

REPORT
OF
THE COMPTROLLER OF THE CURRENCY.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, December 4, 1886.

Sir: In obedience to law, I have the honor to submit a report for the year ending November 1, 1886, exhibiting—

First. A summary of the state and condition of every association from which reports have been received the preceding year, at the several dates to which such reports refer, with an abstract of the whole amount of banking capital returned by them, of the whole amount of their debts and liabilities, the amount of circulating notes outstanding, and the total amount of means and resources, specifying the amount of lawful money held by them at the times of their several returns.

Second. A statement of the associations whose business has been closed during the year, with the amount of their circulation redeemed and the amount outstanding.

Third. Suggestions as to amendments to the laws relative to banking by which it is thought the system may be improved.

Fourth. A statement exhibiting under appropriate heads the resources and liabilities and condition of the banks, banking companies, and savings banks organized under the laws of the several States and Territories, such information being obtained by the Comptroller from the reports made by such banks, banking companies, and savings-banks to the legislatures or officers of the different States and Territories, and where such reports could not be obtained the deficiency has been supplied from such other authentic sources as were available.

Fifth. The names and compensation of the clerks employed in the office of the Comptroller of the Currency, and the whole amount of the expenses of the banking department during the year.

This is the twenty-fourth annual report of the Comptroller of the Currency.

IV REPORT OF THE COMPTROLLER OF THE CURRENCY.

FIRST.

SUMMARY of the STATE and CONDITION of EVERY NATIONAL BANK reporting during the year ending November 1, 1886.

	December 24.	March 1.	June 3.	August 27.	October 7.
	2,732 banks.	2,768 banks.	2,809 banks.	2,840 banks.	2,852 banks.
RESOURCES.					
Loans and discounts	\$1,537,887,918 21	\$1,362,315,383 28	\$1,393,253,742 57	\$1,415,627,777 61	\$1,443,668,240 77
Overdrafts	5,629,641 75	5,389,869 52	5,298,357 14	5,919,421 61	7,288,814 16
U. S. bonds to secure circulation	304,776,750 00	296,661,400 00	279,414,400 00	270,315,850 00	258,498,950 00
U. S. bonds to secure deposits	18,012,000 00	18,637,000 00	18,810,000 00	19,984,900 00	20,105,900 00
U. S. bonds on hand	12,665,750 00	16,580,050 00	12,535,550 00	14,368,950 00	12,326,500 00
Other stocks, bonds, and mortgages	77,533,841 38	80,227,388 98	83,347,119 93	82,439,901 64	81,825,266 40
Due from approved reserve agents	139,269,822 81	142,805,686 91	133,027,136 53	143,815,221 45	140,764,579 01
Due from other national banks	79,421,931 66	76,933,579 67	77,632,198 47	78,091,411 58	80,526,615 47
Due from State banks and bankers	18,553,946 46	18,834,235 88	17,720,924 26	18,387,215 76	20,140,256 27
Real estate, furniture, and fixtures	51,963,062 01	52,262,718 07	53,117,564 42	53,834,583 58	54,090,071 24
Current expenses and taxes paid	9,416,971 01	7,705,850 57	8,684,672 33	5,837,175 21	7,438,741 12
Premiums paid	11,802,199 86	12,237,689 15	13,298,269 23	13,641,463 72	14,303,529 55
Clearing-house loan certificates	630,000 00	505,000 00	205,000 00	85,000 00	.....
Checks and other cash items	12,809,940 57	15,135,338 48	12,181,455 80	10,308,341 58	13,277,169 64
Exchanges for clearing-house	92,351,296 77	99,923,656 84	76,140,330 60	62,474,605 90	95,536,941 15
Bills of other banks	23,178,052 00	20,503,303 00	25,129,938 60	21,602,661 00	22,734,085 00
Fractional currency	415,082 71	470,175 18	452,361 34	451,308 89	434,220 93
Trade dollars	1,671,208 77	1,681,530 65	1,713,384 35	1,857,681 56	1,889,794 55
*Specie, viz:					
Gold coin	70,107,747 56	74,262,789 98	77,663,587 67	71,249,234 14	71,682,807 13
Gold Treasury certificates	59,611,840 00	62,377,500 00	41,446,430 00	41,339,220 00	48,426,920 00
Gold clearing-house cert's	26,634,000 00	25,115,000 00	26,867,000 00	25,706,000 00	24,520,000 00
Silver coin, dollars	5,303,288 00	6,029,733 00	6,757,263 00	6,209,600 00	6,465,792 00
Silver coin, fractional	2,060,136 81	2,327,936 41	2,913,304 82	2,675,667 96	2,681,524 87
Silver Treasury certificates	1,637,340 00	1,592,960 00	1,812,200 00	1,820,770 00	2,610,632 00
Legal-tender notes	67,585,466 00	67,014,866 00	79,656,783 00	64,039,751 00	62,812,322 00
U. S. certificates of deposit for legal-tender notes	11,765,000 00	12,430,000 00	11,850,000 00	8,115,000 00	5,855,000 00
Five per cent. redemption fund with Treasurer	13,404,764 84	12,953,248 20	12,198,526 43	11,870,612 52	11,358,914 97
Due from Treasurer other than redemption fund	1,576,256 95	1,513,019 67	1,416,892 40	1,597,623 36	2,592,042 94
Aggregate	2,457,675,256 13	2,494,337,129 44	2,474,544,481 89	2,453,666,950 07	2,513,854,751 17
*Total specie	165,354,352 37	171,615,919 39	157,459,875 49	149,000,492 10	156,387,696 00
LIABILITIES.					
Capital stock paid in	529,360,725 00	533,360,615 00	539,109,291 72	545,522,598 00	548,240,730 00
Surplus fund	150,155,549 52	152,872,349 01	153,642,924 86	157,063,875 60	157,249,190 87
Other undivided profits	69,229,645 82	59,376,381 86	67,662,886 02	62,211,565 63	66,503,494 72
National bank circulation outstanding	267,430,837 00	256,972,158 00	244,893,097 00	238,273,795 00	228,672,619 00
State bank notes outstanding	133,932 00	133,931 00	132,470 00	128,336 00	125,002 00
Dividends unpaid	1,358,977 27	1,534,905 58	1,526,776 66	1,863,393 62	2,227,780 59
Individual deposits	1,111,429,914 98	1,152,669,492 06	1,146,246,911 43	1,113,459,187 35	1,172,968,368 64
U. S. deposits	12,058,768 36	12,414,566 52	13,676,721 76	14,295,927 74	13,842,923 69
Deposits of U. S. disbursing officers	3,005,783 11	3,019,018 72	2,798,864 55	2,884,865 62	2,721,276 77
Due to other national banks	216,564,533 96	219,778,171 80	204,405,273 11	218,327,437 33	218,395,980 54
Due to State banks and bankers	85,060,162 27	92,663,570 46	90,591,102 81	90,366,354 90	90,246,483 31
Notes and bills rediscounted	9,932,828 24	8,376,095 20	8,718,911 71	7,948,668 27	10,917,176 56
Bills payable	1,951,598 60	1,174,874 29	1,145,240 26	1,361,095 01	1,744,693 48
Aggregate	2,457,675,256 13	2,494,337,129 44	2,474,544,481 89	2,453,666,950 07	2,513,854,751 17

REPORT OF THE COMPTROLLER OF THE CURRENCY. V

SECOND.

STATEMENT of NATIONAL BANKS CLOSED during the year.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Redeemed.	Outstanding.
First National Bank, Centreville, Ind.	May 18, 1882	*Oct. 3, 1885	\$50,000	\$64,525	\$54,427	\$10,098
First National Bank, Plankenton, Dak.	Feb. 29, 1884	*Oct. 21, 1885	50,000	11,250	2,740	8,510
Vailey National Bank, Saint Louis, Mo.	Aug. 9, 1871	Nov. 21, 1885	250,000	44,960	9,480	35,480
First National Bank, Belton, Tex.	June 17, 1882	Dec. 24, 1885	50,000	23,490	4,690	18,800
First National Bank, Lake City, Minn.	Nov. 29, 1870	Dec. 28, 1885	50,000	44,420	9,347	35,073
Lancaster National Bank, Clifton, Mass.	Nov. 22, 1864	Jan. 1, 1886	100,000	72,360	18,601	53,759
First National Bank, Granville, Ohio.	Oct. 25, 1880	Jan. 12, 1886	50,000	26,500	4,790	21,710
Concordia National Bank, Concordia, Kans.	Dec. 15, 1883	Feb. 23, 1886	50,000	11,240	2,120	9,120
First National Bank, Sioux Falls, Dak.	Mar. 15, 1880	Mar. 1, 1886	50,000	11,250	2,480	8,770
Citizens' National Bank, Beloit, Wis.	Jan. 21, 1879	Mar. 11, 1886	50,000	11,240	2,450	8,790
First National Bank, Dayton, Wash.	Apr. 21, 1881	Mar. 16, 1886	50,000	13,490	4,050	9,440
First National Bank, Wahpeton, Dak.	Feb. 2, 1882	Mar. 27, 1886	50,000	17,120	2,690	14,430
First National Bank, Macomb, Ill.	Apr. 1, 1865	Apr. 10, 1886	100,000	89,520	13,229	76,291
First National Bank, Jesup, Iowa.	Jan. 10, 1883	Apr. 15, 1886	50,000	25,760	4,390	21,370
First National Bank, Angelica, N. Y.	Nov. 3, 1864	Apr. 19, 1886	100,000	89,980	13,968	76,012
City National Bank, Williamsport, Pa.	Mar. 17, 1874	Apr. 20, 1886	100,000	41,140	7,375	33,765
Dallas National Bank, Dallas, Tex.	July 18, 1883	Apr. 30, 1886	150,000	33,750	3,600	30,150
First National Bank, Lewistown, Ill.	Apr. 1, 1871	May 8, 1886	50,000	45,000	5,700	39,300
First National Bank, Cedar Rapids, Iowa.	Aug. 23, 1864	May 15, 1886	100,000	35,490	4,903	30,587
Abington National Bank, Abington, Mass.	July 1, 1865	July 1, 1886	150,000	131,370	7,235	124,135
Custer County National Bank, Broken Bow, Nebr.	Jan. 30, 1886	July 2, 1886	50,000	11,240	11,240	-----
First National Bank, Socorro, N. Mex.	Feb. 13, 1882	July 24, 1886	50,000	11,250	760	10,490
First National Bank, Blair, Nebr.	June 7, 1882	Aug. 25, 1886	50,000	26,180	500	25,680
National Bank of Lebanon, Tenn.	Oct. 13, 1866	Aug. 30, 1886	50,000	24,550	570	24,980
Roanoke National Bank, Roanoke, Va.	Mar. 24, 1883	Sept. 1, 1886	50,000	11,250	920	10,330
First National Bank, Saint Clair, Mich.	Feb. 14, 1871	Sept. 9, 1886	50,000	39,310	-----	39,310
First National Bank, Brownville, Nebr.	July 12, 1871	Sept. 11, 1886	50,000	39,690	569	39,111
First National Bank, Leslie, Mich.	Aug. 1, 1874	Sept. 25, 1886	50,000	13,410	-----	13,410
Mount Vernon National Bank, Mount Vernon, Ill.	June 10, 1872	Oct. 1, 1886	51,100	45,000	-----	45,000
Merchants' National Bank, Lima, Ohio.	Nov. 17, 1880	Oct. 1, 1886	50,000	45,000	-----	45,000
National Bank of Piedmont, W. Va.	Sept. 21, 1871	Oct. 2, 1886	50,000	45,000	850	44,150
First National Bank, Milford, Mich.	Mar. 14, 1878	Oct. 21, 1886	50,000	45,000	-----	45,000
Hubbard National Bank, Hubbard, Ohio.	June 21, 1878	Oct. 23, 1886	50,000	45,000	-----	45,000
Total	-----	-----	2,301,100	1,245,725	193,684	1,052,041

* Did not notify of liquidation until after November 1, 1885, and therefore did not appear in last report.

Of the above banks, twenty-four went into voluntary liquidation, one ceased to exist by expiration of charter, and eight failed.

VI REPORT OF THE COMPTROLLER OF THE CURRENCY.

THIRD.

SUGGESTIONS AS TO AMENDMENTS TO THE LAWS RELATING TO BANKING BY WHICH THE SYSTEM MAY BE IMPROVED AND THE SECURITY OF THE HOLDERS OF ITS NOTES AND OTHER CREDITORS MAY BE INCREASED.

The security now afforded to the holders of national-bank notes by the deposit of bonds in trust with the Treasurer, seems to be complete, and as long as the bonds of the United States remain (as they now are and have been for some years) readily salable at above ninety cents on the dollar, the national-bank currency will continue to enjoy the confidence of the public.

It must not be lost sight of, however, that there are conceivable contingencies in which the salability of these bonds would be impaired, and the security of the notes correspondingly affected, but the probability of any such contingency is too remote for present consideration, while the provision of law giving to the United States a first lien upon all the assets of the bank for the amount of any deficiency in the proceeds of the bonds would seem to be a sufficient factor of safety in any case.

The security of other creditors depends upon two conditions: first, the proportion of assets to liabilities; and, second, the solid value of the assets. Both proportion and value, in any given case, will depend upon the management of the business of the bank; hence the supervision of the business and management of every bank, by the Comptroller of the Currency, has now become the most important feature of the national banking system.

The laws providing for this supervision, and those which prescribe and limit the character of the business that may be done by the national banks should be frequently revised in order that the light of experience may be utilized to their constant improvement.

To this end I respectfully submit the following suggestions:

First. That section 5137 of the Revised Statutes should be so amended as to express more clearly and definitely the limitation put upon national banks with respect to their dealings in real estate and in mortgages, and to provide a penalty for violation of the law.

Second. That section 5145 be amended by adding the following clause: Whenever the vice-president and the cashier, or either of them, is a director, the board of directors must consist of at least five members besides such officers.

Third. That section 5151 be so amended as to exempt from further liability the shareholders of national banks of which the surplus shall exceed by 20 per cent. the amount of the capital stock of the bank, and that they shall be partially relieved from such responsibility in proportion as the surplus shall exceed the 20 per cent. now required by law. Provision, however, should be made that such exemption cannot be obtained through any process by which capital becomes converted into surplus, and also that such exemption is not to be enjoyed until after the Comptroller of the Currency is satisfied that the entire capital and surplus are represented by good assets.

Fourth. That section 5160, as modified by the act of July 12, 1882, be so amended as to require that the bonds which every association must at all times have on deposit with the Treasurer shall be registered United States bonds bearing interest.

Fifth. That section 5192, as modified by the act of June 20, 1874, be so amended as to require all banks to keep on hand, or at some centre

near their location, a larger proportion of their reserve than that now specified in the law.

The present provision, allowing a part of the reserve to be kept in a distant city, appears to be a survival from the system of redemption formerly existing, which was repealed by the act of June 20, 1874, and its maintenance seems inconsistent with the general policy of the laws as they now exist.

Sixth. That the act of June 20, 1874, be so amended as to make it evident whether banks need keep a reserve on Government deposits secured by bonds.

Seventh. That section 5200 be so amended as to render its application practicable in all cases.

It would appear that when in 1864* a limit was placed upon the accommodation which a national bank might extend to any person, company, corporation, or firm, for money borrowed, Congress had in view the then existing limit as to the number of national banks and as to the formation of new banks, arising out of the limitation upon the total volume of national-bank currency.

At that time the privilege of issuing currency was the most valued of all the privileges conferred by the national-bank act, and the limit upon this restricted the number of banks in each community; hence it was logical and consistent for the law to provide that this limited bank accommodation should not be monopolized by any small group of persons.

Now, however, all limitations upon the total volume of national-bank currency have been removed, and to all intents and purposes the system has become one of free banking, open to citizens of the entire country, to any extent to which they may desire to avail themselves of its privileges; hence there does not appear to be any longer the same reason that there was formerly for the law to enforce a general distribution through the community of the amount of accommodation at the disposal of a national bank.

As a matter of fact, with the growth and extension of the system, banks, especially in the large cities, have had their business very much specialized, and such banks cannot continue to exist or remain in the system if they should now be held to a strict conformity with section 5200.

The specialization of the business of the banks means, of course, their becoming identified with special lines in trade, manufacturing, farming, &c., and as in all such industries there has long been a tendency toward concentration in the hands of a comparatively small number of large houses, it follows that banks so situated must lend largely to particular firms or else lose their most important customers. Thus business necessity on the one hand, and the limitations of the law on the other, have produced, in many cases, habitual disregard of the law, and in other cases evasions of the law, all of which must be either ignored or tolerated by the Comptroller of the Currency, because the only penalty now provided is forfeiture of the corporate existence of the offending bank.

While these reasons exist for modifying the law, at the same time it is of course important that some limitation should be imposed upon the amount that any bank should hold in the paper of any person, company, corporation, or firm, and that the limit should be such as can be effectively enforced by the Comptroller.

To this end I respectfully suggest the following :

- (1) That the limit of 10 per cent. of the capital, in loans to one party,

* The limitation in the original act of 1863 was different and complicated.

VIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

be extended so as to be computed upon capital and whatever surplus may be held in excess of the legal requirement of 20 per cent. of capital.

(2) That this limit may be exceeded only in cases where a bank holds security of undoubted value, and which is not in any way dependent for its ready convertibility upon the borrower.

(3) That the penalty for violation of this restriction be such, in the discretion of Congress, as shall appear to be proportionate to the nature of the offense and such as may be readily enforced by the Comptroller of the Currency.

Eighth. That section 5209 be so amended as to extend the penalties therein specified for making false entries, reports, or statements, so as to make them apply to bank examiners or other persons in the employment of the Comptroller of the Currency, and also to all such acts done with intent to deceive the Comptroller of the Currency or any person in his employment.

The protection of banks and of those whose interests are in the keeping of the banks against fraud on the part of the bank officers invites the attention of Congress, both in the interest of general order and for the improvement of the banking system. In order that legislation deemed advisable may be framed, with reference to past experience, I have given in the Appendix to this report extracts from records in this office showing the causes of national-bank failures in all cases in respect to which such information is accessible.

Ninth. That section 5219 be so amended as to enable the national banks to obtain that practical protection against unequal State taxation which it was manifestly the intention of Congress to secure to them in this section.

Tenth. That section 5240 be so amended as to apportion the compensation for examination of national banks according to the aggregate investments in each case, rather than according to the amount of capital, and that provision be made for more frequent examinations than are now possible by adding to the amount paid by the banks a suitable amount to be paid out of the Treasury in order that supervising examiners may be employed.

Eleventh. That a law be enacted to the effect that any oath required of the officers or directors of a national banking association may be taken before any commissioner of a circuit court, or before a notary public having an official seal, or before any other officer using a seal, where such notary or officer is qualified by the law of any State or Territory to administer oaths.

There is a practical necessity for such an enactment; for upon an examination of the statutes, in the light of the decision of the Supreme Court in the case of the United States *v.* Curtis (107 U. S., 671), it appears that no provision has been made for giving legal effect to the oaths required of bank officers and directors, except in the one case to which the act of February 26, 1881, specially applies.

This act evidently aimed to supply an omission in the law, but inasmuch as it applies to only one case out of several, other omissions seem by implication to have the sanction of Congress, which I am sure they have not, because, as the law now stands, a director who swears falsely as to his qualifications for such position, or a president or cashier who makes oath to a false statement of the dividends and earnings of his association, cannot be convicted of perjury.

Twelfth. That, in the absence or disability of the cashier, all certificates required by law to be made by him may be made, with the author-

ity of the board of directors, by the assistant cashier, if the bank has such an officer, and if it has no such officer, then by some one appointed by the directors to perform the duties of the cashier; provided, however, that no assistant or acting cashier shall be authorized to sign circulating notes. The want of such a provision in the banking law is the cause of considerable inconvenience and annoyance to the banks.

Thirteenth. I renew the recommendation of my predecessor for further legislation to ascertain and protect the rights of shareholders desiring to withdraw from national banks which are extending their corporate existence.

My attention has been called to several cases of apparent violation of section 5243 of the Revised Statutes of the United States, but there does not appear to be in the law any direction or authority to the Comptroller of the Currency to take action in such cases.

The instances reported are the following: National Savings Bank, of New Haven, Conn.; National Savings Bank, of Albany, N. Y.; National Savings Bank, of Buffalo, N. Y.; National Bank of Honduras, of Washington, D. C.

The only bank in the District of Columbia to which section 332 of the Revised Statutes applies is the National Savings Bank of the District of Columbia.

This institution was chartered May 24, 1870, never had any capital stock, and appears, from such examinations as are reported, never to have accumulated a surplus fund.

The charter required the bank to file, in the office of the clerk of the supreme court of the District of Columbia, a bond, with security for \$200,000, to be approved by one of the judges of the court, and the court was given authority to require a new bond and additional security whenever the interests of the depositors might seem to render it proper to do so.

Upon examination I find that there is a bond on file in the clerk's office for \$200,000, binding the bank and sixteen persons "jointly *but not severally*" to pay and satisfy creditors, &c.

This bond is under the seal of the bank and the respective seals of the other obligors, but it is not dated. The approval of Mr. Justice Olin is affixed to it, dated October 30, 1870.

By the records of this office it appears that at various times communications have been addressed by my predecessors to the chief justice of the supreme court of the District of Columbia, calling attention to the impairment of this security by the death of some of the obligors and the departure of others from Washington.

By the records of that court it appears that on February 13, 1884, an order was made reciting certain of these communications and requiring the bank to file a new bond on or before February 25, 1884, or to show cause to the contrary.

The answer of the bank to this rule sets forth, substantially:

1. That the Comptroller of the Currency had no authority to inquire into the sufficiency of the bond.

2. That the bond was still sufficient because of the wealth of four of the obligors out of the original sixteen.

No further proceedings are on file, and no new bond has been executed.

The charter of this bank required annual reports to be made to Congress by its officers, but no such reports have been lately made, and upon inquiry the examiner from this office was informed that it was considered by the bank that the reports sent in to the Comptroller of

X REPORT OF THE COMPTROLLER OF THE CURRENCY

the Currency, under the act of June 30, 1876, operated to discharge the bank from the duty of reporting to Congress.

According to section 332 the Comptroller may, in his discretion, report to Congress the results of such examinations as he may see proper to make of the banks in the District of Columbia, and if this bank were now reporting directly to Congress there would be no occasion, in my opinion, for me to make a report on it also; but since it appears that between the charter and the act of 1876, both providing for reports, no report at all reaches Congress, I respectfully submit in the Appendix a copy of the report made by the bank on October 7, 1886, which agrees substantially with the report made to me by a special examiner on November 15, 1886.

LEGAL DECISIONS.

In the Appendix will be found a carefully compiled digest of decisions on points of law affecting the organization, operations, and dissolution of national banks.

Numerous legal questions, involving points not yet adjudicated, are constantly arising, especially in connection with insolvent banks; and there are many quasi-judicial functions imposed upon the Comptroller of the Currency which in his absence devolve upon the Deputy Comptroller, so that it would seem only just to these officers, as well as to the banks and their creditors, that there should be in the office of the Comptroller of the Currency a law officer or clerk, with a salary of not less than \$2,400, to make a special study of corporate and bank law and to be the responsible legal adviser of the Comptroller.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XI

FOURTH.

STATE BANKS, SAVINGS BANKS, LOAN AND TRUST COMPANIES.

Since November 30, 1882, the latest date at which banks and bankers outside the national system were required by law to make returns to the Treasury Department, it has been impossible to obtain full and satisfactory information as to their number, capital, or transactions.

By the courtesy of the officers of some of the States I am enabled to present official returns made to those States, but as these returns do not embrace the whole country, I have presented them separately from information obtained otherwise as to all such banks and bankers.

The figures thus obtained, in respect to the States from which official returns have been received, will indicate, upon comparison with such official figures, the degree of reliance to be placed upon the unofficial information as to the other States.

The table below presents a summary of the data obtained from official sources and is followed by a comparative statement of the official and unofficial figures relating to the same institutions:

The RESOURCES, LIABILITIES, and CONDITION of BANKS, SAVINGS BANKS, LOAN AND TRUST COMPANIES organized under STATE AND TERRITORIAL LAWS.

	Savings banks.	State banks.	Loan and trust companies.	Total.
	638 banks.	849 banks.	42 banks.	1,529 banks.
RESOURCES.				
Loans on real estate	\$418,372,642			\$418,372,642
Loans on personal and collateral security	127,677,702			127,677,702
Loans and discounts		\$331,183,626	\$156,828,458	488,012,084
Overdrafts		1,169,388	419	1,169,807
United States bonds	197,171,367	4,392,421	27,985,658	229,549,386
State, municipal, and other bonds and stocks	241,051,536	27,194,693	43,816,716	312,062,945
Railroad bonds and stocks	63,511,735			63,511,735
Bank stock	39,029,813			39,029,813
Due from banks	43,689,103	49,747,429	16,160,112	109,596,644
Real estate	30,984,883	14,605,853	9,774,575	55,365,311
Other assets	79,451,562	8,224,886	3,439,646	91,116,094
Expenses	142,717	1,047,782	664,497	1,854,996
Cash items		51,668,218	19,644,510	71,312,728
Specie		24,734,684		24,734,684
Legal tenders, bank notes, &c.		14,726,940		14,726,940
Cash	19,757,941			19,757,941
Total	1,260,840,941	528,693,920	278,314,591	2,067,851,452
LIABILITIES.				
Capital stock	4,028,299	109,611,596	27,644,150	141,284,045
Circulation		103,430		103,430
Surplus fund	96,924,117	27,813,508	21,671,152	146,408,777
Undivided profits	15,326,391	10,093,760	2,849,549	28,271,700
Dividends unpaid		430,699	38,900	469,599
Deposits	1,141,530,578	342,882,767	214,063,415	1,698,476,760
Due to banks		27,800,280	192,243	27,992,523
Other liabilities	3,031,556	9,957,880	11,855,182	24,844,618
Total	1,260,840,941	528,693,920	278,314,591	2,067,851,452

XII REPORT OF THE COMPTROLLER OF THE CURRENCY.

OFFICIAL and UNOFFICIAL INFORMATION obtained as to STATE BANKS, LOAN AND TRUST COMPANIES, and SAVINGS BANKS in the following States and Territories.

STATE BANKS AND LOAN AND TRUST COMPANIES.

States and Territories.	Official.				Unofficial.			
	No.	Capital.	Surplus and undivided profits.	Deposits.	No.	Capital.	Surplus and undivided profits.	Deposits.
STATES.								
Maine								
New Hampshire	1	\$50,000	\$16,566	\$38,359	2	\$250,000	\$17,069	
Vermont	8	394,000	6,000	2,530,288				
Massachusetts	6	3,300,000	1,013,616	23,255,033	10	3,760,000	785,261	
Rhode Island	11	2,566,685	201,827	8,725,971	11	2,616,685	154,467	
Connecticut	14	3,476,600	636,335	6,128,649	17	5,176,600	685,547	
New York	112	36,319,150	29,716,626	276,480,477	96	23,282,700	12,609,446	
New Jersey	10	1,310,220	563,653	3,460,398	7	1,164,350	469,757	
Pennsylvania	88	16,290,323	9,953,154	68,464,727	52	18,656,680	6,152,938	
Delaware					6	820,000	220,000	
Maryland	10	2,006,855	462,568	3,738,950	8	2,075,650	371,451	
Dist. of Columbia					1	200,000		
Virginia					29	2,073,605	583,293	
West Virginia					15	1,027,922	218,571	
North Carolina					7	448,000	140,659	
South Carolina					1	300,000	63,219	
Georgia					16	14,065,960	2,113,968	
Florida	1	50,000	3,024	81,360				
Alabama					4	594,589	155,953	
Mississippi					6	580,700	46,750	
Louisiana					4	2,593,800	420,000	
Texas	5	563,494	128,955	891,149	7	959,100	244,867	
Arkansas					3	132,000	23,877	
Kentucky	72	11,899,877	1,121,904	15,441,334	63	12,748,376	2,371,912	
Tennessee					16	1,706,600	464,945	
Ohio	35	2,221,890	1,752,504	19,956,777	15	691,300	118,942	
Indiana					28	1,681,284	360,910	
Illinois					15	3,597,000	1,968,978	
Michigan	19	1,302,350	382,336	4,201,858	20	1,223,200	429,623	
Wisconsin	46	2,217,200	718,533	16,427,654	39	1,975,200	619,470	
Iowa	59	3,168,313	626,733	4,728,241	52	2,994,044	651,125	
Minnesota	41	4,363,600	835,820	10,416,217	31	3,875,000	767,949	
Missouri	199	12,588,573	6,780,553	48,436,594	111	6,799,899	4,165,251	
Kansas	68	2,338,648	371,242	3,683,169	75	1,350,989	652,789	
Nebraska					43	1,426,760	191,091	
Colorado	8	449,400	124,542	1,481,492	8	380,000	178,079	
Nevada					1	50,000		
California	75	30,255,538	9,983,654	37,837,158	61	16,820,077	9,400,484	
Oregon								
TERRITORIES.								
Dakota					16	537,000	30,780	
Idaho					1	25,000		
Montana								
New Mexico					1	500,000		
Utah					1	6,250,000	2,919,911	
Washington								
Wyoming	3	123,000		540,323				
Arizona					2	150,000		
Total	801	137,255,746	62,429,969	556,946,182	903	139,400,922	50,775,221	

SAVINGS BANKS.

Maine	54	2,154,488	35,111,600	55	1,756,600	35,776,485
New Hampshire	67	4,104,422	47,231,919	67	3,891,696	46,281,626
Vermont	18	582,321	11,723,675	21	340,000	721,875
Massachusetts	171	11,814,989	274,998,413	167	30,713,673	260,205,574
Rhode Island	37	2,660,651	51,816,309	32	2,691,965	49,033,836
Connecticut	84	4,602,876	92,481,423	82	6,693,255	92,624,911
New York	123	77,282,889	457,050,259	114	76,949,453	447,361,814
New Jersey	29	2,166,928	25,335,780	24	65,000	25,253,670

REPORT OF THE COMPTROLLER OF THE CURRENCY. XIII

OFFICIAL and UNOFFICIAL INFORMATION obtained as to STATE BANKS,
LOAN AND TRUST COMPANIES, and SAVINGS BANKS, &c.—Continued.

SAVINGS BANKS—Continued.

States and Territories.	Official.				Unofficial.			
	No.	Capital.	Surplus and undivided profits.	Deposits.	No.	Capital.	Surplus and undivided profits.	Deposits.
STATES—cont'd.								
Pennsylvania	4		\$3, 837, 803	\$37, 530, 370	43	\$3, 685, 639	\$1, 690, 334	\$13, 417, 688
Delaware					1		63, 000	523, 132
Maryland	18			30, 542, 992	16	143, 155	71, 102	24, 784, 063
Dist. of Columbia	1		10, 781	793, 943				
Virginia					8	442, 250	105, 095	
West Virginia					1	25, 000	3, 293	
North Carolina								
South Carolina					4	300, 000	214, 534	
Georgia					4	1, 383, 600	736, 096	
Florida					1	20, 000	25, 000	
Alabama					4	340, 000	30, 000	
Mississippi					1	50, 000		
Louisiana					1	100, 000	25, 000	
Texas					1	100, 000	25, 000	
Arkansas								
Kentucky					3	400, 000	86, 986	
Tennessee					4	183, 000	80, 500	
Ohio	4		200, 463	12, 823, 374	23	2, 626, 200	957, 693	322, 279
Indiana					2		90, 500	616, 381
Illinois					9	1, 350, 000	374, 169	
Michigan					13	2, 215, 020	637, 073	
Wisconsin					7	375, 000	185, 026	
Iowa					32	1, 695, 000	412, 871	
Minnesota	7	\$153, 000	112, 878	3, 654, 528	3	150, 000	101, 744	45, 000
Missouri					52	5, 153, 233	2, 196, 853	
Kansas					8	205, 531	78, 984	
Nebraska					4	200, 000	34, 538	
Colorado								
Nevada								
California	21	3, 878, 209	2, 713, 016	60, 435, 919	23	4, 371, 865	2, 834, 095	1, 616, 815
Oregon					3	181, 000	12, 600	
TERRITORIES.								
Dakota								
Idaho								
Montana								
New Mexico								
Utah					1	50, 000	15, 000	
Washington								
Wyoming								
Arizona								
Total	638	4, 028, 209	112, 250, 508	1, 141, 530, 578	837	32, 195, 748	133, 467, 928	1, 011, 402, 787

The official returns and such information as has been obtained otherwise will be found in the Appendix.

Besides the institutions accounted for in the above tables, I have a list of 3,608 private bankers and banking firms.

Of these, 1,569 are reported as having an aggregate capital of \$117,718,432, and \$13,807,979 in surplus and undivided profits.

Of the other 2,039 I have been unable to obtain any information beyond their existence and location.

The following table, stating, by geographical divisions, the number of private banks in the United States, with the aggregate amount of their capital, deposits, and investments in United States bonds for the six months ending May 31, 1882, has appeared in previous reports. It

XIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

is perpetuated for the reason that it has been impossible to obtain similar information from any official source since the date above mentioned:

Geographical divisions.	No. of banks.	Capital.	Deposits.	Invested in U. S. bonds.
New England States	94	\$6, 215, 637	\$6, 568, 310	\$963, 956
Middle States	967	62, 418, 206	112, 690, 656	9, 227, 728
Southern States	289	6, 334, 090	20, 675, 301	107, 167
Western States and Territories	2, 062	30, 308, 360	149, 023, 311	3, 298, 990
United States	3, 412	105, 276, 233	288, 957, 578	13, 597, 843

FIFTH.

NAMES and COMPENSATION of OFFICERS and CLERKS in the OFFICE of the COMPTROLLER OF THE CURRENCY, October 31, 1886.

Names.	Grade.	Salary.
William L. Trenholm	Comptroller	\$5, 000 00
Valentine P. Snyder	Deputy Comptroller	2, 800 00
George M. Coffin	Chief of division	2, 200 00
John J. Crawford	do	2, 200 00
Alonzo B. Dickerson	do	2, 200 00
Robert P. Mayfield	do	2, 200 00
David L. Perkins	Superintendent	2, 000 00
J. D. G. Ferguson	Teller	2, 000 00
Theodore O. Ebaugh	Bookkeeper	2, 000 00
Charles E. Brayton	Fourth-class clerk	1, 800 00
Fernando C. Cate	do	1, 800 00
Edward A. Demaray	do	1, 800 00
Watson W. Eldridge	do	1, 800 00
George T. May	do	1, 800 00
Edmund E. Schreiner	do	1, 800 00
Charles J. Stoddard	do	1, 800 00
Thomas P. Kane	Stenographer	1, 600 00
Z. Warner Deuham	Third-class clerk	1, 600 00
John A. Hebrew	do	1, 600 00
Washington K. McCoy	do	1, 600 00
Isaac C. Miller	do	1, 600 00
William D. Swan	do	1, 600 00
Charles McC. Taylor	do	1, 600 00
Walter Taylor	do	1, 600 00
Edwin D. Tracy	do	1, 600 00
George H. Wood	do	1, 600 00
Harriet M. Black	Second-class clerk	1, 400 00
William E. Colladay	do	1, 400 00
Julia R. Donoho	do	1, 400 00
R. LeRoy Livingston	do	1, 400 00
Mary L. McCormick	do	1, 400 00
Morris M. Ogden	do	1, 400 00
Arthur M. Wheeler	do	1, 400 00
Ephraim S. Wilcox	do	1, 400 00
Eveline C. Bates	First class clerk	1, 200 00
Sarah F. Fitzgerald	do	1, 200 00
Eliza R. Hyde	do	1, 200 00
George Koebler	do	1, 200 00
Joseph K. Miller	do	1, 200 00
Carrie L. Pennock	do	1, 200 00
Eliza M. Peters	do	1, 200 00
Margaretta L. Simpson	do	1, 200 00
Eliza M. Barker	Clerk	1, 000 00
William H. Heald	do	1, 000 00
Lafayette J. Garner	Engineer	1, 000 00
Thomas H. Austin	Clerk	900 00
Ettie J. Broughler	do	900 00

*Additional as bond clerk, \$200.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XV

NAMES and COMPENSATION of OFFICERS and CLERKS, &c.—Continued.

Names.	Grade.	Salary.
Margaret L. Browne.....	Clerk.....	\$900 00
Willard E. Bnell.....	do.....	900 00
Louisa Campbell.....	do.....	900 00
Sarah M. Cartwright.....	do.....	900 00
Virginia H. Clarke.....	do.....	900 00
Sarah G. Clemens.....	do.....	900 00
Mary L. Conrad.....	do.....	900 00
Margaret F. Dewar.....	do.....	900 00
Talma Drew.....	do.....	900 00
Margaret E. Gooding.....	do.....	900 00
William J. Fowler.....	do.....	900 00
Aliso M. Kennedy.....	do.....	900 00
Lucretia W. Knowlton.....	do.....	900 00
Emma Lafayette.....	do.....	900 00
Annie W. Lockhart.....	do.....	900 00
Edward S. May.....	do.....	900 00
Maggie B. Miller.....	do.....	900 00
James D. Moler.....	do.....	900 00
Mary E. Oliver.....	do.....	900 00
Frank E. Patterson.....	do.....	900 00
Carrie B. Pumphrey.....	do.....	900 00
Annie E. Ranney.....	do.....	900 00
Marie Richardson.....	do.....	900 00
Hannah Sanderson.....	do.....	900 00
Eliza A. Saunders.....	do.....	900 00
Fayette C. Snead.....	do.....	900 00
Charles A. Stewart.....	do.....	900 00
M. C. Stoffregen.....	do.....	900 00
Sarah A. W. Tiffey.....	do.....	900 00
Julia C. Townsend.....	do.....	900 00
Anna M. Whiteside.....	do.....	900 00
Frederick Widdows.....	do.....	900 00
Amanda W. Doty.....	Messenger.....	840 00
Philo L. Bush.....	Assistant messenger.....	720 00
William Griffiths.....	do.....	720 00
Silas Holmes.....	do.....	720 00
Langston W. Allen.....	Watchman.....	720 00
W. Frank Robey.....	do.....	720 00
Jno. A. McDonald.....	Fireman.....	720 00
Bessie P. Cowell.....	Laborer.....	660 00
Francis J. Byrne.....	do.....	660 00
Lambert A. Whiteley.....	do.....	660 00

The Comptroller is necessarily dependent upon the officers and clerks in his office for the proper administration of the laws and dispatch of public business.

It is proper, therefore, to say that their conduct has been exemplary, and their diligence commendable. Those who have assisted in the preparation of this report deserve special credit for their labors and devotion.

EXPENSES OF THE OFFICE OF THE COMPTROLLER OF THE CURRENCY, FOR THE YEAR ENDING JUNE 30, 1886.

For special dies, plates, printing, &c.....	\$102,111 27
For salaries.....	96,494 69
For salaries reimbursable by national banks.....	13,742 96

The contingent expenses of the office are not paid by the Comptroller, but from the general appropriation for contingent expenses of the Treasury Department; no separate account of them is kept.

XVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

INFORMATION.

Section 333 of the Revised Statutes of the United States, in prescribing the scope of the annual report to be made by the Comptroller of the Currency, imposes upon that officer the further duty of submitting to Congress such other information in relation to the banks as in his judgment may be useful. The following information is accordingly submitted:

The following table gives the number of national banks organized in each State and Territory during the year ending November 1, 1886, with their aggregate capital, bonds, and circulation:

States and Territories.	No. of banks.	Capital.	Bonds.	Circulation.
Vermont.....	2	\$150,000	\$37,500	\$33,740
Massachusetts.....	3	350,000	87,500	78,740
Division No. 1.....	5	500,000	125,000	112,480
New York.....	2	600,000	75,000	67,500
New Jersey.....	3	200,000	50,000	22,480
Pennsylvania.....	10	3,200,000	400,000	315,000
Division No. 2.....	15	4,000,000	525,000	404,980
Maryland.....	1	100,000	25,000	22,500
District of Columbia.....	1	200,000	50,000	.....
Virginia.....	2	150,000	37,500	22,500
Division No. 3.....	4	450,000	112,500	45,000
North Carolina.....	2	150,000	37,500	33,740
South Carolina.....	2	113,000	32,500	29,250
Florida.....	4	210,000	50,500	45,420
Alabama.....	2	150,000	38,000	34,200
Mississippi.....	2	150,000	25,000	11,250
Texas.....	8	700,000	175,000	146,250
Tennessee.....	3	185,000	46,250	24,740
Division No. 4.....	23	1,658,000	404,750	324,850
Ohio.....	8	1,975,000	306,250	251,000
Indiana.....	3	305,000	58,000	47,690
Illinois.....	7	2,375,000	243,750	202,500
Michigan.....	7	760,000	202,500	182,240
Wisconsin.....	2	150,000	37,500	33,740
Division No. 5.....	27	5,465,000	843,000	717,170
Iowa.....	4	250,000	62,500	56,230
Minnesota.....	6	475,000	118,750	73,690
Missouri.....	3	2,500,000	150,000	335,000
Kansas.....	28	1,595,000	398,750	280,000
Nebraska.....	17	1,010,000	252,500	182,170
Division No. 6.....	58	5,830,000	982,500	726,490
Colorado.....	2	700,000	42,500	38,000
Nevada.....	1	50,000	12,500	.....
California.....	9	1,550,000	187,500	123,740
Oregon.....	6	400,000	125,000	112,490
Division No. 7.....	18	2,160,000	367,500	274,230
Dakota.....	12	675,000	164,500	136,780
Idaho.....	2	100,000	37,500	33,750
Montana.....	1	50,000	12,500	11,240
New Mexico.....	2	100,000	25,000	11,240
Utah.....	1	50,000	12,500	11,240
Washington.....	4	225,000	57,500	51,730
Wyoming.....	2	175,000	43,750	39,370
Division No. 8.....	24	1,355,000	353,250	295,350
Grand total.....	174	21,358,000	3,713,500	2,900,550

REPORT OF THE COMPTROLLER OF THE CURRENCY. XVII

Eight national banks with an aggregate capital of \$650,000 failed and were placed in the hands of receivers during the year, as shown in the following tabulated statement, to which is appended a brief account of the chief cause of failure in each case.

STATEMENT of BANKS FAILED during the year, their CAPITAL, SURPLUS, and LIABILITIES according to last report of condition.

Name and location of bank.	Date of organization.	Date of failure.	Receiver appointed.	Capital.	As shown at date of last report in each case.		
					Surplus and undivided profits.	Other liabilities.*	Date of last report.
1. The First National Bank of Lake City, Minn.	Nov. 23, 1870	1885. Dec. 29 1886.	1886. Jan. 4	\$50,000	\$22,032	\$129,635	1885. Oct. 1
2. The Lancaster National Bank of Clinton, Mass.	Nov. 22, 1864	Jan. 1	Jan. 29	100,000	32,156	237,997	Oct. 1
3. The First National Bank of Sioux Falls, Dak.	Mar. 15, 1880	Mar. 1	Mar. 11	50,000	55,288	179,033	Dec. 24
4. The First National Bank of Wahpeton, Dak.	Feb. 2, 1882	Mar. 27	Apr. 8	50,000	7,967	109,306	Dec. 24
5. The First National Bank of Angelica, N. Y.	Nov. 2, 1864	Apr. 16	Apr. 19	100,000	23,285	43,203	Dec. 24
6. The City National Bank of Williamsport, Pa.	Mar. 17, 1874	Apr. 20	May 4	100,000	20,560	162,897	Dec. 24
7. The Abington National Bank of Abington, Mass.	July 1, 1865	July 1	Aug. 2	150,000	30,513	167,572	1886. June 3
8. The First National Bank of Blair, Nebr.	June 7, 1882	Aug. 25	Sept. 8	50,000	12,394	279,669	June 3
Total				650,000	204,195	1,296,312	

* Total, as per statement, except capital, surplus, circulation, and undivided profits.

1. The First National Bank of Lake City, Minn., failed in consequence of heavy losses, having its funds locked up in inconvertible paper. The stockholders, believing that the assets would prove valuable, bought nearly all the claims against the bank and then deposited a sum that enabled the Comptroller to pay all debts, principal and interest. After this was done the remaining assets were turned over to an agent of the stockholders in accordance with the provisions of section 3 of the act of June 30, 1876.

2. The Lancaster National Bank of Clinton, Mass., was wrecked by its president, who absconded to Canada. Money and securities of the bank and of others were taken bodily away, but a large amount was subsequently recovered, which had been buried on a mountain in Vermont.

3. The First National Bank of Sioux Falls, Dak., had its assets seized on writ of attachment in a suit on its cashier's check for upward of \$16,000, which was claimed to have been fraudulently obtained. This caused the bank to fail; but it had been badly managed for some time previous, and had suffered large losses on overdue paper and mortgages.

4. The First National Bank of Wahpeton, Dak., appears to have failed through reckless management, which locked up its funds in speculative enterprises.

5. The failure of the First National Bank of Angelica, N. Y., was due to the embezzlement by its cashier of an amount nearly equal to half its capital stock. He lost the money in grain and pork speculations, and concealed the defalcation by false entries on the books. The president and directors of the bank were the victims of over confidence in

H. Ex. 3—11

XVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

this man, and seemed blind to signs of his irregularities up to the hour of his flight.

6. The City National Bank of Williamsport, Pa., was closed in consequence of a run upon it. Subsequent examination of the books revealed embezzlement by a former assistant cashier and by the cashier at the date of suspension. Suit has been brought to recover on the bond of the late cashier, and criminal proceedings against him have also been instituted.

7. The failure of the Abington National Bank of Abington, Mass., was due to overloans to its president, both directly and as endorser for irresponsible parties. In this case the creditors were paid in full, principal and interest, within sixty days after the receiver was appointed.

8. The First National Bank of Blair, Nebr., failed through trying to do too much business for its means. The assets as at present estimated should pay the creditors in full.

Lists will be found in the Appendix, showing the amount of capital, nominal assets, amounts collected, claims proved, and dividends paid in each of these cases.

ORGANIZATION, CIRCULATION, AND DISSOLUTION.

As the laws now stand a national banking association may be formed by any number (not less than five) of natural persons. The conditions are simple and reasonable, the only one appearing onerous being that which requires the bank to deposit in the Treasury United States registered bonds, bearing interest.

Before 1882 every bank was required to place and keep on deposit with the Treasurer such bonds to the amount of at least one-third of its capital, but the act of July 12, 1882, reduced this minimum requirement to one-fourth the capital of banks having not more than \$150,000 capital, and to \$50,000 of bonds in all other cases, however large the capital may be.

Every bank, before beginning business, is also required to deposit with the Comptroller a copy of its articles of association, a complete list of its shareholders, directors, and principal officers, all duly authenticated, and evidence that at least 50 per cent. of the capital is actually paid in. The Comptroller may, in his discretion, cause a special examination to be made in order to satisfy himself on any of these points, and he may refuse to authorize any bank to begin business if he has reason to believe that the purposes of its promoters are not in accord with those of the national banking laws. When the Comptroller issues his certificate of authority to begin business the bank is established, and is thenceforward bound to conform to all the requirements of the law governing its business, while, on the other hand, it is entitled to exercise the rights, privileges, and franchises secured to it by the statutes.

By a special provision of law banks and banking corporations having State charters may be converted into national banks, upon satisfying the Comptroller of the Currency that they are in sound financial condition, and upon complying with such of the general requirements of the law as are applicable to them. In all such cases, both of conversion and of primary association, applicants for authority to enter the national-bank system must select a title approved by the Comptroller of the Currency. The title "First National Bank" being very much sought after, some cases of contention for it have arisen, and during the past year the following general rules have been adopted to govern the concession of this title, which have obviated controversy, and have been accepted by competing applicants as entirely just.

ERRATUM.

**To be pasted between pages XVIII and XIX, facing sixth paragraph,
page XVIII.**

(See over.)

Correction of sixth paragraph, page XVIII, OPPOSITE.

Before 1882 every bank with a capital not exceeding \$150,000 was required to place and keep on deposit with the Treasurer such bonds to the amount of at least one-third of its capital; but the act of July 12, 1882, reduced this minimum requirement to one-fourth the capital. Under the act of June 20, 1874, \$50,000 of bonds is the minimum requirement for all other banks, however large the capital.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XIX

RULES.

The title of "First National Bank" will not be approved unless:

1st. The application therefor is really the first application to establish a national bank in the place named in the title, or unless all such applications previously made have lapsed or been abandoned.

2d. Unless no national bank is located at the time in the place named in the title.

3d. Unless the title asked for, though once in use, is at the time vacant by reason of the entire extinction of the bank that had it.

4th. Unless every national bank at the time located in the place named in the title assents to the application. The term "place" means any ward of a city, or any town, city, county, State, or geographical area.

CONVERTED AND ORIGINAL BANKS.

Banks that have entered the national system are of two classes, viz, institutions already organized under State laws, converted to national banks under section 5154, Revised Statutes of the United States, and national banking associations primarily organized as such under various acts of Congress.

The following tables show the history of these two classes:

WHOLE NUMBER of STATE BANKS CONVERTED to NATIONAL BANKING ASSOCIATIONS, their CAPITAL at DATE of CONVERSION, PRESENT CAPITAL and SURPLUS; specifying such as have since gone into VOLUNTARY LIQUIDATION and such as have become INSOLVENT.

XX
REPORT OF THE COMPTROLLER OF THE CURRENCY.

Years.	Existing.					Voluntary Liquidation.				Insolvent.		
	Whole number converted.	Number in existence.	Capital at date of conversion.	Present capital.	Surplus.	Number.	Capital at date of conversion.	Capital at date of liquidation.	Surplus at date of liquidation.	Number.	Capital at date of conversion.	Capital at date of failure.
1863.....	12	12	\$6,110,000	\$9,710,000	\$2,611,500	2	200,000	250,000	\$38,900	2	\$267,000	\$167,000
1864.....	150	146	66,739,500	72,755,200	25,942,700	46	11,662,700	10,048,700	1,766,300	15	4,551,100	4,521,100
1865.....	284	223	59,228,400	58,906,400	24,538,700	2	275,000	250,000	52,200	1	3,410,300	2,500,000
1866.....	6	3	860,300	3,100,000	129,200	1	50,000	100,000	11,100	1		
1867.....	1					2	200,000	200,000	29,700			
1868.....	3	1	250,000	250,000	30,700							
1869.....												
1870.....	1	1	1,000,000	1,500,000	248,000	3	278,000	300,000	35,000			
1871.....	5	2	1,378,000	1,225,000	188,000	2	150,000	150,000	13,500			
1872.....	5	3	1,110,000	830,000	153,500	2						
1873.....	4	4	855,000	555,000	235,200	2	250,000	250,000	15,500			
1874.....	11	9	2,244,000	2,560,000	478,800	2	200,000	130,000	12,000			
1875.....	7	5	850,000	860,000	177,500	1	50,000	50,000	4,500	1	130,000	130,000
1876.....	2	2	161,000	141,000	20,300							
1877.....	5	3	680,000	980,000	307,000							
1878.....	7	7	710,000	769,000	150,300							
1879.....	10	10	1,285,000	1,435,000	404,000							
1880.....	6	6	1,147,000	1,290,000	349,300							
1881.....	11	11	1,445,700	2,213,100	349,200							
1882.....	13	13	1,190,300	1,590,300	225,000							
1883.....	16	13	1,080,000	1,105,000	120,200	3	150,000	150,000	8,700			
1884.....	1	1	50,000	50,000	25,000							
1885.....	5	5	850,000	850,000	109,700							
1886.....	10	10	2,152,000	2,200,000	27,400							
Total.....	575	490	151,376,200	164,875,000	56,800,800	66	13,465,700	11,878,700	1,987,400	19	8,358,400	7,318,100

Percentage of capital of national banks, organized as such, that went into voluntary liquidation.. 14

Percentage of capital of national banks, organized as such, that went into insolvency 3

Percentage of capital of national banks, organized as such, that are in existence 83

Percentage of capital of converted banks that went into voluntary liquidation..... 8

Percentage of capital of converted banks that went into insolvency 5

Percentage of capital of converted banks that are still in existence 87

Percentage of increase of capital of national banks organized as such..... 16

Percentage of increase of capital of converted banks..... 9

WHOLE NUMBER of NATIONAL BANKS of PRIMARY ORGANIZATION under the national-bank laws, CAPITAL at date of organization, and PRESENT CAPITAL and SURPLUS, specifying such as have since gone into VOLUNTARY LIQUIDATION and such as have become INSOLVENT.

Years.	Whole number organized.	Existing.				Voluntary liquidation.				Insolvent.		
		Num-ber.	Capital at date of organization.	Present capital.	Surplus.	Num-ber.	Capital at date of organization.	Capital at date of liquidation.	Surplus at date of liquidation.	Num-ber.	Capital at date of organization.	Capital at date of failure.
1863.....	474	297	\$40,638,900	\$59,024,800	\$23,845,900	147	\$14,984,200	\$25,424,600	\$7,839,300	30	\$3,410,000	\$5,069,500
1864.....	104	71	12,045,100	15,520,100	7,016,600	30	4,210,000	6,116,000	1,538,900	3	350,000	400,000
1865.....	603	443	104,677,400	112,679,700	32,727,500	141	19,292,300	18,215,000	4,857,300	19	2,475,000	3,560,000
1866.....	33	23	2,739,000	4,385,000	2,060,600	8	800,000	775,300	176,200	2	100,000	150,000
1867.....	9	7	850,000	1,360,000	515,000	2	150,000	150,000	14,300			
1868.....	10	8	710,000	1,150,000	290,500	2	200,000	200,000	7,500			
1869.....	8	4	860,000	650,000	195,000	2	260,000	310,000	48,500	2	350,000	350,000
1870.....	62	40	4,298,000	5,110,500	1,588,500	20	2,401,000	2,880,000	375,300	2	300,000	350,000
1871.....	148	109	11,668,000	14,528,900	4,488,600	34	3,040,000	3,600,000	656,000	5	1,000,000	1,300,000
1872.....	156	98	9,124,700	12,351,100	3,592,300	47	4,205,000	3,793,100	568,100	11	1,450,000	1,485,000
1873.....	53	38	4,655,000	4,512,000	1,069,300	13	925,000	1,125,000	116,700	2	370,000	350,000
1874.....	72	48	3,826,500	4,435,000	1,364,000	20	1,250,000	1,220,000	76,900	4	350,000	350,000
1875.....	94	79	10,612,000	11,044,000	3,378,900	14	1,090,000	1,010,000	75,800	1	50,000	50,000
1876.....	27	23	2,020,800	2,427,800	644,600	4	250,000	250,000	11,400			
1877.....	26	22	1,914,000	2,414,000	814,600	2	100,000	100,000	11,000	2	300,000	1,011,300
1878.....	23	18	1,625,000	1,795,000	396,300	5	250,000	250,000	21,400			
1879.....	30	26	2,600,000	2,190,000	720,500	3	150,000	150,000	9,000	1	60,000	60,000
1880.....	47	43	5,222,100	6,072,100	1,177,400	3	250,000	250,000	32,400	1	50,000	50,000
1881.....	97	90	9,285,000	10,613,500	1,967,300	6	770,000	670,000	18,500	1	50,000	50,000
1882.....	230	216	28,578,000	35,054,000	7,088,500	11	1,170,000	1,170,000	66,200	3	175,000	175,000
1883.....	236	218	23,182,900	26,261,500	2,665,000	14	2,035,000	2,035,000	47,200	4	450,000	250,000
1884.....	179	174	17,469,000	19,666,100	1,868,800	5	300,000	300,000	500			
1885.....	142	142	14,768,000	14,003,000	973,000							
1886.....	142	141	16,500,000	16,445,000	62,200	1	50,000	50,000				
Total.....	3,605	2,378	\$31,680,500	\$81,234,100	\$23,480,500	34	\$8,042,500	\$9,144,600	\$6,568,400	93	\$1,200,000	\$5,210,800

SUMMARY OF NATIONAL BANKS ORGANIZED AND DISSOLVED SINCE FEBRUARY 25, 1862, AND THE NUMBER EXISTING NOVEMBER 1, 1886.

Banks organized.	Num-ber.	Dissolved.					Now existing.		Remarks.
		In liquidation, volun- tary or by expiration.		Failed.		Total number dissolved.	Num- ber.	Per- cent.	
		Number.	Per cent.	Number.	Per cent.				
Converted from State system	575	66	12	19	3	85	490	Of 600 banks which have gone into voluntary liquidation, 456 took that step for the purpose of winding up their affairs, 79 for the purpose of reorganization, and 65 went into liquidation by reason of expiration of charter, 38 of them having since been reorganized.	
Other banks	3,005	594	18	93	3	627	2,378		
Total	3,580	600	17	112	3	712	2,868		

REPORT OF THE COMPTROLLER OF THE CURRENCY.

XXI

XXII REPORT OF THE COMPTROLLER OF THE CURRENCY.

EXTENSION OF THE CORPORATE EXISTENCE OF NATIONAL BANKS.

Under the provisions of the original national currency act of February 25, 1863, 488 banks were organized, of which 88 had ceased to exist when the act of July 12, 1882, went into effect, leaving 400 still in operation at that date. Of these 400 banks 72 were succeeded by other associations with the same or different names, 12 went out by voluntary liquidation or expiration of corporate existence, 2 were placed in the hands of receivers, and 314 were extended under the act. The act of June 3, 1864, is designated "the national-bank act" in the act approved June 20, 1874. Up to July 12, 1882, there had been organized under this act 2,266 banks, of which 450 had been closed, leaving 1,816 in operation at that date.

The following table shows how many of these surviving banks will reach the term of their corporate existence during each year from 1886 to 1902, inclusive, with their capital and circulation:

Years.	No. of banks.	Capital.	Circulation.	Years.	No. of banks.	Capital.	Circulation.
1887.....	5	\$1,050,000	\$495,000	1896.....	23	\$2,218,800	\$1,322,550
1888.....	10	1,364,900	421,200	1897.....	26	3,324,000	1,391,545
1889.....	3	600,000	184,500	1898.....	24	2,354,000	1,367,100
1890.....	60	9,285,500	4,628,200	1899.....	40	5,080,000	2,552,950
1891.....	99	13,493,900	4,742,535	1900.....	50	7,582,100	3,257,990
1892.....	102	13,190,150	5,285,225	1901.....	110	15,150,150	4,546,935
1893.....	33	4,516,000	2,275,700	1902.....	231	37,667,300	10,461,450
1894.....	64	7,353,000	3,484,750				
1895.....	77	11,159,000	5,391,450	Total....	962	135,394,800	51,807,080

On November 1, 1886, 915 banks, organized under the act of June 3, 1864, had been extended, making with the 314 extensions of banks organized under the act of February 25, 1863, 1,229 associations extended under the act of July 12, 1882. In the Appendix will be found a table showing the distribution and capital of these banks, arranged geographically.

The number, capital, and circulation of the national banks whose periods of succession terminated between November 1, 1885, and November 1, 1886, are shown by the following table, which also indicates the number of which the corporate existence has been extended. One went into liquidation and has not been succeeded by another national bank:

Date.	Number of banks that have expired.	Capital.	Circulation.	Number of banks that have extended.	Capital.	Circulation.
1885.						
November.....	6	\$1,200,000	\$927,000	6	\$1,200,000	\$927,000
December.....	8	3,250,000	2,037,500	8	3,250,000	2,037,500
1886.						
January.....	3	300,000	270,000	3	300,000	270,000
February.....	3	700,000	164,000	3	700,000	164,000
March.....	2	750,000	235,000	2	750,000	235,000
May.....	2	260,000	244,000	2	260,000	244,000
June.....	2	300,000	90,000	2	300,000	90,000
July.....	1	125,000	45,000	1	125,000	45,000
August.....	1	50,000	45,000	0		
September.....	2	300,000	235,000	2	300,000	235,000
October.....	1	100,000	72,000	1	100,000	72,000
Total.....	31	7,335,000	4,364,500	30	7,285,000	4,319,500

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXIII

Of the 400 existing banks originally organized under the act of February 25, 1863, 270, with a circulation of \$47,997,436, were extended on February 25, 1883, and the provisions of section 6 of the act of July 12, 1882, required that lawful money should be deposited within thirty days from February 25, 1886, to retire such portion of this circulation as then remained outstanding. It was of course evident that the amount of the final deposit required by law to be made in lawful money during the thirty days succeeding February 25, 1886, would be very large, and that this deposit within so short a period would probably occasion temporary disturbance at money centres, particularly as new circulation to replace the amount retired could not at once be issued. In anticipation of any difficulty which might arise, my predecessor, Mr. Cannon, began early to advise national banks which would be required to make such deposits of lawful money on or before March 25, 1886, to make them in sums of \$10,000 or multiples thereof in advance, extending them over a considerable period of time. These banks were also advised in advance to order the preparation of notes of new design, which were required by the same section of the act, that they might be in readiness to be issued to replace the circulation necessarily retired under the operation of the law. In consequence of this forethought and sagacity, the whole amount required to be deposited was very evenly distributed between the months from July, 1885, to March, 1886, as shown by the following table:

Months.	Amount.
July, 1885	\$519,600
August, 1885	603,610
September, 1885	1,425,434
October, 1885	2,258,926
November, 1885	2,193,787
December, 1885	2,413,756
January, 1886	2,814,084
February, 1886	2,921,192
March, 1886	873,902
Total amount which the law required to be deposited within 30 days	16,023,381

Table showing by States the number and capital of national banks the corporate existence of which was extended prior to November 1, 1886.

State.	No. of banks.	Capital.	State.	No. of banks.	Capital.
Alabama	2	\$250,000	Montana	1	\$500,000
Arkansas	1	250,000	Nebraska	3	750,000
Colorado	3	460,000	New Hampshire	35	4,605,000
Connecticut	73	22,450,820	New Jersey	48	9,783,350
Delaware	11	1,503,185	New York	231	72,572,460
District of Columbia	2	500,000	North Carolina	3	650,000
Georgia	6	1,450,000	South Carolina	2	750,000
Illinois	48	6,240,000	Ohio	82	14,854,000
Indiana	32	4,157,000	Oregon	1	250,000
Iowa	24	2,595,000	Pennsylvania	165	44,479,330
Kansas	3	300,000	Rhode Island	59	19,959,800
Kentucky	11	3,150,000	Tennessee	4	1,150,000
Louisiana	2	1,300,000	Texas	4	625,000
Maine	53	8,630,000	Vermont	29	5,256,000
Maryland	29	12,069,000	Virginia	10	2,016,000
Massachusetts	199	85,712,500	West Virginia	11	1,341,000
Michigan	19	1,575,000	Wisconsin	19	1,685,000
Minnesota	6	2,100,000			
Missouri	8	3,150,000	Total	1,229	339,169,505

XXIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

National banks whose corporate existence will expire during the year 1887, with the date of the expiration, the amount of capital stock of each bank, the United States bonds on deposit with the Treasurer, and the amount of circulation issued thereon.

Char- ter num- ber.	Title of bank.	State.	Expira- tion of corporate existence.	Capital stock.	United States bonds.	Circula- tion.
			1887.			
1668	The First National Bank of Idaho, Boise City.	Idaho	Mar. 5	\$100,000	\$30,000	\$27,000
1669	The Fourth National Bank of Nashville	Tenn.	Mar. 5	500,000	70,000	63,000
1670	The Elton National Bank	N. Y.	Mar. 14	100,000	100,000	90,000
1671	The Citizens' National Bank of Davenport	Iowa	May 3	100,000	100,000	90,000
1675	The National Security Bank of Boston	Mass.	Nov. 22	250,000	250,000	225,000

REAPPRAISAL OF NATIONAL-BANK SHARES.

It is provided by section 5 of the act of July 12, 1882, that when any national banking association has amended its articles of association for extension of its corporate existence, and the Comptroller has granted his certificate of approval, any shareholder not assenting to such amendment may, within thirty days from the date of the certificate of approval, give notice in writing to the directors of his desire to withdraw from said association. Each shareholder giving this notice becomes entitled to receive from said banking association the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by such shareholder, one by the directors, and the third by these two; and in case the value so fixed shall not be satisfactory to any such shareholder, he may appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding.

Of the 1,229 associations extended under the act there have been but two cases in which an appeal has been made to the Comptroller for a reappraisal of shares held by dissenting shareholders. It appears, however, from complaints made to the Comptroller that in some instances the banks have neglected to take action upon notice of the desire of the shareholders to withdraw, and, as was pointed out by my predecessor, there is no penalty provided in the law for such neglect, although individual rights are thereby violated. Remedy may doubtless be obtained by suit at law, but it would seem that justice demands speedier and less costly relief.

NATIONAL-BANK SHAREHOLDERS.

With a view to ascertaining how the stock of the national banks is distributed, a laborious examination has been made of the official lists of shareholders, deposited in this office in accordance with section 5210, Revised Statutes of the United States.

The results of this examination, carefully compiled, are exhibited in the following tables, and, for purposes of comparison, similar tables contained in the report of the Comptroller of the Currency for the year 1876 are here reproduced.

Upon an examination it will be seen that the capital stock of the 2,863 national banks now existing is represented by 7,116,894 shares, and that of these 6,426,320, or over 90 per cent., are held by residents of the State in which the bank is located, and 690,574, or less than 10 per cent., by non-residents. In 1876 less than 90 per cent. of the stock was held by residents.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXV

The number of shares held by natural persons is 6,524,143, or over 91 per cent., while the remainder are held as follows: 82,694 shares by religious, charitable, and educational institutions; 6,188 by municipal corporations; 490,993 by savings banks, trust companies, and insurance companies, and 12,897 by all other corporations.

The number of shareholders in national banks is 223,583, of which number 215,876, or over 96 per cent., are natural persons, while more than 38½ per cent. of all the stockholders are residents of the State in which the bank is located.

Of the 223,583 shareholders, 117,974, being more than half, hold ten shares or less, 78,781, or about a third, hold over ten shares but less than fifty, while those holding over fifty shares number only 26,828, or but little more than one-ninth of the whole.

The details as to State and geographical divisions will doubtless be found interesting and suggestive.

Among other things, it will be perceived that out of 82,000 shares held by religious, charitable, and educational institutions, upward of 40,000 are held in New England and 40,000 more in the Middle States. In the same way, out of 490,993 shares held by savings banks, trust companies, and insurance companies, nearly 478,000 shares are held north and east of the District of Columbia.

Geographical divisions Nos. 3, 4, 5, 6, 7, and 8 contain 1,600 banks, with \$225,000,000 capital, and in all this great area the national-bank stock is held almost exclusively by natural persons.

Out of 7,704 corporations of all kinds appearing as national-bank stockholders, only 602 hold stock in banks anywhere in these six divisions.

Another observation to be drawn from these tables is that in those States in which the older banks are situated the stock is more largely held by residents, and is more widely distributed, while in the area in which nearly all the banks are of recent organization, the proportion of non-resident shareholders is larger, and the amount of stock held in large amounts is greater. This shows the very important and significant fact that the national-bank system is serving to bring capital into those new districts from the older States, and in this way it is a constant and valuable factor in the process by which American industry and enterprise are being extended all over the continent, and by which the ties of a common citizenship are being daily strengthened by the bonds of commercial intercourse and of interdependent interests.

The total number of shares exceeds one for every \$100 of capital, which is accounted for by the fact that a large number of the banks converted from State institutions have availed themselves of the privilege of retaining their shares at their original par value. (See section 5154, Revised Statutes.)

XXVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

DISTRIBUTION by STATES and GEOGRAPHICAL DIVISIONS of the

Shares issued.		Number of shares.						
States and Territories.	Whole number of shares.	Held by residents in the State.	Held by residents outside of the State.	Held by natural persons.	Held by religious, charitable, and educational institutions.	Held by municipal corporations.	Held by savings banks, trust companies, and insurance companies.	Held by all other corporations.
1 Maine	110,204	102,530	7,674	86,740	3,224	124	19,129	987
2 New Hampshire	62,850	57,105	5,745	50,893	890		9,338	1,729
3 Vermont	100,150	89,258	10,892	95,599	282	473	3,647	149
4 Massachusetts	986,430	925,381	61,049	704,022	16,225	535	364,192	1,456
5 Rhode Island	439,458	400,506	29,952	360,359	11,489	544	56,476	1,610
6 Connecticut	316,430	288,434	27,996	244,824	8,615	150	61,146	1,695
Division No. 1	2,006,522	1,863,214	143,308	1,542,417	40,725	1,826	413,928	7,626
7 New York	1,153,091	954,599	198,492	1,113,820	4,237	3	34,294	737
8 New Jersey	194,034	176,759	21,275	195,652	981	13	1,988	
9 Pennsylvania	889,979	850,820	39,159	880,717	3,151	20	4,565	1,526
Division No. 2	2,241,104	1,982,178	258,926	2,190,189	8,369	36	40,247	2,263
10 Delaware	33,602	27,470	6,132	33,033	419	26	100	24
11 Maryland	908,440	887,549	20,891	850,386	29,775	4,263	22,986	1,030
12 District of Columbia	15,770	11,092	4,678	15,243	44		483	
13 Virginia	38,563	32,482	6,081	38,356	150		57	
14 West Virginia	21,360	17,982	3,378	19,946	1,404	10		
Division No. 3	1,017,735	976,575	41,160	956,964	31,792	4,290	23,626	1,054
15 North Carolina	23,593	21,049	2,544	23,542	7		3	41
16 South Carolina	18,130	16,756	1,374	17,891	145	26	68	
17 Georgia	26,800	18,026	8,774	24,562	17		1,446	775
18 Florida	5,500	4,365	1,135	5,500				
19 Alabama	19,350	17,777	1,573	19,306			44	
20 Mississippi	6,250	4,677	1,573	6,200				50
21 Louisiana	36,250	24,537	11,713	35,131	13		1,065	41
22 Texas	76,050	62,753	13,297	75,636	20		274	120
23 Arkansas	7,550	6,278	1,272	7,550				
24 Kentucky	131,339	122,905	8,434	131,094	138		57	50
25 Tennessee	53,075	49,804	3,271	53,033	22			
Division No. 4	403,887	318,927	54,960	369,465	362	26	2,957	1,077
26 Ohio	384,890	354,824	30,066	377,409	677		6,529	275
27 Indiana	118,512	109,536	8,976	117,532	520		219	241
28 Illinois	261,860	240,043	21,817	261,130	1		729	
29 Michigan	146,846	133,762	13,084	146,649	64			133
30 Wisconsin	14,250	13,715	535	14,250				
Division No. 5	926,358	851,880	74,478	916,970	1,262		7,477	649
31 Iowa	101,642	84,726	16,916	101,408	12		210	12
32 Minnesota	29,100	20,018	9,082	27,785	100		1,125	90
33 Missouri	29,000	20,275	8,725	29,000				
34 Kansas	63,382	48,760	14,622	62,806			566	10
35 Nebraska	124,389	94,305	30,084	124,389				
Division No. 6	347,513	268,084	79,428	345,388	112		1,901	112
36 Colorado	24,350	20,333	4,017	24,334				16
37 Nevada	1,500	1,333	167	1,500				
38 California	42,000	37,605	4,395	41,565	12		423	
39 Oregon	13,350	11,285	2,065	12,965			385	
Division No. 7	81,200	70,536	10,644	80,364	12		808	16
40 Dakota	30,250	16,882	13,268	30,191	10		39	10
41 Idaho	3,500	2,810	690	3,500				
42 Montana	18,725	14,215	4,510	18,725				
43 New Mexico	14,500	12,153	2,347	14,469	20		10	10
44 Utah	7,500	7,035	465	7,500				
45 Washington	10,100	1,334	2,766	10,100				
46 Wyoming	8,000	4,377	3,623	7,920				80
Division No. 8	92,575	64,906	27,669	92,296	30		49	100
United States	7,116,894	6,426,320	690,574	6,524,143	82,694	6,187	490,993	12,897
United States, 1876	6,505,930	5,820,908	685,022					

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXVII

STOCK of all NATIONAL BANKING ASSOCIATIONS now in operation.

Number of shareholders.					Number of shareholders owning specified amounts.			
Natural persons.	Corporations.	Resident.	Non-resident.	Total.	Owning 10 shares and less.	Over 10 and not more than 50.	Over 50 and not more than 300.	Over 300.
6,812	610	6,862	560	7,422	4,628	2,350	342	102
3,914	202	3,617	409	4,116	2,882	1,056	165	13
3,815	53	3,348	520	3,868	2,199	1,325	300	44
4,838	4,083	47,980	4,401	52,471	33,377	15,612	3,298	184
12,340	635	11,446	1,520	12,975	8,741	5,630	1,591	73
13,839	887	13,135	1,591	14,726	9,272	4,239	1,121	94
89,108	6,470	86,388	9,190	95,578	58,699	30,212	6,757	510
29,680	375	23,488	6,571	30,059	13,531	12,193	3,914	421
8,309	68	7,441	936	8,377	4,384	3,209	755	29
33,483	185	32,243	1,425	33,668	17,279	12,696	3,483	216
71,472	632	63,172	8,932	72,104	35,194	28,098	8,152	660
1,542	21	1,212	351	1,563	783	643	134	3
6,926	307	6,727	566	7,293	2,575	3,035	1,447	176
560	11	424	147	571	268	246	54	3
1,024	3	1,375	252	1,627	1,005	414	196	12
938	4	786	156	942	534	332	70	6
11,590	346	10,524	1,412	11,936	5,165	4,670	1,901	200
877	4	732	149	881	461	338	75	7
1,101	34	1,066	69	1,135	764	321	46	4
820	21	655	186	841	470	250	111	10
134	.....	166	28	134	71	37	26	.....
467	3	417	53	470	212	179	71	8
188	1	148	41	189	144	37	8	.....
778	12	612	178	790	339	293	145	13
1,353	6	1,073	286	1,359	553	495	277	34
167	.....	133	34	167	72	61	31	3
4,736	6	4,442	290	4,732	2,291	1,710	705	26
1,692	1	1,584	109	1,693	757	624	294	18
12,502	88	10,968	1,433	12,391	6,134	4,345	1,789	123
9,202	105	8,552	755	9,307	3,737	3,874	1,571	125
2,272	7	2,045	234	2,279	734	839	642	64
5,040	7	4,692	445	5,047	2,146	1,642	1,132	127
5,753	13	3,451	315	3,766	1,669	1,552	590	55
345	.....	329	16	345	157	107	75	6
20,612	132	18,979	1,765	20,744	8,343	8,014	4,010	377
3,291	3	2,590	704	3,294	1,681	1,046	542	25
793	13	542	204	806	354	265	181	6
314	.....	220	94	314	103	118	78	15
1,988	6	1,429	565	1,994	1,120	544	310	20
1,217	.....	921	296	1,217	501	317	332	57
7,603	22	5,702	1,923	7,625	3,759	2,300	1,443	123
436	1	337	100	437	172	170	83	12
17	.....	16	1	17	4	13	.....	.....
612	4	571	45	616	187	269	142	18
176	2	156	22	178	39	71	62	6
1,241	7	1,080	168	1,248	492	523	287	36
917	3	518	402	920	471	260	186	3
55	.....	44	11	55	18	15	22	.....
224	.....	173	51	224	91	74	47	12
254	3	205	52	257	94	93	66	4
243	.....	233	10	243	137	74	28	4
178	.....	133	45	178	58	69	49	2
79	1	32	48	80	9	34	33	4
1,950	7	1,238	619	1,957	878	619	431	29
215,879	7,704	198,151	25,432	223,583	117,974	78,781	24,770	2,058
.....	.....	183,996	24,490	208,486	104,976	77,496	.....	.....

XXVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

Total number of shares of national-bank stock issued in each State and geographical division residents respectively; the number of resident and of non-resident shareholders, and the troller's report for the year 1876.

