will be seen, however, on reference to the accompanying statement (10) that the Bank would have been able to have made dividends which would, no doubt, have been

satisfactory to the stockholders during the whole period of this administration, had it not been incumbered as well with the losses as the various embarrassments which belonged, in their origin, to a previous period.

The expenses of the Institution very soon attracted the attention of the present administration, but it was not practicable to reduce them immediately. An accompanying statement (11) however will show that much has been done towards the accomplishment of this object. The amount is still enormous compared with the profits growing out of the proper operations of banking; that is to say the profits of the Bank, exclusive of the dividends received on the funded debt which it holds and which require no management or expense in the receipt of them.

The monthly statements of the Bank exhibit an analysis of the state and current business of the Bank and the several Offices as perfect as the nature of the subjects will permit: but if taken without explanations they are often likely to mislead. No attempt at this time and in this form to give such explanations in a general way would be admissible or practicable, but all such will be cheerfully and promptly given in reply to every inquiry on particular points which may be presented.

You will probably desire to have some notices of the condition of the principal funds in which the capital is invested. This I will briefly attempt:

I. The Discounted Paper. The current paper of this Bank and its offices is probably as good, or better, than the current paper of other banks, in the places respectively where it is due. There is, however, unfortunately a heavy mass of suspended paper on which interest is continually accruing, a great part of which will, no doubt, in time be recovered, but which adds little or nothing at the present time, to the fund from which the Bank is to divide. There is one portion of this which, independently of the losses already sustained by it, and which are included in the estimates, I consider as very good and productive. I mean the forfeited stock consisting of 37,954 shares which may be considered as a reduction of a capital quite too large, to the extent of their par value.

II. The Funded Debt held by the Bank. This now consists, with the exception of a very inconsiderable sum, (1) of seven millions of five per cent. stock subscribed by the Government;

(2) of two millions of six per cent. stock purchased in 1820, redeemable at the pleasure of the Government; (3) of four millions of five per cent. stock purchased in 1821, and redeemable on the 31st of December 1835. The two millions of six per cent. stock, of the loan of 1820, will, in all likelihood, be speedily redeemed. The four millions of five per cents. are longer irredeemable than any other stock of the Government of the United States, and hence probably this stock is more valuable than any other stock of the Government of the United States. It is quoted higher in the London market than the average of the six per cent. stocks. When the Bank obtained this stock it was deemed a great bargain. It is now unusually depressed, from causes which probably cannot be permanent, and some stockholders who urged the Bank to endeavour to take it at any price, begin now to doubt whether the Institution were not better without it. If it were now sold at a profitable rate, as it may be, the same persons, if it rise, would condemn the sale of it. Leaving these persons then to the indulgence of their opinions, it may be remarked that the more the Bank can retain of this stock the better for the Institution. It wants active funds but for two purposes: Firstly, to pay the loan of 1,000,000 dollars, due in London. And, secondly, to give additional capital to its Offices. All the Offices south of Philadelphia, I venture to say, have as much capital as they can use advantageously.

I cannot stop to give my reasons for this opinion. It is doubtful whether more than half a million in addition to its present funds could be *profitably* employed at the Parent Bank: more than an additional million I am satisfied cannot under any circumstances be profitably employed at New York, (a great many crude suggestions to the contrary notwithstanding): and I doubt whether at this moment a dollar more ought to be added; though I am of opinion that a million ought to be added to the capital of that Office at a proper time, making the capital 2,500,000 dollars. Half a million added to the capital of the Office at Boston, making the capital 1,500,000 dollars, will be enough for that office. All this will be supplied by the redemption of the two millions 6 per cent. loan, and if a little more be necessary, it will soon be supplied from the suspended debt. I think, therefore, if the Bank find it necessary to part with a million and a half of this loan, it ought to do it with regret; but it should on no

account part with more. The unextinguished part of the premium of this loan is about  $4\frac{1}{2}$  per cent., and the last London quotations are 95 a 96, and the exchange in favour of London 10 to  $10\frac{1}{2}$  per cent. It is obvious, therefore, that at the lowest quotations now or at any other time of this stock, it would realize the cost, in connexion with the rate of exchange, the rise of which against this country, is supposed to be the principal cause of the depression of this stock. There is one error in relation to this subject which it may be worth explaining.

It is supposed by some, that, because the government of the United States have not been enabled to convert their six per cent. stocks into fives, that a five per cent. stock is deemed undesirable abroad: but the government has never offered a stock like that which the Bank holds in exchange for the sixes. It has offered a stock redeemable in eight or ten years. The stock held by the Bank is not redeemable in less than thirteen years and three months. No stronger proof can be given that the sixes would be exchanged for such a stock, than the fact that it is quoted higher than the average of the six per cents. in the London market.

The Bank, by a resolution of the 28th day of November, 1816, agreed to remit to the holders of the capital stock of the Bank, residing in Europe, the dividends which should be declared thereon, free of expense. This was deemed a very disadvantageous and burthensome engagement on the part of the Bank—advice of eminent counsel has been taken, to know whether the Bank was bound to continue these remittances, and it has been advised that it was not bound longer than it should desire to do so from its own views of expediency or advantage. It was determined therefore to discontinue this agency except as to those who had made regular requisitions or who should do so by a given day. As to these it was thought better that the Bank should make the sacrifice which these remittances required, than incur the suspicion of having misled the holders of stock who had made the requisition, perhaps, under the impression, that the regulation was not disadvantageous to the Bank, and that it would be permanent; as to all others there was no pretence of claim. There is one case of 3540 shares which is under consideration, which the Bank has heretofore determined not to be entitled to this privilege, but the parties have urged a

reconsideration of it. If this be embraced the number of shares on which the Bank has determined to continue remittances, will be 15,330 shares. If they be excluded the number will be 11,790 shares.

With these facts, and an inspection of the documents which are referred to and ready to be exhibited, the Stockholders will be able to form an opinion for themselves, with all the lights and information which I have or of which the subject is susceptible, of the state of the Bank, and may offer their advice and express their opinions accordingly.

LANGDON CHEVES.  
Pres. Bank U. S.

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*"Bank United States, Sept. 25, 1822.*

"The Committee of Inspection and Investigation appointed in pursuance of a resolution adopted at the meeting of the stockholders, met agreeably to adjournment. Mr. Cheves continued the proof of his statements, and closed at 12—when, on motion of Mr. Hamilton, the following resolution was unanimously adopted:

*"Resolved,* That, in the opinion of this committee, Mr. Cheves has fully and satisfactorily proved the facts detailed in his statement of the past and present condition of the Bank, submitted by him to the stockholders, on the 2d September, and now in the possession of this Committee."

I do hereby certify that the above is a correct extract from the minutes of the Committee of Stockholders of the Bank of the United States, signed by the Chairman and Secretary, and deposited in this Bank for safe keeping.

J. ANDREWS, *Assistant Cashier.*

*Bank United States, October 17, 1822.*

## DOCUMENTS.

### No. 1.

The following sums in branch notes, received at the Bank of the United States, have been disposed of as follows:

Offices.	Returned to Offices.	Notes of Offices destroyed.	Notes of Offices on hand.	Total redeemed at parent Bank
Portsmouth,	25,310	100	2,775	28,185
Boston,	52,575	142,655	3,215	178,445
Providence,	21,640	570	1,780	23,990
Middletown,	42,920	920	10,385	54,225
New York,	373,490	812,330	29,240	1,215,060
Baltimore,	2,111,405	214,540	1,730	2,327,675
Washington,	3,467,370	28,375	54,885	3,550,630
Norfolk,	451,550	13,520	18,725	483,795
Richmond,	922,439	9,610	16,120	948,169
Fayetteville,	301,308	259,980	7,190	568,478
Charleston,	611,799	128,580	12,850	753,229
Savannah,	969,055	479,440	11,730	1,460,225
New Orleans,	420,115	195,010	30,040	645,165
Louisville,	27,550	222,210	94,340	344,100
Lexington,	170,280	379,500	84,800	634,580
Cincinnati,	198,000	492,540	119,010	809,550
Chillicothe,	26,000	227,360	33,850	287,210
Pittsburgh,	248,750	290,790	41,410	580,950
	<b>810,421,556</b>	<b>3,398,030</b>	<b>574,075</b>	<b>14,893,661</b>

To the foregoing amount of . . . . . \$14,893,661 00  
 There ought to be added this amount of post notes, issued by the parent Bank and destroyed; because they were used in the southern and western states, in lieu of branch notes, . . . . . 5,528,981 96

Amount redeemed, \$20,422,642 96

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The sum thus redeemed is exclusive of considerable sums in branch notes received at Offices other than those which issued them, and which were not returned through the parent Bank, but directly from the Offices which redeemed them to the Offices which had issued them.

*Bank of the United States, Dec. 7, 1820.*

(Signed) JAMES HOUSTON, Ass't Cashier.

No. 2.

Distribution of the capital of the Bank of the United States,  
May 28th, 1819.

Portsmouth, . . . . .	\$117,678	70
Providence, . . . . .	335,208	54
Middletown, . . . . .	255,985	11
New York, . . . . .	245,287	81
Baltimore, . . . . .	5,646,325	28
Washington, . . . . .	555,737	97
Richmond, . . . . .	1,760,502	88
Norfolk, . . . . .	861,764	16
Fayetteville, . . . . .	677,963	81
Charleston, . . . . .	1,935,042	35
Savannah, . . . . .	1,420,543	45
New Orleans, . . . . .	1,664,596	47
Lexington, . . . . .	1,502,388	44
Cincinnati, . . . . .	2,400,987	30
Louisville, . . . . .	1,129,009	00
Chillicothe, . . . . .	649,858	83
Pittsburgh, . . . . .	769,081	36
Philadelphia, . . . . .	13,418,742	96
Deduct this sum due to Office at Boston,	372,825	79
	<hr/>	13,045,917
		17
		<hr/>
		\$34,973,828
		63

This statement of the capital at Philadelphia, is merely nominal, if considered as a capital for the proper operations of banking, as in the above sum are embraced all the property and debts due the Institution, including therein the 5 per cent. stock which the government subscribed, debts due by State Banks, &c. &c.

No. 3.  
 A statement showing the amount of funds received from and restored to the several Offices (Washington excepted) which are therein mentioned, between the 30th of July, 1818, and the 1st of April, 1819.

Offices.	Curtailments ordered	Sterling Bills.		Branch notes paid.		Revenue paid.		Domestic Bills, &c.		Specie.		Totals.		Balance.	
		Cr.	Dr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
New Orleans,	500,000	93,000	275,000	112,000		121,000	576,000	150,000	508,000	819,000					
Savannah,	500,000	85,000	1,085,000	81,000		95,000	549,000	50,000	1,261,000	684,000					
Charleston,	500,000	249,000	275,000	553,000		258,000	350,000	300,000	1,087,000	899,000					
Fayetteville,	100,000		379,000	70,000		18,000	153,000	100,000	467,000	253,000					
Norfolk,	500,000	145,000	308,000		188,000	69,000	150,000	50,000	377,000	533,000					
Richmond,	1,200,000	310,000	587,000		324,000	134,000	408,000	50,000	721,000	1,092,000					
Baltimore,	3,000,000	702,000	726,000		400,000	731,000	775,000	100,000	1,537,000	2,013,000					
Pittsburgh,	100,000		240,000	9,000		55,000	146,000	50,000	304,000	196,000					
Cincinnati,	300,000		132,000	335,000		49,000	136,000	50,000	316,000	186,000					
Chillicothe,	100,000		42,000	198,000		7,000	135,000	190,000	247,000	325,000					
Lexington,	200,000		334,000			7,800	295,000	100,000	341,000	395,000					
Louisville,	100,000		169,000	789,000		10,000	116,000	100,000	966,000	216,000					
Washington,	6,600,000	1,584,000	4,553,000	2,147,000	912,000	1,554,000	3,789,000	100,000	1,326,000	8,352,000	7,511,000	741,000			
	400,000														
	7,000,000														



## COPIES.

*Philadelphia, February 4th, 1819.*

LANGDON CHEVES, Esq.

SIR,

The sudden resignation of William Jones, Esq. as President of the Bank of the United States, made it necessary to go into an immediate election of a successor, in order to prevent embarrassment to the Bank, and to the Loan Office connected with it.

