

17TH CONGRESS.]

No. 672.

[2D SESSION.]

## LOANS OF MONEY TO BANKS AND INDIVIDUALS FROM THE TREASURY.

COMMUNICATED TO THE SENATE FEBRUARY 27, 1823.

TREASURY DEPARTMENT, *February 25, 1823.*

SIR: In obedience to a resolution of the Senate of the 29th ultimo, requesting the Secretary of the Treasury "to inform the Senate if any loans of money to any amount, and for what purpose, have been made from the Treasury, to any individuals or banking institutions, since the 3d day of March, 1789, and whether such loans, so made, have been repaid, or in any manner adequately secured, so that the Government will ultimately be satisfactorily reimbursed," I have the honor to submit copies of letters from the Secretary of the Treasury, from the 19th of March, 1792, to the 17th of July, 1819, inclusive, to the officers of the Bank of the United States, and of its branches, and to the officers of certain State banks, and to other officers and individuals, which contain the information required by the resolution, as far as it can be collected from the correspondence of the Department.

By reference to the papers numbered from 1 to 11, inclusive, it is apparent that loans in fact, though not in terms, were offered by the Treasury Department to the Bank of the United States, and to the State banks to which they were directed.

By the first of these letters, dated the 19th of March, 1792, the Secretary of the Treasury informed the President of the Bank of the United States that it had been represented to him that an unusually large sum of money had and would become due to the United States from importers in the district of Philadelphia, in the month of March, 1792, and reminded him that, in consequence of standing circular instructions, the collector of the district would receive from the merchants, as cash, the post notes of the Bank of the United States, if not issued for a longer period of payment than thirty days, and that he would judge how far it might be convenient to make operations payable in such notes, which might not be convenient if payable immediately in specie or cash notes. On the 29th of the same month, a letter was addressed, by the same officer, to the President of the Bank of Maryland, stating that it had been intimated to him that considerable sums of duties had become due, or were to fall due, in Baltimore, in the course of the month, and that it was at all times his wish to give to the merchants as much facility as the public business would admit; that he had, therefore, determined, if he should incline to make discounts for the importers to enable them to pay the duties due on or before the 15th of April thereafter, he would leave a sum of money, equal thereto, in his hands, for sixty days after the dates of the notes.

By his letters of the 10th of April, 1792, the Presidents of the Bank of the United States and of the Bank of Maryland were informed that circumstances within his knowledge induced him to state that the operation, suggested in his letter of the 29th of March, continued to be desirable in relation to those who have payments to make at the custom-house in the course of that month. By his letter of the 8th of December, 1792, the President of the Bank of the United States was informed that the Secretary had no objection that notes in which the Government was interested should be renewed for thirty days in all cases where it could be done with perfect safety to the public. By the letter of the Secretary, of the — of February, 1793, the Presidents of the offices of the Bank of the United States at New York and Baltimore were informed that an arrangement had been made with the Bank of the United States, for the accommodation of the merchants of Philadelphia, whose bonds for duties were to become payable between that date and the last day of the ensuing month, by which the bank would discount the notes of such merchants as were indebted to the custom-house for thirty days, for the respective sums that should become payable; the bank to receive those notes from the collector as cash, to be drawn for only by the collector. The President of the office was informed that if a similar arrangement appeared to him to be requisite to the accommodation of the merchants of New York, that he would not draw for the sums that had relation to the transaction until about the middle of May thereafter. On the 5th of March, 1793, a similar letter was addressed to the Presidents of the Offices of Discount and Deposit at Boston and Providence. His letters of the 5th of April, 1793, and the 16th of February, 1797, marked 10, 11, have the same object in view; that is to say, they offer, as inducements to the banks to discount the notes of persons indebted upon duty bonds, that the amount of such bonds shall not be drawn from the banks until the notes discounted were payable, or that post-notes shall be receivable by the collector in discharge of such bonds.

The latter of these letters relates to the case of an individual, in whose favor the Secretary of the Treasury submits to the consideration of the bank whether an accommodation could not be granted to him, on condition that the sum discounted should be paid in a post-note, to be deposited with the collector of the customs. This representation was made in consequence of the individual's being unable to obtain a credit at the custom-house on a cargo of coffee, because he had duty bonds to a considerable amount then due. It appears, from the letter of the 23d of February, 1793, already referred to, that arrangements of that nature were made verbally with the bank, as the arrangement referred to in that letter is not of record in the office.

The correspondence between the Secretary of the Treasury and the banks, generally, does not show upon what account the deposits in those banks were made. The letters of the Secretary to the Treasurer are still more general, simply directing the deposit.

The accounts of the Treasurer with the banks anterior to the last quarter of the year 1811 have not been preserved; no inference, therefore, can be drawn from the state of the accounts as to the object or purpose for which any deposit was made previously to that date. From the accounts with the banks from that period it appears that many deposits were made by transferring public money from one bank to another when the amount in the bank to which the transfer was made was much more than sufficient to meet the drafts drawn upon it. Although the inferences which may be drawn from the state of the accounts between the Treasurer and a bank in which deposits are made, apparently not required for the public expenditure, cannot be considered as conclusive evidence that such deposits were made to sustain the bank against a run or press upon it or to aid it in its operations, yet the presumption is sufficiently strong to make it proper to present a few of those cases. On the 6th of March, 1812, a draft was drawn for \$50,000 in favor of the Mechanics' Bank of New York upon the State Bank at Charleston, and on the 7th of May for \$80,000. On the 2d of March there was on deposit in the former bank \$432,000, which



was not reduced below \$319,000 during the remainder of the month; and on the 4th of May the deposit was \$133,000, which sum was not diminished during the month; and at the end of the quarter it had increased to \$224,000. There were drawn and deposited in the Bank of Pennsylvania the following drafts, viz: March 12, 1812, upon the Union Bank of Boston, \$50,000; July 6, upon the State Bank of Boston, \$49,000; in October of the same year, upon the Bank of Baltimore, \$200,000; and upon the Manhattan Company, \$100,000. At the date of the first draft there was standing to the credit of the Treasurer on the books of the bank \$133,000, which was not diminished during the month, and at its close amounted to \$294,000. At the date of the second the deposit amounted to \$164,000, which continued increasing, and amounted, on the 17th August, to \$403,000, and at the end of the quarter to \$636,000. On the 6th of October, the date of the first draft in that month, it amounted to \$465,000, and at the close of the month to \$593,000. The records of the office afford no explanation of the reasons which induced the Secretary of the Treasury to make these transfers; and many others of a similar nature were made from time to time. But on the 4th of March, 1814, the cashier of the Bank of Pennsylvania, by letter of that date, informed the Secretary of the Treasury that the great and unprecedented demand upon that institution for specie, principally from the eastward, induced him to request that, if consistent with the interests of the Government, he would give him drafts either on New York or Boston to an amount that would counteract those demands, stating that the amount of specie in the vaults but little exceeded \$200,000, and that the demands of the bank upon those to the southward of Philadelphia, if called for, might put them to serious inconvenience. Upon this representation a draft was, on the 8th of the month, drawn by the Treasurer in favor of the bank for \$150,000 upon the Bank of New York. Upon the 28th of February preceding this transaction there was in the bank a deposit of \$755,000, and on the 31st of March \$799,000. By reference to the letter of the President of the Bank of Columbia which accompanies this report, it appears that on the 29th of October, 1801, the Secretary of the Treasury made a deposit in that bank of \$50,000 to enable it to sustain itself against a run which was then making upon it, and that other sums were subsequently deposited in that bank by the Department to aid it in its operations. In the letter of the Acting Secretary of the Treasury, of the 27th of May, 1813, to Stephen Girard, he is informed that "the arrangement made by Mr Gallatin relative to the deposit of the public moneys drawn from your bank in favor of the public agents was to shield you against the attacks of the incorporated banks, to whom such money would otherwise have been transferred; and the magnitude of your contract might thus have been rendered highly prejudicial to your institution. It is the particular province, and it has been the practice, of the Department of the Treasury of the United States to direct the moneyed operations of the public to the preservation of credit by maintaining the equilibrium between the moneyed institutions of the country; and as it has protected your institution by the arrangement alluded to, so it will guard those institutions against any undue pressure which the public funds in your vaults may enable you to direct against them. I am informed that you have made some very heavy and unnecessary drafts of specie from several banks, particularly from the Pennsylvania and Farmers' and Mechanics' Banks, with indications of a disposition to persevere, which has excited considerable apprehension. I therefore deem it necessary to inform you that a continuance of that system will induce the prompt application of a specific remedy."

From my personal intercourse with Mr Gallatin I know he entertained the sentiments communicated in this letter, and I presume they have been entertained by all of his predecessors and successors in office, and acted upon whenever cases occurred which rendered it necessary.

When I entered upon the duties of Secretary of the Treasury, on the 22d October, 1816, the banks in all the States, except those in Massachusetts, had suspended specie payments. My immediate predecessor in office had made an ineffectual attempt in the course of that year to induce them to commence specie payments by discharging in specie all notes not exceeding five dollars. By the charter of the Bank of the United States it was to go into operation on the 1st of January, 1817. It was, after mature deliberation, determined that another effort should be made by the Treasury Department to induce the State banks to aid the Bank of the United States in restoring the currency to a sound state. There was then in the Treasury more than eleven millions of dollars, deposited in the State banks, and the estimate of receipts for the year 1817 considerably exceeded that of the expenditure for the year. It was therefore proposed by the Department that no part of the sums then in the State banks should be drawn from them before the 1st of July, unless the receipts should not be equal to the expenditure, an event which there was no reason to apprehend, and that after that time it should be gradually drawn as the public service should require; but in no case were drafts to be drawn in favor of the Bank of the United States, unless it should become necessary to protect it against the State banks. This advantageous proposition was declined without hesitation. The banks in the principal Atlantic cities, however, entered into an arrangement with the Bank of the United States by which they engaged to resume specie payments, and in the course of the year 1817 the resumption, with but few exceptions, became general throughout the Union. Towards the close of the year 1818 some of the banks in the western States stopped payment. The sudden fall in the price of all domestic articles, which occurred about the same period, created a general pressure upon the banks. In the winter and spring of 1819 the Bank of the United States was, in the opinion of the enlightened officer who presided over its direction, in a great degree indebted for the preservation of its credit to the forbearance of its creditors, and to the support which it received from the Treasury Department. Such were my impressions of its critical state that I felt it my duty to accept propositions made by the Board of Directors which, under other circumstances, would have been declined.