Shares issued.		Shares, where held.		Number of shareholders.	
States.	Number.	In the State.	By non-residents.	In the State.	Non-residents.
Maine	113,089	106,057	7,033	7,199	476
New Hampshire	60,150	55,532	4,618	3,663	384
Vermont	129,586	121,461	8,125	3,910	358
Massachusetts	988,700	913,326	75,374	46,564	5,162
Rhode Island	388,036	350,954	37,082	11,341	1,741
Connecticut	339,274	311,068	28,206	14,298	1,536
Eastern States	2,018,826	1,858,398	160,428	86,975	9,657
New York	1,482,746	1,216,478	266,268	26,339	7,742
New Jersey	221,644	198,463	22,581	6,811	864
Pennsylvania	884,539	849,249	35,290	28,612	1,283
Delaware	28,494	23,920	4,574	798	409
Maryland	434,555	414,159	20,396	5,566	464
Middle States	3,051,378	2,702,269	349,109	68,126	10,762
District of Columbia	15,520	11,351	4,169	362	131
Virginia	36,911	29,734	7,177	903	191
West Virginia	18,460	16,812	1,648	635	82
North Carolina	23,060	20,886	2,174	615	79
South Carolina	31,850	28,832	3,018	1,381	56
Georgia	24,856	16,779	8,077	370	103
Florida	500	270	230	11	3
Alabama	16,930	14,512	2,418	384	47
Louisiana	34,000	22,207	11,793	755	228
Texas	10,250	9,087	1,163	145	40
Arkansas	2,050	1,126	924	20	16
Kentucky	103,530	94,965	8,565	3,010	192
Tennessee	31,126	27,052	4,074	727	99
Missouri	80,350	64,722	15,628	1,686	489
Southern and South-western States	429,393	358,335	71,058	11,004	1,756
Ohio	295,240	274,747	20,493	5,986	448
Indiana	178,043	159,808	18,235	2,454	264
Illinois	187,352	173,932	13,420	3,433	387
Michigan	103,092	86,806	16,286	2,118	383
Wisconsin	39,000	29,406	9,594	625	318
Iowa	62,706	57,766	4,940	1,524	143
Minnesota	46,800	38,348	8,452	687	141
Kansas	15,600	12,990	2,601	264	58
Nebraska	9,500	5,579	3,921	79	60
Western States	937,333	839,391	97,942	17,170	2,211
Oregon	2,500	2,240	260	5	2
Colorado	8,250	6,292	1,958	87	41
Utah	2,000	1,950	50	44	1
Idaho	1,000	1,000		11	
Montana	3,500	3,125	375	42	8
Wyoming	1,250	1,013	237	14	4
New Mexico	3,000	2,381	619	25	7
Dakota	500	243	257	11	8
California	47,000	44,271	2,729	482	33
Pacific States and Territories	69,000	62,515	6,485	721	104
Total	6,505,930	5,820,908	685,022	183,996	24,490

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXIX

by banks in operation; the number of shares of each State held by its residents and by non-number of shareholders holding respectively specified amounts of stock, as stated in Comp-

Number of shareholders owning specified amounts of stock.

Owning 10 shares or less.	Over 10 and not more than 20.	Over 20 and not more than 30.	Over 30 and not more than 40.	Over 40 and not more than 50.	Over 50 and not more than 100.	Over 100 and not more than 500.	Over 500 shares.
5,359	1,185	440	190	144	227	124	6
2,835	618	259	100	74	103	54	4
2,238	827	391	191	161	280	169	21
32,235	9,097	3,601	1,075	1,604	2,157	1,304	53
5,677	3,030	1,391	830	553	1,033	529	37
9,581	2,986	1,187	576	392	655	414	43
57,915	17,743	7,269	3,562	2,930	4,445	2,584	164
12,784	6,963	3,610	2,232	2,223	3,573	2,491	205
3,457	1,600	761	524	366	642	313	12
14,621	5,780	2,824	1,493	1,418	2,260	1,386	83
597	238	112	72	44	107	36	1
1,914	1,033	632	391	427	781	748	104
33,373	15,614	7,939	4,712	4,508	7,363	4,974	405
226	107	60	16	28	35	19	2
617	165	84	31	67	74	51	5
391	127	65	34	30	44	25	1
339	138	60	25	52	63	25	1
832	272	102	58	54	76	41	2
216	65	43	22	44	46	33	4
8	2	1		1		2	
167	87	48	18	48	40	21	2
477	158	98	34	70	97	44	5
75	20	28	7	22	13	20	
9	5	1	2	4	10	5	
1,441	606	319	163	212	290	164	7
506	164	91	44	68	102	48	3
957	389	240	103	159	198	121	8
6,072	2,395	1,249	557	859	1,088	619	49
2,388	1,190	662	372	489	728	568	37
785	482	276	157	262	362	353	41
1,608	617	342	196	334	372	324	27
967	462	276	117	175	298	195	11
382	172	98	53	61	93	81	3
774	283	146	90	99	152	114	9
282	148	69	45	102	88	86	8
158	49	23	19	16	28	29	
59	19	13	12	11	20	22	1
7,394	3,422	1,995	1,061	1,549	2,141	1,772	137
56	17	3	3	16	15	15	3
24	6	5		2	2	9	
1		1			7		
23	5	1	2	8	4	6	1
10		1	1		3	2	1
7	3	4	2	2	5	9	
7	3		2	4	1		
114	87	45	39	56	78	82	14
212	122	62	49	88	116	125	21
104,976	39,206	18,415	9,941	9,934	15,163	10,084	767

XXX REPORT OF THE COMPTROLLER OF THE CURRENCY.

CIRCULATING NOTES.

Upon the security of its bonds deposited with the Treasurer, each bank is entitled to receive, and the Comptroller of the Currency is by law required to issue to it, circulating notes to the amount of 90 per cent. of the market value, and not more than 90 per cent. of the par value of the bonds. Any bank may deposit more than the minimum of bonds, and may take out circulating notes for 90 per cent. of its deposit, provided its entire outstanding circulation against bonds does not exceed 90 per cent. of its capital stock actually paid in. The circulating notes when issued by the Comptroller are in sheets, and are not valid until signed by the bank officers designated by the statute.

Under the present law the minimum deposit of bonds required to be made by the 2,852 national banks in operation in the United States on October 7, 1886, in order to continue as national banking associations, would be but \$84,365,312.

Tables in the Appendix show by States and geographical divisions the national banks in operation on October 7, 1886, separated into two classes, namely, banks of which the capital does not exceed, and banks of which the capital exceeds, \$150,000. The first class contains 2,001 banks, with an aggregate capital of \$167,261,245; the second 851, with an aggregate capital of \$380,979,485. The minimum of bonds required to be kept on deposit by the entire body of banks in the first class is \$41,815,312; the minimum for the 851 banks of the second class is \$42,550,000. If all banks held only the minimum of bonds, the total national-bank circulation would be \$75,928,781, while the possible maximum of circulation, being 90 per cent. of the aggregate of the national-bank capital, would be \$493,416,657. The actual circulation on October 7, 1886, was \$303,176,776, inclusive of \$71,953,145 still outstanding, but which is no longer represented by bonds, but by that amount of lawful money deposited with the Treasurer of the United States to redeem it. The \$231,223,631 of circulation for which the banks are responsible is composed of \$86,517,585 secured by the bonds deposited by the 2,001 banks having \$150,000 capital and less, and \$144,706,046 secured by the bonds belonging to the 851 banks of which the capital exceeds \$150,000. The first class of banks have therefore \$48,883,805 more than their minimum, and \$64,017,536 less than their possible maximum circulation, while the larger banks have \$106,411,046 more than their minimum, and \$198,175,491 less than their maximum.

The following table shows the number of banks organized from July 1, 1882, to July 1, 1886, their capital stock, amount of bonds deposited, and the circulation issued thereon:

Year.	Number of banks.	Capital.	Minimum bonds required.	Bonds actually deposited.	Percentage of excess.	Circulation issued.
					<i>Per cent.</i>	
July 1, 1882, to July 1, 1883 ..	251	\$26,552,300	\$5,155,500	\$7,116,400	28	\$6,404,760
July 1, 1883, to July 1, 1884 ..	218	19,944,000	4,016,000	4,676,100	14	4,208,490
July 1, 1884, to July 1, 1885 ..	142	15,205,000	3,061,250	3,332,800	8	2,699,520
July 1, 1885, to July 1, 1886 ..	163	17,553,000	3,404,500	3,715,500	8	3,342,950

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXXI

From the foregoing table it appears that 774 banks have been organized between the dates given, with a capital of \$79,254,300; that they have deposited \$18,840,800 bonds, upon which circulation to the amount of \$16,956,720 has been issued. The minimum deposit of bonds as required by law for such banks is \$15,637,250, and it will be observed that while the actual deposit has in the aggregate exceeded the minimum absolutely required, yet this excess steadily decreased during the first three years covered by the table, and during the years ending July 1, 1885, and July 1, 1886, the percentage of excess remained the same, namely, 8 per cent. Of the 163 national banks organized during the past fiscal year, 96 have a capital of \$50,000 each, amounting to \$4,800,000; 44 have a capital of over \$50,000 and not exceeding \$150,000, amounting to \$4,218,000; and 23 have a capital of \$8,535,000. The latter class of banks deposited only \$100,000 of bonds in excess of the minimum required by law.

Tables have been prepared, and will be found in the Appendix, showing for the national banks in each State, Territory, and reserve city the minimum amount of bonds required by law, the bonds actually held, and the circulation issued thereon and outstanding October 7, 1886; also all other information deemed useful, as to circulation.

Banks are privileged to change their deposited bonds from time to time, to increase and to reduce the amount, within limits, and are required to inspect once a year, the bonds held for them in trust by the Treasurer. The Comptroller of the Currency is the agent and medium of all such changes, his indorsement on the bonds establishes their ownership and alone validates their transfer. Section 5163 of the Revised Statutes requires him to record every act of deposit, transfer, and withdrawal, and to keep a set of books for the purpose.

INTEREST-BEARING FUNDED DEBT OF THE UNITED STATES, AND THE
AMOUNT HELD BY NATIONAL BANKS.

The connection between the banks and the distribution of the funded debt of the United States renders the following statement appropriate.

The public debt, at its maximum on August 31, 1865, amounted to \$2,844,649,626; of which, obligations not bearing interest amounted to \$461,616,311, leaving \$2,383,033,315, carrying an average rate of interest of about 6.33 per cent. On November 1, 1886, the interest-bearing debt amounted to \$1,153,443,112.

XXXII REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table shows the intermediate changes :

Bonded debt at dates named.

Date.	6-per cent. bonds.	5-per cent. bonds.	4½-per cent. bonds.	4-per cent. bonds.	Total.
Aug. 31, 1865	\$908,518,091	\$199,792,100			\$1,108,310,191
July 1, 1866	1,008,388,469	198,528,435			1,206,916,904
July 1, 1867	1,421,110,719	198,533,435			1,619,644,154
July 1, 1868	1,811,521,800	221,588,400			2,063,110,200
July 1, 1869	1,886,841,300	221,589,300			2,107,930,600
July 1, 1870	1,764,932,300	221,589,300			1,986,521,600
July 1, 1871	1,619,897,300	274,236,450			1,888,133,750
July 1, 1872	1,374,883,800	414,567,300			1,789,451,100
July 1, 1873	1,281,238,650	414,567,300			1,695,805,950
July 1, 1874	1,213,624,700	510,628,050			1,724,252,750
July 1, 1875	1,100,865,550	607,132,750			1,707,998,300
July 1, 1876	984,990,650	711,685,800			1,696,685,450
July 1, 1877	854,621,850	703,266,650	\$140,000,000		1,696,888,500
July 1, 1878	738,619,000	703,266,650	240,000,000	\$98,850,000	1,780,735,650
July 1, 1879	310,932,500	646,905,500	250,000,000	679,878,110	1,887,716,110
July 1, 1880	235,780,400	484,864,900	250,000,000	739,347,800	1,709,993,100
July 1, 1881	196,378,600	439,841,350	250,000,000	739,347,800	1,625,567,750
	Continued at 3½ per cent.	Continued at 3 per cent.			
July 1, 1882	58,957,150	401,593,500	250,000,000	739,349,350	1,449,810,400
		32,082,600			
July 1, 1883		3 per cents.	250,000,000	737,942,200	1,324,229,150
		304,294,350			
July 1, 1884		224,612,150	250,000,000	737,661,700	1,212,273,850
July 1, 1885		191,190,500	250,000,000	737,719,850	1,181,910,350
July 1, 1886		144,046,600	250,000,000	737,759,700	1,131,806,300
Nov. 1, 1886		86,848,700	250,000,000	737,776,400	1,074,625,100

Pacific sixes amounting to \$64,623,512, the Navy pension fund, amounting to \$14,000,000 in 3 per cents, the interest upon which is applied to the payment of naval pensions exclusively, and \$194,500 of refunding certificates are not included in the table.

On November 1, 1885, there were \$194,190,500 3-per cent. bonds outstanding. During the year ending November 1, 1886, \$127,283,100 of these bonds were called for payment, and \$2,664,850 of uncalled bonds were redeemed, having been voluntarily surrendered under Treasury Department circulars dated August 30, 1886, and September 15, 1886.

Of the called bonds \$95,675,600 have been redeemed, making a total redemption of \$98,340,450.

These changes in the debt have induced corresponding changes in the amount of bonds held by the national banks. In January, 1866, 1,582 banks, with a capital of \$403,000,000, held \$410,000,000 of United States bonds. On October 7, 1886, 2,852 banks, with a capital of \$548,000,000, held only about \$291,000,000 of bonds. The total bank circulation on January 1, 1866, was \$213,000,000, and on October 7, 1886, that which was secured by bonds was about \$228,000,000.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXXIII

The amount and classes of United States bonds owned by the banks, including those pledged as security for circulation and for public deposits, on the 1st day of July in each year since 1865, and upon November 1 of the present year, are exhibited in the following table :

Date.	United States bonds held as security for circulation.					United States bonds held for other purposes at nearest date.	Grand total.
	6-per cent. bonds.	5-per cent. bonds.	4½-per cent. bonds.	4-per cent. bonds.	Total.		
July 1, 1865.....	\$170,382,500	\$65,576,000			\$235,959,100	\$155,785,750	\$391,744,850
July 1, 1866.....	241,083,500	86,226,850			327,310,350	121,152,950	448,463,300
July 1, 1867.....	251,430,400	89,177,100			340,607,500	84,002,650	424,610,150
July 1, 1868.....	250,726,950	90,768,950			341,495,900	80,922,500	422,418,400
July 1, 1869.....	255,190,350	87,661,250			342,851,600	55,102,600	397,954,600
July 1, 1870.....	247,355,350	94,923,250			342,278,550	43,920,000	386,258,150
July 1, 1871.....	220,497,750	139,387,800			359,885,550	39,450,800	399,336,350
July 1, 1872.....	173,251,450	207,189,250			380,440,700	31,868,200	412,308,900
July 1, 1873.....	160,923,500	229,487,050			390,410,550	25,724,400	416,134,150
July 1, 1874.....	154,370,700	236,800,500			391,171,200	25,347,100	416,518,300
July 1, 1875.....	136,955,100	239,359,400			376,314,500	26,990,500	403,314,700
July 1, 1876.....	109,313,450	232,081,300			341,394,750	45,170,500	386,565,050
July 1, 1877.....	87,690,300	206,651,050	\$44,372,250		338,713,600	47,315,650	386,029,250
July 1, 1878.....	82,421,200	199,514,550	48,448,650	\$19,162,000	349,546,400	68,850,600	418,397,000
July 1, 1879.....	56,042,800	144,636,300	35,065,550	118,538,950	354,284,600	76,603,520	430,888,120
July 1, 1880.....	58,056,150	139,758,650	37,760,950	126,076,300	361,652,050	42,831,300	404,483,350
July 1, 1881.....	61,901,800	172,318,500	32,600,500	93,637,700	360,488,400	63,849,550	424,338,350
	Continued at 3½ per cent.:	Continued at 3½ per cent.:					
July 1, 1882.....	25,142,600	202,487,650	32,752,650	97,429,800	357,812,700	43,122,550	400,935,250
July 1, 1883.....	385,700	7,402,800	39,408,500	104,954,650	353,029,500	34,094,150	387,123,650
July 1, 1884.....	Pacifics.	200,877,850	46,546,400	111,690,900	330,049,850	31,203,000	361,252,850
July 1, 1885.....	3,520,000	142,240,850	48,483,050	117,901,300	312,145,200	32,195,800	344,341,000
July 1, 1886.....	3,565,000	107,782,100	50,484,200	114,143,500	275,974,800	31,345,550	307,320,350
Nov. 1, 1886.....	3,586,000	69,038,050	57,436,850	115,383,150	245,444,050	32,431,400	277,875,500

SECURITY FOR CIRCULATING NOTES.

The following table shows the authorizing act for each class of bonds held by the Treasurer as security for the circulating notes of the national banks on the 1st day of November, 1886, and a comparison as to the holdings during the years ending November 1, 1885, and November 1, 1886:

Class of bonds.	Authorizing act.	Rate of interest.	Amount 1885.	Amount 1886.
		<i>Per cent.</i>		
Funded loan of 1891.....	July 14, 1870, and January 20, 1871.	4½	\$49,547,250	\$57,453,850
Funded loan of 1907.....	do.	4	116,391,650	115,383,150
Funded loan of July 12, 1882.....	July 12, 1882.....	3	138,920,650	69,698,070
Pacific Railroad bonds.....	July 1, 1862, and July 2, 1864.....	6	3,505,000	3,586,000
Total.....			308,364,550	245,444,050

It will be seen that the average rate of interest now paid by the United States on the bonds deposited as security for circulating notes is nearly 3.9 per cent. upon their par value, while, owing to the high premiums commanded by all but the rapidly diminishing 3-per cent. bonds, the banks are receiving only 2.41 per cent. per annum upon the present market value of their aggregate bond investments.

H. Ex. 3—III

XXXIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

By reference to the table it will be seen that, notwithstanding the fact that 174 new banks were organized during the past year, with a capital of \$21,358,000, depositing \$3,713,500 of bonds as security for circulating notes, the aggregate of bonds on deposit for that purpose has diminished from \$308,364,550 to \$245,444,050, a net reduction of bonds, as the result of deposits and withdrawals, during the year ending November 1, 1886, of \$62,920,500. The changes were as follows: An increase of \$81,000 in Pacific currency sixes, and of \$7,889,600 in the amount of 4½ percents; a reduction of \$1,008,500 in the amount of 4 percents, and of \$69,882,600 in the amount of 3 percents, which are payable at the option of the Government.

The following tables show the decrease of national-bank circulation during the years ending November 1, 1884, November 1, 1885, November 1, 1886, and the amount of lawful money on deposit at each of the dates named:

National-bank notes outstanding November 1, 1883, including notes of national gold banks.....	\$352,013,787	
Less lawful money on deposit at same date, including deposits of national gold banks.....	35,993,461	\$316,020,326
National-bank notes outstanding November 1, 1884, including notes of national gold banks.....	333,559,813	
Less lawful money on deposit at same date, including deposits of national gold banks.....	41,710,163	291,849,650
Net decrease of circulation.....		<u>24,170,676</u>
National-bank notes outstanding November 1, 1884, including notes of national gold banks.....	333,559,813	
Less lawful money on deposit at same date, including deposits of national gold banks.....	41,710,163	291,849,650
National-bank notes outstanding November 1, 1885, including notes of national gold banks.....	315,847,168	
Less lawful money on deposit at same date, including deposits of national gold banks.....	39,542,979	276,304,189
Net decrease of circulation.....		<u>15,545,461</u>
National-bank notes outstanding November 1, 1885, including notes of national gold banks.....	315,847,168	
Less lawful money on deposit at same date, including deposits of national gold banks.....	39,542,979	276,304,189
National-bank notes outstanding November 1, 1886, including notes of national gold banks.....	301,529,889	
Less lawful money on deposit at same date, including deposits of national gold banks.....	81,819,233	219,710,656
Net decrease of circulation.....		<u>56,593,533</u>

The following table shows to what extent banks organized during the past five years have availed themselves of the privilege of issuing circulation by depositing bonds in excess of the minimum amount of bonds which the law obliges them to keep on hand.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXXV

Statement of the NUMBER and CAPITAL of NATIONAL BANKS ORGANIZED in each geographical division of the United States from November 1, 1881, to November 1, 1886, showing the amount of bonds deposited to secure their circulation, the minimum amount of bonds required by the act of July 12, 1882, and the excess deposited over requirements both in amount and percentage.

Divisions.	Num- ber of banks.	Capital.	United States bonds.			
			Deposited.	Minimum.	Excess.	Per cent of excess over mini- mum.
1882.						
First.....	9	\$950,000	\$395,000	\$262,500	\$132,500	50.476
Second.....	24	2,167,000	959,500	697,200	262,300	37.621
Third.....	6	755,300	255,000	229,100	25,900	11.303
Fourth.....	22	2,065,000	887,500	371,600	515,900	138.832
Fifth.....	38	4,345,000	1,715,500	1,358,850	356,650	25.804
Sixth.....	47	3,630,000	1,538,000	1,071,400	456,600	42.617
Seventh.....	6	420,000	220,000	131,650	88,350	67.109
Eighth.....	19	1,435,000	631,500	442,050	189,450	42.857
Total	*171	15,767,300	6,592,000	4,564,350	2,027,650	44.423
1883.						
First.....	7	1,275,000	995,000	312,500	682,500	218.40
Second.....	38	2,975,200	1,854,500	743,800	1,110,700	149.32
Third.....	5	295,000	155,500	73,700	81,800	110.99
Fourth.....	43	3,643,650	1,238,100	748,400	489,700	65.43
Fifth.....	61	11,210,000	2,578,000	1,765,000	813,000	46.06
Sixth.....	71	7,085,500	1,729,250	1,246,400	482,850	38.73
Seventh.....	11	620,000	268,400	155,000	113,400	73.16
Eighth.....	26	1,550,000	556,800	375,000	181,800	48.48
Total	262	28,654,350	9,375,550	5,419,800	3,955,750	72.987
1884.						
First.....	10	810,000	313,000	190,000	123,000	64.73
Second.....	22	1,602,250	718,000	340,500	377,500	110.86
Third.....	6	280,000	166,500	70,000	96,500	137.85
Fourth.....	27	2,861,100	693,600	627,700	65,900	10.49
Fifth.....	34	3,413,100	927,000	570,700	356,300	62.43
Sixth.....	68	5,492,780	1,239,750	1,135,600	104,150	9.17
Seventh.....	5	380,000	120,000	95,000	25,000	26.31
Eighth.....	19	1,143,000	309,250	285,700	23,550	8.24
Total	191	16,042,230	4,487,100	3,315,200	1,171,900	35.349
1885.						
First.....	4	400,000	100,500	100,000	500	.5
Second.....	18	2,635,000	1,037,500	543,700	493,800	90.822
Third.....	3	660,000	112,500	112,500	-----	-----
Fourth.....	20	2,025,000	561,500	566,100	55,400	10.946
Fifth.....	35	7,123,000	1,963,500	1,218,200	745,300	61.172
Sixth.....	41	2,350,000	759,800	587,500	172,300	29.329
Seventh.....	8	725,000	169,000	168,700	300	1.77
Eighth.....	16	1,020,000	255,000	255,000	-----	-----
Total	145	16,938,000	4,959,300	3,491,700	1,467,600	42.031
1886.						
First.....	5	500,000	125,000	125,000	-----	-----
Second.....	15	4,000,000	525,000	525,000	-----	-----
Third.....	4	450,000	112,500	112,500	-----	-----
Fourth.....	23	1,658,000	404,750	402,000	2,750	.684
Fifth.....	27	5,465,000	843,000	743,750	99,250	13.344
Sixth.....	56	5,830,000	982,500	982,500	-----	-----
Seventh.....	18	2,100,000	367,500	360,000	7,500	2.083
Eighth.....	24	1,355,000	353,250	313,750	39,500	12.589
Total	174	21,358,000	3,713,500	3,564,500	149,000	4.18

*Excluding 56 banks reorganized from old banks placed in liquidation for purpose of reorganization.

XXXVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table shows the changes in detail which have occurred during the past year in the amount of national-bank circulation, so arranged as to illustrate how it is that with a constant accession of new banks and an increase in the aggregate national-bank capital, still the circulation steadily decreases:

CAPITAL and CIRCULATION.

	Paid-in capital.	Circulation represented by bonds.
Increase by banks existing November 1, 1885	\$3,366,600	\$1,837,550
Increase caused by formation of new banks	21,958,000	2,900,550
Increase by banks organized during the year	158,000	.....
Total increase	24,882,600	4,738,100
Decrease of banks still in operation November 1, 1885	3,318,015	50,893,973
Decrease by banks going into voluntary liquidation and failed	2,401,100	1,437,660
Total decrease	5,719,115	61,331,633
Net increase of capital	19,163,485	.....
Net decrease of circulation .....	.....	50,593,533

BANKS WITHOUT CIRCULATION.

The following is a list of national banks which have complied with the law requiring a deposit of registered United States bonds, bearing interest, but which either have not availed themselves of the privilege of taking out circulating notes, or have surrendered their circulation :

Banks with no circulation.	Capital.	Bonds.
Chemical, New York, N. Y.	\$300,000	\$50,000
Fulton, New York, N. Y.	300,000	50,000
National City, New York, N. Y.	1,000,000	50,000
American Exchange, New York, N. Y.	5,000,000	50,000
Third National, New York, N. Y.	1,000,000	50,000
National Bank, Washington, D. C.	200,000	50,000
Chestertown National Bank, Chestertown, Md.	50,000	12,500
First National Bank, Houston, Tex.	100,000	25,000
Mechanics' National Bank, New York, N. Y.	2,000,000	50,000
Total	9,950,000	387,500

DISSOLUTION.

Since the establishment of the national banking system on February 25, 1863, there have been organized 3,580 national banks. Of these 456 have gone into voluntary liquidation for the purpose of winding up their affairs; 79 have gone into voluntary liquidation for the purpose of reorganization; 65 are in liquidation by expiration of charter, of which number 38 have been reorganized, and 112 have been placed in the hands of receivers for the purpose of closing up their affairs; leaving the total number in existence 2,868 on November 1, 1886.

The corporate existence of 31 national banks expired during the year ending November 1, 1886; 30 of them have been extended under the act of July 12, 1882, and one is in liquidation under section 7 of said act.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXXVII

The corporate existence of one national bank with a capital of \$150,000 will expire during December of this year, and the corporate existence of five national banks with an aggregate capital of \$1,050,000 will expire during the year 1887.

There were eight failures of national banks during the year ending November 1, 1886, as against four during the previous year, and, as has been seen, in two cases the creditors were paid in full, principal and interest, two banks have paid 50 per cent., one 75 per cent., and one 20 per cent.

The affairs of eight failed banks have been closed during the past year, and final dividends have been paid to their creditors. These banks, with the total dividends paid in each case, are given below.

Name and location of bank.	Total dividends on principal.	Proportion of interest paid.
	<i>Per cent.</i>	<i>Per cent.</i>
Scandinavian National Bank of Chicago, Ill.	57.46	
Fourth National Bank of Chicago, Ill.	51	
Charlottesville National Bank of Charlottesville, Va.	62.56	
Second National Bank of Scranton, Pa.	100	100
First National Bank of Lake City, Minn.	100	100
City National Bank of Lawrenceburgh, Ind.	81.10	
First National Bank of Bozeman, Mont.	98.35	
First National Bank of Waynesburg, Pa.	60	

The City National Bank of Lawrenceburgh, Ind., one of the banks closed during the year, went into voluntary liquidation on August 13, 1883. The officers of the bank were large debtors to it, and turned over property enough to pay the creditors in full; but these officers were indebted to outside parties, who, while the bank was in process of liquidation, brought suit against them, and were declared judgment creditors of the bank for the value of certain property turned over to it. Pending this decision the creditors of the bank had been paid amounts ranging from 25 to 100 per cent. of their claims. The decision of the court rendered the bank hopelessly insolvent, and a receiver was appointed by the Comptroller on March 11, 1884. The receivership became involved in considerable litigation, and when most of the assets had been realized the question was raised by one of the largest creditors of the bank, who had already received 50 per cent. on his claim, as to the date from which dividends to the creditors should be computed, namely, whether it should be the date of liquidation, August 13, 1883, or the date of the appointment of the receiver, March 11, 1884. This question was brought into court, and it was decided that the claims of creditors should be leveled up as from the date of liquidation. In accordance with this decision dividends amounting to 81.1 per cent. were paid to creditors, those who had received more than that while the bank was in liquidation receiving nothing, and those who had received less being paid such amount as would make 81.1 per cent. on the principal of their claims.

A number of banks still remain in the hands of receivers, the affairs of which have been completely liquidated, with the exception of some matters in litigation and pending in the courts. This fact has delayed the final closing of such associations. When the affairs of insolvent banks are in this condition, receivers are not as a rule paid salaries, it

XXXVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

being understood that when the final settlement is obtained they shall be paid a reasonable sum for services actually rendered. The titles of banks in this condition, with the dividends already paid to their creditors, are as follows:

Name and location of bank.	Dividends paid.
	<i>Per cent.</i>
New Orleans National Banking Association of New Orleans, La	62
First National Bank of Anderson, Ind	39.5
National Bank of the State of Missouri, Saint Louis, Mo	*100
Third National Bank of Chicago, Ill	*100
Central National Bank of Chicago, Ill	60
People's National Bank of Helena, Mont	40
German American National Bank of Washington, D. C.	50
First National Bank of Butler, Pa	70
First National Bank of Union Mills, Union City, Pa	65

* And interest.

The following dividends have been paid to the creditors of insolvent banks during the past year, the total dividends paid up to November 1, 1886, being given in each case:

Name and location of bank.	Dividends paid during the past year.	Total dividends paid to depositors.	Proportion of interest paid to depositors.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Scandinavian National Bank of Chicago, Ill	\$18,592.92	7.46	57.46
Charlottesville National Bank of Charlottesville, Va	1,969.80	.56	62.56
Fourth National Bank of Chicago, Ill	358.03	1	51
National Exchange Bank of Minneapolis, Minn	659.32	.29	89.170
First National Bank of Bozeman, Mont	9,370.67	13.35	98.35
Second National Bank of Scranton, Pa	16,727.03	13.04	100
Mechanics' National Bank of Newark, N. J	32,847.21	1.25	61.25
Pacific National Bank of Boston, Mass	118,263.35	5	20
First National Bank of Union Mills, Union City, Pa	9,121.32	5	65
First National Bank of Leadville, Colo	12,521.63	5	30
City National Bank of Lawrenceburgh, Ind	28,608.47	81.10	81.10
First National Bank of Saint Albans, Vt	36,298.07	12.50	25
First National Bank of Monmouth, Ill	13,483.87	5	95
Marine National Bank of the City of New York, N. Y	449,825.87	10	50
Hot Springs National Bank of Hot Springs, Ark	10,958.04	30	100
Logan National Bank of West Liberty, Ohio	8,958.85	10	40
Middletown National Bank of Middletown, N. Y	97,429.60	15	55
Schoharie County National Bank of Schoharie, N. Y	13,732.47	10	30
Exchange National Bank of Norfolk, Va	294,079.82	100	80
First National Bank of Lake City, Minn	131,024.65	100	100
Lancaster National Bank of Clinton, Mass	85,121.33	50	50
First National Bank of Sioux Falls, Dak	9,876.31	20	26
First National Bank of Angelica, N. Y	37,409.59	75	75
City National Bank of Williamsport, Pa	65,131.19	50	50
Abington National Bank of Abington, Mass	115,202.23	100	100
Total	\$1,617,671.24		

Out of 3,580 national banks organized since February, 1863, only 112, or about 3 per cent., have been placed in the hands of receivers. Of these 112, 38 have paid their creditors in full, while 20 have besides paid interest, 15 in full and 5 in part.

Of the banks which have been placed in the hands of receivers, 9 had been previously placed in liquidation by their stockholders, but, failing to pay their depositors, receivers were afterward appointed by the Comptroller to wind up their affairs; 78 have been finally closed, leav-

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXXIX

ing 34 in process of settlement, of which, as has been seen, 9 are virtually closed with the exception of pending litigation, leaving 25 receiverships only in active operation.

The total amount so far paid to creditors of insolvent national banks has been \$27,299,108, upon proved claims amounting to \$44,211,338. The amount paid during the year has been \$1,647,718.35, which includes \$30,047.11 which was paid on additional claims proved against other banks and in payment of dividends declared prior to November 1, 1885. Assessments amounting to \$9,862,750 have been made upon stockholders of the insolvent national banks to enforce their individual liability under section 5151 of the Revised Statutes of the United States. From this source \$4,045,808 has been collected, \$63,181 of this amount during the past year, and some suits are still pending.

It will be observed that the collections from stockholders of insolvent banks amount to only about 41 per cent. of the assessments, showing how illusory this form of security is. The cost of the litigation attending such collections cannot be made up in time for this report, but it has been very great, and the litigation itself has an injurious moral influence.

ISSUES AND REDEMPTIONS.

The following table exhibits the number and amount of national-bank notes of each denomination which have been issued and redeemed since the organization of the system, and the number and amount outstanding on November 1, 1886:

Denominations.	Number of notes.			Amount.		
	Issued.	Redeemed.	Outstanding.	Issued.	Redeemed.	Outstanding.
Ones	27,167,677	22,757,987	409,690	\$23,167,677	\$22,757,987	\$409,690 00
Twos	7,747,519	7,639,896	107,713	15,495,038	15,279,612	215,426 00
Fives	97,667,360	81,169,272	16,558,088	488,336,800	405,546,360	82,790,440 00
Tens	41,635,970	31,767,278	9,928,692	416,959,700	317,672,780	99,286,920 00
Twenties	12,945,618	9,397,854	3,547,764	258,912,360	187,957,080	70,955,280 00
Fifties	1,815,174	1,451,391	363,873	90,758,700	72,565,050	18,193,650 00
One hundreds	1,342,001	1,055,330	286,671	134,200,100	105,533,000	28,667,100 00
Five hundreds	23,924	23,138	786	11,962,000	11,569,000	393,000 00
One thousands	7,369	7,290	79	7,369,000	7,290,000	79,000 00
Fractions outstanding						22,715 60
Total	186,412,612	155,209,256	31,203,356	1,447,161,375	1,146,170,869	301,013,221 60

A table showing the number and denomination of national-bank notes issued and redeemed, and the number of each denomination outstanding on November 1, for the last thirteen years, will be found in the Appendix.

The incomplete currency issued to banks in replacement of notes redeemed and destroyed under the provisions of the act of June 20, 1874, is kept distinct from issues to new banks, to banks increasing the volume of their circulation by adding to the amount of bonds deposited, and to banks taking out new circulation upon an extension of their corporate existence under the act of July 12, 1882. The notes issued in these three cases have been designated on the books of this office and in previous reports, "additional circulation."

XL REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table shows by States the amount of "additional circulation" issued during the year ending October 31, 1886, and the total amount of such circulation issued since June 20, 1874. It also shows the amount of circulation retired during the year, and the total amount retired since June 20, 1874:

States and Territories.	Additional circulation issued.	Circulation retired.		
		June 20, 1874.	Insolvent and liquidat- ing banks.	Total.
Maine	\$454,025	\$48,800	\$395,287	\$444,087
New Hampshire	130,210	247,170	152,046	399,216
Vermont	362,895	194,070	291,765	488,775
Massachusetts	2,337,875	2,270,190	3,536,629	5,806,819
Rhode Island	97,670	499,550	538,524	1,038,074
Connecticut	860,245	281,705	693,656	975,361
New York	2,249,420	1,623,535	3,031,437	4,654,972
New Jersey	516,030	396,570	404,976	801,546
Pennsylvania	2,379,940	1,386,710	1,833,018	3,218,728
Delaware	97,010	87,480	22,430	105,510
Maryland	364,830	281,030	318,010	599,040
District of Columbia .....	.....	36,420	1,486	37,906
Virginia	67,500	102,470	88,156	190,626
West Virginia	96,554	55,130	87,585	142,415
North Carolina	33,740	30,810	46,736	77,546
South Carolina	33,790	56,820	.....	56,820
Georgia	45,000	114,050	28,405	142,455
Florida	56,680	4,110	.....	4,110
Alabama	34,200	49,030	13,530	62,560
Mississippi	35,700	20,050	25	20,075
Louisiana	225,000	284,460	123,511	407,971
Texas	175,520	128,360	27,833	156,133
Arkansas	11,240	25,520	5,385	30,905
Kentucky	20,250	749,440	226,239	975,679
Tennessee	129,460	242,020	170,161	412,181
Missouri	382,820	219,080	135,394	354,474
Ohio	1,471,360	1,190,950	1,434,799	2,625,749
Indiana	198,040	367,860	767,193	1,135,053
Illinois	510,040	501,000	508,440	1,009,440
Michigan	232,300	224,140	429,015	653,153
Wisconsin	151,070	108,980	161,314	270,294
Iowa	135,119	396,240	183,790	580,030
Minnesota	85,200	107,620	86,711	194,331
Kansas	371,100	65,680	28,016	33,696
Nebraska	221,630	133,600	33,595	167,195
Nevada .....	.....	7,060	55	7,115
Oregon	163,360	270	.....	270
Colorado	105,570	74,470	43,342	117,812
Utah	11,240	30,970	1,133	32,103
Montana	33,760	32,190	7,445	39,635
Wyoming	14,630	6,190	.....	6,190
New Mexico	39,370	24,900	760	25,660
Dakota	67,480	35,700	22,145	57,845
Idaho	182,920	14,990	.....	14,990
Washington	51,730	23,240	9,300	32,540
Arizona .....	.....	.....	12,520	12,520
California (currency)	186,740	85,640	14,290	99,930
Total	15,488,203	12,865,210	15,918,727	28,783,937
Surrendered to this office and retired .....	.....	.....	.....	993,025
Total	15,488,203	12,865,210	15,918,727	29,777,062
From June 20, 1874, to October 31, 1886	181,216,699	158,909,811	42,428,500	201,338,311
Surrendered and retired same dates .....	.....	.....	.....	14,253,939
Grand total	196,704,902	171,775,021	58,347,227	245,969,312

Notes of gold banks are not included in the above table.

Of the above \$15,488,203 issued this year, \$2,900,550 was issued to banks organized during the year, \$10,750,103 under act of July 12, 1882, and \$1,837,550 to already existing banks increasing their circulation.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XLI

ISSUES.

The total issues of incomplete currency during the year are shown by the vault account, as follows:

National-bank currency in vaults October 31, 1885.....		\$78,601,550
Amount received from Bureau of Engraving and Printing during the year ending October 31, 1886		46,872,850
Total		125,474,400
Amount issued to banks during the year.....	\$62,026,940	
Amount canceled during the year, not having been issued.	960,800	
		62,987,740
Balance in vaults		\$62,486,660

The duties devolving upon the clerical force in the Division of Issue of this office are of great responsibility, requiring absolute accuracy and promptness on the part of those to whom these duties are assigned. The records of receipts and issues are balanced daily with the vault accounts, and the work of each day completed before that of another day is begun. During the past year 42,478 packages of currency were forwarded to banks by express, the same number of receipts prepared for signature and return by the banks, and a large amount of correspondence was conducted.

REDEMPTION.

Prior to the act of June 20, 1874, national banks were required to redeem their circulating notes, either at their own counters or through redemption agents in certain designated cities.

That act abolished redemption agencies, made the circulation redeemable only at the banks of issue and at the Treasury in Washington, and required the banks to keep on deposit at the Treasury a redemption fund of 5 per cent. upon outstanding circulation.

Under the operation of this law the redemption agency at the Treasury has received, up to November 1, 1886, \$1,711,850,786 of national-bank currency.

During the past year the receipts amounted to \$117,485,048, of which amount \$44,755,800, or 33 per cent., was received from the banks in the city of New York, and \$25,042,300, or 21 per cent., from banks in the city of Boston. The amount received from Philadelphia was \$7,232,500, from Chicago \$6,256,600, from Cincinnati \$1,886,400, from Saint Louis \$3,533,300, from Baltimore \$3,662,100, from Providence \$1,309,500, from New Orleans \$1,193,400, and from Pittsburgh \$491,500.

The amount of national-bank notes fit for circulation returned by the redemption agency to the banks of issue during the year was \$41,180,010. The amount received by the Comptroller of the Currency for destruction, from the agency and from the banks direct, was \$47,154,430, and on account of reducing, insolvent, and liquidating banks, \$28,865,577.

The act of June 20, 1874, provided that any national banking association might withdraw its circulating notes upon the deposit of lawful money with the Treasurer of the United States in sums of not less than \$9,000. Under this act, and on account of liquidating and insolvent banks, and under the act of July 12, 1882, which provides for a deposit of lawful money to retire the old circulation of national banks whose corporate existence has been extended, \$310,495,460 of lawful money has been deposited with the Treasurer. This includes \$2,663,720 for redemption of the notes of national gold banks, and \$52,253,177 for the

XLII REPORT OF THE COMPTROLLER OF THE CURRENCY.

redemption of national-bank notes under section 6 of the act of July 12, 1882.

During the year ending November 1, 1886, lawful money to the amount of \$71,148,392 was deposited with the Treasurer to retire circulation, of which \$2,201,310 was deposited by banks in liquidation, \$30,819,725 by banks reducing circulation under the act of June 20, 1874, and \$38,127,357 by banks retiring old circulation under the act of July 12, 1882. The amount previously deposited under the acts of June 20, 1874, and July 12, 1882, was \$191,516,297; by banks in liquidation, \$62,075,581; making a total of \$324,740,270. Deducting from the total the amount of circulating notes redeemed and destroyed without reissue, which was \$242,921,036, there remained in the hands of the Treasurer on November 1, 1886, \$81,819,233 of lawful money for the redemption and retirement of national-bank circulation, including \$296,069 for the redemption of the circulating notes of national gold banks.

Prior to June 20, 1874, there were redeemed and destroyed \$10,431,135, and since that date \$232,489,901 of bank notes have been redeemed, destroyed, and retired. This latter amount includes \$2,367,651 of the notes of national gold banks and \$15,414,458 of the notes of national banks whose corporate existence has been extended under the act of July 12, 1882.

There are at present no national gold banks in existence. Of those which had been organized three went into voluntary liquidation, and the others became currency banks, under the provisions of the act approved February 14, 1880.

The following table exhibits the amount of national-bank notes received monthly for redemption by the Comptroller of the Currency during the year ending October 31, 1886, and the amount received during the same period at the redemption agency of the Treasury, together with the total amount received since the passage of the act of June 20, 1874: *

Months.	Received by the Comptroller of the Currency—					Received at United States Treasury redemption agency.
	From national banks in connection with reduction of circulation and replacement with new notes.	From the redemption agency— For replacement with new notes.	For reduction of circulation under act June 20, 1874.	Insolvent and liquidating national banks.	Total.	
1885.						
November	\$225, 010	\$2, 774, 710	\$681, 760	\$1, 924, 660	\$5, 606, 140	\$7, 772, 270
December	15, 745	4, 522, 680	923, 310	1, 138, 451	6, 600, 186	11, 237, 901
1886.						
January	35, 000	4, 876, 260	944, 610	1, 258, 040	7, 113, 910	17, 485, 298
February	136, 780	5, 578, 220	1, 217, 510	1, 514, 990	8, 447, 500	12, 208, 474
March	15	5, 414, 470	1, 388, 640	1, 652, 217	8, 455, 342	10, 825, 568
April	105	3, 182, 570	920, 360	1, 147, 077	5, 250, 112	8, 420, 691
May	1, 050	4, 264, 725	1, 287, 525	1, 551, 631	7, 084, 931	11, 480, 276
June	1, 020	4, 771, 400	1, 557, 330	1, 719, 019	8, 048, 769	11, 140, 326
July	31, 300	3, 953, 760	1, 295, 130	1, 407, 565	6, 687, 755	9, 261, 571
August	40	2, 675, 800	981, 300	1, 134, 935	4, 892, 075	6, 296, 341
September	1, 120	2, 404, 740	823, 820	1, 016, 088	4, 245, 768	5, 438, 047
October	99, 030	2, 088, 880	925, 555	474, 054	3, 587, 519	5, 918, 365
Total	546, 215	46, 608, 215	12, 946, 850	15, 918, 727	76, 020, 007	117, 485, 048
Received from June 20, 1874, to October 31, 1885	15, 519, 590	693, 664, 885	158, 918, 301	42, 303, 509	910, 406, 285	1, 594, 305, 738
Grand total	16, 065, 805	740, 273, 100	171, 865, 151	58, 222, 236	986, 426, 292	1, 711, 850, 786

* Notes of gold banks are not included in the table.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XLIII

The following table exhibits the amount of national-bank notes received at this office and destroyed yearly since the establishment of the system :

Prior to November 1, 1865	\$175, 490
During year ended October 31—	
1866	1, 050, 382
1867	3, 401, 423
1868	4, 692, 825
1869	8, 663, 729
1870	14, 303, 689
1871	24, 344, 047
1872	30, 211, 729
1873	36, 433, 171
1874	49, 939, 741
1875	137, 697, 696
1876	98, 672, 716
1877	76, 918, 963
1878	57, 381, 249
1879	41, 101, 830
1880	35, 539, 660
1881	54, 941, 136
1882	74, 917, 611
1883	82, 913, 766
1884	93, 178, 418
1885	91, 648, 723
1886	59, 989, 810
Additional amount of insolvent and liquidating national banks	68, 778, 364
Total	1, 146, 148, 153

Notes of gold banks are not included in the above table.

There was in the vault of the Redemption Division of this office, awaiting destruction, at the close of business, October 31, 1885	\$173, 930
Received during the year ending October 31, 1886	76, 110, 047

Total	76, 283, 977
Withdrawn and destroyed during the year	75, 996, 737

Balance in vault November 1, 1886	\$287, 240

Received from the Treasurer of the United States \$75,563,832, in 88,717 packages; received from banks direct \$546,215, in 26 packages.

The work in this division, in handling this vast amount of mutilated notes, requires great accuracy, skill and precision.

In connection with this subject I respectfully present a series of tables, for which I am indebted to Mr. E. B. Elliott, Government actuary, whose widely-extended reputation is a guarantee for their accuracy. They are intended to show, as fully as the data permit, how long, on the average, the national-bank notes of the several denominations remain out.

DURATION OF NATIONAL-BANK CIRCULATION.

The tables herewith presented show the average length of time that has elapsed from the date when the notes of each of the several denominations were issued to the banks by the Comptroller of the Currency up to the date when they were redeemed and destroyed. This includes whatever time may have passed in each case between transmission to banks and entrance into actual circulation—a variable and unobtainable period.

During the early part of this investigation (in August, 1886) an estimate* of the average duration of the circulation of the notes of the several denominations issued to the national banks was arrived at by assuming, in the absence of detailed information on this point, that the issues of each denomination were distributed uniformly during the *four* years and the redemptions in like manner during the *three* years prior to November 1, 1865.

* This provisional estimate appeared in the Report of the Convention of the American Bankers' Association held at Boston, Mass., August 11 and 12, 1886.

XLIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

It has since been ascertained that both the issues and the redemptions commenced one year earlier than had been assumed, and accordingly, in the accompanying tables, the issues and redemptions of the notes of each denomination are distributed for each year prior to November 1, 1863, on the basis of the entire amount of such circulation during those years, as is shown in the second table.

*Statement showing the Amounts of national-bank currency issued and redeemed during each year ending October 31, and the Amount Outstanding at the close of each year from the establishment of the national banking system in 1863 to November 1, 1885; * also the calculated aggregate and average number of life-years experienced when redeemed.*

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864.....	\$58,810,980	.....	\$58,810,980
October 31, 1865.....	145,999,715	\$175,490	204,633,205
October 31, 1866.....	89,502,126	1,050,382	293,086,949
October 31, 1867.....	9,757,287	3,575,417	299,268,819
October 31, 1868.....	5,740,499	5,121,643	299,887,675
.....	309,810,607	9,922,932	.....
October 31, 1869.....	8,953,118	9,095,138	299,725,655
October 31, 1870.....	16,667,875	14,532,971	301,860,559
October 31, 1871.....	48,060,707	26,044,044	324,477,222
October 31, 1872.....	50,889,578	34,373,330	340,993,470
October 31, 1873.....	46,234,275	38,876,796	348,350,949
October 31, 1874.....	51,766,644	51,326,441	348,791,152
October 31, 1875.....	136,025,195	141,633,119	343,183,228
October 31, 1876.....	78,480,410	101,787,442	319,876,196
October 31, 1877.....	75,611,241	79,605,447	315,881,990
October 31, 1878.....	63,835,804	60,065,673	319,652,121
October 31, 1879.....	58,365,756	42,883,373	335,131,504
October 31, 1880.....	43,787,774	36,858,827	342,063,451
October 31, 1881.....	73,221,180	56,343,143	358,941,488
October 31, 1882.....	80,076,449	78,016,991	361,000,946
October 31, 1883.....	78,641,070	88,902,580	350,779,436
October 31, 1884.....	81,046,318	99,352,061	332,473,693
October 31, 1885.....	83,040,533	100,619,308	314,894,918
Total.....	1,385,134,534	1,070,239,616	6,813,770,606

* Compiled from records in the office of the Comptroller of the Currency.

It will be seen that \$314,894,918 were still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life-years already experienced by the \$1,385,134,534 issued was 6,498,875,688 (that is, 6,813,770,606 less 314,894,918), and the average number was 6,498,875,688 divided by 1,385,134,534, or 4.692 years. But this result is obviously somewhat smaller than the full life-time of the dollars issued, because there were \$314,894,918 outstanding and still to be redeemed.

If, however, this amount be assumed to be redeemed in 4.692 equal annual instalments, that is, at the rate of \$67,113,154 per annum—which does not seem unreasonable—the aggregate full life-time of the total amount issued (\$1,385,134,534) would be 7,087,323,820 years, showing an average full life-time of about 5.117 years.

From the foregoing table it will be seen that the earliest issues of national-bank notes were made during the year ended October 31, 1864, and the earliest redemptions of such notes during the year ended October 31, 1865; but as there are no accessible data showing how many notes of each denomination were issued and redeemed annually prior to November 1, 1868, the annual issues and redemptions during that period, as given hereafter in the tables relating to each denomination, are assumed to have been made on the basis of the ascertained amounts of the total issues and redemptions during each of those years, these totals embracing all denominations.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XLV

The following table shows for each of these years the total amount of national-bank currency issued and redeemed, together with the corresponding percentages.

Year ending—	Issued.		Redeemed.	
	Amount.	Per cent.	Amount.	Per cent.
October 31, 1864	\$58,810,980	18.983	None.	
October 31, 1865	145,990,715	47.126	\$175,490	1.769
October 31, 1866	89,502,126	28.889	1,050,382	10.585
October 31, 1867	9,757,287	3.149	3,575,417	36.032
October 31, 1868	5,740,499	1.853	5,121,643	51.014
Total	309,810,607	100.000	9,922,932	100.000

Table showing for each denomination of national-bank notes (1) the total number issued from the establishment of the system in 1863 to November 1, 1885, (2) the calculated aggregate number of life-years experienced when redeemed, and (3) the resulting average life-time of the notes of each denomination respectively.

Denomination.	Total number issued to November 1, 1885.	Calculated aggregate number of life-years experienced when redeemed.	Resulting average life-time of each note in years.
One dollar	23,167,677	99,886,922	4.311
Two dollars	7,747,519	34,923,598	4.508
Five dollars	33,268,400	458,064,896	4.914
Ten dollars	39,604,001	212,652,573	5.342
Twenty dollars	12,318,173	66,445,423	5.394
Fifty dollars	1,758,533	8,820,752	5.016
One hundred dollars	1,287,686	6,103,723	4.740
Five hundred dollars	23,924	120,165	5.023
One thousand dollars	7,369	24,234	3.289
All denominations	179,323,282	887,042,586	4.947

Statement showing the number of national-bank notes of the denomination of One Dollar issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also the calculated aggregate and average number of life-years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864	1,688,837		1,688,837
October 31, 1865	4,192,600	4,506	5,876,931
October 31, 1866	2,570,132	26,966	8,420,097
October 31, 1867	280,153	91,793	8,608,457
October 31, 1868	164,854	131,459	8,641,822
October 31, 1869	8,896,576	254,754	
October 31, 1870	692,584	649,259	8,685,147
October 31, 1871	1,140,167	1,604,690	8,160,624
October 31, 1872	1,808,330	2,707,354	7,261,600
October 31, 1873	1,750,703	2,643,332	6,377,971
October 31, 1874	1,226,829	1,972,217	5,632,583
October 31, 1875	1,024,070	1,252,000	5,404,653
October 31, 1876	1,497,917	2,948,520	3,954,050
October 31, 1877	893,088	1,464,582	3,292,556
October 31, 1878	1,766,760	1,258,860	3,800,456
October 31, 1879	1,862,391	1,378,628	4,284,219
October 31, 1880	689,262	1,406,281	3,567,200
October 31, 1881		1,274,738	2,292,462
October 31, 1882		963,350	1,329,112
October 31, 1883		515,312	813,800
October 31, 1884		240,032	573,768
October 31, 1885		78,027	495,741
Total	33,167,677	22,731,963	99,597,800

XLVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

It will be seen that there were 435,714 one-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life-years already experienced by the 23,167,677 notes issued was 99,162,086 (that is, 99,597,800 less 435,714), and the average number was 99,162,086 divided by 23,167,677, or 4.280 years. But this result is obviously somewhat smaller than the full life-time of the notes issued, because there were 435,714 notes outstanding and still to be redeemed.

If, however, these notes are assumed to be redeemed in 4.280 equal annual instalments, that is, at the rate of 101,802 notes per annum—which does not seem unreasonable—the *aggregate* full life-time of the 23,167,677 notes issued would be 99,886,922 years, showing an *average* full life-time of about 4.311 years.

Statement showing the number of national-bank notes of the denomination of Two Dollars issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also the calculated aggregate and average number of life-years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864	565,344		565,344
October 31, 1865	1,433,488	1,294	1,967,538
October 31, 1866	860,361	7,746	2,820,153
October 31, 1867	93,782	26,367	2,887,568
October 31, 1868	55,185	37,769	2,964,984
	2,978,160	73,176	
October 31, 1869	231,228	159,648	2,977,164
October 31, 1870	580,769	435,509	2,922,424
October 31, 1871	605,634	825,593	2,702,465
October 31, 1872	586,837	915,063	2,374,239
October 31, 1873	412,483	712,934	2,074,388
October 31, 1874	344,002	434,296	1,984,694
October 31, 1875	500,639	1,061,604	1,423,129
October 31, 1876	267,696	507,923	1,182,902
October 31, 1877	589,520	430,980	1,341,442
October 31, 1878	620,797	471,166	1,491,073
October 31, 1879	229,754	474,578	1,246,249
October 31, 1880		442,619	803,630
October 31, 1881		342,545	461,085
October 31, 1882		197,706	263,379
October 31, 1883		86,763	176,616
October 31, 1884		36,382	144,234
October 31, 1885		25,592	118,642
Total	7,747,519	7,628,877	34,832,742

It will be seen that there were 118,642 two-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life-years already experienced by the 7,747,519 notes issued was 34,714,100 (that is, 34,832,742 less 118,642), and the average number was 34,714,100 divided by 7,747,519, or 4.481 years. But this result is obviously somewhat smaller than the full life-time of the notes issued, because there were 118,642 notes outstanding and still to be redeemed.

If, however, these notes are assumed to be redeemed in 4.481 equal annual instalments, that is, at the rate of 26,477 notes per annum—which does not seem unreasonable—the *aggregate* full life-time of the 7,747,519 notes issued would be 34,923,898 years, showing an *average* full life-time of about 4.508 years.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XLVII

Statement showing the number of national-bank notes of the denomination of Five Dollars issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also the calculated aggregate and average number of life-years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864.....	4,386,350		4,386,350
October 31, 1865.....	10,889,277	8,529	15,267,098
October 31, 1866.....	6,675,302	51,033	21,891,367
October 31, 1867.....	727,631	173,722	23,445,276
October 31, 1868.....	428,168	248,848	22,624,596
	23,106,728	482,132	
October 31, 1869.....	570,032	503,808	22,690,820
October 31, 1870.....	959,960	752,043	22,898,737
October 31, 1871.....	3,538,220	1,538,391	24,898,566
October 31, 1872.....	3,758,408	2,684,293	25,972,681
October 31, 1873.....	2,961,108	3,181,296	25,752,493
October 31, 1874.....	4,318,680	3,899,642	26,201,531
October 31, 1875.....	7,812,048	11,885,166	22,128,413
October 31, 1876.....	4,728,344	7,455,285	19,401,472
October 31, 1877.....	5,033,320	5,733,812	18,700,980
October 31, 1878.....	4,374,440	4,567,565	18,507,855
October 31, 1879.....	4,387,152	3,312,643	19,582,264
October 31, 1880.....	3,553,536	3,153,748	19,982,152
October 31, 1881.....	4,480,528	4,368,664	20,096,016
October 31, 1882.....	5,064,920	5,795,745	19,384,191
October 31, 1883.....	4,749,784	5,829,334	18,504,641
October 31, 1884.....	4,653,986	5,896,790	17,061,831
October 31, 1885.....	5,107,212	5,777,709	16,391,334
Total.....	93,208,400	76,817,066	444,570,764

It will be seen that there were 16,391,334 five-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life-years already experienced by the 93,208,400 notes issued, was 428,179,430 (that is, 444,570,764 less 16,391,334), and the average number was 428,179,430 divided by 93,208,400, or 4.594 years. But this result is obviously somewhat smaller than the full life-time of the notes issued, because there were 16,391,334 notes outstanding and still to be redeemed. If, however, these notes are assumed to be redeemed in 4.594 equal annual installments, that is, at the rate of 3,567,987 notes per annum—which does not seem unreasonable—the *aggregate* full life-time of the 93,208,400 notes issued would be 458,064,896 years, showing an *average* full life-time of about 4.914 years.

XLVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

Statement showing the number of national-bank notes of the denomination of Ten Dollars issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also, the calculated aggregate and average number of life-years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864.....	1, 502, 678		1, 502, 678
October 31, 1865.....	3, 730, 454	2, 518	5, 230, 614
October 31, 1866.....	2, 286, 828	15, 069	7, 502, 373
October 31, 1867.....	249, 273	51, 295	7, 700, 350
October 31, 1868.....	146, 682	73, 477	7, 773, 555
	7, 915, 914	142, 359	
October 31, 1869.....	178, 731	131, 136	7, 821, 150
October 31, 1870.....	318, 599	210, 640	7, 929, 109
October 31, 1871.....	1, 315, 131	449, 310	8, 794, 930
October 31, 1872.....	1, 525, 077	766, 257	9, 553, 750
October 31, 1873.....	1, 306, 947	873, 368	9, 987, 329
October 31, 1874.....	776, 677	1, 339, 637	9, 424, 369
October 31, 1875.....	4, 073, 431	3, 695, 825	9, 801, 975
October 31, 1876.....	2, 598, 145	2, 760, 682	9, 639, 438
October 31, 1877.....	2, 237, 412	2, 065, 565	9, 831, 285
October 31, 1878.....	1, 891, 229	1, 424, 370	10, 298, 144
October 31, 1879.....	1, 746, 930	1, 071, 450	10, 973, 624
October 31, 1880.....	1, 298, 945	890, 511	11, 382, 058
October 31, 1881.....	2, 274, 351	1, 525, 525	12, 130, 884
October 31, 1882.....	2, 564, 741	2, 424, 299	12, 271, 326
October 31, 1883.....	2, 501, 826	2, 941, 421	11, 631, 731
October 31, 1884.....	2, 638, 016	3, 387, 752	11, 131, 995
October 31, 1885.....	2, 021, 899	3, 332, 765	10, 421, 129
Total.....	39, 804, 001	29, 382, 872	202, 933, 796

It will be seen that there were 10,421,129 ten-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life-years already experienced by the 39,804,001 notes issued was 192,512,667 (that is, 202,933,796 less 10,421,129), and the average number was 192,512,667 divided by 39,804,001, or 4.837 years. But this result is obviously somewhat smaller than the full life-time of the notes issued, because there were 10,421,129 notes outstanding and still to be redeemed. If, however, these notes are assumed to be redeemed in 4.837 equal annual instalments, that is, at the rate of 2,154,461 notes per annum—which does not seem unreasonable—the aggregate full life-time of the 39,804,001 notes issued would be 212,652,573 years, showing an average full life-time of about 5.342 years.

REPORT OF THE COMPTROLLER OF THE CURRENCY. XLIX

Statement showing the number of national-bank notes of the denomination of Twenty Dollars issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also, the calculated aggregate and average number of life-years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864	421, 294		421, 294
October 31, 1865	1, 045, 878	643	1, 466, 529
October 31, 1866	611, 140	3, 848	2, 103, 821
October 31, 1867	69, 886	13, 100	2, 160, 607
October 31, 1868	41, 124	18, 764	2, 182, 967
	2, 219, 322	36, 355	
October 31, 1869	59, 442	35, 300	2, 198, 109
October 31, 1870	100, 292	57, 530	2, 240, 871
October 31, 1871	409, 536	116, 176	2, 534, 031
October 31, 1872	446, 296	193, 491	2, 786, 836
October 31, 1873	382, 531	214, 219	2, 955, 148
October 31, 1874	353, 890	518, 537	2, 790, 501
October 31, 1875	1, 333, 955	1, 032, 856	3, 091, 600
October 31, 1876	790, 428	847, 782	3, 034, 246
October 31, 1877	689, 761	651, 282	3, 072, 725
October 31, 1878	567, 914	429, 650	3, 210, 989
October 31, 1879	525, 784	304, 165	3, 432, 608
October 31, 1880	396, 447	247, 477	3, 581, 578
October 31, 1881	674, 419	400, 172	3, 855, 825
October 31, 1882	810, 967	666, 715	4, 000, 077
October 31, 1883	827, 062	672, 031	4, 154, 208
October 31, 1884	863, 245	1, 057, 124	3, 960, 329
October 31, 1885	876, 082	1, 082, 035	3, 754, 376
Total	12, 318, 173	8, 563, 797	62, 989, 275

It will be seen that there were 3,754,376 twenty-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life-years already experienced by the 12,318,173 notes issued was 59,234,899 (that is, 62,989,275 less 3,754,376), and the average number was 59,234,899 divided by 12,318,173, or 4.809 years. But this result is obviously somewhat smaller than the full life-time of the notes issued, because there were 3,754,376 notes outstanding and still to be redeemed. If, however, these notes are assumed to be redeemed in 4.809 equal annual instalments, that is, at the rate of 780,698 notes per annum—which does not seem unreasonable—the aggregate full life-time of the 12,318,173 notes issued would be 66,445,423 years, showing an average full life-time of about 5.394 years.

H. Ex. 3—iv

L REPORT OF THE COMPTROLLER OF THE CURRENCY.

Statement showing the number of national-bank notes of the denomination of Fifty Dollars issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also, the calculated aggregate and average number of life-years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864.....	67,424		67,424
October 31, 1865.....	167,383	305	234,502
October 31, 1866.....	102,608	1,827	335,283
October 31, 1867.....	11,185	6,218	340,250
October 31, 1868.....	6,581	8,906	337,925
	355,181	17,256	
October 31, 1869.....	8,342	11,603	334,664
October 31, 1870.....	14,959	18,986	330,637
October 31, 1871.....	54,944	35,127	350,454
October 31, 1872.....	63,773	43,208	371,019
October 31, 1873.....	62,523	42,796	390,746
October 31, 1874.....	107,228	62,580	435,394
October 31, 1875.....	217,215	149,481	503,128
October 31, 1876.....	101,450	134,747	469,831
October 31, 1877.....	94,166	118,895	445,102
October 31, 1878.....	67,797	93,543	419,356
October 31, 1879.....	64,183	57,041	426,498
October 31, 1880.....	42,104	40,236	428,366
October 31, 1881.....	103,799	66,391	465,684
October 31, 1882.....	95,750	88,292	473,142
October 31, 1883.....	102,685	110,521	465,306
October 31, 1884.....	105,001	125,870	444,437
October 31, 1885.....	97,523	129,189	412,771
Total.....	1,758,533	1,345,762	8,481,919

It will be seen that there were 412,771 fifty-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life years experienced by the 1,758,533 notes issued was 8,069,148 (that is, 8,481,919 less 412,771), and the average number was 8,069,148 divided by 1,758,533, or 4.589 years. But this result is obviously somewhat smaller than the full life-time of the notes issued, because there were 412,771 notes outstanding and still to be redeemed. If, however, these notes are assumed to be redeemed in 4.589 equal annual instalments, that is, at the rate of 89,948 notes per annum—which does not seem unreasonable—the *aggregate* full life-time of the 1,758,533 notes issued would be 8,820,752 years, showing an *average* full life-time of about 5.016 years.

REPORT OF THE COMPTROLLER OF THE CURRENCY. LI

Statement showing the number of national-bank notes of the denomination of One Hundred Dollars issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also the calculated aggregate and average number of life years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864.....	50,751		50,751
October 31, 1865.....	125,991	276	176,466
October 31, 1866.....	77,235	1,649	252,052
October 31, 1867.....	8,419	5,615	254,856
October 31, 1868.....	4,954	8,043	251,767
October 31, 1869.....	267,350	15,583	
October 31, 1870.....	7,419	10,385	248,831
October 31, 1871.....	9,661	17,631	240,861
October 31, 1872.....	36,703	32,688	244,876
October 31, 1873.....	46,634	34,702	256,808
October 31, 1874.....	48,793	38,068	272,533
October 31, 1875.....	75,892	52,515	295,910
October 31, 1876.....	153,356	102,856	346,410
October 31, 1877.....	65,062	96,357	315,115
October 31, 1878.....	56,417	83,532	288,000
October 31, 1879.....	45,586	62,542	271,044
October 31, 1880.....	37,817	39,745	269,116
October 31, 1881.....	28,770	28,997	268,889
October 31, 1882.....	80,222	49,601	299,510
October 31, 1883.....	75,406	58,928	315,988
October 31, 1884.....	79,604	69,995	325,597
October 31, 1885.....	85,028	85,418	325,207
October 31, 1885.....	87,936	97,379	315,764
Total.....	1,287,686	971,922	5,886,351

It will be seen that there were 315,764 one-hundred-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life years already experienced by the 1,287,686 notes issued was 5,570,587 (that is, 5,886,351 less 315,764), and the average number was 5,570,587 divided by 1,287,686, or 4.326 years. But this result is obviously somewhat smaller than the full life time of the notes issued, because there were 315,764 notes outstanding and still to be redeemed. If, however, these notes are assumed to be redeemed in 4.326 equal annual instalments, that is, at the rate of 72,992 notes per annum—which does not seem unreasonable—the *aggregate* full life-time of the 1,287,686 notes issued would be 6,103,723 years, showing an *average* full life-time of about 4.740 years.

LII REPORT OF THE COMPTROLLER OF THE CURRENCY.

Statement showing the number of national-bank notes of the denomination of Five Hundred Dollars issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also the calculated aggregate and average number of life years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864.....	2,560	.....	2,560
October 31, 1865.....	6,355	31	8,884
October 31, 1866.....	3,896	186	12,594
October 31, 1867.....	425	634	12,385
October 31, 1868.....	250	908	11,727
	13,486	1,759	
October 31, 1869.....	182	826	11,083
October 31, 1870.....	258	1,367	9,974
October 31, 1871.....	716	2,065	8,625
October 31, 1872.....	979	1,850	7,754
October 31, 1873.....	875	1,791	6,838
October 31, 1874.....	848	2,018	5,668
October 31, 1875.....	1,132	2,795	4,005
October 31, 1876.....	245	1,746	2,504
October 31, 1877.....	1,301	1,398	2,407
October 31, 1878.....	188	1,280	1,315
October 31, 1879.....	360	392	1,283
October 31, 1880.....	193	197	1,279
October 31, 1881.....	1,196	1,011	1,464
October 31, 1882.....	828	385	1,907
October 31, 1883.....	376	487	1,796
October 31, 1884.....	573	614	1,755
October 31, 1885.....	188	746	1,197
Total.....	23,924	22,727	119,004

It will be seen that there were 1,197 five-hundred-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life years already experienced by the 23,924 notes issued was 117,807 (that is, 119,004 less 1,197), and the average number was 117,807 divided by 23,924, or 4.924 years. But this result is obviously somewhat smaller than the full life-time of the notes issued, because there were 1,197 notes outstanding and still to be redeemed. If, however, these notes are assumed to be redeemed in 4.924 equal annual instalments, that is, at the rate of 243 notes per annum—which does not seem unreasonable—the *aggregate* full life-time of the 23,924 notes issued would be 120,165 years, showing an *average* full life-time of about 5.023 years.

REPORT OF THE COMPTROLLER OF THE CURRENCY. LIII

Statement showing the number of national bank notes of the denomination of One Thousand Dollars issued and redeemed during each year ending October 31, and the number of such notes outstanding at the close of each year from the establishment of the system in 1863 to November 1, 1885; also the calculated aggregate and average number of life years experienced by the notes when redeemed.

Year ending—	Issued during the year.	Redeemed during the year.	Outstanding at close of the year.
October 31, 1864	901		901
October 31, 1865	2, 237	33	3, 105
October 31, 1866	1, 371	195	4, 281
October 31, 1867	149	665	3, 785
October 31, 1868	88	953	2, 900
	4, 746	1, 846	
October 31, 1869	23	569	2, 354
October 31, 1870	19	848	1, 516
October 31, 1871	64	742	838
October 31, 1872	90	310	618
October 31, 1873	215	215	618
October 31, 1874	92	153	557
October 31, 1875	249	365	482
October 31, 1876	9	224	267
October 31, 1877	129	139	257
October 31, 1878	536	480	304
October 31, 1879	136	157	263
October 31, 1880	23	67	239
October 31, 1881	781	819	201
October 31, 1882	43	47	197
October 31, 1883	90	102	185
October 31, 1884	92	64	213
October 31, 1885		82	131
Total	7, 369	7, 238	24, 212

It will be seen that there were 131 one-thousand-dollar notes still outstanding and unredeemed at the close of the period. Accordingly, the aggregate number of life-years already experienced by the 7,369 notes issued was 24,081 (that is, 24,212 less 131), and the average number was 24,081 divided by 7,369, or 3.268 years. But this result is obviously somewhat smaller than the full life-time of the notes issued, because there were 131 notes outstanding and still to be redeemed. If, however, these notes are assumed to be redeemed in 3.268 equal annual instalments, that is, at the rate of 40 notes per annum—which does not seem unreasonable—the aggregate full life-time of the 7,369 notes would be 24,234 years, showing an average full life-time of about 3.289 years.

REPORTS.

The law imposes upon the Comptroller of the Currency the duty of exercising a supervision over the national banks, and to that end requires him to exact reports from them as to their condition on at least five days in each year, and reports of the dividends and earnings of each bank as often as it declares dividends, and in all cases at least every six months.

In addition, the Comptroller may call for special reports from any or from all of the banks as often as he thinks proper, and may from time to time cause examinations to be made into their books, cash, securities, and general condition.

The proper performance of the duty of supervision is essential to the maintenance of the high character and credit to which the national banks have attained, as well as to the protection of their depositors and stockholders against fraud and mismanagement.

The multiplication of banks, and the wide area over which the system now extends, renders the discharge of these duties more and more difficult every year, and requires the maintenance of a large force of expert clerks in the office of the Comptroller.

LIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

The duties of national-bank examiners have also become more exacting and more difficult in consequence of the expansion of the business of these banks.

These statements will doubtless be accepted when it is considered that in the past five years the number of banks has increased from 2,132 to 2,852, reporting October 7, 1886, while the aggregate of their loans and discounts has risen from \$1,173,800,000 to \$1,443,665,000.

It is of the highest importance to the banks themselves, as well as to the public, that the examiners should be expert, vigilant, and trustworthy, and that the examinations should be frequent and unexpected.

While the examiners now employed are generally competent, and many of them are excellent, yet in some cases the territory to be covered is too large, and the pay too small, to secure the best men for the work.

I have elsewhere made some recommendations on this subject.

During the past year 14,010 reports of condition, about 6,000 reports of dividends and earnings, and 2,930 reports from examiners have been received at the office of the Comptroller of the Currency, and fully 6,000 letters and circulars have been sent out in connection with them. The reports received are all carefully examined, compared with one another, and abstracts are made from them. The work in this division of the office is continuous and exacting.

From these various reports, after examination and verification, the subjoined tables have been compiled, and other tables compiled from the same sources will be found in the Appendix showing the condition of the reserve of national banks, their loans and discounts, abstract of reports of dividends and earnings, ratios to capital and to capital and surplus, and other valuable information as to the condition of the national banks on the date of the last report.

A large table on folded sheet, appended hereto, exhibits for October 7, 1886, in aggregate every detail embraced in the tabulated reports required of the banks. Similar tables are made up for the information of the Comptroller from the reports gathered from all banks five times each year. The amounts are given separately for each State, reserve city, and Territory.

DIAGRAM.

The diagram accompanying this report exhibits in a very striking manner the main features of the national banking system, and how each has varied during the twenty-one years since the peace of the country has been re-established.

On the 1st of January, 1866, there were 1,582 national banks; on the 7th of October, 1886, there were 2,852—a net increase in number alone of 1,270.

The following table groups in a compendious form the most important facts shown in the diagram:

	January 1, 1866.	October 7, 1886.	Highest point touched.		Lowest point touched.	
			Amount.	Date.	Amount.	Date.
Capital	\$403,000,000	\$543,000,000	\$543,000,000	Oct. 7, 1886	\$403,000,000	Jan. 1, 1866
Capital, surplus, and undivided profits	475,000,000	772,000,000	772,000,000	Oct. 7, 1886	475,000,000	Jan. 1, 1866
Circulation	213,000,000	228,000,000	341,000,000	Dec. 26, 1873	213,000,000	Jan. 1, 1866
Total investments in United States bonds ..	440,000,000	291,000,000	712,000,000	Apr. 4, 1879	291,000,000	Oct. 7, 1886
Deposits	522,000,000	1,173,000,000	1,173,000,000	Oct. 7, 1886	501,000,000	Oct. 8, 1870
Loans and discounts ..	500,000,000	1,443,000,000	1,443,000,000	Oct. 7, 1886	500,000,000	Jan. 1, 1866
Cash:						
National-bank notes ..	20,000,000	23,000,000	28,000,000	Dec. 31, 1883	11,000,000	Oct. 7, 1867
Legal-tender notes ...	187,000,000	63,000,000	205,000,000	Oct. 1, 1866	50,000,000	Mar. 11, 1882
Specie	19,000,000	156,000,000	177,000,000	July 1, 1885	8,000,000	Oct. 1, 1875

REPORT OF THE COMPTROLLER OF THE CURRENCY. LV

An examination of this table shows that the aggregate capital, surplus, undivided profits, circulation, and deposits have increased from \$1,210,000,000 in January, 1866, to \$2,173,000,000 in October, 1886, which is less than double, while the loans and discounts have gone up from \$500,000,000 to \$1,443,000,000, which is nearly treble, showing how much more widely the banks are now identified with the general business of the country than they were twenty-one years ago.

The investments in bonds have taken an opposite course. Amounting to \$440,000,000 in 1866, increasing to \$712,000,000 in April, 1879, they had subsided by 7th October last to \$291,000,000, but little more than half what they were in 1866, and scarcely over a third of what they momentarily amounted to in 1879.

The specie, which at the beginning of the period was but \$19,000,000, had got down in October, 1875, to \$3,000,000, is now \$156,000,000, and in July, 1885, was \$177,000,000.

It is interesting to see how these changes appear when reduced to percentages.

The capital, surplus, undivided profits, circulation, and deposits constitute together the fund upon which a bank does its business.

Loans and discounts, United States bonds, specie, &c., are different forms in which this fund is invested. Taking the fund at \$1,210,000,000 in 1866 and at \$2,173,000,000 in 1886, these investments represent the following proportions of those amounts, viz:

	1866.	1886.
Loans and discounts	41.33	66.40
United States bonds	36.36	13.39
Specie	1.57	7.18
Total	79.25	86.97

Another striking fact is that in 1866 the circulation was \$213,000,000 and in 1886 it is only \$228,000,000. At the former period, therefore, the circulation was nearly 45 per cent. of the capital, surplus, and undivided profits, while now it is only about 29 per cent.

LOANS.

The following table gives a classification of the loans of the national banks in the city of New York, in the three cities Boston, Philadelphia, and Baltimore, in the other reserve cities, and in the rest of the country, at nearly the same dates, in each of the last three years:

SEPTEMBER 30, 1884.