Under these circumstances James C. Fisher, Esq. consented to serve, and was accordingly elected to the office, with a declaration on his part, that he would resign it as soon as a full meeting of the Board could take place, when the Directors would be enabled to select another President.

As it is important on various accounts, that the Presidency should be filled by a gentleman whose continuance in it might be generally expected, the undersigned, Directors of the Bank of the United States, do, in this unofficial manner, respectfully solicit your acceptance of that office.

Unless you were in Philadelphia, your election could not properly take place; we therefore request, if you accede to our wishes, that you will please to come on without delay; and do assure you, that on your arrival it will be promptly effected. Should it be necessary for you to return to your present place of residence for a time, you could do so without much inconvenience to the Bank, upon your designating one of the members of the Board as President pro tem.

We are, respectfully, &amp;c.

(Signed)

JOHN CONNELLY,	JOSHUA LIPPINCOTT,
GUSTAVUS COLHOUN,	JOHN COULTER,
JOSEPH DUGAN,	JOHN LISLE,
DANIEL LAMMOT,	JAMES SCHOTT,
JOHN OLIVER,	HENRY TOLAND,
GEORGE HOFFMAN,	JOHN CONNELL.
JAMES C. FISHER,	

*Office of Discount and Deposit, Baltimore,  
February 7th, 1819.*

SIR,

I have the honour to enclose an unsealed letter transmitted to me from the Bank of the United States, with a request that I would present the same to Mr. Oliver and Mr. Hoffman for their signatures, and then forward it by mail to you. I have taken the liberty to annex to the letter a statement, intended to shew that every director who had the opportunity, has given his signature, and I have sincere pleasure in transmitting this strong presumptive proof, that your election will be by an unanimous vote. I also take the liberty to add, that there appears to be but one sentiment among the stockholders here, which is, to see you placed at the head of this important but now greatly suffering institution, with as little delay as may be reconcileable with your personal concerns.

The difficulties under which the Bank of the United States has laboured, and the hostility with which it has been assailed, will have attracted your attention. This spirit of hostility may, without breach of charity, I presume, be in many instances ascribed to interested motives, and must therefore have its sway; but the Bank owes it to itself to provide, if it can, for a removal of those difficulties which arise from defects in some of the provisions of the charter, and from an erroneous construction of others. It is now contended that all bank notes must be signed by the President and countersigned by the Cashier. The circulation of the Bank ought to be thirty millions, or rather, this amount ought to be *signed*, and I think the denomination should be about as follows :

40,000	of 100	4,000,000
80,000	of 50	4,000,000
200,000	of 20	4,000,000
800,000	of 10	8,000,000
2,000,000	of 5	10,000,000
<hr style="width: 100%; border: 0.5px solid black;"/>		<hr style="width: 100%; border: 0.5px solid black;"/>
3,120,000		30,000,000

I know, by experience, that if a person do nothing else, he will be sufficiently employed in signing 2,000 notes daily, which would require five years to furnish the above amount and des-

cription of notes. But, occupied as the two principal officers of the Bank must be, with other and unavoidable duties, I believe it to be impossible that they can sign more than 1000 daily, and thus will the Bank be deprived of its principal source of profit. It is, no doubt, known to you, that a bill providing a remedy for this evil passed the Senate last year, but was postponed in the House. We are endeavouring to have it revived, and if you were in Washington, I should feel confident of success. Can you, by letters to your friends, promote, if you approve of this object, or can you reach Washington in time to aid the measure?

Under the fifteenth section of the charter, the Secretary of the Treasury claims, I am told, the right of passing his checks upon any point, whether he has money at such particular point or not; for example, if he have one million of dollars at New Orleans, and if he have occasion for this sum in Boston, he will draw on the latter, although he may not have a dollar there. May it not be contended on the part of the Bank, that he must give notice where he wants his funds to be placed; that the Bank must transmit them at its expense, and that when so placed, but not before, they may be drawn for? A contrary practice has, I understand, produced the following highly injurious result to the Bank. At points where money means coin, the overdrafts of the Treasury amount to 1,800,000 dollars, and at places, in many of which money means any thing but coin, the Treasury has to its credit 2,500,000 dollars. You will at once perceive, how oppressive this must be to the Bank. It has actually paid 1,800,000 dollars in coin, and has, in remote places, 2,500,000 dollars, of which it can make no present use!

When I took up my pen, it was only my intention to accompany the discharge of the duty assigned to me, with an expression of the gratification which I derived therefrom. The all important subject, however, of obtaining the means to afford an adequate amount of notes for circulation, has drawn me from my original purpose, and has subjected you to the perusal of common place observations, hastily, and therefore, no doubt, imperfectly expressed. I will hope for an apology in my motives, and I have the honour to be,

With the greatest respect,

Sir, your obedient servant,

(Signed)

J. A. BUCHANAN, *President.*

LANGDON CHEVES, Esq.

The question of the right of states to tax the United States Bank will, it is expected, come on before the Supreme Court at Washington next week.

Cheves,	}	absent, . . . . .	6
Potter,			
Bolton,			
Gracie,			
Chauncey,			
Sergeant,	}	resigned, . . . . .	2
Jones,			
Williams,			
Public Directors, not appointed,			4
Signatures to the letter,			13

25 being the  
whole number of Directors.

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No. 5.

**EXTRACT.**

*Philadelphia, Feb. 1, 1819.*

“The chief difficulty, probably, now will be if the Bank cannot continue to pay specie, and consequently incur a liability to be called upon by its creditors for twelve per cent. per annum interest. Will the payment of this interest be the greatest evil to be apprehended? Will it destroy confidence so much as to leave the Bank without credit with the public? Of this you can judge as well as if you were here. *We fear there is too much cause to calculate upon the Bank being placed in this unhappy situation before many months.*”

“It is desirable that there should be a head to the Bank as early as practicable. We wish therefore that you could make arrangements to come on here without delay, and leave the moving of your family until it could be done more conveniently and comfortably than it possibly could be done at this unpleasant season of the year.”

No. 6.

*(Private and Confidential.)**Philadelphia, 20th March, 1819.*

SIR,

The situation of the Bank of the United States, at this moment, is in a great degree critical; and it is the more so, because the state institutions are equally or more embarrassed: and this general embarrassment is increased by the fact, that it is not peculiar to this continent or the trade of this country. Europe suffers perhaps equally, and thus each, and particularly the United States, is deprived of the accustomed resources in times of difficulty. The mutuality of the suffering and the nature of the causes which produce it, make it likely to be of some permanency. These causes are more familiar to you than to me, and your information concerning them much better than mine, it would therefore be impertinent and useless for me to do more than allude to them. The Bank ought to contemplate two great objects, for both of which it is, unhappily, badly prepared.

First, to sustain its specie payments for the present.

Secondly, To reinvigorate itself for future active, profitable and useful operations.

On the first, your public conduct has abundantly shown that you entertain the opinion, to which I unequivocally and heartily subscribe, that in the money concerns of the country there can be neither public nor private safety or prosperity without the continuance of specie payments, at least by the Bank of the United States. On the example of this Institution this great question entirely rests. There is no state bank, south of Boston, that would not a year ago have abandoned the payment of specie, but for the Bank of the United States, connected with the determination of the Government not to receive its demands in the notes of banks which did not pay specie. If this Bank can continue specie payments, though some and even many of the state banks should suspend such payments, those which are sound, as far as the business of the country will enable them to do a profitable business, will re-establish their means and redeem their credit. A depreciated currency cannot increase or circulate to any extent in the country while the Government and the

Bank of the United States unite in discrediting it. The first by refusing it in payment, and the latter by supporting its own credit; and unless the Bank can support its credit, it would be very difficult for the Government to get on with its operations without using a depreciated paper currency, for there would instantly be no other seen. To the Bank it would be absolute ruin—it could carry on no business. The bills which it has in circulation, and all the individual deposits which it has, would be converted into objects of speculation, with a view to obtain the interest of 12 per cent. to which it would be liable. It would be a sure and profitable speculation (the solvency, not to say prosperity, of the Bank being in all events undoubted) and therefore it would undoubtedly occur. Its business would be suspended until it could pay off all it owed and provide unusual means for a new commencement. Confidence would be impaired, and time (which, considering the limited duration of its charter, is equivalent to money) would be lost. And, to recur again to the effects on the country, it would first have an immense unregulated and depreciated paper currency, which would last till it became intolerable, and then it would have none at all. Two greater evils cannot be suffered. It is my own opinion that no sacrifices, however great, should be forborne by the Bank to sustain a specie circulation, and I believe this would be the opinion of the Board, if such a question were submitted to them. All the great efforts of the Bank, and very great they were, in the importations of specie, have had their operation, but while they furnished relief to the Bank while it was engaged in the Herculean efforts which it undertook to equalize the exchanges, restore a specie circulation, and to put the mass of the government deposits into sound money, they have left no resource for present or future support. All the specie in the vaults of the Bank in Philadelphia, New York and Boston, by the late statements, amounts only to about 720,000 dollars. Of this 240,000 dollars are in the Mint, and could not now, and cannot for some time, serve the purpose of meeting a demand upon the Bank. The balance of the city banks of Philadelphia against us is 176,000 dollars and upwards, which leaves but 350,000 dollars, in a shape which could meet demands on the Bank and its Offices at New York and Boston. The only specie within the control of the Bank is 100,000 dollars, which it

has ordered from New Orleans, 250,000 dollars from the western Offices, and about 200,000 dollars, which is expected from Europe; the receipt of all which will be some time delayed, and is subject to accidents. The relief which we ought to have from the southern Offices is precarious, and perhaps cannot be realized in time—they urge their inability suddenly to afford it, and reluctantly yield it. While we are struggling to support the specie payments of the north, they answer that the commerce of their cities will suffer, and that urgency upon their Customers will produce great and ruinous failures;—but we are obliged to persevere. Their ability, too, has been turned in another direction, for all the sterling bills which they have been able to purchase are necessary to pay for specie formerly imported and used, and to meet the contract with the Barings for the payment of the Louisiana stock. We have sold the remnant of our six per cents.; we are curtailing something, though slowly, every day; and yet there is a continual though small drain upon us for specie and an increase of the late balances of the State Banks against us, though this also is small. Girard alone has a balance of near 130,000 dollars. The others together about 46,000 dollars. At this moment the preparations for the Asiatic trade are commencing, and will be continued by every effort which capital or cunning can make or contrive, and they will continue for some months. The results of new efforts to procure specie from abroad it is probable would be long delayed, and to engage in them is difficult. We have no credit established in Europe but with the Barings, and that for a small sum. We already owe them three fourths of a million almost, and they are themselves so much pressed at this time, it is understood, that we could not rely much upon them beyond the funds we might furnish. It is supposed we might collect some specie in the Havana, by the sale of bills on England. But to meet them we must purchase others in the United States, and we are already in the market for them to a great extent and with embarrassed means. If we were to get Spanish dollars, the tardiness or rather inability of the Mint could not recoin them to meet present wants, and they would be drawn from us for the Asiatic trade as fast as we could get them in. Under these circumstances, the first great object of the Bank—the continuance of specie payments—seems to depend on its curtailments,

on southern assistance, and lastly such assistance in the modes of doing business as your department may be enabled and as you may be pleased to afford. The two first we are attending to with all our might, and one object of this long epistle, which I hope you will excuse, is to ask your co-operation in the last. Hitherto the Offices have been able to meet the drafts of the Treasury with the means which they happened to have at the time, but as the Bank has so little active ability at this moment, its dispositions for contingencies must necessarily be very sparing. Large drafts, therefore, on an unprovided point would find it perhaps unable to pay, and not within reach of protection. At present the drafts reach their destination frequently before the Parent Bank knows of their existence. If it were practicable to notify the Bank some time before these warrants were issued, to transfer funds to meet them, it would remove some of the embarrassments and much of the uneasiness which the drafts of the Treasury sometimes occasion both to the Parent Bank and its Offices.

The operations of this Bank would be calculated with more certainty, and relied upon with more confidence, if it were habitually and regularly enabled to ascertain, as long beforehand as possible, the duties receivable, within given periods of the year, at the several places of receipt, and if it could obtain general or rough estimates of the probable payments of the government within the year, at the important points of disbursement. I do not know whether it would be convenient to you in the business of your department, to direct such information, or whether you would deem it compatible with your views of propriety and duty. These particulars are therefore thrown out in the supposition that neither objection may exist.