During this general pressure the banks in this District which, upon the establishment of the Office of Discount and Deposit in the city, had not taken advantage of that event to reduce their circulations by contracting their discounts, were pressed by continual and increasing demands for specie from the eastward, and by the return of their notes upon them from the western parts of Virginia, where certain banks, chartered by that State, had commenced, or were preparing to commence business. Pressed thus, on both sides, their means of meeting the demands made upon them, and of preserving their credit, were believed to be insufficient. In this critical situation several of them applied, personally, by their directors, to the Department, to ascertain whether, in case of great emergency, they would receive any support. Considering the crisis as highly important to the nation, and believing that a failure of one or more of those banks would produce a general run upon all, of a different nature from that which was then pressing upon them, assurances were given that a reasonable support might be relied upon.

In consequence of this assurance deposits were, from time to time, made in the Union Bank of Alexandria, the Mechanics' Bank, and the Franklin Bank, of the same place; in the Union and Central Banks of Georgetown; in the Bank of Washington; and in the Patriotic Bank. All these sums have



been repaid, except the sum of \$48,000 dollars, deposited in the Franklin Bank of Alexandria. The whole of the funds of that bank have been assigned to the United States, and legal measures have been adopted by the Attorney of the United States for the recovery of the amount from the debtors of the bank. The letter of that officer, which is herewith communicated, shows that there is no danger of any loss to the United States. Copies of the letters to the Treasurer, directing the deposits to be made in that bank, to his credit, are also communicated. These deposits were made upon the representations of General Thompson Mason, then collector of the district of Alexandria, and of John T. Ricketts, esq., who were both men of great respectability and considerable stockholders in the bank. W. T. Swann, esq., a man of the fairest character and of considerable property, was then the President of the bank. No doubt was entertained of the integrity with which the bank was administered, and of its capacity, if aided for a short time, of preserving its credit and of meeting the drafts of the Treasurer for the amount deposited by him to his credit. This anticipation, it is believed, would have been realized had not the notes of the bank been so successfully counterfeited as to have imposed upon its officers to a considerable amount. The same misfortune befel the Central Bank of Georgetown. In the month of May, of the same year, when the cashier of the Bank of Columbia was about to set out on his journey through the interior of the States of Pennsylvania, Maryland, and Ohio, for the purpose of demanding payment of the special deposit which had been transferred to that bank, he represented to the Department that he should be at very considerable expense, and that during his absence there might be a press made upon the bank; and, therefore, requested that a deposit of \$45,000 might be made in the bank to the credit of the Treasurer. As no charge was to be made for the expense and risk which was incurred in carrying a large amount of bank notes through the country, the request was considered reasonable and the deposit was accordingly made. This bank has never ceased to pay its notes in specie on demand.

These are all the transactions with banks which are believed to be within the intent or terms of the resolution, except certain transactions with the banks in this District in the early part of the year 1817, which were specifically reported to the two houses of Congress on the 10th of December, 1817, and printed among the public documents of that session. In that report it is stated that a deposit of \$75,000 had been made in the Farmers' and Mechanics' Bank of Georgetown, to sustain it in its operations, immediately after resuming specie payments. The principle and practice of the Treasury in sustaining the credit of banks disposed to act correctly was, in this communication, frankly disclosed to Congress, when not the slightest symptom of dissatisfaction was manifested, or the right or propriety of the practice called directly or indirectly in question.

It is presumed that it has not been the practice of the Department to lend the public money to individuals. By reference to letters, numbered from 12 to 16, inclusive, it will be found that public money has been advanced to individuals which, however, have that appearance; but it is possible that those transactions may admit of explanations which may take from them that character. From Nos. 14 and 15 it appears that considerable sums were, in 1798, advanced to Lane & Salter, and others, to enable them to erect the necessary machinery for making cannon, when no contract for that object had been made. The only case which has occurred since I took charge of the Treasury Department, which can have given rise to that part of the resolution, is one connected with the public money deposited by the Receiver at Cincinnati in the Farmers' and Mechanics' Bank of that place.

That bank, a short time after the date of its agreement with the Department, in 1819, stopped payment, and has not, when called upon, offered any explanations or given any reply to the several letters addressed to it by the Department. When, in the course of that year, Mr. Whann visited Cincinnati as the agent of the Treasury, to convert the special deposit into current notes or specie, or to obtain acknowledgments that should bear interest, he reported that all the banks upon which he called, with the exception of the Farmers' and Mechanics', had shown a disposition to act fairly; had exposed to him the state of their affairs, and given him such explanations as were satisfactory; but that the officers of that bank had refused to expose the state of its affairs, or give explanations of any kind. It also refused to give any receipt or acknowledgment of the amount which had been deposited in it. No return has yet been made to the Treasurer or to this office, stating the amount in its possession. These circumstances had produced a most unfavorable impression not only as to the integrity with which the bank was directed, but also as to its solvency. In the spring of 1820, Colonel Johnson, of the Senate, as the agent of his brother, applied to the Department to ascertain whether, upon his transferring notes to the United States upon persons in good credit in this place, a credit would be given to his brother for the amount with the Farmers' and Mechanics' Bank. Believing, as I did, from the circumstances which have been stated, that the debt due by the bank was not safe, and that notes upon solvent persons in this place afforded a more certain prospect of receiving payment than from the bank, the offer was accepted, and notes to the amount of \$30,583 24, a considerable proportion of which were secured by mortgage, were deposited in the branch of the United States Bank in this place, and a credit for the amount given to Colonel Johnson with the Bank at Cincinnati. The transaction, however, was never considered as a loan of money. It was, in fact, changing one debt for another, and receiving, as it was then and still is believed, a better security for it than what was given in exchange. Subsequent reflection, however, upon the subject excited doubts whether the responsibility of changing the nature of any debt due to the United States, except by taking collateral or additional security, ought to be incurred by the Department. An application of a similar kind, made subsequently, by the same gentleman, was accordingly declined.

I have the honor to be, your most obedient servant,

W. H. CRAWFORD.

Hon. JOHN GAILLARD, *President, pro tempore, of the Senate.*

No. 1.

TREASURY DEPARTMENT, *March 19, 1792.*

GENTLEMEN: It has been represented to me that a sum of money, unusually large, has and will become due to the United States, from the importers into the district of Philadelphia, in the course of the current month. On this occasion I think it proper to remind you that the collector of that district, in consequence of standing circular instructions to the custom-houses, will receive from the merchants, upon equal terms with cash, the post-notes of the Bank of the United States, if not issued for a longer



term of payment than thirty days after date. You will judge how far it may be convenient to you to make operations payable in such notes, which might not be convenient if payable immediately in specie or in cash notes.

It has occurred that such an operation may have special reference to those who have the payments to make, and it is particularly desirable, at the present crisis, that every reasonable accommodation should be afforded.

I am, gentlemen, &c.,

A. HAMILTON, *Secretary.*

The PRESIDENT AND DIRECTORS *of the Bank of the United States.*

No. 2.

TREASURY DEPARTMENT, *March 29, 1792.*

GENTLEMEN: It has been intimated to me that considerable sums of duties have become due, or are to fall due, in Baltimore, in the course of the present month. It is, at all times, my wish to give to the merchants as much facility as the public business will admit of. I have therefore determined to inform you that, if you should incline to make discounts for the importers, to enable them to pay the duties which have become due or which shall fall due on or before the 15th of April, I will leave a sum of money equal thereto in your hands, for sixty days after the dates of the notes.

If you should intend to give the trade this accommodation, the collector of Baltimore, on application to him, will furnish you with names of the obligors and the sums they are, respectively, to pay on or before the said 15th April.

I am, gentlemen, &c.,

A. H., *Secretary.*

The PRESIDENT AND DIRECTORS *of the Bank of Maryland*

No. 3.

TREASURY DEPARTMENT, *April 10, 1792.*

GENTLEMEN: I am induced, by circumstances which have come within my knowledge, to inform you that the operation suggested in my letter of the 19th ultimo continues to be desirable, in relation to those who have payments to make at the custom-house in the course of the current month. You will consider it as it concerns the convenience of the Bank of the United States.

I am, gentlemen, &c.,

A. H., *Secretary.*

The PRESIDENT, DIRECTORS AND COMPANY *of the Bank of the United States.*

No. 4.

TREASURY DEPARTMENT, *April 10, 1792.*

GENTLEMEN: I am induced, by circumstances which have come within my knowledge, to inform you that the operation suggested in my letter of the 29th ultimo continues to be desirable, in relation to those who have payments to make at the custom-house in the course of the current month. You will consider it as it concerns the convenience of the Bank of Maryland.

I am, gentlemen, &c.,

A. H., *Secretary.*

The PRESIDENT, DIRECTORS AND COMPANY *of the Bank of Maryland*

No. 5.

TREASURY DEPARTMENT, *July 25, 1792.*

GENTLEMEN: I think it proper to inform you that I have directed the collector of Baltimore to divide his deposits, hereafter, between the Bank of Maryland and the Office of Discount and Deposit of the United States Bank, until the 1st of October, ensuing; and thenceforth to deposit the public moneys wholly with the said office or branch bank.

I am, gentlemen, &c.,

A. H., *Secretary.*

The PRESIDENT AND DIRECTORS *of the Bank of Maryland.*

No. 6.

TREASURY DEPARTMENT, *December 8, 1792.*

GENTLEMEN: I understand there is at present an unusual press for money, proceeding from certain mercantile speculations.

As an accommodation in regard to notes in which the Government is interested may, in this state of things, be of peculiar convenience to the persons concerned, I shall have no objection if the bank will renew such notes for thirty days in all cases where it can be done with perfect safety to the public.

I have the honor, &c.,

A. H.

The PRESIDENT AND DIRECTORS *of the Bank of the United States.*

No. 7.

TREASURY DEPARTMENT, *February 23, 1793.*

GENTLEMEN: I have made the following arrangement with the Bank of the United States for the accommodation of the merchants of Philadelphia, whose bonds for duties shall become payable between this date and the last day of the ensuing month, March.

The bank will discount, during the period mentioned, the notes of such merchants as are indebted to the custom-house for thirty days, for the respective sums that shall become payable. The bank will receive those notes from the collector as cash; they must therefore be drawn *in favor of the collector only*.

If a similar arrangement should appear to you, from any existing circumstances, requisite to the accommodation of the merchants of New York, I think it proper to mention to you, as a facilitation of it, that I will not draw for the sums that have relation to this transaction until about the middle of May next.

I inclose you a letter to the collector, desiring him to furnish you with an abstract of the bonds which will fall due within the time the arrangement is to continue, specifying names, sums, and times when due. This letter may be delivered to the collector if it should be thought proper to adopt the arrangement proposed; if otherwise, it may be suspended.

I am, sir, &c.,

A. H.

The PRESIDENT AND DIRECTORS of the *Office of Discount and Deposit, New York.*

NOTE.—The same to the Office of Discount and Deposit, Baltimore.

No. 8.

TREASURY DEPARTMENT, *March 2, 1793.*

GENTLEMEN: I find that my letter of the 23d ultimo, (which was written in haste,) proposing an arrangement for the accommodation of merchants who are indebted to the custom-house, does not correctly express the idea which was contemplated.