Classification.	New York.	Three cities.	Other cities.	Country.	Total.
	44 banks.	104 banks.	99 banks.	2,417 banks.	2,664 banks.
On U. S. bonds on demand	\$2,933,785	\$644,017	\$268,396	\$970,691	\$4,816,889
On other stocks, bonds, &c., on demand	69,805,215	25,763,605	18,573,905	34,050,829	148,193,554
On single-name paper without other security	12,559,441	22,458,370	16,239,550	83,816,871	135,074,232
All other loans	120,054,836	150,372,086	107,543,129	574,016,071	951,986,122
Total	205,353,277	199,238,078	142,624,980	692,854,462	1,240,070,797

LVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

OCTOBER 1, 1885.

Classification.	44 banks.	105 banks.	98 banks.	2,467 banks.	2,714 banks.
On U. S. bonds on demand.....	\$3, 286, 124	\$190, 195	\$585, 154	\$504, 134	\$4, 565, 607
On other stocks, bonds, &c., on demand.....	80, 687, 265	33, 157, 319	23, 421, 092	34, 036, 931	173, 302, 607
On single-name paper without other security.....	25, 331, 820	34, 806, 254	18, 480, 233	92, 873, 780	171, 492, 087
All other loans.....	127, 518, 389	150, 270, 503	106, 948, 959	567, 057, 152	951, 795, 003
Total.....	236, 823, 598	218, 424, 271	151, 485, 438	694, 471, 997	1, 301, 155, 304

OCTOBER 7, 1886.

Classification.	45 banks.	111 banks.	106 banks.	2,590 banks.	2,852 banks.
On U. S. bonds on demand.....	\$2, 002, 550	\$262, 355	\$486, 069	\$563, 717	\$3, 314, 721
On other stocks, bonds, &c., on demand.....	91, 636, 791	35, 741, 645	28, 028, 229	41, 008, 812	196, 415, 477
On single-name paper, without other security.....	24, 646, 008	37, 315, 993	25, 488, 998	110, 677, 534	198, 128, 533
All other loans.....	135, 447, 027	150, 261, 282	127, 251, 447	626, 849, 753	1, 045, 809, 509
Total.....	253, 732, 376	229, 561, 275	181, 254, 773	779, 099, 816	1, 443, 668, 240

In the table below is given a full classification of the loans in New York City alone for the last five years:

Loans and discount.	October 3, 1882.	October 2, 1883.	September 30, 1884.	October 1, 1885.	October 7, 1886.
	50 banks.	48 banks.	44 banks.	44 banks.	45 banks.
On indorsed paper.....	\$118, 692, 651	\$121, 644, 201	\$116, 010, 062	\$114, 013, 775	\$121, 381, 380
On single-named paper.....	21, 203, 573	19, 147, 051	82, 539, 443	25, 331, 820	24, 646, 008
On U. S. bonds on demand.....	1, 707, 687	2, 093, 527	2, 933, 785	3, 286, 124	2, 002, 550
On other stocks, &c., on demand.....	89, 532, 762	94, 321, 005	69, 805, 215	80, 687, 265	91, 636, 791
On real-estate security.....	304, 732	184, 683	163, 397	215, 385	211, 432
All other loans.....	7, 600, 487	7, 717, 265	3, 881, 375	13, 289, 229	13, 854, 215
Total.....	239, 041, 892	245, 108, 332	205, 353, 277	236, 823, 598	253, 732, 376

The following table exhibits, in the order of capital, the twenty-five States (exclusive of reserve cities) having the largest amount of national-bank capital, together with the amount of circulation, loans and discounts, and individual deposits of the banks in each on October 7, 1886:

States.	Capital.	Circulation.	Loans and discounts.	Individual deposits.
Massachusetts.....	\$45, 190, 500	\$30, 679, 190	\$88, 361, 209 07	\$54, 429, 904 43
New York.....	31, 854, 760	21, 542, 496	92, 539, 834 59	84, 991, 702 64
Pennsylvania.....	33, 025, 340	19, 396, 585	72, 551, 170 04	67, 557, 897 11
Connecticut.....	24, 671, 820	13, 654, 374	42, 702, 564 31	25, 847, 208 35
Ohio.....	22, 143, 850	11, 328, 691	44, 880, 167 42	37, 693, 620 87
Rhode Island.....	20, 340, 050	9, 192, 726	33, 085, 194 56	13, 748, 576 25
Illinois.....	13, 936, 500	5, 209, 630	32, 217, 830 12	29, 525, 240 04
Indiana.....	12, 314, 500	5, 977, 939	24, 835, 384 45	23, 365, 427 14
New Jersey.....	12, 298, 350	7, 258, 272	35, 535, 865 40	35, 766, 912 23
Minnesota.....	12, 290, 060	1, 797, 701	31, 791, 553 84	22, 088, 907 30
Michigan.....	10, 695, 300	3, 284, 955	25, 746, 522 88	29, 403, 692 78
Maine.....	10, 360, 000	6, 833, 473	17, 849, 615 84	10, 249, 663 42
Iowa.....	10, 295, 000	3, 421, 693	22, 139, 229 88	17, 813, 880 18
Kentucky.....	9, 758, 900	4, 374, 110	16, 068, 612 47	9, 133, 451 30
Vermont.....	7, 691, 000	4, 589, 015	11, 773, 589 48	5, 915, 120 70
Texas.....	7, 685, 000	1, 737, 380	15, 185, 910 33	11, 647, 162 22
Nebraska.....	7, 183, 900	1, 602, 660	18, 699, 960 48	14, 214, 337 51
Kansas.....	6, 732, 100	1, 686, 810	14, 442, 130 51	12, 591, 124 83
New Hampshire.....	6, 155, 000	4, 170, 220	9, 054, 262 78	5, 705, 741 18
Missouri.....	5, 831, 000	1, 365, 423	12, 438, 969 60	9, 564, 181 80
Tennessee.....	5, 417, 500	1, 328, 045	13, 473, 384 97	9, 224, 256 61
Wisconsin.....	3, 985, 000	1, 394, 618	11, 288, 200 90	11, 011, 032 53
Virginia.....	3, 731, 580	1, 915, 410	10, 509, 429 85	9, 531, 677 93
Dakota.....	3, 015, 500	779, 190	5, 104, 519 48	4, 585, 637 93
California.....	2, 885, 000	894, 720	8, 602, 672 45	9, 251, 635 10

REPORT OF THE COMPTROLLER OF THE CURRENCY. LVII

RESERVE.

The following table exhibits the amount of net deposits and the reserve required thereon by the act of June 20, 1874, together with the amount and classification of reserve held by the national banks in New York City, in the other reserve cities, and by the remaining banks, at the dates of their reports in October of each year from 1876 to 1883, September 30, 1884, October 1, 1885, and October 7, 1886:

NEW YORK CITY.

Dates.	No. of banks.	Net deposits.	Reserve required (25 per cent. *).	Reserve held.		Classification of reserve.			
				Amount.	Ratio to deposits.	Specie.	Other lawful money.	Due from agents.	Redemption fund.
		Millions.	Millions.	Millions.	Per cent.	Millions.	Millions.	Millions.	Millions.
Oct. 2, 1876	47	197.9	49.5	60.7	30.7	14.6	45.3	.....	0.8
Oct. 1, 1877	47	174.9	43.7	48.1	27.5	13.0	34.3	.....	0.8
Oct. 1, 1878	47	189.8	47.4	50.9	26.8	13.3	36.5	.....	1.1
Oct. 2, 1879	47	210.2	52.6	53.1	25.3	19.4	32.6	.....	1.1
Oct. 1, 1880	47	268.1	67.0	70.6	26.4	58.7	11.0	.....	0.9
Oct. 1, 1881	48	268.8	67.2	62.5	23.3	50.6	10.9	.....	1.0
Oct. 3, 1882	50	254.0	63.5	64.4	25.4	44.5	18.9	.....	1.0
Oct. 2, 1883	48	266.9	66.7	70.8	26.5	50.3	19.7	.....	0.9
Sept. 30, 1884	44	255.0	63.7	90.8	35.6	63.1	27.0	.....	0.7
Oct. 1, 1885	44	312.9	78.2	115.7	37.0	91.5	23.7	.....	0.5
Oct. 7, 1886	45	282.8	70.7	77.0	27.2	64.1	12.5	.....	0.4

OTHER RESERVE CITIES.†

Oct. 2, 1876	189	217.0	54.2	76.1	35.1	4.0	37.1	32.0	3.0
Oct. 1, 1877	188	204.1	51.0	67.3	33.0	5.6	34.3	24.4	3.0
Oct. 1, 1878	184	199.9	50.0	71.1	35.6	9.4	29.4	29.1	3.2
Oct. 2, 1879	181	288.8	57.2	83.5	36.5	11.3	33.0	35.7	3.5
Oct. 1, 1880	184	289.4	72.4	105.2	36.2	28.3	25.0	48.2	3.7
Oct. 1, 1881	189	335.4	83.9	100.8	30.0	34.6	21.9	40.6	3.7
Oct. 3, 1882	193	318.8	79.7	89.1	28.0	28.3	24.1	33.2	3.5
Oct. 2, 1883	200	323.9	81.0	100.6	31.1	26.3	30.1	40.8	3.4
Sept. 30, 1884	203	307.9	77.0	99.0	32.2	30.3	32.3	32.3	3.1
Oct. 1, 1885	203	364.5	91.1	122.2	33.5	42.0	34.9	42.4	2.9
Oct. 7, 1886	217	381.5	95.4	114.0	29.9	44.5	26.0	41.3	2.2

STATES AND TERRITORIES.‡

Oct. 2, 1876	1,853	291.7	43.8	99.9	34.3	2.7	31.0	55.4	10.8
Oct. 1, 1877	1,845	290.1	43.6	95.4	32.9	4.2	31.6	48.9	10.7
Oct. 1, 1878	1,822	289.1	43.4	106.1	35.7	8.6	31.1	56.0	11.0
Oct. 2, 1879	1,820	329.9	49.5	124.3	37.7	11.5	30.3	71.3	11.2
Oct. 1, 1880	1,859	410.5	61.6	147.2	35.8	21.2	28.3	86.4	11.3
Oct. 1, 1881	1,895	507.2	76.1	158.3	31.2	27.5	27.1	92.4	11.4
Oct. 3, 1882	1,926	545.8	81.9	150.4	27.5	30.6	30.0	89.1	11.5
Oct. 2, 1883	2,253	577.9	86.7	157.3	27.2	31.2	33.8	84.1	11.3
Sept. 30, 1884	2,417	535.8	80.4	156.3	29.2	35.2	30.9	79.7	10.5
Oct. 1, 1885	2,467	576.8	85.6	177.5	31.1	41.5	29.9	85.9	10.2
Oct. 7, 1886	2,590	637.0	95.6	186.2	29.2	47.8	30.1	99.5	8.7

SUMMARY.

Oct. 2, 1876	2,689	796.6	147.5	236.7	33.5	21.3	113.4	87.4	14.6
Oct. 1, 1877	2,680	669.1	138.3	210.8	31.5	22.8	100.2	73.3	14.5
Oct. 1, 1878	2,653	678.8	140.8	228.1	33.6	30.7	97.0	85.1	15.3
Oct. 2, 1879	2,648	768.9	159.3	260.9	35.9	42.2	95.9	107.0	15.8
Oct. 1, 1880	2,690	968.0	201.0	323.0	35.1	108.2	64.3	134.6	15.9
Oct. 1, 1881	2,732	1,111.6	227.2	321.6	28.9	112.7	59.9	133.0	16.1
Oct. 3, 1882	2,269	1,118.6	225.1	303.9	27.2	102.8	72.0	113.3	15.8
Oct. 2, 1883	2,501	1,168.7	231.4	328.9	28.1	107.8	80.6	124.9	15.6
Sept. 30, 1884	2,664	1,098.7	221.1	346.1	31.6	128.6	91.2	112.0	14.3
Oct. 1, 1885	2,714	1,248.2	254.9	415.4	33.3	175.0	88.5	138.3	13.6
Oct. 7, 1886	2,852	1,301.8	261.7	377.2	29.0	156.4	68.7	140.8	11.4

* All in cash.

† Reserve 25 per cent., one-half in cash.

‡ Reserve 15 per cent., two-fifths in cash in bank.

LVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

Upon examining the foregoing table it will be found that, except in 1884 and 1885, the percentage of reserve in New York was less than in the other reserve cities, while the banks outside of reserve cities which are required to keep but 15 per cent. have never fallen below 27.2, and have averaged over 31 per cent., which is more than double the legal requirement.

These latter banks are allowed to keep three-fifths of their reserve with their correspondents in reserve cities; but, in fact, for the first four years of the eleven they held the entire amount in their own vaults, and the average so held for the entire period is 98 per cent.

It would appear, therefore, that the privilege of keeping a part of the reserve elsewhere than in the bank is one but little availed of in practice among the banks generally, and this fact supports the recommendation elsewhere made to modify the present law.

TRANSACTIONS OF THE NEW YORK CLEARING-HOUSE.

The New York Clearing-House Association is composed of 64 members, of which 45 are national banks, 18 are State banks, and the other member is the assistant treasurer of the United States at New York. One national bank and nine State banks in the city do not belong to the association, but clear through members. Mr. W. A. Camp, the manager of the association, has kindly supplied the data for the following tables, showing the transactions during the year ending October 1, 1886:

COMPARATIVE STATEMENT for two years of the TRANSACTIONS of the NEW YORK CLEARING-HOUSE, showing AGGREGATE AMOUNT of CLEARINGS, AGGREGATE BALANCES, and the KINDS and AMOUNTS of MONEY PASSING in SETTLEMENT of these balances.

Year ending—	Aggregate clearings.	Aggregate balances.
October 1, 1885	\$25,250,791,440	\$1,295,355,252
October 1, 1886	33,374,682,216	1,519,565,385
Increase	8,123,890,776	224,210,133

KINDS OF MONEY AND AMOUNT OF EACH KIND.

Year ending—	U. S. gold certificates.	Bank of America gold certificates.*	Clearing-house loan certificates.†	Treasury certificates for legal tenders, sec. 5193, U. S. Revised Statutes.	Legal tenders and minor coin.	Percentages.	
						Gold certificates.	Legal tenders.
October 1, 1885 ..	\$556,376,000	\$120,436,000	.....	\$405,900,000	\$212,643,251	52.249	47.751
October 1, 1886 ..	645,043,000	177,673,000	\$140,000	285,795,000	410,314,385	54.181+	45.809+
Increase	88,667,000	57,237,000	140,000	.....	197,671,134	1.932	.....
Decrease .....	.....	.....	.....	120,105,000	.....	.....	1.942

* When the Government ceased issuing gold certificates, December 1, 1878, the New York banks agreed to have a common depository for their gold coin, and in that way retain the use of certificates at the clearing-house. This has been found convenient and saves the expense and cost of moving large amounts in specie. The Bank of America performs this function.

† Clearing-house loan certificates were issued by the New York Clearing-House Association, in pursuance of resolution adopted May 15, 1884, to banks who were members, upon their securities or bills receivable, at the rate of 75 cents on the dollar. The total amount issued was \$24,915,000, and the balance outstanding was canceled and redeemed during the present year.

REPORT OF THE COMPTROLLER OF THE CURRENCY. LIX

Following is a comparative statement of transactions of the New York Clearing-House for thirty-three years; showing for each year the number of banks, aggregate capital, clearings and balances, average of the daily clearings and balances, and the percentage of balances and clearings :

Years.	No. of banks.	Capital.*	Clearings.	Balances paid in money.	Average daily clearings.	Average daily balances paid in money.	Ratios.
							<i>Per ct.</i>
1854	50	\$47,044,900	\$5,750,455,987	\$297,411,494	\$19,104,505	\$988,078	5.2
1855	48	48,884,180	5,362,912,098	289,694,137	17,412,052	940,565	5.4
1856	50	52,883,700	6,906,213,328	334,714,489	22,278,168	1,079,724	4.8
1857	50	64,420,200	8,333,226,718	365,313,902	26,968,371	1,182,246	4.4
1858	46	67,146,018	4,756,664,386	314,228,911	15,393,736	1,016,954	6.6
1859	47	67,921,714	5,448,005,956	363,981,683	20,867,333	1,177,944	5.6
1860	50	69,907,435	7,231,143,057	380,693,438	23,401,757	1,232,018	5.3
1861	50	68,900,605	5,915,742,758	353,383,944	19,269,520	1,151,088	6.0
1862	50	68,375,820	6,871,443,591	415,530,331	22,237,682	1,344,758	6.0
1863	50	68,972,508	14,867,597,849	677,626,483	48,428,657	2,207,252	4.6
1864	49	68,586,763	24,097,196,656	885,719,205	77,984,455	2,866,405	3.7
1865	55	80,363,013	26,032,384,342	1,035,765,108	84,796,040	3,373,828	4.0
1866	58	82,370,200	28,717,146,914	1,066,135,106	93,541,195	3,472,753	3.7
1867	58	81,770,200	28,675,159,472	1,144,963,451	92,101,167	3,717,414	4.0
1868	59	82,270,200	28,484,288,637	1,125,455,237	92,182,164	3,642,250	4.0
1869	59	82,720,200	37,407,028,987	1,120,318,308	121,451,393	3,637,397	3.0
1870	61	83,020,200	27,804,539,406	1,096,484,822	90,274,479	3,365,210	3.7
1871	62	84,420,200	29,300,986,682	1,209,721,029	95,133,074	3,927,666	4.1
1872	61	84,420,200	33,844,369,568	1,428,582,707	109,884,317	4,636,632	4.2
1873	59	83,370,200	35,461,052,826	1,474,508,025	115,885,794	4,818,654	4.1
1874	59	81,635,200	22,855,927,636	1,286,753,176	74,692,574	4,205,076	5.7
1875	59	80,435,200	25,061,237,902	1,408,608,777	81,899,470	4,603,297	5.6
1876	59	81,731,200	21,597,274,247	1,295,042,029	76,349,428	4,218,378	5.9
1877	58	71,085,200	23,280,243,701	1,373,996,302	76,358,176	4,594,906	5.9
1878	57	63,611,500	22,508,438,442	1,307,843,857	73,555,988	4,274,000	5.8
1879	50	60,800,200	25,178,770,691	1,400,111,063	82,015,540	4,500,622	5.6
1880	57	60,475,200	37,182,128,621	1,516,538,631	121,510,224	4,956,009	4.1
1881	60	61,162,700	48,565,818,212	1,776,018,162	159,232,191	5,823,010	3.5
1882	61	60,962,700	46,552,846,161	1,595,000,245	151,637,935	5,193,440	3.4
1883	63	61,162,700	40,293,165,258	1,568,983,196	132,543,307	5,161,129	3.9
1884	61	60,412,700	34,092,037,338	1,524,930,994	111,048,922	4,967,202	4.5
1885	64	58,612,700	25,250,791,440	1,295,355,252	82,789,480	4,247,069	5.1
1886	63	59,312,700	33,374,682,216	1,519,565,385	109,067,589	4,965,900	4.5
		† 69,689,606	† 778,069,921.084	† 34,188,991,879	† 76,857,475	† 3,377,602	4.4

* The capital is for various dates, the amounts at a uniform date in each year not being obtainable.

† Yearly averages for thirty-three years.

‡ Totals for thirty-three years.

The clearing-house transactions of the assistant treasurer of the United States at New York for the year ending October 1, 1886, were as follows:

Exchanges received from clearing-house	\$306,138,237 63
Exchanges delivered to clearing-house	125,494,508 37
Balances paid to clearing-house	182,084,503 84
Balances received from clearing-house	1,440,774 58

Showing that the amount paid by the assistant treasurer to the clearing-house was in excess of the amount received by him

180,643,729 26

The debit balances were paid to the clearing-house as follows:

United States gold certificates	\$80,128,000 00
Legal tenders and change	101,956,503 84
	182,084,503 84

LX REPORT OF THE COMPTROLLER OF THE CURRENCY.

COMPARATIVE STATEMENT of the EXCHANGES of the CLEARING-HOUSES of the UNITED STATES for October, 1886, and October, 1885.

Clearing-house at—	Exchanges for month of October, 1886.	Exchanges for month of October, 1885.	Comparisons.	
			Increase.	Decrease.
New York	\$3, 248, 318, 061	\$3, 189, 746, 197	\$58, 571, 864	.....
Boston	380, 669, 570	342, 121, 551	38, 548, 019	.....
Philadelphia	271, 572, 441	236, 905, 761	34, 666, 680	.....
Chicago	253, 518, 821	230, 605, 282	22, 913, 539	.....
Saint Louis	69, 822, 165	66, 532, 755	3, 289, 410	.....
Baltimore	53, 856, 829	51, 509, 734	2, 347, 095	.....
San Francisco	56, 175, 257	51, 609, 656	4, 565, 601	.....
Pittsburgh	37, 612, 868	32, 765, 984	4, 846, 884	.....
New Orleans	31, 683, 200	40, 349, 600	.....	\$8, 666, 400
Cincinnati	45, 384, 750	40, 950, 400	4, 434, 350	.....
Providence	22, 663, 600	22, 819, 000	.....	155, 400
Louisville	19, 093, 914	18, 866, 654	227, 260	.....
Milwaukee	20, 183, 280	18, 864, 906	1, 318, 374	.....
Detroit	14, 926, 506	14, 807, 294	119, 212	.....
Cleveland	12, 527, 278	9, 858, 182	2, 669, 096	.....
Indianapolis	12, 445, 599	6, 379, 008	6, 066, 591	.....
Kansas City	25, 993, 960	25, 085, 762	908, 198	.....
Hartford	7, 195, 784	8, 301, 504	.....	1, 105, 720
New Haven	5, 175, 379	4, 851, 282	324, 097	.....
Columbus	8, 462, 124	6, 505, 280	1, 956, 844	.....
Memphis	7, 666, 352	6, 496, 848	1, 169, 704	.....
Peoria	4, 220, 702	4, 454, 202	.....	233, 500
Worcester	4, 528, 762	4, 459, 517	69, 245	.....
Springfield	3, 669, 715	3, 409, 539	260, 176	.....
Lowell	2, 732, 069	2, 456, 340	275, 729	.....
Syracuse	2, 735, 744	2, 380, 143	349, 601	.....
Portland	4, 663, 258	4, 456, 284	206, 974	.....
Omaha	18, 564, 321	11, 575, 137	6, 989, 184	.....
Saint Joseph	4, 447, 511	3, 323, 586	1, 123, 925	.....
Denver	16, 679, 004	New.	16, 679, 004	.....
Galveston	7, 775, 484	New.	7, 775, 484	.....
Total	4, 674, 964, 508	4, 462, 453, 388	222, 672, 140	10, 161, 020
Increase	212, 511, 120	.....	212, 511, 120	.....

REPORT OF THE COMPTROLLER OF THE CURRENCY. LXI

COMPARATIVE STATEMENT of the EXCHANGES of the CLEARING-HOUSES of the UNITED STATES for weeks ending October 30, 1886, and October 31, 1885.

Clearing-house at—	Exchanges for week ending October 30, 1886.	Exchanges for week ending October 31, 1885.	Comparisons.	
			Increase.	Decrease.
New York	\$625,098,064	\$695,214,390	.....	\$70,116,326
Boston	77,443,134	76,974,841	\$468,293	.....
Philadelphia	55,262,510	47,353,039	7,909,471	.....
Chicago	49,463,680	48,771,242	692,438	.....
Saint Louis	13,428,029	13,662,131	.....	234,102
Baltimore	11,534,889	10,337,785	1,217,104	.....
San Francisco	14,931,044	11,512,515	3,418,529	.....
Pittsburgh	8,543,709	7,407,080	1,136,629	.....
New Orleans	7,861,710	10,760,103	.....	2,898,393
Cincinnati	9,182,250	8,062,250	1,120,000	.....
Providence	5,482,100	5,579,400	.....	97,300
Louisville	3,950,646	3,863,906	116,740	.....
Milwaukee	4,741,945	4,105,726	636,219	.....
Detroit	2,964,573	2,949,221	15,352	.....
Cleveland	2,980,490	2,142,899	837,591	.....
Indianapolis	2,728,216	1,377,473	1,350,743	.....
Kansas City	5,564,678	4,771,467	793,211	.....
Hartford	1,529,945	1,534,252	.....	4,607
New Haven	1,081,233	981,323	99,910	.....
Columbus	1,861,425	1,396,809	464,616	.....
Memphis	2,039,897	1,582,422	457,575	.....
Peoria	927,149	936,421	.....	9,272
Worcester	917,916	794,964	122,952	.....
Springfield	819,206	713,723	105,483	.....
Lowell	504,913	408,836	96,077	.....
Syracuse	549,611	473,980	75,631	.....
Portland	1,127,517	993,441	134,076	.....
Omaha	4,075,874	4,187,930	.....	112,056
Saint Joseph	799,374	633,284	166,290	.....
Denver	3,142,465	New.	3,142,465	.....
Galveston	1,625,986	2,204,000	.....	578,014
Total	922,214,178	971,686,853	24,577,395	74,050,070
Decrease		49,472,675		49,472,675

LXII REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table, compiled from returns made to the Clearing-House by the national banks in New York City, exhibits the movement of their reserve, weekly, during October, for the last ten years :

Week ending—	Specie.	Legal tenders.	Total.	Ratio of reserve to—	
				Circulation and deposits.	Deposits.
				<i>Per cent.</i>	<i>Per cent.</i>
October 6, 1877	\$14,665,600	\$36,168,300	\$50,833,900	27.0	29.5
October 13, 1877	14,726,500	35,178,900	49,905,400	26.7	29.2
October 20, 1877	14,087,400	35,101,700	49,189,100	26.5	29.0
October 27, 1877	15,209,000	34,367,800	49,576,800	26.8	29.4
October 3, 1878	14,995,800	38,304,900	53,300,700	25.7	28.4
October 12, 1878	12,184,600	37,685,100	49,869,700	24.4	27.0
October 19, 1878	13,531,400	36,576,000	50,107,400	24.7	27.3
October 26, 1878	17,384,200	35,690,500	53,074,700	25.8	28.5
October 4, 1879	18,979,600	34,368,000	53,347,600	23.3	25.8
October 11, 1879	20,901,800	32,870,300	53,772,100	23.4	25.9
October 18, 1879	24,686,500	29,305,200	53,991,700	23.5	26.1
October 25, 1879	25,636,000	26,713,900	52,349,900	23.0	25.5
October 2, 1880	59,823,700	11,129,160	70,952,800	25.4	26.4
October 9, 1880	62,521,300	10,785,000	73,306,300	25.4	27.2
October 16, 1880	62,760,600	10,939,200	73,699,800	25.5	27.1
October 23, 1880	60,888,200	10,988,200	71,876,400	24.8	26.6
October 30, 1880	61,471,600	10,925,000	72,396,600	25.0	26.7
October 1, 1881	54,954,600	12,150,400	67,105,000	23.1	24.8
October 8, 1881	53,287,900	12,133,800	65,441,700	23.1	24.9
October 15, 1881	51,008,300	12,452,700	63,461,000	23.2	25.0
October 22, 1881	54,016,200	12,496,500	66,512,700	24.6	26.6
October 29, 1881	55,961,200	12,947,900	68,909,100	25.0	27.4
October 7, 1882	47,016,000	18,384,500	65,400,500	24.0	26.3
October 14, 1882	48,281,000	18,002,700	66,283,700	24.7	26.6
October 21, 1882	49,518,200	17,023,900	66,542,100	25.0	26.8
October 28, 1882	48,374,200	17,204,700	65,578,900	24.8	26.5
October 6, 1883	51,586,700	20,122,500	71,709,200	25.5	27.0
October 13, 1883	50,894,000	21,145,800	72,039,800	25.4	26.8
October 20, 1883	47,262,900	20,719,700	67,982,600	24.5	25.9
October 27, 1883	46,372,800	20,617,600	66,990,400	24.5	25.9
October 4, 1884	67,470,600	25,817,300	93,287,900	34.5	36.3
October 11, 1884	68,022,500	27,654,100	95,676,600	35.2	36.9
October 18, 1884	67,579,400	27,875,500	95,454,900	34.8	36.5
October 25, 1884	67,638,000	27,354,200	94,992,200	34.6	36.3
October 3, 1885	92,351,000	24,516,600	116,868,200	36.0	37.1
October 10, 1885	93,642,500	23,002,000	116,644,500	35.8	37.0
October 17, 1885	91,945,300	22,221,100	114,166,400	34.9	36.0
October 24, 1885	87,709,100	21,059,800	108,768,900	33.5	34.5
October 30, 1885	84,954,600	21,874,900	106,829,500	33.0	34.1
October 2, 1886	64,111,700	14,607,700	78,719,400	27.1	27.9
October 9, 1886	65,723,800	13,209,100	78,932,900	27.0	27.7
October 16, 1886	65,228,600	13,133,100	78,361,700	26.7	27.4
October 23, 1886	65,668,400	12,803,800	78,472,200	26.9	27.7
October 30, 1886	66,195,100	13,177,200	79,372,300	27.1	27.9

REPORT OF THE COMPTROLLER OF THE CURRENCY. LXIII

The following table exhibits the transactions of the clearing-houses located in 31 cities for the year ending October 1, 1886, from official returns received from the manager of the New York Clearing-House, and a comparison is made with the year ending October 1, 1885, by indicating the increase or decrease in the exchanges and balances:

Clearing-house at—	No. of banks.	Exchanges for year ending October 1, 1886.	Balances for year ending October 1, 1886.	Comparison with year ending October 1, 1885.		
				Increase.		Decrease.
				Exchanges.	Balances.	
New York	63	\$33,374,682,216	\$1,519,565,385	\$8,123,890,776	\$224,210,133	.....
Boston	52	4,008,565,266	493,098,000	642,862,536	50,125,668	.....
Philadelphia	37	2,785,875,450	258,606,420	541,681,044	43,142,311	.....
Chicago	20	2,560,369,272	291,226,078	312,139,083	33,637,708	.....
Saint Louis	18	800,370,610	148,847,966	54,791,287	26,790,729	.....
Baltimore	23	600,584,993	81,533,604	9,725,647	4,909,727	.....
San Francisco	16	599,341,061	106,984,444	36,700,878	10,833,657	.....
Pittsburgh	19	386,298,704	74,115,612	27,780,854	.....	*\$345,379
New Orleans	12	434,000,000	47,000,000	46,514,100	287,800	.....
Cincinnati	20	492,440,500	85,061,000	53,404,500	85,061,000	.....
Providence	35	233,850,700	No record.	28,275,700	.....	.....
Louisville	21	230,193,557	54,641,077	21,419,437	4,846,868	.....
Milwaukee	10	193,777,209	34,406,722	14,399,256	2,439,259	.....
Detroit	15	147,986,702	25,298,366	13,336,696	1,448,867	.....
Cleveland	10	120,096,237	No record.	18,790,955	.....	.....
Indianapolis	7	69,358,799	9,897,507	4,123,460	.....	*1,038,627
Kansas City	10	265,009,168	58,055,832	55,673,253	24,745,877	.....
Hartford	15	86,077,360	26,605,949	9,482,043	3,120,889	.....
New Haven	10	56,850,362	13,742,630	2,046,725	1,199,944	.....
Columbus	15	42,841,413	12,908,434	9,208,896	2,003,176	.....
Memphis	6	75,351,489	19,398,750	8,152,229	3,390,418	.....
Peoria	9	38,331,388	10,108,500	.....	.....	{ *1,261,717 12,222,945
Worcester	8	43,557,619	12,819,088	6,520,627	1,460,424	.....
Springfield	10	41,342,731	12,674,360	4,588,045	2,278,130	.....
Lowell	7	26,760,172	9,021,179	4,356,558	442,250	.....
Syracuse	8	26,777,352	6,148,054	2,405,330	472,794	.....
Portland	6	46,667,860	8,836,073	1,880,818	279,652	.....
Omaha	6	162,295,900	No record.	162,295,900	.....	.....
Saint Joseph	5	43,775,013	11,919,402	9,990,310	2,408,017	.....
Denver	7	144,272,063	12,252,792	144,272,063	12,252,792	.....
Galveston	7	73,102,796	19,717,710	73,102,796	19,717,710	.....
Total	507	48,211,643,771	3,464,490,934	10,443,755,797	561,506,820	{ 2,645,728 2,222,945

* Balances.

† Exchanges.

From the above table it will be seen that the exchanges in New York City amounted to 69.2 per cent. of the whole sum, and the balances in that city were nearly 43.8 per cent. of the total balances.

LXIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table affords an interesting comparison of the exchanges in the clearing-houses of the world:

COMPARATIVE STATEMENT of settlements of CLEARING-HOUSES of the WORLD. [Foreign money reduced to dollars.]

State or country.	Location.	Date.	Amount.
New York	New York City (63 banks)	Oct. 1, 1886	\$33,374,682,216
Massachusetts	Boston (52 banks)	Oct. 1, 1886	4,088,565,206
Pennsylvania	Philadelphia (37 banks)	Oct. 1, 1886	2,785,875,450
Illinois	Chicago (20 banks)	Oct. 1, 1886	2,560,369,272
	Other cities (27) of the United States (335 banks)	Oct. 1, 1886	5,482,151,567
	Total United States (507 banks)		48,211,643,771
England a	London.....	Jan. 1, 1886	26,816,871,466
	London (country clearings)	Jan. 1, 1886	2,072,916,000
	Manchester	Jan. 1, 1886	54,955,979
	Newcastle-on-Tyne	Jan. 1, 1886	155,847,382
	Total England.....		29,589,606,847
France b	Paris.....	Jan. 1, 1886	768,747,832
Austria c	Vienna.....	Jan. 1, 1886	1,771,158,171
Germany d	Hamburg	Jan. 1, 1886	1,249,070,196
	Berlin	Jan. 1, 1886	728,374,962
	Frankfort	Jan. 1, 1886	481,658,688
	Cologne	Jan. 1, 1886	133,711,018
	Bremen	Jan. 1, 1886	165,311,706
	Leipsic	Jan. 1, 1886	83,122,666
	Stuttgart	Jan. 1, 1886	72,212,128
	Breslau	Jan. 1, 1886	53,730,719
	Dresden	Jan. 1, 1886	20,765,904
	Total Germany.....		2,987,957,981
Italy e	Milan	Jan. 1, 1886	79,395,481
	Six other Italian clearing-houses.....	Jan. 1, 1886	35,461,306
	Total Italy.....		114,856,787
Australia a	Melbourne	Jan. 1, 1886	813,657,891

a £ at \$4.86, 6. b Franc at 19.3 cents. c Florin at 39.3 cents. d Mark at 23.8 cents. e Lira at 19.3 cents.

TAXES UPON NATIONAL BANKS.

National banks are subject to a semi-annual duty of one-half of 1 per cent. upon the average amount of their notes in circulation during the preceding six months. They are also required, by the act of June 20, 1874, to pay the cost of the redemption of their notes at the office of the Treasurer of the United States at Washington, and the cost of the plates from which their notes are printed. Banks extending their corporate existence have to pay for new plates. Previously to the act of June 20, 1874, the expense of the plates had been paid out of the tax on the banks, which at that time attached to capital and deposits as well as to circulation.

The banks are further required to pay the fees of the examiners employed to ascertain their condition, under section 5240, Revised Statutes of the United States.

The taxes and assessments collected during the past year were as follows:

Semi-annual duty on circulation.....	\$2,592,021 33
Cost of redemption of notes by United States Treasurer.....	168,243 35
Assessments for cost of plates, new banks.....	14,810 00
Assessments for cost of plates, extended banks.....	24,825 00
Assessments for examiners' fees, sec. 5240, R. S.....	107,272 83
Total.....	2,907,172 51

REPORT OF THE COMPTROLLER OF THE CURRENCY. LXV

It has not been customary heretofore to include assessments with taxes, but it seems proper to do so.

The following tables are brought forward from previous reports. For the sake of uniformity the only addition made is the semi-annual duty on circulation during the past year:

Years.	On circulation.	On deposits.	On capital.	Total.
1864.....	\$53,193 32	\$95,911 87	\$18,432 07	\$167,537 26
1865.....	733,247 59	1,087,530 86	133,251 15	1,954,029 60
1866.....	2,106,785 30	2,633,102 77	406,947 74	5,146,835 81
1867.....	2,868,636 78	2,650,180 09	321,881 36	5,840,698 23
1868.....	2,946,343 07	2,564,143 44	306,781 67	5,817,268 18
1869.....	2,937,416 73	2,614,553 58	312,918 68	5,864,888 99
1870.....	2,949,744 13	2,614,767 61	375,962 26	5,940,474 00
1871.....	2,987,021 69	2,802,840 55	385,292 13	6,175,154 37
1872.....	3,193,570 03	3,120,984 37	389,356 27	6,703,910 67
1873.....	3,353,186 13	3,196,569 29	454,891 51	7,004,646 93
1874.....	3,404,483 11	3,200,867 72	469,048 02	7,083,498 85
1875.....	3,285,450 89	3,514,265 39	507,417 76	7,305,134 04
1876.....	3,091,795 76	3,505,129 64	632,296 16	7,229,221 56
1877.....	2,900,957 53	3,451,965 38	660,784 90	7,013,707 81
1878.....	2,948,047 08	3,273,111 74	560,296 83	6,781,455 65
1879.....	3,009,647 16	3,309,668 90	401,920 61	6,721,236 67
1880.....	3,153,635 63	4,058,710 61	379,424 19	7,591,770 43
1881.....	3,121,374 33	4,940,945 12	431,233 10	8,493,552 55
1882.....	3,190,981 98	5,521,927 47	437,774 90	9,150,684 35
1883.....	3,132,006 73	*2,773,790 46	*269,976 43	6,175,773 62
1884.....	3,024,668 24	.....	.....	3,024,668 24
1885.....	2,794,584 01	.....	.....	2,794,584 01
1886.....	2,592,021 33	.....	.....	2,592,021 33
Aggregate.....	63,796,798 55	60,940,067 16	7,855,887 74	132,592,753 45

* Six months to June 1, 1883.

The following table exhibits the taxes upon the circulation, deposits, and capital of banks, other than national, collected by the Commissioner of Internal Revenue, from 1864 to November 1, 1882, the date upon which the taxation of capital and deposits ceased:

Years.	On circulation.	On deposits.	On capital.	Total.
1864.....	\$2,056,096 30	\$780,723 52	.....	\$2,837,719 82
1865.....	1,993,661 84	2,043,841 08	\$903,367 98	4,940,870 90
1866.....	990,278 11	2,009,635 83	374,074 11	3,463,988 05
1867.....	214,208 75	1,355,305 58	476,867 73	2,046,562 46
1868.....	28,669 88	1,438,512 77	390,562 00	1,866,745 55
1869.....	16,565 05	1,734,417 63	445,071 49	2,196,054 17
1870.....	15,419 94	2,177,576 46	827,087 21	3,020,063 61
1871.....	22,781 92	2,702,196 84	910,262 77	3,644,241 53
1872.....	8,919 82	3,643,251 71	976,057 01	4,628,229 14
1873.....	24,778 62	3,009,302 79	736,950 05	3,771,031 46
1874.....	16,738 26	2,453,544 26	916,878 15	3,387,160 67
1875.....	22,746 27	2,972,260 27	1,102,241 58	4,097,248 12
1876.....	17,947 67	2,999,530 75	989,290 61	4,006,698 03
1877.....	5,430 16	2,806,637 93	927,661 24	3,829,729 33
1878.....	1,118 72	2,593,687 29	897,225 84	3,492,011 85
1879.....	13,903 29	2,354,911 74	830,068 56	3,198,883 59
1880.....	28,773 37	2,510,775 43	811,436 48	3,350,985 28
1881.....	4,295 08	2,946,906 64	811,066 35	3,762,268 07
1882.....	4,285 77	4,096,102 45	1,153,070 25	5,253,458 47
1882*.....	.....	1,993,026 02	489,033 53	2,482,059 55
Aggregate.....	5,487,608 82	48,802,287 39	14,986,143 44	69,275,989 65

* Six months to November 30, 1882.

H. Ex. 3—v

LXVI REPORT OF THE COMPTROLLER OF THE CURRENCY.

STATE TAXATION OF NATIONAL BANKS.

There has been for some years more or less friction arising out of the mode of assessing and collecting taxes on national-bank shares in some of the States.

The subject has been frequently and fully treated by my predecessors, and therefore in renewing it I need say only that as Congress obviously intended to protect the national banks from discriminative taxation, it would seem proper that force be given to this purpose by its more definite expression in the law.

In consequence of different constructions placed by taxing officers upon the existing statute, litigation of a costly and more or less irritating character has arisen in States which together contain nearly one-half of all the national-bank capital in the Union.

CONCLUSION.

In selecting the information presented in this report, I have endeavored to exhibit the practical working of the present national currency and bank laws, and I have also had in view the importance of supplying material for a full understanding of the relations between the national banks and the general business of the country, in order to explain the widely prevalent desire among business men for some legislation directed to the establishment of these banks upon a more permanent basis.

The national banking system had its origin during the war, and it will always stand splendid in history as an example of financial skill successful under very difficult circumstances.

The problem in 1863 was how to bring the banking capital of the country to the support of the Treasury, and it cannot be doubted that the banks then had it in their power to exact from the Government concessions far more valuable than those granted them. Even these moderate concessions have long since lost all the elements of monopoly, and the act of June 20, 1874, actually took away \$55,000,000 of circulation, partly from banks organized during the war, in order to give the privilege of issuing that sum to banks in States that were cut off by the war from access to the national banking system; a measure entitled to honorable consideration, because at that time those States were without sufficient political influence to exact a share in this valuable privilege, and the then existing banks were strong enough to have made a successful resistance if they had been selfishly inclined.

The last vestige of monopoly was swept away by the act of January 14, 1875, which created a free banking system throughout the United States, and, supplemented by the act of July 12, 1882, brought its benefits within reach of even small communities.

Under the sanction of these laws the national banks have become numerous, widely distributed, and intimately identified with the varied industries by which our entire population literally obtain their daily bread, but during the same time the rapid reduction of the funded debt of the Government has been introducing into the very basis of the system an element of instability which now hampers its extension, impairs its usefulness, and even threatens its continued existence, while there are still great areas of our country in which the natural resources are awaiting development by just such means as these banks might be made to supply.

The present financial prospects of the country induce the expectation that the funded debt will be paid off as fast as the bonds mature, and, in consequence, a question has arisen as to what changes should be

REPORT OF THE COMPTROLLER OF THE CURRENCY. LXVII

made in the national-bank system in order that it shall not suffer deterioration or destruction upon the withdrawal of the support upon which it is based by the present laws, which require every bank before beginning business to deposit a certain amount in United States bonds.

The payment of the 3-per cent. bonds, the maturity in 1891 of the 4½-per cent. bonds, amounting to \$250,000,000, and in 1907 of the 4-per cent. bonds, amounting to nearly \$738,000,000, have combined to produce a prospective scarcity in the securities available to the banks as a basis for their corporate existence, and this is reflected in the advance of these bonds to a premium so high that every day their enforced purchase becomes more and more onerous.

Banks now holding only 3-per cent. bonds, and newly organized national banking associations, are forced into the market as purchasers of the 4 per cent. or the 4½ per cent. bonds, and this constant demand, in connection with the prospective scarcity already referred to, sustains and tends still further to elevate the premium on these bonds.

As the time approaches for the payment of the 4½-per cent. bonds, it is reasonable to expect a still greater demand for the 4 percents, and it is a question of serious importance whether the banks can afford to hold or to buy 4 per cent. bonds after 1891.

In the present age all business men try to anticipate future conditions and to provide well in advance against foreseen contingencies; hence it is to be expected that the banks will not wait until the approach of 1891 to shape their policy with reference to the continued holding of high-priced bonds. For this reason it is not too early now to consider what legislation may be proper to remove this element of future uncertainty from the national banking system, and looking to the possible consideration of this subject by Congress, I respectfully submit the following statement of the question as it appears from the point of view officially occupied by the Comptroller of the Currency:

The fundamental postulates underlying every banking system established by law, whatever may be its form, must necessarily be:

First. That banks promote the general welfare of the community; and

Secondly. That the particular system established by law is the best obtainable under the conditions prevailing at the time and place.

These postulates, therefore, underlie our national banking laws.

The first postulate will not be questioned, since no people in modern times have ever risen to civilization, or maintained their civilization, without banks; and least of all can it be questioned in this country where, besides 2,868 national banks now in operation, we have over 5,000 State banks, savings banks, and private banks and bankers, whose operations extend into the minutest ramifications of the employments and resources of our 60,000,000 of population.

The second postulate involves the question, whether the present national-bank system should be preserved, and, if so, whether it is good enough as it is or whether it can be improved.

The National Currency Act of February 12, 1863, was controlled as to its purposes by the paramount necessity of inducing the banks and other capitalists to become purchasers of Government bonds under conditions that would give a basis of solid value to the currency then being paid out in immense volume under the pressure of military exigencies; hence the consolidation of these banks into a national banking system adapted to commercial and industrial needs appears only as a subordinate incident in the general scheme. As early, however, as the year 1864, it was perceived that the general welfare of the people would

LXVIII REPORT OF THE COMPTROLLER OF THE CURRENCY.

be promoted by giving greater cohesiveness and method to the system regarded more especially in its banking than in its currency features, and from that time to this the effort of legislation has been to subordinate the issuing of currency to the more important functions performed by the banks as institutions of discount and deposit. The effect of this legislation and its wisdom are exemplified in the present high credit and the consequent wide commercial usefulness of national banks.

If the system could be preserved purely as one of deposit and discount, there would probably arise an almost universal sentiment in favor of bestowing upon its preservation immediate and careful attention, but it is doubtful whether the banks would find sufficient inducement to remain in the system without enjoying some privileges as to the issue of currency, and it has been questioned whether there is power under the Constitution for the charter of national banks, except as instrumentalities for a money circulation.

It follows, therefore, that any legislation directed to the improvement and permanent establishment of the national banking system must include some provision for the maintenance of a national-bank circulation, while on the other hand it appears that whatever opposition exists to the national banks attaches to them mainly as banks of issue, and under our system of government nothing can be regarded as permanently established until it has obtained the support of a well-settled public opinion. Hence it is evident that the problem now to be solved is how to remodel the currency features of the national-bank system so as to obtain popular approval of them.

Objections to the present national-bank currency appear to be comprised within three classes, namely:

1. A general objection to paper money in any form.
2. An objection to national-bank notes based upon the assumption that they take the place of an equal amount of paper money that might be issued directly upon the credit of the Government.
3. The objection that a currency determined in volume by a definite percentage upon deposited securities of high value can never possess the flexibility and elasticity of volume which are the chief commercial advantages of a bank currency in any form.

Against these objections it has been answered—

1. That the question as to having paper money at all is not at present a practical one, because it is evident that our people will have paper money in one form or another, and that of all forms of paper money of which we have had any experience, the present national-bank currency is the least objectionable, even to those who think that all such money should be avoided.

2. That while a bank currency based on Government bonds and redeemable in greenbacks may be considered as a kind of Government money, on which the banks are getting the profit, yet without this privilege, or some other equivalent to it, the national-bank system could never have been established, nor can it now be maintained, and that this is the cheapest price at which the people or the Government could have got any banking system so good in all respects and so valuable as this has proved to be.

Another argument is that the Government must pay interest upon its bonds whether these are held by the banks or not, hence the profit to the banks on these bonds has been obtained without charge on the Treasury; while, on the other hand, if the banks had not been offered sufficient inducement to invest in these bonds, many more of them

REPORT OF THE COMPTROLLER OF THE CURRENCY. LXIX

would have gone abroad at low prices, and the country as a whole would now be so much the worse off.

3. That the want of flexibility in the currency and of elasticity of volume are consequences arising from the scarcity of bonds and the high prices to which they have risen, and that this could not have been foreseen nor provided against in the original acts, but may now be remedied by proper legislation.

These objections and the answers to them are stated without comment. They are gathered from current discussion in the press, and seem worthy of consideration.

Some suggestions have been made to me as to new legislation on this subject, which, together with such conclusions as I have been able to reach, are subject to whatever disposition Congress may be pleased to order.

W. L. TRENHOLM,
Comptroller of the Currency.

Hon. JOHN G. CARLISLE,
Speaker of the House of Representatives.

REPORT

OF

THE COMPTROLLER OF THE CURRENCY.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, December 1, 1887.

SIR: In obedience to law, I have the honor to submit a report for the year ending October 31, 1887, exhibiting—

First. A summary of the state and condition of every association from which reports have been received the preceding year, at the several dates to which such reports refer, with an abstract of the whole amount of banking capital returned by them, of the whole amount of their debts and liabilities, the amount of circulating notes outstanding, and the total amount of means and resources, specifying the amount of lawful money held by them at the times of their several returns.

Second. A statement of the associations whose business has been closed during the year, with the amount of their circulation redeemed and the amount outstanding.

Third. Suggestions as to amendments to the laws relative to banking by which it is thought the system may be improved.

Fourth. A statement exhibiting under appropriate heads the resources and liabilities and condition of the banks, banking companies, and savings banks organized under the laws of the several States and Territories, such information being obtained by the Comptroller from the reports made by such banks, banking companies, and savings banks, to the legislatures or officers of the different States and Territories, and where such reports could not be obtained, the deficiency has been supplied from such other authentic sources as were available.

Fifth. The names and compensation of the clerks employed in the office of the Comptroller of the Currency, and the whole amount of the expenses of the banking department during the year.

This is the twenty-fifth annual report of the Comptroller of the Currency.

2 REPORT OF THE COMPTROLLER OF THE CURRENCY.

FIRST.

SUMMARY OF THE STATE AND CONDITION OF EVERY NATIONAL BANK REPORTING DURING THE YEAR ENDING OCTOBER 31, 1887.

	December 25.	March 4.	May 13.	August 1.	October 5.
	2,875 banks.	2,909 banks.	2,955 banks.	3,014 banks.	3,049 banks.
RESOURCES.					
Loans and discounts	\$1,464,360,246.61	\$1,509,261,355.97	\$1,553,768,029.65	\$1,553,751,437.12	\$1,580,045,647.14
Overdrafts	5,997,434.52	6,273,318.70	6,523,781.08	6,620,303.93	7,503,486.62
U. S. bonds to secure circulation	228,184,350.00	211,537,150.00	200,452,300.00	189,032,050.00	189,083,100.00
U. S. bonds to secure deposits	21,040,900.00	22,976,900.00	24,690,500.00	26,402,000.00	27,757,000.00
U. S. bonds on hand	10,576,200.00	9,721,450.00	8,157,250.00	7,808,000.00	6,914,300.00
Other stocks, bonds, and mortgages	81,431,000.66	87,441,034.86	88,031,124.15	88,374,837.99	88,831,039.96
Due from approved reserve agents	142,117,979.28	163,161,181.37	148,067,874.43	140,270,155.75	140,873,587.98
Due from other national banks	88,271,697.96	86,460,829.09	105,576,841.96	99,487,767.80	93,362,413.94
Due from State banks and bankers	21,465,427.08	21,725,905.99	22,746,190.43	20,932,187.86	22,163,677.18
Real estate, furniture, and fixtures	54,763,530.37	55,128,600.78	55,729,098.76	56,954,622.58	57,968,159.71
Current expenses and taxes paid	10,283,037.79	8,061,292.40	7,781,151.97	5,158,910.86	8,253,890.72
Premiums paid	15,160,621.67	15,537,721.22	16,806,461.83	17,353,130.17	17,288,771.35
Checks and other cash items	13,218,973.44	13,308,520.04	13,065,663.79	13,914,070.02	14,691,373.38
Exchanges for clearing-house	70,525,126.92	89,239,194.59	86,829,363.73	128,211,628.48	88,775,457.99
Bills of other banks	26,132,330.00	22,235,206.09	25,183,137.00	22,962,737.00	21,937,881.00
Fractional currency	447,833.09	577,878.03	556,186.75	564,266.72	540,594.50
Trade dollars	1,827,364.20	1,803,661.40	184,230.08	63,671.97	509.25
*Specie, viz:					
Gold coin	72,855,405.48	73,503,961.60	73,864,674.63	74,093,439.47	73,782,489.62
Gold Treasury certificates	55,259,260.00	59,245,100.00	56,387,010.00	54,274,940.00	53,961,690.00
Gold clearing-house cert's	24,928,000.00	24,500,000.00	21,489,000.00	24,044,600.00	23,981,000.00
Silver coin, dollars	7,463,152.00	7,517,343.00	7,139,180.00	6,343,213.00	6,683,368.00
Silver coin, fractional	2,789,513.53	3,154,893.55	3,314,612.99	2,813,138.81	2,715,526.76
Silver Treasury certificates	3,690,225.00	3,667,608.00	5,121,188.00	3,535,479.00	3,961,380.00
Legal-tender notes	67,739,828.00	66,228,158.00	79,593,988.00	74,477,312.00	73,751,255.00
U. S. certificates of deposit for legal-tender notes	6,195,000.00	7,645,000.00	8,025,000.00	7,810,000.00	6,190,000.00
Five per cent. redemption fund with Treasurer	10,056,128.39	9,289,755.33	8,810,585.35	8,341,988.77	8,310,442.35
Due from Treasurer other than redemption fund	975,376.96	1,856,195.13	1,113,554.81	660,818.42	985,410.14
Aggregate	2,507,753,912.95	2,581,143,115.65	2,629,314,022.42	2,637,276,167.72	2,620,193,475.59
* Total specie	166,983,556.01	171,678,906.15	167,315,665.62	165,104,210.28	165,085,454.38
LIABILITIES.					
Capital stock paid in	\$550,698,675.00	\$555,351,765.00	\$565,629,068.45	\$571,648,811.00	\$578,462,765.00
Surplus fund	159,573,479.21	164,337,132.72	167,411,521.03	172,348,398.99	173,913,440.97
Other undivided profits	79,298,286.13	67,248,949.16	70,153,368.11	62,294,634.02	71,451,167.02
National-bank circulation outstanding	202,078,287.00	186,231,498.00	176,771,539.00	166,625,658.00	167,283,343.00
State-bank notes outstanding	115,352.00	108,100.00	98,716.00	98,697.00	98,699.00
Dividends unpaid	1,590,345.06	1,441,628.17	1,977,314.40	2,239,929.40	2,493,127.83
Individual deposits	1,109,716,413.13	1,224,925,698.26	1,266,570,537.67	1,285,076,978.58	1,249,477,126.95
U. S. deposits	13,703,700.73	15,233,909.94	17,556,485.93	19,186,712.77	20,392,284.03
Deposits of U. S. disbursing officers	4,276,257.85	4,277,187.61	3,779,735.14	4,074,903.62	4,821,666.14
Due to other national banks	223,842,279.46	249,337,482.40	244,575,545.12	235,966,622.46	227,491,984.15
Due to State banks and bankers	91,254,533.23	103,012,552.48	102,089,438.63	103,603,598.14	102,094,625.68
Notes and bills rediscounted	9,159,345.79	7,556,837.10	10,132,799.64	11,125,236.08	17,312,806.39
Bills payable	2,444,958.36	2,082,374.21	2,567,953.30	2,985,987.60	4,838,439.43
Aggregate	2,507,753,912.95	2,581,143,115.05	2,629,314,022.42	2,637,276,167.72	2,620,193,475.59

REPORT OF THE COMPTROLLER OF THE CURRENCY.

3

SECOND.

STATEMENT OF NATIONAL BANKS CLOSED DURING THE YEAR.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Re-deemed	Outstanding.
National Bank of Kingwood, W. Va.	Nov. 14, 1865	Oct. 21, 1886	\$125,000	\$96,140	\$29,230	\$75,910
Commercial National Bank, Marshalltown, Iowa	June 9, 1883	Oct. 23, 1886	100,000	22,500	4,200	18,300
First National Bank, Indianapolis, Ind.	Sept. 1, 1881	Nov. 11, 1886	500,000	162,325	30,295	132,030
First National Bank, Pine Bluff, Ark.	Sept. 18, 1882	Nov. 15, 1886	50,000	26,280	7,365	18,975
First National Bank, Concord, Mich.	Sept. 15, 1884	Nov. 27, 1886	50,000	11,250	2,700	8,550
Jamestown National Bank, Jamestown, Dak.	Apr. 10, 1885	Nov. 29, 1886	50,000	11,250	1,500	9,750
First National Bank, Berea, Ohio	June 27, 1872	Dec. 1, 1886	50,000	45,000	9,909	35,091
First National Bank, Allerton, Iowa	Sept. 29, 1874	Dec. 6, 1886	50,000	11,250	3,389	7,870
Second National Bank, Hillsdale, Mich.	July 20, 1865	Dec. 18, 1886	50,000	13,892	3,228	10,664
Topton National Bank, Topton, Pa.	June 26, 1885	Dec. 23, 1886	50,000	18,000	2,960	15,040
First National Bank, Warsaw, Ill.	Aug. 16, 1864	Dec. 31, 1886	50,000	33,250	3,470	34,780
First National Bank, Hamburg, Iowa	June 28, 1877	Dec. 31, 1886	50,000	13,500	3,425	10,075
Darlington National Bank, Darlington, S. C.	Mar. 29, 1881	Feb. 10, 1887	100,000	22,500	5,940	16,560
Union National Bank, Cincinnati, Ohio	Aug. 6, 1881	Feb. 14, 1887	500,000	237,230	49,052	188,178
Roberts National Bank, Titusville, Pa.	Dec. 12, 1882	Feb. 23, 1887	100,000	75,610	12,300	63,310
National Bank of Rahway, N. J.	Mar. 16, 1865	Mar. 9, 1887	100,000	42,590	6,184	36,316
Olney National Bank, Olney, Ill.	Feb. 14, 1882	Mar. 11, 1887	60,000	27,000	4,630	22,370
Metropolitan National Bank, Leavenworth, Kans.	May 26, 1884	Mar. 15, 1887	100,000	22,500	2,590	19,910
Ontario County National Bank, Canandaigua, N. Y.	Aug. 11, 1882	Mar. 23, 1887	50,000	11,250	1,100	10,150
Winsted National Bank, Winsted, Conn.	Mar. 15, 1879	Apr. 12, 1887	50,000	11,250	2,120	9,130
Council Bluffs National Bank, Council Bluffs, Iowa	Dec. 30, 1885	May 5, 1887	100,000	22,500	1,130	21,370
Palatka National Bank, Palatka, Fla.	Nov. 20, 1884	May 30, 1887	50,000	19,210	1,695	17,615
Fidelity National Bank, Cincinnati, Ohio	Feb. 27, 1886	June 20, 1887	1,000,000	90,000	2,235	87,765
First National Bank, Homer, Ill.	June 2, 1883	June 22, 1887	50,000	11,250	5,130	6,120
First National Bank, Beloit, Wis.	Aug. 4, 1874	June 30, 1887	50,000	11,250	1,350	9,900
Mystic National Bank, Mystic, Conn.	June 14, 1865	July 7, 1887	52,450	47,205	3,166	44,039
Exchange National Bank, Louisiana, Mo.	Jan. 7, 1884	July 12, 1887	50,000	11,250	1,130	10,120
Henrietta National Bank, Henrietta, Tex.	Aug. 8, 1883	July 23, 1887	50,000	11,250	.....	11,250
Exchange National Bank, Downs, Kans.	Sept. 30, 1886	Aug. 1, 1887	50,000	11,250	550	10,700
National Bank of Sumter, S. C.	Nov. 20, 1883	Aug. 22, 1887	50,000	11,250	.....	11,250
First National Bank, Dansville, N. Y.	Sept. 4, 1863	Aug. 25, 1887	50,000	11,250	.....	11,250
First National Bank, Corry, Pa.	Dec. 6, 1884	Sept. 16, 1887	100,000	44,450	.....	44,450
Stafford National Bank, Stafford Springs, Conn.	Jan. 7, 1865	Oct. 12, 1887	200,000	94,048	.....	94,048
Total			4,087,450	1,315,640	192,804	1,122,836

Of the above banks, twenty-five went into voluntary liquidation and eight failed.

4 REPORT OF THE COMPTROLLER OF THE CURRENCY.

THIRD.

SUGGESTIONS AS TO AMENDMENTS TO THE LAWS RELATING TO BANKING BY WHICH THE SYSTEM MAY BE IMPROVED AND THE SECURITY OF THE HOLDERS OF ITS NOTES AND OTHER CREDITORS MAY BE INCREASED.

The views expressed in the Report of 1886 as to the sufficiency of the security now provided for the circulating notes of national banks are respectfully reaffirmed, and the suggestions then made for improving the general features of the national banking system are renewed. These suggestions, with others drawn from enlarged experience, have been embodied in a bill for a national bank code, incorporated herewith, and respectfully commended to the early attention of Congress. Every material change proposed to be made by the adoption of this code, and the reasons for it, will appear in the statement appended to it. In order that due preparation may be made for the early consideration of this important measure, the explanatory statement, the bill, and a codification of all existing laws, arranged in sections parallel with those of the bill, have been sent in advance to the Senators, Representatives, and Delegates in Congress, in order that each may satisfy himself of the fidelity and accuracy of the codification of the laws now in force, and by means of this medium of comparison may conveniently compare with those laws the provisions of the proposed code.

Upon scrutiny it will be found that the proposed code conforms to the existing law, with some variation in phraseology and some unimportant modification of import, except in the following instances:

Sections 4, 5, and 6 increase the salary of the Deputy Comptroller of the Currency, enlarge his duties, and state in a more comprehensive manner the prohibition against the Comptroller or Deputy Comptroller having any interests inconsistent with their official positions.

Section 33 provides against such a constitution of the board of directors as makes the officers of the bank a majority of the board.

Section 42 incorporates into the oath which directors are required to take an obligation to inform themselves at all times as to the business and condition of the association. This addition to the law is, in my judgment, necessary, because in a recent case submitted to the courts it has been decided that directors who do not keep themselves informed as to the business of their association can not be held responsible for the mismanagement of its affairs.

Sections 44 and 45 are new matter. They provide a formal method by which directors may resign their positions and be discharged from further accountability.

Section 51 forbids the organization of national banks with branches. When the system was first established there were some State banks with branches, and as it was desired that these should be induced to become national banks, provision was made for their retaining their branches after conversion. This reason no longer exists, and it would appear to be in the line of public policy to take precaution in advance against any future development of the national banking system in the direction of combination and agglomeration similar to the development among railroad and other corporations controlling interests upon which the business and convenience of whole communities depend. In section 127 of the proposed code provision is made for national banks having more than one office under certain conditions.

Section 59 supplements existing law as to the extension of the corporate existence of national banks, by providing adequate relief to shareholders who do not assent to the extension of the bank, and who do not concur with the directors as to the appraisement of its stock.

Section 62 states in more precise language, and with some modification, the existing restrictions upon national banks as to holding real estate.

Sections 67 to 71, inclusive, provide a method by which the stockholders of national banks may substitute for their contingent liability a surplus fund to be held by the bank. In this connection I respectfully refer to the recommendations presented to Congress in the Comptroller's Report for 1886, and to what is said on the subject in the appropriate place in the Report of this year.

Section 75 makes an important change in the amount of bonds required to be deposited by the banks.

The acts of 1863 and 1864 required a deposit of bonds not less in amount than one-third of the capital; the act of 1874 made \$50,000 the minimum for banks of which the capital exceeded \$150,000; the act of 1882 fixed the amount at one-fourth the capital in cases where the capital does not exceed \$150,000, and at \$50,000 for all banks of which the capital exceeds \$150,000.

The proposed code divides the banks into two classes, those with a capital of \$250,000 and less, and those of which the capital exceeds \$250,000, and reduces the amount to be deposited by the smaller banks from one-fourth to one-tenth of their capital, and that to be deposited by the larger banks from \$50,000 to \$25,000.

The reason for the change is, that the bond requirement is a serious impediment to the absorption into the national-bank system of the State banks, which are still numerous in those sections which were more or less excluded from early participation in the privileges of the acts of 1863 and 1864; and it is also an impediment to the formation of new banks of large capital. While the change may induce some banks to withdraw a portion of their bonds, it may reasonably be expected that the deposit of bonds made by new banks and by banks increasing their capital will offset such withdrawals to some extent.

The danger of a spasmodic contraction of the national-bank circulation is obviated by the retention of the clause in section 9 of the act of July 12, 1882, which provides that not more than \$3,000,000 of lawful money shall be deposited in any one calendar month for the purpose of withdrawing such circulation; but there seems no reason to retain the other clause of that section, which prohibits banks that have reduced circulation from again increasing it until after an interval of six months. Among all the objections that have been made to the national-bank currency, none seems so well founded, and at the same time so serious, as the charge that it is inelastic in volume, and therefore devoid of one of the prime requisites of a bank currency. The clause referred to manifestly tends to aggravate this defect, and it should, therefore, be discarded from the law.

Sections 89 to 94, inclusive, provide for the custody and periodical examination of the plates and dies used in the printing of national-bank notes and for the destruction of material no longer in use. Under the existing law, the Comptroller of the Currency is responsible for the safe-keeping and proper use of these plates and dies, but since the enactment of that provision the Bureau of Engraving and Printing has been removed from the Treasury building, and it is now a physical impossibility for the Comptroller of the Currency to have any knowledge

6 REPORT OF THE COMPTROLLER OF THE CURRENCY.

of or supervision over the keeping or the handling of these plates and dies.

Section 97 modifies the existing law as to national-bank notes, so as to permit them to be counted as a part of the cash reserve of the banks. This feature is introduced rather to settle a doubt than to make a change, because there seems to be good reason to believe that these notes may be so counted under the existing law.

Section 98 provides that the cashier's signature to the circulating notes of the bank may be affixed by an agent appointed with due formality. This provision, it is believed, will relieve many banks from an inconvenience which at times is quite serious.

Section 114 repeals the requirement that banks extending their corporate existence shall after three years deposit lawful money to the amount of their outstanding circulation.

Section 115 extends to the entire national-bank circulation the provision in section 6, act of July 12, 1882, which reserves to the United States whatever profit arises from the failure to redeem the notes of banks extending their corporate existence; and in this connection it should be observed that the other provisions in section 6 of that act are omitted from this code. The omitted clauses provide that the circulating notes of extended banks shall be retired, and that notes of a different and readily distinguishable design shall be issued in place of them.

The purpose of the provision now omitted is not obvious, especially as the act declares that the bank after extension "shall continue to be in all respects the identical association it was before the extension of its period of succession."

The debate on the bill (see Congressional Record, pages 2534 to 5878, volume 13, parts 3 to 6, inclusive, Forty-seventh Congress, first session) shows that the change in the design of the notes was connected with the provision reserving to the United States any profit arising from the non-presentation for redemption of the old issue of notes.*

It seems to have been intended that the notes of new design, now known as the series of 1882, should be issued only to banks extending their period of succession, whereas it appears that all banks that have been organized since the passage of the act in question have received notes of the series of 1882, and therefore the distinction has now been lost, which was presumably intended to be preserved, between the circulation of extended banks and of those still operated under their original certificates of organization. It is impracticable at this late day to re-establish this distinction, because of 2,263 banks issuing notes of the series of 1882 only 1,217 have been extended.

While the act of 1882 contains the only express provision in the statutes reserving to the Treasury the profit arising from the non-presentation of national-bank notes, yet under the operation of the act of June 20, 1874, all profits from that source must necessarily remain in the

* The bill was reported from committee by Mr. Crapo, of Massachusetts, who, in the course of his remarks, May 13, 1882, while it was under discussion in the House, said:

"There can be no doubt, while all the burdens attending the issue and circulation of bank notes fall upon the banks, that all the gain from loss of bank notes inures to the Government. To avoid any delay in receiving this gain the sixth section of the bill provides for a new issue of bank notes, and a redemption of the present issue, as summarily and effectually as is possible by the liquidation of the banks. The bill under consideration disposes of all doubts, if any exist, as to who shall receive the profits resulting from lost bank notes." (Page 3904, vol. 13, part 4, Cong. Record.)

Treasury, because the Treasury is the depository of the ultimate redemption fund of every bank, and it is certain that the moment will never come within the period of succession of any bank when it can be determined whether or not at some time thereafter its still outstanding notes may not be presented for redemption at the Treasury.

For these reasons it is considered no departure from existing law, and no infringement upon the rights which any bank can establish or enjoy, to embody in a code framed for continuous application to a permanent system the distinct provision that all uncalled-for moneys in the various redemption funds shall ultimately belong to the United States, while it is a distinct gain to get rid of the obligation to keep up an unnecessary and confusing distinction between circulating notes issued by banks organized prior to July 12, 1882, but not yet extended, and those issued by banks organized or extended after that date.

If these views prevail with Congress, it will, no doubt, also seem expedient to adopt the series of 1882 as a uniform design for the entire national-bank currency, and in that case it will be no more than just to provide by an appropriation from the Treasury for the expense of preparing new plates for the 797 banks now entitled to the notes of the old design.

Section 127 is that to which allusion is made in explaining section 51. There seems to be in some large cities, especially where the banks are concentrated in one part of the city, out of the reach of many of their customers, a growing need for some such provision as is made in this section.

Sections 134 and 135 preserve all existing provisions as to reserve, except that which allows the 5 per cent. fund in the hands of the Treasurer of the United States for the redemption of circulating notes to be counted as a part of the lawful-money reserve against deposits.

It seems barely possible that the intent of section 3, act of June 20, 1874, in this regard may have been misapprehended, but in any case it is anomalous in law and misleading in practice to count as a part of the reserve against deposits a fund wholly devoted to the redemption of circulation and not to any, even the least, extent available for paying depositors.

Except in the cases of some few banks of which the circulation is large and the deposits small, no material inconvenience is likely to be caused by the omission of the redemption fund from the items of reserve, especially if the recommendation is adopted to count national-bank notes on hand as part of the lawful-money reserve against deposits. On October 5, 1887, the banks held in the aggregate in their cash \$21,937,884 national-bank notes, while the total amount on deposit in the redemption fund was only \$8,310,442.25.

Section 136 relieves banks of the obligation of keeping a cash reserve against Government deposits. The existing statute requires a reserve on all deposits, and its language admits of no exception, but it is probable that this was not meant to include deposits of public money, because the Secretary of the Treasury is authorized by law to determine, in his own discretion, the security for, and the regulations applicable to, such deposits. It is believed that the proposed amendment will facilitate the operations of the Treasury. It will certainly relieve the depository banks of a needless and an expensive requirement.

Section 146 is intended to remedy an inconsistency in the present law, which gives the Comptroller of the Currency power to place a

8 REPORT OF THE COMPTROLLER OF THE CURRENCY.

receiver in charge of a bank of which any impairment of capital is not made up within three months after notice from him, while under the same circumstances the directors can not enforce assessments against stockholders until four months after such notice.

Sections 147 to 150, inclusive, contain what is believed to be a very salutary check upon the managers of national banks in respect to investments in real-estate securities. Since the liabilities of banks are payable on demand, the fundamental principle of good banking is that the assets should be readily convertible into money. Real estate and real-estate securities are hardly ever readily convertible, while under conditions often arising they become inconvertible and remain so for long periods of time. Experience teaches that these conditions are sure to arise just when the exigencies of the community demand from banks the largest and readiest money accommodation.

Dealing in real estate and in bonds and debentures secured by real estate is of course an entirely legitimate employment for private or corporate capital, and there seems no lack of capital seeking such employment; it is generally safe, and often profitable; but commercial banks should be restrained from investing their deposits in such forms, lest their depositors should be exposed to the danger of finding that the cash upon which they depend for their current transactions has become locked up in investments, which, however safe and profitable for the bank, can not be made to reproduce the cash at the moment at which it is most urgently needed. Statistics presented in the Report of this year show that real-estate investments are responsible wholly or in part for the failure of 16 out of the 100 national banks of which the causes of failure have been ascertained.

While the general principle here stated is indisputable, and admits of but few exceptions in its application to settled communities where real-estate investments constantly tend to increased permanence, yet it should not be overlooked that in some sections of the country a very large amount of active capital is always seeking employment in real-estate securities, which tends to make such securities exceptionally convertible, and it is no doubt difficult for the banks situated in those localities to keep themselves entirely free from this business. To meet these cases, section 148 has been framed in such a way as to afford to such banks an opportunity to accommodate their customers and promote the general business around them without too much risk of becoming embarrassed with locked-up funds.

Sections 151 and 152 are designed to give more elasticity to the present provision of law which limits to one-tenth of the capital of the bank, loans of money to any individual, firm, or corporation. This is a perplexing subject, and it is difficult to regulate it by statute satisfactorily; yet experience proves that existing restraints have been on the whole salutary in their character, for in many cases disaster has followed the disregard of them.

The statistics of failures already referred to show that excessive loans (which are generally made to officers and directors of the banks, or to firms or companies in which they are interested) have caused wholly or in part 18 out of 100 failures.

Section 153 provides a penalty for making loans contrary to law. Heretofore the only penalty attaching to a violation of such restraints was the forfeiture of the franchise of the bank and the dissolution of the corporation, a punishment quite out of proportion to the offense, except under circumstances of concealment and aggravation rarely occurring,

and still more rarely discovered before the failure of the bank renders the penalty superfluous.

Sections 155 to 160, inclusive, are intended to throw some additional safeguards around the administration of the banks, and to impress upon the directors a more definite sense of responsibility by indicating to them practical methods for discharging their trusts.

Section 161 embodies, with slight modifications, the prohibition contained in section 5208 of the Revised Statutes, against certifying checks not drawn against actual money. I respectfully submit that it would be well to strike this provision out of the law altogether, because experience shows that it has failed to prevent the practice of certifying checks representing stock operations, against which it is understood to have been aimed, while it has excluded national banks from very valuable business which State institutions, which are not subject to the same prohibition, carry on free from the wholesome supervision to which national banks are subjected.

If, however, the provision is to be retained in the law, I earnestly recommend the adoption of the modification herein submitted, so as to relieve from its operation legitimate and well-recognized methods of accommodation that materially facilitate the commercial business of the country.

Section 163 embodies the present usury law, except that it permits of special contracts as to rate of interest in the States and Territories where no usury law exists.

In this connection I make bold to say that, in my judgment, it would be a decided step toward emancipating industry from the trammels of antiquated notions of governmental guidance to omit from this code all reference to usury and to leave only a provision fixing the rate of interest in the absence of special stipulation between lender and borrower. No one of experience can doubt that money would be cheaper and more accessible to all borrowers if there were no usury laws in force anywhere in the United States.

Section 172 reduces the penalty from \$100 a day to \$10 a day in cases where the banks fail to transmit reports within the period prescribed in the statutes. The present law has never been fully enforced, and probably can not be; the penalty is excessive.

Sections 174 to 176, inclusive, enlarge the provisions of law applying to examiners of national banks and define their duties and responsibilities. The effect of these sections is mainly to incorporate into the statute what has heretofore been practiced by the best examiners.

Section 177 establishes a new scale for reckoning the assessment of examination fees upon national banks.

From many points of view it would be expedient for the examiners to be paid out of the tax upon the national banks, and not by fees. The present system establishes relations between the bank and the examiner which are inconsistent with the functions of that officer and with what ought to be his attitude toward the bank.

Sections 179 and 180 relieve banks of the obligation to pay fees for preliminary examination, and provide for these fees and the expenses of special examinations being paid out of such appropriation as Congress may make for that purpose.

In the Report for 1886 I recommended the employment of supervising examiners, to be paid by the Government, and the views then entertained as to the value of such an addition to the inspection machinery of the system have been confirmed in the highest degree by the additional experience and observation of the last twelve months.

10 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The advantages to be secured may be briefly stated as follows:

1. That banks may be specially examined at any point of time between the dates of ordinary examination without exciting alarm in the community and without reflecting upon the management of the bank.

Such intermediate examinations are often very desirable in order to clear up doubtful inferences from reports of examiners and reports of condition, and to set at rest apprehensions excited by communications reaching the Comptroller's office. Banks are sometimes clandestinely assailed by local enemies, and sometimes a truthful warning comes from an obscure or a doubtful source. It is impossible for the Comptroller to discriminate between the true and the false in such charges, while their simple existence places him under a responsibility from which the present system of examination provides no method of relief. If he orders a special examination and the charges prove to be false, the mere examination, by discrediting the bank, inflicts upon it unmerited and often irreparable injury. If the apprehension of these consequences should deter the Comptroller from ordering an examination in a case where the charges afterward turn out to have been true, he will find it difficult to escape censure from the community which has apparently had its losses aggravated by what seems to be indifference or something worse.

2. The visits of a supervising examiner will afford to the banks, especially those in remote localities, a protection which they can not now receive against arbitrary or otherwise improper conduct on the part of the local examiner, and will also protect both the banks and the public against injury in case the local examiner proves to be inattentive, incompetent, or corrupt.