There are great advantages in executing specie contracts, where the article is to be derived from the West Indies, particularly the Havana, or the Spanish continental territories, in having the transportation made in national ships. In looking to the restoration of the active powers of the Bank, some pretty large operations of this kind in some way must be contemplated. Would our government furnish aids in the transportation by giving a government vessel a direct destination in the case of a large contract? Would it also, in case government vessels were likely to touch at Havana, La Vera Cruz, and like places, au-



thorize a little delay, and direct their officers to take in smaller sums which might be provided? Would it indulge inquiries as to the probability of vessels touching at these places, so as to give the chance of preparing for their arrival? If these inquiries would not be improper, are there now any vessels which will speedily come within the objects of these inquiries? It is believed the British government is in the habit of affording such facilities even to private enterprise. These inquiries are made with reference to no particular object or time, but merely to be possessed of information as to the general means that may possibly be employed in such operations.

The government has the power to redeem in October next, the balance of the Louisiana debt, but I believe it cannot redeem less than three millions. It would be very important to confide, as far as you may think it safe and proper, your views on this subject to the Bank. It is an event which ought to be met by previous preparation—I mean in the course of the business of the Bank. The last payment now ties up the hands of this Institution. If the demand had been made directly upon its vaults, it being for foreign account, it must have declared its inability to answer it. You are perhaps not informed, that by an agreement of the Bank and the Barings, two and a half millions of it are paid and are payable in Europe. This made it practicable though very burthensome. Preparations not having been made by limiting the previous business of the Institution, its whole ability was on the stretch, and combining this with the embarrassments of the times, which make retrenchments every where difficult and in some places impossible, the real weight of the transaction is doubled. It is therefore very important that the Bank should be informed as far as you are at liberty to confide. Will you also permit me to suggest, that the effect of such a payment is great on the general commerce of the country; that it is greater than the payment of many times the sum within the country, which remains in the market and only changes hands; that the last payment is now and will for the ensuing twelve months, be severely felt, and that the country will badly bear the payment of three millions more until it has had some rest, has restored its means, and has weathered or repaired the effects of those storms which, both in Europe and the United States at present, seem to threaten as well public as private finance.

I have ventured to trouble you with these views with the hope that you will pardon the liberty, and with the conviction that if you can serve this Institution in any of them which you shall deem consistent with the public good, you will feel a pleasure in doing so. I have the honour, &c. &c.

(Signed) L. CHEVES.

THE HON. W. H. CRAWFORD,  
*Secretary of the Treasury, City of Washington.*

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*Treasury Department, 27th March, 1819.*

SIR,

Your letter of the 20th instant has been duly received. The view which it gives of the state and concerns of the Bank, is deeply interesting to the government, and is entitled to the most serious consideration of this department.

The derangement of the currency, which embarrasses all the fiscal transactions of the government, can be restored only by great circumspection in the management of the principal banking institutions of the Atlantic cities.

In the adoption and prosecution of the measures necessary to a gradual but ultimate restoration of the currency to a sound and healthful state, the Bank of the United States must lead the way. The task will be executed with difficulty and loss to those institutions, if indeed it be practicable. The diminution of the dividends consequent upon the execution of the measures necessary to ensure the prompt redemption of their notes in specie, when compared with the reduction of the prices of labour and of the produce of labour resulting from the same source, will be found not greater than in the latter cases.

The expediency of continuing to import specie from abroad may well be questioned. It is the performance of an operation which can be successfully and profitably executed only by those who can be remunerated for the cost and expense incident to it, by disposing of the specie imported at a rate beyond its legal value. Every importation effected by the Bank supersedes the necessity of importation by the mercantile interest to an equal amount. The Bank has already expended more than 500,000 dollars in the importation of specie. If this expense had been

incurred during one year, it would be equivalent to more than the interest of 8,000,000 dollars. If the expense of the importation is to be charged upon the operations of the Bank for eighteen months, then it is nearly equal to the interest of 6,000,000 dollars, for the same time. The reduction of the discounts of the Bank to the latter amount, would have had the same direct effect upon the profits of the Institution, as the importation of specie. What the general and indirect effect of the former measure upon the interest of the Bank would have been, compared with that of the latter, may be considered doubtful. If the omission on the part of the banks to import specie had imposed upon the mercantile interest the necessity of importing it to the amount imported by the banks, beyond what was actually brought into the country by commercial enterprise, it appears to me that the situation of the banks must have been bettered by the adoption of that policy.

If the directors shall, however, be of opinion that, upon general principles, or in consequence of the particular situation of the Bank, it is important that specie should continue to be imported on account of the Bank, every facility will be given by the Navy Department in effecting that operation which the public service will permit.

Several vessels will shortly sail on a cruise in the West Indies, and in the Gulf of Mexico, for the protection of our commerce. Their commanders will be instructed to touch at such ports in the vicinity of their respective stations, towards the termination of their cruises, as you may designate as being the probable deposit of specie for the use of the Bank, or of the merchants of the United States, and receive on board and bring into port whatever amount may be delivered to them. One of these vessels will probably sail from the Chesapeake by the middle of next month. It will be proper for you to inform me of the ports in the West Indies and on the Spanish Main, where it will be proper for these vessels to touch preparatory to their return into port.

Should the Bank or the commercial interest procure any considerable amount of specie at any point where the employment of a public vessel should be necessary, which cannot be conveniently and in due time brought by one of the cruising vessels, an application will be promptly made to the Navy De-

partment by the Secretary of the Treasury for its aid, which I am assured will always be given when practicable.

The enclosed statement will show you the gross amount of duties receivable during three months ending on the 31st of May next, and the amount which is receivable in the principal ports. The difference between these two statements is receivable at the smaller ports, of which Norfolk, Savannah, Alexandria, Salem, Portsmouth, Providence and Portland are the most important. The quarterly payments at the Treasury, on account of the public debt and civil list, amount to about 1,500,000 dollars. Boston, New York, and Philadelphia are the points at which the public debt has principally accumulated. The accounts of the Bank with the Treasury will enable it to determine with sufficient accuracy the sums which will be quarterly necessary at these places to meet the demands upon the Treasury on account of the public debt.

It is not intended to redeem more of the Louisiana stock during this year than three millions. The amount of stock held by foreigners which will be redeemed will exceed 2,000,000 dollars. But the commissioners of the sinking fund are bound to employ the whole amount of the fund appropriated for that object. There will remain after the redemption of 3,000,000 dollars, of the Louisiana stock, about a million and a quarter of dollars which must be employed in the purchase of the public debt. These purchases will be made of stock held in the United States so as to avoid the necessity of greater remittances to Europe than what are indispensable. In the course of the next or succeeding month authority will be given to purchase, but in order to make them gradual, I propose to recommend to the commissioners, to confine the purchases to the three and seven per cent. stock, which are now within the limits at which purchases can be legally made.

In order to prevent, as far as practicable the exhaustion of the public funds in the Atlantic cities, I have induced the Secretary at War to expend a larger amount of the sum appropriated for that department, in the western states, than has heretofore been effected. If this can be extended to the utmost limits of which it is susceptible; I calculate upon a considerable accumulation of the public funds in the course of the two approaching quarters.

Shortly after the quarterly payments are effected on the first

of next month, a remittance of 150,000 dollars will have to be made to London and Amsterdam, on account of foreign intercourse, 40,000 dollars to the latter and the remainder to the former place. The plan of purchase will be left to the Bank.

After this remittance shall be effected, the demands upon the Treasury until the 1st of July will be confined to the War and Navy Departments. The former having made all its advances to contractors, has assured me that its demands during the two next quarters will not be great. Those of the Navy Department will be more uniform in their quarterly amount.

I have requested of both Departments to inform me as early as practicable when any considerable demand shall become necessary upon the Bank or its branches east of this place.

Every facility which is in the power of this department to afford to the Bank, in its efforts to support specie payments and restore the currency to a natural state, may be confidently relied upon by the Directors.

I remain with respect

Your most obedient servant.

(Signed) WILLIAM H. CRAWFORD.

LANGDON CHEVES, Esq.

*President Bank U. S.*

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*Private.*

*Bank of the United States, April 2d, 1819.*

SIR,

I have the honour to acknowledge the receipt of your favour of the 27th ulto. in answer to my private letter of the 20th ulto. As the contents authorized a disclosure of them to the Board, I communicated them; and with myself they felt particularly obliged by the frankness and fulness of the information it contained on points of the greatest materiality to the management of the Institution. I am constrained again to use the liberty of a private and unauthorized letter to lay before you my impressions on the critical situation of the Bank. I do not hesitate to say it is utterly impossible to support specie payments to the 1st of June in the manner in which the Bank at present receives and disburses the public revenue. The present mode puts calculation on limited means such as ours out of the question. We

are proceeding entirely at hazard. We depend on the fidelity skill and obedience of the officers of eighteen establishments, acting under general rules, susceptible necessarily of some latitude of construction and therefore of abuse and neglect. On the good will and fidelity on the one hand, and on the other the hostile favouritism and interestedness of hundreds of public agents, the receivers and disbursers of the public money, and on all the irregularities of an embarrassed commerce which turning out of its accustomed courses, sometimes pours upon particular points an unexpected flood, and at others leaves these channels dry. Under such uncertainties double the natural means would be necessary; and we have to meet them with half those means.—We probably have enough to enable each Office to meet its own engagements, but having no surplus, we have no means to apply to so many contingencies. It has cost us at the Parent Bank during the month of March the proceeds of 85,000 dollars of 6 per cent. stock which we have lately sold, 150,000 dollars specie received from Charleston, 50,000 dollars received from New Orleans, and a daily curtailment in our discounts. We have no such resources left for the month of April or any subsequent month. On this day all the specie in our vaults is not equal to the payment of the state banks by 30,000 dollars; we have, however, 260,000 dollars in the mint and 200,000 dollars on the way from Pittsburgh. From the statements of the public receipts and probable payments, the same causes will operate to a much greater extent in April and May. These causes are principally the following:—

1. The receipt of the bills of the Bank payable at other offices, than that of the receipt on account of duties.

2. The payment of the Treasury drafts without reference to the places of accumulation and without time to perform the operation of transferring funds.

3. The payment of debentures under checks on the Bank and its offices by the collectors, which are paid by the Bank in coin or an equivalent, while the amount of the duties has been paid in notes not of the collecting office to the collector, which have been received of him as a cash deposit to the credit of the United States with the Bank.