I therefore request that the following mode may be pursued: The directors are to judge of the safety of the notes which may be presented for discount for the respective sums due to the custom-house, and to take the risk of non-payment upon themselves. When the notes are accepted, the proceeds are subject to checks in favor of the *collector only*, which checks the bank receives for the collector as cash.

If the arrangement should be found necessary, it will be proper that this explanation be communicated to the collector.

I have the honor, &c.,

A. H.

The PRESIDENT AND DIRECTORS of the *Office of Discount and Deposit, Baltimore.*

No. 9.

TREASURY DEPARTMENT, *March 5, 1793.*

GENTLEMEN: I have made the following arrangement with the Bank of the United States for the accommodation of the merchants of Philadelphia, whose bond for duties shall become payable in the course of the present month.

The directors will discount, during that period, the notes of such merchants as are indebted to the custom-house, for thirty days, for the respective sums that shall become payable. When the notes are accepted, the proceeds will be subject to checks in favor of the *collectors only*, which checks the bank will receive from the collector as cash.

If a similar arrangement should appear to you, from any existing circumstances, requisite to the accommodation of the merchants of Boston, and Providence, Rhode Island, I think it proper to mention to you, as a facilitation of it, that I will not draw for the sums that have relation to this transaction until about the middle of May next.

I inclose you a letter to the collector, desiring him to furnish you with an abstract of the bonds which will fall due within the time the arrangement is to continue, specifying names, sums, and times when due. This letter may be delivered to the collector if it should be thought proper to adopt the arrangement proposed; if otherwise, it may be suppressed.

I have the honor, &c.,

A. H.

The PRESIDENT AND DIRECTORS of the *Office of Discount and Deposit at Boston and Providence.*

No. 10.

TREASURY DEPARTMENT, *April 5, 1793.*

SIR: Your letter of the 28th of March came to hand yesterday. I regret much every embarrassment which is experienced by the mercantile body, whether arising from the public operations, from accidental and unavoidable causes, or from a spirit of enterprise beyond the capital which is to support it. That valuable class of citizens forms too important an organ of the general weal not to claim every practicable and reasonable exemption and indulgence.

I do not perceive, however, that I can, at the present moment, contribute to this end otherwise than by encouraging the bank to continue its aids, as liberally as shall be consistent with its safety, under an assurance that I shall, for some time to come, forbear drafts upon them as much as shall be practicable. The deposits of the Government will, during this period, be proportionably considerable.

In making this declaration, I confide in the prudence of the directors not to overstrain the faculties of the bank, by which the institution and the public interest might both suffer.

I am, sir, your obedient servant,

A. H.

JOHN BROWN, Esq., *President of the Bank of Providence.*

No. 11.

TREASURY DEPARTMENT, *February 16, 1797.*

GENTLEMEN: Mr. John Wilcocks, merchant of this city, has a considerable sum of bonds, for duties which have fallen due, the liquidation of which is indispensable before he can be allowed credit on a cargo of coffee which has just arrived. Under the special circumstances of this case, which have been



communicated to me, I deem it proper to submit to your consideration whether an accommodation cannot be given at the bank, on the presentation of indisputable paper, to be judged of by you, and on condition that the sum discounted by the bank be paid in a post-note, to be deposited with the Collector of the Customs.

I have, &c.,

OLIVER WOLCOTT.

The PRESIDENT AND DIRECTORS of the *Bank of the United States*.

No. 12.

TREASURY DEPARTMENT, *February 27, 1797.*

GENTLEMEN: Being disappointed in my expectations that the notes given to your institution by William Shannon, and endorsed by William Blount and E. B. Hopkins, for Treasury drafts on North Carolina, would have been taken up before this day, I am compelled, although with reluctance, to resort to the only remaining means of enforcing the payment thereof.

I have therefore to request that you will be pleased to cause process to issue against all the parties concerned; observing, however, that, as Mr. Blount, in his quality of Senator, is privileged from arrest during the session of Congress, the process cannot be served upon him before the fourth of March. I shall just add, that the expense attending this business will be borne by the United States.

I have, &c.,

OLIVER WOLCOTT.

The PRESIDENT AND DIRECTORS of the *Bank of the United States*.

No. 13

TREASURY DEPARTMENT, *February 19, 1798.*

GENTLEMEN: I have to request that you will pass to the credit of Jabez Bowen, esq., of Providence, Rhode Island, in the books of your institution, the sum of fifteen thousand dollars.

As the advances which you may make to Mr. Bowen, in pursuance of this letter, are to be refunded by him in the course of a short time, it is not my wish that the sum advanced should be charged to the United States, unless, indeed, it should become necessary hereafter so to do, in consequence of a failure on the part of Mr. Bowen to repay it.

I have, &c.,

OLIVER WOLCOTT.

The PRESIDENT AND DIRECTORS of the *Office of Discount and Deposit, Boston*.

[This letter was not used It was therefore cancelled and returned by Mr. Bowen ]

No. 14.

TREASURY DEPARTMENT, TRENTON, *September 8, 1798.*

SIR: I am persuaded that your letter of this date, in answer to my reference of the letter of Lane & Salter, was written without a knowledge of all the circumstances attending the subject.

Before your Department was established, and while the responsibility for procuring military supplies rested with the Treasury, I was repeatedly called upon to take measures for securing a great number of cannon, both for the land and naval service. However easy it may now appear to procure the cannon which are wanted, the case was viewed very differently at no distant period. A supply, to the extent of about fifty thousand dollars, has been ordered to be imported, and remittances have been actually made, and, besides the casual supplies which may be obtained, Messrs. Foxall, Lane & Salter, and the proprietors of Salisbury Furnaces, have received absolute promises of being employed, which cannot now be rescinded without a violation of good faith.

In respect to Messrs. Foxall and Lane & Salter, I must remark that formal contracts would have long since been made if the models could have been furnished. It was not in my power, nor was it my duty, to prepare these models; the advances of money were made in consequence of my letters of credit, addressed to the Bank of the United States, and not by Treasury warrants; they were made to prevent delay by enabling the parties to complete their preparations; the measure was well known to be necessary and useful, and I cannot consent that it be disavowed. It is indifferent to me whether the promises which I have made to Lane & Salter are performed by the Navy or War Department. I however believe that the arrangements have been made principally with a view to casting cannon for the Navy.

On this occasion I think it proper to add that Mr. Hughes, proprietor of the Cœcil Furnace, has received large advances, which his convenience and public economy require should be liquidated by the delivery of cannon, provided he can satisfy the proper Departments of his ability to cast those of good quality.

I have the honor, &c.,

OLIVER WOLCOTT.

The SECRETARY OF THE NAVY.

No. 15.

TREASURY DEPARTMENT, *December 8, 1798.*

SIR: I have the honor to reply to your letter of November 30, 1798.

I consider the public as bound, in good faith, to fulfil certain engagements which I entered into with Messrs. Lane & Salter, upon condition that they would erect and maintain works capable of producing cannon of a quality suitable for the public service.

The inclosed proposals, dated June 16, of which I inclose a copy, are the latest, and were substantially agreed to by me; instead, however, of engaging to receive a certain *number* of cannon of *particular descriptions*, my understanding was that the public were to receive such cannon as should be *required* to the *amount* of forty thousand dollars value in the whole, the prices to be one hundred and fifty dollars per ton, for twelve-pounders, or a lesser size; and if cannon above twelve-pounders were

required, the price to be fifty pounds, Pennsylvania currency, per ton. It was expected, however, that Messrs. Lane & Salter would most probably be employed in casting cannon of the smaller sizes, the works of Salisbury being prepared for those of a larger calibre.

I consider myself equally engaged to Mr. Foxall and the other proprietors of Eagle Furnace as to Messrs. Lane & Salter. Mr. Watson, Naval Agent at New York, has, on my behalf, had communications with the owners of Salisbury Furnace, and will be able to inform you precisely of the expectations which have been encouraged in that quarter.

I have, &c.,

The SECRETARY OF THE NAVY.

O. W.

No. 16.

TREASURY DEPARTMENT, *May* 11, 1799.

SIR: I am induced, by representations which have been made to me by Messrs. John Loamy and James Crawford & Co., who are indebted seventeen thousand seven hundred dollars for bills on North Carolina, to consent that their notes be renewed for forty-five days, provided a new name or firm entirely satisfactory to the bank be added to the present security.

I am, with, &c.,

The PRESIDENT of the *Bank of the United States*.

O. W.

TREASURY DEPARTMENT, *December* 8, 1800.

GENTLEMEN: I deem it proper to inform you that I have directed the Treasurer to draw a bill on your institution in favor of the cashier of the Bank of Columbia for ten thousand dollars; which bill, by agreement, is to be paid in notes of the Bank of the United States, or any of the Offices of Discount and Deposit.

I am, &c.,

The PRESIDENT AND DIRECTORS of the *Bank of Alexandria*.

O. W.

TREASURY DEPARTMENT, *March* 25, 1801.

SIR: I have to request that you will draw and deposit in the Bank of Columbia a bill on the Bank of Alexandria for eighty thousand dollars, to be paid in the several species of notes which have been deposited in the last mentioned bank to your credit.

I am, &c.,

SAMUEL MEREDITH, Esq., *Treasurer of the United States*.

SAMUEL DEXTER.

TREASURY DEPARTMENT, *June* 1, 1801.

SIR: I have to request that you will draw and deposit in the Bank of Columbia bills on the bank and Collector of Alexandria for the following sums, viz:

On Bank of Alexandria one bill for twenty-four thousand dollars, to be paid in *notes*.

On Bank of Alexandria one bill for four thousand dollars, to be paid in *specie*.

On Charles Simms, Collector of Alexandria, one bill for two thousand dollars.

I am, &c.,

SAMUEL MEREDITH, Esq., *Treasurer of the United States*.

ALBERT GALLATIN.

TREASURY DEPARTMENT, *October* 29, 1801.

SIR: I have to request that you will draw and deposit in the Bank of Columbia a bill on the Office of Discount and Deposit, at Baltimore, for fifty thousand dollars.

I am, &c.,

SAMUEL MEREDITH, Esq., *Treasurer of the United States*.

A. G.

TREASURY DEPARTMENT, *October* 29, 1801.

SIR: I have to request that you will draw and deposit in the Office of Discount and Deposit, at Baltimore, a bill on George Simpson, cashier of the Bank of the United States, for fifty thousand dollars.

I am, &c.,

SAMUEL MEREDITH, Esq., *Treasurer of the United States*.