3. Supervising examiners will carry with them all over the Union a knowledge of correct and uniform methods of business, and, if properly selected, will possess the capacity of instructing both the local examiners and the officials of the banks in respect to these matters. Statistics show that out of 100 failures of national banks, 27 are due wholly to bad management, and in 36 other cases bad management contributed to the failure. Sixty-three per cent. of failures thus appear attributable in whole or in part to ignorance and to loose methods of business.

4. Supervising examiners will have circuits beginning and ending with the office of the Comptroller, and they will supply a means by which this officer can obtain definite and comprehensive information about banking interests in remote sections and about the local examiners. Such information is very important to a proper administration of the office at Washington; but it is still more important to the banks that the Comptroller should understand their circumstances and their needs, varying, as these do, according to the peculiarities of different sections, and that he should have trustworthy information as to the character, methods, and personal bias of the local examiners.

Sections 185 and 186 give to the Comptroller of the Currency a reasonable degree of supervision over national banks that have gone into voluntary liquidation. It appears to have been held in former years that after associations had, in accordance with law, made some progress in voluntary liquidation, the Comptroller might lawfully interpose and appoint a receiver to wind up their affairs. As the law now stands, it does not appear to me to justify action in accordance with these precedents, and, if this is the case, there is obviously a gap in the completeness of the protection which the law aims to extend to the creditors and stockholders of national banks.

Sections 188 and 189 prescribe the duties of the directors and officers of national banks that are in a position of insolvency. They embody existing provisions and the decisions of the courts in respect to matters not now provided for by statute.

Sections 195 to 197, inclusive, provide for the discharge of receivers of national banks in cases not provided for in the existing law. Justice seems to require some such enactments as are here proposed, and without them it may reasonably be expected that the difficulty now experienced of obtaining the best men for receivers will constantly increase.

Sections 198 and 199 supplement the present law for the selection of an agent of stockholders by supplying certain details now required by the Comptroller but which should have statutory force.

Section 206 affords to agents of stockholders the means of obtaining their discharge, no such means now existing.

Sections 207 to 209, inclusive, provide for the case of a bank which has been restored to solvency during the receivership, and which the stockholders desire to revive under its old name. Such a case was lately presented when, within thirty days of the appointment of a receiver for the Abington National Bank, of Abington, Mass., the creditors were paid in full, with interest, and sufficient assets remained to justify resumption of business upon a capital above the minimum limited to the locality. The name and reputation of this bank were regarded by its stockholders as of material value, and, being desirous that that value should not be lost to them by a change of name, they made application to be allowed to resume business. After careful examination of the laws, I could find nothing either permitting or forbidding compliance with this application; it appeared to be a matter not provided for either way, and therefore I could reply only that if the stockholders unanimously agreed to resume, I would recognize the bank as again in operation.

Section 213 re-enacts section 380 of the Revised Statutes, with a proviso which is intended to obviate the claim made by some district attorneys that the statute permits them to force upon receivers of national banks services which are neither required nor desired. I assume that it was not the intention of Congress to confer upon these officers a statutory right to act as counsel to receivers of national banks, irrespective of their qualifications or of their local interests and connections.

Section 217 amends the provision as to a semi-annual tax upon circulation by relieving banks from the tax on so much of their circulation as is predicated upon the minimum deposit of bonds required by law. While for more than one reason it may be well to tax circulation voluntarily taken out or maintained, neither reason nor justice appears to justify a tax on circulation represented by a compulsory deposit of bonds.

Section 223 re-enacts section 5219 of the Revised Statutes, with a change of phraseology aimed at securing to national banks adequate protection against such State and municipal assessment and taxation as places them at a disadvantage in competition with corporations which are doing the same business but which call their operations by special names.

It is only reasonable to believe that there was no intention on the part of Congress to make the discrimination, which has in some cases been inferred from the language of the present statute, between moneyed capital in the hands of individuals and moneyed capital managed by corporations.

12 REPORT OF THE COMPTROLLER OF THE CURRENCY.

Sections 227, 228, and 229 re-enact the provisions of section 5209 of the Revised Statutes, with some changes suggested by experience, others prompted by precaution, and some additions applying to persons appointed to be examiners of national banks.

Section 232 extends the general provisions for the punishment of forgers and other like offenders to persons who, without authority of law, affix signatures to the blank circulating notes printed for national banks, or who issue or circulate such notes knowing that they have not been duly signed by the proper officers of the association for which they were printed. The present law contains no provision for this offense, which is a manifest omission.

Section 235 re-enacts section 5243 of the Revised Statutes, and provides for its enforcement. In the last Report of the Comptroller of the Currency the attention of Congress was called to several instances of violation of section 5243 which have been of long standing, and of which no judicial notice has been taken, either before that report was made or since.

An act relating to national-banking associations.

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, as follows:

CHAPTER I.—THE BUREAU OF THE CURRENCY.

SECTION 1. There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to national banking associations; the chief officer of which bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general direction of the Secretary of the Treasury. (Sec. 324, R. S.)

SEC. 2. The Comptroller of the Currency shall be appointed by the President, on the recommendation of the Secretary of the Treasury, by and with the advice and consent of the Senate, and shall hold his office for the term of five years unless sooner removed by the President, upon reasons to be communicated by him to the Senate; and he shall be entitled to a salary of five thousand dollars a year. (Sec. 325, R. S.)

SEC. 3. The Comptroller of the Currency shall, within fifteen days from the time of notice of his appointment, take and subscribe the oath of office, and he shall give to the United States a bond in the penalty of one hundred thousand dollars, with not less than two responsible sureties, to be approved by the Secretary of the Treasury, conditioned for the faithful discharge of the duties of his office. (Sec. 326, R. S.)

SEC. 4. There shall be in the Bureau of the Comptroller of the Currency a Deputy Comptroller of the Currency, to be appointed by the Secretary, who shall be entitled to a salary of three thousand five hundred dollars a year, and who shall possess the power and perform the duties attached by law to the office of Comptroller during a vacancy in the office or during the absence or inability of the Comptroller. The Deputy Comptroller shall also take the oath of office prescribed by the Constitution and laws of the United States, and shall give a like bond in the penalty of fifty thousand dollars. (Sec. 327, R. S.)

SEC. 5. The Comptroller of the Currency, when present and acting, may delegate to the Deputy Comptroller of the Currency such part of the powers and duties pertaining to the office of the Comptroller of the Currency as he may consider proper and expedient for the speedy and systematic performance of public business.

SEC. 6. It shall not be lawful for the Comptroller or for the Deputy Comptroller, of the Currency, either directly or indirectly, to be a stockholder or otherwise pecuniarily interested in any national banking association, or in any other institution, corporation, or firm engaged in any banking operations. (Sec. 329, R. S.)

SEC. 7. The seal devised by the Comptroller of the Currency for his office, and approved by the Secretary of the Treasury, shall continue to be the seal of office of the Comptroller, and may be renewed when necessary. A description of the seal, with an impression thereof, and a certificate of approval of the Secretary shall be filed in the office of the Secretary of State. (Sec. 330, R. S., as amended by an Act February 18, 1875.)

SEC. 8. There shall be assigned from time to time to the Comptroller of the Currency by the Secretary of the Treasury suitable rooms in the Treasury building for conducting the business of the Currency Bureau, containing safe and secure fire-

proof vaults, in which the Comptroller shall deposit and safely keep all valuable things belonging to his office; and the Comptroller shall from time to time furnish the necessary furniture, stationery, fuel, lights, and other proper conveniences for the transaction of the business of his office. (Sec. 331, R. S.)

SEC. 9. The Comptroller of the Currency shall employ from time to time the necessary clerks, to be appointed and classified by the Secretary of the Treasury, to discharge such duties as the Comptroller shall direct. (Sec. 323, R. S.)

SEC. 10. The Comptroller of the Currency shall make an annual report to Congress at the commencement of its session, exhibiting—

(1) A summary of the state and condition of all the associations from which reports have been received the preceding year, at the several dates to which such reports refer, with an abstract showing the whole amount of banking capital returned by them, the whole amount of their debts and liabilities, the amount of circulating notes outstanding, and the total amount of their means and resources, specifying the amount of lawful money held by them at the times of their several returns, and such other information in relation to such associations as, in his judgment, may be useful.

(2) A statement of the associations which have withdrawn from business during the year, with the amount of their circulation redeemed and the amount outstanding

(3) A statement of the associations which have failed during the year, or which for any other reason have been placed in the hands of a receiver, together with a special report in each case as to the cause of failure, and the liabilities, assets, and so forth.

(4) A statement exhibiting under appropriate heads the resources and liabilities and the condition of the banks, banking companies, and savings banks, organized under the laws of the several States and Territories, which information shall be obtained by the Comptroller from the reports made by such banks, banking companies, and savings banks to the legislatures or officers of the different States and Territories, and, where such reports cannot be obtained, the deficiency shall be supplied from such other authentic sources as may be available.

(5) The names and compensation of the clerks employed by him, and the whole amount of the expenses of the Bureau of the Currency during the year.

(6) Such suggestions as he may deem proper for the amendment and improvement of the laws relating to national banking associations. (Sec. 333, R. S.)

SEC. 11. The expenses necessarily incurred in executing the laws respecting the procuring of circulating notes, and all other expenses of the Bureau of the Currency, except as otherwise provided, shall be paid out of the proceeds of the taxes or duties assessed and collected on the circulation of national banking associations under this act. (Sec. 5173, R. S.)

CHAPTER II.—ORGANIZATION OF ASSOCIATIONS.

SEC. 12. Associations for carrying on the business of banking under this act may be formed by any number of natural persons, not less in any case than five. (Sec. 5133, R. S.)

SEC. 13. The persons forming the associations shall enter into articles of association, which shall specify in general terms the object for which the association is formed, and may contain any other provisions, not inconsistent with law, which the association may see fit to adopt for the regulation of its business and the conduct of its affairs. These articles shall be signed by the persons uniting to form the association, and a copy of them shall be forwarded to the Comptroller of the Currency, to be filed and preserved in his office. (Sec. 5133, R. S.)

SEC. 14. The persons uniting to form such association shall, under their hands make an organization certificate, which shall specifically state—

(1) The name assumed by such association, which name shall be subject to the approval of the Comptroller of the Currency.

(2) The place where its operations of discount and deposit are to be carried on, designating the State, Territory, or District, and the particular county, and the city, town or village.

(3) The amount of capital stock, and the number of shares into which the same is to be divided.

(4) The names and places of residence of the shareholders, and the number of shares held by each of them.

(5) The fact that the certificate is made to enable such persons to avail themselves of the advantages of this act. (Sec. 5134, R. S.)

SEC. 15. The organization certificate shall be acknowledged before a judge of some court of record, or notary public, and, together with the acknowledgment thereof, authenticated by the seal of such court or notary, shall be transmitted to the Com-

14 REPORT OF THE COMPTROLLER OF THE CURRENCY.

troller of the Currency, who shall record and carefully preserve the same in his office. (Sec. 5135, R. S.)

SEC. 16. Upon duly making and filing articles of association and an organization certificate, the association shall become, as from the date of the execution of its organization certificate, a body corporate. (Sec. 5136, R. S.)

SEC. 17. The capital stock of associations organized under this act shall not be less than the amounts following:

(1) Every association in a city having more than fifty thousand inhabitants, two hundred thousand dollars.

(2) Every other association, one hundred thousand dollars, except that, with the approval of the Secretary of the Treasury, associations with a capital stock of not less than fifty thousand dollars each may be organized in any place having not more than six thousand inhabitants. (Sec. 5138, R. S.)

SEC. 18. The capital stock of each association shall be divided into shares of one hundred dollars each and be deemed personal property, and shall be transferable on the books of the association in such manner as may be prescribed in the by-laws or articles of association. Every person becoming a shareholder by such transfer shall, in respect to the shares thus acquired, succeed to all the rights and liabilities of the prior holder of such shares. (Sec. 5139, R. S.)

SEC. 19. At least fifty per centum of the capital stock of every association shall be paid in money within thirty days from the execution of the organization certificate and before the association shall be authorized to commence business; and the remainder of the capital stock shall be paid in installments of at least ten per centum each on the whole amount of the capital as frequently as one installment at the end of each succeeding month from the time the association shall be authorized by the Comptroller of the Currency to commence business. The payment of each installment shall be certified to the Comptroller, under oath, by the president or cashier of the association. (Sec. 5140, R. S.)

SEC. 20. Whenever any shareholder, or his assignee, fails to pay any installment on the stock when the same is required by the preceding section to be paid, the directors of such association may sell the stock of such delinquent shareholder at public auction to any person who will pay the highest price therefor, to be not less than the amount then due thereon, with the expenses of advertisement and sale; and the excess, if any, shall be paid to the delinquent shareholder. Three weeks' previous notice of such sale shall be given in a newspaper of general circulation published in the city or county where the association is located. (Sec. 5141, R. S.)

SEC. 21. If no bidder can be found who will pay for such stock the amount due thereon to the association, and the cost of advertisement and sale, the amount previously paid shall be forfeited to the association, and such stock shall be sold as the directors may order, within six months from the time of such forfeiture, and if not sold it shall be canceled and deducted from the capital stock of the association. (Sec. 5141, R. S.)

SEC. 22. If such cancellation and reduction shall reduce the capital of the association below the minimum of capital required by law, the capital stock shall, within thirty days from the date of such cancellation, be increased to the required amount; in default of which a receiver may be appointed by the Comptroller of the Currency to close up the business of the association. (Sec. 5141, R. S.)

SEC. 23. Whenever a certificate is transmitted to the Comptroller of the Currency, as provided in this act, and the association transmitting the same notifies the Comptroller that at least fifty per centum of its capital stock has been duly paid in, and that such association has complied with all the provisions of this act required to be complied with before an association shall be authorized to commence the business of banking, the Comptroller shall examine into the condition of such association, ascertain especially the amount of money paid in on account of its capital, the name and place of residence of each of its directors, the amount of the capital stock of which each is the owner in good faith, and generally whether such association has complied with all the provisions of this act required to entitle it to engage in the business of banking; and he shall cause to be made and attested by the oaths of a majority of all the directors, and by the president or cashier of the association, a statement of all the facts necessary to enable him to determine whether the association is lawfully entitled to commence the business of banking. (Sec. 5168, R. S.)

SEC. 24. If, upon a careful examination of the facts so reported, and of any other facts which may come to his knowledge, whether by means of a special commission appointed by him for the purpose of inquiring into the condition of such association or otherwise, it appears that such association is lawfully entitled to commence the business of banking, the Comptroller of the Currency shall give to such association a certificate, under his hand and official seal, that such association has complied with all the provisions required to be complied with before commencing the business of banking, and that such association is authorized to commence such business. But the Comptroller may withhold from any association his certificate author-

izing the commencement of business, whenever he has reason to suppose that the shareholders have formed the same for any other than the legitimate objects contemplated by this act. (Sec. 5169, R. S.)

SEC. 25. The association shall cause the certificate issued under the preceding section to be published for at least sixty days next after the receipt thereof in some newspaper published in the city or county where the association is located. (Sec. 5170, R. S.)

SEC. 26. Any association, after filing notice in the office of the Comptroller of the Currency, may, by the vote of shareholders owning two-thirds of the shares, increase its capital stock, in accordance with the provisions of this act, to any sum, notwithstanding the limit fixed in its original articles of association and determined by the Comptroller. No increase of capital shall be valid until the whole amount of such increase is paid in, and notice thereof has been transmitted to the Comptroller of the Currency, and his certificate obtained specifying the amount of such increase of capital stock, and that it has been duly paid in as part of the capital of such association; but failure to notify the Comptroller and to obtain his certificate shall not exempt subscribers to such increase of capital from any obligation or responsibility undertaken by them or arising out of such subscription. No increase of the capital stock of any association, either within or beyond the limit fixed in its original articles of association, shall be made except in the manner herein provided. (Act May 1, 1883, sec. 1, and sec. 5142, R. S.)

SEC. 27. Any association, by the vote of shareholders owning two-thirds of the stock may reduce its capital stock to any sum not below the amount required by section seventeen of this act, and not below the amount required for its outstanding circulation. But no such reduction shall take effect and no payments shall be made on account thereof until the action of the shareholders has been duly certified to the Comptroller of the Currency, and his approval has been obtained. (Sec. 5143, R. S.)

SEC. 28. Any association, with the approval of the Comptroller of the Currency, may change its title by vote of shareholders owning two-thirds of the stock. (Act May 1, 1886.)

SEC. 29. Any association, by a vote of shareholders owning two-thirds of the stock, and with the approval of the Comptroller of the Currency, may change its location to any place within the same State not more than thirty miles distant. But if the capital stock of the association is less than the amount prescribed for associations to be established in the place to which the association is to remove, it must be increased to the required amount before such removal; and if the increase of capital involves an increase in the amount of bonds to be deposited with the Treasurer of the United States, the additional bonds shall be deposited before the removal. (Act May 1, 1886.)

SEC. 30. A duly authenticated notice of the new title or location selected, and of the vote authorizing the change, shall be sent to the office of the Comptroller of the Currency; and no change of title or location shall be made or claimed until the Comptroller shall have issued his certificate of approval of the same. (Act May 1, 1886.)

SEC. 31. All rights, privileges, and powers, and all debts and liabilities of the association under its old title or at its old location shall devolve upon and inure to the association under its new title and at its new location. No change of title or location shall release any association from any liability incurred previous to such change, or affect any action or proceeding in law to which it is a party, or in which it is interested. (Act May 1, 1886.)

SEC. 32. No association shall make any change in its articles of association by which the rights, remedies, or security of existing creditors of the association shall be impaired. (Sec. 5139, R. S.)

SEC. 33. The affairs of each association shall be managed by a board of directors, not less than five in number, exclusive of the vice-president, cashier, assistant cashier, or any other officer, except the president, who may be a member of the board. (Sec. 5145, R. S.)

SEC. 34. The directors shall be elected by the shareholders at a meeting to be held at any time before the association is authorized by the Comptroller of the Currency to commence the business of banking, and afterward at meetings to be held on such day in January of each year as is specified in the articles of association. They shall hold office for one year, and until their successors are elected and have qualified. (Sec. 5145, R. S.)

SEC. 35. If the articles of association do not fix the day on which the election shall be held, the day for the election shall be designated by the board of directors in their by-laws, or otherwise; or if the directors fail to fix the day, shareholders representing two-thirds of the shares may do so. (Sec. 5149, R. S.)

SEC. 36. If, from any cause, an election of directors is not made at the time appointed, the association shall not be dissolved on that account, but an election may be held on any subsequent day. Thirty days' notice of such election shall be

16 REPORT OF THE COMPTROLLER OF THE CURRENCY.

given in all cases in a newspaper published in the city, town, or county in which the association is located. (Sec. 5149, R. S.)

SEC. 37. In all elections of directors, and in deciding all questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by him. Shareholders may vote by proxies duly authorized in writing; but no officer or employee of such association shall act as proxy. No vote shall be allowed on any share of which the certificate is held by or for the association as collateral security, or otherwise, or on which there is any installment or assessment due and unpaid, in whole or in part. (Sec. 5144, R. S.)

SEC. 38. Any vacancy in the board shall be filled by appointment by the remaining directors, and any director so appointed shall hold his place until the next election. (Sec. 5148, R. S.)

SEC. 39. The directors shall choose one of their number to be the president of the board. (Sec. 5150, R. S.)

SEC. 40. Every director must, during his whole term of service, be a citizen of the United States, and at least three-fourths of the directors must have resided in the State, Territory, or District in which the association is located, for at least one year immediately preceding their election, and three-fourths of every board must at all times consist of permanent residents in such State, Territory, or District. Every director during his continuance in office must own in his own right, free from any lien, at least ten shares of the capital stock of the association of which he is a director. (Sec. 5146, R. S.)

SEC. 41. Any director who ceases to be the owner of ten shares of the capital stock of the association, or who becomes in any other manner disqualified, shall thereby vacate his place. Notice of any vacancy so arising shall at once be given to the Comptroller of the Currency by the president or cashier. (Sec. 5146, R. S.)

SEC. 42. Each director, when appointed or elected, shall take an oath that he will at all times inform himself as to the business and condition of such association, and so far as the duty devolves on him will diligently and honestly administer its affairs; that he will not knowingly violate, or willingly permit to be violated, any of the laws relating to national banking associations; and that he is the owner, in good faith and in his own right, of the number of shares of stock required by this act, subscribed by him, or standing in his name on the books of the association, and that the same is not hypothecated, or in any way pledged as security for any loan or debt. Such oath, subscribed by the director making it and certified by the officer before whom it is taken, shall be immediately transmitted to the Comptroller of the Currency, and shall be filed and preserved in his office. (Sec. 5147, R. S.)

SEC. 43. If any person elected or appointed a director shall fail to qualify, by taking the prescribed oath, within thirty days from the date of such election or appointment, his place in the board shall be deemed to be vacant and shall be filled as in other cases of vacancy.

SEC. 44. Any director may resign from the board upon serving upon the president, vice-president, or cashier written notice of his intention so to do. But such resignation shall not take effect until an acknowledgment or proof of such service shall have been filed with the Comptroller of the Currency, and his certificate to that effect shall have been obtained, and shall have been published for at least thirty days in every issue of the newspaper in which the association is accustomed to publish its statements of condition. A like certificate must be obtained by the association and similarly published whenever a vacancy occurs in the board by the death, removal, or disqualification of a director.

SEC. 45. Any director may request the Comptroller of the Currency at any time, upon a written statement of his reasons therefor, to cause an examination to be made into the affairs of the association; and the Comptroller, if he is satisfied that the request is made in good faith and upon reasonable grounds, may order such examination to be made. But the Comptroller may require the director making the request to enter into a stipulation to pay the cost of such examination, if it shall prove to have been unnecessary, and to deposit beforehand a sufficient sum of money for that purpose.

SEC. 46. If the directors of any national banking association shall knowingly violate or knowingly permit any of the officers, agents, or servants of the association to violate any of the provisions of this act, all the rights, privileges, and franchises of the association shall be thereby forfeited. But before the association shall be declared dissolved such violation shall be determined and adjudged by a proper circuit, district, or Territorial court of the United States, in a suit brought for that purpose by the Comptroller of the Currency, in his own name. In case of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person shall have sustained in consequence thereof. (Sec. 5239, R. S.)

SEC. 47. Any bank incorporated by special law, or any banking institution organized under a general law of any State, may become a national banking association under this act by the name prescribed in its organization certificate; and in such case the articles of association and the organization certificate may be executed by a majority of the directors of the bank or banking institution; and the certificate shall declare that the owners of two-thirds of the capital stock have authorized the directors to make such certificate and to change and convert the bank or banking institution into a national banking association. A majority of the directors, after executing the articles of association and organization certificate, shall have power to execute all other papers, and to do whatever may be required to make the organization perfect and complete as a national banking association. (Sec. 5154, R. S.)

SEC. 48. The shares of any such association may continue to be for the same amount each as they were before the conversion; and any State bank which is a stockholder in any other bank by authority of State laws, may continue to hold its stock, although either bank, or both, may be organized under, and may have accepted the provisions of this act. (Sec. 5154, R. S.)

SEC. 49. When the Comptroller of the Currency has given to such association a certificate, under his hand and official seal, that the provisions of this act have been complied with, and that it is authorized to commence the business of banking, the association shall have the same powers and privileges and shall be subject to the same duties, responsibilities, and rules, in all respects, as are prescribed for other associations originally organized as national banking associations, and shall be held and regarded as such an association. But no such association shall have a less capital than the amount prescribed for associations organized under this act. (Sec. 5154, R. S.)

SEC. 50. The directors at the time of the conversion may continue to be the directors of the association until others are elected or appointed in accordance with the provisions of this chapter. (Sec. 5154, R. S.)

SEC. 51. No bank having branches shall continue to operate such branches after being converted into a national banking association.

SEC. 52. Associations may be organized under this act for the purpose of issuing notes payable in gold; and, except as specially provided, such associations shall be subject to all the provisions of law to which the other associations organized under this act are subject. (Sec. 5185, R. S.)

SEC. 53. Any association organized for the purpose of issuing notes payable in gold may be converted into an association with the same powers and obligations in all respects as the other associations organized under this act. Such conversion shall be effected in the same manner in which banks organized under State laws are converted into national banking associations. But the organization certificate shall bear the date of the original organization of the association. (Act February 14, 1880.)

SEC. 54. Nothing in this act shall affect any appointments made, acts done, or proceedings had or commenced in or toward the organization of any national banking association under any laws previously in force; but all associations which were organized or in process of organization under any such law, shall enjoy all the rights and privileges granted, and be subject to all the duties, liabilities, and restrictions imposed by this act. (Sec. 5156, R. S.)

CHAPTER III.—EXTENSION OF PERIOD OF SUCCESSION.

SEC. 55. Any association at any time within two years next previous to the date of the expiration of its original period of corporate existence, and with the approval of the Comptroller of the Currency, may, by amending its articles of association, extend its period of succession for a term of not more than twenty years from the expiration of the period of succession named in the articles of association, and shall have succession for such extended period. But such amended articles of association shall not be valid until the Comptroller shall have given to the association a certificate as hereinafter provided. (Act July 12, 1882, secs. 1 and 2.)

SEC. 56. Such amendment of the articles of association shall be authorized by the consent in writing of shareholders owning not less than two-thirds of the capital stock of the association; and the board of directors shall cause such consent to be certified under the seal of the association, by its president or cashier, to the Comptroller of the Currency, accompanied by an application made by the president or cashier for the approval of the amended articles of association by the Comptroller. (Act July 12, 1882, sec. 2.)

SEC. 57. Upon the receipt of the certificate and application provided for in the preceding section, the Comptroller of the Currency shall cause a special examination to be made, at the expense of the association, to determine its condition, and if after such examination, or otherwise, the condition of the association shall appear to him to be satisfactory, he shall give to such association a certificate under his hand and seal that the association has complied with all the provisions required to be complied with, and is authorized to have succession for the extended period named in the

18 REPORT OF THE COMPTROLLER OF THE CURRENCY.

amended articles of association; but if the condition of the association appears to be unsatisfactory, he shall withhold such certificate of approval. (Act July 12, 1882, secs. 2 and 3.)

SEC. 58. Any association so extending the period of its succession shall continue to enjoy all the rights, privileges, and immunities granted to, and shall continue to be subject to all the duties, liabilities, and restrictions imposed upon national banking associations; and it shall continue to be in all respects the identical association it was before the extension of its period of succession. (Act July 12, 1882, sec. 4.)

SEC. 59. If any shareholder not assenting to the amendment extending the period of succession shall, within thirty days from the date of the Comptroller's certificate of approval, give to the directors notice in writing of his desire to withdraw from the association, he shall be entitled to receive from the association the value of the shares so held by him. Such value shall be ascertained by an appraisal made by a committee of three persons, one to be selected by the dissenting shareholder, one by the directors, and the third by these two. If the directors refuse or unnecessarily delay to appoint an appraiser to act for them, the Comptroller of the Currency may make the appointment. In case the value fixed by the committee shall not be satisfactory to the shareholder or to the association, either may appeal to the Comptroller, who shall cause a reappraisal to be made, which shall be final and binding; and if the reappraisal shall change the value fixed by the committee, the expense of reappraisal shall be paid by the party against whom such change is made. The value so ascertained and determined shall be deemed to be a debt due to the shareholder from the association, and shall be forthwith paid by it; and the shares so surrendered and appraised shall be sold at public sale, after due notice, within thirty days after the final appraisal provided for in this section. (Act July 12, 1882, sec. 5.)

SEC. 60. In the organization of any association intended to replace another association, and retaining the name thereof, the holders of stock in the expiring association, in proportion to their shares, respectively, shall be entitled to preference in the allotment of the shares of the new association. (Act July 12, 1882, sec. 5.)

CHAPTER IV.—POWERS AND OBLIGATION

SEC. 61. Every national banking association, in the name designated in its organization certificate, shall have power—

- (1) To adopt and use a corporate seal.
- (2) To have succession for the period of twenty years from its organization, unless it is sooner dissolved according to the provisions of its articles of association, or by the act of its shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law.
- (3) To make contracts.
- (4) To sue and be sued, complain and defend, in any court of law or equity, as fully as natural persons.
- (5) To elect or appoint directors, and by its board of directors to appoint a president, vice-president, cashier, and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places.
- (6) To prescribe, by its board of directors, by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.
- (7) To exercise, by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by lending money on personal security; and by obtaining and issuing circulating notes according to the provisions of this act.

But no association shall transact any business, except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the Comptroller of the Currency to commence the business of banking. (Sec. 5136, R. S.)

SEC. 62. A national banking association may purchase, hold, and convey real estate for the following purposes, and for no others:

- (1) Such as shall be necessary for its adequate accommodation and protection in the transaction of its business.
- (2) Such as shall be mortgaged to it as security for debts previously contracted.
- (3) Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.
- (4) Such as it shall purchase at sales under judgments, decrees, or mortgages held by the association, or shall purchase in order to secure debts due to it.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 19

But no loan shall be made upon any understanding that the association is afterward to receive a mortgage or lien upon real estate as security therefor, or to take any conveyance of real estate in payment thereof, in whole or in part. And no association shall hold for a longer period than five years the possession of any real estate upon which there is any mortgage or lien, or the title and possession of any real estate or any interest therein, otherwise than for the purpose specified in subdivision one of this section. (Sec. 5137, R. S.)

SEC. 63. All associations designated for that purpose by the Secretary of the Treasury shall be depositaries of public money, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public moneys and financial agents of the Government, as may be required of them. The Secretary shall require the associations thus designated to give satisfactory security, by the deposit of United States bonds and otherwise, for the safe keeping and prompt payment of the public money deposited with them, and for the faithful performance of their duties as financial agents of the Government. Every association so designated as receiver or depositary of the public money shall take and receive at par all of the national currency bills, by whatever association issued, which may form part of the public money deposited with it. (Sec. 5153, R. S.)

SEC. 64. The president and cashier of every association shall cause to be kept at all times in the office where its business is transacted a full and correct list of the names and residences of all the shareholders in the association, and the number of shares held by each. Such list shall be subject to the inspection of all the shareholders and creditors of the association, and of the officers authorized to assess taxes under State authority, during business hours of each day in which business may be legally transacted. A copy of such list, as the same shall be on the first Monday of July of each year, verified by the oath of the president or cashier, shall be transmitted to the Comptroller of the Currency within five days from that date, under penalty of ten dollars for each day of delay thereafter. (Sec. 5210, R. S.)

SEC. 65. The shareholders of every association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares. (Sec. 5151, R. S.)

SEC. 66. The provisions of the preceding section shall not apply to shareholders of any banking association now existing under State laws, having not less than five millions of dollars of capital actually paid in, and a surplus of twenty per centum on hand, both to be determined by the Comptroller of the Currency; but such shareholders shall be liable only to the amount invested in their shares. Such surplus of twenty per centum shall be kept undiminished and be in addition to the surplus provided for in this act, and if at any time there is a deficiency in such surplus of twenty per centum, the association shall not pay any dividends to its shareholders until the deficiency is made good, and in case of such deficiency the Comptroller of the Currency may compel the association to close its business and wind up its affairs under the provisions of chapter VIII. of this act. (Sec. 5151, R. S.)

SEC. 67. Whenever the surplus fund of any association shall exceed by twenty per centum the amount of its capital stock, the shareholders of such association may be relieved of the individual liability imposed by section sixty-six of this act; and the shareholders of every association may be relieved of such liability in the proportion which the surplus, after deducting an amount equal to twenty per centum of the capital, bears to the whole amount of the capital stock. But no exemption from individual liability shall be obtained through any process by which any portion of the capital stock of an association may be, or may have been, converted into surplus, and in no case shall the shareholders of any association be relieved of any proportion of their individual liability until all the conditions of the two succeeding sections are complied with.

SEC. 68. Whenever the shareholders of an association shall become entitled to any exemption from individual liability, the directors of such association, if they deem advisable, and at such times as shall seem to them proper, may cause the president or cashier to certify to the Comptroller of the Currency the amount of the surplus fund accumulated by the association; and upon the receipt of such certificate the Comptroller shall cause to be made, at the expense of the association, a special examination of its affairs; and if, after such examination had, the Comptroller shall be satisfied that the association is solvent, and that its capital and surplus are represented by good and adequate assets, he shall give to the association a certificate, under his hand and seal, setting forth that the association has complied with all the provisions required to be complied with by this and the preceding section, and specifying the proportion of the exemption from liability on each share of the capital stock.

SEC. 69. The association shall cause the certificate of the Comptroller of the Currency issued under the preceding section to be printed in each issue of a newspaper

20 REPORT OF THE COMPTROLLER OF THE CURRENCY.

published in the city or county where the association is located for at least sixty days next after the issuing thereof.

SEC. 70. If any association, of which the shareholders have become exempt from any portion of their individual liability, shall have its surplus reduced, by losses or otherwise, below the amount required for such exemption, such association, within three months after receiving notice thereof from the Comptroller of the Currency, shall make good the deficiency in the surplus by assessment upon the shareholders pro rata for the amount of capital stock held by each; and, upon notice from the Comptroller, the Treasurer of the United States shall withhold the interest upon all bonds which the association has on deposit with him until otherwise notified by the Comptroller. If any association shall not make good its surplus as herein required, and shall fail to go into liquidation within three months after receiving notice from the Comptroller, a receiver may be appointed by the Comptroller to close up the business of the association.

SEC. 71. If any shareholder shall neglect or refuse to pay within two months any assessment made by the directors for the purpose of restoring reduced surplus, the directors shall cause a sufficient amount of the capital stock of such shareholder to be sold at public auction to make good the deficiency, and the balance, if any, shall be returned to such delinquent shareholder or shareholders. Ten days' notice of such sale shall be posted in the office of the association and shall be published in a newspaper of the city or town where the association is located.

SEC. 72. Persons holding stock as executors, administrators, guardians, or trustees shall not be personally subject to any liabilities as stockholders; but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in such trust-funds would be, if living and competent to act and hold the stock in his own name. (Sec. 5152, R. S.)

SEC. 73. All savings banks or other banks now organized, or which shall hereafter be organized in the District of Columbia, under any act of Congress, shall be subject to all the laws of the United States applicable to national banking associations, so far as those laws may be applicable to such savings banks or other banks. But no savings bank now established and which has a capital stock paid up in whole or in part shall be required to have a paid-in capital exceeding one hundred thousand dollars. (Act June 30, 1876, sec. 6.)

CHAPTER V.—ISSUE AND REDEMPTION OF CIRCULATING NOTES.

SEC. 74. The term "United States bonds," as used throughout this chapter, shall be construed to mean registered bonds of the United States bearing interest; and any reference to the value of such bonds shall be construed to mean the par value, unless the market value is specified. (Sec. 5158, R. S.)

SEC. 75. Every association, before it shall be authorized to commence banking business, shall transfer and deliver to the Treasurer of the United States United States registered bonds, bearing interest, in the amounts following:

(1) Every association having a capital not exceeding two hundred and fifty thousand dollars, an amount equal to not less than one-tenth of the capital stock.

(2) Every association having a capital in excess of two hundred and fifty thousand dollars, an amount not less than twenty-five thousand dollars.

The deposit of bonds made by each association shall be increased as its capital may be increased, so that every association shall at all times have on deposit with the Treasurer United States bonds to the amount herein prescribed. (Secs. 5159 and 5160, R. S.; Act July 12, 1882, sec. 8, and Act June 20, 1874, sec. 4. Sec. 5160, R. S.)

SEC. 76. The bonds transferred to the Treasurer of the United States under the requirements of the preceding section shall be received by him upon deposit, and shall be by him safely kept in his office, until they shall be otherwise disposed of, in pursuance of the provisions of this act; and such bonds shall be held exclusively as security for the circulating notes of the association by which they were transferred, until such notes are redeemed, except as otherwise provided. (Secs. 5159 and 5167, R. S.)

SEC. 77. To facilitate a compliance with section seventy-five of this act, the Secretary of the Treasury is authorized to receive from any association, and cancel, any United States coupon bonds, and to issue in lieu thereof registered bonds of like amount, bearing a like rate of interest, and having the same time to run. (Sec. 5161, R. S.)

SEC. 78. All transfers of United States bonds made by any association under the provisions of this act shall be made to the Treasurer of the United States in trust for the association, with a memorandum written or printed on each bond, and signed by the cashier, or some other officer of the association making the deposit. A receipt shall be given to the association by the Comptroller of the Currency, or by a clerk appointed by him for that purpose, stating that the bond is held in trust for the association on behalf of which the transfer is made, and as security for the redemption and

payment of any circulating notes that have been or may be delivered to such association. (Sec. 5162, R. S.)

SEC. 79. No assignment or transfer by the Treasurer of the United States of any bond deposited with him under the provisions of this act shall be valid unless countersigned by the Comptroller of the Currency. Every such transfer or assignment, immediately after it is so countersigned, shall be entered in a book to be kept by the Comptroller in his office for that purpose. The Comptroller shall state in such entry the name of the association from the account of which the transfer is made, the name of the party to whom it is made, the par value, and the numerical designation and the denomination of each bond transferred. (Secs. 5162 and 5163, R. S.)

SEC. 80. The Comptroller of the Currency, immediately upon countersigning and entering any transfer or assignment by the Treasurer of the United States of any bonds belonging to a national banking association, shall advise by mail the association from the account of which the transfer is made of the kind and numerical designation of the bonds and the amount thereof so transferred. (Sec. 5164, R. S.)

SEC. 81. The Comptroller of the Currency shall have at all times, during office hours, access to the books of the Treasurer of the United States for the purpose of ascertaining the correctness of any transfer or assignment of bonds presented for his countersignature; and the Treasurer shall have the like access to the book mentioned in section seventy-nine of this act, to ascertain the correctness of the entries in the same. The Comptroller shall also have like access to the bonds on deposit with the Treasurer, to ascertain their amount and condition. (Sec. 5165, R. S.)

SEC. 82. Every association having bonds deposited in the office of the Treasurer of the United States shall, once or oftener in each fiscal year, examine and compare the bonds pledged by the association with the books of the Comptroller of the Currency and with the accounts of the association, and, if they are found correct, shall execute to the Treasurer a certificate setting forth the different kinds and the amounts thereof, and that the same are in the possession and custody of the Treasurer at the date of the certificate. Such examination shall be made at such time or times, during the ordinary business hours, as the Treasurer and the Comptroller, respectively, may select. It may be made by an officer or agent of such association, duly appointed in writing for that purpose; and the certificate before mentioned, when made by such officer or agent, shall be of the same force and validity as if executed by the president or cashier. A duplicate of such certificate, signed by the Treasurer, shall be retained by the association. (Sec. 5166, R. S.)

SEC. 83. If any association fail to appoint one of its officers or an agent to make the examination required by the preceding section, or if such officer or agent fail to attend at the time designated, or to make the examination, or to execute the certificate specified, the examination may be made and the certificate may be executed by some person designated for the purpose by the Secretary of the Treasury. And such person, upon a faithful performance of such duties, shall be entitled to recover from the association reasonable compensation therefor, to be fixed by the Comptroller of the Currency.

SEC. 84. The Comptroller of the Currency shall give to each association powers of attorney to receive and appropriate to its own use the interest on the bonds which it has so transferred to the Treasurer. But such powers of attorney shall not apply to any portion of such interest withheld in pursuance of any provision of this act; and they shall become wholly inoperative whenever such association fails to redeem its circulating notes, or is placed in the hands of a receiver or other agent of the Comptroller in accordance with law. (Sec. 5167, R. S.)

SEC. 85. Whenever the market or cash value of any bonds deposited with the Treasurer by any association is reduced below the rate of one hundred dollars for ninety dollars of the circulation issued for the same, the Comptroller of the Currency may demand of the association and receive from it the amount of such depreciation in other United States bonds at cash value, or in money, to be deposited with the Treasurer as long as such depreciation continues. (Sec. 5167, R. S.)

SEC. 86. The Comptroller of the Currency, upon the terms prescribed by the Secretary of the Treasury, may permit an exchange to be made of any bonds deposited with the Treasurer by any association for other bonds of the United States authorized to be received as security for circulating notes, if he is of the opinion that such an exchange can be made without prejudice to the United States. (Sec. 5167, R. S.)

SEC. 87. Upon a deposit of bonds as prescribed by section seventy-five of this act, the association making the same shall be entitled to receive from the Comptroller of the Currency circulating notes of different denominations, in blank, registered and countersigned as hereinafter provided, equal in amount to ninety per centum of the current market value, not exceeding par, of the United States bonds so transferred and delivered; but at no time shall the total amount of circulating notes supplied to any association exceed ninety per centum of its capital stock at such time actually paid in. (Sec. 5171, R. S., and Act July 12, 1882, sec. 10.)

22 REPORT OF THE COMPTROLLER OF THE CURRENCY.

SEC. 88. In order to furnish suitable notes for circulation, the Comptroller of the Currency, under the direction of the Secretary of the Treasury, shall cause plates and dies to be engraved, in the best manner to guard against counterfeiting and fraudulent alterations, and shall have printed therefrom and numbered, such quantity of circulating notes, in blank, of the denominations of five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars, five hundred dollars, and one thousand dollars, as may be required to supply the associations entitled to receive the same. Such notes shall bear upon their face the statement that they are secured by United States bonds deposited with the Treasurer of the United States, which statement shall be attested by the written or engraved signatures of the Treasurer and Register and by the imprint of the seal of the Treasury. They shall likewise express upon their face the promise of the association to which they are supplied to pay the amount thereof on demand; and for the proper attestation of this promise blank spaces shall be left for the signatures of the president or vice-president and the cashier. There shall also be printed upon such notes, under such regulations as the Secretary shall prescribe, the charter number of the association to which they are supplied; and they shall bear such devices and statements other than those herein specified, and shall be in such form as the Secretary shall, by regulation, direct. (Sec. 5172, R. S., and Act June 20, 1874, sec. 5.)

SEC. 89. The plates, dies, bed-pieces, and other appliances prepared for the printing of the national-bank notes, together with the original engraved plates, the cylinders and other material used in the preparation thereof, shall be kept in suitable vaults in the building of the Bureau of Engraving and Printing. They shall be at all times, when not in actual use, under the control and direction of the Comptroller of the Currency, but in the special charge of a custodian, who shall be responsible for the safe keeping of such appliances as come into his charge, and for the proper issue and due return, the same day, of every piece taken out for use. The custodian shall keep an accurate record of every such issue and return, and at the end of each calendar month he shall transmit to the Comptroller of the Currency a report in such form as that officer may prescribe. (Secs. 5173 and 5174, R. S.)

SEC. 90. The custodian shall be appointed by the Secretary of the Treasury, and shall be entitled to a salary of three thousand dollars a year. He shall give to the United States a bond in the penalty of twenty-five thousand dollars, with not less than two responsible sureties to be approved by the Secretary, conditioned for the faithful discharge of his duties.

SEC. 91. Once in each year the Secretary of the Treasury shall cause to be examined all the plates, dies, bed-pieces, cylinders, and other appliances used in the preparation of the national-bank notes, and a correct list to be taken thereof, and such list to be compared with the list made the previous year, and all differences to be noted and accounted for, and a full report made to him of such examination and the results.

SEC. 92. All material prepared for or used in the printing of the notes of associations which are in liquidation, or have closed business, and all other material not required for present or future use, shall be destroyed, under such regulations as shall be prescribed by the Comptroller of the Currency and approved by the Secretary of the Treasury.

SEC. 93. The examination and destruction provided for by the two preceding sections shall be conducted by a committee of three persons, one to be selected by the Comptroller of the Currency, one by the Treasurer of the United States, and one by the Register of the Treasury, all subject to the approval of the Secretary of the Treasury. Such committee shall perform its duties under regulations to be established by the Secretary, and each member thereof shall be entitled to such compensation as may be provided by such regulations. But no person appointed for this duty shall hold any position or office under either of the officers charged with the selection of the committee, nor shall the same person be twice appointed upon the committee.

SEC. 94. The expenses of such examinations and destructions shall be paid out of any appropriation made by Congress for the special examination of national banking associations and bank-note plates.

SEC. 95. Every association shall reimburse the Treasury the cost of engraving the plates required for printing its circulating notes. (Act June 20, 1874, sec. 3, and Act June 12, 1882, sec. 6.)

SEC. 96. Upon deposit with the Treasurer of the United States of any United States bonds, bearing interest, payable in gold, in the manner prescribed for other associations, it shall be lawful for the Comptroller of the Currency to furnish to any association organized under section fifty-two of this act circulating notes of different denominations, but none of them of less than five dollars, and not exceeding in amount ninety per centum of the par value of the bonds deposited, which notes shall express the promise of the association to pay them, upon presentation at the office at which they are issued, in gold coin of the United States, and they shall be so redeemable. (Sec. 5185, R. S.)

REPORT OF THE COMPTROLLER OF THE CURRENCY. 23

SEC. 97. After any association receiving circulating notes under this act has caused its promise to pay such notes on demand to be signed by its president or vice-president and cashier, in such manner as to make them obligatory promissory notes payable on demand, at its place of business, such association may issue and circulate the same as money. And the same shall be received at par in all parts of the United States in payment of taxes, excises, public lands, and all other dues to the United States, except duties on imports; and also for all salaries and other debts and demands owing by the United States to individuals, corporations, and associations within the United States, except interest on the public debt, and in redemption of the national currency. They may also be counted as a part of the lawful-money reserve which any association is required to keep on hand against its deposits; but they shall not be available for deposit with the Treasurer of the United States in the redemption fund of five per centum upon circulation. (Sec. 5182, R. S.)

SEC. 98. The cashier, with the approval of the board of directors, which approval shall be entered upon the directors' minutes, and certified to the Comptroller of the Currency, may appoint a deputy to affix the cashier's signature to the circulating notes of the association. But such notes shall not be signed by any assistant or acting cashier.

SEC. 99. No national banking association shall issue any notes or other obligations to circulate as money, except the circulating notes authorized by this act. (Sec. 5183, R. S.)

SEC. 100. The Comptroller of the Currency shall receive, when delivered to him in sums of one hundred dollars or any multiple thereof, worn or mutilated circulating notes issued by any association, and shall furnish to the association other blank circulating notes to an equal amount in place thereof; and, also, upon due proof of the destruction of any circulating notes, he shall deliver to the association by which such notes were issued other blank circulating notes to an equal amount. (Sec. 5184, R. S.)

SEC. 101. The Comptroller of the Currency shall establish regulations for registering in proper books all worn or mutilated notes received by him and all notes which have been redeemed or surrendered to be canceled, and he shall cause all such notes, after identification and registration, to be destroyed by maceration, under regulations to be prescribed by the Secretary of the Treasury, and in the presence of four persons, one to be appointed by the Secretary of the Treasury, one by the Comptroller of the Currency, one by the Treasurer of the United States, and one by the association interested in such destruction. A certificate of such destruction, signed by the parties witnessing the same, shall be made in the books of the Comptroller, and a duplicate thereof shall be by him forwarded to the association the notes of which are thus destroyed. If any association shall fail to appoint some person to witness the destruction of its notes, the Comptroller may designate some person to act as witness for it; and the person so appointed shall be entitled to reasonable compensation for such services. (Sec. 5184, R. S., and Act June 23, 1874.)

SEC. 102. The Comptroller of the Currency may direct any bonds to be returned, in sums of not less than one thousand dollars, to the association which transferred the same, upon the surrender to him and the cancellation of a proportionate amount of its circulating notes. But no such return of bonds shall be made if thereby the remaining bonds which the association has on deposit would be reduced below the amount required by section seventy-five of this act, or below the amount required, either at par or in cash value, to secure the unsurrendered circulating notes of the association. (Sec. 5167, R. S.)

SEC. 103. Any association may take up the bonds deposited by it with the Treasurer of the United States, in excess of the amount it is required to keep on deposit, if no circulating notes have been issued thereon, or when notes have been issued thereon, if a proportionate amount of such notes are surrendered to the Comptroller of the Currency for cancellation without replacement. Any association closing up its business and dissolving its organization may take up, in sums of not less than one thousand dollars, the bonds deposited by it, upon surrendering to the Comptroller a proportionate amount of its circulating notes; and in like manner any association which reduces its capital stock may take up the bonds it has on deposit in excess of the amount required by section seventy-five of this act. (Sec. 5160, R. S.)

SEC. 104. Every association shall at all times keep and have on deposit in the Treasury of the United States, in lawful money of the United States, a sum equal to five per centum of its circulating notes, to be held and used for the redemption of such notes. And when the circulating notes of any associations, assorted or unassorted, shall be presented for redemption to the Treasurer of the United States, in sums of one thousand dollars or any multiple thereof, the same shall be redeemed in United States notes, or, at the option of the Treasurer, in coin of equal current value with such United States notes. Upon the request of the person presenting any national-bank notes for redemption, the Treasurer may, if convenient, pay the same in gold or silver coin certificates. (Act June 20, 1874, sec. 3.)

24 REPORT OF THE COMPTROLLER OF THE CURRENCY.

SEC. 105. All notes redeemed by the Treasurer of the United States under the preceding section shall be charged by him to the respective associations issuing the same, and he shall notify them severally, on the first day of each month, or oftener, at his discretion, of the amount of such redemptions; and whenever such redemptions for any association shall amount to the sum of five hundred dollars, such association so notified shall forthwith deposit with the Treasurer in United States notes, or in such coin or coin certificates as the Treasurer may accept as equivalent thereto, a sum equal to the amount of its circulating notes so redeemed. (Act June 20, 1874, sec. 3.)

SEC. 106. When such redemptions have been reimbursed as required, the circulating notes redeemed shall be forwarded to the respective associations by which they were issued; but if any of such notes are worn, mutilated, defaced, or otherwise unfit for use, they shall be forwarded to the Comptroller of the Currency to be destroyed and replaced. (Act June 20, 1874, sec. 3.)

SEC. 107. Any association desiring to withdraw any of its circulating notes, may, upon the deposit of lawful money with the Treasurer of the United States, in sums of not less than four thousand five hundred dollars, take up the bonds which it has transferred to the Treasurer for the security of such circulating notes, in the order in which it makes such deposit of lawful money; and the outstanding notes of such association, to an amount equal to the lawful money deposited, shall be redeemed at the Treasury of the United States, and destroyed, as prescribed in this chapter. But the bonds on deposit to secure the circulating notes of such association shall not be reduced below the amount required by section seventy-five of this act. (Act June 20, 1874, sec. 4, and Act July 12, 1882, sec. 8.)

SEC. 108. Not more than three millions of dollars of lawful money shall be deposited during any calendar month for the purpose of withdrawing circulating notes as provided in the preceding section. But this provision shall not apply where bonds on deposit with the Treasurer are called by the Secretary of the Treasury for redemption. (Act July 12, 1882, sec. 9.)

SEC. 109. Every association which shall go into voluntary liquidation shall, within six months from the date of the vote to liquidate its affairs, deposit with the Treasurer of the United States lawful money of the United States sufficient to redeem all its outstanding circulation. The Treasurer shall execute duplicate receipts for money thus deposited, stating the amount received by him and the purpose for which it has been received, and shall deliver one to the association and the other to the Comptroller of the Currency; and the money shall be paid into the Treasury of the United States and placed to the credit of such association upon redemption account. (Sec. 5222, R. S.)

SEC. 110. Whenever a sufficient deposit of lawful money to redeem the outstanding circulation of an association proposing to close its business has been made, the bonds deposited by the association to secure payment of its notes shall be reassigned to it. And thereafter the association and its shareholders shall stand discharged from all liabilities upon the circulating notes, and those notes shall be redeemed at the Treasury of the United States. If any such association shall fail to make the deposit and take up its bonds for thirty days after the expiration of the time specified, the Comptroller of the Currency shall have power to sell, at public auction in New York City, the bonds pledged to secure the circulating notes of such association, and, after providing for the redemption and cancellation of such notes, and the necessary expenses of the sale, to pay over any balance remaining to the association or its legal representative. (Sec. 5224, R. S., as amended by Act February 18, 1875.)

SEC. 111. Whenever the Treasurer of the United States has redeemed any of the notes of an association which has commenced to close its affairs, he shall cause the notes to be mutilated and charged to the redemption account of the association; and all notes so redeemed by the Treasurer shall, every three months, be certified to and destroyed by maceration, in the manner prescribed in section one hundred and one of this act. (Sec. 5225, R. S.)

SEC. 112. The provisions of the three preceding sections shall apply also to associations of which the corporate existence expires, and which do not extend their succession, the deposit of lawful money to be made within six months from the expiration of such corporate existence. (Act July 12, 1882, sec. 7.)

SEC. 113. An association which is in good faith winding up its business for the purpose of consolidating with another association shall not be required to deposit lawful money for its outstanding circulation; but its bonds on deposit and its outstanding circulating notes shall be reported by the association with which it is in process of consolidation. (Sec. 5223, R. S.)

SEC. 114. When any association shall extend the period of its succession, the circulating notes issued to it prior to such extension shall be redeemed at the Treasury of the United States, as provided in section one hundred and four of this act; and such notes when redeemed shall be forwarded to the Comptroller of the Currency and de-

stroyed. From time to time as such notes are redeemed new circulating notes shall be supplied to the association. (Act July 12, 1882, sec. 6.)

SEC. 115. Any gain that may arise from the failure to present for redemption the circulating notes of any association shall inure to the benefit of the United States. (Act July 12, 1882, sec. 6.)

SEC. 116. All notes of national banking associations redeemed at the Treasury of the United States shall be canceled, except when returned to the association by which they were issued, as provided by section one hundred and six of this act. (Sec. 5223, R. S.)

SEC. 117. All notes of national banking associations, worn, defaced, mutilated, or otherwise unfit for circulation, when received by an assistant treasurer, or by any designated depository of the United States, shall be forwarded to the Treasurer of the United States for redemption as provided in section one hundred and four of this act. (Act June 20, 1874, sec. 3.)

SEC. 118. Whenever any association fails to redeem in the lawful money of the United States any of its circulating notes, upon demand of payment duly made during the usual hours of business, at the office of such association, the holder may cause the same to be protested, in one package, by a notary public, unless the president or cashier of the association offers to waive demand and notice of the protest, and, in pursuance of such offer, makes, signs, and delivers to the party making such demand an admission in writing, stating the time of the demand, the amount demanded, and the fact of the non-payment thereof. The notary public, on making such protest, or upon receiving such admission, shall forthwith forward such admission or notice of protest to the Comptroller of the Currency, retaining a copy thereof. If, however, satisfactory proof is produced to the notary public that the payment of the notes demanded is restrained by order of any court of competent jurisdiction, he shall not protest the same. (Sec. 5226, R. S.)

SEC. 119. All fees for protesting the notes of any association shall be paid by the person procuring the protest to be made, and such association shall be liable therefor; but no part of the proceeds of any bonds deposited by such association shall be applied to the payment of such fees, nor shall such fees be preferred to other claims against an insolvent association. When the holder of any notes causes more than one note or package to be protested on the same day he shall not acquire a claim for more than one protest fee; and no fees shall in any case be allowed for protesting the notes of any association after it has closed its doors in consequence of insolvency. (Secs. 5526 and 5238, R. S.)

SEC. 120. On receiving notice that any national banking association has failed to redeem any of its circulating notes the Comptroller of the Currency, with the concurrence of the Secretary of the Treasury, may appoint a special agent, of whose appointment immediate notice shall be given to such association, who shall immediately proceed to ascertain whether it has refused to pay its circulating notes in the lawful money of the United States, when demanded, and shall report to the Comptroller the fact so ascertained. (Sec. 5227, R. S.)

SEC. 121. If from the protest, and from the report made by the agent appointed under the preceding section the Comptroller of the Currency is satisfied that such association has refused to pay its circulating notes and is in default, he shall, within thirty days after he has received such report, declare the bonds deposited by such association forfeited to the United States, and they shall thereupon be so forfeited. (Sec. 5227, R. S.)

SEC. 122. Immediately upon declaring the bonds of an association forfeited for non-payment of its notes the Comptroller of the Currency shall give notice, in such manner as the Secretary of the Treasury, by general rules or otherwise, shall direct, to the holders of the circulating notes of such association to present them for payment at the Treasury of the United States, and the same when presented shall be paid in lawful money of the United States; whereupon the Comptroller shall cause the bonds pledged by such association, or so much of them as may be necessary to redeem its outstanding notes, to be sold at public auction in the city of New York, after giving thirty days' notice of such sale to the association. (Secs. 5229 and 5230, R. S.)

SEC. 123. When all the bonds of an association have been sold, as provided in the preceding section, and the proceeds thereof are insufficient for the payment of the outstanding notes of the association, the United States shall have a paramount lien upon all the assets of the association for the amount of the deficiency; and such deficiency shall be made good out of such assets in preference to any and all claims whatsoever, except the necessary costs and expenses of administering the same. (Sec. 5230, R. S.)

SEC. 124. The Comptroller of the Currency, if he deems it for the interest of the United States, may sell at private sale any of the bonds of an association shown to have made default in paying its notes, and receive therefor either money or the circulating notes of the association. But no such bonds shall be sold by private sale for less than par, nor for less than the market value thereof at the time of sale; and no sales of any such bonds, either public or private, shall be complete until the transfer

26 REPORT OF THE COMPTROLLER OF THE CURRENCY.

of the bonds shall have been made with the formalities prescribed by section seventy-nine of this act. (Sec. 5231, R. S.)

SEC. 125. Every association the circulating notes of which shall be redeemed by the Treasurer of the United States, as provided in section one hundred and four of this act, and every association making any deposit of lawful money with the Treasurer for reducing its circulation, shall be assessed the cost of transporting and assorting its notes, and such assessment shall be in proportion to the circulating notes redeemed, and shall be charged to the fund deposited with the Treasurer under the requirement of said section one hundred and four, and every association which shall make a deposit of lawful money for retiring its circulation in full shall, at the time of such deposit, be assessed, for the cost of transporting and redeeming its notes then outstanding, a sum equal to the average cost of the redemption of national-bank notes during the preceding year, and shall thereupon pay such assessment. (Act June 20, 1874, sec. 3, and Act July 12, 1892, sec. 8.)

SEC. 126. The Secretary of the Treasury may from time to time make such regulations respecting the perpetuation of the evidence of the payment of circulating notes presented at the Treasury of the United States for redemption as may seem to him proper. (Sec. 5232, R. S.)

CHAPTER VI.—THE BANKING BUSINESS.

SEC. 127. The usual business of each association shall be transacted at an office or banking house located in the place specified in its organization certificate. But, with the approval of the Comptroller of the Currency first obtained, any association may have in such place more than one office for receiving deposits, paying checks, and buying and selling exchange; and in every such case the association shall conform to the requirements of the Comptroller as to the clerical force to be employed and the accounts to be kept at and for each such office, and as to the extra compensation for examinations thereof. (Sec. 5190, R. S.)

SEC. 128. For the purposes of this act the cities of Albany, Baltimore, Boston, Cincinnati, Cleveland, Detroit, Kansas City, Louisville, Milwaukee, New Orleans, Omaha, Philadelphia, Pittsburgh, Saint Joseph, San Francisco, and Washington shall be known as reserve cities; and the cities of Chicago, New York, and Saint Louis shall be known as central reserve cities. (Sec. 5191, R. S.)

SEC. 129. Upon the application, in writing, of three-fourths in number of the associations located in any city of the United States having fifty thousand inhabitants, the Comptroller of the Currency shall have authority to designate such city a reserve city. (Act March 3, 1887.)

SEC. 130. Upon the application, in writing, of three-fourths in number of the associations located in any city of the United States having two hundred thousand inhabitants, the Comptroller of the Currency shall have authority, with the approval of the Secretary of the Treasury, to designate such city a central reserve city. But if any city named in section one hundred and twenty-eight of this act as a reserve city shall be designated a central reserve city, it shall thereafter be known only as a central reserve city. (Act March 3, 1887.)

SEC. 131. Every association in a reserve city, or in a central reserve city, shall at all times have on hand lawful money of the United States equal to at least twenty-five per centum of its deposits and other liabilities payable on demand, and every other association shall at all times have on hand lawful money of the United States equal to at least fifteen per centum of its deposits and its liabilities so payable. But no association is required to keep on hand lawful money on account of Government deposits, except as provided in section one hundred and thirty-six of this act. (Sec. 5191, R. S., and Act March 3, 1887.)

SEC. 132. Whenever the lawful money of any association shall be below the amount required by the preceding section, such association shall not impair its cash resources by making any new loans or discounts, otherwise than by discounting or purchasing bills of exchange payable at sight or on demand, nor make any dividend of its profits until the required proportion between its deposits and its lawful money of the United States has been restored. (Sec. 5191, R. S.)

SEC. 133. Whenever the lawful-money reserve of any association is found to be below the amount required, the Comptroller of the Currency may notify the association to make good its reserve; and if the association shall fail so to do for thirty days after such notice, the Comptroller, with the concurrence of the Secretary of the Treasury, may appoint a receiver to wind up its business. (Sec. 5191, R. S.)

SEC. 134. Three-fifths of the reserve of fifteen per centum required by section one hundred and thirty-one of this act may consist of cash balances due from associations in reserve cities or in central reserve cities; and one-half of the lawful money reserve of associations in reserve cities may consist of cash balances due from associations in central reserve cities. But every association with which any part of the lawful-money reserve of any other association is kept shall first be approved for that purpose

by the Comptroller of the Currency. (Secs. 5192 and 5195, R. S.; Act June 20, 1874, and Act March 3, 1887, sec. 2.)

SEC. 135. Certificates representing specie or lawful money specially deposited by the members of any clearing-house association for the purpose of settling balances between them shall, when owned and held by any association which is a member of such clearing-house, be deemed to be lawful money within the meaning of section one hundred and thirty-one of this act. (Sec. 5192, R. S.)

SEC. 136. Any association designated by the Secretary of the Treasury as a depository of public money may be required by the Secretary to keep on hand on account of such deposits such reserve fund as he may deem expedient. But such deposits shall not be counted in estimating the reserve required under section one hundred and thirty-one of this act.

SEC. 137. The Secretary of the Treasury may receive, at the Treasury or at any sub-treasury, from any national banking association United States notes on deposit, without interest, in sums of not less than ten thousand dollars, and issue certificates therefor in such form as he may prescribe, in denominations of not less than five thousand dollars, payable on demand in United States notes at the place where the deposits were made. The notes so deposited shall not be counted as part of the lawful-money reserve of the association; but the certificates issued therefor may be counted as such, and may be deposited with the Treasurer of the United States as a part of the five per cent. fund for the redemption of the circulating notes of the association. (Sec. 5193, R. S.)

SEC. 138. The power conferred on the Secretary of the Treasury by the preceding section shall not be exercised so as to create any expansion or contraction of the currency. And United States notes for which the certificates are issued under that section, or other United States notes of like amount, shall be held as special deposits in the Treasury and used only for the redemption of such certificates. (Sec. 5194, R. S.)

SEC. 139. No association shall be a member of any clearing-house in which gold certificates issued under the authority of the act of July twelfth, eighteen hundred and eighty-two, and silver certificates shall not be receivable in the settlement of clearing-house balances. (Act July 12, 1882, sec. 12.)

SEC. 140. Every association shall take and receive at par, for any debt or liability to it, any and all notes or bills issued by any lawfully organized national banking association. This provision shall not apply to any association organized for the purpose of issuing notes payable in gold; but every such association shall receive at par in the payment of debts the gold notes of every other such association which at the time of such payment is redeeming its circulating notes in gold coin of the United States. (Secs. 5186 and 5196, R. S.)

SEC. 141. No association shall at any time, or for any purpose, pay out or put in circulation the notes of any bank or banking association which are not at such time receivable, at par, on deposit, and in payment of debts by the association so paying out or circulating them; nor shall any association knowingly pay out or put in circulation any notes issued by any bank or banking association which at the time of such paying out or putting in circulation is not redeeming its circulating notes in lawful money of the United States. (Sec. 5206, R. S.)

SEC. 142. No association shall, either directly or indirectly, pledge or hypothecate any of its notes of circulation, for the purpose of procuring money to be paid in on its capital stock, or to be used in its banking operations, or otherwise; nor shall any association use its circulating notes, or any part thereof, in any manner or form, to create or increase its capital stock. (Sec. 5203, R. S.)

SEC. 143. No association shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall be sold at public or private sale within six months from the time of such purchase or acquisition or, in default thereof, a receiver may be appointed by the Comptroller of the Currency to close up the business of the association. (Sec. 5201, R. S.)

SEC. 144. No association shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital stock. But nothing herein shall prevent the reduction of the capital stock of the association under section twenty-seven of this act. (Sec. 5204, R. S.)

SEC. 145. Every association of which the capital stock is not paid up as required by law, and every association of which the capital stock may become impaired by losses or otherwise, shall, within three months after receiving notice thereof from the Comptroller of the Currency, pay the deficiency in the capital stock, by assessment upon the shareholders in proportion to the shares held by each; and the Treasurer of the United States, upon notice from the Comptroller, shall withhold the interest upon all bonds held by him in trust for any such association until otherwise notified by the Comptroller. If any such association shall fail to pay up its capital stock and

28 REPORT OF THE COMPTROLLER OF THE CURRENCY.

shall refuse to go into liquidation, for three months after receiving notice from him, the Comptroller may appoint a receiver to close up its business. (Sec. 5205, R. S.)

SEC. 146. If any shareholder shall neglect or refuse to pay within two months any assessment made by the directors for the purpose of restoring impaired capital, the directors shall cause a sufficient amount of the capital stock of such shareholder to be sold at public auction to make good the deficiency, and the balance, if any, shall be returned to such delinquent shareholder. Ten days' notice of such sale shall be posted in the office of the association, and shall be published in a newspaper of the city or town where the association is located. (Act June 30, 1876.)

SEC. 147. No association shall take, either in its own name, or in the name of any person or corporation for its benefit, any mortgage or lien upon real estate as security for a contemporaneous loan or for future advances made or to be made by it; nor shall any association purchase or hold any bond, note, or evidence of debt so secured, or the shares or debentures of any company or corporation dealing in real-estate securities.

SEC. 148. The provisions of the preceding section shall not apply in either of the following cases:

(1) The discount for an indorser in the ordinary course of business of a bona fide bill of exchange or negotiable promissory note having not more than four months to run, which is deemed by the board of directors a good asset without reference to any mortgage or lien collateral thereto.

(2) The taking of a bill or note so secured which has not more than four months to run, when the same is assigned to the association, in good faith, for the purpose of procuring the extension of a debt previously incurred.

(3) The taking of a mortgage or lien on real estate, or any obligation secured thereby, for the purpose of securing a debt previously contracted in good faith.

But in all the cases specified in this section a full record of the transaction, and of the reasons therefor, shall be entered upon the directors' minutes, and shall be attested by the signatures of a majority of the board.

SEC. 149. Nothing in this act shall be held to invalidate the title of any association to any bonds, debentures, or stocks acquired by it, or to any bill, note, or evidence of debt discounted by it, nor to render any mortgage or lien upon real estate invalid, nor to deprive any association or its assigns of the title to or possession of any real estate, or of any of the remedies to which mortgagees or persons holding liens upon real estate are entitled by the laws of the State, Territory, or District in which the property is situated.

SEC. 150. Every association offending against the provisions of section one hundred and forty-seven of this act shall be liable to a penalty for each infraction at the rate of one per centum per month upon the amount involved therein during the entire period that such obligations or securities are held by it, or by any person or corporation for its benefit.

SEC. 151. The total liabilities to any association, of any person, firm, company, or corporation, for money borrowed, including in the liabilities of a firm or company the liabilities of the several members thereof, shall at no time exceed one-tenth part of the capital stock actually paid in. But the discount of bills of exchange drawn in good faith against actually existing values, shall not be considered as money borrowed by the drawers or indorsers thereof; nor shall the discount of commercial paper actually owned by the persons for whom such discount is made be regarded as money borrowed by the makers of such paper; but in all such cases the limitation herein specified shall apply to the person, firm, company, or corporation, for whose use or benefit, directly or indirectly, any such loans or discounts are made. (Sec. 5200, R. S.)

SEC. 152. The prohibition of the preceding section shall not apply to loans made upon convertible collateral security, of which the cash market value is not less than the amount borrowed thereon, if neither the value nor the convertibility of the security is dependent upon the solvency or the success of any party to the loan. But the total liabilities of any person, firm, or corporation to an association, including loans on collaterals, shall at no time exceed twenty per centum upon the aggregate of its paid-in capital stock and surplus fund.

SEC. 153. Any association which shall make any loan contrary to the provisions of section one hundred and fifty-one of this act shall be subject to a penalty at the rate of one per centum per month on the entire amount of such loan for the period for which it shall have been made, and during which it shall continue.

SEC. 154. No association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

- (1) Notes of circulation.
- (2) Moneys deposited with or collected by the association.
- (3) Bills of exchange or drafts drawn against money actually on deposit to the credit of the association or due thereto.

(4) Liabilities to the stockholders of the association for dividends and reserved profits. (Sec. 5202 R. S.)

SEC. 155. All losses sustained by any association shall be promptly charged against its undivided profits, and like charge shall be made of all bad debts; and no association shall at any time make or publish any statement of its condition which does not reflect the deduction from its undivided profits of all losses incurred up to that time, and of all bad debts.

SEC. 156. The directors of any association, at stated periods, to be fixed by the by-laws and reported to the Comptroller of the Currency, may declare dividends out of its net earnings, or any portion thereof, except the portion required by section one hundred and fifty-eight of this act to be passed to surplus account; but no dividend shall be made by any association, while it continues its banking operations, to an amount greater than its net profits then on hand, after deducting all losses and bad debts.

SEC. 157. In all cases before any dividend is declared or paid the directors shall ascertain by personal examination that all losses and bad debts have been charged off and that the association otherwise is in a good condition to make such distribution of net earnings; and every director shall be held to have assented to any dividend declared by the board, unless he shall at once notify the Comptroller of the Currency of his dissent.

SEC. 158. Every association shall accumulate a surplus fund equal to at least twenty per centum of its capital stock, by appropriating thereto ten per centum or more of its net profits as ascertained by deducting from the gross earnings and profits all bad debts as defined in section one hundred and sixty-six of this act, and all losses, expenses, and taxes.

SEC. 159. The ascertainment of net profits shall be made by the officers and accountants of the association, under the supervision of the board of directors, at half-yearly intervals, and every time a dividend is to be declared. And whenever the surplus fund of any association is less than twenty per centum of its capital stock, the association shall not declare or pay any dividend until after the ascertainment herein required shall have been made, and until at least ten per centum of the net profits of the last half year or shorter period, if dividends are oftener paid, has been carried to the credit of surplus-fund account.

SEC. 160. No part of the surplus fund shall be withdrawn, in the form of dividends or otherwise, except so much thereof as may be in excess of the amount specified in section one hundred and fifty-eight of this act.

SEC. 161. It shall be unlawful for any officer, clerk, or agent of any national banking association to certify, accept, or otherwise render the bank liable for any check drawn upon the association, unless the person or company drawing the check has on deposit with the association, at the time such check is certified, an amount of money equal to the amount specified therein. Any check so certified by a duly authorized officer shall be a good and valid obligation against the association; but for any act of any officer, clerk, or agent, in violation of this section, the Comptroller of the Currency may assess a penalty upon such association not exceeding one per centum of the amount so unlawfully certified. (Sec. 5208, R. S.)

SEC. 162. The prohibition of the preceding section shall not apply to the certification of checks drawn by regular customers of an association to meet drafts upon them to which bills of lading or transportation receipts for produce or marketable commodities or securities are attached, if these, or other securities equally valuable and convertible, are held by the certifying bank until the overdraft is made good.

SEC. 163. Any association may take, receive, reserve, and charge, on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, and no more, except that where by the laws of any State a different rate is limited for banks of issue organized under State laws, the rate so limited shall be allowed for associations organized or existing in any such State under this act. When no rate is fixed by the laws of the State, Territory, or District, and no agreement is made in advance with the borrower, an association may take, receive, reserve, or charge a rate not exceeding seven per centum, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run. The purchase, discount, or sale of a bona fide bill of exchange, payable at another place than the place of such purchase, discount, or sale, at not more than the current rate of exchange for sight drafts in addition to the interest, shall not be considered as taking or receiving a greater rate of interest. (Sec. 5197, R. S.)

SEC. 164. The taking, receiving, reserving, or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of the debt carries with it, or which has been agreed to be paid thereon. (Sec. 5198, R. S.)

30 REPORT OF THE COMPTROLLER OF THE CURRENCY.

SEC. 165. In case a rate of interest greater than is allowed by this act has been paid, the person by whom it has been paid, or his legal representatives, may recover back from the association taking or receiving the same, in an action in the nature of an action of debt, twice the amount of the interest thus paid. But such action must be commenced within two years from the time the usurious transaction occurred. (Sec. 5198, R. S.)

SEC. 166. All debts due to any association, on which interest is past due and unpaid for a period of six months, shall be considered bad debts within the meaning of this act, unless the same are well secured or are in process of collection.

SEC. 167. The penalties authorized to be imposed by sections one hundred and fifty, one hundred and fifty-three, and one hundred and sixty-one of this act shall be assessed against the offending association by the Comptroller of the Currency, subject to an appeal to the Secretary of the Treasury; and in default of payment, the amount thereof shall be withheld by the Treasurer from the interest on the United States bonds deposited by such association to secure its circulating notes. In case any penalty in default shall amount to more than the interest due to such association at the next quarterly payment of interest on such bonds, the excess thereof, and the amount of other penalties in default, may be recovered from the association by suit instituted by the Comptroller, in his own name in the United States district court for the district in which the association is located.

CHAPTER VII.—REPORTS AND EXAMINATIONS.

SEC. 168. Every association shall make to the Comptroller of the Currency, according to the form which may be prescribed by him, not less than five reports during each year, each verified by the oath or affirmation of the president, vice-president, or cashier of such association, and attested by the signatures of at least three other directors. Each such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the association making the same at the close of business on any past day specified by the Comptroller; and it shall be transmitted to the Comptroller within five days after the receipt of a request or requisition therefor from him. (Sec. 5211, R. S.)

SEC. 169. Each report made to the Comptroller of the Currency under the requirements of the preceding section shall, in the same form in which it is made to the Comptroller, be published, at the expense of the association by which it was made, in a newspaper published in the place where such association is established; and such proof of publication shall be furnished as may be required by the Comptroller. (Sec. 5211, R. S.)

SEC. 170. The Comptroller of the Currency shall have power to call for special reports from any particular association whenever, in his judgment, the same are necessary in order to a full and complete knowledge of its condition. (Sec. 5211, R. S.)

SEC. 171. In addition to the other reports required by this act each association shall report to the Comptroller of the Currency, within ten days after declaring any dividend, the amount of such dividend, the amount of net earnings in excess thereof, and such other facts touching the declaration of such dividend as the Comptroller shall prescribe. Such reports shall be attested by the oath of the president, vice-president, or cashier of the association. (Sec. 5212, R. S.)

SEC. 172. Any association failing to make and transmit any report required by this chapter shall be subject to a penalty of ten dollars for each day it delays so to do after the periods respectively mentioned, which penalty shall be assessed by the Comptroller of the Currency. Whenever any association delays or refuses to pay the penalty so assessed, the amount thereof shall be retained by the Treasurer of the United States, upon the order of the Comptroller, out of the interest, as it may become due to the association, on the bonds deposited to secure circulation. (Sec. 5213, R. S.)

SEC. 173. All savings banks or savings and trust companies organized under authority of any act of Congress shall make to the Comptroller of the Currency, and shall publish all the reports which national banking associations are required to make and publish under the provisions of this chapter, and shall be subject to the same penalties for failure to make or publish such reports as are herein provided; which penalties may be collected by suit before any court of the United States in the district in which such savings banks or savings and trust companies may be located. (Act June 30, 1876, sec. 6.)

SEC. 174. The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall, as often as shall be deemed necessary or proper, appoint a suitable person or persons to make an examination of the affairs of every national banking association and of every savings bank or savings and trust company organized under authority of any act of Congress. Such persons shall be known as examiners of national banks, and each such examiner shall have power to make a

thorough examination into all the affairs of the association, and, in doing so, to examine any of the officers and agents thereof, on oath, and shall make to the Comptroller a full and detailed report of the condition of the association. But no person shall be appointed to examine the affairs of any association in which, or adversely to which, he has any interest, personal or pecuniary. (Sec. 5240, R. S.)