All these causes resolve themselves into one effect, the necessity of paying where the appropriate funds have not accu-

mulated and cannot be placed without time for the operation. If the funds of the bank were under its control and if at the same time the deposits of the government greatly exceeded its current payments, which would present an ordinary state of things, the present system might be practicable. It is in vain that we have redeemed ourselves from the inevitable ruin which stared us in the face as the result of perseverance in the endeavour to equalize exchanges and the payment of our notes wherever they were presented, if we continue, in the present state of our funds and the present state of the Treasury, to receive our notes at all points in payment of duties, and disburse the government monies as at present. The receipts of duties in March, April and May will be 6,667,410 dollars 44 cents which would more than absorb our whole circulation, which is little more than five millions—the result is that we might as well be bound to pay all our notes in coin wherever they may be presented. It may be supposed that they would not be taken out of their usual circulation for the payment of duties, as for this purpose the public debtor would be obliged to keep them on hand till his bonds became due, and that the loss of use would be more than equivalent to any advantage. But this is not the state of the fact. There is a traffic in them carried on which makes them cash at any moment for all other purposes and at the same time keeps them in reserve for the payment of the public demands. Thus, the state banks will receive them on deposit as cash, and in the course of their business readily pay them out again to the many applicants who want them to pay the immense sums which the government is almost daily demanding. This is the principal operation, but there are many others by which they are made a commodity constantly applicable to the payment of the public demands, and yet their present use as money not lost. The evil is of such a magnitude that we must immediately find some relief or we must be the victims of it. I am aware of none but the removal of the causes; nor will, in my opinion, any thing short of the total removal of them serve this purpose. It is much to be lamented, if my views be not wholly incorrect, that the subject has not had an earlier consideration. If it had resulted in an early application of the remedy, it would have saved the Bank a great deal of that strength which it has exhausted in supporting the present system and which is lost to it and to the government. The ope-

ration of the causes was discovered, but their magnitude and their danger could not be seen without the information which you were so good as to afford in your letter of the 27th ultimo. To myself it was obvious that we were without chart or compass until we obtained that information, and therefore I used the first moment I could spare to ask it. If the statements of the Parent Bank and the Offices north of it be adverted to, it will be very obvious they have no more at most than an ability to meet their own engagements. The Offices of Virginia afford us no relief either from indisposition or inability, perhaps a combination of both, notwithstanding the most earnest entreaties and remonstrances. North Carolina, of course can do little. Charleston and Savannah have been our great resources, and their means are in full requisition for the payments in Europe, and all their assistance must fall far short of supplying that demand. New Orleans has, with abundant means, afforded us comparatively little aid—and much of the time during the present year has passed over when it could be most advantageously done. All, too, which it can add, and more, will be necessary to meet our European debt. It follows then inevitably that the government receipts and payments must not diminish or embarrass our means at the points of the greatest pressure, or we must fall. If left to pay where we receive (or at other points after such previous notice as will enable us by the usual operations to transfer funds) and to receive only what we can pay away, I incline to think, if we act immediately, we will yet be able to sustain ourselves at all points. I am sure otherwise we shall fail to continue specie payments. On this latter point I am supported, I believe, by the experienced officers of the Bank, and by every member of the Board who usually attends its meetings. With these impressions I have this day asked permission to call a meeting of the foreign directors (those absent from Philadelphia) on this day week (9th instant) to determine on the course which the Bank should take, and I have principally for these reasons, submitted to you these views that you may be apprized of the state of the bank, and of the course that the Board may find itself, with a view to its *immediate* safety, obliged to take. It would be very gratifying to me, and no doubt equally so to the Board, to have your views on the subject, and particularly your approbation of the only course



which can afford us safety, if that be at all practicable. With the proposed changes I do not despair.

On the right to refuse any other paper than that of the place where the public debts are payable, I have not imagined that there can be any doubt. The act of Congress only makes the bills of the Bank receivable when they are payable *on demand, or are due*, but leaves them to be governed by their tenor and effect. It no more makes them receivable *where* they are not payable than for *more* than they are payable. A different construction would oblige the government to receive, but it could not impose it, but by agreement, on its agents (the banks) in their collections. Undoubtedly, except in a case of self preservation, the wishes of the government would be a controlling consideration. But the remark is only made to show the embarrassment it might, under possible circumstances, occasion to the government. It is not required by any claim of justice on the part of the public debtor. In making such a change a short notice might be given, though it must be short to enable the Bank at this time to bear it. I have inquired of the only member of the board of the old Bank of the United States who is a member of this board, under what impressions the present practice was adopted by that institution. He says it was adopted because the Bank found it convenient to do so, and not under the belief that it was obligatory.

This subject bears directly and immediately on another most important point on which you have been so good as to express your views;—the payment of the 3,000,000 dollars of the Louisiana debt. It will be impossible to pay the two millions receivable by foreign holders, unless by obtaining a loan in Europe. The utmost ability of the Bank will be required to keep its faith in paying the balance of the former payment by the 1st of August next, which is the stipulated time. If the Bank can sustain its credit, it may be encouraged and enabled to negotiate immediately for a loan, but it will be obliged to stipulate for a much longer period of indulgence than was required in the former arrangement. It must have time to re-establish and re-invigorate itself, and in the present embarrassments of Europe I am afraid no small difficulties will be found in negotiating such a loan. The whole subject is not one, I think, which calls for despair; but it requires exertion and decision. In both

we will, no doubt, feel greatly strengthened by your countenance in the measures we may be obliged to adopt.

I am sensible, sir, that so much of this communication as consists of my own opinion, is entitled to little consideration. But I may add, that on the main point I think there will be no difference of opinion among those who at present have the management of the Bank. And these opinions have been only intended as the vehicle in which to convey the facts on which your own mind will be enabled to act.

The facilities offered by the government in the procurement of specie, will be very useful, if any thing can or ought to be done in that business. On that subject I will, if it be not deemed obtrusive, trouble you briefly with my views, in connexion with a very few ideas on some temporary means of restraining the exportation of specie. I do not mean by prohibition.

I have the honour to be, sir,

With great respect, your obedient servant,

(Signed) L. CHEVES.

THE HON. W. H. CRAWFORD,  
*Secretary of the Treasury, City of Washington.*

(*Private.*)

*Bank of the United States, 6th April, 1819.*

SIR,

The very critical situation of the Bank, which is becoming more so every hour, the great interests, both public and private, which are involved in its fate, and the intimate connexion it has with your department, I hope will be a sufficient apology for the frequency of my communications. The directors who are not resident in Philadelphia, have been summoned to attend the board on the 9th inst. and I am desirous of informing you fully of the situation of the Bank, in order to obtain your views should you think fit to give them on the subject; and that you may not be surprised by any steps the Bank may be obliged to take with a view to its safety. I think, as I have before said, the only adequate relief is to be found in not requiring the Bank to receive its paper except where payable, and allowing it time to transfer by actual transactions the funds which accumulate at various points, to those where the government may be obliged to disburse them.

On the obligation to receive the branch notes, the Bank has asked the opinions of Mr. Binney and Mr. Pinckney. The opinion of the former has been obtained, and I owe it to candour to state to you that it is adverse to the opinion I expressed in my last letter to you. He thinks that the government is bound to receive them wherever payable, and that the Bank, as its agent, is alike bound. But that it is not bound to give the government credit otherwise than according to the tenor of the note. The opinion of Mr. Pinckney has not yet been received. If the opinion of Mr. Binney be correct, the embarrassments of the Bank and the government both will be much increased. If the government be bound to receive, and the Bank be unable to pay, except according to the tenor of its notes, you will better judge than I can state, what will be the probable effect on the national finance. Exhausted, scattered and inactive, as the funds of the Bank may be, it has still more ability than any combination of banks as they are now situated can establish.

I confess I always considered the construction as a popular error, growing out of the voluntary practice of the old Bank, and I must yet have stronger reasons than any I have met with, to change my opinion. The magic seems to be in the term "*all payments.*" But then the payments are to be made, I would say, as all payments are made, according to the contract, in money of the place where it is payable. The Bank is literally bound to receive its notes in *all payments* to itself exactly as the government is bound, but it is nevertheless not bound to receive them in any payment at points where they are not payable. All remote and conjectural arguments of policy and intention, and there are none which bear with strength or certainty on the point, I think yield to the controlling nature and effect of the contract of the debtor to pay, which embraces as essential parts of it, the place and the money of the payment, and the tenor of the notes, which makes them no payment where they are not payable.

The obligation of the Bank to transfer the public funds, does not affect the question, because it is entirely independent of it. I think the strongest argument which I have heard in support of the opinion that the government is bound to receive them where they are not payable, is, that as the notes are receivable in *all payments* they will of course be receivable in states and

territories where the Bank has no Offices, and therefore must be received where they are not payable. This argument is certainly plausible; but I doubt whether it is more than plausible. The force of the argument is founded on the supposition that there exists a legal necessity for receiving them in all the states and territories, which is little less than an assumption of the point in controversy. There is no necessity, though there may be expediency in receiving them in states and territories where the Bank has no branches. Payments may be made as if there were no Bank of the United States. The necessity then does not exist, and the expediency will be met, under all proper circumstances, by the voluntary acceptance of the government. Besides, the argument proves too much. If the notes were receivable in *all payments*, without reference to the contract of the debtor or their tenor, then they are receivable in every part of the habitable globe, where the United States may have a debtor, and I think it cannot be denied that if the bankers of the government in London or Paris or Amsterdam, should become debtors, and should choose to make the point, they might pay their balances in branch notes.

If this construction be right, I cannot wish that it should not prevail whatever may be the consequences. I venerate the certainty and obligatory character of the laws, but it must nevertheless be a subject of lamentation that a construction should be necessary which will inevitably go far to prostrate this noble institution, and with it deeply and injuriously affect all the interests of the state, whether public or private. I feel satisfied that a different construction affords the only hope on which to rest with any confidence the credit and safety of the Bank. There is no point of the whole institution where it cannot, if it can make the change proposed immediately, and each be only required to meet its own obligations, by a little sacrifice be sustained. But when the means of all may be called to any, without any practically useful warning, it cannot support any point long where the pressure may be severe. It has certainly no more than ability to meet at the natural points, the obligations of the Bank, and any diversion from these points turns adequate ability at once to feebleness. For full and conclusive proof that there is no excess of ability which can be held disposable for contingencies, I refer to the weekly statements furnished to your

department. To the same I refer for reasonable proof that it has ability to meet its engagements at points to which they are naturally referrible.

I beg leave to state one or two particulars to show how distressing and unmanageable the government receipts and payments are in the present mode. The receipts of duties at Philadelphia within the last week have been about 208,000 dollars. Of this sum upwards of 70,000 dollars have been received in foreign notes. The drafts of the government and the checks of the collector for debentures instantly draw all the receipts of the government out of the Bank, and this operation is on the whole therefore equal to a draft of 70,000 dollars on the vaults of the Bank. The proportions of foreign paper received at New York and Boston, it is morally certain are greater, but allow them to be the same, and even those of Philadelphia have heretofore been greater. In March, April and May the duties receivable were 6,667,000 dollars and upwards. The same proportions would therefore give a draft on the vaults of Philadelphia, New York and Boston for 2,200,000 dollars and upwards. Let any deductions whatever be made for inaccuracy of estimates and the result is yet seen to be inevitable that the Bank must fall if the present system be persevered in.

That all the government receipts are drawn for almost immediately will be proved by reference to the accounts of the Bank with the government and its drafts. On the 5th instant (yesterday) the *cash* deposits of which the Bank is informed, and its information is probably as late as that of the government, were only 1,056,897 dollars, 23 cents, and the drafts of which the Bank has notice, amount to 1,240,300 dollars, leaving a balance against the government of 183,400 dollars. Besides, there are no drafts for the last quarter's interest on the funded debt payable at New York and Boston, which nevertheless will be payable, according to custom and will encrease the balance. There may be and probably are collections of which we are not informed, which may cover these drafts, but this aggravates our distress, for we are called upon to pay at Philadelphia, New York and Boston, our weak points, what may have accumulated at remote branches, before we know of the receipts.

Now to show some of its actual effects on our vaults. The balances against us yesterday with the city banks was 214,000

dollars, we suffered drafts for specie during the day of 50,000 dollars, by banks and brokers, and the day closed with only 95,000 dollars specie in our vaults, and we had the day before received 50,000 dollars from Baltimore. But notwithstanding this deplorable state of things, if we were permitted to apply our means to their proper objects there would be no grounds for despair. We have upwards of 200,000 dollars in the mint and 200,000 dollars on the way from Pittsburgh and we could and would, by a sacrifice which would terminate the evil, provide more means if necessary. But of what use would exertion be against the operation of the irresistible causes whose existence and effects I have pointed out.

I pray you then, sir, to consider, if you should not be forbidden by your own deliberate opinion, or the concurring opinion of counsel on the point of right, whether you cannot yield your approbation to the rejection of foreign notes in the payment of *duties* (it need extend no further) and give us such notice of your drafts as will enable us by actual operations to draw the revenue from the points where it is received to those where it is to be disbursed? The expense we are willing to meet. Or, if foreign notes must be received; then whether you cannot conform the operations of the Treasury to our actual ability (the whole of it shall be faithfully exerted) founded on actual transactions for the transfer of the funds from the points on which your drafts are properly chargeable? To require more will certainly not serve the government, though it may break down the Bank.

I am, sir, with great respect,  
Your obedient servant,

(Signed) LANGDON CHEVES.