A. G.



TREASURY DEPARTMENT, *November 20, 1801.*

SIR: I have to request that you will draw and deposit in the Bank of Columbia a bill on George Simpson, cashier of the Bank of the United States, for twenty-five thousand dollars.  
I am, &c.,

A. G.

SAMUEL MEREDITH, Esq., *Treasurer of the United States.*

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TREASURY DEPARTMENT, *November 27, 1801.*

SIR: I have to request that you will draw and deposit in the Bank of Columbia a bill on George Simpson, cashier of the Bank of the United States, for twenty thousand dollars.  
I am, &c.,

A. G.

SAMUEL MEREDITH, Esq., *Treasurer of the United States.*

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TREASURY DEPARTMENT, *December 9, 1801.*

SIR: I have to request that you will draw and deposit in the Bank of Columbia a bill on George Simpson, cashier of the Bank of the United States, for thirty thousand dollars.  
I am, &c.,

A. G.

The TREASURER of the *United States.*

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TREASURY DEPARTMENT, *December 15, 1801.*

SIR: I have to request that you will draw and deposit in the Bank of Columbia a bill on George Simpson, cashier of the Bank of the United States, for thirty thousand dollars.  
I am, &c.,

A. G.

The TREASURER of the *United States.*

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TREASURY DEPARTMENT, *December 31, 1801.*

SIR: I have to request that you will draw and deposit in the Office of Discount and Deposit, in the city of Washington, a bill on George Simpson, cashier of the Bank of the United States, for one hundred thousand dollars.  
I am, &c.,

A. G.

The TREASURER of the *United States.*

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TREASURY DEPARTMENT, *April 4, 1807.*

SIR: Agreeably to the conversation which I had with you respecting bills on certain collectors in Virginia, I propose that hereafter those bills shall be drawn by the Treasurer in favor of the cashier of the Bank of Columbia and deposited there to the Treasurer's credit. These bills have been heretofore deposited in the branch bank at Norfolk and sold to individuals at a credit of from thirty to sixty days, and an equivalent accommodation will be allowed to the Bank of Columbia, although it is to be understood that an immediate credit is to be given to the Treasurer on the bills being deposited by him.

This arrangement is proposed to be extended to the collectors of Tappahannock, Richmond, and Petersburg; and it is proper to mention that, those collectors being directed to receive the notes of the Bank of the United States and its branches in payment of duties, a certain portion of the sums for which the bills upon them will be drawn will be payable in bank notes of that description. The proportion thus received by the collectors in notes of the Bank of the United States cannot be precisely stated; but, judging from the late returns, it will not, probably, amount to one-fifth part of the whole sum to be drawn for. It is expected that the Bank of Columbia, when it may be necessary, will consent to receive payment in this way, the bills payable in bank notes being separately drawn and expressed to be thus payable.

There is at this time standing to the credit of the Treasurer of the United States in the Bank of Virginia, at Richmond, a sum of eight thousand three hundred and fifty-nine dollars, for which a draft will be immediately furnished to the Bank of Columbia.

I am, &c.,

A. G.

JOHN MASON, Esq., *President of the Bank of Columbia.*

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TREASURY DEPARTMENT, *April 16, 1807.*

SIR: Having concluded to draw, for the present, the surplus revenue of Connecticut and Rhode Island to New York, through the medium of the Manhattan Company, the Treasurer of the United States will, from time to time, transmit bills in favor of the cashier of that institution on the several collectors and banks in the two first mentioned States. For these drafts the company must give credit to the Treasurer as soon as they come into the hands of the cashier; but the drafts of this Department on the cashier will never exceed the sums actually received



It has been usual to sell the Treasurer's drafts on the collectors and banks on approved notes at sixty days' credit, which, if necessary, the company is also authorized to do. But I have been informed that an arrangement had been made with the banks of New Haven, New London, Newport, and Roger Williams, of Providence, by which they became purchasers of those drafts and paid the amount themselves within sixty days at New York. It would, I think, be proper to continue the arrangement. Indeed, I know that at this moment the Newport and Roger Williams Bank have considerable deposits in the branch bank for the purpose of meeting the Treasury drafts.

It will be necessary that the cashier should transmit to the Treasurer of the United States a weekly statement of his account with the company and a duplicate to this office. I also expect that you will furnish the Secretary of the Treasury with a monthly concise statement of the general situation of the company. This last document should be endorsed "private," and sent under double cover to this office.

I am, &c.,

A. G.

DANIEL LUDLOW, Esq., *President Manhattan Company, New York.*

TREASURY DEPARTMENT, *March 11, 1808.*

SIR: I have received your favor of the 2d instant, inclosing a copy of the act for incorporating the Bank of Marietta, and proposing, in behalf of the directors of that institution, to receive deposits of public moneys there. I am willing to direct the Receivers at Marietta and Zanesville to place the public moneys collected by them in the Bank of Marietta, on the following conditions: 1st. That bills drawn on the bank by the Treasurer, for the current service of the Treasury, shall be paid at sight, in specie, whenever the holder shall require it. 2d. That the amount of bills drawn on the bank by the Treasurer, in favor of any of the banks in the District of Columbia, shall be placed in such bank by the Bank of Marietta within ninety days after sight. 3d. The cashier of the bank shall transmit, quarterly, viz: on the last days of March, June, September, and December, in each year, to the Treasurer of the United States, a statement of his account with the bank, showing the sums paid to his credit and by whom, and the sums paid on bills during the quarter; and shall, at the same time, transmit a duplicate of such statement to the Secretary of the Treasury. 4th. The cashier shall also transmit, quarterly, to the Secretary of the Treasury a statement of the situation of the bank, made out upon the principles of the form subjoined to this letter. This statement may be inclosed in a double cover, of which the inner one may be marked "private," and will be considered confidential.

You will be pleased to submit the consideration of these terms to the Board of Directors, and upon their assenting to them I will give the necessary instructions to the Receivers of Marietta and Zanesville.

I am, &c.,

A. G.

DAVID PUTNAM, Esq., *Cashier of the Bank of Marietta.*

*Form of a statement of the situation of the Bank of Marietta.*

Notes discounted.....	\$90,000	Capital stock, (amount actually paid in by the stockholders).	\$50,000
Specie on hand.....	20,000	Bank notes in circulation.....	50,000
Notes of the Bank of the United States and branches.....	1,000	Deposited to the credit of the Treasurer of the United States.	9,000
All other bank notes.....	6,000	Deposited to the credit of individuals.....	10,000
Deposited with banks in the District of Columbia.....	4,000	Discount received, sundries.....	5,000
Real estate.....	3,000		
Expenses paid }			
	124,000		124,000

TREASURY DEPARTMENT, *May 20, 1808.*

SIR: I received some time since your letter dated December 7, 1807, inclosing a copy of the act establishing a State bank in Kentucky, advising of the organization of the bank, and proposing it as a place of deposit for the public moneys.

The conditions upon which similar institutions have been made places of deposit for the public moneys are the following: 1. An engagement on the part of the directors that the drafts of the Treasurer, drawn for the current service of the Treasury, shall be paid at sight, in specie, if desired by the holders. 2. That the amount of drafts of the Treasurer drawn in favor of the bank at Pittsburg, or of any of the banks in the District of Columbia, Baltimore, or Philadelphia, shall be placed by the Bank of Kentucky in such banks within ninety days after sight, and free of expense to the bank holding the drafts.

The only mode by which the greatest part of the moneys, after being placed in the Bank of Kentucky, can be brought within the use of the Treasury is by drawing it into other banks; and the payment of the drafts drawn in favor of those banks must be undertaken to be made by the Bank of Kentucky within the time specified, and at the banks in whose favor the drafts are drawn. The choice of the banks above named is given to the Bank of Kentucky to enable them to make their arrangements with such as shall best suit their convenience. It will be immaterial to the Treasury which of them are selected, except that, in Baltimore, the Office of Discount and Deposit, and in Philadelphia, the Bank of the United States and the Bank of Pennsylvania, are those only with which accounts are kept at the Treasury.

3. The cashier of the Bank of Kentucky shall transmit quarterly, viz: on the last days of March, June, September, and December, in each year, to the Treasurer of the United States, a statement of his account with the bank, showing the sums paid to his credit and by whom, and the sums paid on his draft during the quarter; and shall, at the same time, transmit a duplicate of such statement to the Secretary of the Treasury. 4. The cashier shall also transmit, quarterly, to the Secretary of the Treasury a statement of the situation of the bank, made out upon the principles of the form subjoined to this letter. This state-



ment may be inclosed in a double cover, of which the inner one may be marked "private," and will be considered confidential.

You will be pleased to submit these terms to the consideration of the directors, and upon their assenting to them I will direct, from time to time, the depositing in the Bank of Kentucky of such sums as the convenience of the officers and the safety of the public moneys may require.

I am, &c.,

A. G.

ROBERT ALEXANDER, Esq., *President of the Bank of Kentucky, Frankfort.*

*Form of a statement of the situation of the Bank of Kentucky.*

Notes discounted .....	\$300,000	Capital stock (amount actually paid by the stockholders).....	\$200,000
Specie on hand.....	80,000	Bank notes in circulation .....	150,000
Notes of the Bank of the United States and branches .....	10,000	Deposited to the credit of the Treasurer of the United States..	50,000
Bank notes of all other banks .....	20,000	Deposited to the credit of individuals.....	40,000
Deposited in Bank of the United States, &c ...	30,000	Discount, interest received }	10,000
Real estate.... }	10,000	Sundries..... }	
Expenses paid }			
	450,000		450,000

TREASURY DEPARTMENT, *March 7, 1810.*

SIR: I have directed the Treasurer, among other bills, to draw and place to his credit in the Office of Discount and Deposit at Washington a bill on the Manhattan Company at New York for one hundred thousand dollars. It is my wish that this sum may be received and disposed of in the same manner as the sums you have heretofore received on the bills of the Treasurer drawn upon the Bank of Pennsylvania; that is to say, that it should only be drawn for by you, from time to time, in favor of individuals, and not in favor either of the branch bank at New York or of the Bank of the United States.

I am, &c.,

A. G.

JAMES DAVIDSON, Esq., *Cashier Branch Bank, Washington.*

TREASURY DEPARTMENT, *July 16, 1810.*

SIR: Having understood that the directors of the Bank of the United States have expressed an apprehension that the institution might be possibly exposed to loss in consequence of the limited manner in which you have been requested by this Department to draw for the amount of bills which have been furnished you by the Treasury on the Bank of Pennsylvania and on the Manhattan Company, I have no hesitation in giving the assurance in writing which they seem to desire, viz: that the Treasury will guarantee the eventual payment by the above named banks of the debts arising from such bills as shall be furnished from the Treasury to you, under a limitation that you are not to draw for the amount, or any part of it, in favor of the Bank of the United States or of the branch bank at New York.

As this limitation deprives the Bank of the United States of the means of securing at once the payment of the debt by demanding, as they otherwise might, the immediate payment in specie of the amount of the Treasurer's bills furnished to you, it is deemed reasonable on the part of the bank to demand this guaranty, which is therefore given in the extent above stated; but it will be considered as ceasing whenever the limitation as to the mode in which you are to draw for the amount of those bills is withdrawn, of which due notice in writing will be given to you. The only engagement of the Treasury after that notice will be, as in all other cases, that the Treasurer's bills shall be duly honored, leaving to the Bank of the United States their own means of obtaining payment.