SEC. 175. The Comptroller of the Currency may from time to time assign examiners of national banks to certain cities or districts, and require them to reside at some convenient place therein, or at a point readily accessible thereto, and to exercise a general inspection over all national banking associations therein. But no examiner shall visit or examine any bank except by direction, either general or special, of the Comptroller.

SEC. 176. Every person appointed an examiner of national banks shall take an oath that he will perform faithfully all the duties of his office, and preserve inviolate all confidences reposed in him by the Comptroller of the Currency, or by the officers or agents of any association; and that he will not divulge any information obtained by examination of any bank, except in his official reports or when called to testify in some competent court, nor use, directly or indirectly, such information or his official position or opportunities in any manner not authorized by this act.

SEC. 177. The compensation of persons appointed to examine associations not located in a reserve city or in a central reserve city, or in either of the States of Colorado, Oregon, California, and Nevada, or in any Territory, shall be an annual salary equal to two cents on every thousand dollars of aggregate liabilities of the associations examined during the year, and for each examination an additional sum as follows:

(1) For examining an association having a capital not exceeding one hundred and fifty thousand dollars, twenty dollars.

(2) For examining an association having a capital exceeding one hundred and fifty thousand dollars and not exceeding three hundred thousand dollars, twenty-five dollars.

(3) For examining an association having a capital exceeding three hundred thousand dollars and not exceeding five hundred thousand dollars, thirty dollars.

(4) For examining an association having a capital exceeding five hundred thousand dollars and not exceeding seven hundred and fifty thousand dollars, forty dollars.

(5) For examining an association having a capital exceeding seven hundred and fifty thousand dollars and not exceeding one million dollars, fifty dollars.

(6) For examining an association having a capital of over one million dollars, sixty dollars, and one dollar additional for every one hundred thousand dollars of capital in excess of one million dollars. (Sec. 5240, R. S., as amended by Act February 19, 1875.)

SEC. 178. The compensation of persons appointed to examine associations located in any reserve city, or in any central reserve city, or in either of the States of Colorado, Oregon, California, and Nevada, or in any Territory, shall be fixed by the Secretary of the Treasury, upon the recommendation of the Comptroller of the Currency. (Sec. 5240, R. S., as amended by Act February 19, 1875.)

SEC. 179. The fees for examining associations shall be assessed by the Comptroller of the Currency upon the respective associations so examined; and shall be paid by such associations. (Secs. 5283 and 5240, R. S.)

SEC. 180. The Comptroller of the Currency is authorized, whenever he may deem it useful, to cause examination to be made into the condition of any bank in the District of Columbia organized under act of Congress. The Comptroller, at his discretion, may report to Congress the results of such examination. The expense necessarily incurred in any such examination, and all expenses of any preliminary or other special examination into the condition of any association, wherever situated, shall be paid out of any appropriation made by Congress for special bank examinations; but this provision does not include special examinations of associations in liquidation. (Sec. 332, R. S.)

SEC. 181. No association shall be subject to any visitatorial powers other than such as are authorized by this act, or are vested in the courts of justice. (Sec. 5241, R. S.)

CHAPTER VIII.—LIQUIDATION AND RECEIVERSHIP.

SEC. 182. When the corporate existence of an association, as fixed in section sixty-one of this act, expires, and is not extended, such corporate existence shall continue for the sole purpose of liquidating the affairs of the association until such affairs are finally closed. (Act July 12, 1882, sec. 7.)

SEC. 183. Any association may go into liquidation and be closed by the vote of shareholders owning two-thirds of its stock. (Sec. 5220, R. S.)

SEC. 184. Whenever a vote to go into liquidation is taken the board of directors shall cause such fact to be certified, under the seal of the association, by its president or cashier, to the Comptroller of the Currency, and shall cause notice to be pub-

32 REPORT OF THE COMPTROLLER OF THE CURRENCY.

lished that the association is closing up its affairs, and that all its circulating notes and all other claims against it are to be presented for payment. Such publication shall be made for a period of two months in a newspaper published in the city of New York, and also in a newspaper published in the city or town in which the association is located. Like publication shall be made whenever an association is to be wound up by reason of the expiration of its corporate existence. (Sec. 5221, R. S., and Act July 12, 1882, sec. 7.)

SEC. 185. Every association in liquidation shall, on the first of January and first of July of each year, report the progress of such liquidation to the Comptroller of the Currency, in such form as he may require; and the Comptroller, if he deems it expedient, may cause such reports to be verified by a special examination at the expense of the association. The reports required by this section shall be made upon the oath or affirmation of the president, vice-president, or cashier of the association, and shall be attested by the signatures of at least three directors.

SEC. 186. Upon the request of any of the creditors or shareholders of an association in liquidation, the Comptroller of the Currency, after due hearing and inquiry, may appoint a receiver to wind up the affairs of such association. Such receiver, in addition to his other powers, shall have power to inquire into the doings of the persons previously conducting the liquidation, and to proceed against them for damages in case they shall appear to have wasted or misappropriated the assets, or to have failed in any other way to administer the affairs of the association prudently and equitably.

SEC. 187. When any association has gone into liquidation the individual liability of the shareholders may be enforced by any creditor of such association by bill in equity, in the nature of a creditor's bill, brought by such creditor on behalf of himself and of all other creditors of the association against the shareholders thereof in any court of the United States having original jurisdiction in equity for the district in which such association was located. (Act June 30, 1886, sec. 2.)

SEC. 188. Whenever an association has failed to pay its circulating notes on demand or to pay the current demands of its depositors, or is otherwise in a position of insolvency, it shall not be lawful for such association or any of its directors, officers, clerks, or agents to pay out any of its notes or other moneys, to receive deposits, to discount or purchase any notes or bills, or in any other way, directly or indirectly, to prosecute the business of banking. But nothing herein shall forbid an association to receive and safely keep money and other property belonging to it, or to redeem its circulating notes. (Sec. 2228, R. S.)

SEC. 189. All transfers of the property or credits of any association, and all acts which prevent or are intended to prevent the application of its assets in the manner prescribed in this chapter shall be utterly void, when made or done after an act of insolvency committed by such association, or in contemplation of insolvency, and with intent to defeat the pro-rata distribution of the assets of the association, or with intent to give any creditor preference over others. No attachment, injunction, or execution shall be issued against an insolvent association or its property before final judgment in any suit, action, or proceeding in any State, county, or municipal court; and where such process shall have been issued, it shall be immediately quashed or dissolved upon proof that the association was insolvent at the time of the issue thereof. (Sec. 5242, R. S.)

SEC. 190. In addition to the cases where the appointment of a receiver is especially provided for, a receiver of a national banking association may be appointed by the Comptroller of the Currency in either of the following cases:

(1) Whenever the Comptroller shall become satisfied, as specified in sections one hundred and eighteen and one hundred and twenty of this act, that the association has failed to pay its circulating notes and is in default.

(2) Whenever after due examination the Comptroller shall become satisfied that the association is insolvent.

(3) Whenever the association is dissolved, and its rights, privileges, and franchises are declared forfeited, as provided in section forty-six of this act.

(4) Whenever any creditor of the association who has obtained a judgment against it in any court of record makes application for the appointment of a receiver, and furnishes the certificate of the clerk of the court that such judgment has been rendered, and has remained unpaid for thirty days after the expiration of the time for taking an appeal or a writ of error. (Sec. 5234, R. S., and Act June 30, 1876, sec. 1.)

SEC. 191. The Comptroller of the Currency may require of the receiver appointed by him such bond and security as he may deem proper. (Sec. 5234, R. S.)

SEC. 192. The receiver appointed by the Comptroller of the Currency shall, under the direction of the Comptroller, take possession of the books, records, and assets of every description of the association, collect all debts, dues, and claims belonging to it, and, upon the order of a court of record of competent jurisdiction, may sell or compound all bad or doubtful debts, and, on a like order, may sell all the real and personal property of the association, on such terms as the court shall direct, and may, if necessary to pay the debts of the association, enforce the individual liability of the

stockholders. The receiver shall pay over all money so obtained to the Treasurer of the United States, subject to the order of the Comptroller; and he shall make report to the Comptroller of all his acts and proceedings. (Sec. 5234, R. S.)

SEC. 193. The Comptroller of the Currency, upon appointing a receiver, shall cause notice to be given, by advertisement in such newspapers as he may direct, for three consecutive months, calling on all persons who may have claims against the association to present the same, and to make legal proof thereof. (Sec. 5235, R. S.)

SEC. 194. From time to time, after full provision has been first made for refunding to the United States any deficiency in the funds specially devoted to redeeming the notes of the association, the Comptroller of the Currency shall make a ratable dividend of the money so paid over to him by the receiver on all such claims as may have been proved to his satisfaction or adjudicated in a court of competent jurisdiction; and, as the proceeds of the assets of the association are paid over to him, he shall make further dividends on all claims previously proved or adjudicated. But all expenses of any receivership shall be paid out of the assets of the association before final distribution of the proceeds thereof. (Secs. 5236 and 5238, R. S.)

SEC. 195. Whenever the assets of an insolvent association are exhausted and its affairs are wound up, the receiver, under instructions from the Comptroller of the Currency, may apply to the United States circuit court for the district in which the association was located, for a final discharge from further accountability; and if it shall appear that he has well and faithfully administered the trust, and that there are no further assets to be realized, the court shall have power to grant him a discharge and to require the cancellation and surrender of his bond or bonds; and thereupon both the receiver and the Comptroller of the Currency shall stand forever discharged from all further accountability for the debts and obligations of such association.

SEC. 196. When any person appointed receiver of an association is removed from such receivership by the Comptroller of the Currency, he may apply to the circuit court of the United States for the district in which such association was located to grant him a discharge from further accountability, and to cause his bond, or bonds, to be canceled and surrendered; and thereupon such court shall have power to summon the Comptroller of the Currency to show cause why such petition should not be granted and, after due hearing and investigation, the court may make such order as shall be deemed proper.

SEC. 197. If any person appointed receiver of an association shall die, or shall permanently absent himself from the country, or if he shall become in any other way unable to make a petition for discharge, or if he shall refuse or neglect to make such petition, such petition may be made in his behalf by his sureties, or by either of them.

SEC. 198. Whenever, after any association has been placed in the hands of a receiver by the Comptroller of the Currency, all claims against such association which have been proved and allowed, and all expenses of the receivership have been paid in full, and lawful money of the United States has been deposited for the redemption of the circulating notes of the association, the Comptroller shall call a meeting of the shareholders for the purpose of electing an agent to receive the remaining assets of the association. Such meeting shall be called by publishing notice for thirty days in a newspaper published in the place where the business of the association was carried on. (Act June 30, 1876, sec. 3.)

SEC. 199. No person shall be allowed to vote at such meeting upon any share of stock upon which the assessment has not been paid in full, or upon any share which has been surrendered to the receiver in compromise or settlement of debts to the association, but all such shares of stock shall be deducted from the whole number of shares, and a majority of such reduced number shall prevail in the election of an agent and in determining all other questions. (Act June 30, 1876, sec. 3.)

SEC. 200. The agent shall be elected by ballot; and he must receive votes representing at least a majority of the stock upon which votes can be cast. (Act June 30, 1876, sec. 3.)

SEC. 201. In selecting an agent, administrators or executors of deceased shareholders may act and sign as the decedent might have done if living, and guardians may so act and sign for their wards. (Act June 30, 1876, sec. 3.)

SEC. 202. Before any of the assets of the association are delivered to the agent some of the shareholders of the association shall execute and file a bond to the satisfaction of the Comptroller of the Currency, conditioned for the payment and discharge in full of any and every claim against the association that may thereafter be proved, before, and allowed by any competent court, and also for the faithful performance of all the duties of the trust. (Act June 30, 1876, sec. 3.)

SEC. 203. When the bond required by the preceding section has been filed, the Comptroller of the Currency and the receiver shall transfer to the agent all the undivided or uncollected or other assets and property of the association then remaining in their hands, or subject to their order or control; whereupon the Comptroller and the re-

34 REPORT OF THE COMPTROLLER OF THE CURRENCY.

ceiver shall be discharged and released from any and all liability to such association, and to each and all of the creditors and shareholders thereof. (Act June 30, 1876, sec. 3.)

SEC. 204. For the purpose of enabling them to make the transfer provided for by the preceding section, the Comptroller of the Currency and the receiver are severally empowered to execute any deed, assignment, or other instrument that may be necessary and proper. (Act June 30, 1876, sec. 3.)

SEC. 205. The agent selected by the shareholders is authorized to sell, compromise, or compound the debts due to the association upon the order of the United States circuit court for the district where the business of the association was carried on, or other competent court. He shall hold, control, and dispose of the assets and property of the association which he may receive for the benefit of the shareholders of such association as they, or a majority of them in value or number of shares, may direct, distributing such assets and property among such shareholders in proportion to the shares held by each, discriminating equitably between those who have paid assessments in full, those who have paid in part, and those who have not paid at all; and he may in his own name, or in the name of such association, sue and be sued, and do all other lawful acts and things necessary to finally settle and distribute the assets and property in his hands. (Act June 30, 1876, sec. 3.)

SEC. 206. Whenever the agent of the shareholders has collected and distributed all the assets of the association, he may apply to the United States circuit court for the district in which the association was located for a final discharge from further accountability; and if it shall appear that he has well and faithfully administered his trust, and that there are no further assets to be collected and distributed, the court shall grant him a discharge from all further accountability for the debts and obligations of such association. And thereafter all claims against the association shall be forever barred.

SEC. 207. When the assets of any association which has been adjudged to be insolvent by the Comptroller of the Currency, and for which a receiver has been appointed, shall prove sufficient to pay all the creditors in full, with interest, such association shall not be deemed to be dissolved; but after the receiver shall have so paid such creditors, and shall have transferred and delivered to an agent of the shareholders the undivided or uncollected assets and property of the association, the association shall be entitled to resume the business of banking, if the shareholders owning two-thirds of the capital stock shall desire so to do. Before resuming business the association shall restore the entire amount of its capital stock. But, with the approval of the Comptroller, the capital stock may be reduced in the manner prescribed in section twenty-seven of this act before it is restored.

SEC. 208. Where any association has determined to resume business as provided in the preceding section, the agent elected by the shareholders shall certify such fact to the Comptroller of the Currency, and the Comptroller, when he shall be satisfied that the association has complied with all the requirements of the preceding section, and that the shareholders have reorganized the administration thereof by the election of a board of directors, shall issue his certificate that such association is entitled to resume the business of banking.

SEC. 209. The association shall cause the certificate of the Comptroller of the Currency, issued under the preceding section, to be printed in each issue of some paper published in the place where the association is located, for at least sixty days after the issuing thereof.

CHAPTER IX.—JURISDICTION, SUITS, AND EVIDENCE.

SEC. 210. All national banking associations established under the laws of the United States shall, for the purpose of all actions by or against them, real, personal, or mixed, and all suits in equity, be deemed citizens of the States in which they are respectively located; and in such cases the circuit and district courts of the United States shall not have jurisdiction other than such as they would have in cases between the individual citizens of the same State. But the provisions of this section shall not be held to affect the jurisdiction of the courts of the United States in cases commenced by the United States, or by the direction of any officer thereof, or in cases for winding up the affairs of any such association. (Act March 3, 1887, sec. 4.)

SEC. 211. The jurisdiction for suits brought by or against any national banking association in any State, county, or municipal court, except suits between an association and the United States, or the officers and agents of the United States, shall be the same as, and not other than, the jurisdiction for suits by or against banks not organized under any law of the United States, which do or might do banking business where such national banking association may be doing business when such suits are commenced. (Act July 12, 1874, sec. 4.)

SEC. 212. All proceedings by any national banking association to enjoin the Comptroller of the Currency, under the provisions of any law relating to national banking

associations, shall be had in the district where such association is located. (Sec. 736, R. S.)

SEC. 213. All suits and proceedings arising out of the provisions of law governing national banking associations, in which the United States or any of its officers or agents shall be parties, shall be conducted by the district attorneys of the several districts under the direction and supervision of the Solicitor of the Treasury. Nothing herein shall be construed to confer upon any district attorney the right to conduct any suits or proceedings on behalf of a receiver; but he may be employed by such receiver, with the approval of the Comptroller of the Currency, and, in such case, shall receive for his services the same compensation as would be paid to other counsel out of the funds of the trust. (Sec. 380, R. S.)

SEC. 214. Whenever an association against which proceedings have been instituted, on account of any alleged refusal to redeem its circulating notes, denies having failed to do so, it may, at any time within ten days after it has been notified of the appointment of an agent, as provided in section one hundred and twenty of this act, apply to the nearest circuit, district, or territorial court of the United States to enjoin further proceedings in the premises; and such court, after citing the Comptroller of the Currency to show cause why further proceedings should not be enjoined, and after the decisions of the court or finding of a jury that such association has not refused to redeem its circulating notes, when legally presented, in the lawful money of the United States, shall make an order enjoining the Comptroller, and any receiver acting under his direction, from all further proceedings on account of such alleged refusal. (Sec. 5237, R. S.)

SEC. 215. Every certificate, assignment, and conveyance executed by the Comptroller of the Currency, in pursuance of law, and sealed with his seal of office, shall be received in evidence in all places and courts; and all copies of papers in his office, certified by him and authenticated by his official seal, shall in all cases be evidence equally with the originals. An impression of such seal directly on the paper shall be as valid as if made on wax or wafer. (Sec. 884, R. S.)

SEC. 216. Copies of the organization certificate of any national banking association, duly certified by the Comptroller of the Currency, and authenticated by his seal of office, shall be evidence in all courts and places within the jurisdiction of the United States of the existence of the association, and of every matter which could be proved by the production of the original certificate. (Sec. 885, R. S.)

CHAPTER X.—TAXATION.

SEC. 217. Every association shall pay to the Treasurer of the United States, in the months of January and July, a duty of one-half of one per centum each half-year upon the average amount of its notes in circulation, after deducting the amount of such notes represented by the minimum amount of bonds which such association is required to keep on deposit with the Treasurer. (Sec. 5214, R. S.)

SEC. 218. In order to enable the Treasurer to assess the duties imposed by the preceding section, each association shall, within ten days from the first days of January and July of each year, make a return, under the oath of its president or cashier, to the Treasurer, in such form as that officer may prescribe, of the average amount of its notes in circulation for the six months next preceding the most recent first day of January or July. (Sec. 5215, R. S.)

SEC. 219. Every association which fails to make the return required by the preceding section shall be liable to a penalty of two hundred dollars, to be collected either out of the interest as it may become due such association on the bonds deposited with the Treasurer, or, at his option, in the manner in which penalties are to be collected of other corporations under the laws of the United States. (Sec. 5215, R. S.)

SEC. 220. Whenever any association fails to make the required half-yearly return, the duties to be paid by such association shall be assessed upon the amount of notes delivered to such association by the Comptroller of the Currency, after making the deduction specified in section two hundred and seventeen of this act. (Sec. 5216, R. S.)

SEC. 221. Whenever an association fails to pay the duties imposed herein, the sums due may be collected in the manner provided for the collection of United States taxes from other corporations; or the Treasurer may reserve the amount out of the interest as it may become due on the bonds deposited with him by such defaulting association. (Sec. 5217, R. S.)

SEC. 222. In all cases where an association pays in excess of what is found due from it, on account of the duty required to be paid to the Treasurer of the United States, the association may state an account therefor, which, on being certified by the Treasurer, and found correct by the First Comptroller of the Treasury, shall be refunded in the ordinary manner by warrant on the Treasury. (Sec. 5218, R. S.)

36 REPORT OF THE COMPTROLLER OF THE CURRENCY.

SEC. 223. Nothing in this act shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the association is located; but the legislature of each State may determine and direct the manner and place of taxing all the shares of national banking associations located within the State, subject only to the two restrictions: first, that the taxation shall not be at a greater rate in proportion to their real value than is assessed upon the shares of other corporations engaged in receiving deposits, negotiating loans, or transacting any other business similar to that which national banks are authorized to transact, or at any rate which will amount on the aggregate of all the shares to more than is assessed upon a like amount of other capital similarly employed, whether in the hands of individuals or under the control of corporations; secondly, that the shares of any national banking association owned by non-residents of any State shall be taxed in the city or town where the association is located, and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county, or municipal taxes, to the same extent, according to its value, as other real property is taxed. (Sec. 5219, R. S.)

SEC. 224. Whenever any national banking association has ceased to do business by reason of insolvency or bankruptcy, no tax shall be assessed or collected, or paid into the Treasury of the United States, on account of such association, which will diminish the assets thereof necessary for the full payment of all its depositors. (Act March 1, 1879, sec. 22.)

CHAPTER XI.—PENAL PROVISIONS.

SEC. 225. No officer acting under the provisions of this act shall countersign or deliver to any association, or to any other company or person, any circulating notes contemplated by this act, except in accordance with the true intent and meaning of its provisions. Every officer who violates this section shall be deemed guilty of a high misdemeanor, and shall be fined not more than double the amount so countersigned and delivered, and imprisoned not less than one year and not more than fifteen years. (Sec. 5187, R. S.)

SEC. 226. No association shall offer or receive United States notes or national-bank notes as security or as collateral security for any loan of money, or for a consideration agree to withhold the same from use, or offer or receive the custody or promise of custody of such notes as security or as collateral security or consideration for any loan of money. Any association offending against the provisions of this section shall be deemed guilty of a misdemeanor, and shall be fined not more than one thousand dollars and a further sum equal to one-third of the money so loaned. The officer or officers of any association who shall make any such loan shall be liable for a further sum equal to one-quarter of the money loaned. Any fine or penalty incurred by a violation of this section shall be recoverable for the benefit of the party bringing the suit. (Sec. 5207, R. S.)

SEC. 227. Every director, and every other person employed in or by any association who embezzles, abstracts, or willfully misapplies any of the moneys, funds, or credits of the association; or who, without authority from the directors, issues or puts in circulation any of the notes of the association; or who, without such authority, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree; or who makes any false representation as to the business or resources of the association or makes any false entry in any book, report, or statement of the association, with intent, in either case, to injure or defraud the association or any other company, body politic or corporate, or any individual person, or to deceive the public, any officer of the association, or the Comptroller of the Currency, or any person appointed to examine the affairs of any such association; and every person who with like intent aids or abets any other person in any violation of this section shall be deemed guilty of a misdemeanor and shall be imprisoned not less than five years nor more than ten. (Sec. 5209, R. S.)

SEC. 228. If any person appointed or directed by the Comptroller of the Currency to examine into the affairs of any association shall make any false entry in any report or statement made by him to the Comptroller, or shall suppress or conceal any material fact, with intent to deceive that officer, such person shall be deemed guilty of a misdemeanor, and shall be imprisoned not less than five nor more than ten years.

SEC. 229. Every examiner of national banks who shall knowingly violate any confidences reposed in him by the Comptroller of the Currency, or by the officers or agents of any association, or who shall use his official position, or the information acquired in the discharge of his official duties, for any purpose not authorized by this act, shall be deemed guilty of a misdemeanor, and shall be fined not less than one thousand, and not more than five thousand, dollars, and shall be imprisoned not less than one, and not more than five, years.

SEC. 230. It shall not be lawful to design, engrave, print, or in any manner make or execute, or to utter, issue, distribute, circulate, or use, any business or professional

card, notice, placard, circular, hand-bill, or advertisement, in the likeness or similitude of any circulating note or other obligation or security of any banking association organized or acting under the laws of the United States which has been or may be issued under this act, or any act of Congress, or to write, print, or otherwise impress upon any such note, obligation, or security any business or professional card, notice, or advertisement, or any notice or advertisement of any matter or thing whatever. Every person who violates this section shall be liable to a penalty of one hundred dollars, recoverable one-half to the use of the informer. (Sec. 5188, R. S.)

SEC. 231. Every person who falsely makes, forges, or counterfeits, or causes or procures to be made, forged, or counterfeited, or willingly aids or assists in falsely making, forging, or counterfeiting any note in imitation of, or purporting to be in imitation of, the circulating notes issued by any banking association now or hereafter authorized and acting under the laws of the United States; or who passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, purporting to be issued by any such association doing a banking business, knowing the same to be falsely made, forged, or counterfeited, or who falsely alters, or causes or procures to be falsely altered, or willingly aids or assists in falsely altering, any such circulating notes, or passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious circulating note issued, or purporting to have been issued, by any such banking association, knowing the same to be falsely altered or spurious, shall be imprisoned at hard labor not less than five years nor more than fifteen years, and fined not more than one thousand dollars. (Sec. 5415, R. S.)

SEC. 232. Every person, who, without authority of law, affixes any signature to any blank circulating note printed for any national banking association, or, who issues or puts in circulation any such note, knowing that the same has not been duly signed by the proper officers of the association for which it was printed, shall be imprisoned at hard labor for not less than five, and not more than fifteen years, and shall be fined not more than one thousand dollars.

SEC. 233. Every person who mutilates, cuts, defaces, disfigures, or perforates with holes, or unites or cements together, or does any other thing to any bank bill, draft, note, or other evidence of debt issued by any national banking association, or who causes or procures the same to be done, with intent to render such bank bill, draft, note, or other evidence of debt unfit to be reissued by such association, shall be liable to a penalty of fifty dollars, recoverable by the association. (Sec. 5189, R. S.)

SEC. 234. Any officer, clerk, or agent of any national banking association who shall willfully violate the provisions of section one hundred and sixty-one of this act, or who shall resort to any device, or receive any fictitious obligation, direct or collateral, in order to evade the provisions thereof, or who shall certify or accept checks before the amount thereof shall have been regularly entered to the credit of the dealer upon the books of the banking association, shall be deemed guilty of a misdemeanor, and shall, on conviction thereof in any circuit or district court of the United States, be fined not more than five thousand dollars, or shall be imprisoned not more than five years, or both, in the discretion of the court. (Act July 12, 1882, sec. 13.)

SEC. 235. All banks not organized and transacting business under the national banking laws, and all persons or corporations doing the business of bankers, brokers, or savings institutions, except savings banks authorized by Congress to use the word "national" as a part of their corporate name, are prohibited from using the word "national" as a portion of the name or title of such bank, corporation, firm, or partnership; and any violation of this prohibition shall subject the party chargeable therewith to a penalty of fifty dollars for each day during which it is permitted or repeated. And it is hereby made the duty of the United States district attorney for the judicial district in which such bank is located, or such business carried on to proceed against all persons or corporations violating this section. (Sec. 5243, R. S.)

CHAPTER XII.—GENERAL PROVISIONS.

SEC. 236. The provisions of this act, which are expressed without restrictive words as applying to "national banking associations," or to "associations," apply to all associations organized to carry on the business of banking under any act of Congress. And the word "association" means national banking association, unless otherwise specially indicated. (Sec. 5157, R. S.)

SEC. 237. Any oath required by this act may be taken before any officer who is authorized, either by the laws of the United States or by the local municipal laws, to administer oaths in the State, Territory, or District where the oath may be administered; but when any such oath is taken before an officer not using an official seal, proper evidence of the authority of such officer to administer oaths shall be filed in the office of the Comptroller of the Currency. When taken in any foreign country, any such oath may be administered by any diplomatic or consular representative of the United States.

SEC. 238. All sums of money collected for penalties under this act shall be paid into the Treasury of the United States, except as otherwise provided.

38 REPORT OF THE COMPTROLLER OF THE CURRENCY.

SEC. 239. In the absence or disability of the cashier all certificates and verifications required by this act to be made by him may be made by the assistant cashier, if the association has such an officer, and if it has no such officer, then by some one appointed by the directors to perform the duties of cashier.

SEC. 240. Where by this act publication is required to be made in a newspaper, it shall be made in a newspaper among those of most frequent issue and largest circulation in the place. If no newspaper is published in such place, the publication shall be made in some newspaper among those of the largest general circulation therein.

SEC. 241. This act shall be known as the National-Bank Code.

SEC. 242. All laws and parts of laws re-enacted herein are repealed ; but such repeal shall not extend to any matters other than those relating to national banking associations.

SEC. 243. Congress may at any time amend, alter, or repeal this act.

LEGAL DECISIONS.

The "Digest of National-Bank Cases" presented in the Report of 1886 is reproduced in the Appendix, page 133, enlarged by the incorporation of decisions announced during the last twelve months. There will also be found in the Appendix, page 155, a digest of decisions determining questions arising in practical banking. An examination of this digest will bring out very clearly how wide apart, and even contradictory, are the decisions which have been rendered in different States in respect to substantially the same question. Considering how active and extended the interstate commercial relations now are, and how much of the business of the national banks consists of operations in exchange, arising out of transactions between the citizens of different States, it may not be out of place for the Comptroller to draw attention to the confusion and friction caused by these local differences of judicial construction.

The time may not yet be ripe for the enactment by Congress of an interstate commercial code, but such legislation appears to be in logical sequence to the establishment and extension of the national banking system and to the regulation by Congress of interstate transportation, and it would certainly be a great convenience to banks and merchants.

FOURTH.

STATE, SAVINGS, AND PRIVATE BANKS, AND LOAN AND TRUST COMPANIES.

In order to comply with the fourth requirement of section 333 of the Revised Statutes of the United States, the Comptroller has obtained, through the courtesy of the authorities of 21 States, which exact returns of this nature, all the information received by them. This information, transmitted sometimes in detail and sometimes compiled by the State officers, embraces the affairs of 1,620 incorporated institutions and 182 private banking concerns, making 1,802 in all.

In order to obtain the information about the institutions of like character in States and Territories where no returns are made to local authorities, resort was had to an extended and laborious correspondence. The names and addresses of over 4,000 concerns were collected, and to each a circular was sent asking for the information desired, and inclosing blank forms to be filled and returned. Out of the total number thus approached less than 1,400 have returned answers available for the purpose in view, and in many of these cases further correspondence was necessary in order to elicit all the information desired. In addition to this correspondence, each bank reporting its condition through the medium of State officials was written to individually, and requested to report the distribution of its stock.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 39

The returns of 1,620 institutions obtained from the State authorities embrace a statement of the condition of 914 banks operated under State charters; aggregate capital, \$114,830,660; surplus and undivided profits, \$44,943,984; deposits, \$390,821,688; of 42 loan and trust companies, capital, \$21,858,797; surplus and undivided profits, \$18,308,324; deposits, \$199,799,370; of 664 savings banks, of which 580 report no capital, and 84 report capital aggregating \$6,991,166. The aggregate surplus and undivided profits of the 664 savings banks is \$120,187,883, and their aggregate deposits amount to \$1,157,867,483. One hundred and eighty-two private banks report capital to the amount of \$5,896,144, surplus and undivided profits of \$1,720,192, and deposits of \$18,843,930.

In response to circulars sent directly, reports of condition have been received from 1,354 concerns in States and Territories where no reports are required to be made to local authorities, viz, from 499 State banks having an aggregate capital of \$26,169,717, surplus and undivided profits of \$8,028,226, and deposits of \$55,738,334; from 16 loan and trust companies, with capital of \$14,496,972, surplus and undivided profits of \$8,884,995, and deposits of \$40,391,341; from 20 savings banks, with capital of \$3,099,700, surplus and undivided profits of \$6,712,360, and deposits of \$77,868,586; and from 819 private banks with capital of \$34,183,294, surplus and undivided profits of \$16,443,708, and deposits of \$77,736,527.

The 1,471 incorporated banks and loan and trust companies, reporting their condition officially and unofficially, have an aggregate capital of \$177,356,146, and of these 1,120 furnished statements as to the distribution of their stock, aggregating \$151,587,705 in par value. From examination of the details of those statements, it appears that the par value of the share ranges from \$10 to \$1,000, and the average par value of all the shares is \$79.53.*

It was desired to make a classified report of the holdings of gold, silver, legal tenders, and national-bank notes, but as only a comparatively small number of associations outside of the national-bank system separate the items composing "cash on hand," and as the majority of the State reports simply show "cash on hand" and "cash in bank," the result is not as satisfactory as was hoped for. From the reports in which "cash on hand" is classified, it appears that the amount held by 1,360 such associations in gold coin is \$27,015,952; in gold certificates, \$937,710; in silver coins, \$1,824,657; in silver certificates, \$598,313; in specie (not classified), \$13,744,873; and in legal tenders and national-bank notes, \$35,462,589.

For purposes of comparison, reference is made to the following table:

STATEMENT SHOWING THE AMOUNT OF GOLD, SILVER, ETC., HELD BY NATIONAL BANKS, AND OTHER BANKING ASSOCIATIONS, AT DATE OF LATEST RETURNS.

Classification.	National banks.	1,360 other banking associations.	Total.
Gold coins.....	\$73,782,489	\$27,015,952	\$100,798,441
Gold certificates.....	53,961,690	937,710	54,899,400
Gold clearing-house certificates.....	23,981,000		23,981,000
Silver dollars.....	6,683,368	{ 1,824,657 }	11,223,551
Silver fractional.....	2,715,526		
Silver certificates.....	3,961,380	598,313	4,559,693
National-bank notes.....	21,937,884	{ 35,462,589 }	131,151,724
Legal tenders.....	73,751,255		
Specie (not classified).....		13,744,873	13,744,873
Total.....	260,774,592	70,584,094	340,358,686

* In one case shares are reported at the par value of 33 $\frac{1}{2}$ cents.

40 REPORT OF THE COMPTROLLER OF THE CURRENCY.

In the Appendix tables will be found showing by States and Territories the condition of these banks as obtained from official sources and from banks direct (classified as unofficial returns); aggregate resources and liabilities of each class and from both sources; comparative statements of condition 1882 to 1887; distribution of shares of stock, by States and geographical divisions, and deposits in savings banks, number of depositors and average amount due each, by States, in 1885-'86, and 1886-'87.

The following tables present summaries of these matters:

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS, ORGANIZED UNDER STATE AND TERRITORIAL LAWS. (FROM OFFICIAL SOURCES.)

	State banks.	Loan and trust companies.	Savings banks.	Private banks.	Total.
	914 banks.	42 banks.	664 banks.	182 banks.	1,802 banks.
RESOURCES.					
Loans on real estate.....	\$23,653,410	\$11,067,315	\$146,624,258	\$2,089,374	\$483,434,357
Loans on personal and collateral security.....	79,141,632	294,756	122,631,426	9,771,504	211,839,318
Loans and discounts.....	209,897,676	141,607,100	31,612,743	5,777,353	448,894,872
Overdrafts.....	1,348,583	1,318	77,357	352,393	1,779,651
United States bonds.....	2,292,913	28,403,836	166,219,198	89,600	197,005,547
State, county, municipal, etc., bonds.....	1,029,683	45,607	209,038,864	.....	210,114,154
Railroad bonds and stocks.....	351,472	75,931	58,992,053	.....	59,419,456
Bank stocks.....	56,910	13,301	39,778,238	.....	39,848,449
All other bonds, stocks, etc.....	22,652,256	30,648,205	47,150,157	1,101,358	101,551,976
Due from other banks.....	54,184,825	14,516,239	53,139,067	4,159,814	125,999,945
Real estate, furniture, and fixtures.....	16,365,170	7,648,811	27,848,385	1,450,839	53,313,205
Current expenses and taxes.....	1,141,024	132,778	1,633,313	26,182	2,933,297
Cash and cash items.....	100,182,861	11,218,823	12,842,682	3,767,071	128,011,437
All other resources.....	13,959,459	2,383,681	70,425,624	367,535	87,136,299
Total.....	580,257,874	248,057,701	1,288,013,365	28,953,023	2,151,281,963
LIABILITIES.					
Capital stock.....	114,830,660	21,858,797	6,991,166	5,896,144	149,576,767
Surplus.....	34,115,460	9,594,192	114,091,457	1,681,523	150,482,632
Other undivided profits.....	10,828,524	8,714,132	6,096,426	38,669	25,677,751
State-bank notes.....	138,973	.....	.....	.....	138,973
Dividends unpaid.....	473,416	525,979	122,308	.....	1,121,703
Deposits.....	390,821,688	199,799,370	1,157,867,483	18,843,930	1,767,332,471
State, county, and municipal deposits.....	.....	.....	.....	.....	.....
Deposits of State, county, and municipal disbursing officers.....	88,193	.....	.....	.....	88,193
Due to other banks.....	28,949,795	1,136,023	88,588	871,897	31,046,303
Other liabilities.....	6,011,165	6,429,208	2,755,937	1,620,860	16,817,170
Total.....	580,257,874	248,057,701	1,288,013,365	28,953,023	2,151,281,963

REPORT OF THE COMPTROLLER OF THE CURRENCY. 41

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS, ORGANIZED UNDER STATE AND TERRITORIAL LAWS. (FROM UNOFFICIAL SOURCES).

	State banks.	Loan and trust companies.	Savings banks.	Private banks.	Total.
	499 banks.	16 banks.	20 banks.	819 banks.	1,354 banks.
RESOURCES.					
Loans on real estate.....	\$5,613,963	\$5,202,678	\$10,817,408	\$15,499,166	\$37,133,215
Loans on personal and collateral security.....	41,053,200	36,249,262	22,921,709	54,003,430	154,227,601
Loans and discounts.....	16,494,483	1,675,719	6,292,074	18,587,969	43,050,185
Overdrafts.....	1,047,027	11,492	12,768	1,506,385	2,577,672
United States bonds.....	237,243	383,881	14,029,556	4,265,056	18,915,736
State, county, municipal, etc., bonds.....	612,720	132,541	6,725,951	356,234	7,827,446
Railroad bonds and stocks.....	459,257	7,324,417	15,416,878	2,904,872	26,105,424
Bank stocks.....	324,555	119,350	289,442	592,991	1,326,338
All other bonds, stocks, etc.....	5,037,846	5,780,673	3,534,070	5,641,692	20,014,281
Due from other banks.....	10,590,056	4,279,264	1,970,660	18,066,251	34,906,231
Real estate, furniture, and fixtures.....	4,169,932	3,438,461	1,791,365	8,306,977	17,646,735
Current expenses and taxes.....	982,648	300,731	128,137	725,365	2,136,881
Cash and cash items.....	10,662,857	5,603,401	5,162,553	11,896,653	33,325,464
All other resources.....	1,278,184	566,066	554,788	3,172,335	5,571,393
Total.....	98,523,971	71,067,956	89,647,359	145,525,316	404,764,602
LIABILITIES.					
Capital stock.....	26,160,717	14,496,972	3,009,700	34,183,294	77,949,683
Surplus.....	4,404,260	6,247,601	5,603,853	10,556,542	26,812,256
Other undivided profits.....	3,623,966	2,637,394	1,108,507	5,887,166	13,257,033
State bank notes.....	89,983	.....	.....	2,155	92,138
Dividends unpaid.....	276,333	55,766	71,078	170,055	572,742
Deposits.....	55,738,334	40,391,341	77,868,586	77,736,527	251,734,788
State, county, and municipal deposits.....	1,132,109	38,084	.....	946,192	2,116,385
Deposits of State, county, and municipal disbursing officers.....	408,278	.....	.....	1,158,905	1,567,183
Due to other banks.....	3,493,619	4,470,874	2,200	4,941,254	12,909,947
Other liabilities.....	3,185,372	2,730,414	1,893,435	9,943,226	17,752,447
Total.....	98,523,971	71,067,956	89,647,359	145,525,316	404,764,602

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF ALL STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS, ORGANIZED UNDER STATE AND TERRITORIAL LAWS.

	Official.	Unofficial.	Total.
	1,802 banks.	1,354 banks.	3,156 banks.
RESOURCES.			
Loans on real estate.....	\$483,434,357	\$37,133,215	\$520,567,572
Loans on personal and collateral security.....	211,839,318	154,227,601	366,066,919
Loans and discounts.....	448,894,872	43,050,185	491,945,057
Overdrafts.....	1,779,651	2,577,672	4,357,323
United States bonds.....	197,005,547	18,915,736	215,921,283
State, county, municipal, etc., bonds.....	210,114,154	7,827,446	217,941,600
Railroad bonds and stocks.....	59,419,456	26,105,424	85,524,880
Bank stocks.....	39,848,449	1,326,338	41,174,787
All other bonds, stocks, etc.....	101,551,976	20,014,281	121,566,257
Due from other banks.....	125,909,945	34,906,231	160,906,176
Real estate, furniture, and fixtures.....	53,313,205	17,646,735	70,959,940
Current expenses and taxes.....	2,933,297	2,136,881	5,070,178
Cash and cash items.....	128,011,437	33,325,464	161,336,901
All other resources.....	87,136,299	5,571,393	92,707,692
Total.....	2,151,281,963	404,764,602	2,556,046,565
LIABILITIES.			
Capital stock.....	149,576,767	77,949,683	227,526,450
Surplus.....	159,482,632	26,812,256	186,294,888
Other undivided profits.....	25,677,751	13,257,033	38,934,784
State bank notes.....	138,973	92,138	231,111
Dividends unpaid.....	1,121,703	572,742	1,694,445
Deposits.....	1,767,332,471	251,734,788	2,019,067,259
State, county, and municipal deposits.....	.....	2,116,385	2,116,385
Deposits of State, county, and municipal dis. officers.....	88,193	1,567,183	1,655,376
Due to other banks.....	31,046,303	12,909,947	43,956,250
Other liabilities.....	16,817,170	17,752,447	34,569,617
Total.....	2,151,281,963	404,764,602	2,556,046,565

42 REPORT OF THE COMPTROLLER OF THE CURRENCY.

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF
STATE BANKS, 1886-'87.

States, etc.	Num-ber.	Official.		
		Capital.	Surplus and undivided profits.	Deposits.
New Hampshire	1	\$50,000	\$15,216	\$35,342
Rhode Island	10	1,766,685	160,775	1,177,883
Connecticut	8	2,390,000	497,598	3,407,182
New York State	71	8,428,000	5,235,075	37,688,748
New York City	31	14,712,700	8,937,631	112,699,172
New Jersey	8	1,209,350	492,120	3,284,201
Pennsylvania	80	7,888,473	2,662,600	29,117,308
Maryland	8	1,979,390	460,072	3,799,136
North Carolina	11	691,410	228,706	1,424,785
Kentucky	71	11,555,686	2,891,327	16,852,350
Missouri	212	11,626,403	6,596,349	49,173,704
Ohio	46	3,079,695	585,850	10,314,788
Indiana	32	1,070,600	379,510	3,126,849
Michigan	62	4,556,150	1,369,101	26,069,050
Wisconsin	56	3,350,340	1,121,834	19,960,417
Iowa	65	3,579,843	694,769	5,747,286
Minnesota	54	5,228,000	1,193,125	14,429,516
California	88	31,061,935	11,402,287	52,513,971
Total	914	114,830,660	44,943,984	390,821,688

States.	Num-ber.	Unofficial.		
		Capital.	Surplus and undivided profits.	Deposits.
Delaware	2	\$356,000	\$51,143	\$497,427
Virginia	39	1,900,255	650,713	5,956,769
West Virginia	14	819,855	304,169	2,897,123
South Carolina	10	788,704	365,767	4,121,254
Georgia	16	2,738,850	1,257,002	4,958,365
Florida	6	290,100	376,590	830,198
Alabama	7	735,000	228,142	934,266
Mississippi	9	759,650	97,534	1,102,906
Louisiana	5	2,017,300	548,693	5,660,873
Texas	9	761,098	212,761	976,851
Arkansas	6	265,000	51,433	593,264
Tennessee	27	2,924,254	633,688	5,590,552
Illinois	48	1,655,500	890,495	5,178,069
Kansas	149	6,618,545	1,370,121	9,151,626
Nebraska	140	2,864,606	795,997	4,836,266
Colorado	8	505,000	168,555	2,279,135
Oregon	4	170,000	25,423	173,390
Total	499	20,169,717	8,028,226	53,738,334

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF
LOAN AND TRUST COMPANIES, 1886-'87.

States, etc.	Num-ber.	Official.		
		Capital.	Surplus and undivided profits.	Deposits.
Maine	2	\$190,297	\$33,665	\$539,161
New Hampshire	1	200,000	50,619	116,983
Massachusetts	9	4,150,000	1,074,277	43,972,419
Connecticut	7	966,600	251,990	2,829,975
New York State	5	1,431,900	843,096	12,558,214
New York City	15	13,900,000	15,928,817	139,348,535
Minnesota	3	1,000,000	125,860	434,083
Total	42	21,858,797	18,308,324	199,799,370

REPORT OF THE COMPTROLLER OF THE CURRENCY. 43

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF
LOAN AND TRUST COMPANIES, 1886-'87.—Continued.

States, etc.	Num- ber.	Unofficial.		
		Capital.	Surplus and undivided profits.	Deposits.
Philadelphia.....	10	\$12,241,972	\$8,524,447	\$40,244,593
Missouri.....	2	1,200,000	50,850	42,536
Nebraska.....	4	1,053,000	309,698	104,212
	16	14,496,972	8,884,995	40,391,341

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF
SAVINGS BANKS, 1886-'87.

States, etc.	Num- ber.	Official.		
		Capital.	Surplus and undivided profits.	Deposits.
Maine.....	54		\$2,199,862	\$37,215,071
New Hampshire.....	66		4,604,680	50,822,762
Vermont.....	28	\$460,000	776,112	13,587,050
Massachusetts.....	172		12,928,350	291,197,900
Rhode Island.....	37		2,797,248	53,284,821
Connecticut.....	85		4,845,631	97,424,820
New York.....	115		85,633,329	482,486,730
New Jersey.....	25		2,412,877	27,482,135
Maryland.....	2	30,105	14,879	204,125
District of Columbia.....	1		11,464	834,524
North Carolina.....	1	5,991	374	11,307
Ohio.....	4		388,326	15,065,659
Indiana.....	6		212,550	2,312,013
Iowa.....	37	2,128,693	492,204	9,969,019
Minnesota.....	7	150,000	138,908	3,891,653
California.....	24	4,216,377	2,731,089	70,077,893
Total.....	664	\$6,991,166	120,187,883	1,157,867,483

States, etc.	Num- ber.	Unofficial.		
		Capital.	Surplus and undivided profits.	Deposits.
Philadelphia.....	5	\$444,700	\$3,811,224	\$42,219,090
Delaware.....	2		269,740	2,771,392
Maryland.....	8		1,142,697	18,816,837
Chicago.....	5	2,655,000	1,488,699	14,061,258
Total.....	20	3,099,700	6,712,360	77,868,586

* Only 84 savings banks report capital.

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF PRI-
VATE BANKS, 1886-'87.

States, etc.	Num- ber.	Official.		
		Capital.	Surplus and undivided profits.	Deposits.
Missouri.....	85	\$1,331,241	\$840,579	\$6,495,824
Wisconsin.....	68	986,435	479,036	6,229,610
California.....	29	3,578,468	400,577	6,118,496
Total.....	182	5,896,144	1,720,192	18,843,930

44 REPORT OF THE COMPTROLLER OF THE CURRENCY.

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF
PRIVATE BANKS, 1886-'87—Continued.

States.	Num- ber.	Unofficial.		
		Capital.	Surplus and undivided profits.	Deposits.
Massachusetts.....	5	\$231,000	\$200,068	\$827,880
Connecticut.....	4	78,000	43,821	387,378
New York.....	41	1,218,272	843,811	6,013,485
New Jersey.....	3	169,325	102,125	754,489
Pennsylvania.....	46	1,571,351	690,009	8,990,050
Maryland.....	3	16,000	1,254	47,859
District of Columbia.....	1	33,000	13,118	79,490
North Carolina.....	2	40,000	22,990	112,535
South Carolina.....	3	87,850	31,330	51,161
Georgia.....	12	740,770	179,050	372,785
Florida.....	2	53,000	5,381	228,129
Alabama.....	5	312,000	2,514,632	1,471,209
Mississippi.....	2	120,000	50,976	129,957
Louisiana.....	2	33,000	8,925	52,285
Texas.....	18	1,709,899	220,458	1,916,563
Kentucky.....	15	631,700	173,063	1,406,540
Ohio.....	77	2,949,975	1,213,579	11,059,045
Indiana.....	44	2,371,142	419,443	6,319,457
Illinois.....	99	4,246,028	4,233,692	15,128,207
Michigan.....	55	994,077	259,466	2,914,008
Iowa.....	139	5,130,606	1,265,206	6,143,252
Minnesota.....	40	2,895,615	348,551	2,642,758
Kansas.....	55	2,852,934	676,101	2,426,726
Nebraska.....	34	1,256,262	267,652	1,538,131
Colorado.....	8	221,300	20,095	999,961
Nevada.....	2	108,150	22,215	93,247
Oregon.....	3	186,282	443,409	818,181
Dakota.....	77	2,019,189	364,926	1,155,693
Idaho.....	2	127,660	156,751	54,016
New Mexico.....	2	130,000	26,936	194,919
Utah.....	7	995,907	1,125,391	1,818,718
Washington.....	2	225,000	309,039	513,310
Wyoming.....	7	338,000	92,916	730,874
Arizona.....	2	90,000	108,329	344,229
Total.....	819	34,183,294	16,443,708	77,736,527

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF
STATE, ETC., BANKS, 1886-'87.

	Num- ber.	Official.		
		Capital.	Surplus and undivided profits.	Deposits.
State banks.....	914	\$114,830,660	\$44,943,984	\$390,821,688
Loan and trust companies.....	42	21,858,797	18,308,324	199,799,370
Savings banks.....	664	6,991,166	120,187,883	1,157,867,483
Private banks.....	182	5,896,144	1,720,192	18,843,930
Total.....	1,802	149,576,767	185,160,383	1,767,332,471

	Num- ber.	Unofficial.		
		Capital.	Surplus and undivided profits.	Deposits.
State banks.....	499	\$26,169,717	\$8,028,226	\$55,738,334
Loan and trust companies.....	16	14,496,972	3,884,995	40,391,241
Savings banks.....	20	3,099,700	6,712,360	77,868,586
Private banks.....	819	34,183,294	16,443,708	77,736,527
Total.....	1,354	77,949,683	40,069,289	251,734,788

REPORT OF THE COMPTROLLER OF THE CURRENCY. 45

DISTRIBUTION, NUMBER, AND AVERAGE PAR VALUE OF SHARES OF STOCK OF 1,120 INCORPORATED BANKS IN THE UNITED STATES ON JUNE 30, 1887.

	Number.		Number.
Number of shares of stock held by—		Number of shareholders—	
State residents	1,669,070 ⁴ / ₅	Resident	39,477
Non-State residents	237,062 ² / ₅	Non-resident	7,900
		Total	47,377
Same, in detail, held by—		Number of shareholders owning specific amounts—	
Natural persons	1,839,886	Owning shares to the par value of \$1,000 and less	24,609
Religious, charitable, and educational institutions	9,472	Owning shares to the par value of over \$1,000 and less than \$5,000	14,812
Municipal corporations	1,625	Owning shares to the par value of \$5,000 and less than \$30,000	7,397
Savings banks, loan and trust and insurance companies	41,389 ⁴ / ₅	Owning shares to the par value of \$30,000 and over	559
All other corporations	13,761	Total	47,377
Total issued	1,906,133 ⁴ / ₅		
Average par value of share	\$79.53		
Number of shareholders—			
Natural persons	46,553		
Corporations	824		

A table in the Appendix, page 175, shows, by States and Territories, the estimated population of each, and the aggregate capital, surplus, undivided profits, and individual deposits of national and State banks, loan and trust companies, and savings and private banks in the United States on June 1, 1887; the average of these per capita of population, and the per capita averages of such resources in each class of banks, from which it appears that the estimated population of the United States, June 1, 1887, is 59,893,000; total banking funds amount to \$4,563,192,203, which is an average of \$76.19. The per capita averages of such resources in each class of banks are: National banks, \$34.91; State banks, \$10.69; loan and trust companies, \$5.07; savings banks, \$22.92; and private banks, \$2.58.

The Comptroller is indebted for the estimates of population to Mr. E. B. Elliott, Government Actuary, whose national reputation for skill and accuracy in reaching conclusions by mathematical methods is the surest guaranty that the figures given are as nearly correct as possible.

The following table, stating, by geographical divisions, the number of private banks in the United States, with the aggregate amount of their capital, deposits, and investments in United States bonds, for the six months ending May 31, 1882, has appeared in previous Reports. It is repeated for the reason that it has been impossible to obtain similar information from any official source since the date above mentioned:

Geographical divisions.	No. of banks.	Capital.	Deposits.	Invested in U. S. bonds.
New England States	94	\$6,215,637	\$6,568,310	\$963,958
Middle States	967	62,418,206	112,690,656	9,227,728
Southern States	289	6,334,090	20,675,301	107,167
Western States and Territories	2,062	30,308,300	149,023,311	3,298,990
United States	3,412	105,276,233	288,957,578	13,597,843

46 REPORT OF THE COMPTROLLER OF THE CURRENCY.

FIFTH.

NAMES AND COMPENSATION OF OFFICERS AND CLERKS IN THE OFFICE OF THE
COMPTROLLER OF THE CURRENCY, OCTOBER 31, 1887.

Names.	Grade.	Salary.
William L. Trenholm.....	Comptroller.....	\$5,000
Jesse D. Abrahams.....	Deputy Comptroller.....	2,800
George M. Coffin.....	Chief of division.....	2,200
John J. Crawford.....	do.....	2,200
Alonzo B. Dickerson.....	do.....	2,200
Robert P. Mayfield.....	do.....	2,200
David L. Perkins.....	Superintendent.....	2,000
Finis E. Marshall.....	Teller.....	2,000
Theodore O. Ebaugh.....	Book-keeper.....	2,000
Charles J. Stoddard.....	Assistant book-keeper.....	2,000
Charles E. Brayton.....	Fourth-class clerk.....	1,800
Edward A. Demaray.....	do.....	1,800
Watson W. Eldridge.....	do.....	1,800
John A. Hebrew.....	do.....	1,800
George T. May.....	do.....	1,800
Edmund E. Schreiner.....	do.....	1,800
Walter Taylor.....	do.....	1,800
Charles McC. Taylor.....	do.....	1,800
Thomas P. Kane.....	Stenographer.....	1,600
Harriet M. Black.....	Third-class clerk.....	1,600
Fernando C. Cate.....	do.....	1,600
Sarah F. Fitzgerald.....	do.....	1,600
Willis J. Fowler.....	do.....	1,600
William H. Heald.....	do.....	1,600
Washington K. McCoy.....	do.....	1,600
Isaac C. Miller.....	do.....	1,600
Joseph K. Miller.....	do.....	1,600
William D. Swan.....	do.....	1,600
Ephraim S. Wilcox.....	do.....	1,600
George H. Wood.....	do.....	1,600
William E. Colladay.....	Second-class clerk.....	1,400
Julia R. Donoho.....	do.....	1,400
R. LeRoy Livingston.....	do.....	1,400
Edward S. May.....	do.....	1,400
Mary L. McCormick.....	do.....	1,400
Morris M. Ogden.....	do.....	1,400
Margaretta L. Simpson.....	do.....	1,400
Arthur M. Wheeler.....	do.....	1,400
Eveline C. Bates.....	First-class clerk.....	1,200
Willard E. Buell.....	do.....	1,200
Eliza R. Hyde.....	do.....	1,200
Carrie L. Pennock.....	do.....	1,200
Eliza M. Peters.....	do.....	1,200
Charles A. Stewart.....	do.....	1,200
Therese E. Tilley.....	do.....	1,200
Frederick Widdows.....	do.....	1,200
Eliza M. Barker.....	Clerk.....	1,000
Alice M. Kennedy.....	do.....	1,000
Lafayette J. Garner.....	Engineer.....	1,000
Thomas H. Austin.....	Clerk.....	900
Margaret L. Browne.....	do.....	900
Lonisa Campbell.....	do.....	900
Sarah M. Cartwright.....	do.....	900
Virginia H. Clarke.....	do.....	900
Sarah G. Clemens.....	do.....	900
Geraldine Clifford.....	do.....	900
Richard W. Comly.....	do.....	900
Mary L. Conrad.....	do.....	900
Talma Drew.....	do.....	900
Amanda W. Doty.....	do.....	900
Henry S. Goodall.....	do.....	900
Margaret E. Gooding.....	do.....	900
Lucretia W. Knowlton.....	do.....	900
Emma Lafayette.....	do.....	900
Edward H. Latch.....	do.....	900
Annie W. Lockhart.....	do.....	900
Maggie B. Miller.....	do.....	900
James D. Moler.....	do.....	900
Mary E. Oliver.....	do.....	900
Carrie B. Pumphrey.....	do.....	900
Marie Richardson.....	do.....	900
Francis M. Richardson.....	do.....	900
Hannah Sanderson.....	do.....	900
Eliza A. Saunders.....	do.....	900
Fayette C. Sneed.....	do.....	900

* Additional as bond clerk, \$200.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 47

NAMES AND COMPENSATION OF OFFICERS AND CLERKS IN THE OFFICE OF THE COMPTROLLER OF THE CURRENCY, OCTOBER 31, 1887—Continued.

Names.	Grade.	Salary.
Mathilda C. Stoffregen.....	Clerk.....	\$900
Elise K. Taylor.....	do.....	900
Sarah A. W. Tiffey.....	do.....	900
Caius E. Triplet.....	do.....	900
Julia C. Townsend.....	do.....	900
Anna M. Whiteside.....	do.....	900
Glendie B. Young.....	do.....	900
Morris A. Moore.....	Messenger.....	840
Philo L. Bush.....	Assistant messenger.....	720
William Griffiths.....	do.....	720
Silas Holmes.....	do.....	720
Langston W. Allen.....	Watchman.....	720
W. Frank Robey.....	do.....	720
John A. McDonald.....	Fireman.....	720
Bessie P. Cowell.....	Laborer.....	660
Harry C. Derby.....	do.....	660
Lambert A. Whiteley.....	do.....	660

EXPENSES OF THE OFFICE OF THE COMPTROLLER OF THE CURRENCY FOR THE YEAR ENDING JUNE 30, 1887.

For special dies, plates, printing, etc.....	\$31,454.10
For salaries.....	97,653.00
For salaries, reimbursable by national banks.....	15,047.97

The contingent expenses of the office are not paid by the Comptroller, but from the general appropriation for contingent expenses of the Treasury Department; no separate account of them is kept.

ORGANIZATION AND EXPENSES OF THE BUREAU OF THE CURRENCY.

One subject of material importance to the banks and to the public is the more complete organization and better equipment of the office of the Comptroller of the Currency.

Each year greater numbers of new banks are organized, involving increased correspondence, explanation, and book-keeping, and more packages of currency to be kept safely; each year the number of banks in operation grows larger, calling for a wider scope of supervision, more reports to be examined, corrected, and compiled, more letters from banks to be received, more letters to be written to banks, more examiners to be employed, and more correspondence maintained with them.

The number of receiverships also increases annually, causing more work, more correspondence, and more book-keeping. The labor and anxiety of continuous and simultaneous attention to twenty-eight active receiverships can not be described. Almost every one of them is involved in serious litigation, while in many of the cases pending not only large amounts of money and great interests, but important principles, are at stake.

On the other hand, no relief comes from the reduction of circulation, for the work in the divisions of issue and redemption varies with the number of banks and not with the amount of bonds deposited or of circulation issued, while every change in either bonds or circulation increases the work in these or other divisions. Changes of bonds and circulation become more frequent annually.

Without entering into wearisome details, it must be obvious that the growth of the national-bank system must impose upon the Comptroller and the officers and clerks who assist him labors and responsibilities

48 REPORT OF THE COMPTROLLER OF THE CURRENCY.

which increase year by year, and if the annual reports made to Congress are compared with each other it will be found that they are constantly becoming not only more voluminous but more complex in their contents, and more exacting upon those charged with their preparation. Not only is this the case, but the growing complexity and amplitude both of mass and of detail which mark the annual Reports also reflect a corresponding augmentation of mass and differentiation of detail in the daily work of the Bureau.

The volume and the minute particularity of the contents of these Reports imply antecedent operations of investigation, collocation, arrangement, analysis, compilation, and statistical interpretation, which were not possible when the national-bank system was less fully developed, and which can not be adequately described.

In order that the present work of the Bureau may be properly performed the following changes are essential:

1. The Deputy Comptroller should have a salary of \$3,500. No less sum can be depended upon to secure or to permanently retain any one entirely qualified for the position.

2. There should be provided for the Bureau a responsible legal adviser, with such clerks and books as may be necessary to the proper examination of the questions that are daily presented in almost every branch of commercial law.

3. There should be added to the four divisions now existing a division of archives and statistics.

Provision should be made by appropriation for an annual conference in Washington of all examiners of national banks, for the employment of supervising examiners, as recommended elsewhere, for such traveling expenses as may be incurred by the Comptroller or Deputy Comptroller in visiting different sections of the country in connection with the banks and banking interests there, and for the accumulation of a library of standard books of reference on subjects related to banking and financial legislation and administration.

In order that some measure of justice may be done to the officers and clerks of the Bureau for the assiduity and intelligence by which alone it has been possible to accomplish the constantly increasing tasks devolved upon them, the subjoined tables are respectfully submitted.

The first table has been made up from a report lately prepared for a select committee of the Senate, and it shows the number of letters and papers handled, and the value of circulating notes and of incomplete currency passing in and out of the Bureau during each of the last three years.

The second table shows the number and compensation of officers, clerks, messengers, and laborers employed in the Bureau, and the total salaries during each year from 1863 to 1887, inclusive.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 49

NUMBER AND VALUE OF ITEMS REPRESENTING CLERICAL WORK IN THE OFFICE OF THE COMPTROLLER OF THE CURRENCY DURING EACH OF THE YEARS 1884, 1885, AND 1886.

Number of—	1884.	1885.	1886.
Papers and letters received and filed	164,021	163,818	174,826
Papers and letters examined	46,088	50,237	49,154
Papers and letters copied	6,564	5,271	5,143
Papers prepared and issued	195,113	246,313	288,602
Papers prepared for Bureau use	151,347	192,040	209,292
Letters written, copied, and indexed	74,764	80,187	74,754
Certificates issued under seal	4,963	7,740	4,903
Packages of mutilated currency received, contents counted, and certified for destruction	42,815	63,878	90,259
Packages of incomplete currency on hand at the end of each year	4,449	4,640	4,814
Packages of incomplete currency received from Bureau of Engraving and Printing, examined, and counted	3,552	3,960	2,250
Packages of incomplete currency counted for issue, strapped, and labeled	31,914	42,127	53,005
Packages of incomplete currency withdrawn from vault, opened, resealed, and replaced	33,066	43,332	53,506
Packages of incomplete currency made up for shipment, sealed, addressed, and delivered to mail or express	27,419	36,408	43,009
Packages of bonds received, counted, and disposed of	1,345	451	1,189
Packages of bonds made up, sealed, and delivered to mail or express	1,095	210	930
Entries in ledgers, journals, and other books of record	523,879	657,228	758,319
Total	1,312,294	1,507,840	1,813,955

Value of—	1884.	1885.	1886.
Packages of mutilated currency received, contents counted, and certified for destruction	\$110,529,684.50	\$104,266,700.00	\$78,375,583.50
Packages of incomplete currency on hand at the end of each year	70,384,220.00	75,125,200.00	59,465,780.00
Packages of incomplete currency received from Bureau of Engraving and Printing, examined and counted	83,496,110.00	102,369,620.00	40,759,460.00
Packages of incomplete currency withdrawn from vault, opened, resealed, and replaced	523,104,120.00	701,545,080.00	660,264,040.00
Packages of incomplete currency made up for shipment, counted, strapped, sealed, addressed, and delivered to mail or express	80,325,920.00	83,666,360.00	55,518,170.00
Packages of bonds received, counted, and disposed of	114,711,250.00	47,311,700.00	145,736,000.00
Bonds on deposit with United States Treasurer to secure circulation December 31, each year	318,655,050.00	306,008,750.00	229,438,350.00
Bonds deposited to secure circulation during each year	43,450,050.00	17,323,000.00	35,582,500.00
Bonds withdrawn from deposit each year	72,333,200.00	29,979,300.00	112,152,900.00
Total	1,416,989,604.50	1,467,605,740.00	1,417,232,783.50

*Estimated by number of packages withdrawn and deposited, as compared with average value per package at time of vault-test by committee.

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50 REPORT OF THE COMPTROLLER OF THE CURRENCY.

COMPARATIVE STATEMENT OF NUMBER OF BANKS ORGANIZED AND NUMBER UNDER SUPERVISION, UP TO THE END OF EACH FISCAL YEAR FROM 1863 TO 1887, TOGETHER WITH THE NUMBER AND COMPENSATION OF THE OFFICERS, CLERKS, ETC., IN THE BUREAU OF THE CURRENCY FOR EACH YEAR.

Years.	Number of banks organized up to October 31 in each year.	Number of banks in operation and in the hands of receivers on October 31 of each year.	Number of officers, clerks, messengers, etc.	Amount of salaries for fiscal years.	Additional salaries 20 per cent. and reimbursed by national banks.	Total.
1863.....	117	117	8	\$1,991.17	.....	.....
1864.....	561	561	42	26,792.89	.....	.....
1865.....	1,601	1,600	85	58,374.16	.....	.....
1866.....	1,665	1,652	73	86,826.01	.....	.....
1867.....	1,673	1,649	68	109,600.00	\$14,749.28	\$124,349.28
1868.....	1,685	1,643	74	89,335.20	.....	.....
1869.....	1,694	1,635	68	97,404.20	.....	.....
1870.....	1,731	1,657	78	86,940.12	.....	.....
1871.....	1,886	1,801	87	101,400.00	.....	.....
1872.....	2,061	1,965	84	101,140.00	.....	.....
1873.....	2,129	2,012	94	112,800.00	.....	.....
1874.....	2,200	2,063	98	118,500.00	.....	.....
1875.....	2,307	2,132	130	120,680.00	12,410.80	133,090.80
1876.....	2,343	2,136	130	122,605.95	33,675.76	156,281.71
1877.....	2,372	2,139	99	109,391.93	25,457.22	134,849.15
1878.....	2,400	2,127	101	104,820.00	22,297.28	127,117.28
1879.....	2,438	2,131	99	103,280.00	22,219.97	125,499.97
1880.....	2,495	2,181	91	101,400.00	22,205.20	123,605.20
1881.....	2,581	2,155	96	101,383.64	16,745.80	118,129.44
1882.....	2,808	2,394	93	101,398.88	16,641.50	118,040.38
1883.....	3,070	2,620	93	102,397.08	16,732.56	119,129.64
1884.....	3,261	2,771	92	102,151.01	16,567.48	118,718.49
1885.....	3,406	2,831	90	101,674.47	16,756.43	118,430.90
1886.....	3,581	2,981	89	96,494.67	13,742.99	110,237.66
1887.....	3,805	3,180	92	97,653.00	15,047.97	112,700.97

No words can add force to the testimony of these figures, and yet they represent only imperfectly the annually growing disparity between the work accomplished in the Bureau and the number and compensation of those upon whom the burdens and the responsibilities rest.

If the considerations here presented should be deemed insufficient to justify more liberal appropriations, there is the further reason that without more enlarged facilities the valuable information continually accumulating will soon get beyond the present overtaxed capacity of the Bureau, and its value will become lost.

INFORMATION.

Section 333 of the Revised Statutes of the United States, in prescribing the scope of the annual Report to be made by the Comptroller of the Currency, imposes upon that officer the further duty of submitting to Congress such other information in relation to the banks as in his judgment may be useful. The following information is accordingly submitted:

REPORT OF THE COMPTROLLER OF THE CURRENCY. 51

The following table gives the number of national banks organized in each State and Territory during the year ending October 31, 1887, with their aggregate capital, bonds, and circulation:

States and Territories.	Num-ber of banks.	Capital.	Bonds.	Circulation.
Maine	2	\$100,000	\$25,000	\$22,500
Massachusetts	1	100,000	25,000	22,500
Connecticut	2	200,000	50,000	45,000
Division No. 1	5	400,000	100,000	90,000
New York	8	4,065,000	191,500	172,350
New Jersey	7	825,000	206,250	185,625
Pennsylvania	12	2,135,000	373,800	336,400
Division No. 2	27	7,025,000	771,550	694,375
Delaware	1	50,000	12,500	11,250
Maryland	3	150,000	37,500	33,750
District of Columbia	1	250,000	50,000	45,000
West Virginia	1	50,000	15,000	13,500
Division No. 3	6	500,000	115,000	103,500
North Carolina	1	50,000	12,500	11,250
South Carolina	1	50,000	12,500	11,250
Georgia	4	400,000	100,000	90,000
Florida	2	100,000	25,000	22,500
Alabama	8	1,409,000	252,500	227,250
Mississippi	4	300,000	75,000	67,500
Louisiana	4	400,000	100,000	90,000
Arkansas	2	150,000	37,500	33,750
Texas	18	2,140,000	460,000	414,000
Tennessee	6	1,200,000	187,500	168,750
Division No. 4	50	6,199,000	1,262,500	1,136,250
Ohio	11	2,030,000	382,500	344,250
Indiana	2	100,000	25,000	22,500
Illinois	12	1,500,000	304,500	274,050
Michigan	4	800,000	102,500	92,250
Wisconsin	8	580,000	145,000	130,500
Division No. 5	37	5,010,000	959,500	863,550
Iowa	5	350,000	87,500	78,750
Minnesota	4	1,450,000	162,500	146,250
Missouri	7	3,100,000	212,500	191,250
Kansas	41	3,392,000	760,500	684,450
Nebraska	13	710,000	177,500	159,750
Division No. 6	70	9,002,000	1,400,500	1,260,450
Colorado	4	350,000	87,500	78,750
Arizona	1	100,000	25,000	22,500
California	7	750,000	187,500	168,750
Oregon	5	310,000	77,500	69,750
Division No. 7	17	1,510,000	377,500	339,750
Dakota	9	500,000	125,000	112,500
Montana	1	50,000	12,500	11,250
Washington	2	250,000	62,500	56,250
Wyoming	1	100,000	25,000	22,500
Division No. 8	13	900,000	225,000	202,500
Grand total	225	30,546,000	5,211,550	4,690,375

52 REPORT OF THE COMPTROLLER OF THE CURRENCY.

Eight national banks, with an aggregate capital of \$1,550,000, failed and were placed in the hands of receivers during the year, as is shown in the following tabulated statement, to which is appended an account of the chief cause of failure in each case:

STATEMENT OF BANKS FAILED DURING THE YEAR, THEIR CAPITAL, SURPLUS, AND LIABILITIES ACCORDING TO LAST REPORT OF CONDITION.

Name and location of bank.	Date of authority to commence business.	Date of failure.	Receiver appointed.	As shown at date of last report of condition in each case.			
				Capital.	Surplus and undivided profits.	Other liabilities.*	Date of last report of condition.
First National Bank, Pine Bluff, Ark.....	Sept. 18, 1882	1886. Nov. 15	1886. Nov. 20	\$50,000	\$22,864	\$134,697	1886. Oct. 7
Palatka National Bank, Palatka, Fla.....	Nov. 20, 1884	1887. May 30	1887. June 3	50,000	1,882	14,051	1887. May 13
Fidelity National Bank, Cincinnati, Ohio.....	Feb. 27, 1886	June 20	June 27	1,000,000	129,283	5,867,064	May 13
Henrietta National Bank, Henrietta, Tex.....	Aug. 8, 1883	July 25	Aug. 17	50,000	12,328	99,598	May 13
National Bank of Sumter, S. C.....	Nov. 26, 1883	Aug. 22	Aug. 24	50,000	10,774	112,763	Aug. 1
First National Bank, Dansville, N. Y.....	Sept. 4, 1863	Aug. 25	Sept. 8	50,000	23,863	87,852	Aug. 1
First National Bank, Corry, Pa.....	Dec. 6, 1864	Sept. 16	Oct. 11	100,000	10,314	172,857	Aug. 1
Stafford National Bank, Stafford Springs, Conn.....	Jan. 7, 1865	Oct. 12	Oct. 17	200,000	25,048	293,476	Aug. 1
Total.....				1,550,000	236,356	6,832,358	

* Total, as per report, except capital, surplus, circulation, undivided profits, and unpaid dividends.

† Extended.

The First National Bank of Pine Bluff, Ark., failed because of the failure of its president, who was engaged in buying and shipping cotton on a scale too extensive for his means. To handle this business he made use of the bank, and at the date of failure he was maker or indorser of more than two-thirds of its bills receivable, the only security for which consisted of mortgages on land, crops, and plantation chattels. He had also undertaken a railroad enterprise which he was unable to carry through, and the bank had a great deal of money locked up in the stock and bonds of the railroad company. A large amount of bills receivable having been rediscounted, and the president being unable, through lack of railroad transportation, to make prompt shipments of cotton to meet their maturities, the bank suspended. No run was made by the depositors. A dividend of 25 per cent. was paid to the creditors of the bank, about five months after date of failure, on claims aggregating \$64,956.08.

The Palatka National Bank, of Palatka, Fla., suffered an impairment of capital through losses attributable mainly to the gradual withdrawal of deposits by customers who were moving out of the locality, general stagnation of business, and a marked decline in the enterprises of the town. The directors made an abortive effort to place the bank in voluntary liquidation, but the requisite stockholders' vote could not be obtained. In less than sixty days after appointment of the receiver the creditors were paid principal and interest in full on claims aggregating \$9,379.69, and the remaining assets of the bank have been turned over to an agent of the stockholders, under the provisions of the act approved June 30, 1876.

The Fidelity National Bank of Cincinnati, Ohio, was reduced to insolvency through the reckless management of its board of directors, who suffered certain of their number to divert its funds and to prostitute its credit in support of a speculation in wheat in Chicago during the months of March, April, May, and June of this year. In the progress of this nefarious enterprise many provisions of the national banking laws were violated, and the public was deceived by false statements as to the capital, surplus, and business of the association. While entertaining grave apprehensions as to the management of this bank, the Comptroller had no evidence, either from its reports of condition or from an examination made in March, to justify any measure on his part likely to discredit it, or to embarrass its directors in the conduct of its affairs.

On June 20 the Comptroller received notice of the protest in New York of \$200,000 of its drafts, and immediately notified the examiner, who had been waiting in Cincinnati and the vicinity for several weeks to act upon any information which should justify a re-examination. He entered the bank immediately, and finding it insolvent took possession under instructions. The doors were not opened on the morning of the 21st, and on June 27 a receiver was appointed and took charge of its affairs. Upon obtaining evidence sufficient for the purpose, the Comptroller caused proceedings to be taken under section 5239, Revised Statutes, to dissolve the corporation and to have its franchises declared forfeited. A decree to this effect was made July 12 in the United States circuit court for the southern district of Ohio. No appeal was taken. Upon the basis thus prepared suit has been brought by the receiver against every director implicated in the violations of law, and such damages as the courts will grant, and the personal means of the directors can be made to supply, will be collected and applied to the relief of those who have suffered loss or damage. A dividend was declared on October 31 of 25 per cent. on all claims proved and allowed, amounting to \$2,386,569.20.

A very large number of accounts with corresponding banks are still unadjusted, and claims are in dispute aggregating about \$1,000,000 of which it is feared the larger part can be settled only by litigation. Both the examiner and the receiver were early instructed to supply to the United States district attorney for the southern district of Ohio all evidence they could find indicating criminal misconduct on the part of any of the directors or officers of the bank, and arrests were promptly made upon the evidence furnished by them. The Attorney-General joined with the Comptroller in the employment of special means for detecting the persons implicated in the misappropriation of the bank's funds, and the Solicitor of the Treasury, the district attorney, the Chief of the Secret Service Division of the Treasury, and the officers detailed for the work entered heartily and efficiently into all measures for discovering and establishing their guilt. Indictments have been found against several persons, and their trials will shortly take place. It is to be hoped that this conspicuous instance of fraudulent conduct and lax administration may furnish occasion for establishing a just degree of responsibility on the part of directors.

The Henrietta National Bank of Henrietta, Tex., became involved in the cattle business of its president and four other directors, who constitute a majority of the board, and own more than half the capital stock of the bank. In the names of their several firms these five directors had each borrowed from the bank amounts largely in excess of the limit prescribed by law, and their aggregate indebtedness exceeded the entire

54 REPORT OF THE COMPTROLLER OF THE CURRENCY.

capital stock. The drought in Texas last summer caused heavy losses in the cattle trade, and as soon as the firms referred to became embarrassed their property was attached, and this precipitated the failure of the bank. While the management is to be condemned, it must be said that the principal debtors of the bank had been men of large means, and that its other assets were fairly sound. Within sixty days of its suspension a dividend of 50 per cent. was paid to the creditors on claims aggregating \$64,784.31.