THE HON. WM. H. CRAWFORD,  
*Secretary of the Treasury, City of Washington.*

(Private.)\*

*Treasury Department, April 6, 1819.*

SIR,

Your letter of the 2d instant was received on the 4th, and has received that consideration which the importance of the

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\* This correspondence is not published without the acquiescence of the writer.

questions presented in it so well deserves. You are of opinion that the continuance of specie payments by the Bank depends upon the adoption by that Institution of the following regulations: viz. 1st. The receipt of no bills of the Bank or of its Offices, payable at other places than where they are offered in payment of duties. 2d. Exemption from the payment of treasury drafts drawn without reference to the accumulation of public money, and without time to perform the operation of transferring them to meet such drafts. 3d. The refusal to pay "debentures under checks on the Bank and its Offices, which are paid by the Bank in coin or an equivalent, while the amount of the duties has been paid in notes, not of the collecting office, to the collector, which have been received from him as a cash deposit to the credit of the United States with the Bank." It may be proper to observe that the second proposition is entirely within the control of the Treasury, and that no difficulty will occur in relation to it. The drafts drawn upon the Bank and its Offices, to any considerable amount, under the immediate direction of the Secretary of the Treasury, are confined almost exclusively to the payment of the interest of the public debt. The payments on this account at the principal Loan Offices, do not materially vary during the year. The Bank is always apprized of course of the amount which it may be necessary to transfer to any given point to meet the payment of the interest, and reimbursement of the principal of the public debt in each successive quarter.

The remittances made to London and Amsterdam, for the payment of the interest of the Louisiana debt, and for the discharge of the demands connected with our diplomatic intercourse, have been uniformly effected through the agency of the Bank and its Offices, which it is presumed, gives the necessary notice where the purchase of bills may require the transfer of public money. The payment to the War and Navy Departments will be hereafter regulated upon the same principle.

Before I submit any views to your consideration concerning the first and third propositions, which are substantially the same, it may be proper to observe that I am sensible of the extent of the embarrassment to which the Bank is and must for a considerable time be subjected, to enable it to continue to discharge its notes on demand in specie. *It is even doubtful whe-*

*ther it is practicable, with all the exertions which it is in its power to make, to continue specie payments through the year.* If its principal reliance is placed upon palliatives, the stoppage of specie payments by the Bank and by the state institutions, is inevitable. The axe must be applied to the root of the evil or the country will be inundated with paper which has no relation to specie. Admitting that the state banks in the commercial cities, as a body, are not better supplied with specie than the Bank of the United States, can the demands for exportation for the prosecution of the East India and China trade, be satisfied, and a sufficiency be retained for the support of the ordinary banking transactions? I presume there can be no difficulty in answering this question in the negative. Specie payments must then be abandoned, or the banks must reduce their specie liabilities nearly to the amount of current coin in their vaults, at least until the rage for exportation shall have ceased. These are the alternatives presented to the banks as a community. There is no middle course. Palliatives may prolong the existing embarrassments, and, by exciting the hopes and fears of the community, aggravate the existing evils, but cannot influence the final result.

Permit me now, sir, to offer a few observations upon the proposition intended to be submitted by you to the Board of Directors, to refuse to receive from the government the bills of the Bank and of its Offices, at any place except where they are made payable. I do not intend to examine whether the Bank is bound to receive from the government its bills under such circumstances. I shall confine myself to the consideration of the consequences which will probably result from the adoption of the measure, both to the Bank and to the government.

The latter will be the first in order, in the views which I propose to submit to your consideration. The government must follow the example of the Bank, or it must continue to receive from its debtors the notes of the Bank and its branches, which will not be received from it by the Bank and its branches. In the first case it is probable that the holders of the paper thus refused in payment, will consider it a legal tender, and rely upon the question of law which necessarily presents itself in the transaction. The great and universal pressure now weighing down the commercial community, offers adventitious induce-



ments to this course. There will be no odium attached to this procedure. The refusal of credit at the custom house, to those who adopt it, will under the precedents which have been established, be considered as a measure of extreme rigour, and cannot fail to excite much clamour not only against the Treasury, but also against the Bank. If the tender of the bills of the Bank and its Offices should, under such circumstances, be generally resorted to, the receipts into the treasury will be immediately insufficient to meet the current expenses of the government; the vital interests of the nation will be sacrificed, and a complete fiscal derangement necessarily ensue. I offer no opinion upon the legality of the tender under contemplation, and unfortunately the absence of the Attorney General prevents a resort to his legal advice, upon a question of so much delicacy and importance. There can, I think, however, be but little doubt that the question is not so clear against the legality of such a tender, but that professional men of the highest standing will be found in its support.

The bills of the Bank when they are *payable on demand or are due*, are receivable in all payments to the United States. The question of where due, so important to the Bank, and no less so to the government, when the Bank avails itself of it in its transactions with the government, is not brought into view as a condition upon which it is to be received. The Bank is under no obligation to the government to establish any office except at this place. Let us suppose that no other office has been established, the government then, in the face of its undertaking to receive the bills of the Bank, which are *payable on demand or are due*, in all payments to the United States, would, according to your opinion, be under no obligation to receive the bills of the Bank and its solitary Office, except when tendered at Philadelphia and Washington respectively. I doubt extremely whether an idea of this kind was entertained by a single member of congress who voted upon the bill establishing the Bank. I am persuaded that the adoption of the measure will draw down upon the government the public indignation to an extent never before witnessed in this country, the consequences of which it is as difficult to foresee as to prevent. If such will be the consequence to the government, I may be permitted to ask what the Bank is to gain by the adoption of this measure, even

when aided by the government in its execution, which will compensate for the irritation and resentment which I am persuaded will be excited by it? In the first place, it will be relieved from pressure at Boston and other places to the east of this city where the demand for specie for exportation is great, so far as that pressure has been increased by the accumulation of bills of the distant Offices in those places. Let us admit, for the purposes of this examination, that no resort will be had to the tender of the bills which the Offices will not receive from the collectors; that the duties accruing at Boston will be paid in specie, in bills of the Office at that place, and in the bills of the state banks in Boston. The liability of the Office for specie on account of the government, beyond what is paid in, will be the amount of its bills received in discharge of duty bonds. The bills of the other Offices, which had before been receivable, will be thrown back upon those Offices, the specie drawn from them and carried to Boston. The advantage to the Bank, in the first instance, consists in imposing upon the holders of them the expense and time spent in transporting the specie they represent to Boston, instead of doing it itself. Ultimately the measure terminates in confining the circulation of the paper of the Bank and its Offices to the districts in which it is issued, as much as that of the state institutions. The pressure upon particular Offices will be reduced, whilst that on others will be increased. It is probable that the time and expense of transporting specie from one place to another may diminish in a small degree the general drain from the Bank and its Offices. But as long as the demand for exportation shall afford a premium sufficient to bear the expense of transportation from New Orleans to Boston, and pay a profit to the carrier, there will be no considerable diminution of the quantity exported, resulting from the adoption of the measure intended to be submitted to the consideration of the directors. The measure is then simply palliative, furnishing nothing like a radical remedy. It gains a little time to the Bank, at the expense of what, I fear, will prove much more detrimental to it than the time which will be gained.

But it is probable the Treasury will be constrained to receive the bills of the Bank and its Offices without regard to the place where they are payable. It becomes necessary then to inquire

what will be the result of this course to the government and to the Bank? It is manifest that the immediate consequence to the Treasury will be the accumulation of special deposit from Portsmouth to New Orleans. This special deposit, consisting of the bills of the United States Bank, accumulated at places where they are not payable, must be made effective, either by transferring them to the specie which they represent, or by transferring the specie to them. This transfer, however made, must be effected by the Bank of the United States. For example, 100,000 dollars, in the bills of the Office at Charleston, are received by the government, at Boston. The government requires that this 100,000 dollars shall, at the expense of the Bank, be sent to Boston. The Bank cannot allege that the government had not 100,000 dollars at Charleston. To make this allegation upon presentment of the bills, would be to charge the Office at Charleston with insolvency. If any doubt should exist upon this point, the operation might be reversed. The Office at Charleston might be required to transfer the specie to Boston, where the bills which represent it are deposited. The one or the other of these requisitions would be obligatory upon the Bank. I presume there can be no reasonable doubt of the legality of the former.

According to this view of the subject, the only thing gained by the Bank is time to make the transfer. That can always be given without resorting to the measure proposed. The expense of transferring is, in either event, borne by the Bank. I see no real benefit that can result to the Bank from the adoption of the measure, unless the Treasury shall adopt the same rule of conduct. I have endeavoured to explain the nature of the embarrassments which will probably result to the finances of the Union from its adoption. The evil so strongly to be apprehended may not occur, but, when the pressure of the times is considered, the strong temptation which it presents to obtain delay, by disputing the legality of the regulation, the additional incentive to the adoption of this course, resulting from the irritation which will probably be produced by the refusal of the bills of the Bank and its Offices; when all these considerations are duly weighed, I am fearful that you will only deceive yourself, if you calculate upon securing any benefit from the course proposed to be submitted by you to the Directors. *At the same time, I must repeat,*

*that I am deeply sensible of the difficulties by which you are, on every side, beset. I greatly fear that no effort which it is in the power of the Directors to make, will be successful.* I wish to have no other influence upon the decision which the Board of Directors is called upon to make, than the views which I have presented are calculated to produce. The first duty of the Board is to the stockholders; the second is to the nation. I shall oppose no obstacle to any measure which the necessities of the Bank may require, and which in its nature is legitimate.

I shall submit the whole question to the President with as little delay as possible. In the mean time, I shall take the opinion of the Attorney General, upon the legality of a refusal by the government to receive the bills of the Bank and of its Offices. Until I can receive the benefit of the views of the President, and of the legal opinion of the Attorney General, I shall make no decision upon the course which the contemplated measures of the Board of Directors may require me to take.

My present impression is, that the safety of the Bank can only be effected by withdrawing nearly the whole of its paper from circulation. If the Bank does this, all other solvent banks will be compelled to do the same. When this is effected, gold and silver will be introduced into the country, make a substantial part of the circulation, and enable the banking institutions gradually to resume their accustomed operations. Whilst this is effecting, the community in all its relations will be greatly distressed. Considering the extent of suffering which has already been experienced, it is greatly to be desired that some good may result from it. This is impossible, unless the experiment is perfected. To stop payment at this point, or on any future day, will prove that the object for which so much suffering has been submitted to, was unattainable.

I shall, at all times, be gratified in receiving any communication which you may be disposed to make, either individual or official. Indeed, a free communication of the measures of the Bank, and of the reasons upon which they are founded, will not only be acceptable, but can hardly fail to be useful, both to the Bank and to this department.

It may not be improper to state, that most of the measures of the Bank which were the subject of censure, both in the public papers and in the report of the committee, never were commu-

nicated, officially or unofficially, to this department. It derived its knowledge of the existence of those measures from the sources through which they reached the public. I do not mention this by way of complaint; I had no legal right to ask such communications, and of course made no request that they should be made.

I remain, with sentiments of

The highest respect,

Your most obedient servant,

W. H. CRAWFORD.

LANGDON CHEVES, Esq.

*President of the United States' Bank,  
Philadelphia.*

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*Treasury Department, April 9, 1819.*

SIR,

I have the honour to acknowledge the receipt of your letter of the 6th instant.

The answer which Mr. Binney has given upon the question which has arisen under the 14th section of the Bank charter, corresponds, in every respect, with that which I entertain. It appears to me, that there are other reasons, besides that which arises out of the fact, that there are states and territories in which there are no Offices established, that are equally strong, if not stronger. At the time the Bank was chartered, the internal duties were considered a permanent part of our system of revenue. At the same session at which the charter was granted, a direct tax of three millions of dollars was imposed. The derangement of the currency at that time was so great that, with few exceptions, the money collected in one place, would not be received by the public creditor in another. The evil resulting to the government and to the nation from this state of things, was one of the principal, if not the exclusive cause of the incorporation of the Bank.