I am, &c ,

A. G.

JAMES DAVIDSON, Esq., *Cashier Branch Bank, Washington.*

TREASURY DEPARTMENT, *February 25, 1811.*

GENTLEMEN: As it has been decided not to renew the charter of the Bank of the United States, it has become necessary to discontinue the agency of that institution and its branches in the transaction of the Treasury business. Desirous of making use of the Bank of Louisiana as the receptacle of the public moneys collected at New Orleans, I have directed the collector of that port to place the custom-house bonds in that bank for collection, and to pay over the moneys collected to the credit of the Treasurer of the United States on the two following conditions: 1st. That in making their discounts the bank shall agree to consider it as a rule, when good paper is offered, always to give a preference to such as is offered by merchants having revenue bonds to pay. 2d. That if, at any time, the necessary expenditures of the government at New Orleans should exceed the receipts thereof, the Bank of Louisiana will furnish any reasonable sum within the compass of their ability, and receive their reimbursement by drafts on any of the large Atlantic ports they may themselves choose.

The directors will observe the object of these conditions to be that, in consideration of the advantage which the bank will receive from the public deposits, (hitherto always considerable,) they are only required to afford their first facilities to such individuals offering sufficient security in their paper as have money to pay to the Government, and which, when paid, will go to increase the amount of the Government deposit in the bank; and that in a possible event that the expenditures at New Orleans exceed the receipts, (an event which has never yet occurred,) they will, in effect, purchase Treasury



bills, payable at sight, on such of the Atlantic ports as may best suit their own convenience, for a sum which will always be regulated in such a way as not to produce a pressure on the bank.

If the Bank of Louisiana shall entertain a disposition to facilitate the operations of the Treasury, and shall consider these conditions as not being incompatible with their interest, after the account of the Treasurer shall have been opened with that institution, the following measures on their part will be deemed necessary by the Treasury: 1. As no bank book can be kept by the Treasurer, that the cashier, immediately after the expiration of each calendar month, should transmit to the Treasurer a statement of his account for that month, together with the drafts that may have been paid during the same cancelled, and a duplicate of the account by the next succeeding mail. 2. That a copy of this account (and a duplicate of the copy in the same manner) be at the same time sent to the Secretary of the Treasury. 3. That a statement of the situation of the bank at the end of each month, prepared on the principles of the form at foot, be sent to the Secretary of the Treasury. This may be inclosed in a double cover, the inner one marked *private*, and will be considered confidential.

A sample of the signature of the Treasurer of the United States is annexed for your government in the payment of his drafts which may be drawn on your institution.

I have, &c.,

A. G.

The PRESIDENT AND DIRECTORS of the Bank of Louisiana, New Orleans.

Form of statement of the situation of the Bank of Louisiana.

Bills and notes discounted .....	\$1,000,000	Capital paid in..... ..	\$600,000
Specie .....	300,000	Bank notes in circulation.....	400,000
Due from Bank of —.....	50,000	Deposit to credit of Treasurer United States.....	200,000
Bank notes of other banks.....	20,000	Deposit to credit of individuals.....	190,000
Real estate .....	30,000	Discount received, sundries .....	10,000
	1,400,000		1,400,000

TREASURY DEPARTMENT, February 26, 1811.

GENTLEMEN: In consequence of the non-renewal of the charter of the Bank of the United States, it has become necessary that the public moneys should be deposited in the State banks, and I have directed, for the present, that the collectors of the out-ports in Massachusetts should make their payments into the Union Bank in Boston. The collector of the port of Boston has been directed to make a selection himself of the bank in which the moneys collected by him are to be temporarily deposited.

This arrangement not being permanent, I have now only to request that an account may be opened with the Treasurer of the United States in the books of your institution, that any moneys which may be paid there for his account may be received, and duplicate receipts granted to the persons making the payments.

Your payments will be made on drafts of the Treasurer, a specimen of whose signature is annexed to the foot of this letter.

A weekly statement of his account is to be made out and transmitted to him, and at the same time a duplicate thereof is to be sent to my office. The paid drafts are to be cancelled and returned, either weekly or monthly, to the Treasurer.

I am, &c.,

A. G.

The PRESIDENT AND DIRECTORS of the Union Bank, Boston.

TREASURY DEPARTMENT, March 5, 1811.

SIR: The Treasurer has been this day directed to draw bills in your favor on

The Bank of Kentucky for.....	\$35,000
The Bank of Marietta.....	15,000
	50,000

The amount of these bills is to be passed to the credit of the Treasurer as soon as they are received, and, by agreement of those banks, will be paid to you here, within ninety days from the time when the bills are presented for payment. Care will be taken that during this period the drafts of the Treasurer on your institution shall be so regulated that no actual advance of funds will be required of it in consequence of this arrangement.

I am, &c.,

A. G.

WM. WHANN, Esq., Cashier of the Bank of Columbia.

TREASURY DEPARTMENT, March 5, 1811.

SIR: The Treasurer has been this day directed to draw bills in favor of your institution as follows, viz:

On the collector of New Haven for.....	\$50,000
On the collector of New London.....	6,000
On the collector of Fairfield. ....	4,000
On the collector of Bristol, R. I.....	35,000
On Roger Williams' Bank, at Providence, for.....	45,000
On Newport Bank .....	30,000
	170,000



By an arrangement with the above mentioned banks they are to place the amount of the bills drawn on them in your hands within sixty days after the bills are presented.

The banks in New Haven and New London make remittances for the collectors in the same way, viz: in sixty days.

Drafts on the collector of Bristol have been usually negotiated through the banks in Providence, and it is desirable that the present bill should take the same course, as a draft of specie might produce pressure and inconvenience.

As it is some time since similar drafts were furnished to your institution, I have thought it necessary to remind you of the mode in which their payment will be effected.

I am, &c.,

A. G.

HENRY REMSEN, Esq., *President Manhattan Company, New York.*

TREASURY DEPARTMENT, *March 5, 1811.*

Sir: The Treasurer of the United States has been this day directed to draw bills in your favor on	
The Maine Bank for.....	\$50,000
The Saco Bank.....	25,000
	<hr/>
	75,000
	<hr/>

By an arrangement with the banks they are bound to place the amount of bills drawn as above in Boston, within sixty days from the time when they are presented for payment.

You are therefore requested to accept a compliance with those terms as good payment of these bills, or of any similar bills which may hereafter be placed in your institution. But in the meantime it is necessary that the amount should appear in your account with the Treasurer to his credit, from the time when you receive the bills from him. Care will always be taken that his drafts shall be so regulated that no actual advance of funds by the Union Bank shall take place. --

I am, &c.,

A. G.

GEORGE BURROUGHS, Esq., *Cashier Union Bank, Boston.*

TREASURY DEPARTMENT, *March 28, 1811.*

Sir: I have thought it proper to state the following as the principles on which it is expected that the Treasury business will be conducted by the Bank of Columbia, and to request that the same may be submitted to the directors for their approbation, which, when given, you will please to communicate to me.

1. The bank to continue to receive, as heretofore, such sums as may be offered to individuals who have payments to make into the Treasury, and to pass the same to the credit of the Treasurer of the United States.

2. The bank to receive bills drawn by the Treasurer on Baltimore, Philadelphia, New York, or Boston, (regulated by the state of the funds at the command of the Treasury at each of those places, but accommodated, also, as far as practicable, to the convenience of the bank,) for such sums as may be necessary to supply the bank with the means of meeting the payments of the Treasury. Occasional drafts for the collecting in of the revenue in Virginia will be furnished as heretofore.

3. The payments of Treasury, War, or Navy warrants directed by the Treasurer to the Bank of Columbia, and of drafts drawn by him on the bank, are to be made in specie whenever the holder shall require.

4. On Monday of each week a copy of the Treasurer's account for the preceding week is to be sent to the Secretary of the Treasury.

5. At the end of every month a statement of the situation of the bank, made out agreeably to the annexed form, is to be sent to the Secretary of the Treasury. It may be inclosed in a double cover, the inner one marked private, and will be considered as confidential.

6. The dividends on the public debt, payable at the Treasury, will be paid through the medium of the Bank of Columbia. The Register of the Treasury has been directed to place the abstracts for the quarter ending on the 31st instant in the Bank of Columbia; and the cashier of the late Office of Discount and Deposit at this place will be directed to pay to the cashier of the Bank of Columbia twenty thousand dollars, to enable him to make those payments. The abstracts of dividends, as well those returned unclaimed from the Loan Offices as those for stock standing on the Treasury books for past periods, which have heretofore lain in the Office of Discount and Deposit for payment, will be placed in the Bank of Columbia as soon as the accounts of the cashier of the Office of Discount and Deposit can be made out and settled at the Treasury. For all sums furnished to the cashier of the Bank of Columbia for the payment of dividends he will be charged on the books of the Treasury, and will render his accounts for the payment at such times and in such manner as the Comptroller of the Treasury shall prescribe. The dividends being payable either to the stockholders, in person, or to their attorneys, and many standing powers for this purpose being now lodged in the late Office of Discount and Deposit, they have been directed to be delivered up for the purpose of being deposited in the Bank of Columbia. But as it may happen that they will not be ready for delivery by the first day of the ensuing month, you will direct your cashier, until the powers themselves are received, to receive a certificate of the existence and extent of such powers from the late Office of Discount and Deposit as sufficient authority on which to make the payments. It is proper to mention here that powers given to the President and Directors of the Bank of the United States, or their cashiers, or any of their officers, *in their official characters*, are considered as being no longer of any validity. If any future question shall arise as to the validity of powers, the Comptroller of the Treasury is to be applied to for a decision.

To avoid any confusion in the accounts between the Treasury and the Bank of Columbia which might arise from the establishment by the bank of an Office of Pay and Deposit in the city of Washington, it is



to be understood that the whole of the Treasury transactions with the bank will be conducted through the medium of this establishment at Washington, and that no account with the Treasurer is to be kept at the bank in Georgetown. Bills drawn by the Treasurer in favor of the bank will be in the name of their cashier, for which credit is to be given to him in Washington; and the warrants and drafts of the Treasurer will be all directed to and payable only in Washington. It will follow that the balance now to the credit of the Treasurer in the Bank of Columbia is to stand, on the first of April, to his credit in Washington, his account in the bank at Georgetown being closed from that time.

I am, &c.,

A. G.

JOHN MASON, Esq., *President of the Bank of Columbia.*

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TREASURY DEPARTMENT, *March 28, 1811.*

SIR: It having been determined that a portion of the Treasury payments should be made through the medium of the Bank of Washington, I have now to state the principles on which it is expected that this business will be transacted by the bank.