The National Bank of Sumter, S. C., closed its doors on August 20. Two days before the cashier had absconded, carrying with him a considerable amount of money belonging to the bank. This person performed the duties of cashier, teller, and book-keeper, and was thus in a position to conceal his embezzlements until they exceeded in amount the capital stock of the bank. The president seems to have been often absent and habitually negligent, and although a committee was appointed quarterly by the board of directors to examine the affairs of the bank, the members of it must have been incompetent or neglectful of the trust thus confided to them. No evidence has been as yet obtained sufficient to justify proceedings under section 5239, United States Revised Statutes, and in presence of the decision in the case of *Movius, receiver, v. Directors of the First National Bank of Buffalo*, the Comptroller has not felt justified in subjecting this impoverished trust to the expenses of a suit against the directors at common law. The assets are estimated to be good, and a dividend of 75 per cent. will probably be paid before the end of this year.

The First National Bank of Dansville, N. Y., was wrecked by its president, who telegraphed to the Comptroller August 26 that the bank had closed its doors, and immediately absconded to Canada. When the national bank examiner took possession of the bank the most important books and papers were missing, and those which remained contained little that was true. Nothing but a judicial investigation will unravel the tangle of falsehood and chicanery by which the public has been deceived and robbed, and a once honored family disgraced. The stock of the bank belonged almost wholly to a single family, and all its losses are chargeable to the operations of the president and one of his brothers. Evidence sufficient to justify a criminal investigation has been laid before the district attorney of the United States for the western district of New York, by whom proceedings have been commenced against the only parties within the jurisdiction of the court.

The First National Bank of Corry, Pa., was crippled by mismanagement several years ago. Its stockholders have had no dividends since 1881. In 1883 a change was made in the officers and directors, but the new men proved unequal to the exigency. It appears that the president lived several miles away from Corry, and that the cashier was negligent, and a poor business man, while the directors were weak or inattentive. In consequence of general neglect the bank went from bad to worse, and the cashier is particularly censured for not fully informing the directors of the true condition of a large amount of paper which was thus allowed to become entirely worthless. Added to the effects of weak management there was a constant shrinkage in the value of the old assets, and recently adverse decisions were rendered in important litigation, and the losses on current business proved to be large.

The bank suspended on September 16, and upon examination it appeared that about 80 per cent. of the capital was lost. Ample time was allowed the stockholders to make this good, in accordance with section

5205 United States Revised States, but their efforts proving unsuccessful, a receiver was appointed, who qualified and took possession on October 11. The assets as at present estimated should pay the creditors in full, but no dividend has yet been declared owing to slow collections.

The Stafford National Bank of Stafford Springs, Conn., lost upward of \$100,000 by its cashier, who is now under arrest, charged with embezzlement and misappropriation of the funds of the bank. It appears that he was intrusted with the entire management of the bank's affairs, and was successful in deceiving the president and directors by means of fictitious notes and cash items, and the manipulation of the accounts of correspondent banks. His operations extended over a considerable period of time, and involved very large amounts of money lent to a lumber company, of which he was treasurer. The true condition of this bank was ascertained by a special examination ordered in September, out of the regular term, and the arrest of the cashier was the first notice the public had of the bank's being in trouble. The loss to the bank is nearly equal to the amount of its capital, but it is expected that enough will be realized from the assets to nearly or quite pay the creditors in full.

Tables will be found in the Appendix, pp. 206-212, showing the amount of capital, nominal assets, amounts collected, claims proved, and dividends paid, according to the facts in each of these cases, and other statistical information in relation to all insolvent national banks.

A table, Appendix, p. 212, has been prepared with great care and minute accuracy, showing every item of public interest connected with each bank that has been placed in the hands of a receiver since January 1, 1877. It was desired to embrace in this table similar information as to all failed national banks, but it appears that prior to 1877 the various items in the reports of receivers were not always classified, as they have been since that date, and their uniform classification involved so much labor that it could not be completed in time for this Report. In some of the earliest cases the information on file seems to be very meager.

THE ORGANIZATION OF NATIONAL BANKS.

As the laws now stand a national banking association may be formed by any number (not less than five) of natural persons, and any banking corporation having a State or Territorial charter may be converted into a national banking association. Every person applying for information as to the formation of a national bank, or the conversion of a State bank, is supplied with a copy of the national bank laws and a book of instructions as to the practical steps to be taken in effecting either of these purposes. He is also requested to cause a formal notice to be filed, setting forth the name of the place at which the bank is to be located, the title selected, and the names of at least five among those who intend to subscribe for the capital stock. After notice has been filed the person or persons acting in the matter are furnished with blank forms to be used in effecting an organization, and the title which they have selected, if it is approved, is reserved for them for a reasonable period. The forms sent include articles of association, organization certificate, certificate upon which officers and directors are to set forth the facts which it is necessary for the Comptroller to know before authorizing the bank to begin business, oaths of directors, and a blank order for circulating notes. As soon as these papers are returned, duly executed, and all the

56 REPORT OF THE COMPTROLLER OF THE CURRENCY.

requirements of the law have been complied with by the corporators, the Comptroller's certificate to that effect is issued. The requirements of law for the formation of new banks are simple and reasonable, the only one appearing onerous being that which requires the bank to deposit in the Treasury certain amounts of United States registered bonds bearing interest.

Under the act of February 25, 1863, national banking associations were required to deposit with the Treasurer United States bonds to the amount of one-third their paid-in capital. In 1864 this provision was amended by fixing \$30,000 as the minimum amount of bonds for any bank.

The act of June 20, 1874, permitted associations to withdraw any bonds they might have on deposit in excess of \$50,000. Obviously this affected only banks of which the capital exceeded \$150,000.

The act of July 12, 1882, specified that banks of which the capital does not exceed \$150,000 should be required to keep on deposit bonds to the amount of one-fourth of their capital.

By a special provision of law banks and banking corporations having State charters may be converted into national banks upon satisfying the Comptroller of the Currency that they are in sound financial condition, and upon complying with such of the general requirements of the law as are applicable to them.

CONVERTED AND ORIGINAL BANKS.

It will be seen from the foregoing statement that banks that enter the national system are of two classes, viz, institutions already organized under State laws, converted to national banks under section 5154, Revised Statutes of the United States, and national banking associations primarily organized as such under various acts of Congress:

The following tables show the history of these two classes:

WHOLE NUMBER OF STATE BANKS CONVERTED TO NATIONAL BANKING ASSOCIATIONS, THEIR CAPITAL AT DATE OF CONVERSION, PRESENT CAPITAL AND SURPLUS; SPECIFYING SUCH AS HAVE SINCE GONE INTO VOLUNTARY LIQUIDATION, AND SUCH AS HAVE BECOME INSOLVENT.

Years.	Existing.					Voluntary liquidation.				Insolvent.		
	Whole number converted.	Number in existence.	Capital at date of conversion.	Present capital.	Surplus.	Num-ber.	Capital at date of conversion.	Capital at date of liquidation.	Surplus at date of liquidation.	Num-ber.	Capital at date of conversion.	Capital at date of failure.
1863.....	12	12	\$6,110,000	\$9,710,000	\$2,564,200	.....	.....	.....	.....	.....	.....	.....
1864.....	150	145	66,589,500	72,580,200	26,940,700	2	\$200,000	\$250,000	\$28,900	3	\$417,000	\$367,000
1865.....	284	223	59,176,000	58,904,000	27,501,900	47	11,715,200	10,101,200	1,772,000	14	4,401,100	4,371,100
1866.....	6	3	860,300	3,100,000	92,000	2	275,000	250,000	52,200	1	3,410,300	2,500,000
1867.....	1	.....	.....	.....	.....	1	50,000	100,000	11,100	.....	.....	.....
1868.....	3	1	250,000	250,000	10,000	2	200,000	200,000	29,700	.....	.....	.....
1869.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1870.....	1	1	1,000,000	1,500,000	259,000	.....	.....	.....	.....	.....	.....	.....
1871.....	5	2	1,378,000	1,225,000	159,000	3	278,000	300,000	35,000	.....	.....	.....
1872.....	5	3	1,110,000	830,000	195,000	2	150,000	150,000	13,500	.....	.....	.....
1873.....	4	4	855,000	605,000	155,000	.....	.....	.....	.....	.....	.....	.....
1874.....	11	9	2,244,000	2,560,000	479,100	2	250,000	250,000	15,500	.....	.....	.....
1875.....	7	5	850,000	860,000	197,500	2	200,000	130,000	12,000	.....	.....	.....
1876.....	2	2	161,000	141,000	26,500	.....	.....	.....	.....	.....	.....	.....
1876.....	5	3	650,000	980,000	320,000	1	50,000	50,000	4,500	1	130,000	130,000
1877.....	7	7	710,000	769,000	198,000	.....	.....	.....	.....	.....	.....	.....
1878.....	10	10	1,285,000	1,435,000	447,500	.....	.....	.....	.....	.....	.....	.....
1879.....	6	6	1,147,000	1,340,000	311,500	.....	.....	.....	.....	.....	.....	.....
1880.....	11	11	1,445,700	2,213,100	468,300	.....	.....	.....	.....	.....	.....	.....
1881.....	13	13	1,190,300	1,790,300	311,600	.....	.....	.....	.....	.....	.....	.....
1882.....	10	12	980,000	1,000,000	136,100	4	250,000	270,000	11,200	.....	.....	.....
1883.....	1	1	50,000	50,000	25,000	.....	.....	.....	.....	.....	.....	.....
1884.....	5	5	850,000	850,000	153,700	.....	.....	.....	.....	.....	.....	.....
1885.....	10	9	2,152,000	2,400,000	179,000	1	50,000	50,000	500	.....	.....	.....
1886.....	11	11	1,350,000	1,350,000	144,100	.....	.....	.....	.....	.....	.....	.....
1887.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	589	498	152,423,800	166,442,000	61,273,800	69	13,068,200	12,081,200	1,996,100	19	8,358,400	7,368,100

*To November 1.

†From November 1, 1886, to November 1, 1887.

Percentage of capital of national banks, organized as such, that went into voluntary liquidation.....	14.3
Percentage of capital of national banks, organized as such, that went into insolvency.....	3.3
Percentage of capital of national banks, organized as such, that are in existence.....	82.4
Percentage of capital of converted banks that went into voluntary liquidation.....	6.5
Percentage of capital of converted banks that went into insolvency.....	3.9
Percentage of capital of converted banks that are still in existence.....	89.6
Percentage of increase of capital of national banks, organized as such.....	18.8
Percentage of increase of capital of converted banks.....	9

WHOLE NUMBER OF NATIONAL BANKS OF PRIMARY ORGANIZATION UNDER THE NATIONAL-BANK LAWS, CAPITAL AT DATE OF ORGANIZATION, AND PRESENT CAPITAL AND SURPLUS, SPECIFYING SUCH AS HAVE SINCE GONE INTO VOLUNTARY LIQUIDATION AND SUCH AS HAVE BECOME INSOLVENT.

Years.	Whole number organized.	Existing.				Voluntary liquidation.				Insolvent.		
		Number.	Capital at date of organization.	Present capital.	Surplus.	Number.	Capital at date of organization.	Capital at date of liquidation.	Surplus at date of liquidation.	Number.	Capital at date of organization.	Capital at date of failure.
1863.....	474	296	\$40,588,900	\$58,854,800	\$25,923,400	147	\$14,984,200	\$25,424,600	\$7,839,300	31	\$3,460,000	\$5,119,500
1864.....	104	69	11,848,100	15,370,100	6,682,800	31	4,310,000	6,166,000	1,538,900	4	450,000	500,000
1865.....	603	440	107,777,400	111,014,700	35,540,900	144	19,532,300	18,490,000	4,913,500	19	2,475,000	3,560,000
1866.....	33	7	2,730,000	4,385,000	2,384,800	8	800,000	775,300	170,200	2	100,000	150,000
1867.....	9	23	850,000	1,800,000	746,000	2	150,000	150,000	14,300	.....	.....	.....
1868.....	10	8	710,000	1,150,000	311,500	2	200,000	200,000	7,500	.....	.....	.....
1869.....	8	4	850,000	650,000	200,000	2	200,000	310,000	48,500	2	350,000	350,000
1870.....	62	40	4,298,000	5,100,500	1,558,900	20	2,401,000	2,880,000	375,300	2	300,000	350,000
1871.....	148	109	11,668,000	14,478,900	4,981,800	34	3,040,000	3,000,000	656,000	5	1,000,000	1,300,000
1872.....	156	87	9,074,700	12,471,100	3,868,800	48	4,255,000	3,843,100	585,100	11	1,450,000	1,485,000
1873.....	53	38	4,655,000	4,463,000	1,178,100	13	925,000	1,125,000	116,700	2	370,000	350,000
1874.....	72	46	3,728,500	4,345,000	1,338,800	22	1,350,000	1,320,000	86,900	4	350,000	350,000
1875.....	94	79	10,012,000	11,044,000	2,697,800	14	1,000,000	1,010,000	75,800	1	50,000	50,000
1876.....	27	23	2,020,800	2,377,800	679,300	4	250,000	250,000	11,400	.....	.....	.....
1877.....	26	21	1,864,000	2,564,000	1,141,700	3	150,000	150,000	21,000	2	300,000	1,011,300
1878.....	23	18	1,625,000	1,870,000	600,000	5	250,000	250,000	21,400	.....	.....	.....
1879.....	30	25	2,550,000	3,105,000	631,800	4	200,000	200,000	13,200	1	60,000	60,000
1880.....	47	43	5,222,100	6,147,100	1,385,100	3	250,000	250,000	32,400	1	50,000	50,000
1881.....	97	87	8,335,000	10,181,000	2,522,200	9	1,720,000	1,770,000	80,000	1	50,000	50,000
1882.....	230	212	28,318,000	35,039,000	8,529,100	14	1,380,000	1,380,000	76,200	4	225,000	225,000
1883.....	236	214	22,982,000	26,403,000	3,770,300	16	2,135,000	2,135,000	53,700	6	550,000	350,000
1884.....	179	171	17,260,000	20,066,100	3,161,600	7	450,000	450,000	3,000	1	50,000	50,000
1885.....	142	139	13,593,000	14,203,000	1,589,800	3	200,000	200,000	5,500	.....	.....	.....
1886*.....	142	140	15,453,000	16,215,000	693,700	1	100,000	100,000	500	1	1,000,000	1,000,000
1887†.....	214	214	29,196,000	29,096,000	521,400	.....	.....	.....	.....	.....	.....	.....
Total.....	3,219	2,563	347,216,500	412,474,100	112,639,700	556	60,352,500	71,829,000	16,772,300	100	12,640,000	16,360,800

* To November 1.

† From November 1, 1886, to November 1, 1887.

SUMMARY OF NATIONAL BANKS ORGANIZED AND DISSOLVED SINCE FEBRUARY 23, 1863, AND THE NUMBER EXISTING NOVEMBER 1, 1887.

Banks organized.	Num-ber.	Dissolved.					Now existing.		Remarks.
		In liquidation, volun-tary or by expiration.		Failed.		Total number dissolved.	Num-ber.	Per cent.	
		Number.	Per cent.	Number.	Per cent.				
Converted from State system.	586	69	12	19	3	88	498	85	Of 625 banks which have gone into voluntary liquidation, 471 took that step for the purpose of winding up their affairs, 79 for the purpose of reorganization, and 75 went into liquidation by reason of expiration of charter, 38 of them having since been reorganized.
Other banks	3, 219	556	17	190	3	656	2, 563	80	
Total.....	3, 805	625	16	119	3	744	3, 061	80	

Of 625 banks which have gone into voluntary liquidation, 471 took that step for the purpose of winding up their affairs, 79 for the purpose of reorganization, and 75 went into liquidation by reason of expiration of charter, 88 of them having since been reorganized.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 59

EXTENSION OF THE CORPORATE EXISTENCE OF NATIONAL BANKS.

The act of July 12, 1882, contains the only provision made for the extension of the corporate existence of national banks, and 1,234 associations have availed themselves of this privilege. Annexed is a table brought down to October 31, 1887, showing the capital of these extended banks and their geographical distribution.

TABLE SHOWING, BY STATES, THE NUMBER AND CAPITAL OF NATIONAL BANKS, THE CORPORATE EXISTENCE OF WHICH WAS EXTENDED PRIOR TO NOVEMBER 1, 1887.

States and Territories.	No. of banks.	Capital.	States and Territories.	No. of banks.	Capital.
Alabama	2	\$350,000	Montana	1	\$500,000
Arkansas	1	250,000	Nebraska	3	750,000
Colorado	3	460,000	New Hampshire	35	4,605,000
Connecticut	73	22,450,820	New Jersey	48	9,783,350
Delaware	11	1,503,185	New York	222	72,672,460
District of Columbia	2	500,000	North Carolina	3	650,000
Georgia	6	1,450,000	South Carolina	2	750,000
Illinois	48	6,240,000	Ohio	82	14,854,000
Indiana	32	4,157,000	Oregon	1	250,000
Iowa	25	2,695,000	Pennsylvania	165	44,479,390
Idaho	1	100,000	Rhode Island	59	19,959,800
Kansas	3	300,000	Tennessee	6	1,750,000
Kentucky	11	3,150,000	Texas	4	625,000
Louisiana	2	1,300,000	Vermont	20	5,256,000
Maine	53	8,630,000	Virginia	10	2,016,000
Maryland	29	12,069,000	West Virginia	11	1,341,000
Massachusetts	199	85,712,500	Wisconsin	19	1,685,000
Michigan	19	1,575,000			
Minnesota	6	2,100,000	Total	1,234	340,069,503
Missouri	8	3,150,000			

The following table accounts for all banks organized, and shows how many of these have been extended, and how many are still in operation under the original organization certificates :

TOTAL NUMBER OF BANKS ORGANIZED UNDER THE NATIONAL CURRENCY ACT OF FEBRUARY 25, 1863, AND THE NATIONAL-BANK ACT OF JUNE 3, 1864, THE NUMBER EXTENDED UNDER THE ACT OF JULY 12, 1882, AND STILL IN OPERATION UNDER THEIR ORIGINAL CERTIFICATES OF ORGANIZATION, AND THE TOTAL NUMBER IN OPERATION OCTOBER 31, 1887.

	Act February 25, 1863.		Act June 3, 1864.				Total.
			Before 1882.		Since 1882.		
Originally organized		488		2, 278			
Out of existence July 12, 1882		146		347			
In operation July 12, 1882		342		1, 931			2, 273
Organized since July 12, 1882						1, 059	
Since passed into voluntary liquidation to wind up affairs	7		97		37		141
Since in voluntary liquidation by expira- tion of corporate existence	20		55				75
Placed in hands of receivers	1		20		9		30
		28		172		46	
Extended under act July 12, 1882		314		920			1, 234
To reach the term of corporate existence				849			
Passed into voluntary liquidation since ex- tension	3						
Placed in hands of receivers since extension	3	6					
Still in operation under original organiza- tion certificate		308		1, 759			2, 067
Restored to solvency and resumed business				1			
Total number in operation October 31, 1887		308		1, 760		993	3, 061

60 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The figures in the table as to the number of banks organized under these two acts, respectively, conform to the records of the office, but are not in conformity with the Comptroller's reports of previous years.

The discrepancy is attributable to the fact that certain banks originally organized under the act of 1863 afterward went into voluntary liquidation and were reorganized under the act of 1864. In the records of the office they stand among the banks organized under the latter act, while in the reports they have been included with banks organized under the act of 1863. It is perhaps a matter of but little consequence, but upon principle it seems best that the report should reflect accurately the records as they are.

From the foregoing table it will be found that all of the banks organized under the national currency act of 1863 have either ceased to exist or have had their corporate existence extended, while of those organized prior to July 12, 1882, under the national-bank act of 1864, 1,760 are still in operation under their original certificates of organization.

The following table shows how many of these 849 banks will reach the expiration of their corporate existence during each year from 1888 to 1901, inclusive, with their capital and circulation:

Years.	No. of banks.	Capital.	Circulation.	Years.	No. of banks.	Capital.	Circulation.
1888.....	10	\$1,250,000	\$321,750	1896.....	23	\$2,173,800	\$986,650
1889.....	3	600,000	181,500	1897.....	24	3,419,000	1,171,295
1890.....	61	9,560,500	364,000	1898.....	25	2,679,000	1,198,350
1891.....	97	12,358,900	4,040,685	1899.....	39	4,995,000	2,270,700
1892.....	100	13,815,100	4,562,760	1900.....	50	7,807,100	2,153,330
1893.....	38	4,701,000	1,982,925	1901.....	108	14,669,150	3,702,350
1894.....	63	7,628,000	2,812,720				
1895.....	76	11,259,000	4,431,610	Total.....	717	96,915,550	30,183,625

The number, capital, and circulation of the national banks of which the periods of succession terminated between October 31, 1886, and October 31, 1887, are shown by the following table, which also indicates the number of which the corporate existence has been extended:

Date.	No. of banks that have expired.	Capital.	Circulation.	No. of banks that have extended.	Capital.	Circulation.
December 1886.....	1	\$150,000	\$135,000	1	\$150,000	\$135,000
March 1887.....	3	700,000	162,000	3	700,000	162,000
May.....	1	100,000	90,000	1	100,000	90,000
Total.....	5	950,000	387,000	5	950,000	387,000

The corporate existence of one national bank, with a capital of \$250,000, will expire in November of this year, and the corporate existence of ten national banks, with an aggregate capital of \$1,250,000, will expire during the year 1888.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 61

NATIONAL BANKS OF WHICH THE CORPORATE EXISTENCE WILL EXPIRE DURING THE YEAR 1888, WITH THE DATE OF THE EXPIRATION, THE AMOUNT OF CAPITAL STOCK OF EACH BANK, THE UNITED STATES BONDS ON DEPOSIT WITH THE TREASURER, AND THE AMOUNT OF CIRCULATION ISSUED THEREON.

Charter number.	Title of bank.	State.	Expira- tion of corporate exist- ence.	Capital stock.	United States bonds.	Circula- tion.
1676.....	The First National Bank of Honeybrook	Pa....	1888. Jan. 1	\$100,000	\$68,000	\$61,200
1677.....	The Greene County National Bank of Spring- field	Mo....	Jan. 8	100,000	25,000	22,500
1678.....	The Union Stock-Yard National Bank of Chi- cago (Lake)	Ill....	Feb. 29	500,000	50,000	45,000
1680.....	The Carolina National Bank of Columbia.....	S. C....	Mar. 14	100,000	25,000	22,500
1682.....	The First National Bank of Mankato.....	Minn..	May 20	75,000	20,000	18,000
1682.....	The State National Bank of Raleigh	N. C....	June 2	100,000	25,000	22,500
1685.....	The First National Bank of Sharon	Pa....	Aug. 31	125,000	32,000	28,800
1688.....	The First National Bank of Hillsborough	N. H....	Sept. 2	50,000	50,000	45,000
1690.....	The First National Bank of Austin	Minn..	Oct. 27	50,000	12,500	11,250
1686.....	The First National Bank of Faribault	Minn..	Nov. 21	50,000	50,000	45,000

SHAREHOLDERS IN BANKS.

In the report of last year tables were given by which a comparison could be made between the distribution of the shares of national banks in 1886 and the distribution as shown by tables reproduced from the Comptroller's Report of 1876.

The tables subjoined hereto afford a comparison between the distribution of national-bank stock and that of the stock of State banks and loan and trust companies, so far as the latter can be ascertained.

62 REPORT OF THE COMPTROLLER OF THE CURRENCY.

DISTRIBUTION, BY STATES, ETC., NUMBER, AND PAR VALUE AT \$100 EACH, OF SHARES

	State, etc.	No. of banks.	Number of shares held by—		Same, in detail, held by—				
			State residents.	Non-State residents.	Natural persons.	Religious, charitable, and educational institutions.	Municipal corporations.	Savings banks, loan and trust and insurance companies.	All other corporations.
1	Maine.....	72	98,084	5,116	82,702	2,237	.....	19,161	.....
2	New Hampshire.....	49	57,101	4,949	51,843	258	5	9,934	10
3	Vermont.....	49	67,426	7,734	72,181	51	102	2,826	.....
4	Massachusetts.....	198	411,750	35,155	373,782	4,833	661	67,618	11
5	Boston.....	54	475,571	33,929	264,326	19,600	231	223,275	68
6	Rhode Island.....	61	191,204	12,136	172,519	4,458	1,052	25,366	5
7	Connecticut.....	83	224,368	22,325	183,325	7,026	363	55,466	513
	Division No. 1.....	566	1,526,464	121,344	1,200,678	38,463	2,414	405,646	607
8	New York.....	269	333,320	13,977	346,126	391	.....	780	.....
9	New York City.....	46	326,061	162,439	457,853	3,067	190	27,087	298
10	Albany.....	6	16,585	915	17,098	39	.....	363	.....
11	New Jersey.....	80	119,535	10,748	129,116	514	60	593	.....
12	Pennsylvania.....	237	319,874	19,529	337,461	541	25	1,158	218
13	Philadelphia.....	43	218,670	7,910	223,760	528	20	2,272	.....
14	Pittsburgh.....	23	99,060	2,740	100,192	223	.....	1,385	.....
	Division No. 2.....	704	1,433,105	218,258	1,611,611	5,303	295	33,638	516
15	Delaware.....	17	17,426	3,414	20,435	145	229	31	.....
16	Maryland.....	30	26,724	943	20,526	342	28	571	.....
17	Baltimore.....	17	112,080	5,053	103,365	6,359	61	7,293	55
18	Washington.....	7	11,766	3,984	15,364	13	.....	373	.....
19	District of Columbia.....	1	2,040	480	2,435	66	19	.....	.....
20	Virginia.....	25	30,139	7,824	36,329	498	65	1,071	.....
21	West Virginia.....	20	15,903	3,207	17,891	9	500	410	300
	Division No. 3.....	117	216,078	24,905	222,345	7,432	1,102	9,749	355
22	North Carolina.....	18	21,750	2,510	24,232	7	.....	21	.....
23	South Carolina.....	15	16,253	1,227	17,233	92	87	68	.....
24	Georgia.....	19	19,125	10,235	27,213	33	1	2,113	.....
25	Florida.....	8	4,110	890	5,000	.....	.....	.....	.....
26	Alabama.....	20	31,269	3,671	34,820	.....	20	100	.....
27	Mississippi.....	11	6,965	2,285	9,175	.....	.....	75	.....
28	Louisiana.....	5	4,865	135	4,953	16	.....	31	.....
29	New Orleans.....	8	20,775	8,475	28,220	2	.....	1,018	10
30	Texas.....	87	79,271	18,329	97,292	20	75	203	.....
31	Arkansas.....	7	7,724	1,276	9,000	.....	.....	.....	.....
32	Kentucky.....	59	93,420	4,160	96,971	414	.....	177	27
33	Louisville.....	9	31,465	4,050	35,099	160	.....	194	62
34	Tennessee.....	40	67,074	7,101	73,930	85	.....	160	.....
	Division No. 4.....	306	404,066	64,353	463,138	839	188	4,160	99
35	Ohio.....	190	213,122	12,818	224,958	128	.....	854	.....
36	Cincinnati.....	15	95,087	8,913	99,646	40	.....	4,314	.....
37	Cleveland.....	9	60,384	6,616	66,631	275	.....	.....	94
38	Indiana.....	92	108,798	9,647	118,281	54	.....	110	.....
39	Illinois.....	160	132,366	9,149	141,209	61	.....	245	.....
40	Chicago.....	18	131,143	19,357	149,950	.....	.....	550	.....
41	Michigan.....	99	96,760	10,086	106,826	.....	.....	20	.....
42	Detroit.....	8	36,963	2,037	39,000	.....	.....	.....	.....
43	Wisconsin.....	53	41,170	3,180	44,325	10	.....	15	.....
44	Milwaukee.....	3	4,366	2,134	6,500	.....	.....	.....	.....
	Division No. 5.....	647	920,159	83,937	997,326	568	.....	6,108	94
45	Iowa.....	127	82,582	19,218	101,379	.....	.....	421	.....
46	Minnesota.....	57	96,582	38,818	132,152	252	.....	2,900	96
47	Missouri.....	35	23,590	1,720	25,270	.....	.....	40	.....
48	Saint Louis.....	5	24,385	5,615	29,772	44	.....	184	.....
49	Kansas City.....	6	16,770	21,230	35,558	25	.....	2,417	.....
50	Saint Joseph.....	2	2,322	678	3,000	.....	.....	.....	.....
51	Kansas.....	123	66,036	24,255	89,462	.....	.....	829	.....
52	Nebraska.....	94	48,737	11,168	59,838	.....	.....	67	.....
53	Omaha.....	8	16,573	7,427	24,000	.....	.....	.....	.....
	Division No. 6.....	457	377,577	130,129	500,431	321	.....	6,858	96

REPORT OF THE COMPTROLLER OF THE CURRENCY.

OF STOCK OF NATIONAL BANKS ON THE FIRST MONDAY OF JULY, 1887.

Total shares issued.	Number of shareholders.					Number of shareholders owning specific amounts.			
	Natural persons.	Corpo- rations.	Resident.	Non- resident.	Total.	Owning shares to the par value of \$1,000 and less.	Over \$1,000 and less than \$5,000.	Over \$5,000 and less than \$30,000.	Over \$30,000.
104,100	6,965	539	6,985	519	7,504	5,325	1,790	367	12
62,050	3,896	145	3,573	468	4,041	2,858	970	199	14
75,160	3,905	44	3,544	405	3,949	2,506	1,140	284	19
446,905	31,120	794	28,965	2,949	31,914	22,931	7,469	1,450	64
509,500	17,236	3,235	18,203	2,268	20,471	11,309	6,459	2,578	125
203,400	12,482	457	11,631	1,308	12,939	7,888	4,295	726	30
246,693	13,454	910	12,831	1,533	14,364	9,796	3,696	795	77
1,647,808	89,058	6,124	85,732	9,450	95,182	62,623	25,819	6,399	341
347,297	15,156	43	14,253	946	15,199	8,099	5,498	1,528	74
484,500	14,629	442	8,516	6,555	15,071	7,012	5,439	2,445	175
17,500	611	7	576	42	6.8	290	226	96	6
130,283	9,054	47	8,309	792	9,101	5,926	2,875	488	12
339,403	22,964	83	22,102	945	23,047	14,695	7,047	1,243	62
226,580	10,976	93	10,438	631	11,069	6,503	3,476	1,047	43
101,800	3,992	37	3,972	57	4,029	2,085	1,431	483	30
1,651,363	77,382	752	68,166	9,968	78,134	44,610	25,792	7,330	402
20,840	1,682	21	1,347	356	1,703	1,186	440	76	1
27,667	1,903	27	1,924	66	1,990	1,299	593	96	2
117,133	5,237	186	5,114	309	5,423	3,005	1,913	480	25
15,750	608	7	525	90	615	339	208	67	1
2,520	151	4	39	116	155	77	69	9	19
37,963	1,561	15	1,326	250	1,576	980	387	201	8
19,110	929	6	778	157	935	506	340	83	6
240,983	12,131	266	11,053	1,344	12,397	7,392	3,950	1,012	43
24,260	895	3	765	133	898	461	292	104	41
17,480	1,084	25	1,008	51	1,059	721	271	63	4
29,300	876	22	719	179	898	489	231	166	12
5,000	123	.....	101	22	123	64	34	24	1
34,940	869	2	757	114	871	383	285	189	14
9,250	299	2	235	67	302	151	90	59	2
5,000	89	4	90	4	103	47	25	28	3
29,250	841	5	669	177	846	341	293	197	15
97,600	1,974	10	1,573	411	1,984	878	576	520	50
9,000	238	.....	198	40	238	84	46	46	2
97,589	3,807	41	3,697	151	3,848	1,913	1,401	516	18
35,515	1,147	10	1,073	84	1,157	539	432	178	8
74,175	2,320	7	2,122	205	2,327	1,024	855	426	22
468,419	14,522	132	13,016	1,638	14,654	7,077	4,869	2,516	192
225,940	8,144	31	7,708	467	8,175	4,302	2,614	1,205	54
104,000	1,538	50	1,467	121	1,588	421	579	581	57
67,000	839	2	764	77	841	163	274	363	36
118,445	2,304	5	2,062	247	2,309	782	823	646	58
14,515	4,162	8	3,846	324	4,170	2,097	1,324	701	48
150,500	1,545	4	1,344	205	1,549	351	443	600	95
106,846	3,218	1	2,899	329	3,219	1,450	1,109	638	22
39,000	597	.....	554	43	597	139	188	245	25
44,330	1,201	2	1,055	148	1,203	555	364	271	13
6,500	145	.....	39	106	145	68	57	15	5
1,004,096	23,693	103	21,738	2,058	23,796	10,328	7,725	5,330	413
101,800	3,244	6	2,390	860	3,250	1,670	1,016	531	33
135,400	2,807	35	1,966	876	2,842	1,079	896	816	51
25,310	885	1	831	55	886	455	281	139	11
30,000	860	6	607	259	866	371	322	164	9
38,000	930	29	836	123	959	443	295	205	16
3,000	46	.....	25	21	46	20	10	16	.....
90,291	2,745	15	1,932	828	2,760	1,502	729	503	26
59,905	1,361	2	1,014	349	1,363	627	354	355	27
24,000	171	.....	114	57	171	49	24	73	25
507,706	13,049	94	9,715	3,428	13,143	6,216	3,927	2,802	198

64 REPORT OF THE COMPTROLLER OF THE CURRENCY.

DISTRIBUTION BY STATES, ETC., NUMBER, AND PAR VALUE AT \$100 EACH OF SHARES OF

	State, etc.	No. of banks.	Number of shares held by—		Same in detail, held by—				
			State residents.	Non-State residents.	Natural persons.	Religious, charitable, and educational institutions.	Municipal corporations.	Savings banks, loan and trust and insurance companies.	All other corporations.
54	Colorado	29	22,397	3,953	26,350	.....	.....	.....	.....
55	Nevada	2	1,092	408	1,500	.....	.....	.....	.....
56	California	28	35,149	3,351	38,478	22	.....	.....	.....
57	San Francisco	3	17,796	9,204	26,993	.....	.....	407	.....
58	Oregon	22	15,281	2,369	17,565	.....	.....	85	.....
	Division No. 7	84	91,715	19,285	110,486	22	.....	492	.....
59	Dakota	62	20,681	16,369	36,768	15	.....	267	.....
60	Idaho	6	2,620	880	3,500	.....	.....	.....	.....
61	Montana	17	13,592	5,658	19,250	.....	.....	.....	.....
62	New Mexico	9	6,200	2,300	8,350	.....	.....	150	.....
63	Utah	7	7,686	814	8,500	.....	.....	.....	.....
64	Washington	18	7,345	4,455	11,725	.....	50	25	.....
65	Wyoming	8	6,037	4,713	10,620	.....	50	80	.....
66	Arizona	1	1,000	.....	1,000	.....	.....	.....	.....
	Division No. 8	128	65,161	35,189	99,713	15	100	522	.....
	United States	3,009	5,034,325	697,400	5,205,728	52,963	4,094	467,173	1,767

REPORT OF THE COMPTROLLER OF THE CURRENCY, 65

STOCK OF NATIONAL BANKS ON THE FIRST MONDAY OF JULY, 1887—Continued.

Total shares issued.	Number of shareholders.					Number of shareholders owning specific amounts.				
	Natural persons.	Corpo- rations.	Resident.	Non- resi- dent.	Total.	Owning shares to the par value of \$1,000 and less.	Over \$1,000 and less than \$5,000.	Over \$5,000 and less than \$30,000.	Over \$30,000.	
26,350	443	-----	350	84	443	173	129	128	13	54
1,500	25	-----	20	5	25	3	8	14	-----	55
38,500	678	2	639	41	690	230	243	187	20	56
27,000	140	2	130	12	142	14	43	68	17	57
17,650	282	1	257	26	283	89	82	100	12	58
111,000	1,568	5	1,405	168	1,573	509	505	497	62	
87,050	1,124	8	628	504	1,132	589	315	224	4	59
3,500	57	-----	40	17	57	19	13	25	-----	60
19,250	252	-----	185	67	252	118	57	66	11	61
8,500	205	4	140	69	209	86	71	51	1	62
8,500	235	-----	219	16	235	130	61	41	3	63
11,800	251	2	165	88	253	115	56	79	3	64
10,750	147	2	66	83	149	28	45	69	7	65
1,000	6	-----	4	2	6	3	-----	1	2	66
100,350	2,277	16	1,447	846	2,293	1,088	618	556	31	
5,731,725	233,680	7,492	212,272	28,900	241,172	139,843	73,265	26,442	1,682	

NOTE.—The difference in the amount of capital stock as shown by this table and by the reports of condition on August 1 is accounted for by the fact that a number of banks organized during the five months just preceding that date had not paid up their capital stock.

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66 REPORT OF THE COMPTROLLER OF THE CURRENCY.

CIRCULATING NOTES.

Upon the security of its bonds, deposited with the Treasurer, each bank is entitled to receive, and the Comptroller of the Currency is by law required to issue to it upon demand of its officers, circulating notes to the amount of 90 per cent. of the market value, and not more than 90 per cent. of the par value, of the bonds. Any bank may deposit more than the minimum of bonds, and may take out circulating notes for 90 per cent. of its deposit, provided its entire outstanding circulation against bonds does not exceed 90 per cent. of its capital stock actually paid in. The circulating notes when issued by the Comptroller are in sheets, and are not valid until signed by the bank officers designated by the statute.

Under the present law the minimum deposit of bonds required to be made by the 3,049 national banks in operation in the United States on October 5, 1887, amounts to \$89,912,347.

A table in the Appendix, p. 185, shows by States and geographical divisions the national banks in operation on October 5, 1887, separated into two classes, namely, banks of which the capital does not exceed \$150,000, and banks of which the capital exceeds \$150,000. The first class contains 2,150 banks, with an aggregate capital of \$179,849,390; the second, 899 banks, with an aggregate capital of \$398,613,375. The minimum of bonds required to be kept on deposit by the entire body of banks in the first class is \$44,962,347; the minimum for the 899 banks of the second class is \$44,950,000. If all banks held only the minimum of bonds, the total national-bank circulation could not exceed \$80,921,113, while the possible maximum of circulation, namely, 90 per cent. of the aggregate of the national-bank capital, would be \$520,616,489.

The actual circulation on October 5, 1887, was \$272,387,176, inclusive of \$102,719,440 still outstanding, but which, having been surrendered by the banks that issued it, is no longer represented by bonds, but by that amount of lawful money deposited with the Treasurer of the United States to redeem the notes as they are presented.

The \$169,667,736 of circulation for which the banks are responsible consists of \$71,536,500 secured by the bonds deposited by the 2,150 banks having \$150,000 capital and less, and \$98,131,236 secured by the bonds belonging to the 899 banks of which the capital exceeds \$150,000. The first class of banks have, therefore, \$31,070,387 more than their minimum and \$90,327,951 less than their possible maximum circulation, while the larger banks have \$57,676,236 more than their minimum and \$260,620,802 less than their maximum.

The following table shows the number of banks organized from July 1, 1882, to July 1, 1887, their capital stock, amount of bonds deposited, and the circulation issued thereon:

Year.	Number of banks.	Capital.	Minimum bonds required.	Bonds actually deposited.	Percentage of excess.	Circulation issued.
					<i>Per cent.</i>	
July 1, 1882, to July 1, 1883 ..	251	\$26,552,300	\$5,155,500	\$7,110,400	28	\$6,404,760
July 1, 1883, to July 1, 1884 ..	218	19,944,000	4,016,000	4,676,100	14	4,208,490
July 1, 1884, to July 1, 1885 ..	142	15,205,600	3,061,250	3,332,800	8	2,999,520
July 1, 1885, to July 1, 1886 ..	163	17,553,000	3,404,500	3,715,500	8	3,343,950
July 1, 1886, to July 1, 1887 ..	217	31,444,600	4,986,000	5,051,300	1	4,538,390

From the foregoing table it appears that 991 banks have been organized between the dates given, with a capital of \$110,698,300; that they have received circulation to the amount of \$21,495,110 on bonds deposited to the amount of \$23,892,100, and that the minimum deposit of bonds required by law for these banks is \$20,623,250.

The actual deposit of bonds during the whole period exceeds the minimum by about 15 per cent. only, and taken year by year the percentage of excess has decreased from 28 per cent. in 1882-'83 to less than $1\frac{1}{2}$ per cent. in 1886-'87.

Of the 217 national banks organized during the past fiscal year, 102 have a capital of \$50,000 each, amounting to \$5,100,000; 76 have a capital of over \$50,000 and not exceeding \$150,000, amounting to \$7,044,000; and 39 have a capital of \$19,300,000. The 39 largest banks deposited the exact amount of bonds required by law, and out of 178 banks of which the capital does not exceed \$150,000 only 8 have deposited bonds in excess of the requirement.

Tables will be found in the Appendix, pp. 183, etc., showing for the national banks in each State, Territory, and reserve city the minimum amount of bonds required by law, the bonds actually held, and the circulation thereon outstanding October 5, 1887; also all other information deemed useful as to circulation.

Banks are privileged to change their deposited bonds from time to time, to increase and to reduce the amount, within limits, and are required to inspect once a year the bonds held for them in trust by the Treasurer. The Comptroller of the Currency is the agent and medium of all such changes; his indorsement on the bonds establishes their ownership and alone validates their transfer. Section 5163 of the Revised Statutes requires him to record every act of deposit, transfer, and withdrawal, and to keep a set of books for the purpose, all of which has been carefully complied with.

INTEREST-BEARING FUNDED DEBT OF THE UNITED STATES, AND THE AMOUNT HELD BY NATIONAL BANKS.

The connection between the banks and the distribution of the funded debt of the United States renders the following statement appropriate:

The public debt at its maximum, on August 31, 1865, amounted to \$2,844,649,626, of which obligations not bearing interest amounted to \$461,616,311, leaving interest-bearing debt \$2,383,033,315. On October 31, 1887, the interest-bearing debt amounted to \$1,041,770,742.

68 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table shows the class of bonds, authorizing act, date of maturity, rate of interest, and intermediate changes :

BONDED DEBT AT DATES NAMED.

Date.	6 per cent.	5 per cent.	4½ per cent.*	4 per cent.†	6 per cent.‡	Total.
Aug. 31, 1865....	\$908,518,091	\$199,792,100	-----	-----	\$1,258,000	\$1,109,568,191
June 30, 1866....	1,008,388,469	198,528,435	-----	-----	6,042,000	1,212,958,904
June 30, 1867....	1,421,110,719	198,538,435	-----	-----	14,762,000	1,634,406,154
June 30, 1868....	1,841,521,800	221,588,400	-----	-----	29,089,000	2,092,199,200
June 30, 1869....	1,886,341,300	221,589,300	-----	-----	58,698,320	2,166,568,920
June 30, 1870....	1,764,932,300	221,580,300	-----	-----	64,457,320	2,050,978,920
June 30, 1871....	1,613,897,300	274,236,450	-----	-----	64,618,532	1,952,752,582
June 30, 1872....	1,374,883,800	414,567,300	-----	-----	64,623,512	1,845,074,612
June 30, 1873....	1,281,238,650	414,567,300	-----	-----	64,623,512	1,760,429,462
June 30, 1874....	1,213,624,700	510,628,050	-----	-----	64,623,512	1,788,876,262
June 30, 1875....	1,100,865,550	607,132,750	-----	-----	64,623,512	1,772,621,812
June 30, 1876....	984,999,650	711,585,800	-----	-----	64,623,512	1,761,308,962
June 30, 1877....	854,621,850	703,266,650	\$140,000,000	-----	64,623,512	1,761,512,012
June 30, 1878....	738,619,000	703,266,650	240,000,000	\$98,850,000	64,623,512	1,845,359,162
June 30, 1879....	310,932,500	646,805,500	250,000,000	679,878,110	64,623,512	1,932,339,622
June 30, 1880....	235,760,400	481,864,900	250,000,000	739,347,800	64,623,512	1,774,616,612
June 30, 1881....	196,378,600	439,841,350	250,000,000	739,347,800	64,623,512	1,690,191,262
June 30, 1882....	Continued at 58,957,150	Continued at 3½ per cent. 401,593,900	250,000,000	739,349,350	64,623,512	1,514,433,912
June 30, 1883....		Funded into 3 per cents, act July 12, 1882. 304,204,350	250,000,000	737,942,200	64,623,512	1,388,852,662
June 30, 1884....		224,612,150	250,000,000	737,661,700	64,623,512	1,276,897,362
June 30, 1885....		194,190,500	250,000,000	737,719,850	64,623,512	1,246,533,862
June 30, 1886....		144,046,600	250,000,000	737,759,700	64,623,512	1,196,429,812
June 30, 1887....		19,716,500	250,000,000	737,800,600	64,623,512	1,072,140,612
Oct. 31, 1887....			230,544,600	732,447,550	64,623,512	1,027,615,662

* Funded loan 1891; authorizing act, July 14, 1870, and January 20, 1871; date of maturity, 1891.

† Funded loan 1907; authorizing act, July 14, 1870, and January 20, 1871; date of maturity, 1907.

‡ Pacific railroad bonds; authorizing act, July 1, 1862, and July 2, 1864; date of maturity, 1895 to 1899.

The Navy pension fund, amounting to \$14,000,000 in 3 per cents, the interest upon which is applied to the payment of naval pensions exclusively, and \$155,080 of refunding certificates are not included in the table.

The act approved July 12, 1882, authorized the Secretary of the Treasury to receive at the Treasury any bonds of the United States bearing 3½ per cent. interest, and to issue in exchange therefor an equal amount of registered bonds of the United States bearing interest at the rate of 3 per cent. per annum—

Provided, That the bonds herein authorized shall not be called in and paid so long as any bonds of the United States heretofore issued bearing a higher rate of interest than three per centum, and which shall be redeemable at the pleasure of the United States, shall be outstanding and uncalled.

Under this act \$305,581,250 of 3 percents were issued, but the largest amount outstanding at any time was \$305,529,000, on August 7, 1883, \$52,250 having been redeemed before the last issue was made.

The largest amount of 3 percents held by the national banks on deposit as security for circulation was \$202,386,750, on August 16, 1883.

On October 31, 1886, there was outstanding \$95,850,050 3 per cent. bonds, of which \$31,607,400 had been called. The \$64,242,550 then remaining uncalled have been called during the past year, except that bonds amounting to \$605,150 were voluntarily presented for redemption under Treasury circulars dated August 30, 1886, and September 15, 1886. Of the \$63,637,400 called, \$1,448,400 was still outstanding October 31, 1887.

Of this amount the national banks on that date held \$144,500, deposited with the Treasurer of the United States as security for circulation, and \$550,000 was held by him for them as security for public deposits.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 69

REDEMPTION OF LOAN OF JULY 2, 1882, KNOWN AS THREE PER CENT. BONDS.

Since the last annual report the whole amount of 3 per cent. bonds then outstanding has been called in for redemption.

The following tables show the general progress of this redemption, and its effect upon national-bank circulation, from September 15, 1886, to July 1, 1887.

The first table relates to the entire mass of 3 per cent. bonds outstanding September 15, 1886, including both those held by the Treasurer for the banks and those held by others. It gives the date and maturity of each call since August 1, 1886, the amount of bonds embraced in each, the bonds then outstanding, and those thereafter redeemed.

The second table shows the amount of 3 per cent. bonds held by the Treasurer as security for national-bank circulation on September 15, 1886, the amount of such bonds included in each call for redemption since August 1, 1886, the total amount so held at each date at which interest ceased under any call for redemption, the amounts redeemed at those dates, and the amounts held on which interest had ceased.

STATEMENT SHOWING CHANGES IN THREE PER CENT. LOAN OF JULY 12, 1882, FROM AUGUST 1, 1886, TO JULY 1, 1887.

Call No. 140 to 149.			Amount of bonds outstanding at maturity of each call.			Amount of bonds redeemed between the maturity of each call and maturity of succeeding call.		
Date of call.	Maturity of call.	Amount called.	Amount previously called.	Amount not yet called.	Total amount outstanding.	Redeemed under last call.	Redeemed under previous calls.	Voluntarily surrendered under special calls.
1886.	1886.							
Aug. 12	Sept. 15	\$10,003,650	\$36,337,150	\$91,133,050	\$127,470,200	-----	\$177,270,800	\$788,000
19	Oct. 1	15,005,000	40,575,300	75,450,200	116,025,500	\$11,600	10,758,550	674,550
Sept. 15	16	15,122,400	29,699,900	74,484,700	104,151,600	822,900	10,094,100	965,500
27	Nov. 1	15,008,300	26,043,500	64,222,450	90,265,950	40,000	14,411,650	256,900
Oct. 29	Dec. 1	10,005,350	12,270,000	64,017,600	76,288,500	4,845,000	8,997,600	204,850
Dec. 28	1887.							
1887.	Feb. 1	10,010,900	23,205,350	39,958,400	63,163,750	155,900	17,652,550	161,300
Jan. 22	Mar. 1	13,887,000	20,481,050	29,921,350	50,402,400	-----	12,887,950	20,200
Feb. 21	Apr. 1	10,007,750	15,636,200	19,814,600	35,450,800	162,500	14,696,000	92,500
Mar. 23	May 1	10,014,250	7,258,300	10,774,000	27,032,300	6,832,300	1,708,100	40,600
May 20	July 1	10,717,500	8,851,050	-----	8,851,050	14,929,100	10,027,650	53,500
							278,478,850	3,270,000

RECAPITULATION OF REDEMPTIONS.

Amount redeemed under last call	\$14,929,100
Amount redeemed under previous calls	278,478,850
Amount redeemed uncalled	3,270,000
Bonds of Lewis legacy redeemed	52,250
Total redemptions	296,730,200
Outstanding July 1, 1887	8,851,050
Amount of original issue of loan	305,581,250

70 REPORT OF THE COMPTROLLER OF THE CURRENCY.

STATEMENT SHOWING CHANGES IN THREE PER CENT. LOAN OF JULY 12, 1862—Continued.

Calls No. 140 to No. 149.			Amount of 3 per cent. bonds held by the Treasurer as security for national-bank circulation at maturity of each call.			Amount of 3 per cent. bonds withdrawn by banks in the interval between the maturity of each call and the maturity of the succeeding call.		
Date of call.	Maturity of call.	Amount of bonds included in call held as security for national-bank circulation.	Amount included in previous calls.	Amount not previously called.	Total amount held by the Treasurer.	Redeemed under last call.	Redeemed under previous calls.	Voluntarily surrendered under special calls.
1886. Aug. 12	1886. Sept. 15	\$7,045,200	\$14,644,000	\$80,238,800	\$94,882,800			
19	Oct. 1	11,188,000	29,826,650	57,222,400	87,048,450	\$2,179,100	\$1,978,250	\$677,000
Sept. 15	16	10,795,200	21,873,650	57,180,400	79,054,050	3,682,200	4,056,700	255,500
27	Nov. 1	12,067,650	19,881,609	49,156,450	69,038,050	5,537,500	4,194,000	264,500
Oct. 29	Dec. 1	7,925,500	8,861,450	48,464,000	57,325,450	3,774,400	7,085,400	852,800
Dec. 28	1887. Feb. 1	8,440,250	18,131,950	29,000,300	47,132,250	3,637,350	5,950,750	605,100
Jan. 22	1887. Mar. 1	19,613,750	13,975,500	22,919,300	36,894,800	4,945,550	5,188,900	103,000
Feb. 21	Apr. 1	5,989,500	10,408,300	17,677,600	27,085,900	4,111,500	5,328,900	368,500
Mar. 23	May 1	7,818,700	5,006,950	15,221,600	20,228,550	5,115,950	1,455,900	285,500
May 20	July 1	15,221,600	5,205,950	.....	5,205,950	12,243,150	2,565,450	212,000
						45,248,700	40,804,250	3,623,900

RECAPITULATION.

Amount held by the Treasurer September 15, 1886	\$94,882,800
Amount redeemed from September 15 to October 1, 1886	7,834,350
October 1 to October 16, 1886	7,994,400
October 16 to November 1, 1886	10,016,000
November 1 to December 1, 1886	11,712,600
December 1, 1886, to February 1, 1887	10,193,200
February 1 to March 1, 1887	10,237,450
March 1 to April 1, 1887	9,808,900
April 1 to May 1, 1887	6,857,550
May 1 to July 1, 1887	15,023,600
Amount unredeemed July 1, 1887	5,205,950
94,882,800	

It will be seen by reference to foregoing tables that call No. 140 was dated August 12, 1886. On that day the Treasurer held as security for circulation of national banks 3 per cent. bonds amounting to \$103,351,650, of which \$1,720,000 had ceased to bear interest, having matured under previous calls.

Upon the assumption that it would be found practicable and desirable to continue the redemption of these bonds, it became a matter of solicitude with a great many banks holding only 3 percents to ascertain whether their bonds could remain on deposit with the Treasurer as a basis for circulation after interest on them had ceased. Singular as it may seem, some strong and ordinarily well managed banks left large amounts of called bonds on deposit for months, preferring to forego all interest rather than to replace them with other bonds at the then prevailing premium, but as a rule the banks that resisted the replacement of called bonds were those of small capital in sections where money was scarce and dear.

The language of the statute makes it clear that only interest-bearing registered bonds can be deposited, but in the clause requiring the de-

posit to be maintained up to a certain minimum, registered bonds only are mentioned, nothing being said about their being also interest-bearing.

Taking advantage of this ambiguity in the law, it was contended on behalf of certain banks, that when a deposit was once made of interest-bearing registered bonds of the United States, the requirement of the statute was fulfilled, and that banks could not be compelled against their will to replace those bonds, or to retire the circulation issued upon them, because without any action on their part, and even without their consent, the Government had called the bonds for redemption, and had thereby acquired the right to cease paying interest.

On the other hand, it has always been maintained in the Treasury Department, that bonds upon which interest has ceased are not such bonds as the statute requires national banks to keep on deposit as a basis for circulation.

The controversy at one time became very serious, as it was represented that banks in all parts of the country were resolved to go out of the system if they should be compelled to withdraw their called bonds.

With a view of terminating the controversy as to the meaning of the law, the Secretary of the Treasury was requested to submit the question to the Attorney-General, and this being done the Attorney-General decided that bonds on which interest had ceased could not be lawfully held by the Treasurer as security for national-bank circulation.

If at any time within six months after August 12, 1886, the true position of the banks had been known, especially how many of them held no bonds but 3 per cents, or if peremptory measures had been taken to compel the immediate replacement of called bonds, a speculation in the 4 and $4\frac{1}{2}$ per cent. bonds would no doubt have been precipitated, and in that event the formation of new banks would have been arrested, and many of those already in the system would have been forced into liquidation.

If by accident or inadvertence the magnitude of the necessary bond replacements had got out, or if the ambiguity of the law had not afforded opportunity for temporizing with the reluctant banks, there is little doubt that the banks would have been cornered for available bonds, and while the corner lasted no new banks could have been formed, and a greater or less number of the several hundred which held only 3 per cent. bonds would have been forced into liquidation.

It is needless to specify the steps taken to avert these consequences, and at the same time to bring about an acquiescence in the requirement of the law without having recourse to coercive measures, but it is, perhaps, proper to state that between August 12, 1886, and July 1, 1887, nearly \$102,000,000 of 3 per cent. bonds were surrendered by the banks for redemption, and that replacements were made in 4 and $4\frac{1}{2}$ per cent. bonds to the amount of upward of \$20,000,000, while during the same time new banks deposited 4 and $4\frac{1}{2}$ per cent. bonds to the amount of \$4,532,300, and the amounts of these bonds held to secure deposits of public moneys increased by over \$12,000,000. Thus fully \$37,000,000 of 4 and $4\frac{1}{2}$ per cent. bonds were obtained by the banks and transferred to the Treasury within less than twelve months, without exciting any speculative advance in the premium of either loan, as will appear from the subjoined table.

72 REPORT OF THE COMPTROLLER OF THE CURRENCY.

OPENING, HIGHEST, AND LOWEST PRICES OF UNITED STATES REGISTERED FOUR AND FOUR AND A HALF PER CENT. BONDS IN NEW YORK FOR EACH WEEK FROM AUGUST 14, 1886, TO JULY 2, 1887, BOTH DATES INCLUSIVE.

[Compiled from the "Commercial and Financial Chronicle."]

Week ending—	4 per cent. bonds, registered.			4½ per cent. bonds, registered.			Week ending—	4 per cent. bonds, registered.			4½ per cent. bonds, registered.		
	Opening.	Highest.	Lowest.	Opening.	Highest.	Lowest.		Opening.	Highest.	Lowest.	Opening.	Highest.	Lowest.
1886.							1887.						
Aug. 14	1267	1267	1264	1104	1104	1101	Jan. 22	1273	1277	1275	110	1104	110
21	1267	1268	1264	1104	1104	1094	29	1284	1284	1284	1104	1104	1104
28	1267	1264	1264	1094	1094	1094	Feb. 5	1284	1284	1284	1104	1104	1094
Sept. 4	1264	1264	125	1104	1094	1094	12	1284	1284	1284	1094	1094	1094
11	125	125	125	110	110	110	19	1284	1284	1284	1094	1094	1094
18	1254	1264	1254	1104	111	1104	26	1284	1284	1284	109	1094	109
25	1264	127	1264	1114	112	1114	Mar. 5	1284	1284	1274	1094	1094	1087
Oct. 2	127	1284	127	111	1124	111	12	1274	1274	1274	1084	1094	1084
9	1294	1294	1284	1124	112	111	19	1274	1274	1274	1094	1094	1084
16	1284	1284	1274	111	111	111	26	1274	1274	1274	1084	1094	1084
23	1284	1284	1284	111	112	111	Apr. 2	1284	1284	1284	1094	110	1094
30	1284	1284	1284	111	1114	111	9	1284	129	1284	1094	110	1094
Nov. 6	1284	1284	1284	1104	1104	1104	16	1294	1294	1294	110	1104	110
13	1284	1284	1274	1104	1094	1094	23	1294	1294	1294	110	1104	110
20	1284	1284	127	1094	110	1094	30	1294	1294	1294	1104	1104	1104
27	1274	1284	1274	1094	1104	1094	May 7	1294	1294	1284	109	1094	1084
Dec. 4	1294	1294	1284	1104	1104	1104	14	1284	1294	1284	1084	1094	1084
11	1284	1284	1284	1104	1104	1104	21	1294	1294	1294	1094	1094	1094
18	1284	1284	1274	1104	1104	1104	28	1294	1294	1294	1094	1094	1094
25	1274	1274	1274	1104	1104	1104	June 4	1294	1294	1294	1094	1094	1094
1887.							11	1284	1284	1284	1094	1084	1094
Jan. 1	1274	128	1274	1104	1104	1104	18	1284	1284	1284	1094	1094	1094
8	1274	1274	1264	1104	1104	1094	25	1284	1284	128	1094	1094	1094
15	1274	1274	1274	110	1104	110	July 2	1284	1284	1284	1094	1094	1094

It is of grave importance for Congress to observe the perilous contingencies involved in the existence of the present relations between the public debt and the national-bank circulation.

It is neither wise nor prudent to maintain a condition of things which makes the possession of official information, necessarily accessible even to clerks in the Departments, an incentive or a temptation to speculation in public securities, nor should the natural and healthy growth of the national-bank system be exposed to the danger of being suddenly arrested by legitimate and discreet operations of the Treasury, directed to the reduction of the public debt.

During the year ending October 31, 1887, \$5,379,250 of 4 percents and \$19,455,400 of 4½ percents were purchased for sinking-fund purposes, making a total of \$24,834,650. Of this amount \$297,500 of 4 percents and \$687,500 of 4½ percents were withdrawn by the national banks from deposit to secure circulation, making total withdrawals from this cause \$985,000, while the replacement by deposits of 4 percents amounted to only \$279,650.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 73

Changes in the debt have induced corresponding changes in the bonds held by the national banks. In January 1866, 1,582 banks, with a capital, surplus, and undivided profits of \$475,330,204, held \$440,380,350 of United States bonds. On October 5, 1887, 3,049 banks, with a capital, surplus, and undivided profits of \$823,827,373, held only \$223,754,450 of bonds. The total bank circulation on January 1, 1866, was \$213,239,530, and on October 5, 1887, that which was secured by bonds was \$167,283,343.

The amount and classes of United States bonds owned by the banks, including those pledged as security for circulation and for public deposits, on June 30 in each year since 1865, are exhibited in the following table:

Years.	United States bonds held as security for circulation.					United States bonds held for other purposes at nearest date.	Grand total.
	6 per cent. bonds.	5 per cent. bonds.	4½ per cent. bonds.	4 per cent. bonds.	Total.		
1865 ..	\$170,382,500	\$65,576,600	.....	.....	\$235,959,100	\$155,785,750	\$391,744,850
1866 ..	241,083,500	86,226,850	.....	.....	327,310,350	121,152,950	448,463,300
1867 ..	251,430,400	89,177,100	.....	.....	340,607,500	84,002,650	424,610,150
1868 ..	250,726,950	90,768,950	.....	.....	341,495,900	80,922,500	422,418,400
1869 ..	255,190,350	87,661,250	.....	.....	342,851,600	55,102,000	397,953,600
1870 ..	247,355,350	94,923,200	.....	.....	342,278,550	43,980,600	386,259,150
1871 ..	220,497,750	139,387,800	.....	.....	359,885,550	39,450,800	399,336,350
1872 ..	173,251,450	207,189,250	.....	.....	380,440,700	31,868,200	412,308,900
1873 ..	160,023,500	229,487,050	.....	.....	390,410,550	25,724,400	416,134,150
1874 ..	154,370,700	236,800,600	.....	.....	391,171,200	23,347,100	416,518,300
1875 ..	136,955,100	239,359,400	.....	.....	376,314,500	26,900,200	403,214,700
1876 ..	109,313,450	232,681,300	.....	.....	341,994,750	45,170,300	386,565,050
1877 ..	87,690,200	206,651,030	\$44,372,250	.....	338,713,600	47,315,050	386,028,650
1878 ..	82,421,200	199,514,550	48,448,650	\$19,102,000	349,546,400	68,850,900	418,397,300
1879 ..	56,042,800	144,616,300	35,056,550	118,538,950	354,254,600	76,603,520	430,858,120
1880 ..	58,056,150	139,758,650	37,760,950	126,076,300	361,652,050	42,831,300	404,483,350
1881 ..	61,901,800	172,348,350	32,609,500	93,637,700	360,488,400	63,849,950	424,338,350
Continued at 3½ per cent.: 25,142,600		Continued at 3½ per cent.: 202,487,650	32,752,650	97,429,800	357,812,700	43,122,550	400,935,250
1882 ..		7,402,800					
1883 ..	385,700	3 per cents: 200,877,850	29,408,500	104,954,650	353,029,500	34,094,150	387,123,650
1884 ..		172,412,550	46,546,400	111,690,900	330,649,850	31,263,060	361,852,850
Pacific.							
1885 ..	3,520,000	142,240,850	48,483,050	117,901,360	312,145,200	32,105,800	344,341,000
1886 ..	3,565,000	107,782,100	50,484,200	114,143,500	275,974,800	31,345,550	307,320,350
1887 ..	3,175,000	5,205,950	67,743,100	115,842,650	191,966,700	33,147,750	224,814,450

SECURITY FOR CIRCULATING NOTES.

The following table shows the amount of bonds held by the Treasurer as security for the circulating notes of the national banks on October 31 of each year from 1882 to 1887, inclusive, the amount held by the banks for all other purposes, and the total of these two:

Year.	Number of banks.	United States bonds held as security for circulation.					United States bonds held for other purposes at nearest date.	Total.
		4½ per cent. bonds.	4 per cent. bonds.	3 per cent. bonds.	Pacific 6 per cent. bonds.	Total.		
1882	2,301	\$33,754,650	\$104,927,500	\$40,621,950 179,675,550	\$3,526,000	\$362,505,650	\$37,563,750	\$400,069,400
1883	2,522	41,319,700	106,164,850	*692,000 201,327,750	3,463,000	352,877,300	30,674,050	383,551,350
1884	2,671	49,537,450	116,705,450	155,604,400	3,469,000	325,316,300	30,419,600	355,735,900
1885	2,727	49,547,250	116,391,650	138,920,650	3,505,000	303,364,550	31,780,100	340,144,650
1886	2,868	57,436,850	115,383,150	69,038,050	3,586,000	245,444,050	32,431,400	277,875,450
1887	3,061	69,696,100	115,731,400	144,500	3,256,000	188,828,000	34,671,350	223,499,350

* Three and one-half per cent.

74 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The foregoing tables show how the banks have shifted their investments from one class of bonds to another, and the following table exhibits especially the steady decrease in the amount of bonds held for and by the banks, and in connection with other tables in this report it tends to establish the proposition that the banks are gradually reducing their investments in these securities.

Table showing the decrease of national-bank circulation during each of the years ending October 31, from 1884 to 1887, inclusive, and the amount of lawful money on deposit at the end of each year:

National-bank notes outstanding October 31, 1883, including notes of national gold banks.....	\$352, 013, 787	
Less lawful money on deposit at same date, including deposits of national gold banks.....	35, 993, 461	\$316, 020, 326
National-bank notes outstanding October 31, 1884, including notes of national gold banks.....	333, 559, 813	
Less lawful money on deposit at same date, including deposits of national gold banks.....	41, 710, 163	291, 849, 650
Net decrease of circulation		24, 170, 676
Net outstanding as above, October 31, 1884.....		291, 849, 650
National-bank notes outstanding October 31, 1885, including notes of national gold banks.....	315, 847, 168	
Less lawful money on deposit at same date, including deposits of national gold banks.....	39, 542, 979	276, 304, 189
Net decrease of circulation		15, 545, 461
Net outstanding as above, October 31, 1885		276, 304, 189
National-bank notes outstanding October 31, 1886, including notes of national gold banks.....	301, 529, 889	
Less lawful money on deposit at same date, including deposits of national gold banks.....	81, 819, 233	219, 710, 656
Net decrease of circulation		56, 593, 533
Net outstanding as above, November 1, 1886.....		219, 710, 656
National-bank notes outstanding October 31, 1887, including notes of national gold banks.....	272, 041, 203	
Less lawful money on deposit at same date, including deposits of national gold banks.....	102, 826, 136	169, 215, 067
Net decrease of circulation		50, 495, 589

The following table shows the diminishing scale on which banks organized during each of the past five years have availed themselves of the privilege of issuing circulation upon bonds in excess of the minimum which the law obliges them to keep on hand.

For the sake of conciseness in the table the circulation is omitted, but as every bank has received circulation to the amount of 90 per cent. of the bonds deposited, the proportions of the table reflect faithfully the features of the circulation.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 75

NUMBER AND CAPITAL OF NATIONAL BANKS ORGANIZED IN EACH GEOGRAPHICAL DIVISION OF THE UNITED STATES FROM OCTOBER 31, 1882, TO OCTOBER 31, 1887, SHOWING THE AMOUNT OF BONDS DEPOSITED TO SECURE THEIR CIRCULATION, THE MINIMUM AMOUNT OF BONDS REQUIRED BY THE ACT OF JULY 12, 1882, AND THE EXCESS DEPOSITED OVER REQUIREMENTS BOTH IN AMOUNT AND PERCENTAGE.

Divisions.*	Number of banks.	Capital.	United States bonds.			
			Deposited.	Minimum.	Excess.	Per cent. of excess over minimum.
1883.						
First.....	7	\$1,275,000	\$995,000	\$312,500	\$682,500	218.40
Second.....	38	2,975,200	1,854,500	743,800	1,110,700	149.32
Third.....	5	295,000	155,500	73,700	81,800	110.99
Fourth.....	43	3,643,650	1,238,100	748,400	489,700	65.43
Fifth.....	61	11,210,000	2,578,000	1,765,000	813,000	46.06
Sixth.....	71	7,085,500	1,720,250	1,246,400	482,850	38.73
Seventh.....	11	620,000	268,400	155,000	113,400	73.16
Eighth.....	26	1,550,000	555,800	375,000	181,800	48.48
Total.....	262	28,654,350	9,375,550	5,419,800	3,955,750	72.987
1884.						
First.....	10	810,000	313,000	190,000	123,000	64.73
Second.....	22	1,692,250	718,000	340,500	377,500	110.86
Third.....	6	280,000	160,500	70,000	90,500	137.85
Fourth.....	27	2,861,100	693,000	627,700	65,300	19.49
Fifth.....	34	3,413,100	927,000	570,700	356,300	62.43
Sixth.....	68	5,492,780	1,239,750	1,135,600	104,150	9.17
Seventh.....	5	380,000	120,000	95,000	25,000	26.31
Eighth.....	19	1,143,000	309,250	285,700	23,550	8.24
Total.....	191	16,042,230	4,487,100	3,315,200	1,171,900	35.349
1885.						
First.....	4	400,000	100,500	100,000	500	.5
Second.....	18	2,635,000	1,037,500	543,700	493,800	90.822
Third.....	3	660,000	112,500	112,500	.....	.....
Fourth.....	20	2,025,000	561,500	506,100	55,400	10.946
Fifth.....	35	7,123,000	1,663,500	1,218,200	745,300	61.172
Sixth.....	41	2,350,000	759,800	587,500	172,300	29.329
Seventh.....	8	725,000	169,000	168,700	300	.177
Eighth.....	16	1,020,000	255,000	255,000	.....	.....
Total.....	145	16,938,000	4,959,300	3,401,700	1,497,600	42.031
1886.						
First.....	5	500,000	125,000	125,000	.....	.....
Second.....	15	4,000,000	525,000	525,000	.....	.....
Third.....	4	450,000	112,500	112,500	.....	.....
Fourth.....	23	1,658,000	404,750	402,000	2,750	.684
Fifth.....	27	5,465,000	843,000	743,750	99,250	13.344
Sixth.....	58	5,830,000	982,500	982,500	.....	.....
Seventh.....	18	2,100,000	367,500	360,000	7,500	2.083
Eighth.....	24	1,355,000	353,250	313,750	39,500	12.589
Total.....	174	21,358,000	3,713,500	3,564,500	149,000	4.18
1887.						
First.....	5	400,000	100,000	100,000	.....	.....
Second.....	27	7,025,000	771,550	743,750	27,800	3.74
Third.....	6	500,000	115,000	112,500	2,500	2.22
Fourth.....	50	6,199,000	1,262,500	1,262,250	250	.02
Fifth.....	37	5,010,000	959,500	952,500	7,000	.74
Sixth.....	70	9,002,000	1,400,500	1,400,500	.....	.....
Seventh.....	17	1,510,000	377,500	377,500	.....	.....
Eighth.....	13	900,000	225,000	225,000	.....	.....
Total.....	225	30,546,000	5,211,550	5,174,000	37,550	.72

* See page 183.

76 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table exhibits in detail the changes which have occurred during the past year in the amount of national-bank circulation, so arranged as to illustrate the process by which the circulation steadily decreases concurrently with the accession of new banks and an increase in the aggregate national-bank capital:

CAPITAL AND CIRCULATION.

	Paid in capital.	Circulation represented by bonds.
Increase by banks existing November 1, 1886	\$3,868,005	\$3,957,175
Increase caused by formation of new banks	32,416,770	4,592,090
Increase by banks organized during the year	610,000	.....
Total increase	36,894,775	8,549,265
Decrease by banks still in operation November 1, 1887	2,235,000	57,770,475
Decrease by banks going into voluntary liquidation and failed	4,087,450	1,274,380
Total decrease	6,322,450	59,044,855
Net increase of capital	30,572,325	.....
Net decrease of circulation .....	.....	50,495,590

STATEMENT BY MONTHS, SHOWING THE AMOUNT OF UNITED STATES BONDS TRANSFERRED FROM THE SECURITIES HELD IN TRUST BY THE TREASURER OF THE UNITED STATES FOR NATIONAL-BANK CIRCULATION TO THE SECURITIES SO HELD FOR PUBLIC DEPOSITS DURING THE YEAR ENDING OCTOBER 31, 1887, AND THE METHODS BY WHICH SUCH TRANSFER WAS MADE.

Date.	Exchanged.	Substituted.	Transferred by retirement of circulation.
1886.			
November			\$70,000
December	\$100,000		100,000
1887.			
January			530,000
February			220,000
March			145,000
April			40,000
May			155,000
June			60,000
July		\$50,000	80,000
August	30,000		.....
September	140,000		62,500
October	115,000	100,000	500,000
Total	385,000	150,000	1,962,500

BANKS WITHOUT CIRCULATION.

As reported last year, some national banks have not availed themselves of the privilege of taking out circulating notes, and others have surrendered their entire circulation. The following list is unchanged since October 31, 1886:

Title of bank.	Capital.	Bonds.
Chemical National Bank, New York, N. Y.	\$300,000	\$50,000
Fulton National Bank, New York, N. Y.	300,000	50,000
National City Bank, New York, N. Y.	1,000,000	50,000
American Exchange National Bank, New York, N. Y.	5,000,000	50,000
Third National Bank, New York, N. Y.	1,000,000	50,000
National Bank, Washington, D. C.	200,000	50,000
Chestertown National Bank, Chestertown, Md.	50,000	12,500
First National Bank, Houston, Tex.	100,000	25,000
Mechanics' National Bank, New York, N. Y.	2,000,000	50,000
Total	9,950,000	387,500

REPORT OF THE COMPTROLLER OF THE CURRENCY. 77

DISSOLUTION.

The total number of national banks organized since February 25, 1863, is 3,805, of which there are now in operation, as shown elsewhere, 3,061; passed out of the system, 744, accounted for thus:

Passed into voluntary liquidation to wind up their affairs.....	480
Less number afterward placed in hands of receivers	9
	471
Passed into liquidation for purpose of reorganization.....	79
Passed into liquidation upon expiration of corporate existence.....	*75
Placed in hands of receivers.....	120
	745
Less restored to solvency and resumed business	1
Total passed out of system.....	744

The corporate existence of five national banks expired during the year ending October 31, 1887, and in each case an extension has been obtained in accordance with the provisions of the act of July 12, 1882.

There were eight failures of national banks during the year ending October 31, 1887, and, as has been shown, in one case the creditors have been paid in full, principal and interest, in another they have received 50 per cent., and in two others 25 per cent. on account of the claims proved.

The affairs of five failed banks have been closed during the past year, and final dividends have been paid to their creditors. These banks, with the total dividends paid in each case, are given below:

Name and location of bank.	Date of appointment of receiver.	Total dividends on principal.	Proportion of interest paid.
		<i>Per cent.</i>	<i>Per cent.</i>
Abington National Bank of Abington, Mass.....	Aug. 2, 1886	100	100
First National Bank of Blair, Nebr.....	Sept. 8, 1886	100	100
City National Bank of Williamsport, Pa.....	May 4, 1886	100	100
Palatka National Bank of Palatka, Fla.....	June 3, 1887	100	100
First National Bank of Butler, Pa.....	July 23, 1879	81	.....

INACTIVE RECEIVERSHIPS.

There still remain in the hands of receivers a small number of banks of which the affairs have been liquidated as far as possible, but the receiverships are kept open by matters pending in the courts. In these cases the expenses of the receivership are reduced to a minimum, and the compensation of the receiver is made dependent as far as practicable upon services rendered and results obtained.

The following table shows the receiverships that are in this condition:

Name and location of bank.	Date of appointment of receiver.	Dividends paid.
		<i>Per cent.</i>
First National Bank of Anderson, Ind.....	Nov. 23, 1873	39.
National Bank of the State of Missouri, Saint Louis, Mo.....	June 23, 1877	†100
Third National Bank of Chicago, Ill.....	Nov. 24, 1877	†100
Central National Bank of Chicago, Ill.....	Dec. 1, 1877	60
People's National Bank of Helena, Mont.....	Sept. 13, 1878	40
German American National Bank of Washington, D. C.....	Nov. 1, 1878	50
First National Bank of Union Mills, Union City, Pa.....	Mar. 24, 1883	65

* Thirty-eight of these have been reorganized.

† And interest.

78 REPORT OF THE COMPTROLLER OF THE CURRENCY.

By reference to the Report of 1886 it will be seen that the number of these inactive receiverships has been reduced during the past year by two, viz, that of the New Orleans National Banking Association, and the First National Bank of Butler, Pa.