It was intended, through the instrumentality of the Bank, to furnish a currency which could be every where received and paid away by the government. In determining the construction of the fourteenth section of the act, it is impossible that these

circumstances should not have some weight. It appears to me, that you have connected, in the consideration of the subject, the obligation of the government to receive, too closely with its obligation to deposit the public money where received, in the Bank and its Offices. The questions are entirely distinct in their nature. The obligation of the government to receive, does not in any degree, depend upon the proximity of the Bank or of its Offices to the place of receipt. The obligation of the government, at the time it was incurred, was to receive the direct tax at the house of each individual upon whom it was levied. The site of the Bank and of its Offices are mathematical points. The bills of the Bank and of its Offices are payable only at these mathematical points. It is only when tendered in payment to the United States at these points, that these bills are receivable by the government, according to the opinion you have formed. It may be said, that this is pressing the construction for which you contend, beyond its natural extent; that the bills of the Bank and of its Offices ought to be considered the money of the state in which they are respectively established. It appears to me, that there is no connexion between the Bank or its Offices, and the limits of the states in which they may be located. The limits of the circulation of their paper are not those of the states respectively. The circulation of the bills of a Bank is determined by the commercial intercourse between the place of its establishment and the surrounding country. If the bills of the Office at Baltimore be offered to the collector of internal duties for the district of York in Pennsylvania, they could not be received, according to the idea of the Office in each state supplying the state with money; yet such bill would, in point of fact, be as much payable at York as the bills of the Mother Bank; and, in point of convenience to the debtor and creditor, much more so. It is impossible to say that a bill payable at Philadelphia is any more receivable at York, on the supposition that the United States are not bound to receive them except where they are made payable on their face, than one payable in Baltimore. If then, as I believe, there is no connexion between the limits of the states and the circulation of the notes of the Bank and its Offices established in them respectively, and it is manifest that there is no such legal construction, the bills of the Bank are receivable by the government at the places only where the Bank

and its Offices have been established, and there only where the notes tendered are payable at the place of tender, whilst the government is bound to demand payment at the house of each citizen throughout the Union affected by the direct tax. A construction of this kind would produce an inequality in the rights of the citizens that could never have been contemplated by the legislature. But, sir, it appears to me, that the obligation of the government to receive the bills of the Bank where they are payable on demand, whenever presented, even out of the United States, can be supported without resorting to considerations of the nature which I have endeavoured to present in the preceding observations. It is manifest, from the phraseology of the fourteenth section, that the attention of the legislature was drawn directly to the consequences of the undertaking which it contains. The bills of the Bank are unconditionally receivable in all payments to the United States. The practice of issuing post notes was known to the framers of the charter. To make post notes receivable before they were payable, even at the place of payment, would have subjected the government to no other inconvenience than the loss of the use of the money until they became due; yet this loss is carefully guarded against by the section. The inconvenience arising from the receipt of a note at Boston which is payable only at New Orleans, and which could be realized only after the time necessary to present it for payment and remit the proceeds to Boston, is certainly equal to that in the supposed case of the post note, yet there is no condition of this kind attached to the undertaking of the government. Had the section declared generally, that the bills of the Bank should be receivable in all payments to the United States, it might be supposed that the framers of the charter thought there was no necessity for inserting any conditions, on the ground that the subject matter itself would necessarily furnish the means of determining them. But the exception to the generality of the undertaking, it appears to me, upon sound logical principles, must exclude all other exceptions than that which is expressly embraced by the section. The exception establishes the general rule, that the bills of the Bank, payable on demand, are receivable in all payments to the United States. In fact, the government undertakes, in this section, to consider bank bills payable on demand to be money in all its transactions with the public

debtors, whilst it is not money in relation to the public creditors. No one can doubt the right of the government to assume this obligation. If, then, it has, in fact, bound itself to consider the bills of the Bank as current money, in all payments due to it, the idea of money of the place where the contract is to be executed, with a view to refuse bank bills at places where they are not payable on demand, appears to me to be untenable. Current money must be current co-extensively, as to place, with the authority of the law which makes it current. I even contend that it may be current, and in this particular case, as to the United States, is current, beyond the jurisdiction of the law. That the fourteenth section of the charter attaches itself to all contracts with the government, when the contract does not expressly stipulate against it, and binds the government to receive the bills of the Bank, without regard to the place where they are payable, as strongly, as if the obligation was specially inserted in each contract. It may even be doubted, whether a stipulation in a contract with the United States, that the bills of the Bank should not be receivable, would not be void. It would be a contract against law. A condition which the agents of the government would have no right to impose, and which it is presumed the courts of law would hesitate to enforce. So long as the fourteenth section is in force, a tender of the bills of the Bank at Amsterdam, Paris, or London, in payments to the United States, could not, according to my impressions, be legally resisted. The bills of the Bank, when made payable on demand, or which have become payable on demand, are current money in all payments to the United States. If they are not current money for this object, except at the points where they are payable by the Bank, they are, in fact, not current, as to ninety-nine out of every hundred citizens from whom the United States, at the date of the undertaking, was bound to demand, at their respective places of abode, the direct contributions which were required of them by the existing laws.

These views are presented to you at this time, under an impression that it is of some importance that you should understand the grounds upon which it appears to me the measures of this department must be founded. The opinion of the Attorney General is not expected until some time next week, but it would be uncandid not to say to you that I doubt whether, even when



supported by his opinion, I should feel myself authorized to adopt the rule which you think necessary to the security of the Bank.

In deciding upon the question of expediency, which will necessarily present itself in the consideration of the subject, the Directors will no doubt take an enlarged view of the whole ground. Whatever may be their decision, I shall rest satisfied that the motives which dictate it are honourable. No obstacle will be opposed to it by this department, unless the imperious interests of the Treasury shall require it. It is presumed, however, that the rule, if adopted, will not be extended beyond the necessity which it is supposed renders it indispensable. Can any injuries arise to the Offices south of this place, from a continuance of the old practice? The evils resulting from the payment of debentures, and from the exportation of specie for the China and East India trade, are not felt in the southern states. So far as an exception of this kind will have any effect, will it not be to relieve to the same extent those points where the pressure has been permanently and uniformly greatest? Why should the notes of the Offices at Boston or New York, which by ordinary or adventitious circumstances, have been carried to the southern states, be by regulation forced back upon those Offices?

If the bills of the Offices in the eastern and middle states never find their way into the southern states, the regulation as to these states will be simply nugatory. Its application to them will produce no other effect than to make the excitement as general as the rule. It is possible that I may be mistaken in the belief which I have expressed that the adoption of the rule will produce a general dissatisfaction throughout the Union. I wish that I may be; but I feel persuaded that the best and only mode of diminishing the excitement which will result from the measure will be, the adherence on the part of the Treasury to the practice hitherto pursued of receiving the bills of the Bank without reference to the place where they are payable.

You will perceive, sir, that I have offered no opinion of the right of the Bank to refuse to receive from the government, and to credit as specie its notes, except tendered where they are payable. With that question I have not and do not intend to interfere. It is the expediency of the measure, and not its le-

gality, which ought, it appears to me, principally to occupy the attention of the Directors. What will be gained by its adoption, if the Treasury does not proceed *parsi passu* with the board in its execution? If but little is gained, the excitement which it will produce against the Bank and Board of Directors will more than balance it. Such I am apprehensive will be the result of the experiment. In the present state of the precious metals, not only in this country, but in the commercial world, it appears to me that the banks in order to secure the continuance of specie payments, must approximate their circulation and individual deposits to a sum justly proportioned to the amount of specie in their vaults. Any thing short of this will keep them in a precarious state, and postpone the period when banking operations can be safely prosecuted upon ordinary principles.

I remain, with respect,

Your most obedient servant,

(Signed) W. H. CRAWFORD.

LANGDON CHEVES, Esq.

*President of the United States' Bank,  
Philadelphia.*

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*Philadelphia, 13th April, 1819.*

SIR,

I have had the honour to receive your letters of the 6th and 9th instant, and I am particularly obliged to you for the liberal opinions they express and the kindness with which my communications have been received. The situation of the Bank calls for decision, but it alike forbids rashness. I thought the opinion of counsel in favour of the measure I proposed necessary to make it justifiable. The opinion of Mr. Pinckney confirmed that of Mr. Binney, and I therefore abandoned the measure. I dare not add, to a correspondence already too much protracted, my reasons in support of an opinion which is borne down by the weight of authority, and which I am therefore bound to believe was founded in error, although I have not been able to change the conviction of my own mind. The manner in which you have treated the subject in the present relations between the Bank and the government, will embolden me to seek a personal interview with you, to disclose and explain to you the mo-

tives and objects of the measures adopted by the Board, which are immediately connected with your department, and to solicit your concurrence in some which they have proposed, which must depend on you for their execution. The principal measure in connexion with your department which has been adopted, I have already, this day, had the honour officially to communicate. It is founded in absolute necessity; without it, it would be vain to make an effort; but if this and the other measures proposed shall meet your support, I still think the Bank may get on. You will perceive, when I shall have the honour to make them known to you that they are founded in no selfish views; that while they seek to save the Bank, they are calculated to benefit the nation.

The Bank of Columbia is indebted to the Bank United States in no less a sum than half a million of dollars, and the Bank has imposed upon me the duty to negotiate with the former in person. This will afford me the opportunity of paying my respects to you in person in a few days.

I have the honour to be, sir, with great respect,  
Your obedient servant,

L. CHEVES.

(Signed)

THE HON. WM. H. CRAWFORD,  
*Secretary of the Treasury,*  
*City of Washington.*

*(Private and confidential.)*

*Bank of the United States, 27th May, 1819.*

SIR,

I have just received your letter of the 24th instant. My last letter to you anticipated the matter of the Washington Office. The necessary bills shall be supplied.

I have directed instructions to be given to the Offices while the present arrangement subsists, to honour the drafts of the Treasury without reference to apparent funds, which will render it unnecessary to furnish the statements you suggest, but which certainly would be requisite if the Offices were, in their acceptance of government drafts, to be regulated by the statements. This I hope will be satisfactory.

I have been very anxious for some time past to trouble you

with a free communication on the subject of the Bank and the money concerns of the times, but my duties are so numerous and so perplexing, that I have from day to day been obliged to postpone it. You will no doubt have observed, however, that we are at present quite safe. The banks in New York are considerably in our debt, and those of Philadelphia also. This is one of our great difficulties. We dare not allow them to be our debtors to a large amount, because I feel satisfied if pressed they would refuse to pay specie. I do not believe, though it is very much in the nature of conjecture that I say so, that the banks in this city have above a million of dollars, and I think those of New York have not more. This is very unequally divided, probably, and when they should be pressed, if the balances were large, they would refuse to pay. They would feel authorized to do so because they have the feeling so generally pervading the community, that the last object of this Institution should be its own interests and preservation. We have drawn a small amount from the city banks of this place, who very lately drew on us without mercy, and yet the very institutions who have not returned altogether as much as they have taken from us in the last three months, are open-mouthed against us. An officer of one, who, not a month ago, boasted that his bank was doing very well, that the Bank of the United States furnished all the specie they wanted, the other day, when called upon for a portion of the balance due by his institution, by way of threat said they could pay specie as long as the merchants could pay their bonds to the custom house. You will immediately see the tendency of this threat. It is one I have long anticipated. When I had the honour of meeting you at Washington, you may recollect I drew your attention to it. We dare not collect your surpluses (which we do not wish to use, and shall not I hope touch in the way of business) but in funds which we can tender in payment. State bank paper or balances are not funds of that nature. Should they accumulate to large amounts, they themselves would refuse local paper from us—if the demands should pass to them, as they probably will in a great measure, they would probably demand of us, but it would depend altogether on contingencies, whether we should receive of them. But if we could secure their utmost good will and fidelity, as a great portion of our funds would not belong to

those who would be our debtors, we should be unable to meet the demands upon us if we relied on balances due by them. If your balances should accumulate pretty largely, then, in Baltimore, New York, and this city, we will find it exceedingly difficult to keep down the balances of local banks. We dare not suffer them to rise, and if we press and compel them to stop, many persons will be unable to pay their bonds, and others will make it a pretence for a delinquency which they could not otherwise have avoided. That they will not be able to meet their engagements, I only state as a possibility. You have as many facts as I have. They may even have the power to control us again unless we are very cautious, for our real power is very little. But of this I feel tolerably confident, that in these times of difficulty, when the large payments of government have to be made, which will occur before the first of November next, if they be large debtors to the Bank of the United States they will not pay it. What then are we to do but persevere? We have authorized discounts on Louisiana stock at New York, and will do it elsewhere to absorb that claim in some degree, and thus leave more money in the community. Yet I think it very doubtful whether this will be a public benefit. The real and original evil under which the country is suffering is over-banking—this led to excess in trading, manufacturing, building and speculating; and a history of the ill-judged enterprises which have been undertaken in these several concerns, would give a very full history of all the distresses of this country, except a little agricultural distress, growing out of the inordinate expectations which the other causes excited. Now the remedy is, as you have yourself remarked on former occasions, to make all banking institutions provide the means to meet every dollar which the course of trade or the embarrassments of the times may throw back upon them. Any alleviation out of the course of the real transactions of the times perhaps nurses the evil. That which led to these remarks, however, (discounts on Louisiana stock) will be inconsiderable, and I have only used it to illustrate the subject. While, however, this is my opinion of what is the real remedy, yet, as public opinion will not go so far probably, I should be glad to add other means of alleviation. I do not know, however, that I can suggest any. If a difficulty should arise, will you authorize us to receive any

portion of their paper as special deposits? Your control over them would be much greater than ours. We might venture to allow considerable balances to accumulate, if they would give us six per cent. stock as a collateral security, with an engagement to allow it to be sold at par, so as to be absorbed by the sinking fund, if not redeemed in specie. But they will not come into such a measure until they have tried the effect of public clamour against the Bank of the United States. If therefore things should require it, and you were to authorize special deposits for a limited time and amount, and coerce such a condition, it might make the subject more manageable. If revenue shall accumulate to the south, I do not know what we shall be able to do with it. The cashier of the Bank has just received a letter from the cashier at Charleston, which states that exchange on the north is at  $2\frac{1}{2}$  per cent. premium, and not to be had at that price. On England at  $3\frac{1}{2}$  per cent. advance; but no safe drawers. At Savannah probably no better, or worse, and the Office perfectly regardless of our instructions, with no power on our part to coerce them.