1. The bank to receive such sums as may be offered by individuals who have payments to make into the Treasury, and to pass the same to the credit of the Treasurer of the United States.

2. As the payments thus made into the bank will fall far short of the payments that will be required to be made by the bank on account of the Treasury, the sums that may be necessary to meet these last payments will be supplied to the bank by bills on Baltimore, Philadelphia, New York and Boston; which bills will be regulated, as far as practicable, by the mutual convenience of the Treasury in furnishing funds and the bank in receiving them at each of those places.

3. The payments by the bank will be made on Treasury, War, or Navy warrants, directed to the bank by the Treasurer, or on drafts drawn by him. The payment is, of course, always to be made in specie if required by the holder of the warrant or draft.

4. On Monday of each week a copy of the Treasurer's account with the bank for the preceding week is to be sent to the Secretary of the Treasury; and if the Treasurer shall find it more convenient to receive a statement of his account in that way than to keep a bank book, the bank will also furnish him with a similar copy.

5. At the end of every month a statement of the situation of the bank, made out agreeably to the annexed form, is to be sent to the Secretary of the Treasury.

It may be inclosed in a double cover, the inner one marked "private," and will be considered as confidential.

The above are the most material principles which regulated the connexion between the Treasury and the late Offices of Discount and Deposit at the seat of Government, and which it is desirable should continue to be maintained with the banks transacting the public business here. The assent of your direction to them will be necessary, and ought to be communicated to me as early as practicable. I shall, in the mean time, presuming from the resolution of the board already passed upon the subject that their assent will be given, direct the Treasurer, on the first day of the ensuing month, to place in your bank bills on Baltimore and Philadelphia for twenty thousand dollars, to form the first deposit on which the Treasury payments will commence.

I am, &c.,

A. G.

DANIEL CARROLL, Esq., *President of the Bank of Washington.*

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TREASURY DEPARTMENT, *April 4, 1811.*

SIR: The Treasurer has been directed to draw bills in your favor on the Union Bank of Boston for five thousand dollars, and on the late Office of Discount and Deposit of the Bank of the United States at Norfolk for a similar sum.

These sums are intended to afford you a credit in those two places by which you may be enabled to accommodate such public officers who reside at Philadelphia as may want to make remittances to those places. It is supposed that your correspondence with New York and Baltimore already enables you to afford the facilities mentioned for those places.

I am, &c.,

A. G.

JONATHAN SMITH, Esq., *Cashier of the Bank of Pennsylvania.*

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TREASURY DEPARTMENT, *May 4, 1811.*

SIR: I have to request that you will pay to the Bank of Washington, to be there placed to the credit of the Treasurer of the United States, ten thousand dollars, on account of the balance remaining in your hands of moneys heretofore advanced to you for the payment of dividends on the funded debt of the United States standing on the books of the Treasury.

It will accommodate the Bank of Washington to receive this payment in a draft on Baltimore.

I am, &c.,

A. G.

JAMES DAVIDSON, Esq., *Cashier of the late Branch Bank, Washington.*

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TREASURY DEPARTMENT, *May 8, 1811.*

SIR: I have to request that you will pay to the Bank of Columbia, to be there placed to the credit of the Treasurer of the United States, ten thousand dollars, on account of the balance remaining in your



hands of moneys heretofore advanced to you for the payment of unclaimed dividends transferred from the Loan Offices to the Treasury. The Bank of Columbia is desirous to receive this payment in a draft on Baltimore.

I am, &c.,

A. G.

JAMES DAVIDSON, Esq., *Cashier of the late Branch Bank, Washington.*

TREASURY DEPARTMENT, *June 1, 1811.*

SIR: I have to request that you will pay to the Bank of Columbia, to be there placed to the credit of the United States, thirty thousand dollars, on account of the balance remaining in your hands of moneys heretofore advanced to you for the payment of dividends transferred from the Loan Offices to the Treasury. The Bank of Columbia is desirous to receive this payment in a draft on Baltimore.

I am, &c.,

A. G.

JAMES DAVIDSON, Esq., *Cashier of the late Branch Bank, Washington.*

TREASURY DEPARTMENT, *July 5, 1811.*

SIR: I have to request that you will pay into the Bank of Columbia, to the credit of the Treasurer of the United States, the further sum of ten thousand dollars, on account of the moneys remaining in your hands, heretofore advanced to you for the payment of unclaimed dividends.

As this sum is intended to be shipped to Holland, it will be desirable, if it is convenient to your institution, that the payment should be made in foreign gold coins, those of Great Britain and Portugal being preferred to any other.

I am, &c.,

A. G.

JAMES DAVIDSON, Esq., *Cashier of the late Branch Bank, Washington.*

TREASURY DEPARTMENT, *July 5, 1811.*

SIR: The Treasurer has been directed to draw a bill on your institution in favor of William Whann, cashier of the Bank of Columbia, for five thousand dollars, which, being intended to form a part of a shipment of specie to Holland, is to be paid by you in specie if he shall require it.

I am, &c.,

A. G.

JAMES L. McKENNA, Esq., *Cashier of the Bank of Alexandria.*

TREASURY DEPARTMENT, *July 31, 1811.*

SIR: I have to request that you will pay, out of the balance remaining in your hands of moneys heretofore advanced to you for paying unclaimed dividends, to William Whann, cashier of the Bank of Columbia, twenty-five thousand dollars, and to Samuel Eliot, jun., cashier of the Bank of Washington, fifteen thousand dollars.

I am, &c.,

A. G.

JAMES DAVIDSON, Esq., *Cashier of the late Branch Bank, Washington.*

TREASURY DEPARTMENT, *April 30, 1812.*

SIR: For the sum of \$65,200 paid into the Bank of Kentucky by the Receiver at Cincinnati, on the 28th December last, I had intended not to direct the Treasurer to draw in favor of the Bank of Pennsylvania until the 28th June, conformably to the intimation I had given you that six months would be allowed the Bank of Kentucky in which to make that remittance. But, the Bank of Pennsylvania having already (it is presumed in consequence of your orders) given credit to the Treasurer for that sum, as received from the Bank of Kentucky, I have directed the Treasurer, for the purpose of keeping the accounts in due order, to draw a bill on the Bank of Kentucky in favor of the Bank of Pennsylvania for the amount.

I have been able to apply a considerable portion of the public money in the Bank of Kentucky to the public service there, as you will perceive by the drafts which will have been presented. It is not expected that the Receiver's payment made in February should be placed in the Bank of Pennsylvania before August.

I am, &c.,

A. G.

ROBERT ALEXANDER, Esq., *President of the Bank of Kentucky.*

TREASURY DEPARTMENT, *July 11, 1812.*

SIR: The Treasurer of the United States has been this day directed to draw bills in your favor on	
The Maine Bank (at Portland) for.....	\$30,000
The Saco Bank.....	20,000
	<hr/>
	50,000
	<hr/>



By an arrangement with these banks they are bound to place the amount of bills drawn as above in Boston within sixty days from the time when they are presented for payment. You are therefore requested to accept a compliance with those terms, as good payment of these bills or of any similar bills which may hereafter be placed in your institution. But in the meantime it is necessary that the amount should appear in your account with the Treasurer, to his credit, from the time when you receive the bills from him. Care will always be taken that his drafts shall be so regulated that no actual advance of funds by the State Bank shall take place.

I am, &c.,  
JOHN P. CLARK, Esq., *Cashier of the State Bank, Boston.*

A. G.

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TREASURY DEPARTMENT, *January 13, 1813.*

SIR: The President and Directors of the Bank of Bristol have represented to me the inconvenience they sustain by the manner in which the drafts of the Treasurer on that institution and on the collectors of Bristol are now obliged to be paid. If no special reason exists to the contrary, which in that case you will be pleased to communicate to me, I request that you will receive payment of those drafts by the Bank of Bristol in the same manner as the others drawn in Connecticut and Rhode Island are now paid to the Manhattan Company, viz: by payment of the amount in New York within sixty days from the time of presentation at Bristol.

I have, &c.,  
HENRY REMSEN, Esq., *President of the Manhattan Company, New York.*

A. G.

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TREASURY DEPARTMENT, *May 27, 1813.*

SIR: The arrangement made by Mr. Gallatin, relative to the deposit of the public moneys drawn from your bank in favor of the public agents, was intended to shield you against the attacks of the incorporated banks, to whom such moneys would otherwise have been transferred, and the magnitude of your contract for the loan might thus have been rendered highly prejudicial to your institution.

It is the particular province and it has been the practice of the Department of the Treasury of the United States to direct the moneyed operations of the public to the preservation of credit, by maintaining the equilibrium between the moneyed institutions of the country; and it has protected your institution by the arrangement alluded to; so it will guard those institutions against any undue pressure which the public funds in your vaults may enable you to direct against them.

I am informed that you have made some very heavy and unnecessary drafts of specie from several banks, particularly from the Pennsylvania and Farmers' and Mechanics' Banks, with indications of a disposition to persevere, which has excited considerable apprehension.

I therefore deem it necessary to inform you that a continuance of that system will induce the prompt application of a specific remedy.

I am, &c.,  
STEPHEN GIRARD, Esq., *Banker, Philadelphia.*

WILLIAM JONES.

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TREASURY DEPARTMENT, *May 29, 1813.*

SIR: The balance standing to the credit of the Treasurer of the United States in the State Bank, Charleston, has been reserved to meet the payments on account of the public debt becoming due at the close of the present and ensuing quarters. It is for this reason that the repeated applications of the cashier of the Bank of Columbia for drafts sufficient to cover the balance due by that institution to yours have not been complied with. If he had been furnished with drafts as he desired and is understood, in conformity with your request, there would not have been left money enough to meet the payments through the Commissioner of Loans, and to the State Bank itself, at the end of the present quarter; and this deficiency (as the public moneys collected in Charleston fall short of the public expenditures there) must have been supplied by a draft or drafts on some northern bank. The whole operation, therefore, it was supposed, would not have produced to you any advantage. If, however, there are any of the banks in New York, Philadelphia, or Baltimore, on which you wish to receive drafts sufficient to liquidate the balance due to the State Bank from the Bank of Columbia, or for any larger sum, they will be furnished as soon as your wish in this respect shall be communicated.

I am, &c.,  
JOHN DAWSON, Esq., *Cashier of the State Bank, Charleston.*

W. J.

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TREASURY DEPARTMENT, *July 7, 1813.*

SIR: Your letter of the 25th June has been received, and the Treasurer has accordingly been directed to draw and transmit to you a bill on S. Girard's bank for \$50,000, and also to draw and deliver to the cashier of the Bank of Columbia a bill upon you for \$48,673 07.

The balance to the credit of the Treasurer in your institution will remain for the payment of the interest on the public debt payable at Charleston. The sum which may be wanting to complete this payment on the 30th of September next will be furnished in drafts on Baltimore, Philadelphia, or New York, at your option.