The New Orleans National Banking Association was interested in the case No. 897, Supreme Court of the United States, New Orleans National Banking Association, appellant, *v.* E. D. Le Breton, appellee, which was decided on March 21, 1887, adversely to the receiver. When the last dividend was declared, there was reserved only money enough to defray the expenses of this litigation, so that when the decision was rendered the trust was closed. Out of the amount reserved, however, a small sum was applied to publishing in New Orleans a list of creditors who had not drawn dividends, and by this means unclaimed dividend checks to the amount of \$511.83 have since been delivered.

The First National Bank of Butler, Pa., was kept open because of the unadjusted accounts of the receiver. An adjustment was reached during the past year, and a final dividend was declared of 11 per cent., making 81 per cent. in all, and closing the trust.

The receivership of the National Bank of the State of Missouri in Saint Louis seems to have been placed in an anomalous position by reason of the assets proving more valuable than they were supposed to be.

The receiver was appointed June 23, 1877, and on October 2, 1879, an assessment of 25 per cent. was ordered on the stock of the bank.

This assessment, which amounted to \$510,025, yielded only \$245,108, and although the creditors were paid in full before October 31, 1882, the receivership seems to have been continued because of apprehended disagreements among shareholders as to the relative rights of those who had paid their assessments in full, those who had paid in part, and those who had not paid.

In order to comply with the law the Comptroller caused a meeting of shareholders to be called on June 16, 1887, at which an agent was duly elected, but up to the present time he has failed to give the requisite bond.

There is some litigation in progress of immense importance to the interests involved in this trust, and it is necessary, therefore, that its affairs should be looked after. The stockholders have shown very little concern about the matter.

On March 1, 1882, a final dividend for balance due on principal and interest was declared and paid to the creditors of the Third National Bank of Chicago, Ill. No assessment upon the shareholders had been levied. On June 7, 1882, in pursuance of instructions from the Comptroller, a meeting of the shareholders was held for the purpose of selecting an agent to receive the remaining assets of the bank. In consequence of the failure of the shareholders to select such agent, the receivership was continued. During the past year another meeting was called, in accordance with instructions from the Comptroller, with the same result. A resolution distinctly refusing to elect an agent was adopted by shareholders representing 5,828 shares out of a total of 7,500, being based upon statements entered in the records of the meeting that grave complications would arise in the sale and disposition of the remaining assets of the trust, to the financial injury of the shareholders.

The law affords no means by which shareholders can be coerced into availing themselves of the privilege of taking charge of their own affairs.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 79

DIVIDENDS PAID TO CREDITORS OF INSOLVENT NATIONAL BANKS DURING THE PAST YEAR, WITH TOTAL DIVIDENDS IN EACH CASE UP TO NOVEMBER 1, 1887.

Name and location of bank.	Dividends paid during the past year.		Total dividends paid to depositors.	Proportion of interest paid to depositors.
	Total amount.	Per cent.	Per cent.	Per cent.
Pacific National Bank of Boston, Mass.	\$691, 874. 06	30	50	.....
First National Bank of Blair, Nebr.	82, 945. 82	100	100	100
Richmond National Bank of Richmond, Ind.	73, 172. 39	20	56	.....
Lancaster National Bank of Clinton, Mass.	34, 147. 64	20	70	.....
City National Bank of Williamsport, Pa.	70, 442. 34	50	100	100
First National Bank of Pine Bluff, Ark.	16, 238. 24	25	25	.....
Exchange National Bank of Norfolk, Va.	291, 973. 33	16	40	.....
Schoharie County National Bank of Schoharie, N. Y.	14, 932. 52	10	40	.....
First National Bank of Angelica, N. Y.	15, 518. 79	10	85	.....
First National Bank of Wahpeton, Dak.	11, 011. 18	10	10	.....
Palatka National Bank of Palatka, Fla.	9, 491. 70	100	100	100
First National Bank of Butler, Pa.	12, 787. 24	11	81	.....
First National Bank of Livingston, Mont.	21, 262. 54	75	75	.....
Middletown National Bank of Middletown, N. Y.	102, 876. 81	15	70	.....
Henrietta National Bank of Henrietta, Tex.	32, 391. 89	50	50	.....
Fidelity National Bank of Cincinnati, Ohio.	596, 642. 30	25	25	.....
Logan National Bank of West Liberty, Ohio.	8, 108. 66	10	50	.....
First National Bank of Leadville, Colo.	20, 385. 06	10	40	.....
Total	2, 106, 203. 41	.....	.....	.....

Out of 3,805 national banks organized since February, 1863, only 120, or about 3 per cent., have been placed in the hands of receivers; this includes 9 which had been previously placed in liquidation by their stockholders, but upon their failing to pay their depositors the Comptroller appointed receivers to wind up their affairs. Out of the above total of 120 failed banks, 41 have paid their creditors in full, while 23 have besides paid interest, 18 in full and 5 in part. The affairs of 85 banks of the 120 have been finally closed, leaving 35 in process of settlement, of which, as has been seen, 7 are virtually closed with the exception of pending litigation, leaving 28 receiverships only in active operation.

The total amount so far paid to creditors of insolvent national banks has been \$29,434,986, upon proved claims amounting to \$46,938,388. The amount paid during the year has been \$2,135,878, which includes \$29,675 paid in dividends declared prior to November 1, 1886, on claims proved since that date. Assessments amounting to \$9,945,250 have been made upon stockholders of insolvent national banks under section 5151 of the Revised Statutes of the United States. From this source the gross collections amount to \$4,682,563, of which there has been received during the past year \$636,755. Suits are pending in some cases.

It will be observed that the gross collections from stockholders of insolvent banks amount to only about 47 per cent. of the assessments. Unfortunately the cost of the litigation attending such collections can not be accurately ascertained from the records in this office, but it has been very great, and should be deducted from gross collections. The Comptroller is disposed to think the net amount actually realized to creditors from this source has been under, rather than over, 40 per cent. of the total assessments. In any case the figures show that the security afforded to creditors by subjecting shareholders to liability beyond the loss of their stock is quite disproportionate to the damage inflicted upon solvent shareholders. This personal-liability feature tends to discourage prudent business men from investing in national-bank stock,

80 REPORT OF THE COMPTROLLER OF THE CURRENCY.

while contested assessments generally develop an amount of chicanery and fraud which must exercise an injurious influence upon morals.

ISSUES AND REDEMPTIONS.

The following table exhibits the number and amount of national-bank notes of each denomination which have been issued and redeemed since the organization of the system, and the number and amount outstanding on October 31, 1887:

Denominations.	Number of notes.			Amount.		
	Issued.	Redeemed.	Outstanding.	Issued.	Redeemed.	Outstanding.
Ones.....	23, 167, 677	22, 776, 403	391, 274	\$23, 167, 677	\$22, 776, 403	\$391, 274. 00
Twos.....	7, 747, 519	7, 646, 720	100, 799	15, 495, 038	15, 293, 440	201, 598. 00
Fives.....	100, 455, 524	85, 170, 819	15, 284, 705	502, 277, 620	425, 854, 695	76, 423, 525. 00
Tens.....	42, 763, 799	33, 799, 928	8, 962, 871	427, 627, 990	337, 999, 280	89, 628, 710. 00
Twenties.....	13, 301, 145	10, 091, 941	3, 209, 204	266, 022, 900	201, 838, 820	64, 184, 080. 00
Fifties.....	1, 849, 613	1, 536, 143	313, 470	92, 480, 650	76, 807, 150	15, 673, 500. 00
One hundreds.....	1, 375, 146	1, 127, 452	247, 694	137, 514, 800	112, 745, 200	24, 769, 400. 00
Five hundreds.....	23, 924	23, 293	631	11, 962, 000	11, 646, 500	315, 500. 00
One thousands.....	7, 369	7, 305	64	7, 369, 000	7, 305, 000	64, 000. 00
Fractions outstanding						23, 742. 60
Totals.....	190, 690, 716	162, 180, 004	28, 510, 712	1, 483, 917, 475	1, 212, 263, 888	271, 675, 329. 60

Notes of gold banks are not included in this table.

A table showing the number and denomination of national-bank notes issued and redeemed, and the number of each denomination outstanding on October 31, for the last twenty years, will be found on page 178 in the Appendix.

Distinct accounts are kept for the incomplete currency issued to banks in replacement of notes redeemed and destroyed under the provisions of the act of June 20, 1874, to banks taking out new circulation upon an extension of their corporate existence under the act of July 12, 1882, and to old and new banks increasing the volume of their circulation by adding to the amount of bonds deposited. The notes issued in the three latter cases have heretofore been designated (on the books of this office and in previous reports) "additional circulation," but this term applies properly only to the two cases last above mentioned.

In order that the following table, showing by States the amount of "additional circulation" issued during the year ending October 31, 1887, and the total amount of such circulation issued since June 20, 1874, may conform to previous reports, the three classes of issue are distributed into two columns, one showing amounts issued under the act of 1882 and the other the issues which are properly additional. This table also shows the amount of circulation retired during the year and the total amount retired since June 20, 1874.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

81

TABLE SHOWING BY STATES THE AMOUNT OF "ADDITIONAL CIRCULATION" ISSUED DURING THE YEAR ENDING OCTOBER 31, 1887, AND TOTAL AMOUNT ISSUED SINCE JUNE 20, 1874.

States and Territories.	Circulation issued under act of July 12, 1882.	Additional circulation issued.	Total.	Circulation retired.		Total.
				Under act of June 20, 1874.	Insolvent and liquidating banks.	
Maine	\$46,220	\$11,250	\$57,470	\$429,204	\$433,197	\$862,401
New Hampshire	39,940	45,000	94,940	298,673	198,942	497,615
Vermont	51,530	56,250	107,840	500,257	237,939	838,196
Massachusetts	1,113,665	940,320	2,054,125	4,341,101	3,869,189	8,210,290
Rhode Island	2,550	13,950	16,900	796,286	1,112,291	1,908,577
Connecticut	178,465	45,000	223,465	1,107,930	1,185,343	2,303,273
New York	217,510	1,041,030	1,258,540	1,973,799	2,780,776	4,754,575
New Jersey	19,000	203,270	222,270	588,602	455,091	1,044,693
Pennsylvania	597,940	806,230	1,404,230	3,588,189	2,920,249	6,518,438
Delaware		11,240	11,240	38,160	33,348	71,503
Maryland	3,699	67,500	70,500	659,448	752,486	1,402,934
District of Columbia		45,000	45,000	61,982	881	62,863
Virginia		11,250	11,250	140,320	147,059	287,379
West Virginia		25,650	25,650	73,114	146,032	219,146
North Carolina		11,250	11,250	112,052	27,202	139,254
South Carolina		11,240	11,240	135,102	35,050	170,152
Georgia		90,000	90,000	211,640	110,073	321,713
Florida		1,930	1,930	3,340	1,595	4,935
Alabama		249,750	249,750	127,450	18,622	146,072
Mississippi		96,740	96,740	11,730	15	11,745
Louisiana		302,480	302,480	281,372	170,077	451,449
Texas		468,675	468,675	108,636	16,801	125,437
Arkansas		71,010	71,010	19,097	10,355	29,452
Kentucky				1,154,197	288,240	1,442,437
Tennessee		227,340	227,340	253,335	108,890	362,225
Missouri	30	253,975	254,005	216,441	130,161	346,600
Ohio	119,250	499,955	559,205	1,730,530	1,242,540	2,972,872
Indiana	30,310	249,680	279,990	649,189	503,567	1,152,753
Illinois	128,430	310,025	438,475	666,927	419,580	1,086,507
Michigan	18,690	93,429	112,020	281,533	287,942	569,475
Wisconsin	429	181,129	181,540	163,603	156,786	320,339
Iowa	3,850	91,580	98,430	457,826	169,517	607,343
Minnesota	32,750	189,035	212,785	124,323	89,817	214,140
Kansas		877,420	877,420	107,461	23,011	130,472
Nebraska		225,000	225,000	153,688	51,547	205,235
Nevada		11,250	11,250	5,960		5,960
Oregon		92,240	92,240	20,650		20,650
Colorado		78,990	78,990	64,437	67,845	131,282
Utah		10	10	32,530	841	33,371
Idaho				12,851	4,015	16,866
Montana		15,000	15,000	13,000		13,000
Wyoming		22,505	22,505	140	3,560	3,700
New Mexico		13,520	13,520	80,840	20,350	101,190
Dakota		133,265	133,265	37,326		37,326
Washington		82,510	82,510	38,750	7,612	46,362
California		318,830	318,850	104,740	8,370	113,110
Arizona		22,500	22,500		8,970	8,970
Total	2,614,080	8,519,265	11,163,345	21,957,758	18,366,519	40,324,277
Surrendered to this office and retired.						290,769
From June 20, 1874, to October 31, 1886.			196,704,902	171,775,021	58,347,227	230,122,248
Surrendered and retired same dates.						15,246,964
Grand total October 31, 1887.			207,878,247	193,732,779	76,713,746	285,984,258

Notes of gold banks are not included in the above table.

Of the above \$8,549,265 there was issued to banks organized during the year \$4,690,375, and to already existing banks increasing their circulation \$3,858,890.

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82 REPORT OF THE COMPTROLLER OF THE CURRENCY.

ISSUES.

The total issues of incomplete currency during the year are shown by the vault account, as follows :

National-bank currency in vaults October 31, 1886	\$62,486,660	
Amount received from Bureau of Engraving and Printing during the year ending October 31, 1887	25,413,750	
Total		87,900,410
Amount issued to banks during the year.....	\$36,756,100	
Amount canceled during the year, not having been issued.	934,060	
		37,690,160
Balance in vaults.....		50,210,250

The duties devolving upon the clerical force in the division of issue of this office are of great responsibility, requiring absolute accuracy and promptness on the part of those to whom these duties are assigned. The records of receipts and issues are balanced daily with the vault accounts, and the work of each day is completed before that of another day is begun. During the past year 29,993 packages of currency were forwarded to banks by express, the same number of receipts prepared for signature and return by the banks, and a large amount of correspondence was conducted.

REDEMPTION.

The provisions of law relating to the redemption of the circulating notes of national banks have undergone many changes, but no change has at any time been made in the only two provisions contained in the act of February, 1863.

These are, first, that every bank must redeem on demand at its place of business any of its circulating notes presented there for redemption during business hours; and second, that the medium of redemption must be "lawful money of the United States."

By the act of June 3, 1864, every association located in Saint Louis, Louisville, Chicago, Detroit, Milwaukee, New Orleans, Cincinnati, Cleveland, Pittsburgh, Baltimore, Philadelphia, Boston, New York, Albany, Leavenworth, San Francisco, or Washington City was required to select, subject to the approval of the Comptroller of the Currency, some national bank in the city of New York, "at which it will redeem its circulating notes at par;" and each association not organized within any of the cities named had likewise to select as its redemption agent some association in one of these cities.

The Comptroller was required to give public notice of the redemption agent of every association, and of any changes made in such agents, and in case any bank failed to select an agent, or to redeem its notes, as provided by the act, the Comptroller, with the concurrence of the Secretary of the Treasury, might appoint a receiver to wind up its affairs.

The act of June 20, 1874, established the National Bank Redemption Agency of the Treasury at Washington, repealed all requirements as to redemption agents elsewhere, relieved the banks of the obligation to keep a reserve upon their circulating notes, and substituted therefor the requirement that every bank should keep up a redemption fund in the hands of the Treasurer of the United States equal to 5 per cent. of its outstanding circulation.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 83

The following table, compiled from the Treasurers' reports, shows the practical working of the law as to the 5 per cent. redemption fund:

TABLE SHOWING MODE OF REIMBURSEMENT OF FIVE PER CENT. REDEMPTION FUND BY NATIONAL BANKS, BY FISCAL YEARS, FROM 1875 TO 1887, INCLUSIVE.

Years.	Deposits of lawful money with assistant treasurers, United States.	Deposits with Treasurer, United States.			Total.
		Deposits received at counter.	Remittances of lawful money by express.	Proceeds of national-bank notes redeemed.	
1875	\$88,834,653.12	\$989,646.63	\$32,308,100.78	\$18,743,163.00	\$140,874,563.53
1876	105,134,528.37	664,989.45	19,042,491.62	52,643,065.00	177,485,074.44
1877	116,044,751.34	(*)	7,678,750.57	91,856,769.92	215,580,271.83
1878	100,819,824.50	(*)	5,935,806.89	98,552,739.98	205,308,371.37
1879	101,194,261.04	(*)	4,894,393.06	50,581,484.09	156,670,138.19
1880	46,960,242.06	(*)	2,627,861.16	6,924,097.88	55,512,201.10
1881	41,411,436.87	(*)	3,106,187.40	4,313,702.36	48,831,326.63
1882	50,531,496.68	(*)	2,975,682.27	4,534,598.69	58,041,777.64
1883	113,726,801.90	(*)	2,939,882.01	5,248,120.14	121,914,804.05
1884	89,338,255.34	(*)	3,801,957.46	5,727,786.37	98,867,999.17
1885	106,264,901.13	(*)	4,503,141.79	6,376,897.26	117,144,940.18
1886	92,363,184.15	1,787,241.84	3,433,468.78	5,775,498.84	103,359,393.61
1887	46,254,760.76	2,077,837.82	2,000,214.04	2,189,546.65	52,522,359.27
Total	1,098,879,097.26	5,519,715.74	95,247,937.83	353,466,470.18	1,553,113,221.01
Average	70.75	6.13	6.13	22.76	100.00

* No record.

The following tables, compiled from the Treasurers' reports, show for the fiscal years 1874-'75 to 1886-'87—

1. The amounts of national-bank currency received annually at the redemption agency, and the disposition made of it.
2. The points from which this currency was forwarded, and the percentage of the whole received from each point.
3. The total amount of notes redeemed, and the mode of redemption.
4. The cost of redemption.

TABLE SHOWING RECEIPTS AND DELIVERIES OF MONEYS BY THE NATIONAL-BANK REDEMPTION AGENCY (UNITED STATES TREASURER'S OFFICE)
FOR EACH FISCAL YEAR FROM 1875 TO 1887, INCLUSIVE.

Year ending June 30—	Cash balance on hand at close of previous year.	To national bank notes received for redemption.	To "overs" reported in national bank notes received for redemption.	Aggregates.	By national bank notes, fit for circulation, deposited in the Treasury, and forwarded to national banks by express.	By national bank notes, unfit for circulation, delivered to the Comptroller of the Currency.	By notes of failed and liquidating national banks, deposited in the Treasury of the United States.
1875		\$155,520,880.48	\$21,644.85	\$155,545,525.33	\$26,160,201.00	\$115,109,445.00	\$6,579,217.00
1876	\$6,031,022.32	209,038,854.94	16,491.42	215,086,368.68	102,478,700.00	78,643,153.69	24,927,900.00
1877	7,912,539.60	242,885,375.14	21,996.58	250,852,910.72	151,070,300.00	62,518,609.00	21,459,700.00
1878	11,505,312.52	213,151,458.56	37,649.20	224,694,420.28	152,437,300.00	51,585,400.00	11,852,100.00
1879	8,410,848.33	137,656,614.96	22,148.42	166,089,641.71	112,411,800.00	40,204,700.00	8,354,250.00
1880	3,785,389.29	61,585,675.68	6,461.30	63,377,526.27	24,580,500.00	29,801,700.00	6,671,700.00
1881	3,697,983.77	59,650,259.43	13,231.38	62,761,474.58	6,763,600.00	40,056,700.00	12,453,400.00
1882	2,844,107.37	76,089,327.48	11,221.13	78,914,656.98	3,801,500.00	53,838,500.00	16,953,730.00
1883	3,630,999.32	102,699,676.73	8,092.09	106,338,758.14	15,572,100.00	78,664,758.00	4,667,600.00
1884	6,672,963.85	126,152,572.34	6,036.20	132,838,602.49	26,255,500.00	95,616,051.00	3,507,950.00
1885	6,910,452.63	150,209,129.01	17,060.07	157,136,641.11	45,634,800.00	98,598,170.00	5,591,730.00
1886	6,791,037.93	139,296,606.32	25,528.97	137,113,223.72	43,701,100.00	82,256,713.50	3,910,573.00
1887	3,840,462.05	87,689,687.15	16,404.07	91,546,493.27	20,786,640.00	66,841,550.00	1,133,215.50
Total	71,463,097.78	1,772,626,148.72	229,906.78	1,844,326,243.28	735,050,131.00	893,819,455.50	131,023,125.50

Year ending June 30—	By United States notes deposited in the Treasury of the United States.	By packages referred and moneys returned.	By express charges deducted.	By counterfeit notes rejected and returned.	By national bank notes—less than three-fifths, lacking signatures, and stolen—rejected and returned, and discount on United States currency.	By "shorts" reported in national bank notes received for redemption.	Cash on hand at close of year.
1875		\$1,620,557.29		\$3,741.00	\$15,028.12	\$20,223.50	\$6,031,022.32
1876		1,063,002.10		5,188.00	7,709.22	16,175.26	7,912,539.60
1877		1,278,903.86		5,634.00	4,755.91	29,704.43	11,505,312.52
1878		381,372.22		4,008.00	3,997.13	16,394.60	8,410,848.33
1879	\$959,132.00	329,323.34	\$25,812.15	3,016.00	6,282.58	9,906.35	3,785,389.29
1880	428,688.00	705,432.14	9,038.41	3,846.75	7,870.23	9,868.97	3,697,983.77
1881	30,615.00	569,971.06	3,345.03	4,324.50	22,763.37	6,618.25	2,844,107.37
1882	24,970.00	672,427.00	1,152.09	4,151.00	3,832.35	13,405.13	3,630,999.32
1883	7,267.00	727,282.98	725.84	4,559.50	4,337.62	10,103.25	6,672,963.85
1884	81,858.00	455,333.05	523.54	3,770.50	3,365.77	3,785.60	6,910,452.63
1885	177,350.00	339,219.19	612.25	3,500.00	3,636.49	6,445.25	6,791,037.93
1886	111,924.50	277,194.78	526.90	2,720.00	3,822.28	8,246.65	3,840,462.05
1887	120,727.10	464,413.45	573.58	2,924.00	2,554.25	22,356.00	2,165,539.41
Total	1,948,559.60	8,479,462.75	43,239.85	51,443.25	89,955.30	173,233.34	73,628,637.19

TABLE SHOWING, BY FISCAL YEARS, FROM 1875 TO 1887, THE AMOUNTS OF NATIONAL-BANK NOTES RECEIVED AT THE UNITED STATES TREASURY FOR REDEMPTION FROM THE PRINCIPAL CITIES AND OTHER PLACES, AND THE PROPORTION OF EACH AMOUNT TO THE WHOLE.

Year.	New York.		Boston.		Philadelphia.		Chicago.		Cincinnati.		Saint Louis.	
	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.
1875.....	\$30,925,000	52.07	\$17,598,000	11.32	\$9,096,000	5.85	\$3,254,000	4.39	\$1,676,000	2.37	\$1,384,000	.89
1876.....	78,389,000	38.37	55,878,000	27.35	9,778,000	4.79	10,106,000	4.89	3,085,000	1.51	1,019,000	.50
1877.....	76,093,000	32.47	75,212,000	31.84	20,988,000	8.89	4,162,000	1.76	2,781,000	1.18	1,292,000	.55
1878.....	66,273,000	31.43	80,527,000	38.26	10,836,000	5.15	3,194,000	1.52	2,268,000	1.08	999,000	.47
1879.....	54,179,000	35.00	59,375,000	38.36	7,052,000	4.56	1,719,000	1.11	1,219,000	.79	1,487,000	.93
1880.....	26,460,000	42.96	11,701,000	19.00	3,358,000	5.45	1,673,000	2.72	819,000	1.33	392,000	.64
1881.....	23,319,000	39.09	5,565,000	9.33	4,919,000	8.25	2,455,000	4.45	998,000	1.67	673,000	1.13
1882.....	28,012,000	36.82	7,370,000	9.69	5,939,000	7.81	3,515,000	4.66	1,188,000	1.56	1,001,000	1.39
1883.....	36,042,000	35.10	16,031,000	16.19	7,333,000	7.14	6,153,000	5.98	1,774,000	1.73	1,272,000	1.34
1884.....	54,327,000	43.07	19,971,000	15.83	6,839,000	5.41	5,794,000	4.50	1,822,000	1.45	1,155,000	.92
1885.....	75,409,000	50.20	27,473,000	18.29	7,220,000	4.81	4,558,000	3.63	1,919,000	1.27	977,000	.65
1886.....	49,487,000	37.68	39,031,000	23.05	7,823,000	5.62	5,493,000	4.22	2,261,000	1.74	3,422,000	2.63
1887.....	31,314,583	35.71	13,219,269	15.08	6,972,853	7.95	5,315,319	6.06	2,244,310	2.53	3,421,698	3.90

Year.	Baltimore.		New Orleans.		Providence.		Pittsburgh.		Other places.		Totals.	
	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.
1875.....	\$1,902,000	1.22	.....	.....	\$1,388,000	.89	\$1,449,000	.93	\$31,189,000	50.07	\$155,421,000	100.00
1876.....	3,265,000	1.69	.....	.....	3,247,000	1.59	1,425,000	.70	38,195,000	18.70	204,590,000	100.00
1877.....	1,821,000	.77	.....	.....	5,653,000	2.59	1,322,000	.56	46,286,000	19.59	236,213,000	100.00
1878.....	1,085,000	.52	.....	.....	4,989,000	2.37	1,141,000	.54	39,179,000	18.61	210,491,000	100.00
1879.....	668,000	.45	.....	.....	3,772,000	2.41	615,000	.41	24,647,000	15.92	154,769,000	100.00
1880.....	415,000	.67	.....	.....	1,454,000	2.36	517,000	.89	11,767,000	23.98	61,586,000	100.00
1881.....	673,000	1.13	.....	.....	1,419,000	2.28	606,000	1.01	18,835,000	31.56	59,639,000	100.00
1882.....	947,000	1.24	.....	.....	1,428,000	1.87	880,000	1.16	25,721,000	33.80	79,180,000	100.00
1883.....	1,623,000	1.58	.....	.....	1,666,000	1.62	917,000	.89	29,193,000	28.43	102,790,000	100.00
1884.....	2,853,000	2.26	.....	.....	1,830,000	1.41	1,119,000	.65	30,761,000	24.38	123,152,000	100.00
1885.....	3,705,000	2.47	\$1,003,000	1.37	2,292,000	1.53	684,000	.46	23,918,000	15.92	150,209,000	100.00
1886.....	3,546,000	2.72	.....	.....	1,731,000	1.32	526,000	.49	25,051,000	19.23	130,296,000	100.00
1887.....	3,102,500	3.54	1,310,036	1.50	1,015,131	1.16	527,800	.60	19,210,185	21.91	87,689,687	100.00

TABLE SHOWING TOTAL AMOUNT AND MODE OF PAYMENT FOR NATIONAL-BANK NOTES REDEEMED, BY FISCAL YEARS, COMMENCING WITH YEAR ENDING JUNE 30, 1875.

Year.	Transfer checks.	United States notes.	Fractional silver coin.	Standard silver dollars.	Redeemed at counter.	Credits to assistant treasurers and United States depositaries in general account.	Credits in redemption accounts.	Notes fit for circulation and of failed, liquidating, and reducing banks, deposited in Treasury in payment of notes redeemed by Treasury prior to July 1, 1875.	Total.
1875 ..	\$53,872,954.00	\$49,877,719.00	-----	-----	\$100,000.00	\$12,667,011.00	\$18,742,163.00	\$17,532,008.00	\$152,891,855.00
1876 ..	92,374,891.00	40,120,338.00	-----	-----	4,738,970.00	19,078,200.00	52,643,065.00	-----	208,955,892.00
1877 ..	95,212,743.45	34,588,129.15	\$468,974.00	-----	6,675,000.00	12,780,767.00	91,856,769.92	-----	241,591,373.52
1878 ..	75,361,427.23	23,046,418.44	549,645.40	-----	2,661,921.00	12,609,083.76	98,552,739.93	-----	212,760,335.81
1879 ..	51,718,253.06	14,617,619.41	52,178.90	\$96,683.32	5,089,222.60	35,148,181.38	50,581,484.00	-----	157,308,622.96
1880 ..	10,852,505.53	21,174,826.66	28,230.59	174,831.85	3,883,417.60	18,218,070.37	6,924,032.88	-----	61,235,960.48
1881 ..	22,415,972.28	19,567,744.21	85,164.56	215,045.27	3,522,607.09	8,930,232.92	4,313,702.30	-----	50,056,403.60
1882 ..	32,992,144.72	23,222,831.83	246,447.42	209,918.44	4,033,402.40	10,106,238.45	4,534,508.09	-----	75,405,581.95
1883 ..	56,018,447.71	23,668,064.66	206,257.79	242,518.37	3,941,638.00	12,428,692.86	5,248,120.14	-----	101,843,739.53
1884 ..	77,991,916.83	24,080,304.62	158,127.00	1,015,519.10	3,826,293.00	12,960,221.06	5,727,786.37	-----	125,700,169.18
1885 ..	105,840,234.80	19,236,730.27	135,773.22	482,500.35	3,848,090.50	13,944,370.50	6,443,697.26	-----	149,931,396.90
1886 ..	74,149,555.26	9,204,752.76	103,843.62	451,194.22	8,385,485.00	31,007,087.30	6,727,706.96	-----	130,029,625.12
1887 ..	39,996,984.07	15,657,298.62	97,670.41	248,970.92	4,200,654.50	24,768,344.79	2,243,346.65	-----	87,213,269.96

TABLE SHOWING, BY FISCAL YEARS FROM 1875 to 1887, EXPENSES INCURRED IN THE REDEMPTION OF NATIONAL-BANK NOTES AT THE UNITED STATES TREASURY.

Year.	Charges for transportation.	Costs for assorting notes.						Total.
		Salaries.	Printing and binding.	Stationery.	Postage.	Contingent and other expenses.	Furniture.	
1875 ..	\$88,098.31	\$158,227.30	-----	\$12,290.72	\$3,298.80	\$16,131.47	\$12,918.68	\$290,965.37
1876 ..	150,142.84	188,018.94	-----	*9,174.68	3,391.00	1,093.01	3,472.84	365,183.31
1877 ..	189,362.05	150,695.63	\$6,604.30	3,818.10	3,716.66	2,860.31	-----	357,066.10
1878 ..	173,420.60	136,580.63	2,600.32	3,090.00	-----	2,190.33	-----	317,942.48
1879 ..	98,208.75	123,956.27	2,894.60	2,597.22	-----	3,203.11	-----	240,949.95
1880 ..	34,764.24	104,350.08	2,632.69	1,634.29	-----	947.09	-----	143,728.39
1881 ..	33,843.86	89,564.72	1,220.60	1,051.27	-----	531.67	-----	126,212.12
1882 ..	39,203.31	87,593.50	1,535.42	836.51	-----	390.58	-----	129,529.38
1883 ..	57,180.66	86,213.35	2,401.54	890.41	-----	896.11	-----	147,592.27
1884 ..	68,684.11	88,426.79	1,935.91	1,133.84	-----	716.00	-----	160,896.65
1885 ..	85,255.48	93,371.82	1,070.77	1,114.19	-----	444.90	-----	181,857.16
1886 ..	74,490.52	89,065.18	3,190.89	1,163.65	-----	553.11	-----	168,243.35
1887 ..	48,020.53	87,450.54	1,430.93	1,053.30	-----	1,011.61	-----	138,967.60

* In 1875 and 1876 "Printing and binding" was included with item "Stationery."

REPORT OF THE COMPTROLLER OF THE CURRENCY. 87

REDEMPTION OF CIRCULATION OF BANKS IN THE HANDS OF RECEIVERS, OF THOSE IN VOLUNTARY LIQUIDATION, AND OF THOSE REDUCING CIRCULATION UNDER THE ACT OF JUNE 20, 1874.

The redemption of the circulating notes of failed banks at the United States Treasury was provided for originally as it is now, by giving the Comptroller power to cancel or to sell the bonds of the banks, and in case of deficiency in the proceeds to make it good out of the assets of the corporation; but before the act of 1874 went into effect the notes of such banks were called in by public advertisement, whereas now they are left in circulation until they are brought by the ordinary currents of redemption into the office of the Treasurer or of one of the assistant treasurers, or into the hands of a designated depository of public moneys, or one of the national-bank depositories.

Section 8 of the act of June 20, 1874, requires the Treasurer, assistant treasurers, designated depositories, and national-bank depositories to assort and return to the Treasury for redemption the notes of such national banks as have failed, or have gone into voluntary liquidation, and of all such as shall thereafter fail or go into such liquidation.

The following table, compiled from the records of the Bureau of the Currency, shows the course of redemption of the notes of failed banks:

Total circulation of all failed banks, \$14,818,276; amount redeemed, \$13,392,311; balance outstanding or lost, \$1,425,965.

TABLE SHOWING, BY YEARS, FROM OCTOBER 1, 1865, TO NOVEMBER 1, 1887, THE TOTAL CIRCULATION OF BANKS FAILED, THE AMOUNT REDEEMED, AND THE BALANCE OUTSTANDING AT CLOSE OF EACH YEAR. (COMPILED FROM REPORTS OF COMPTROLLER OF THE CURRENCY.)

Year ending--	Total circulation outstanding at end of previous year.	Total circulation of banks failed during the year.	Aggregate of two previous columns.	Amount of circulation of failed banks redeemed during year.	Balance of circulation of failed banks outstanding at close of year.
October 1, 1865		\$44,000	\$44,000.00	None.	\$44,000.00
October 1, 1866	\$44,000.00	265,000	309,000.00	\$5,320.00	303,680.00
October 1, 1867	303,680.00	748,900	1,052,580.00	163,288.00	889,292.00
October 1, 1868	889,292.00	321,800	1,211,092.00	648,533.00	562,559.00
October 1, 1869	562,559.00	45,000	607,559.00	274,820.55	332,738.45
October 1, 1870	332,738.45	129,700	462,438.45	143,602.60	318,835.85
October 1, 1871	318,835.85	None.	318,835.85	110,284.25	208,551.60
November 1, 1872	208,551.60	1,388,393	1,596,944.60	1,095,581.60	501,363.00
November 1, 1873	501,363.00	2,522,100	3,023,463.00	720,915.00	2,302,548.00
November 1, 1874	2,302,548.00	230,000	2,532,548.00	494,910.00	2,037,638.00
November 1, 1875	2,037,638.00	638,676	2,676,314.00	1,279,346.50	1,396,967.50
November 1, 1876	1,396,967.50	540,669	1,937,636.50	961,279.80	976,296.70
November 1, 1877	976,296.70	2,349,114	3,325,410.70	2,299,785.25	1,025,625.45
November 1, 1878	1,025,625.45	1,385,068	2,410,693.45	853,239.45	1,551,454.00
November 1, 1879	1,551,454.00	516,825	2,068,279.00	919,600.00	1,148,679.00
November 1, 1880	1,148,679.00	506,143	1,654,822.00	322,546.00	1,332,276.00
November 1, 1881	1,332,276.00	None.	1,332,276.00	382,534.00	949,742.00
November 1, 1882	949,742.00	990,500	1,949,242.00	547,610.00	1,401,632.00
November 1, 1883	1,401,632.00	108,200	1,509,832.00	648,704.00	861,128.00
November 1, 1884	861,128.00	850,120	1,711,248.00	612,960.00	1,098,288.00
November 1, 1885	1,098,288.00	486,550	1,584,838.00	451,424.00	1,133,414.00
November 1, 1886	1,133,414.00	434,840	1,568,254.00	110,228.00	1,458,026.00
November 1, 1887	1,458,026.00	307,738	1,765,764.00	339,799.00	1,425,965.00
Total		14,818,276		13,392,311.00	

Before the act of June 20, 1874, banks reducing their circulation could withdraw their bonds from the Treasury only upon surrendering there for cancellation an amount of their circulating notes proportioned

88 REPORT OF THE COMPTROLLER OF THE CURRENCY.

to the amount of bonds to be withdrawn, and up to July 14, 1870, banks for one year after going into voluntary liquidation had to resort to the same means in order to withdraw their bonds, but after the expiration of the year such banks might deposit lawful money for the difference between the whole amount of circulation issued to them and the amount surrendered, and thereupon get back the rest of their bonds. The amount of such deposits and the time at which they should be made were left to the voluntary choice of the bank. The act of July 14, 1870, made the deposit of lawful money obligatory upon liquidating banks, and the act of June 20, 1874, fixed six months after notice of liquidation as the limit of time allowed for making such deposits.

The act of June 20, 1874, provided also that any national banking association might withdraw its circulating notes upon the deposit of lawful money with the Treasurer of the United States in sums of not less than \$9,000. Under this act, and on account of liquidating and insolvent banks, and under section 6 of the act of July 12, 1882, which provides for a deposit of lawful money to retire the old circulation of national banks whose corporate existence has been extended, \$371,882,780 of lawful money has been deposited with the Treasurer. This includes \$2,663,720 for redemption of the notes of national gold banks and \$75,806,357 for the redemption of national-bank notes under section 6 of the act of July 12, 1882.

During the year ending October 31, 1887, lawful money to the amount of \$61,387,320 was deposited with the Treasurer to retire circulation, of which \$1,169,472 was deposited by banks in liquidation, \$36,664,668 by banks reducing circulation under the act of June 20, 1874, and \$23,553,180 by banks retiring old circulation under the act of July 12, 1882. The amount previously deposited under the acts of June 20, 1874, and July 12, 1882, was \$260,463,378; by banks in liquidation, \$64,276,892; making a total of \$386,127,590. Deducting from the total the amount of circulating notes redeemed and destroyed without re-issue, which was \$283,301,453, there remained in the hands of the Treasurer on October 31, 1887, \$102,826,137 of lawful money for the redemption and retirement of national bank circulation, including \$239,929 for the redemption of the circulating notes of national gold banks.

Prior to June 20, 1874, there were redeemed and destroyed \$10,431,135, and since that date \$272,870,317 of bank notes have been redeemed, destroyed, and retired. This latter amount includes \$2,423,791 of the notes of national gold banks, and \$30,728,515 of the notes of national banks whose corporate existence has been extended under the act of July 12, 1882.

There are at present no national gold banks in existence. Of those which had been organized, three went into voluntary liquidation and the others became currency banks, under the provisions of the act approved February 14, 1880.

Under all the laws now in operation the Treasurer has received for redemption up to November 1, 1887, national-bank notes aggregating in amount \$1,795,093,803.

During the past year the receipts at the Treasury amounted to \$83,243,017, of which amount \$30,052,077, or 36 per cent., was received from the banks in the city of New York, and \$11,006,900, or 13 per cent., from banks in the city of Boston. The amount received from Philadelphia was \$6,896,189; from Chicago, \$5,220,200; from Cincinnati, \$2,650,868; from Saint Louis, \$3,219,686; from Baltimore, \$2,708,500; from New Orleans, \$1,350,647; from Providence, \$948,631, and from Pittsburgh, \$600,889.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 89

The following table exhibits the amount of national-bank notes received monthly for redemption by the Comptroller of the Currency during the year ending October 31, 1887, and the amount received during the same period at the redemption agency of the Treasury, together with the total amount received since the passage of the act of June 20, 1874:

Months.	Received by the Comptroller of the Currency—					Received at United States Treasury redemption agency.
	From national banks in connection with reduction of circulation and replacement with new notes.	From the redemption agency—			Total.	
		For replacement with new notes.	For reduction of circulation under act June 20, 1874.	Insolvent and liquidating national banks.		
1886.						
November	\$72,840	\$2,200,310	\$1,150,583	\$1,827,553	\$5,251,286	\$7,954,011
December	6,515	2,304,475	1,646,230	1,566,826	5,524,046	7,940,494
1887.						
January	13,940	3,231,160	2,370,512	1,851,451	7,467,063	11,513,904
February	80	2,845,340	2,390,118	1,775,167	7,010,705	7,769,081
March	40,700	2,096,630	1,754,554	1,549,566	5,441,450	5,943,971
April	40	1,901,125	1,682,552	1,510,687	5,093,804	6,968,850
May	10,690	2,263,050	2,133,914	1,743,237	6,150,891	7,866,911
June	163,970	2,440,760	2,434,653	1,856,924	6,836,307	6,878,141
July	26,210	1,512,110	1,685,679	1,253,260	4,478,259	5,903,291
August	690	1,541,765	1,827,235	1,289,879	4,659,569	5,921,000
September	3,905	1,562,075	1,690,764	1,307,548	4,561,292	5,101,627
October	40	1,536,715	1,094,064	835,021	3,465,840	5,541,736
Total	279,620	25,435,515	21,861,858	18,366,519	65,943,512	83,243,017
Received from June 20, 1874, to October 31, 1886	16,065,805	740,273,100	171,865,151	58,222,236	986,426,202	1,711,850,786
Grand total	16,345,425	765,708,615	193,727,069	76,588,755	1,052,369,804	1,795,093,803

Notes of gold banks are not included in the above table.

The following table, compiled from the books of the Comptroller of the Currency, exhibits the amount of national-bank notes received at this office and destroyed yearly since the establishment of the system:

Prior to November 1, 1865	\$175,490	During year ended October 31—	
During year ended October 31—		1879	\$41,101,870
1866	1,050,382	1880	35,539,660
1867	3,401,423	1881	54,911,130
1868	4,602,825	1882	74,917,611
1869	8,603,729	1883	82,913,736
1870	14,305,689	1884	93,178,418
1871	24,344,047	1885	91,048,723
1872	30,214,729	1886	59,989,810
1873	36,433,171	1887	47,726,030
1874	49,939,741	Additional amount of insolvent and liquidating national banks	87,144,882
1875	137,697,696		
1876	98,672,716	Total	1,212,240,754
1877	76,918,993		
1878	57,381,249		

Notes of gold banks are not included in the above table.

There was in the vault of the redemption division of this office, awaiting destruction, at the close of business October 31, 1886	\$287,240
Received during the year ended October 31, 1887	65,997,812
Total	66,285,052
Withdrawn and destroyed during the year	66,148,742
Balance in vault October 31, 1887	136,310

90 REPORT OF THE COMPTROLLER OF THE CURRENCY.

There was received from the United States Treasurer \$65,718,192, contained in 89,288 packages, and from banks direct, \$279,620, contained in 64 packages. The work in this division, in handling this vast amount of mutilated notes, requires great accuracy, skill, and precision.

SUPERVISION.

The law imposes upon the Comptroller of the Currency the duty of exercising a supervision over the national banks, and to that end requires him to exact reports from them as to their condition on at least five days in each year, and reports of the dividends and earnings of each bank as often as dividends are declared.

The act of 1864 required reports of earnings to be made every six months, whether dividends were declared or not, and although this provision was omitted from the Revised Statutes, these reports have been continuously required by the Comptroller under the general authority to call for reports at his discretion.

The Comptroller is also authorized to cause examination of banks to be made from time to time by persons selected for that purpose by him and approved by the Secretary of the Treasury.

The acts of 1863 and of 1864 seemed to contemplate only occasional examinations, and these by persons employed specially for the occasion. The compensation for each examination was \$5 a day and mileage.

Afterwards experience appears to have led to the employment of regular examiners, and to their assignment to special districts; then followed periodical examinations, which in time arranged themselves at intervals of about twelve months.

The Revised Statutes adopted in 1874 changed the compensation of examiners from a per diem allowance and mileage to fees, graded in amount according to the capital of the bank examined, but this scale of fees was not made applicable to the examination of banks in reserve cities, in certain States named in the Statutes, and in the then Territories. In these excepted cases the Secretary of the Treasury was empowered, upon the recommendation of the Comptroller, to fix the compensation of examiners.

The act of February 19, 1875, readjusted the scale of fees.

From the beginning of the system, however, until now all examinations have been at the expense of the examined bank, which appears to be a sacrifice of principle to governmental economy.

It would appear that the supervision of the national banks by the Comptroller of the Currency was intended originally only to protect the revenue from being defrauded and the public from suffering loss through improper issues of circulating notes, but in process of time the supervision came to be extended so as to serve as a protection to depositors against the maladministration of directors; and quite recently it has been assumed that examiners are expected to discover the defalcations of cashiers and tellers, fraudulent entries in the books of banks, and false statements of assets and liabilities in cases where the president and directors, or some of them, have failed to make such discoveries.

However desirable it may be that examiners should be encouraged to fulfill this extreme expectation, yet no one of practical experience would rely upon an examiner who comes only once a year and who can afford to stay but a single day, to discover thefts or false entries that have been successfully concealed from directors who are always present and whose own money is being stolen.

All efforts must be futile that are directed to supplying by means of official examination an effective substitute for the vigilance and personal accountability of directors. Legislative or administrative force applied to such efforts will be misapplied and wasted.

The only reasonable theory of accountability and supervision is this: The officers of the bank should be accountable to the directors for the honesty and efficiency of its interior administration; the president and directors should be responsible to the public for such an organization as tends to prevent fraud and to detect irregularities. To this end they should especially be required to satisfy themselves personally that all the officers are of good character and reputable conduct; that they receive sufficient compensation to lift them above undue temptation; that the books of the bank are accurately kept and always up to date; that every statement and report emanating from the bank conforms to the books and the facts, and that no laxity of internal administration induces to fraud by displaying opportunities for its perpetration and concealment.

Only banks thus organized and administered are in condition to undergo official examination, which strictly should not be extended beyond the ascertainment, first, that the bank really is thus organized and administered; second, that no law has been violated in respect to loans, reserve, investments, bad debts, or dividends; and, third, that the assets are really worth the amounts representing them on the books of the bank.

Finally it should be the aim and duty of the Comptroller of the Currency to bring every national bank into the condition of organization and administration described, and he should labor to keep every bank in such condition by a scrutiny of its reports, by correspondence, and by means of examinations.

It is probable that the great majority of banks are properly organized and administered, but it is unfortunately certain that quite too many are not so, and among these arise from time to time the scandals that divert public attention from the general honesty and excellence of national-bank administration to sporadic cases of fraud or imbecility.

While the present system of examinations and reports has no doubt contributed materially to the general improvement of the banks, there are two things which seem to me essential to its completeness: first, a stern enforcement through the courts of the responsibilities of officers and directors, both criminal and pecuniary; and secondly, the assumption by the Government of the expense attending examinations.

Section 5209 of the Revised Statutes of the United States seems broad enough to cover most cases of misappropriation by directors and officers, and section 5239 subjects directors to pecuniary responsibility for all violations of law causing damages to depositors, stockholders or others.

When the capital of a bank is found to have been impaired by losses or otherwise, the Comptroller of the Currency is compelled to decide among the following:

1. He may permit a reduction of capital.
2. He may approve of voluntary liquidation.
3. He may require and empower the directors to assess the shareholders.
4. He may proceed against the corporation under section 5239 and subject the directors to damages for any losses to stockholders or to others by violations of law knowingly committed or permitted by them.

92 REPORT OF THE COMPTROLLER OF THE CURRENCY.

Manifestly the Comptroller can choose the latter course only when the losses can be shown to be fairly due to violations of law known to the directors as a body, and it is difficult to prove such knowledge, because the necessary evidence is generally controlled by the directors themselves. On the other hand, it is obviously unjust that stockholders should lose their investments, or be subjected to assessment, when the losses are due to violation of law committed within range of every director's scrutiny and often with the knowledge and for the benefit of one or more members of the board, but of which personal knowledge can not be specifically established in a sufficient number of cases.

It would appear from this point of view to be very important that the law should be so framed as to establish against all directors an antecedent presumption that they know and consent to whatever is done in the bank habitually, and to whatever else goes on there that an ordinarily intelligent business man would discover by the use of reasonable diligence.

If this were done, stockholders of national banks would come in for their due share of protection, and directors would attend to their duties more faithfully than many of them now do, while both the examinations, and the reports made to the Comptroller directly by the banks would be more trustworthy.

EXAMINATIONS.

It is of the highest importance to the banks as a body, as well as to the public, that examiners should be expert, vigilant, and trustworthy, and that the examinations should be frequent and unexpected.

While the examiners now employed are generally competent, and many of them are excellent, yet in some cases the territory to be covered is too large to permit of anything like sustained observation by the examiners, and the pay is too small to secure the best men for the work. Examiners must be considered as of two classes, those whose supervision is confined to comparatively a few banks in proximity to each other, and those who have to travel over a great area, visiting a number of solitary banks, each of limited resources.

In most of the large cities the banks are numerous enough to permit of an examiner being employed for each city exclusively, and the compensation is sufficient to secure thoroughly competent men.

Again, in the South and West the banks are so sparsely scattered over great areas that it takes a great deal of time and costs a great deal in traveling expenses to make the rounds of a district, while the capital of each bank is so small that a great many must be assigned to one man, in order that the aggregate fees may amount to enough to compensate him. For example, one examiner has to travel all over South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, and Arkansas to examine ninety banks.

If all the State banks in the West and South were in the national system, the examination districts in those sections could be subdivided to the great improvement of the supervision in thoroughness and effectiveness.

As has already been said, it would be a great improvement if the examiners could be paid by the Government, and I feel constrained to repeat the recommendation that provision be made for inspectors or supervising examiners. I also respectfully recommend that provision be made for periodical conferences of examiners.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 93

REPORTS.

The reports made by banks upon the requisition of the Comptroller are of two classes, those intended to inform the public as to each bank's condition and those intended for the information of the Comptroller only.

The reports intended for the public are required to be published, and it is the duty of the Comptroller to see that this requirement is complied with. To this end a copy of each publication has to be filed in the Bureau, together with the affidavit of the publisher, verifying the bank's compliance with the law as to the number of insertions.

During the past year 14,802 reports of condition, about 6,000 reports of dividends and earnings, and 2,833 reports from examiners have been received at the office of the Comptroller of the Currency, and fully 13,000 letters and circulars have been sent out in connection with them. The reports received are all carefully examined, compared with one another, and abstracts are made from them.

From these various reports, after examination and verification, the subjoined tables have been compiled, and other tables compiled from the same sources will be found in the Appendix, showing the condition of the reserve of national banks, their loans and discounts, abstract of reports of dividends and earnings, ratios to capital and to capital and surplus, and other valuable information as to the condition of the national banks on the date of the last report.

A large table, on folded sheet, appended hereto, exhibits for October 5, 1887, in aggregate, every detail embraced in the tabulated reports required of the banks. Similar tables are made up for the information of the Comptroller from the reports gathered from all banks five times each year. The amounts are given separately for each State, reserve city, and Territory.

DIAGRAM.

With the report of 1886 a diagram was submitted grouping graphically the main features of the national banking system, and showing by continuous lines the variations occurring between January 1, 1866, and October 7, 1886. It has not been considered necessary to reproduce this diagram, because any one interested in the subject can extend the lines by means of the figures contained in the summary of the condition of the banks, given on page 2 of this report.

The following table groups in a compendious form the most important facts shown in the diagram, extended to October 5, 1887. The exact figures in each case are given in the table; in the diagram they had to be abridged into round millions.

	January 1, 1866.	October 5, 1887.	Highest point touched.		Lowest point touched.	
			Amount.	Date.	Amount.	Date.
Capital	\$403,357,346	\$578,462,765	\$578,462,765	Oct. 5, 1887	\$403,357,346	Jan. 1, 1866
Capital, surplus, and undivided profits	475,330,204	823,827,373	823,827,373	Oct. 5, 1887	475,330,204	Jan. 1, 1866
Circulation	213,239,530	167,283,343	341,320,256	Dec. 26, 1873	166,625,658	Aug. 1, 1887
Total investments in United States bonds ..	440,580,350	223,754,450	712,437,900	Apr. 4, 1879	223,242,050	Aug. 1, 1887
Deposits	520,212,174	1,249,477,126	1,285,076,978	Aug. 1, 1887	501,407,586	Oct. 8, 1870
Loans and discounts	500,650,109	1,500,045,647	1,580,045,647	Oct. 5, 1887	500,650,109	Jan. 1, 1866
Cash:						
National bank notes ..	20,406,442	21,937,881	28,800,690	Dec. 31, 1883	11,841,101	Oct. 7, 1867
Legal-tender notes ..	187,846,548	73,751,255	205,793,579	Oct. 1, 1866	52,150,439	Mar. 11, 1881
Specie	16,969,363	165,085,454	177,612,492	July 1, 1885	8,050,330	Oct. 1, 1875

94 REPORT OF THE COMPTROLLER OF THE CURRENCY.

An examination of this table shows that the aggregate capital, surplus, undivided profits, circulation, and deposits have increased from \$1,208,781,908 in January, 1866, to \$2,240,587,843 in October, 1887, which is less than double, while the loans and discounts have gone up from \$500,650,109 to \$1,580,045,647, which is more than treble, showing how much more widely the banks are now identified with the general business of the country than they were twenty-two years ago.

The investments in bonds have taken an opposite course. Amounting to \$440,380,350 in 1866, increasing to \$712,437,900 in April, 1879, they had subsided by October 5 last to \$223,754,450, almost exactly half what they were in 1866, and considerably less than a third of what they momentarily amounted to in 1879.

The specie, which at the beginning of the period was but \$16,909,363, had got down in October, 1875, to \$8,050,330, is now \$165,085,454, and in July, 1885, was \$177,612,492. In October, 1886, the specie amounted to \$156,387,696.

It is interesting to see how these changes appear when reduced to percentages.

The capital, surplus, undivided profits, circulation, and deposits constitute together the fund upon which a bank does its business.

Loans and discounts, United States bonds, specie, etc., are different forms in which this fund is invested. Taking the fund at \$1,208,781,908 in 1866, and at \$2,240,587,843 in 1887, these investments represent the following proportions of those amounts, viz:

	1866.	1887.
	<i>Per ct.</i>	<i>Per ct.</i>
Loans and discounts.....	41.32	70.52
United States bonds.....	36.36	9.98
Specie.....	1.57	7.37
Total.....	79.25	87.87

Another striking fact is that in 1866 the circulation was \$213,239,530, and in 1887 it is only \$167,283,343. At the former period, therefore, the circulation was nearly 45 per cent. of the capital, surplus, and undivided profits, while now it is only about 20 per cent.

LOANS.

The following table gives a classification of the loans of the national banks in each of the cities of New York, Chicago, and Saint Louis, and in the three cities of Boston, Philadelphia, and Baltimore, in the other reserve cities, and in the rest of the country, at nearly the same dates in each of the last three years:

OCTOBER 1, 1885.

Classification.	No. of banks.	On United States bonds on demand.	On other stocks, bonds, etc., on demand.	On single-name paper without other security.	All other loans.	Total.
New York.....	44	\$3,286,124	\$80,687,265	\$25,331,820	\$127,518,380	\$236,823,589
Chicago.....	12	33,400	10,967,875	10,226,583	24,761,567	45,989,425
Saint Louis.....	6	388,019	1,197,060	123,550	7,473,788	9,182,417
Three cities.....	105	190,195	33,157,319	34,806,254	150,270,593	218,424,271
Other cities.....	80	163,735	13,256,157	8,130,100	74,713,604	96,263,596
Country.....	2,467	504,134	34,036,931	92,873,780	567,057,152	694,471,997
Total.....	2,714	4,565,607	173,302,607	171,492,087	951,795,003	1,301,155,304

REPORT OF THE COMPTROLLER OF THE CURRENCY. 95

OCTOBER 7, 1886.

Classification.	No. of banks.	On United States bonds on demand.	On other stocks, bonds, etc., on demand.	On single-name paper without other security.	All other loans.	Total.
New York.....	45	\$2,002,551	\$91,636,791	\$24,646,007	\$135,447,027	\$253,732,376
Chicago.....	15	85,900	10,663,006	12,593,921	32,058,515	55,401,342
Saint Louis.....	5		1,028,430	3,353,373	8,291,968	9,675,771
Three cities.....	111	262,355	35,741,645	37,315,993	156,261,282	229,581,275
Other cities.....	86	400,198	16,336,793	12,539,705	86,900,964	116,177,600
Country.....	2,590	563,717	41,008,812	110,677,534	626,849,753	779,099,816
Total.....	2,852	3,314,721	196,415,477	198,128,533	1,045,809,509	1,443,668,240

OCTOBER 5, 1887.

New York.....	47	\$1,445,900	\$95,075,844	\$17,585,496	\$143,906,941	\$258,014,181
Chicago.....	18	500	10,821,735	15,498,986	34,754,972	61,076,193
Saint Louis.....	5		1,182,214	279,603	8,920,936	10,382,753
Three cities.....	114	50,225	35,081,531	36,078,453	162,346,995	233,557,204
Other cities.....	109	122,910	19,551,230	18,598,269	115,167,352	153,439,761
Country.....	2,756	1,413,918	44,335,893	124,035,463	693,790,281	863,575,555
Total.....	3,049	3,033,453	206,048,447	212,076,270	1,158,887,477	1,580,045,647

In the table below is given a full classification of the loans in New York City alone for the last five years:

Loans and discounts.	October 2, 1883.	September 30, 1884.	October 1, 1885.	October 7, 1886.	October 5, 1887.
	48 banks.	44 banks.	44 banks.	45 banks.	47 banks.
On indorsed paper.....	\$121,644,201	\$116,010,062	\$114,013,775	\$121,381,380	\$115,316,625
On single-name paper.....	19,147,051	82,559,443	25,331,820	24,646,008	17,585,496
On U. S. bonds on demand.....	2,093,527	2,933,785	3,286,124	2,002,550	1,445,900
On other stocks, etc., on demand.....	94,321,605	69,805,215	80,687,265	91,636,791	95,075,844
On real-estate security.....	184,683	163,397	215,385	211,432	146,885
All other loans.....	7,717,265	3,881,375	13,289,229	13,854,215	28,443,431
Total.....	245,108,332	205,353,277	236,823,598	253,732,376	258,014,181

96 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table exhibits, in the order of capital, the twenty-five States (exclusive of reserve cities) having the largest amount of national-bank capital, together with the amount of circulation, loans and discounts, and individual deposits of the banks in each on October 5, 1887:

States, etc.	No. of banks.	Capital.	Circulation.	Loans and discounts.	Individual deposits.
Massachusetts	198	\$44,790,500	\$21,459,692	\$91,561,545.60	\$53,872,217.39
New York	269	34,724,260	17,406,488	98,792,326.88	87,269,212.02
Pennsylvania	237	33,551,140	13,379,865	84,206,911.08	72,564,898.01
Connecticut	83	24,565,410	8,693,693	43,001,299.86	24,478,665.69
Ohio	192	23,796,020	9,008,926	59,833,330.24	41,268,742.33
Rhode Island	61	20,340,050	4,642,913	34,486,234.78	13,918,046.52
Illinois	160	14,341,500	4,219,305	35,665,100.86	35,161,306.04
Minnesota	58	13,740,000	1,675,725	37,857,045.49	27,037,970.02
New Jersey	81	13,024,220	6,060,523	40,429,717.10	38,644,239.13
Indiana	93	11,894,500	4,217,870	27,785,325.99	25,254,102.80
Michigan	100	10,674,600	2,673,585	29,418,593.60	23,315,420.44
Kansas	139	10,530,800	2,295,210	21,001,459.42	17,741,267.53
Maine	72	10,440,700	4,875,561	19,125,655.89	19,116,282.26
Iowa	128	10,150,000	2,713,623	23,728,940.64	19,284,697.83
Texas	91	9,919,750	2,107,535	20,157,203.67	13,710,426.47
Kentucky	59	9,758,900	3,055,890	17,464,746.62	10,476,083.07
Vermont	49	7,566,000	3,478,100	12,832,369.34	6,627,089.66
Tennessee	49	7,469,000	1,236,895	18,918,301.93	11,759,221.25
New Hampshire	49	6,205,000	3,588,635	9,661,603.49	6,123,423.51
Nebraska	95	6,006,100	1,345,220	13,619,256.37	9,964,472.02
Wisconsin	53	4,442,066	1,235,623	13,340,581.69	11,970,629.95
California	39	4,179,000	939,960	14,295,190.47	19,545,183.69
Virginia	25	3,796,300	1,204,280	10,786,627.63	9,786,470.26
Dakota	62	3,720,000	861,925	6,694,084.52	5,848,819.67
Alabama	29	3,485,100	782,330	8,366,324.65	5,925,317.72

RESERVE.

The act of February 25, 1863, contained the following provision:

SEC. 41. *And be it further enacted*, That every such association shall at all times have on hand, in lawful money of the United States, an amount equal to at least twenty-five per centum of the aggregate amount of its outstanding notes of circulation and its deposits; and whenever the amount of its outstanding notes of circulation and its deposits shall exceed the above-named proportion for the space of twelve days, or whenever such lawful money of the United States shall at any time fall below the amount of twenty-five per centum of its circulation and deposits, such association shall not increase its liabilities by making any new loan or discounts otherwise than by discounting or purchasing bills of exchange, payable at sight, nor make any dividend of its profits, until the required proportion between the aggregate amount of its outstanding notes of circulation and its deposits and lawful money of the United States shall be restored: *Provided, however*, That clearing-house certificates, representing specie or lawful money specially deposited for the purpose of any clearing-house association, shall be deemed to be lawful money in the possession of any association belonging to such clearing-house holding and owning such certificates, and considered to be a part of the lawful money which such association is required to have, under the foregoing provisions of this section: *Provided, further*, That any balance due to any association organized under this act in other places from any association in the cities of Boston, Providence, New York, Philadelphia, Baltimore, Cincinnati, Chicago, Saint Louis, or New Orleans, in good credit, subject to be drawn for at sight, and available to redeem their circulating notes and deposits, may be deemed to be a part of the lawful money which such association in other places than the cities of Boston, Providence, New York, Philadelphia, Baltimore, Cincinnati, Chicago, Saint Louis, and New Orleans are required to have by the foregoing provisions of this section, to the extent of three-fifths of the said amount of twenty-five per centum required. And it shall be competent for the Comptroller of the Currency to notify any such association whose lawful money reserve, as aforesaid, shall fall below said proportion of twenty-five per centum, to make good such reserve; and if such association shall fail for thirty days thereafter so to make good its reserve of lawful money of the United States, the Comptroller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up the business of such association, as provided in this act.

The corresponding clauses of the act of June 3, 1864, are as follows:

SEC. 31. That every association in the cities hereinafter named shall, at all times, have on hand, in lawful money of the United States, an amount equal to at least twenty-five per centum of the aggregate amount of its notes in circulation and its deposits; and every other association shall, at all times, have on hand, in lawful money of the United States, an amount equal to at least fifteen per centum of the aggregate amount of its notes in circulation, and of its deposits. And whenever the lawful money of any association in any of the cities hereinafter named shall be below the amount of twenty-five per centum of its circulation and deposits, and whenever the lawful money of any other association shall be below fifteen per centum of its circulation and deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits until the required proportion between the aggregate amount of its outstanding notes of circulation and deposits and its lawful money of the United States shall be restored: *Provided*, That three-fifths of said fifteen per centum may consist of balances due to an association available for the redemption of its circulating notes from associations approved by the comptroller of the currency, organized under this act, in the cities of Saint Louis, Louisville, Chicago, Detroit, Milwaukee, New Orleans, Cincinnati, Cleveland, Pittsburgh, Baltimore, Philadelphia, Boston, New York, Albany, Leavenworth, San Francisco, and Washington City: *Provided, also*, That clearing-house certificates, representing specie or lawful money specially deposited for the purpose of any clearing-house association, shall be deemed to be lawful money in the possession of any association belonging to such clearing-house holding and owning such certificate, and shall be considered to be a part of the lawful money which such association is required to have under the foregoing provisions of this section: *Provided*, That the cities of Charleston and Richmond may be added to the list of cities in the national associations of which other associations may keep three-fifths of their lawful money, whenever, in the opinion of the comptroller of the currency, the condition of the southern states will warrant it. And it shall be competent for the comptroller of the currency to notify any associations, whose lawful money reserve, as aforesaid, shall be below the amount to be kept on hand, as aforesaid, to make good such reserve; and if such association shall fail for thirty days thereafter to so make good its reserve of lawful money of the United States, the Comptroller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up the business of such association, as provided in this act.

SEC. 32. That each association organized in any of the cities named in the foregoing section shall select, subject to the approval of the comptroller of the currency, an association in the city of New York at which it will redeem its circulating notes at par. And each of such associations may keep one-half of its lawful money reserve in cash deposits in the city of New York. And each association not organized within the cities named in the preceding section shall select, subject to the approval of the comptroller of the currency, an association in either of the cities named in the preceding section, at which it will redeem its circulating notes at par, and the comptroller shall give public notice of the names of the associations so selected at which redemptions are to be made by the respective associations, and of any change that may be made of the association at which the notes of any association are redeemed. If any association shall fail either to make the selection or to redeem its notes as aforesaid, the comptroller of the currency may, upon receiving satisfactory evidence thereof, appoint a receiver in the manner provided for in this act to wind up its affairs: *Provided*, That nothing in this section shall relieve any association from its liability to redeem its circulating notes at its own counter at par, in lawful money on demand; *And provided, further*, That every association formed or existing under the provisions of this act shall take and receive at par, for any debt or liability to said association, any and all notes or bills issued by any association existing under and by virtue of this act.

Sections 5191, 5192, and 5195 of the Revised Statutes preserved substantially the provisions of the act of 1864.

The act of June 20, 1874, evidently drafted before the adoption of the Revised Statutes, although not approved until afterward, made the following amendment of the act of June 3, 1864, which it enacts shall be hereafter known as the "National Bank Act":

SEC. 2. That section thirty-one of the "National Bank Act" be so amended that the several associations therein provided for shall not hereafter be required to keep on hand any amount of money whatever by reason of the amount of their respective circulations; but the moneys required by said section to be kept at all times on hand shall be determined by the amount of deposits in all respects as provided for in the said section.

98 REPORT OF THE COMPTROLLER OF THE CURRENCY.

SEC. 3. That every association organized, or to be organized, under the provisions of the said act, and of the several acts amendatory thereof, shall at all times keep and have on deposit in the Treasury of the United States, in lawful money of the United States, a sum equal to five per centum of its circulation, to be held and used for the redemption of such circulation; which sum shall be counted as a part of its lawful reserve, as provided in section two of this act; and when the circulating notes of any such associations, assorted or unassorted, shall be presented for redemption, in sums of one thousand dollars or any multiple thereof, to the Treasurer of the United States, the same shall be redeemed in United States notes. All notes so redeemed shall be charged by the Treasurer of the United States to the respective associations issuing the same, and he shall notify them severally, on the first day of each month, or oftener, at his discretion, of the amount of such redemptions; and whenever such redemptions for any association shall amount to the sum of five hundred dollars, such association so notified shall forthwith deposit with the Treasurer of the United States a sum in United States notes equal to the amount of its circulating notes so redeemed. And all notes of national banks, worn, defaced, mutilated, or otherwise unfit for circulation, shall, when received by any assistant treasurer, or at any designated depository of the United States, be forwarded to the Treasurer of the United States for redemption as provided herein. And when such redemptions have been so reimbursed, the circulating notes so redeemed shall be forwarded to the respective associations by which they were issued; but if any of such notes are worn, mutilated, defaced, or rendered otherwise unfit for use, they shall be forwarded to the Comptroller of the Currency and destroyed, and replaced as now provided by law: *Provided*, That each of said associations shall reimburse to the Treasury the charges for transportation, and the costs for assorting such notes; and the associations hereafter organized shall also severally reimburse to the Treasury the cost of engraving such plates as shall be ordered by each association respectively; and the amount assessed upon each association shall be in proportion to the circulation redeemed, and be charged to the fund on deposit with the Treasurer: *And provided further*, That so much of section thirty-two of said national-bank act requiring or permitting the redemption of its circulating notes elsewhere than at its own counter, except as provided for in this section, is hereby repealed.

It will be observed that a strict construction of the act of June 3, 1864, and of subsequent legislation, would exclude any association organized under the act of February 25, 1863, from acting as a reserve agent. This was probably not intended, but it should be corrected in justice to the older associations.

The act of March 3, 1887, is as follows:

That whenever three-fourths in number of the national banks located in any city of the United States having a population of fifty thousand people shall make application to the Comptroller of the Currency, in writing, asking that the name of the city in which such banks are located shall be added to the cities named in sections fifty-one hundred and ninety-one and fifty-one hundred and ninety-two of the Revised Statutes, the Comptroller shall have authority to grant such request, and every bank located in such city shall at all times thereafter have on hand, in lawful money of the United States, an amount equal to at least twenty-five per centum of its deposits, as provided in sections fifty-one hundred and ninety-one and fifty-one hundred and ninety-five of the Revised Statutes.

SEC. 2. That whenever three-fourths in number of the national banks located in any city of the United States having a population of two hundred thousand people shall make application to the Comptroller of the Currency, in writing, asking that such city may be a central reserve city, like the city of New York, in which one-half of the lawful-money reserve of the national banks located in other reserve cities may be deposited, as provided in section fifty-one hundred and ninety-five of the Revised Statutes, the Comptroller shall have authority, with the approval of the Secretary of the Treasury, to grant such request, and every bank located in such city shall at all times thereafter have on hand, in lawful money of the United States, twenty-five per centum of its deposits, as provided in section fifty-one hundred and ninety-one of the Revised Statutes.

SEC. 3. That section three of the act of January 14, 1875, entitled "An act to provide for the resumption of specie payments," be, and the same is, hereby amended by adding after the words "New York" the words "and the city of San Francisco, California."

A review and comparison of the course of legislation as to "reserve" shows that originally all associations, wherever located, were required to keep, either in cash or subject to sight draft, funds in hand equal to

at least 25 per cent. of all obligations payable on demand. Subsequently a distinction was made between associations in certain named cities and those located elsewhere, and the latter were required to keep only 15 per cent. reserve upon the aggregate of deposits and circulation. The amount that might be kept with redemption agents was limited to three-fifths of 15 per cent. for associations generally, and to one-half of 25 per cent. for those in reserve cities, and in the latter case New York was the only place in which the banks in other redemption cities might have redemption agents.

At a later period the fund to be kept for the redemption of circulation was separated from the remaining reserve to be held against deposits; it was fixed at 5 per cent. of the outstanding circulation, and was required to be kept on deposit with the Treasurer of the United States. Besides being specifically devoted to the redemption of circulation, this fund is also authorized to be counted as part of the reserve against deposits.

Simultaneously with this provision as to the amount and location of the redemption fund the banks were relieved of the obligation to keep a reserve on circulation, but were required to keep in reserve funds to the amounts represented by 15 per cent. and 25 per cent. respectively upon their deposits.

The new regulation as to redemption of circulation dispensed with redemption agents, but the act of June 20, 1874, re-enacted the provision as to the proportion of reserve that might consist of balances due from approved associations in the cities formerly named as cities of redemption. These cities thus came to be called "reserve cities," and during the present year the term has been incorporated formally into the law, and provision has been made for central reserve cities as well, and also for an increase in the number of both reserve cities and central reserve cities.

Tables will be found in the Appendix, pages 000 to 000, showing by States, Territories, central reserve cities, and reserve cities the state of the reserve of the national banks therein at each report of condition during the years 1882 to 1887, both inclusive. These tables are worthy of careful examination, because they show that banks generally keep reserves in excess of the statutory requirement, and that banks remote from money centers keep not only nearly double the amount required, but that they habitually have in cash more than the 15 per cent. total requirement.

As some banks included in these tables are known to be often short of reserve, it is manifest that the majority must be habitually stronger than the averages here shown, and from this fact it may be inferred that the requirement of the law is in no degree excessive, and that banks that do not conform to it are not prudently managed.

These tables should be especially instructive to the managers of banks, encouraging and confirming as they do the wisdom of those who keep always strong, and rebuking and warning as they also do those who, too eager for gain, allow their reserves to fall below the line of prudence and of safety.

The including of the 5 per cent. redemption fund on deposit with the Treasurer at Washington in the reserve against deposits seems to be either a misconstruction of the act of June 20, 1874, or an anomaly in that act.

The language seems to admit of a strained construction opposite to that placed upon it, but if the most obvious construction is the correct one, then the provision should be repealed.

100 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The money held by the Treasurer is never available for paying depositors, and it bears no constant ratio to the amount of deposits.

Several banks have so large a circulation and have such small deposits that the 5 per cent. redemption fund with the Treasurer fulfills the entire requirement as to reserve against deposits, and while these are extreme cases they serve to show the practical result of this provision of the law.

On the other hand, there is an anomaly in the assumption which appears to have been made heretofore that national-bank notes on hand should not be counted in the reserve.

They are specifically made receivable by all national banking associations, and for all dues to the Government (except customs duties), and they are certainly current all over the country.

It is in the line of public policy to maintain the monetary function of these circulating notes upon the general plane on which the law places all the rest of the currency.

For these reasons these notes should obviously be no longer discriminated against by being excluded from a function to which all the other constituents of the currency are now admitted on equal terms.

On October 5, 1887, the total 5 per cent. fund amounted to \$8,310,442 while the national bank currency held by all banks amounted to \$21,937,884.

It would, therefore, be a relief to banks generally to be allowed to count in their reserve the latter instead of the former amount.

The subjoined table brings forward to the latest date the usual summary of information as to the course of deposits and reserves since the act of June 20, 1874, went into effect. It shows the amount of deposits and the state of the reserve at about October 1 of each year, in each central reserve city, in all the reserve cities, and in the States and Territories, together with a general summary embracing all banks.

NEW YORK CITY.

Dates.	No. of banks.	Net deposits.	Reserve required (25 per cent.*).	Reserve held.		Classification of reserve.			
				Amount.	Ratio to deposits.	Specie.	Other lawful money.	Due from agents.	Redemption fund.
		<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Per cent.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Oct. 2, 1874	48	204.6	51.2	68.3	33.4	14.4	52.4	.....	1.5
Oct. 1, 1875	48	202.3	50.7	60.5	29.9	5.0	54.4	.....	1.1
Oct. 2, 1876	47	197.9	49.5	60.7	30.7	14.6	45.3	.....	0.8
Oct. 1, 1877	47	171.9	43.7	48.1	27.5	12.0	34.3	.....	0.8
Oct. 1, 1878	47	189.8	47.4	50.9	26.8	13.3	36.5	.....	1.1
Oct. 2, 1879	47	210.2	52.6	53.1	25.3	19.4	32.6	.....	1.1
Oct. 1, 1880	47	268.1	67.0	70.6	26.4	58.7	11.0	.....	0.9
Oct. 1, 1881	48	268.8	67.2	62.5	23.3	50.6	10.9	.....	1.0
Oct. 3, 1882	50	254.0	63.5	61.4	25.4	44.5	18.9	.....	1.0
Oct. 2, 1883	48	266.9	66.7	70.8	26.5	50.3	19.7	.....	0.9
Sept. 30, 1884	44	255.0	63.7	90.8	35.6	63.1	27.0	.....	0.7
Oct. 1, 1885	44	312.9	78.2	115.7	37.0	91.5	23.7	.....	0.5
Oct. 7, 1886	45	282.8	70.7	77.0	27.2	64.1	12.5	.....	0.4
Oct. 5, 1887	47	284.3	71.1	89.1	28.2	63.6	16.1	.....	0.4
Average for 14 years...	47	240.9	60.2	69.5	28.8	40.4	28.2	.....	0.9

CHICAGO.

Oct. 5, 1887	18	64.6	16.2	19.7	30.5	12.9	6.7		.05

SAINT LOUIS.