I am perfectly satisfied that with the present organization of the Bank it can never be managed well. We have too many branches, and the directors are frequently governed by individual and local interests and feelings. For a time we must bear with the branches, but I hope they will be reduced, and I hope the presidents may be made to devote their whole time to the business, engage in no other business, and receive a very liberal salary, which would make them value their offices and be afraid of losing them. A different management of several Offices would in the business of *each* have saved and gained more than would have paid five thousand dollars per year to each president of the branches. Nay there is no calculating the actual loss and the loss of gain the Bank has sustained by the want of competent and confidential men at the head of the branches. I write this letter in great haste, as I am about to go to Baltimore in the morning, the Board of that Office having requested me to go there. You know, without doubt, by the clamour of the delinquents which must have reached Washington, if not by other means, that Mr. McCulloh has been displaced. Mr. Buchanan has resigned, and Mr. Donnell has been unanimously elected to succeed him. He, however, will probably only con-

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sent to fill it temporarily. The following is an extract of a letter from him to me, dated the 25th instant, the day he was elected president. "The affairs of the Office are in a dreadful confusion, and I tremble for the result. Acts have been practised beyond what could be supposed by even the greatest enemy. In short, it is not possible to state to you on paper the numerous facts and violations of trust that have been practised, and I fear that added to all this there is want of morality to surrender the whole of what is now in existence. The Board, after full deliberation, resolved that I should address you on the subject, and urge the necessity of your coming here without a moment's delay." It is no doubt bad enough, as I have been for some time aware, and as I informed you in Washington, but I incline to believe, and hope, the surprise of Mr. Donnell has magnified it. It has been a most stupendous fraud. On some of the authorized loans we added nominally 900,000 dollars, but certainly and effectually 500,000 dollars, to the security of the Bank, before I brought before the Board the question of Mr. M'Culloh's removal.

I have great pleasure in saying that the government directors have given the greatest assistance in all the measures calculated to save the credit and restore the circumstances and activity of the Bank.

I have the honour to be, sir,  
 With the greatest respect,  
 Your obedient servant,  
 (Signed) L. CHEVES.

THE HON. W. H. CRAWFORD,  
*Secretary of the Treasury, City of Washington.*

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*Treasury Department 11th June 1819.*

SIR,

Your private letter of 27th ultimo was received by due course of mail.

The views which are presented in it are extremely interesting and have received that consideration to which they are justly entitled.

There can be no doubt that the difficulty of collecting the revenue accruing from the customs will continue to increase

as the money in circulation shall be diminished. The accumulation of the revenue in the vaults of the banks will have the same effect upon the currency as the curtailment of bank discounts. The operation of both causes united cannot fail to reduce the circulation in a short time to the lowest point of depression of which it is susceptible. It is presumed, however, that the safety of the banks will not require the reduction to be pushed to that extremity. The interest of the community requires that it should not be reduced below what is indispensable to secure solvent banks against the stoppage of specie payments. Whether the revenue bonds can be paid with punctuality when the circulation shall be reduced to that point is extremely problematical. The reduced premium which Spanish milled dollars now bear in Philadelphia and New York indicates an approximation of the currency to a healthful state, which cannot fail to aid in restoring confidence to Banks, which recent occurrences in some of our cities have been calculated so strongly to impair. Notwithstanding this favourable symptom I am fearful that it will be necessary to resort in the course of the next quarter, to the expedient suggested by you, of permitting the paper of the local banks to be received to some extent as a special deposit. This event, however, I am extremely solicitous to avoid, if it be practicable. Discounting upon the pledge of Louisiana stock, if extended to all the Offices where that stock is held, would certainly afford some relief. As the Bank is now secure, and will not make any use of the public revenue which may accumulate in its possession, in its ordinary business, I think it will be adviseable to commence early next month the purchase of Louisiana stock by the commissioners of the sinking fund, in addition to that of the three per cent. stock which has already been directed, but which has not yet been done with a view to the convenience and safety of the Bank. From the known sagacity of the direction of some of the eastern banks, it is highly probable, that their efforts will be directed to the purchase of that stock, which would place them in a relation to the United States Bank which might be productive of inconvenience to it. This view of the subject, independent of the necessity of furnishing, as far as practicable, the necessary circulation, to facilitate the collection of the revenue, is sufficient to justify the adoption of the measure. The amount of the domesticated Louisiana stock is



about equal to that part of the sinking fund which can be applied to purchases of the public debt within the year. Should the whole sum subject to that disposition be so applied, the sum necessary to meet the redemption of the Louisiana stock on the 21st October will but little exceed 2,000,000 dollars.

Inclosed I send you a statement of the amount of that stock standing on the books of the different land offices. Inclosed also is a statement of the revenue bonds falling due in the third quarter. Perhaps the amount will be increased 10 or 15,000 dollars, by the statements of bonds yet to be received. It may be useful to inform you that the bonds which fell due in the first quarter amounted to 4,788,670 dollars, and that the payments into the Treasury during the quarter, from imports and tonnage, amounted to 4,352,819 dollars 74 cents. It is probable that the difference between the amount of bonds due and of the payments into the Treasury, will be greater in the three succeeding quarters than in the first.

I will furnish you with a statement of the expenditures of the war and navy departments for the next quarter, as soon as one approximating to accuracy can be obtained. I am fearful, however, that no great reliance can be placed upon any estimate which it is in the power of those departments to furnish.

If it is desirable on the part of the Bank to diminish the issues of the notes of the Office at this place, I think there is no doubt but that the bills of the banks of Philadelphia and New York may be used to a considerable extent in discharge of demands upon the Treasury at this place. So far as they can be used in this way, it would diminish the necessity of permitting them to be received as a special deposit, and would be a much more eligible mode of employing them.

I think it would at least be expedient to make the experiment, by way of ascertaining the accuracy of the suggestion.

I remain, with sentiments of respect,

Your most obedient servant,

(Signed) W. H. CRAWFORD.

LANGDON CHEVES, Esq.

*President of the United States Bank,*

*Philadelphia.*

*Louisiana Stock Domesticated.*

At the Treasury, . . . . .	8 68,250 00
New Hampshire, . . . . .	1,000 00
Boston, . . . . .	195,000 00
New York, . . . . .	454,000 00
New Jersey, . . . . .	2,500 00
Pennsylvania, . . . . .	654,000 50
Delaware, . . . . .	700 00
Maryland, . . . . .	51,000 00
Virginia, . . . . .	2,950 00
South Carolina, . . . . .	25,653 50

## No. 7.

A statement showing the amount of capital on which interest or profits were *accruing* at the several periods therein stated.

1818.	
February 18,	41,181,750 80
	9,475,932 84
	<hr/>
	50,657,683 64
April 2,	9,475,932 84
	41,325,523 15
	<hr/>
	50,801,455 99
April 30,	9,436,250 43
	41,091,295 21
	<hr/>
	50,527,545 64
May 28,	9,436,250 43
	41,240,818 20
	<hr/>
	50,677,068 63
July 6,	9,430,926 60
	41,458,985 27
	<hr/>
	50,889,911 87
July 30,	9,430,926 60
	40,010,285 43
	<hr/>
	49,441,212 03
August 27,	9,430,926 60
	38,715,070 60
	<hr/>
	48,145,997 20
October 1,	7,425,549 12
	38,622,445 43
	<hr/>
	46,047,994 55
October 29,	7,393,049 12
	37,206,544 10
	<hr/>
	44,599,593 22

November 26,	7,393,049 12 36,227,499 84	<u>43,620,548 96</u>
1819.		
January 4,	7,391,823 64 35,786,263 79	<u>43,178,087 48</u>
January 28,	7,391,823 64 35,627,445 62	<u>43,019,269 26</u>
February 25,	7,322,823 64 34,632,894 96	<u>41,955,718 60</u>
April 1,	7,160,210 71 33,480,025 94	<u>40,640,236 65</u>
April 29,	7,139,485 36 32,504,192 17	<u>39,643,677 53</u>
May 27,	7,139,485 36 31,735,002 95	<u>38,874,488 31</u>
July 5,	7,139,485 36 30,949,642 72	<u>38,089,128 08</u>
August 2,	7,252,951 34 30,720,888 83	<u>37,973,840 17</u>
August 30,	7,252,951 34 30,507,815 36	<u>37,760,766 70</u>
September 27,	7,252,951 34 29,392,668 39 1,375,087 86	<u>38,020,707 59</u>
October 28,	1,852,578 00 7,195,355 96 29,381,338 27 1,386,174 46	<u>39,815,496 69</u>
November 26,	7,195,355 96 1,852,578 00 28,126,321 00 1,279,869 61 1,540,000 00	<u>39,994,124 57</u>

1820.			
January 3,	9,045,558 45		
	28,061,400 19		
	1,487,080 77		
	1,540,000 00		
	<hr/>	40,134,039	41
January 27,	8,477,781 94		
	28,149,800 13		
	1,749,737 00		
	1,540,000 00		
	<hr/>	39,917,319	07
February 28,	8,477,781 94		
	28,155,731 00		
	1,785,719 37		
	1,540,000 00		
	<hr/>	39,959,232	31
April 3,	8,477,781 94		
	28,336,361 40		
	1,818,255 99		
	1,540,000 00		
	<hr/>	40,172,399	33
May 1,	8,459,347 38		
	28,533,621 26		
	2,075,964 90		
	1,540,000 00		
	<hr/>	40,608,933	54
May 29,	9,459,347 38		
	28,179,221 49		
	1,896,198 05		
	1,540,000 00		
	<hr/>	41,074,766	92
July 3,	9,812,672 77		
	27,841,337 84		
	1,712,553 51		
	1,540,000 00		
	<hr/>	40,906,564	12
July 31,	9,812,672 77		
	27,559,169 14		
	1,465,366 20		
	1,540,000 00		
	<hr/>	40,377,208	11
August 28,	9,172,554 45		
	278,008 00		
	27,391,990 00		
	1,055,120 36		
	1,540,000 00		
	<hr/>	39,437,672	81

October 2,	9,172,554 36 278,008 00 27,296,536 55 958,323 85 1,540,000 00	
	<hr/>	39,245,422 76
October 30,	9,157,604 15 278,008 00 26,931,389 93 1,083,097 86 1,540,000 00	
	<hr/>	38,990,099 94
November 27,	9,157,156 45 278,008 00 1,510,503 00 27,071,835 94 1,239,697 04 1,540,000 00	
	<hr/>	40,797,200 43
1821.		
January 1,	9,155,855 66 2,025,760 00 27,370,786 21 1,508,653 54 1,494,248 71	
	<hr/>	41,555,304 12
February 26,	9,155,855 66 2,025,760 00 27,162,844 90 2,257,134 36 1,494,248 71	
	<hr/>	42,095,843 63
April 2,	9,155,855 66 2,025,760 00 27,069,049 13 1,865,946 26 1,494,248 71	
	<hr/>	41,610,859 76
April 30,	13,361,261 74 26,828,791 16 1,748,014 77 1,494,248 71	
	<hr/>	43,432,316 38
May 28,	13,361,261 74 27,022,250 72 1,576,043 83 1,494,248 71	
	<hr/>	43,453,805 00