I am, &c.,  
JOHN DAWSON, Esq., *Cashier of the State Bank, Charleston.*

W. J.



TREASURY DEPARTMENT, *September 6, 1813.*

SIR: I observe by your statement that a large sum is due from the Bank of Pennsylvania to your institution. It is not customary to draw moneys from one bank to put them into another, in the same place; but as the expenditures, which will unavoidably go through the Bank of Pennsylvania in the two or three ensuing months, will be large, it will be a convenience to the Treasury to strengthen our funds in that bank, by giving them a draft on yours sufficient to pay the balance they owe, or such part of it as you shall choose.

You will be pleased to inform me if this will interfere with your arrangements, or be inconvenient, in any respect, to your institution.

I am, &c.,

W. J.

HENRY KUHLE, Esq., *Cashier of the Farmers' and Mechanics' Bank, Philadelphia.*

TREASURY DEPARTMENT, *December 31, 1813.*

SIR: From the large payments to be made on the first day of the ensuing month at the Manhattan Company, on account of the Funded Debt and Treasury notes, (exceeding thirteen hundred thousand dollars,) it has been found impracticable to supply the fund in any other way than by giving a draft on the Mechanics' Bank for two hundred and fifty thousand dollars, in part, of this sum. This draft will merely serve for the regulation of the accounts between the two banks, the cashier of the Manhattan Company having been informed that specie is not to be drawn for any part of it.

I am, &c.,

W. J.

WHITEHEAD FISH, Esq., *Cashier of the Mechanics' Bank, New York.*

BANK OF PENNSYLVANIA, *March 4, 1814.*

SIR: The great and unprecedented demands on this institution, for specie principally, from the eastward, induces me to request that, if consistent with the interests of the Government, you would give me drafts, either on New York or Boston, to an amount that would in some measure counteract the present demands on us.

The amount now in our vaults but little exceeds two hundred thousand dollars; our demands on the banks of the southward of Philadelphia, if called for, may put them to serious inconvenience.

I have the honor to be, with great respect, sir, your obedient servant,

JONATHAN SMITH, *Cashier.*

HON. G. W. CAMPBELL, *Secretary of the Treasury.*

TREASURY DEPARTMENT, *March 8, 1814.*

SIR: I have received your letter of the 4th instant. The Treasurer has been directed to forward you a draft on the Mechanics' Bank, New York, for \$150,000. The funds at the disposal of the Treasury at that place, compared with the very considerable demands to be met there, do not admit of any larger sum being furnished to you at this time.

I am, &c.,

JONATHAN SMITH, Esq., *Cashier of the Bank of Pennsylvania.*

G. W. CAMPBELL.

TREASURY DEPARTMENT, *April 21, 1815.*

SIR: I have received your letter of the 14th instant, and answer the questions which it proposes with the frankness that is due to your prompt adoption of the plan for connecting certain State banks with the Treasury.

1. You will never be required to credit the "cash account" with the Treasury drafts on northern banks to an inconvenient amount, nor at a time nor in a manner that will operate oppressively or injuriously. The object of the arrangement is to secure occasional facilities to the Treasury in transferring its funds from place to place. Proper notice will be given; the amount of the drafts will be charged on such bank as may be most able to bear it; and if the account should ever be great, it will be divided among the banks so as to make the pressure equal and light.

2. If you should ever be required to credit "special deposit" or "Treasury note accounts" with drafts on any of their banks, a reasonable time will certainly be given to enable you to provide for the disbursement.

3. When Treasury notes are drawn from "special deposit account" it will be subject to a general regulation with respect to the interest.

I am, &c.,

ALEXANDER J. DALLAS.

J. BLACKWOOD, Esq., *President of the Planters' and Mechanics' Bank, Charleston.*



TREASURY DEPARTMENT, *May 15, 1815.*

SIR: I have received your letter of the 9th instant. It will be convenient to the Treasury to transfer from Savannah and North Carolina the sums mentioned below, and I will direct the drafts to be forwarded to Mr. Simpson, for which the Treasurer of the United States is to be credited at your bank.

I am, &c.,

A. J. DALLAS.

STEPHEN GIRARD, Esq., *Banker, Philadelphia.*

A draft on the State Bank of North Carolina for.....	\$30,000
Drafts on Savannah for .....	10,000
	<hr/>
	40,000
	<hr/>

TREASURY DEPARTMENT, *September 30, 1815.*

SIR: Your letter of the 26th instant has been received. The notes sent to Savannah for the payment of the Treasury notes held by the Planters' Bank were of the denomination of small Treasury notes not bearing interest, but fundable for stock bearing seven per cent. interest, at the pleasure of the holder. The refusal of the bank to accept so advantageous a mode of payment surprised me; but as a payment in Treasury notes bearing 5 2-5 per cent. interest was preferred, I have willingly adopted it, both as to the Planters' Bank and the Bank of Augusta. The transaction is, therefore, now closed.

I am, &c.,

A. J. D.

JOHN BOLTON, Esq., *President Planters' Bank, Savannah.*

TREASURY DEPARTMENT, *December 15, 1815.*

SIR: Your letter of the 5th instant has been received. It will give me pleasure to accommodate the Planters' and Mechanics' Bank by abstaining to draw for the balance of the Treasurer's account, unless it is to pay the dividendo n the public debt and other urgent demands upon the Treasury to the south. Indeed, I have already, with a view to that accommodation, refused repeatedly to draw upon the bank. It will not, however, correspond with the arrangements of the Treasury to make a transfer of the balance to Philadelphia in the way which you propose.

I am, &c.,

A. J. D.

J. BLACKWOOD, Esq., *President of the Planters' and Mechanics' Bank, Charleston.*

TREASURY DEPARTMENT, *December 15, 1815.*

SIR: You are authorized to apply, out of the small Treasury notes in your hands belonging to the Treasurer of the United States, the sum of \$500,000, upon crediting that amount to the Treasurer in his cash account with your institution, in conformity with and upon the terms stated in the agreement which is this day sent to the President of the Manhattan Company for his acceptance and execution. The Treasurer will this day transmit to you \$300,000 in small Treasury notes, to be placed to his credit in the Manhattan Bank in aid of the sums already deposited, and which may be hereafter deposited in that species of Treasury notes.

For greater security of transmission, the bundles containing the notes will be put under cover to Mr. Golston, the collector of the customs, from whom you will receive them.

I am, &c.,

A. J. D.

SAMUEL FLEWWELLING, Esq., *Cashier Manhattan Company, New York.*

TREASURY DEPARTMENT, *January 23, 1816.*

SIR: I have received your letter of the 20th instant, and am willing to place \$300,000 in small Treasury notes at the disposal of the Mechanics' Bank, on the same terms as have been agreed upon with the Manhattan Company on a similar occasion. I inclose two copies of a minute of the agreement, one of which, after being executed on the part of the bank, you will please to return to my office. I also inclose a letter to the cashier of the Manhattan Company, directing him to deliver to you \$300,000 in small Treasury notes on your presenting to him a certificate of that sum having been placed in the Mechanics' Bank as cash to the credit of the Treasurer of the United States.

I am, &c.,

A. J. D.

W. FISH, Esq., *Cashier Mechanics' Bank, New York.*



TREASURY DEPARTMENT, *February 2, 1816.*

SIR: Your letter of the 11th ultimo was delivered to me by Mr. Irving, and I have agreed to extend to the City Bank the same assistance in the shape of small Treasury notes as has been given to the Mechanics' Bank. I inclose two copies of the minute of the agreement, one of which, after being executed on the part of the bank, you will be pleased to return to my office.

I also inclose a letter to the cashier of the Manhattan Company, directing him to deliver to your cashier \$300,000 in small Treasury notes on receiving from him a certificate of that sum having been placed in the City Bank in cash to the credit of the Treasurer.

I am, &c.,

A. J. D.

WM. FEW, Esq., *President City Bank, New York.*

TREASURY DEPARTMENT, *February 9, 1816.*

SIR: Your letter of the 2d instant has been received. It is understood that there has not been a dividend at the State Bank since the 1st of December last. I have no objection, therefore, to consider the commutation for the stamp duty as in force, notwithstanding the non-renewal of the formal agreement upon the subject, provided the bank pays the commutation money for the whole period.

An agreement to that effect is now inclosed, and you will signify the assent of the bank.

I am, &c.,

A. J. D.

SAMUEL FROTHINGHAM, Esq., *Cashier State Bank, Boston.*

TREASURY DEPARTMENT, *March 22, 1816.*

SIR: Under the circumstances of the case stated in your letter of the 14th instant, it is not considered to be necessary to enforce the penalty against the New Hampshire Union Bank for issuing notes without a stamp, after the time had expired for which they had agreed to pay the composition. A certificate of the agreement for the present year is inclosed. It is much more convenient and prevents unintentional infractions of the law, similar to that above mentioned, to make the agreement a permanent one.

I am, &c.,

A. J. D.

JOHN RICE, *Cashier New Hampshire Union Bank, Portsmouth, N. H.*

TREASURY DEPARTMENT, *April 15, 1816.*

SIR: Your letter of the 6th instant has been received. The receipt of the revenue at Savannah is slow, and the other means of the Treasury to the south have not enabled me to provide for the loan made by the Planters' Bank to Governor Pinckney as soon as I wished after the appropriations for the arrearages in the War Department had passed. You will observe, however, that the Treasury has abstained from drawing out of the bank its funds except upon pressing occasions, and as early an arrangement will be made as it is possible for discharging the loan.

I am, &c.,

A. J. D.

J. MARSHALL, *Cashier of the Planters' Bank, Savannah.*

TREASURY DEPARTMENT, *June 24, 1816.*

SIR: Being informed by the Commissioner of Loans that you have refused to pay in the currency of the place the Treasurer's draft on you in his favor for nine thousand four hundred dollars, I hereby authorize you to discharge the same in small Treasury notes.

I am, &c.,

A. J. D.

The CASHIER of the *New Hampshire Union Bank.*

TREASURY DEPARTMENT, *June 24, 1816.*

SIR: Your letter of the 17th instant has been received. The proposition which you make for the payment of the balance due from the Bank of Somerset to the Treasurer of the United States cannot be allowed. The sum now due ought at once to be satisfied, but I am willing to accept the payment, at the Bank of Columbia, to the credit of the Treasurer as cash, in three equal monthly instalments. You will state your decision on this counter-proposition as soon as you conveniently can.

Candor induces me to add that drafts on your bank are uniformly refused at the Treasury, and that the draft held by the Bank of Columbia was only conditionally taken.

I am, &c.,

A. J. DALLAS.

L. D. TEAKLE, Esq., *President of the Bank of Somerset.*



## [CIRCULAR]

TREASURY DEPARTMENT, *December 20, 1816.**To all the banks which are the depositories of the public revenue:*

SIR: I have received notice from the President and Directors of the Bank of the United States that the bank will commence its operations in Philadelphia on the first day of the next year, and that they will be ready on that day to receive the public moneys deposited in the State banks, and hold them subject to the orders of the Treasury. Like notices are expected upon the establishment of branch banks in the principal commercial cities. Before any definitive decision is made upon this proposition, it is deemed expedient to ascertain the course which the State banks will pursue in relation to the resumption of specie payments. If the determination of the banks to resume specie payments on the 1st of July, 1817, which has been communicated to this Department, is persevered in, there will be no hesitation in ordering the transfer to be made with as little delay as the interest of the community will admit. As an inducement to change that determination, it is proposed on the part of the Treasury that, if the State banks will resume their specie payments on the 20th day of February next, the public money now in their vaults shall not be transferred to those of the Bank of the United States, and that, between that day and the first of July next, as small a portion of that sum shall be drawn as the demands upon the Treasury will admit. As the receipts into the Treasury during the year will probably exceed the current demands upon the Treasury, it is proposed to discharge those demands principally from the current receipts until after the 1st of July, 1817. Subsequent to that day the money will be drawn for as the demands upon the Treasury shall require; but in no case shall it be drawn for the purpose of being deposited in the Bank of the United States, except to sustain it against any pressure which may be attempted to be made upon it or its branches.

The means of the Treasury to aid the operations of the banks in effecting a revolution in the state of the currency, so imperiously necessary to the public interest, are considered ample; and the strongest disposition exists to apply them so as to produce the most beneficial results. The power of transferring such portion of the deposits with a view to equalize the benefits resulting from them among the banking community, as the situation of the several banks may require, is expressly reserved.

In making this proposition to the State banks, the strongest reliance is placed in their disposition to join in the effort necessary to relieve the community from the evils to which it has been subjected by the disordered state of the circulating currency. It is confidently believed that the interests of the banks and of the community are not in opposition to each other, and that any sacrifice which the effort may cost them will be compensated by the advantages and facilities which it is in the power of the Treasury to afford them. In deciding upon the question submitted to their consideration the friendly character and disposition of the Bank of the United States towards them ought not to be overlooked.

The deep interest which the Treasury has in the support of bank credit, and the connexion which it has with the Bank of the United States would, independently of the known disposition of that institution to conciliate the State banks, be sufficient to protect them against an illiberal policy on its part.

In closing this communication, candor compels me to state there exists no reason to expect that the resolution of the last session of Congress, relative to the collection of the revenue after the 20th of February next, will be rescinded.

An early communication of the decision of the institution over which you preside is respectfully requested.

I have, &c.,

WM. H. CRAWFORD.

TREASURY DEPARTMENT, *December 10, 1817.*

For this letter, dated Treasury Department, December 10, 1817, vide vol. 3, State Papers of this class, (Finance,) No. 512, and page 231.

## [CIRCULAR]

TREASURY DEPARTMENT, *January 28, 1817.**To all the banks in the States of Pennsylvania, Delaware and Maryland, in which the public moneys are deposited:*

SIR: The Treasurer of the United States has been instructed to authorize the Bank of the United States to receive the public money deposited in your institution, and to inform you of the fact as early as possible.

In giving this order it is confidently expected that the Bank of the United States will effect the transfer in a mode the least onerous to the institution and the most convenient to the community. The deep interest which that institution must feel for the paper system, and its intimate connexion with the Government, are considered sufficient guarantees for the intelligent and disinterested manner in which this operation will be effected, independent of the power of the Treasury Department to control its proceedings at any moment, by changing the deposits to the State banks.

Under this view of the subject it has been determined to submit the manner in which the transfer is to be made to the Bank of the United States, requesting it to keep this Department constantly advised of the measures which it may adopt for that purpose.

The Bank of the United States has been informed of the fidelity with which your institution has fulfilled its engagements to the Government, and has been requested to favor its interests where it can be done consistently with that of the community, especially in continuing to it the deposit of public money when that deposit cannot, with convenience, be made in its own vaults or that of its branches.

I am, &c.,

W. H. C.



TREASURY DEPARTMENT, *January 28, 1819.*

SIR: I have to request that you will draw and deposit to your credit, in the Franklin Bank of Alexandria, the following drafts in favor of the cashier of that bank:

On the Merchants' Bank, Salem, for.....	\$2,000
On the Newport Bank.....	2,000
On the Bristol Bank.....	1,000
On the New London Bank.....	1,000
	<u>6,000</u>

I am, &c.,

W. H. C.

The TREASURER of the *United States.*

TREASURY DEPARTMENT, *March 6, 1819.*

SIR: I have to request that you will draw and deposit to your credit, in the Franklin Bank at Alexandria, the following drafts in favor of the cashier of that bank:

On the Bath Bank for.....	\$2,000
On the Cumberland Bank.....	5,000
On the Merchants' Bank, Salem.....	2,000
On the Bank of Bristol.....	2,000
On the New Haven Bank .....	2,000
On the Merchants' and Farmers' Bank, Albany.....	2,000
	<u>15,000</u>

I am, &c ,

W. H. C.

The TREASURER of the *United States*

TREASURY DEPARTMENT, *March 30, 1822.*

SIR: I have to request that you will draw and deposit to your credit, in the Franklin Bank of Alexandria, the following drafts in favor of the cashier of that bank:

On the Merchants' Bank, Salem.....	\$3,000
On the Easton Bank.....	3,000
On the Cumberland Bank.....	3,000
	<u>9,000</u>

I am, &c.,

W. H. C.

The TREASURER of the *United States.*

TREASURY DEPARTMENT, *April 12, 1819.*

SIR: I have to request that you will draw and deposit to your credit, in the Franklin Bank of Alexandria, the following drafts in favor of the cashier of that institution, viz:

On the Merchants' Bank, Salem, for.....	\$3,000
On the Bank of Bristol .....	2,000
On the State Bank of North Carolina.....	4,000
	<u>9,000</u>

I am, &c.,

W. H. C.

The TREASURER of the *United States.*

BANK OF COLUMBIA, *February 7, 1823.*

SIR: In reply to your letter of the 15th instant requesting to know, of the deposits made in this bank by the Secretary of the Treasury in 1801, 1803, 1804, 1805, and 1806, as shown in the statements furnished to the Treasury Department, what amount was deposited to sustain the bank against a run upon it or to aid it in its operations, I have the honor to state that in October, 1801, and soon after the location of a branch of the Bank of the United States in Washington, owing to some dissensions which occurred in the administration of this bank, an alarm was excited and a run upon it took place, which threatened to drain it in a few days of all its specie; that in this state of things Mr. Gallatin, then Secretary of the Treasury, on application, caused to be deposited in it, by a check on the Branch Bank of the United States at Baltimore, fifty thousand dollars, which, with other sums from time to time deposited, were, as occasion required, drawn out, and a current account with the Treasurer, which had been kept for a year or two, was closed in March, 1802.



In March, 1803, this account was reopened by occasional deposits from the Treasury Department, and was kept running. The balances on it in favor of the Treasury were from twenty to fifty thousand dollars during the years 1803, 1804, 1805, and 1806. That the deposits in this account occasionally aided the bank in its operations and that it was so intended by the Secretary from a recollection of the transactions I can safely assert.

Very respectfully, I have the honor to be, sir, your most obedient servant,

J. MASON, *President*.

Hon. WM. H. CRAWFORD, *Secretary of the Treasury*

ALEXANDRIA, *February 13, 1823.*

SIR: I took the liberty of stating to you, in a letter which I addressed to you a few days ago, that, as I had for a short period acted as the president of the Mechanics' Bank of Alexandria, and, as attorney for the United States, had been directed to collect the debt due from the Franklin Bank to the Government, that my knowledge of the affairs of those institutions might possibly be serviceable to the committee of the Senate, and, if so, that I should be ready to attend them whenever they might deem it necessary. Not having been called upon, I presume that my personal attendance will not be necessary, nor can I suppose that it is necessary for me to say anything about the deposit made in the Mechanics' Bank, as that debt has been settled and the bank itself is before the Senate for a charter.

As to the Franklin Bank, I can state that the debts and effects of that bank have been transferred to the Government to secure the payment of the Government debt, and that the books and papers, with the notes and other evidences of debt, have been placed by the bank under my direction, and that I am in a course of collection of these debts for the benefit of the Government. In the list of debts due to the bank there will be a considerable loss arising from the insolvency of its debtors; and I fear that a portion of the debt due to the Government will fall upon the notes given by the stockholders in payment for their stock, commonly called stock debts.

I have no difficulty in giving it as my opinion that the debt due to the Government is ultimately secure. I never had a doubt upon this subject, and my anxiety and wish has always been, and still is, that the collections should be so made as to avoid a resort to the stock debts.

I am, with very great respect, your obedient servant,

THO. SWANN.

17TH CONGRESS.]

No. 673.

[2D SESSION.]

# BANK OF THE UNITED STATES.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES FEBRUARY 27, 1823.

Mr. HEMPHILL, from the Select Committee, to whom were referred the memorial from several banking institutions and insurance companies in the State of South Carolina, and the memorial from the President and Directors of the Bank of the United States, praying for certain laws to be passed in relation to the bank, and for certain alterations to be made in the charter, reported:

That the memorials claim the interposition of Congress in four particulars:

1. To change that part of the charter which provides that no director except the president shall be eligible for more than three years in four.
2. To provide by law for the punishment of persons who may be convicted of practicing fraud on the bank.
3. To authorize the board to appoint one or more persons to sign notes of the smaller denominations at the parent bank.
4. To pass a law by which the notes of the bank shall only be receivable, in payments to the United States, at the bank or branch where they are made payable.

As to the first, there are many inconveniences which arise from the short duration which is allowed to a directorship; but the committee are not inclined at present to make the change prayed for.

As to the second, the committee report in favor of it to the fullest extent prayed for, and think that salutary penal laws ought immediately to be passed on the subject.

As to the third, the committee think it is reasonable, and that it ought to be granted. The almost constant manual labor of signing notes must too much exhaust the two principal officers of the bank, and, in a greater or less degree, disqualify them from a due application of their minds to the extensive, critical, and important concerns of the bank.

As to the fourth, the committee are obliged to go into some detail upon it. If the arrangement prayed for would be beneficial to the bank, and not injurious to the government nor to local banks nor to the community at large, it ought to be granted; but more especially ought it to be granted if it will not only be beneficial to the bank, but productive of public good.

Under the 14th section of the act incorporating the bank, the bills or notes of the bank originally made payable or which shall have become payable on demand are made receivable in all payments to the United States, *unless otherwise directed by act of Congress*.

It will be observed in the first instance that no alteration of the charter in relation to this provision is prayed for. It will also be observed that the act incorporating the bank did not consider this arrangement as unalterable; it was to undergo the test of time and experience. On the one hand,