June 30,	13,360,780 71	
	26,641,158 45	
	1,745,758 15	
	1,494,248 71	
	<hr/>	43,241,946 02
July 30,	13,320,780 71	
	26,243,784 92	
	1,480,593 08	
	1,425,852 97	
	<hr/>	42,471,011 68
September 3,	13,320,780 71	
	25,362,902 86	
	1,301,114 07	
	1,425,852 97	
	<hr/>	41,410,650 61
October 4,	13,320,292 46	
	25,057,186 94	
	1,193,652 12	
	1,425,852 97	
	<hr/>	40,996,984 49
November 1,	13,320,292 46	
	25,470,252 08	
	1,255,794 58	
	1,417,457 23	
	<hr/>	41,463,796 35
November 27,	13,320,292 46	
	25,647,637 27	
	1,412,070 62	
	1,417,457 23	
	<hr/>	41,797,457 58
1822.		
January 1,	13,318,950 51	
	26,487,994 85	
	1,573,174 74	
	1,417,457 23	
	<hr/>	42,797,577 33
January 31,	13,318,950 51	
	27,133,786 74	
	1,987,384 25	
	1,417,457 23	
	<hr/>	43,857,578 73
February 28,	13,113,071 51	
	27,388,739 55	
	2,148,707 69	
	1,417,457 23	
	<hr/>	44,067,975 98

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April 5,	13,112,554 81	
	28,180,672 53	
	2,565,470 07	
	1,417,457 23	
	<hr/>	45,276,154 64
May 2,	13,112,554 81	
	28,511,270 70	
	2,900,632 15	
	1,357,457 23	
	<hr/>	45,881,914 89
May 30,	13,112,554 81	
	28,561,209 78	
	2,928,819 59	
	1,357,457 23	
	<hr/>	45,960,041 36
July 1,	13,112,443 47	
	28,522,641 86	
	3,273,059 09	
	1,357,457 23	
	<hr/>	46,265,601 65
August 1,	13,112,031 37	
	28,127,026 26	
	2,996,024 70	
	1,357,457 23	
	<hr/>	45,592,539 56

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 No. 8.

*Extracts from a Report of the Committee on the State of the  
Offices, adopted 9th May, 1820.*

There is also another subject, of very material importance, in which the Bank may be assisted by this agency.\* *It is the obtaining of a thorough and solemn examination of the state and value of the debts due to the Bank in the States of Ohio and Kentucky.* \* \* \* \* \*

5th. That the Offices of Chillicothe, Cincinnati, Lexington, and Louisville, respectively, be requested to appoint committees, consisting of the president, cashier and three directors, to whom the pay list to be prepared for the 1st June next, shall be submitted, which committees shall *thoroughly examine into the character and value of the debts* due to the Offices respectively, and report through their officers to this Board an accurate statement of the character and value of the debts due to

\* The agency of the Cashier of the Bank in the western states, in 1820:

their respective Offices; in forming which they are particularly requested *rigidly and faithfully* to class the debts under the following heads:—

1st. Those which are *undoubtedly good*, distinguishing among these, cases which are secured by real estate.

2dly. Those which are *doubtful*, and

3dly. Those which are *bad*; and thence to deduce, *according to their best and deliberate judgment, such an estimate of their value, as may be relied upon by the Parent Board.*

6th. That the agent, (with reference to the same pay list and pursuing if he can, the same mode of deduction) from the inquiries he may make and the information he shall receive, form a like independent estimate of the debts due to the said Offices respectively, and report the same to this Board.

*Copy of a Report of the same Committee, adopted on the same day.*

The committee on the state of the Offices, considering an accurate knowledge of the state and value of the debts due to the Institution, as of great importance to the due management of its affairs, and *with a view of effecting a thorough examination and accurate estimate of them*, recommend the following resolve:—

That the Offices respectively, (except the Offices in the States of Ohio and Kentucky, in relation to which a like resolve has been adopted in connexion with other matters) be requested to appoint committees, consisting of the president, cashier and three members of the board, to whom the pay list to be prepared for the 1st June next, shall be submitted, which committees shall *thoroughly examine into the character and value of the debts* due to the Offices respectively, and report through their officers to this Board, an accurate statement of the character and value of the debts due to their respective Offices, in forming which they are particularly requested *rigidly and faithfully* to class the debts under the following heads:—

1st. Those which are *undoubtedly good*, distinguishing, among these, cases which are secured by real estate.

2dly. Those which are *doubtful*; and

3dly. Those which are *bad*; and thence to deduce, *according to their best and deliberate judgment, such an estimate of their value as may be relied upon by the Parent Board.*



## No. 9.

*Estimate of the cost of completely finishing the Southern Portico,  
Steps, Flagging, &c. of the Bank of the United States.*

	<i>Dolls.</i>
Marble in rough, . . . . .	5000
40 column blocks, . . . . .	8000
20 blocks for architrave, . . . . .	3000
Marble mason's wages, . . . . .	6700
Superintendent's wages, . . . . .	975
Labourers' wages, . . . . .	3000
Copper for roof, . . . . .	1000
Blacksmith's work, . . . . .	200
	<hr/>
Total cost,	27,875

*Materials now in the possession of the Bank of the United States.*

	<i>Dolls.</i>
Hoisting machinery, . . . . .	1000
Rafters sufficient for finishing the roof, . . . . .	400
Workshops, scaffolding and ladders, . . . . .	600
Blocks, ropes, crabs, shovels and spades, . . . . .	800
'Tools of every description and spars and shears, 600	600
	<hr/>
	3400

*Philadelphia, August 26th, 1822.*

(Signed) **WILLIAM STRICKLAND, Architect.**

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 No. 10.

*Statement of the Dividends and Profits of the Bank, from 1st  
January, 1817, to 1st January, 1819.*

	<i>Dolls.</i>	<i>Cts.</i>
July, 1817. Dividend, . . . . .	910,000	00
Less interest on funded debt, 675,426 50	<hr/>	234,573 50
Jan. 1818. Dividend, . . . . .	1,400,000	00
Less interest on funded debt, 270,254 65	<hr/>	1,129,745 35

July, 1818. Dividend, . . . . .	1,225,000 00	
Less interest on funded debt, 209,318 27		<u>1,015,681 73</u>
Jan. 1819. Dividend, . . . . .	875,000 00	
Less interest on funded debt, 193,459 56		<u>681,540 44</u>
		<u>3,061,541 02</u>
Add interest on funded debt, 675,426 50		
	270,254 65	
	209,318 27	
	193,459 56	
		<u>1,348,458 98</u>
		<u>4,410,000 00</u>
Add also, balance to credit of profit and loss, January, 1819, . . . . .	125,887 89	
Less, balance of amount called perma- nent expenses, . . . . .	96,199 17	
		<u>29,688 72</u>
		<u>4,439,688 72</u>
Average semi-annual gain, . . . . .	1,109,922 18	
	1,109,922 18	
		<u>1,109,922 18</u>
35,000,000)	2,219,844 36	
		<u>2,219,844 36</u>
		Equal to $6\frac{34}{100}$ per cent. per annum.

*Statement of the Dividends and Profits of the Bank, from 1st  
January, 1819, to 1st July, 1822.*

	<i>Dolls. Cts.</i>
July, 1821. To Dividends, . . . . .	525,000 00
Jan. 1822. Do. . . . .	700,000 00
July, 1822. Do. . . . .	787,500 00
Contingent fund, . . . . .	<u>3,550,000 00</u>
<i>Carried forward,</i>	<u>5,562,500 00</u>

<i>Brought forward,</i>	5,562,500 00
Balance, profit and loss account,	245,796 07
Paid on account called permanent expenses incurred before 1819,	96,199 17
Commission and expenses on loan obtained in Europe, . . .	50,000 00
Contingent interest, . . .	1,279,520 54
	<u>7,234,015 78</u>

Average semi-annual gain, 1,033,430 82

1,033,430 82

1,033,430 82

35,000,000 2,066,861 64

Equal to  $5\frac{20}{100}$  per cent. per annum.

No. 11.

*Statement of the expenses of the Bank, from its establishment to 1st July, 1822.*

July, 1817. To current expenses, salaries included, at the Bank and Offices Boston, New York, Baltimore and Washington,	66,912 33
Fixtures, &c. at Bank U. S. at Boston, New York, and Baltimore, (a) . . .	39,062 89
Commissioner's expenses which were then settled and paid, (a) . . .	40,089 85
	<u>146,063 07</u>
Jan. 1818. Current expenses, . . .	144,355 28
Permanent expenses, (a) . . .	43,743 40
	<u>188,098 68</u>

(a) The expenses called "*permanent*" and not particularly designated, consisted of the cost of furniture, bank note plates, &c. &c. which were afterwards included in "*current*" expenses.

July, 1818.	Current expenses, . . .	171,332 59	
	Permanent expenses, (a)	14,281 60	
			<u>185,614 19</u>
Jan. 1819.	Current expenses, . . .	158,968 39	
			<u>158,968 39</u>
July, 1819.	Current expenses, . . .	193,522 11	
	Less expenses transporting specie, . . . . .	7,731 05	
			<u>185,791 06</u>
Jan. 1820.	Current expenses, . . .	167,305 49	
	Less expenses transporting specie, . . . . .	5,616 59	
			<u>161,688 90</u>
July, 1820.	Current expenses, . . .	149,147 70	
	Less expenses transporting specie; . . . . .	880 68	
			<u>148,267 02</u>
Jan. 1821.	Current expenses, . . .	130,110 98	
	Less expenses transporting specie, . . . . .	958 63	
			<u>129,152 35</u>
July, 1821.	Current expenses, . . .	141,807 57	
	Less expenses transporting specie, . . . . .	3,628 76	
			<u>138,178 81</u>
Jan. 1822.	Current expenses, . . .	145,018 94	
	Less expenses transporting specie, . . . . .	4,273 42	
			<u>140,745 52</u>
July, 1822.	Current expenses, . . .	136,918 88	
	Less expenses transporting specie, . . . . .	1,307 03	
			<u>135,611 85</u>

N. B. The current expenses subsequent to July, 1819, include the expenses of new furniture for Louisville, New Orleans, Savannah, Charleston, Fayetteville, Baltimore, Philadelphia and Boston, incurred either on removals, or purchases of new banking houses; besides very heavy and unusual law charges, growing out of the western and other suspended debts.

*Summary of the holders of the Capital Stock of the Bank of the United States, up to 5th October, 1822.*

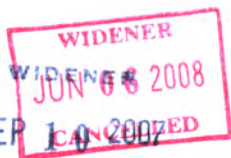
	Number of • Stockholders.	Shares.
Maine, . . . . .	35	701
Massachusetts, . . . . .	232	28,384
Rhode Island, . . . . .	36	2,758
Connecticut, . . . . .	103	1,541
New Hampshire, . . . . .	35	862
Vermont, . . . . .	5	112
New York, . . . . .	257	39,463
New Jersey, . . . . .	38	1,505
Pennsylvania, . . . . .	485	36,747
Delaware, . . . . .	23	664
Maryland, . . . . .	306	39,555
District of Columbia, . . . . .	53	2,486
Virginia, . . . . .	263	13,535
North Carolina, . . . . .	55	4,985
South Carolina, . . . . .	420	30,433
Georgia, . . . . .	42	3,260
Louisiana, . . . . .	38	542
Kentucky, . . . . .	38	356
Ohio, . . . . .	11	1,086
Tennessee, . . . . .	5	211
United States Navy, . . . . .	5	483
United States Army, . . . . .	1	11
Residence unknown, . . . . .	21	472
Foreign, . . . . .	142	31,894
President and Directors, Bank U. S. . . . .		37,954
United States, . . . . .		70,000
	<hr/>	<hr/>
	2649	350,000
	<hr/>	<hr/>



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