Oct. 5, 1887	5	10.3	2.6	2.7	26.4	1.3	1.3		.03

* All in cash.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 101

RESERVE CITIES.*;

Dates.	No. of banks.	Net deposits.	Reserve required (25 per cent.).	Reserve held.		Classification of reserve.			
				Amount.	Ratio to deposits.	Specie.	Other lawful money.	Due from agents.	Redemption fund.
		Millions.	Millions.	Millions.	Per cent.	Millions.	Millions.	Millions.	Millions.
Oct. 2, 1874	182	221.4	55.3	76.0	34.3	4.5	36.7	31.1	3.7
Oct. 1, 1875	188	223.9	56.0	74.5	33.3	1.5	37.1	32.3	3.6
Oct. 2, 1876	189	217.0	54.2	76.1	35.1	4.0	37.1	32.0	3.0
Oct. 1, 1877	188	204.1	51.0	67.3	33.0	5.6	34.3	24.4	3.0
Oct. 1, 1878	184	199.9	50.0	71.1	35.6	9.4	29.4	29.1	3.2
Oct. 2, 1879	181	288.8	57.2	83.5	36.5	11.3	33.0	35.7	3.5
Oct. 1, 1880	184	289.4	72.4	105.2	36.2	28.3	25.0	48.2	3.7
Oct. 1, 1881	189	335.4	83.9	100.8	30.0	34.6	21.9	40.6	3.7
Oct. 3, 1882	193	318.8	79.7	89.1	28.0	28.3	24.1	33.2	3.5
Oct. 2, 1883	200	323.9	81.0	100.6	31.1	26.3	30.1	40.8	3.4
Sept. 30, 1884	203	307.9	77.0	99.0	32.2	30.3	33.3	32.3	3.1
Oct. 1, 1885	203	364.5	91.1	122.2	33.5	42.0	34.9	42.4	2.9
Oct. 7, 1886	217	381.5	95.4	114.0	29.9	44.5	26.0	41.3	2.2
Oct. 5, 1887	223	338.5	84.6	100.7	29.7	36.3	23.2	40.0	1.2

STATES AND TERRITORIES.†

Oct. 2, 1874	1,774	293.4	44.0	100.6	34.3	2.4	33.7	52.7	11.9
Oct. 1, 1875	1,851	307.9	46.3	100.1	32.5	1.6	33.7	53.3	11.6
Oct. 2, 1876	1,853	291.7	43.8	99.9	34.3	2.7	31.0	55.4	10.8
Oct. 1, 1877	1,845	290.1	43.6	95.4	32.9	4.2	31.6	48.9	10.7
Oct. 1, 1878	1,822	289.1	43.4	106.1	36.7	8.0	31.1	56.0	11.0
Oct. 2, 1879	1,820	329.9	49.5	124.3	37.7	11.5	30.3	71.3	11.2
Oct. 1, 1880	1,859	410.5	61.0	147.2	35.8	21.2	28.3	86.4	11.3
Oct. 1, 1881	1,895	507.2	76.1	158.3	31.2	27.5	27.1	92.4	11.4
Oct. 3, 1882	2,026	545.8	81.9	150.4	27.5	30.0	30.0	80.1	11.3
Oct. 2, 1883	2,253	577.9	86.7	157.5	27.2	31.2	30.8	84.1	11.3
Sept. 30, 1884	2,417	535.8	80.4	156.3	29.2	35.2	30.9	70.7	10.5
Oct. 1, 1885	2,467	570.8	85.6	177.5	31.1	41.5	29.9	95.0	10.2
Oct. 7, 1886	2,500	637.6	95.6	186.2	29.2	47.8	30.1	90.5	8.7
Oct. 5, 1887	2,756	690.6	103.6	190.9	27.6	50.8	32.6	100.9	6.6

SUMMARY.

Oct. 2, 1874	2,004	719.5	150.1	244.9	34.0	21.3	122.8	83.8	17.1
Oct. 1, 1875	2,087	734.1	152.2	235.1	32.0	8.1	125.2	85.6	16.3
Oct. 2, 1876	2,089	706.6	147.5	236.7	33.5	21.3	113.4	87.4	14.6
Oct. 1, 1877	2,080	669.1	138.3	210.8	31.5	22.8	100.2	73.3	14.5
Oct. 1, 1878	2,053	678.8	140.8	228.1	33.6	30.7	97.0	85.1	15.3
Oct. 2, 1879	2,048	768.9	159.3	260.9	33.9	42.2	95.9	107.0	15.8
Oct. 1, 1880	2,090	968.0	201.0	323.0	33.4	108.2	64.3	134.6	15.9
Oct. 1, 1881	2,132	1,111.6	227.2	321.6	28.9	112.7	59.9	133.0	16.1
Oct. 3, 1882	2,269	1,118.6	225.1	303.9	27.2	102.8	72.0	113.3	15.8
Oct. 2, 1883	2,501	1,168.7	234.4	328.9	28.1	107.8	80.6	124.9	15.6
Sept. 30, 1884	2,664	1,098.7	221.1	346.1	31.6	128.6	91.2	112.0	14.3
Oct. 1, 1885	2,714	1,248.2	254.9	415.4	33.3	175.0	88.5	138.3	13.6
Oct. 7, 1886	2,852	1,301.8	261.7	377.2	29.0	156.4	68.7	140.8	11.4
Oct. 5, 1887	3,049	1,388.4	278.0	394.2	28.4	165.1	79.9	140.9	8.3

* Reserve 25 per cent., one-half in cash.

† Reserve 15 per cent., two-fifths in cash in bank.

‡ Includes Chicago and Saint Louis up to October 5, 1887.

102 REPORT OF THE COMPTROLLER OF THE CURRENCY.

TRANSACTIONS OF THE NEW YORK CLEARING-HOUSE.

The New York Clearing-House Association is composed of 65 members, of which 45 are national banks, 19 are State banks, and the other member is the assistant treasurer of the United States at New York. Two national banks and 15 State banks in the city do not belong to the association, but clear through associate members. Mr. W. A. Camp, the manager of the association, has kindly supplied the data for the following tables, showing the transactions during the year ending October 1, 1887:

COMPARATIVE STATEMENT FOR TWO YEARS OF THE TRANSACTIONS OF THE NEW YORK CLEARING-HOUSE, SHOWING AGGREGATE AMOUNT OF CLEARINGS, AGGREGATE BALANCES, AND THE KINDS AND AMOUNTS OF MONEY PASSING IN SETTLEMENT OF THESE BALANCES.

Year ending—	Aggregate clearings.	Aggregate balances.
October 1, 1886	\$33,374,682,216	\$1,519,565,385
October 1, 1887	34,872,848,785	1,569,626,324
Increase	1,498,166,569	50,060,939

KINDS OF MONEY AND AMOUNT OF EACH KIND.

Year ending—	U. S. gold certificates.	Bank of America gold certificates.*	Clearing-house loan certificates.	Treasury certificates for legal tenders, sec. 5193, U. S. Revised Statutes.	Legal tenders and minor coin.	Percentages.	
						Gold certificates.	Legal tenders.
October 1, 1886.	\$645,643,000	\$177,673,000	\$140,000	\$285,795,000	\$410,314,385	.	45.809+
October 1, 1887.	812,231,000	748,409,000	None.	1,410,000	7,576,325	54.181+	1—
Increase ..	166,588,000	570,736,000	.....	.....	.....	.....	.....
Decrease ..	.....	.....	140,000	284,385,000	402,738,000	.....	.....

* When the Government ceased issuing gold certificates, December 1, 1878, the New York banks agreed to have a common depository for their gold coin, and in that way retain the use of certificates at the clearing-house. This has been found convenient and saves the expense and cost of moving large amounts in specie. The Bank of America performs this function.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 103

Following is a comparative statement of transactions of the New York Clearing-House for thirty-four years, showing for each year the number of banks, aggregate capital, clearings, and balances, average of the daily clearings and balances, and the percentage of balances and clearings :

Years.	No. of banks.	Capital.*	Clearings.	Balances paid in money.	Average daily clearings.	Average daily balances paid in money.	Ratios.
							<i>Per ct.</i>
1854	50	\$47,044,900	\$5,750,455,987	\$297,411,494	\$19,104,505	\$988,078	5.2
1855	48	48,884,180	5,362,912,098	289,694,137	17,412,052	940,565	5.4
1856	59	52,883,700	6,906,213,328	334,714,489	22,278,108	1,079,724	4.8
1857	50	64,420,200	8,393,226,718	365,313,902	26,968,371	1,182,246	4.4
1858	46	67,146,018	4,756,604,386	314,238,911	15,393,736	1,016,954	6.6
1859	47	67,921,714	5,448,005,956	363,984,683	20,867,333	1,177,944	5.6
1860	59	69,907,435	7,231,143,057	380,693,438	23,401,757	1,232,018	5.3
1861	50	68,910,605	5,915,742,758	353,383,944	19,260,520	1,151,088	6.0
1862	50	68,375,820	6,871,443,591	415,530,331	22,237,682	1,344,758	6.0
1863	50	68,972,598	14,867,597,849	677,626,483	48,428,657	2,207,252	4.6
1864	49	68,586,763	24,097,106,056	885,719,205	77,984,455	2,866,405	3.7
1865	55	80,363,013	26,032,384,342	1,035,765,108	84,796,040	3,373,828	4.0
1866	58	82,370,200	28,717,146,914	1,066,135,106	85,541,195	3,472,753	3.7
1867	58	81,770,200	28,673,159,472	1,144,963,451	83,101,167	3,717,414	4.0
1868	59	82,270,200	28,484,288,637	1,125,455,237	92,182,164	3,642,250	4.0
1869	59	82,720,200	37,407,028,987	1,120,318,308	121,451,393	3,637,397	3.0
1870	61	83,620,200	27,804,539,406	1,036,484,822	90,274,479	3,365,210	3.7
1871	62	84,420,200	29,300,986,682	1,209,721,029	95,133,074	3,927,666	4.1
1872	61	84,420,200	33,844,369,568	1,428,582,707	109,884,317	4,636,632	4.2
1873	59	83,370,200	35,401,052,826	1,474,508,025	115,885,794	4,818,654	4.1
1874	59	81,635,200	22,655,927,636	1,286,753,176	74,692,574	4,205,076	5.7
1875	59	80,435,200	25,061,237,902	1,408,608,777	81,899,470	4,603,297	5.6
1876	59	81,731,200	21,597,274,247	1,295,042,029	70,349,428	4,218,378	5.9
1877	58	71,085,200	23,289,243,701	1,373,996,302	76,358,176	4,504,966	5.9
1878	57	63,611,500	22,508,438,442	1,307,843,857	73,555,988	4,274,000	5.8
1879	59	60,800,200	25,178,770,691	1,400,111,063	82,015,540	4,580,622	5.6
1880	57	60,475,200	37,182,128,621	1,516,538,631	121,516,224	4,956,069	4.1
1881	69	61,162,700	48,565,818,212	1,776,018,162	159,232,191	5,823,010	3.5
1882	61	60,962,700	46,552,846,161	1,595,000,245	151,637,935	5,195,440	3.4
1883	63	61,162,700	40,293,165,258	1,568,983,196	132,543,307	5,161,129	3.9
1884	61	60,412,700	34,092,037,338	1,524,930,994	111,048,982	4,967,202	4.5
1885	64	58,612,700	25,250,791,440	1,295,355,252	82,789,480	4,247,069	5.1
1886	63	59,312,700	33,374,682,216	1,519,565,385	109,067,589	4,965,900	4.5
1887	64	60,862,700	34,872,848,786	1,569,626,325	114,337,209	5,146,316	4.5
		†69,430,325	†812,942,769,870	†35,758,618,204	†77,959,820	†3,429,623	4.4

* The capital is for various dates, the amounts at a uniform date in each year not being obtainable.

† Yearly averages for thirty-four years.

‡ Totals for thirty-four years.

The clearing-house transactions of the assistant treasurer of the United States at New York for the year ending October 1, 1887, were as follows :

Exchanges received from clearing-house\$359,788, 103. 42
Exchanges delivered to clearing-house..... 111,471, 810. 74

Balances paid to clearing-house.....248,497,702. 25
Balances received from clearing-house..... 181,409. 57

Showing that the amount paid by the assistant treasurer to the clearing-house was in excess of the amount received by him..... 248,316,292. 68

The debit balances were paid to the clearing-house as follows :

United States gold certificates.....\$248,343,000. 00
Legal tenders and change 154,702. 25
248,497,702. 25

104 REPORT OF THE COMPTROLLER OF THE CURRENCY.

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR OCTOBER, 1887, AND OCTOBER, 1886.

Clearing-house at—	Exchanges for month of October, 1887.	Exchanges for month of October, 1886.	Comparisons.	
			Increase.	Decrease.
New York	\$2, 978, 940, 406	\$3, 248, 318, 061		\$269, 377, 655
Boston	387, 775, 488	380, 669, 570	\$7, 105, 918	
Philadelphia	272, 500, 752	271, 572, 441	928, 311	
Chicago	267, 556, 120	253, 518, 821	14, 037, 299	
Saint Louis	74, 855, 031	69, 822, 165	5, 032, 866	
Baltimore	56, 795, 652	53, 856, 829	2, 938, 823	
San Francisco	74, 405, 637	56, 175, 257	18, 230, 380	
Pittsburgh	46, 775, 066	37, 612, 868	9, 162, 198	
New Orleans	42, 603, 842	31, 683, 200	10, 920, 642	
Cincinnati	47, 782, 200	45, 384, 750	2, 397, 450	
Providence	23, 837, 500	22, 663, 600	1, 173, 900	
Louisville	23, 210, 780	19, 093, 914	4, 116, 866	
Milwaukee	20, 123, 277	20, 183, 280		60, 003
Detroit	18, 374, 879	14, 926, 506	3, 448, 373	
Cleveland	14, 340, 059	12, 527, 278	1, 812, 781	
Indianapolis	8, 777, 900	6, 222, 279	2, 555, 621	
Kansas City	29, 792, 991	25, 093, 960	3, 799, 031	
Hartford	7, 630, 018	7, 195, 784	434, 234	
New Haven	5, 360, 758	5, 175, 379	185, 379	
Columbus	10, 616, 739	8, 462, 124	2, 154, 615	
Memphis	10, 725, 296	7, 666, 552	3, 058, 744	
Peoria	5, 429, 418	4, 220, 702	1, 208, 716	
Worcester	4, 722, 433	4, 528, 762	193, 671	
Springfield	5, 653, 280	3, 669, 715	1, 983, 565	
Lowell	3, 161, 806	2, 732, 069	429, 737	
Syracuse	3, 193, 442	2, 735, 744	463, 698	
Portland	4, 607, 692	4, 694, 186		86, 494
Omaha	12, 759, 306	9, 316, 954	3, 442, 352	
Saint Joseph	6, 659, 426	4, 447, 511	2, 211, 915	
Denver	10, 812, 463	8, 351, 817	2, 460, 646	
Galveston	8, 865, 282	7, 852, 246	1, 013, 036	
Saint Paul	18, 376, 835	16, 732, 700	1, 644, 135	
Minneapolis	22, 803, 030	19, 175, 451	3, 627, 579	
Los Angeles	5, 169, 514	New.	5, 169, 514	
Grand Rapids	2, 725, 818	2, 006, 301	719, 517	
Wichita	2, 844, 645	1, 826, 202	1, 018, 443	
Norfolk	5, 817, 933	4, 465, 706	1, 352, 167	
Total	4, 546, 381, 714	4, 695, 480, 744	120, 425, 122	269, 524, 152
Decrease		149, 099, 030		149, 099, 030

REPORT OF THE COMPTROLLER OF THE CURRENCY. 105

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR WEEKS ENDING OCTOBER 29, 1887, AND OCTOBER 30, 1886.

Clearing-house at—	Exchanges for week end- ing October 29, 1887.	Exchanges for week end- ing October 30, 1886.	Comparisons.	
			Increase.	Decrease.
New York	\$647,590,729	\$625,098,064	\$22,492,665	.....
Boston	83,700,976	77,443,134	6,257,842	.....
Philadelphia	58,729,071	55,262,510	3,466,561	.....
Chicago	58,407,000	49,463,000	8,944,000	.....
Saint Louis	16,057,751	13,428,029	2,629,722	.....
Baltimore	12,618,840	11,554,889	1,063,951	.....
San Francisco	17,495,345	14,931,044	2,564,301	.....
Pittsburgh	11,708,842	8,543,709	3,165,133	.....
New Orleans	9,863,406	7,861,710	2,001,696	.....
Cincinnati	9,799,950	9,682,250	117,700	.....
Providence	5,957,900	5,482,100	475,800	.....
Louisville	4,800,855	3,980,646	820,209	.....
Milwaukee	4,702,794	4,741,945	.....	\$39,151
Detroit	4,079,159	2,964,573	1,114,586	.....
Cleveland	3,263,297	2,980,490	282,807	.....
Indianapolis	2,130,383	1,364,108	766,275	.....
Kansas City	7,407,620	5,564,678	1,842,942	.....
Hartford	1,482,341	1,529,645	.....	47,304
New Haven	1,101,904	1,068,433	13,471	.....
Columbus	2,285,210	1,861,425	423,785	.....
Memphis	2,532,120	2,039,997	492,123	.....
Peoria	1,177,411	927,143	250,262	.....
Worcester	969,381	917,916	51,465	.....
Springfield	1,007,778	819,206	188,572	.....
Lowell	650,419	504,913	145,506	.....
Syracuse	625,190	544,611	80,579	.....
Portland	1,029,033	1,037,952	.....	48,919
Omaha	2,812,343	2,037,837	774,506	.....
Saint Joseph	1,702,006	799,574	902,432	.....
Denver	2,800,391	1,571,233	1,229,158	.....
Galveston	2,193,758	1,625,966	567,772	.....
Saint Paul	4,108,446	3,410,590	697,856	.....
Minneapolis	4,800,272	3,677,381	1,128,891	.....
Los Angeles	1,133,462	New.	1,133,462	.....
Total	990,741,383	924,790,717	66,986,040	135,374
	924,790,717		135,374	
Increase	65,950,666	.....	65,950,666	.....

106 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table, compiled from returns made to the Clearing-House by the national banks in New York City, exhibits the movement of their reserve, weekly, during October, for the last eleven years:

Week ending—	Specie.	Legal tend- ers.	Total.	Ratio of reserve to—	
				Circula- tion and deposits.	Deposits.
				<i>Per cent.</i>	<i>Per cent.</i>
October 6, 1877	\$14,665,600	\$36,168,300	\$50,833,900	27.0	29.5
October 13, 1877	14,728,500	35,178,900	49,905,400	26.7	29.2
October 20, 1877	14,087,400	35,101,700	49,189,100	26.5	29.0
October 27, 1877	15,209,000	34,367,800	49,576,800	26.8	29.4
October 5, 1878	14,995,800	38,304,900	53,300,700	25.7	28.4
October 12, 1878	12,184,600	37,685,100	49,869,700	24.4	27.0
October 19, 1878	13,531,400	36,576,000	50,107,400	24.7	27.3
October 26, 1878	17,384,200	35,690,500	53,074,700	25.8	28.5
October 4, 1879	18,979,600	34,368,000	53,347,600	23.3	25.8
October 11, 1879	20,901,800	32,820,300	53,722,100	23.4	25.9
October 18, 1879	24,686,500	29,305,200	53,991,700	23.5	26.1
October 25, 1879	25,636,000	26,713,900	52,349,900	23.0	25.5
October 2, 1880	59,823,700	11,129,100	70,952,800	25.4	26.4
October 9, 1880	62,521,300	10,785,000	73,306,300	25.4	27.2
October 16, 1880	62,760,600	10,939,200	73,699,800	25.5	27.1
October 23, 1880	60,888,200	10,988,200	71,876,400	24.8	26.6
October 30, 1880	61,471,600	10,925,000	72,396,600	25.0	26.7
October 1, 1881	54,954,600	12,150,400	67,105,000	23.1	24.8
October 8, 1881	53,287,900	12,153,800	65,441,700	23.1	24.9
October 15, 1881	51,008,300	12,452,700	63,461,000	23.2	25.0
October 22, 1881	54,016,200	12,496,500	66,512,700	24.6	26.6
October 29, 1881	55,961,200	12,947,900	68,909,100	25.6	27.4
October 7, 1882	47,016,000	18,384,500	65,400,500	24.0	26.3
October 14, 1882	48,281,000	18,002,700	66,283,700	24.7	26.6
October 21, 1882	49,518,200	17,023,900	66,542,100	25.0	26.8
October 28, 1882	48,374,200	17,204,700	65,578,900	24.8	26.5
October 6, 1883	51,586,700	20,122,500	71,709,200	25.5	27.0
October 13, 1883	50,884,000	21,145,800	72,029,800	25.4	26.8
October 20, 1883	47,262,900	20,719,700	67,982,600	24.5	25.9
October 27, 1883	46,372,800	20,617,600	66,990,400	24.5	25.9
October 4, 1884	67,470,600	25,817,300	93,287,900	34.5	36.3
October 11, 1884	68,922,500	27,654,100	96,576,600	35.2	36.9
October 18, 1884	67,579,400	27,875,500	95,454,900	34.8	36.5
October 25, 1884	67,636,000	27,354,200	94,990,200	34.6	36.3
October 3, 1885	92,351,600	24,516,600	116,868,200	36.0	37.1
October 10, 1885	93,642,500	23,002,000	116,644,500	35.8	37.0
October 17, 1885	91,945,300	22,221,100	114,166,400	34.9	36.0
October 24, 1885	87,309,100	21,059,800	108,368,900	33.5	34.5
October 30, 1885	84,954,600	21,874,900	106,829,500	33.0	34.1
October 2, 1886	64,111,700	14,607,700	78,719,400	27.1	27.9
October 9, 1886	65,723,800	13,209,100	78,932,900	27.0	27.7
October 16, 1886	65,228,600	13,133,100	78,361,700	26.7	27.4
October 23, 1886	65,668,400	12,803,800	78,472,200	26.9	27.7
October 30, 1886	66,195,100	13,177,200	79,372,300	27.1	27.9
October 1, 1887	64,619,200	15,767,500	80,386,700	27.7	28.5
October 8, 1887	64,317,500	16,229,700	80,587,200	27.4	28.2
October 15, 1887	64,663,100	16,885,400	81,548,500	27.3	28.1
October 22, 1887	64,918,700	16,735,500	81,654,200	27.4	28.2
October 29, 1887	66,005,800	17,542,600	83,548,400	27.8	28.6

REPORT OF THE COMPTROLLER OF THE CURRENCY. 107

The following table exhibits the transactions of the clearing-houses located in 37 cities for the year ending September 30, 1887, from official returns received from the manager of the New York Clearing-House, and a comparison is made with the year ending September 30, 1886, by indicating the increase or decrease in the exchanges and balances:

Clearing-house at—	No. of mem- bers.	Exchanges for year ending September 30, 1887.	Balances for year ending September 30, 1887.	Comparison with year ending September 30, 1886.		
				Increase.		Decrease.
				Exchanges.	Balances.	
New York.....	65	\$34, 872, 848, 786	\$1, 569, 626, 325	\$1, 498, 166, 570	\$50, 060, 940	.....
Boston.....	52	4, 408, 260, 993	510, 625, 457	399, 704, 727	17, 527, 457	.....
Philadelphia.....	40	3, 186, 183, 935	298, 701, 297	400, 313, 485	40, 094, 877	.....
Chicago.....	21	2, 887, 276, 059	301, 574, 676	326, 906, 787	10, 318, 538	.....
Saint Louis.....	18	879, 272, 738	142, 259, 872	78, 902, 128	.....	*\$6, 587, 994
Baltimore.....	23	665, 676, 756	89, 504, 281	65, 091, 763	7, 970, 677	.....
San Francisco.....	17	800, 092, 859	124, 200, 215	200, 751, 798	17, 215, 771	.....
Pittsburgh.....	19	490, 319, 705	81, 520, 388	104, 021, 001	7, 404, 776	.....
New Orleans.....	13	412, 231, 400	47, 805, 607	.....	805, 607	†21, 768, 600
Cincinnati.....	19	564, 377, 200	96, 204, 200	71, 936, 700	11, 143, 209	.....
Providence.....	34	240, 838, 100	No record.	6, 987, 400	.....	.....
Louisville.....	21	269, 786, 547	63, 564, 157	39, 652, 990	8, 923, 089	.....
Milwaukee.....	11	240, 127, 909	40, 817, 909	46, 359, 700	6, 411, 187	.....
Detroit.....	14	188, 629, 384	31, 729, 276	40, 642, 682	6, 430, 910	.....
Cleveland.....	11	160, 010, 810	No record.	39, 914, 603	.....	.....
Indianapolis.....	6	87, 149, 510	18, 660, 734	17, 790, 711	8, 763, 227	.....
Kansas City.....	9	380, 407, 069	No record.	115, 397, 901	1, 434, 272	.....
Hartford.....	15	89, 871, 078	25, 689, 768	2, 893, 509	.....	*916, 181
New Haven.....	10	63, 931, 325	15, 176, 902	7, 089, 963	.....	.....
Columbus.....	17	53, 311, 425	8, 378, 319	10, 470, 012	.....	*4, 530, 115
Memphis.....	7	94, 241, 496	24, 020, 213	18, 890, 007	4, 621, 463	.....
Peoria.....	9	55, 006, 344	13, 974, 158	16, 674, 956	3, 865, 658	.....
Worcester.....	8	47, 197, 687	13, 466, 260	3, 610, 668	617, 142	.....
Springfield.....	10	50, 533, 291	14, 929, 388	9, 250, 569	2, 255, 018	.....
Lowell.....	7	31, 670, 050	10, 108, 362	4, 909, 878	1, 087, 183	.....
Syracuse.....	8	28, 699, 708	6, 358, 243	1, 818, 356	219, 189	.....
Portland.....	6	49, 584, 632	9, 495, 080	2, 921, 292	659, 007	.....
Omaha.....	8	137, 220, 515	No record.	.....	.....	125, 075, 365
Saint Joseph.....	7	67, 239, 133	17, 667, 401	23, 464, 120	5, 747, 899	.....
Denver.....	7	110, 240, 167	15, 866, 791	.....	3, 613, 999	134, 031, 896
Galveston.....	7	63, 182, 537	No record.	.....	.....	19, 920, 239
Saint Paul.....	15	200, 364, 307	33, 193, 845	57, 807, 724	.....	.....
Minneapolis.....	14	184, 700, 022	30, 465, 326	24, 370, 250	5, 024, 902	.....
Los Angeles.....	7	New.	New.	New.	.....	.....
Grand Rapids.....	7	26, 229, 598	5, 670, 886	No record 1886	.....	.....
Duluth.....	7	New.	New.	New.	.....	*315, 020
Norfolk.....	6	40, 016, 323	6, 453, 157	253, 629	.....	.....
Total.....	575	52, 126, 704, 488	3, 667, 708, 563	3, 636, 978, 270	222, 267, 149	{ 90, 796, 100 12, 349, 310

* Balances.

† Exchanges.

From the above table it will be seen that the exchanges in New York City amounted to 66.9 per cent. of the whole sum, and the balances in that city were nearly 42.8 per cent. of the total balances.

DUTIES, ASSESSMENTS, AND REDEMPTION CHARGES.

National banks are subject to a semi-annual duty of one-half of 1 per cent. upon the average amount of their notes in circulation during the preceding six months. They are also required by the act of June 20, 1874, to pay the cost of the redemption of their notes at the office of the Treasurer of the United States at Washington, and the cost of the plates from which their notes are printed. Banks extending their corporate existence have to pay for new plates. Previously to the act of June 20, 1874, the expense of the plates had been paid out of the tax

108 REPORT OF THE COMPTROLLER OF THE CURRENCY.

on the banks, which at that time attached to capital and deposits as well as to circulation.

The banks are further required to pay the fees of the examiners employed to ascertain their condition, under section 5240, Revised Statutes of the United States.

The taxes and assessments collected during the past year were as follows :

Semi-annual duty on circulation.....	\$2,044,922.75
Cost of redemption of notes by United States Treasurer.....	138,967.00
Assessments for cost of plates, new banks.....	18,850.00
Assessments for cost of plates, extended banks.....	1,750.00
Assessments for examiners' fees, sec. 5240, R. S.....	110,219.88
Total.....	2,314,709.63

It has not been customary heretofore to include assessments with taxes, but it seems proper to do so.

The following table is a comparative statement of taxes assessed as semi-annual duty on circulation, cost of redemption of notes, cost of plates, and examiners' fees for the past five years:

Years.	Semi-annual duty on circula- tion.	Cost of redemption of notes by United States Treasurer.	Assess- ments for cost of plates, new banks.	Assessment for cost of plates, extended banks.	Assess- ment for examiners' fees (sec. 5240, R. S.).	Total.
1883.....	\$3,132,006.73	\$147,592.27	\$25,980.00	\$34,120.00	\$94,606.16	\$3,434,305.16
1884.....	3,024,668.24	160,896.65	18,845.00	1,950.00	99,642.05	3,306,001.94
1885.....	2,794,584.01	181,857.16	13,150.00	97,800.00	107,781.73	3,195,172.90
1886.....	2,592,021.33	168,243.35	14,810.00	24,825.00	107,272.83	2,907,172.51
1887.....	2,044,922.75	138,967.00	18,850.00	1,750.00	110,219.88	2,314,709.63
Total.....	13,588,203.06	797,556.43	91,635.00	160,445.00	519,522.65	15,157,362.14

The total tax collected on circulation up to July 1, 1887, amounted to \$65,841,721.30.

STATE TAXATION OF NATIONAL BANKS.

There has been for some years more or less friction arising out of what is claimed to be discrimination against national banks in the tax laws of some of the States, and in consequence a contention has been going on as to the meaning of so much of section 5219 of the Revised Statutes of the United States as imposes a restriction upon State legislatures in determining and directing the manner of assessing and collecting taxes on national-bank shares. Section 5219 of the Revised Statutes of the United States is as follows:

Nothing herein shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the association is located; but the legislature of each State may determine and direct the manner and place of taxing all the shares of national banking associations located within the State, subject only to the two restrictions, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any national banking association owned by non-residents of any State shall be taxed in the city or town where the bank is located, and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county, or municipal taxes, to the same extent, according to its value, as other real property is taxed.

It will be seen that the only restrictions upon State legislatures in determining and directing the manner and place of taxing all the shares of national banks located within the State are two: first, a restriction as to the manner, viz: "that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of the State;" and, secondly, a restraint as to the place of taxation, which it is needless to quote, as no doubt seems to have arisen as to its meaning.

The contention over the true interpretation of the clause applying to the rate of taxation has been serious.

In various States the banks have appealed from local assessors and tax collectors to the courts, and during the past year the Supreme Court has finally laid down the meaning and intent of this clause.

The only question now open is whether the clause, as construed by the Supreme Court during the past year, expresses the purpose of Congress, and this question can be answered by Congress alone.

It is claimed by the national banks in many States that the construction placed upon the law deprives them of the full measure of protection which it was the intention of Congress to provide.

Following is the full text of the decision of the Supreme Court:

Mr. Justice MATTHEWS delivered the opinion of the court.

The bill in this case was filed by the appellant, an association organized as a national bank, in the city of New York, the object and prayer of which were to restrain the collection of taxes assessed upon its stockholders in respect to their shares therein, on the ground that the taxes assessed and sought to be collected by the defendants were illegal and void under section 5219 of the Revised Statutes of the United States, as being at a greater rate than those assessed under the laws of New York upon other moneyed capital in the hands of the individual citizens of that State. The assessment in question was made for the year 1885, by the proper officer, acting in pursuance of section 312 of an act of the legislature of the State of New York, passed July 1, 1882, entitled "An act to revise the statutes of this State relating to banks, banking and trust companies," which reads as follows:

SEC. 312. The stockholders in every bank or banking association organized under the authority of this State, or of the United States, shall be assessed and taxed on the value of their shares of stock therein; said shares shall be included in the valuation of the personal property of such stockholders in the assessment of taxes at the place, city, town, or ward where such bank or banking association is located, and not elsewhere, whether the said stockholders reside in said place, city, town, or ward or not; but in the assessment of said shares each stockholder shall be allowed all the deductions and exceptions allowed by law in assessing the value of other taxable personal property owned by individual citizens of this State, and the assessment and taxation shall not be at a greater rate than is made or assessed upon other moneyed capital in the hands of individual citizens of this State. In making such assessment there shall also be deducted from the value of such shares such sum as is in the same proportion to such value as is the assessed value of the real estate of the bank or banking association, and in which any portion of their capital is invested, in which said shares are held, to the whole amount of the capital stock of said bank or banking association. Nothing herein contained shall be held or construed to exempt the real estate of banks or banking associations from either State, county, or municipal taxes, but the same shall be subject to State, county, municipal, and other taxation to the same extent and rate and in the same manner according to its value, as other real estate is taxed. The local authorities charged by law with the assessment of the said shares shall, within ten days after they have completed such assessment, give written notice to each bank or banking association of such assessment of the shares of its respective shareholders, and no personal or other notice to such shareholders of such assessment shall be necessary for the purpose of this act.

The hearing in the circuit court was had upon an agreed statement of facts, as follows:

"It is hereby stipulated and agreed by and between the parties to the above-entitled suit, that, for the purpose of the trial of this cause, the facts hereinafter stated are true, and that the cause be submitted for trial and decree upon such statement alone, together with the pleadings:

"1. That the complainant, on the second Monday of January, A. D. 1885, and for several months prior thereto, had a capital stock of the par value of \$1,000,000 and a

110 REPORT OF THE COMPTROLLER OF THE CURRENCY.

surplus fund of \$200,000; that nearly the whole of said capital and surplus fund was during that period, invested in bonds of the United States of the par value of \$949,000, and of a market value and cost largely exceeding that sum; that its shares of stock were each of the par value of \$100 and of the number of 10,000, and were then held by 142 persons and corporations, 50 of whom, owning 1,877 shares, were residents of States other than the State of New York, and the remainder residents of the State of New York.

"2. That, on the second Monday of January, 1885, the proper tax officers of the city of New York, acting under chapter 409 of the Laws of 1882 of the State of New York, did value and assess for taxation the shares of stock of said bank against the individual shareholders thereof, at the rate of \$89 per share, after deducting the proportion of the assessed value of the real estate of said bank applicable to each share of stock, as by law required, making the total gross valuation of said shares in the hands of the shareholders the sum of \$890,000, from which sum the debts of sundry indebted stockholders, amounting to \$89,128, were deducted, as by law allowed, leaving the total valuation of said shares against said stockholders upon which taxes were thereafter assessed the sum of \$800,872.

"3. That, on the second Monday of January, 1885, the aggregate actual value of the shares of stock of the incorporated moneyed and stock corporations incorporated by the laws of the State of New York deriving an income or profit from their capital or otherwise (not including life insurance companies, trust companies, banks, or banking associations, organized under the authority of this State or of the United States) amounted to the sum of \$755,018,892; that 'Exhibit A,' hereto appended and made a part of this agreement, contains a list of the corporations whose shares of capital stock are embraced in said sum of \$755,018,892, and also shows the total par value of the shares of capital stock of each of said corporations.

"4. That, at the period aforesaid, the aggregate actual value of the shares of stock of the life insurance companies incorporated under the laws of this State amounted to the sum of \$3,540,000, and at the same period the aggregate value of the personal property of said companies, consisting of mortgages, loans with collateral security, State, county and municipal bonds, and railroad bonds and shares of stock of corporations (but not including the bonds of the United States nor the shares of corporations created by the State of New York), amounted to \$193,257,305; all of which is shown in detail in the schedule hereto annexed, marked 'Exhibit B.'

"5. That, at the said period, the aggregate actual value of the shares of the capital stock of the trust companies existing in the State of New York and organized under its laws amounted to \$32,013,900, as is shown in detail in the schedule hereto annexed, marked 'Exhibit C,' of which sum the amount of \$30,215,900 was of trust companies located in the city of New York.

"6. That, at the same period, the aggregate actual value of the deposits due by the savings banks of this State to depositors was \$437,107,501 (not including the surplus accumulated by the said corporations, amounting to \$68,669,001).

"7. That the aggregate actual value of the bonds and stocks issued by the city of New York, subject to the provisions of chapter 552 of the Laws of 1880, at the said period, amounted to \$13,467,000.

"8. That the aggregate actual value at the same period of the shares of stock of corporations created by States other than the State of New York, owned by the citizens of the State of New York, amounted to at least the sum of \$250,000,000.

"9. The assessed valuation of all personal property, after making the deductions allowed by law, in the city of New York (at the said period), as shown by the annual record of the assessed valuation of real and personal estate of the said city for the year 1885, was \$202,673,806. This sum included the capital of corporations (after making deductions for investments thereof in real estate, shares of New York corporations, taxable upon their capital stock under the laws of this State, and non-taxable securities), as follows:

Insurance companies	\$2, 146, 379
Trust companies	156, 506
Miscellaneous companies	29, 234, 409
Railroad companies	12, 339, 871

"It also included:

Shares of national banks	45, 046, 074
Shares of State banks	15, 700, 220

"The sum so deducted for the value of the real estate belonging to said trust companies located in the city of New York did not exceed \$2,336,572.31.

The assessed value of the real estate in said city for said period is...	\$1, 168, 443, 137
And in the said State, including the city of New York, is.....	2, 761, 973, 845
The latter sum including the sum of about.....	340, 000, 000

REPORT OF THE COMPTROLLER OF THE CURRENCY. 111

being the assessed value of the real estate located in said State belonging to corporations.

"The 'aggregate amount of the taxable personal estate' within the State of New York, exclusive of said city, after deducting debts due by the owners thereof for the year ending December 31, 1884, as assessed by the assessors and returned to the State comptroller, is \$151,632,369.

"This sum included the capital of corporations (after making the deductions for investments thereof in real estate, shares of New York corporations taxable under their capital stock under the laws of this State and non-taxable securities), of the amount of \$34,466,612.

The aggregate capital stock, taken at par, of the national banks outside of the city of New York, but within the State of New York, on December 20, 1884, as shown by the report of the Comptroller of the Currency of the United States, was	\$36,804,160
And that of State banks, outside of the said city, but within said State, as shown by the report of the bank superintendent of New York, is....	8,128,000

Total (outside of New York City).....	44,932,160
The total par value of the shares of national banks in said State, including the city of New York, for the period aforesaid, is.....	83,054,160
And of the State banks.....	32,815,700

"10. That it is the intention of the defendants, unless restrained by injunction, to collect the said tax levied by them against the shareholders of the said complainant upon said shares by the use of all needful legal process.

"11. That any statutes of the United States or of the State of New York may be cited and relied upon before the said court as if herein fully set forth."

From a decree dismissing the bill the present appeal is prosecuted.

Section 5219 of the Revised Statutes of the United States is as follows:

"Nothing herein shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares in assessing taxes imposed by authority of the State within which the association is located; but the legislature of each State may determine and direct the manner and place of taxing all the shares of national banking associations located within the State, subject only to the two restrictions that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any national banking association owned by non-residents of any State shall be taxed in the city or town where the bank is located and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county, or municipal taxes to the same extent, according to its value, as other real property is taxed."

In the present case no question is raised by the appellant as to the validity of section 312, chapter 409, of the Laws of New York of 1882, considered by itself, nor in reference to the rule of valuation or assessment which it prescribes. No exception is taken to the form of the assessment, nor is the case based in any degree upon the dereliction of the assessing officers in the discharge of their duties, there being no allegation and no proof that they have not performed their whole duty under the statutes of the State.

The proposition which the appellant seeks to establish is, that the State of New York, in seeking to tax national-bank shares, has not complied with the condition contained in section 5219 of the Revised Statutes, that such taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, "in that, it has by its legislation expressly exempted from all taxes in the hands of the individual citizens numerous species of moneyed capital, aggregating in actual value the sum of \$1,686,000,000, whilst it has by its laws subjected national-bank shares in the hands of individual holders thereof (aggregating a par value of \$83,000,000), and State-bank shares (having a like value of \$22,815,700), to taxation upon their full actual value, less only a proportionate amount of the real estate owned by the bank." This exemption, it is claimed, is of a "very material part relatively" of the whole, and renders the taxation of national-bank shares void.

The exemptions thus referred to are classified as follows:

1st. The shares of stock in the hands of the individual shareholders of all incorporated "moneyed or stock corporations deriving an income or profit from their capital or otherwise, incorporated by the laws of New York, not including trust companies and life insurance companies, and State or national banks." The value of such shares, it is admitted, amounts to \$755,018,892.

2d. Trust companies and life insurance companies. The actual value of the shares of stock in trust companies amounts to \$32,018,900, and the actual value of the shares in life insurance companies amounts to \$3,540,000, which life insurance companies, it

112 REPORT OF THE COMPTROLLER OF THE CURRENCY.

is admitted, are the owners of personal property consisting of mortgages, loans, stocks, and bonds to the value of \$195,257,305.

3d. Savings banks and the deposits therein. The deposits amount to \$437,107,501, and an accumulated surplus to \$68,669,001.

4th. Certain municipal bonds issued by the city of New York under an act passed in 1880, of the value of \$13,467,000.

5th. Shares of stocks in corporations created by States other than New York, in the hands of individual holders, residents of said State, amounting to \$250,000,000.

It is argued by the appellant that these exemptions bring the case within the decision of *Boyer v. Boyer*, 113 U. S., 689. In that case, referring to the legislation of Pennsylvania, it was said: "The burden of county taxation imposed by the latter act has at all events been removed from all bonds or certificates of loan issued by any railroad company incorporated by the State; from shares of stock in the hands of stockholders of any institution or company of the State which in its corporate capacity is liable to pay a tax into the State treasury under the act of 1859; from mortgages, judgments, and recognizances of every kind; from moneys due or owing upon articles of agreement for the sale of real estate; from all loans, however made, by corporations which are taxable for State purposes when such corporations pay into the State treasury the required tax on such indebtedness."

This enumeration of exempted property, the amounts of which were stated in the bill and admitted by the demurrer, was held to include such a material portion relatively of the moneyed capital in the hands of individual citizens as to make the tax upon the shares of national banks an unfair discrimination against that class of property, but no attempt was made in the opinion of the court to define the meaning of the words "moneyed capital in the hands of individual citizens" as used in the statute, or to enumerate all the various kinds of property or investments that came within its description, or to show that shares of stock in the hands of stockholders of every institution, company, or corporation of a State, having a capital employed for the purpose of earning dividends or profits for its stockholders, were taxable as moneyed capital in the hands of individual citizens.

It is accordingly contended on behalf of the appellees in the present case, first, that the shares of stock in the various companies incorporated by the laws of New York as moneyed or stock corporations, deriving an income or profit from their income or otherwise, including trust companies, life insurance companies, and savings banks, are not moneyed capital in the hands of the individual citizen within the meaning of the act of Congress; second, that if any of them are, then the corporations themselves are taxed under the laws of New York in such a manner and to such an extent that the shares of stock therein are in fact subject to a tax equal to that which is assessed upon shares of national banks; and third, that if there are any exceptions, they are immaterial in amount and based upon considerations which exclude them from the operation of the rule of relative taxation intended by the act of Congress.

In view of the nature of the contention between the parties to this suit, and the extent and value of the interests involved, it becomes necessary to review with care the previous decisions of this court upon the same subject, and to endeavor to state with precision the rule of relative taxation prescribed to the States by Congress on shares of national banks.

The national-banking act of 1864 (13 Stat., 111), in addition to the restrictions now imposed upon the State taxation of national-bank shares, declared "that the tax so imposed, under the laws of any State, upon the shares of any of the associations authorized by this act, shall not exceed the rate imposed upon the shares in any of the banks organized under the authority of the State where such association is located." In the re-enactment of this statute in 1868 (15 Stat., 34), this proviso was omitted. The case of *Van Allen v. Assessors*, 3 Wallace, 573, was decided under the act of 1864 as originally enacted. In that case the taxing law of New York, which was in question, was held to be invalid, because it levied no taxes upon shares in State banks at all, the tax being assessed upon the capital of the banks after deducting that portion which was invested in securities of the United States; and it was held that this tax on the capital was not a tax on the shares of the stockholders equivalent to that on the shares in national banks. It was also decided in that case that it was competent for the States, under the permission of Congress, to tax the shares of national-bank stock held by individuals, notwithstanding the capital of the bank was invested in bonds of the United States which were not subject to taxation.

It appears, therefore, as the result of the decision in that case, that a tax upon the capital of a State bank, levied upon the value thereof, after deducting such part as was invested in non-taxable Government bonds, was less than an equivalent for a tax upon the shares of national banks from which no such deduction was permitted. Accordingly, in the case of *People v. The Commissioners*, 4 Wallace, 244, the complaint was made on behalf of individual owners of national-bank stock taxed in New York, that no deduction was permitted to them from the value of their shares on account of the capital of the bank being invested in non-taxable Government bonds, while such

deduction was allowed in favor of insurance companies and individuals in the assessment for taxation of the value of their personal property; and it was contended, therefore, that the relators in that case were taxed upon their shares of national-bank stock at a greater rate than was assessed upon other moneyed capital in the hands of individual citizens. In reference to this supposed inequality the court said: "The answer is, that, upon a true construction of this clause of the act, the meaning and intent of the law-makers were that the rate of taxation of the shares should be the same or not greater than upon the moneyed capital of the individual citizen, which is subject or liable to taxation. That is, no greater proportion or percentage of tax in the valuation of the shares should be levied than upon other moneyed taxable capital in the hands of the citizens. This rule seems to be as effectual a test to prevent unjust discrimination against the shareholders as could well be devised. It embraces a class which constitutes the body politic of the State, who make its laws and provide for its taxes. They can not be greater than the citizens impose upon themselves. It is known as sound policy that in every well regulated and enlightened state or government, certain descriptions of property and also certain institutions, such as churches, hospitals, academies, cemeteries, and the like, are exempt from taxation; but these exemptions have never been regarded as disturbing the rates of taxation, even where the fundamental law had ordained that it should be uniform." The Court then proceeded to show that the exclusion, as the subject of taxation, of Government securities held by individuals, from their moneyed capital, was by authority of the United States, and hence it would be a contradiction to infer that Congress meant to include the same Government securities as a part of that moneyed capital which it required to be taxed by the States at a rate equal to that imposed by the latter upon the shares held by individuals of national-bank stock.

The other objection taken to the validity of the tax complained of was, that insurance companies created under the laws of the State were authorized to deduct from the amount of their capital and surplus profits, for purposes of taxation, such part as was invested in United States securities. In reference to this the court said: "The answer is, that this clause does not refer to the rate of assessments upon insurance companies as a test by which to prevent discrimination against the shares; that is confined to the rate of assessments upon moneyed capital in the hands of individual citizens. These institutions are not within the words or the contemplation of Congress; but even if they were, the answer we have already given to the deduction of these securities in the assessment of the property of individual citizens is equally applicable to them."

In *Lionberger v. Rouse*, 9 Wallace, 468, it was held that the proviso originally contained in the act of 1864, and omitted from the act of 1863, expressly referring to State banks, was limited to State banks of issue. The court said (p. 474): "There was nothing to fear from banks of discount and deposit merely, for in no event could they work any displacement of national-bank circulation." Of course, so far as investments in such banks are moneyed capital in the hands of individuals, they are included in the clause as it now stands.

In the case of *Hepburn v. School Directors*, 23 Wallace, 490, it was decided to be competent for the State to value, for taxation, shares of stock in a national bank at their actual value, even if in excess of their par value, provided thereby they were not taxed at a greater rate than was assessed upon other moneyed capital in the hands of individual citizens of the State. It was a further question in that case whether the exemption from taxation by statute of "all mortgages, judgments, recognizances, and moneys owing upon articles of agreement for the sale of real estate" made the taxation of shares in national banks unequal and invalid. This was decided in the negative on two grounds: first, that the exemption was founded upon the just reason of preventing a double burden by the taxation both of property and of the debts secured upon it; and, second, because it was partial only, not operating as a discrimination against investments in national-bank shares. The court said: "It could not have been the intention of Congress to exempt bank shares from taxation because some moneyed capital was exempt."

The subject was further considered in the case of *Adams v. Nashville*, 95 U. S., 19. One of the questions in that case had reference to an exemption from taxation by State authority of interest-paying bonds issued by the municipal corporation of the city of Nashville, in the hands of individuals. It was held that the exemption did not invalidate assessment upon the shares of national banks. The court said (p. 22): "The act of Congress was not intended to curtail the State power on the subject of taxation. It simply required that capital invested in national banks should not be taxed at a greater rate than like property similarly invested. It was not intended to cut off the power to exempt particular kinds of property, if the legislature chose to do so. Homesteads to a specified value, a certain amount of household furniture (the six plates, six knives and forks, six teacups and saucers, of the old statutes), the property of clergymen to some extent, school-houses, academies, and libraries, are generally exempt from taxation. The discretionary power of the

114 REPORT OF THE COMPTROLLER OF THE CURRENCY.

legislatures of the States over all these subjects remains as it was before the act of Congress of June, 1864. The plain intention of that statute was to protect the corporations formed under its authority from unfriendly discrimination by the States in the exercise of their taxing power."

In *People v. Weaver*, 100 U. S., 539, it was held that the prohibition against the taxation of national-bank shares at a greater rate than that imposed upon other moneyed capital in the hands of individual citizens could not be evaded by the assessment of equal rates of taxation upon unequal valuations, and that consequently where the State statute authorized individuals to deduct the amount of debts owing by them from the assessed value of their personal property and moneyed capital subject to taxation, the owners of shares of national banks were entitled to the same deduction. The cases of *The Supervisors v. Stanley*, 105 U. S., 305; *Hills v. Exchange Bank*, *Ibid.*, 319; *Evansville Bank v. Britton*, *Ibid.*, 322, and *Cummings v. National Bank*, 101 U. S., 153, are applications of the same principle.

The rule of decision in *Van Allen v. Assessors*, 3 Wallace, 573, is not inconsistent with that followed in *People v. The Commissioners*, 4 Wallace, 244. In the former of these cases the comparison was between taxes levied upon the shares of national banks and taxes levied upon the capital of State banks. In the valuation of the capital of State banks for this taxation, non-taxable securities of the United States were necessarily excluded, while in the valuation of shares of national banks no deduction was permitted on account of the fact that the capital of the national banks was invested in whole or in part in Government bonds. The effect of this was, of course, to discriminate to a very important extent in favor of investments in state banks, the shares in which *eo nomine* were not taxed at all, while their taxable capital was diminished by the subtraction of the Government securities in which it was invested, and against national-bank shares taxed without such deduction at a value necessarily and largely based on the value of the Government securities in which by law a large part of the capital of the bank was required to be invested. In the case of *People v. The Commissioners* the comparison was not between the taxation of shareholders in national banks and of shareholders in State banking institutions, but between the taxation of national-bank shares and that of personal property held by individuals and insurance companies from the valuation of which the deduction was permitted of the amount of non-taxable Government securities held by them respectively. The general ground of the decision was, that the exemption was not an unfriendly discrimination against investments in national banks in favor of other investments of a similar and competing character. It was held that the exemption, under State authority, of United States securities, which it was not lawful for the State to tax, could not be considered an unwarranted exemption in that case. It was also held that the language of the act of Congress which fixed the rate of taxation upon national-bank shares, by reference to that imposed by the State "upon other moneyed capital in the hands of individual citizens," excluded from the comparison moneyed capital in the hands of corporations, unless the corporations were of that character, such as State banks were held to be in the case of *Van Allen v. The Assessors*, that shares of stock in them fell within the description of "moneyed capital in the hands of individual citizens." In that way a distinction was established between shares of stock held in banking corporations and those held in insurance companies and other business, trading, manufacturing, and miscellaneous corporations, whose business and operations were unlike those of banking institutions.

It follows, as a deduction from these decisions, that "moneyed capital in the hands of individual citizens" does not necessarily embrace shares of stock held by them in all corporations whose capital is employed, according to their respective corporate powers and privileges, in business carried on for the pecuniary profit of shareholders, although shares in some corporations, according to the nature of their business, may be such moneyed capital. The rule and test of this difference is not to be found in that quality attached to shares of stock in corporate bodies generally whereby the certificates of ownership have a certain appearance of negotiability, so as easily to be transferred by delivery under blank powers of attorney, and to be dealt in by sales at the stock exchange, or used as collateral for loans, as though they were negotiable security for money. This quality, in a greater or less degree, pertains to all stocks in corporate bodies, the facility of their use in this way being in proportion to the estimated wealth and credit, present or prospective, of the corporation itself. Neither is the difference to be determined by the character of the investments in which, either by law or in fact, the bulk of the capital and the accumulated surplus of the corporation is from time to time invested. It does not follow, because these are invested in such a way as properly to constitute moneyed capital, that the shares of stock in the corporations themselves must necessarily be within the same description. Such is the case of insurance companies, in respect to which it was held, in *People v. The Commissioners*, that shares of stock in them were not taxable as "moneyed capital in the hands of individual citizens;" and that the language of the act of Congress does not include moneyed capital in the hands of corporations.

The true test of the distinction, therefore, can only be found in the nature of the business in which the corporation is engaged.

The key to the proper interpretation of the act of Congress is its policy and purpose. The object of the law was to establish a system of national banking institutions, in order to provide a uniform and secure currency for the people, and to facilitate the operations of the Treasury of the United States. The capital of each of the banks in this system was to be furnished entirely by private individuals; but, for the protection of the Government and the people, it was required that this capital, so far as it was the security for its circulating notes, should be invested in the bonds of the United States. These bonds were not subjects of taxation; and neither the banks themselves, nor their capital, however invested, nor the shares of stock therein held by individuals, could be taxed by the States in which they were located without the consent of Congress, being exempted from the power of the States in this respect, because these banks were means and agencies established by Congress in execution of the powers of the Government of the United States. It was deemed consistent, however, with these national uses, and otherwise expedient, to grant to the States the authority to tax them within the limits of a rule prescribed by the law. In fixing those limits it became necessary to prohibit the States from imposing such a burden as would prevent the capital of individuals from freely seeking investment in institutions which it was the express object of the law to establish and promote. The business of banking, including all the operations which distinguish it, might be carried on under State laws, either by corporations or private persons, and capital in the form of money might be invested and employed by individual citizens in many single and separate operations forming substantial parts of the business of banking. A tax upon the money of individuals, invested in the form of shares of stock in national banks, would diminish their value as an investment and drive the capital so invested from this employment, if at the same time similar investments and similar employments under the authority of State laws were exempt from an equal burden. The main purpose, therefore, of Congress, in fixing limits to State taxation on investments in the shares of national banks, was to render it impossible for the State, in levying such a tax, to create and foster an unequal and unfriendly competition, by favoring institutions or individuals carrying on a similar business and operations and investments of a like character. The language of the act of Congress is to be read in the light of this policy.

Applying this rule of construction, we are led, in the first place, to consider the meaning of the words "other moneyed capital," as used in the statute. Of course it includes shares in national banks; the use of the word "other" requires that. If bank shares were not moneyed capital, the word "other" in this connection would be without significance. But "moneyed capital" does not mean all capital the value of which is measured in terms of money. In this sense, all kinds of real and personal property would be embraced by it, for they all have an estimated value as the subjects of sale. Neither does it necessarily include all forms of investment in which the interest of the owner is expressed in money. Shares of stock in railroad companies, mining companies, manufacturing companies, and other corporations, are represented by certificates showing that the owner is entitled to an interest, expressed in money value, in the entire capital and property of the corporation, but the property of the corporation which constitutes its invested capital may consist mainly of real and personal property, which, in the hands of individuals, no one would think of calling moneyed capital, and its business may not consist in any kind of dealing in money, or commercial representative of money.

So far as the policy of the Government in reference to national banks is concerned, it is indifferent how the States may choose to tax such corporations as those just mentioned, or the interest of individuals in them, or whether they should be taxed at all. Whether property interests in railroads, in manufacturing enterprises, in mining investments, and others of that description, are taxed or exempt from taxation, in the contemplation of the law, would have no effect upon the success of national banks. There is no reason, therefore, to suppose that Congress intended, in respect to these matters, to interfere with the power and policy of the States. The business of banking, as defined by law and custom, consists in the issue of notes payable on demand, intended to circulate as money where the banks are banks of issue; in receiving deposits payable on demand; in discounting commercial paper; making loans of money on collateral security; buying and selling bills of exchange; negotiating loans, and dealing in negotiable securities issued by the Government, State and national, and municipal and other corporations. These are the operations in which the capital invested in national banks is employed, and it is the nature of that employment which constitutes it in the eye of this statute "moneyed capital." Corporations and individuals carrying on these operations do come into competition with the business of national banks, and capital in the hands of individuals thus employed is what is intended to be described by the act of Congress. That the words of the law must be so limited appears from another consideration; they do not embrace any moneyed

116 REPORT OF THE COMPTROLLER OF THE CURRENCY.

capital in the sense just defined, except that in the hands of individual citizens. This excludes moneyed capital in the hands of corporations, although the business of some corporations may be such as to make the shares therein belonging to individuals moneyed capital in their hands, as in the case of banks. A railroad company, a mining company, an insurance company, or any other corporation of that description, may have a large part of its capital invested in securities payable in money, and so may be the owners of moneyed capital; but, as we have already seen, the shares of stock in such companies held by individuals are not moneyed capital.

The terms of the act of Congress, therefore, include shares of stock or other interests owned by individuals in all enterprises in which the capital employed in carrying on its business is money, where the object of the business is the making of profit by its use as money. The moneyed capital thus employed is invested for that purpose in securities by way of loan, discount, or otherwise, which are from time to time, according to the rules of the business, reduced again to money and reinvested. It includes money in the hands of individuals employed in a similar way, invested in loans, or in securities for the payment of money, either as an investment of a permanent character, or temporarily with a view to sale or repayment and reinvestment. In this way the moneyed capital in the hands of individuals is distinguished from what is known generally as personal property. Accordingly, it was said in *Evansville Bank v. Britton*, 105 U. S., 322: "The act of Congress does not make the tax on personal property the measure of the tax on the bank shares in the State, but the tax on moneyed capital in the hands of the individual citizens. Credits, money loaned at interest, and demands against persons or corporations are more purely representative of moneyed capital than personal property, so far as they can be said to differ. Undoubtedly there may be said to be much personal property exempt from taxation without giving bank shares a right to similar exemption, because personal property is not necessarily moneyed capital. But the rights, credits, demands, and money at interest mentioned in the Indiana statute, from which bona-fide debts may be deducted, all mean moneyed capital invested in that way."

This definition of moneyed capital in the hands of individuals seems to us to be the idea of the law, and ample enough to embrace and secure its whole purpose and policy.

From this view, it follows that the mode of taxation adopted by the State of New York in reference to its corporations, excluding for the present trust companies and savings banks, does not operate in such a way as to make the tax assessed upon shares of national banks at a greater rate than that imposed upon other moneyed capital in the hands of individual citizens.

This is the conclusion reached on similar grounds by the court of appeals of New York. In the case of *McMahon v. Palmer*, 102 N. Y., 176, that court said:

"Our system of laws, with reference to the taxation of incorporated companies and capital invested therein, has been carefully framed with a view of reaching all taxable property and subjecting it to equality of burden, so far as that object is attainable in a matter so complex. In view of the wide variation in the employable value of such investments and the frequent mutations in their conditions, it is by no means certain that this object has not been attained with reasonable accuracy. It is quite clear, from even this cursory review of the statutes, that if any discrimination is made by our laws in taxing capital invested, it is not to the prejudice of that employed in banking corporations. Even if this were not the result of the statute, we are of opinion that investments in the shares of companies named do not come within the meaning of that clause in the Federal statutes referring to other moneyed capital in the hands of individuals. That phrase, as generally employed, distinguishes such capital from other personal property, and investments in the various manufacturing and industrial enterprises. And this is the sense in which it is used in our tax laws, as appears by reference to the statutes."

The cases of trust companies and saving banks require separate consideration. Section 312 of chapter 409 of the act of 1882 is a re-enactment of section 3 of chapter 596 of the laws of 1880, except that in the latter trust companies were included with banks and banking institutions, so as to subject the stockholders therein to the same rule of assessment and taxation on the value of their shares of stock. The present statute omits them from the corresponding section. The consequence is, that trust companies are taxable, as other corporations, under the act of 1857, for local purposes, upon the actual value of their capital stock. By chapter 361 of the laws of 1881, as amended, they are subjected to a franchise tax, in the nature of an income tax, payable to the State for State purposes. It is argued, from this legislation, in reference to the taxation of trust companies, that it discloses an evident intent to discriminate in favor of the latter as between them and banks, including national banks; and it is argued that, considering the nature of the business in which trust companies are engaged, it is a material and unfriendly discrimination in favor of State institutions engaged to some extent in a competing business with that of national banks. Trust companies,

however, in New York, according to the powers conferred upon them by their charters and habitually exercised, are not in any proper sense of the word banking institutions. They have the following powers: To receive moneys in trust and to accumulate the same at an agreed rate of interest; to accept and execute all trusts of every description committed to them by any person or corporation or by any court of record; to receive the title to real or personal estate on trusts created in accordance with the laws of the State, and to execute such trusts; to act as agents for corporations in reference to issuing, registering, and transferring certificates of stock and bonds, and other evidences of debt; to accept and execute trusts for married women in respect to their separate property; and to act as guardian for the estates of infants. It is required that their capital shall be invested in bonds and mortgages on unincumbered real estate in the State of New York worth double the amount loaned thereon, or in stocks of the United States or of the State of New York, or of the incorporated cities of that State.

It is evident, from this enumeration of powers, that trust companies are not banks in the commercial sense of that word, and do not perform the functions of banks in carrying on the exchanges of commerce. They receive money on deposit, it is true, and invest it in loans, and so deal, therefore, in money and securities for money in such a way as properly to bring the shares of stock held by individuals therein within the definition of moneyed capital in the hands of individuals, as used in the act of Congress. But we fail to find in the record any sufficient ground to believe that the rate of taxation, which in fact falls upon this form of investment of moneyed capital, is less than that imposed upon shares of stock in national banks.

It appears from the tax laws of New York applicable to the subject, as judicially construed by the court of appeals of that State, that the capital stock of such a corporation is to be assessed at its actual value. The actual value of the whole capital stock is ascertained by reference, among other standards, to the market price of its shares, so that the aggregate value of the entire capital may be the market price of one multiplied by the whole number of shares. *Oswego Starch Factory v. Dolloway*, 21 N. Y., 449; *The People v. The Commissioners of Taxes*, 95 N. Y., 554. From this are to be deducted, of course, the real estate of the corporation otherwise taxed, and the value of such part of the capital stock as is invested in non-taxable property, such as securities of the United States. In addition to this, the corporation, as already stated, pays to the State, as a State tax, a tax upon its franchise based upon its income; the tax on the capital being for local purposes.

It is evident, we think, that taxation in this mode is at least equal to that upon the shares of individual stockholders, for if the same property was held for the same uses and taxed by the same rule in the hands of individuals, as moneyed capital, it would be subject to precisely the same deductions; in addition to which the individual would be entitled to make a further deduction of any debts he might owe. Upon these grounds, therefore, we are of opinion that this mode of taxing trust companies does not create the inequality which the appellant alleges.

In the case of savings banks, we assume that neither the bank itself nor the individual depositor is taxed on account of the deposits. The language of the statute (section 4, chapter 456, laws of 1857) is as follows:

"Deposits in any banks for savings, which are due to the depositors, . . . shall not be liable to taxation, other than the real estate and stocks which may be owned by such bank or company, and which are now liable to taxation under the laws of this State."

According to the stipulation in this case, the deposits in such banks amount to \$437,107,501, with an accumulated surplus of \$68,669,001. It can not be denied that these deposits constitute moneyed capital in the hands of individuals within the terms of any definition which can be given to that phrase; but we are equally clear that they are not within the meaning of the act of Congress in such a sense as to require that, if they are exempted from taxation, shares of stock in national banks must thereby also be exempted from taxation. No one can suppose for a moment that savings banks come into any possible competition with national banks of the United States. They are what their name indicates, banks of deposit for the accumulation of small savings belonging to the industrious and thrifty. To promote their growth and progress is the obvious interest and manifest policy of the State. Their multiplication can not in any sense injuriously affect any legitimate enterprise in the community. We have already seen that by previous decisions of this court it has been declared that "it could not have been the intention of Congress to exempt bank shares from taxation because some moneyed capital was exempt" (*Hepburn v. School Directors*, 23 Wallace, 480), and that "the act of Congress was not intended to curtail the State power on the subject of taxation. It simply required that capital invested in national banks should not be taxed at a greater rate than like property similarly invested. It was not intended to cut off the power to exempt particular kinds of property, if the legislature chose to do so." *Adams v. Nashville*, 95 U. S., 19. The only limitation, upon deliberate reflection, we now think it necessary to add, is that

118 REPORT OF THE COMPTROLLER OF THE CURRENCY.

these exemptions should be founded upon just reason, and not operate as an unfriendly discrimination against investments in national-bank shares. However large, therefore, may be the amount of moneyed capital in the hands of individuals, in the shape of deposits in savings banks as now organized, which the policy of the State exempts from taxation for its own purposes, that exemption cannot affect the rule for the taxation of shares in national banks, provided they are taxed at a rate not greater than other moneyed capital in the hands of individual citizens otherwise subject to taxation.

It is further objected, on similar grounds, to the validity of the assessment complained of in this case that municipal bonds of the city of New York to the amount of \$13,467,000 are also exempted from taxation. The amount of the exemption in this case is comparatively small, looking at the whole amount of personal property and credits which are the subjects of taxation; not large enough, we think, to make a material difference in the rate assessed upon national-bank shares; but, independently of that consideration, we think the exemption is immaterial. Bonds issued by the State of New York, or under its authority by its public municipal bodies, are means for carrying on the work of the government, and are not taxable even by the United States, and it is not a part of the policy of the government which issues them to subject them to taxation for its own purposes. Such securities undoubtedly represent moneyed capital, but as from their nature they are not ordinarily the subjects of taxation, they are not within the reason of the rule established by Congress for the taxation of national-bank shares.

The same considerations apply to what is called an exemption from taxation of shares of stock of corporations created by other States and owned by citizens of New York, which it is agreed amount to at least the sum of \$250,000,000. It is not pretended, however, that this exemption is based upon the mere will of the legislature of the State. The courts of New York hold that they are not the proper subjects of taxation in the State of New York, because they have no *situs* within its territory for that purpose. *Hoyt v. The Commissioners of Taxes*, 23 N. Y., 224; *People, ex rel. etc., v. The Commissioners*, 4 Hun, 595. The objection would be equally good if made to the non-taxation of real estate owned by citizens of New York, but not within its limits. Clearly the property to be taxed under the rule prescribed for the taxation of national-bank shares must be property which, according to the law of the State, is the subject of taxation within its jurisdiction.

Upon these grounds, substantially the same as those on which the circuit judge proceeded, 28 Fed. Rep., 776, we are of opinion that the appellant is not entitled to the relief prayed for.

The decree of the circuit court is, therefore, affirmed.

CONCLUSION.

I have the honor to submit in the Appendix, page 165, a summary of communications received from various parts of the country during the last year and a half, suggesting modifications of the laws by which, in the opinion of the writers, the national banking system would be improved and perpetuated.

Upwards of forty plans have been suggested, which are appropriately classed under five propositions, *viz* :

1. To do away with the note-issuing function of the banks.
2. To increase the inducements for the banks to deposit United States bonds as a basis of national-bank circulation.
3. To provide by a new issue of bonds for a continuance of the present or of some modified system of national-bank circulation based on United States bonds.
4. To substitute some other security for United States bonds deposited in the Treasury as a basis for national-bank circulation.
5. To allow the banks to issue circulation upon their general credit, without requiring specific security to be deposited.

The various suggestions for the deposit of gold and silver as a basis of circulation have been left out of consideration, because, as they contemplate deposits equal in value to the currency to be issued, they contain no inducement either to the public or to the banks to adopt them, and, therefore, they are obviously impracticable. The Treasury now

issues gold and silver coin certificates, which answer all the purposes of such currency.

Among the propositions above stated, that which contemplates maintaining the national-bank system without any currency feature is hardly worth considering so long as it is generally conceded that Congress has no certain authority under the Constitution to charter banks that do not issue currency.

The fourth proposition, viz, to substitute State, county, and municipal securities for United States bonds as a basis of circulation, is subject to the fatal objection that the power to accept some and reject others among those securities would have to be lodged somewhere, and as its exercise would incidentally raise and depress the prices of such securities, it would be dangerous to adopt any scheme involving the confiding of such power to any official or any board.

There remain, therefore, but three propositions to be considered as within the range of probable adoption :

I.—Proposition second, to increase the inducements for the banks to deposit United States bonds as a basis of national-bank circulation.

II.—Proposition third, to provide by a new issue of bonds for a continuance of the present or of some modified system of national-bank circulation based on United States bonds.

III.—Proposition fifth, to allow the banks to issue circulation upon their general credit without requiring specific security to be deposited.

Before considering these propositions separately, it is important to observe that the case to be dealt with is that of 3,061 banks now in full operation, with bonds to the aggregate amount of \$188,828,000 deposited in the Treasury, on which there is outstanding \$169,215,067 of circulation.

It is obvious that this fact must exercise a controlling influence upon the discussion, because it has a paramount bearing upon the two fundamental questions, viz:

First, what is practicable, and, secondly, what is expedient ?

A third question may be raised, viz, what is just to the banks ? But this question is really merged in the other two, because the relations between the banks and the public are such as to render any unjust measure both inexpedient and impracticable.

It must be obvious, on merely looking at the question from this point of view, that many things that might be practicable or expedient, or both, if we were now initiating a national-bank system, may be impracticable or inexpedient when applied to the existing system.

In discussing the three propositions, therefore, their relative abstract merits must be regarded as subordinate to the effect they will have, severally, upon existing arrangements.

In order to apply this method of inquiry intelligently and effectively we must determine, first, what is sought to be remedied, and, secondly, what is sought to be accomplished beyond merely applying remedial measures.

Speaking broadly, it may be assumed that remedies are sought, first, for the present continual reduction in the volume of national-bank circulation, and, secondly, for the obstacles which the scarcity and high prices of United States bonds present to the formation of new banks, and to the increase of capital on the part of those already existing.

Beyond remedying these defects in the present law, there is a general desire to provide a permanent, safe, and popularly acceptable basis for the continued existence and the future growth of the national-bank system.

120 REPORT OF THE COMPTROLLER OF THE CURRENCY.

To judge properly whether any measure designed to remedy present defects or to accomplish the other ends named is likely to prove both practicable and expedient, as applied to existing conditions, note must be taken of how such a measure will affect banks differently situated, either geographically or financially, or both, because very great differences in these respects really exist among the banks, and what would attract some of them would repel others.

It will be necessary, therefore, to bear in mind that out of the 3,049 banks in operation on October 5 last, 2,150 have \$150,000 capital or less, while among the rest there are 107 banks of which the capital is \$1,000,000 or over, and 6 of which the capital amounts to \$3,000,000 or over.

The 2,150 smaller banks are required by law to hold an amount of bonds equal to 25 per cent. of their capital, while the others, however large their capital, need hold but \$50,000 of bonds, which is 10 per cent. on \$500,000 capital, 5 per cent. on \$1,000,000, and only 1 per cent. on \$5,000,000, a discrimination which has become more and more unfavorable to the smaller banks as the bonds have become scarcer and dearer.

If all banks should be required to hold 25 per cent. of their capital in bonds, as the smaller banks are, the larger banks would quit the system, contracting the circulation by nearly \$100,000,000, while, on the other hand, if the minimum of the smaller banks is reduced to, say, 10 per cent. of capital, which is about the average now required of the larger banks, it is probable that many more banks would be formed and that some of the small banks would increase their capital.

Having thus before us some of the limitations which encompass the solution of the problem, let us consider the three propositions in the order named:

1. To render the holding of United States bonds more profitable to the banks.

Of course this proposition rests upon the assumption that it is desirable for the banks to be encouraged or enabled to hold United States bonds, but this assumption needs to be substantiated. There was a time when it was important that every possible inducement should be given the banks to take these bonds, but this time is past, and the ability of the banks to do as much for the Government in some future emergency will be greatly increased by their being not only free, but inclined to dispose of all the bonds they now hold in excess of the minimum requirement. From the point of view of the Government, therefore, a very important resource in time of future need is curtailed by the banks being needlessly holders of United States bonds at a time of profound peace, and when the credit of the Treasury is at its zenith.

The proposition presents to the banks an aspect varying according to circumstances. Of course as long as the holding of bonds is obligatory every bank would like to have this holding made more profitable, but all banks are not situated alike in regard to the profitableness of circulation based on bonds. Some banks now hold much larger amounts of bonds than the law requires, while others profess to be excluded from the system because the holding of even the minimum is too great a burden; hence it must be inferred that some banks find a profit in such investments under conditions that inflict loss upon others. If, therefore, the holding of these bonds is rendered profitable to the latter class, the degree of its profitableness to the former class will be proportionately increased. This is stated by way of illustration merely and not as an objection, because, obviously, if a commensurate public advantage

is secured by this augmentation of profit the incidental benefit to some banks should not be begrudged.

The most important consideration, however, is as to what the gain would be to the public regarded as distinct from the Government and the banks. Manifestly the only result that can possibly be claimed as a public gain would be a probable increase of bank-note circulation based on bonds, or at least the maintenance of the present volume of such circulation; hence the question as to the public gain involves the precedent question whether increasing the profitableness of bonds as a basis for circulation is likely to increase permanently the volume of national-bank circulation.

In the case of these bonds, as of other securities of stable intrinsic value dealt in by the general public, the market price varies directly and the amount on sale at any given time varies inversely with the number and means of purchasers, while under normal conditions purchasers vary in number and means according to the profitableness of the investment. Now, it is demonstrable that it is only the circulation obtainable upon depositing them in Washington that renders the holding of United States bonds in any degree profitable to national banks, while they are sought for and tenaciously held by other investors, who are excluded from obtaining circulation on them; hence it is probable that the present tendency to contraction of the national-bank currency is due to the scarcity and high price of bonds, resulting from the competition between new banks and outside investors for the few bonds on sale. If this is so, it follows that as the circulation is rendered more profitable the premium should go higher; and since almost all the bonds now offered for sale belong to banks reducing their circulation, the supply on the market will be seriously curtailed by any change of the law that renders it more profitable to the banks to buy these bonds than to sell them.

If this reasoning is correct, new banks can gain nothing by such measures as we are now considering, because, while they will still have to compete for their bonds with outside investors, they will also remain exposed to competition with the existing banks that are now able to get the most profit out of circulation, nor will existing banks generally be benefited, since there will remain the same disparity as now between those more and those less favorably situated for holding bonds. This reasoning carried to its ultimate results, will be found to establish the proposition that should the holding of bonds be rendered more profitable to the banks, the whole benefit will accrue to those which find such investments profitable now, and the only increase of circulation to be relied upon will be such as these banks may take out in addition to what they now have, while, per contra, the higher premium will discourage the formation of new banks and increase the insecurity now felt as to the permanence of the system.

What is desirable from the point of view of those who desire the banks to increase in number and to expand their circulation is that bonds shall decline in price, whereas all these plans tend to elevate their price, because they tend to render the holding of them by banks more profitable than it is now.

This reasoning applies to all those plans which involve raising the amount of note issues in proportion to the face of the bonds, taking the tax off circulation, etc.; but there would seem to be no objection to taking the tax off so much of the circulation as rests on the minimum amount of bonds required by law to be deposited, while such relief would be eminently just, because this being obligatory it should be made as little burdensome as possible, and it will chiefly apply to small

122 REPORT OF THE COMPTROLLER OF THE CURRENCY.

banks remote from money centers and which are now required to hold an amount of bonds greatly exceeding in percentage upon capital the amount required of larger banks.

The second of the three practicable propositions contravenes the settled policy of Congress, which is to reduce and ultimately to extinguish the national debt, and therefore not to issue any bonds having remote maturities. The leading authorities of both political parties, the press of the country, and the people generally have approved this policy, and therefore it seems idle to expect legislation to the contrary, even for the purpose of preserving the banks.

If a suspension of this policy were the sole possible condition of preserving the banks there might be a bare possibility of its consideration, but no such argument can be sustained.

The last of the feasible projects, viz, proposition fifth, seems to be the only one containing a general principle under which the national-bank system may possibly be perpetuated. This principle is that while preserving all the other features of the system the main volume of bank currency should rest upon the credit and resources of the banks and not upon the credit of the Government.

All existing banks are entitled to the privilege of issuing circulating notes to the extent of 90 per cent. of the par of the United States bonds deposited, and this privilege can not justly be curtailed in any case without the consent of the bank. It is prudent also, on the part of the Government, to leave the law unchanged in this respect, for an emergency may hereafter arise when it will be very important to resort to the measures of 1863 for rallying the banks to the support of the Treasury, and in such a case it would be convenient to have all the machinery in working order.

On the other hand, there may be good reason why banks which are now being constrained by various influences to bring their circulation on bonds down to the minimum, should be accorded the privilege of issuing currency in addition to that secured by the bonds, if such issues can be subjected to conditions that will preserve the present high credit of the national-bank currency.

With the reservation, therefore, that whatever new legislation is proposed should be additional to, and not in repeal of, existing laws as to the deposit of bonds, whether obligatory or optional, and as to the privilege of issuing currency to 90 per cent. of such deposits, we may proceed to the examination of the plans grouped under proposition fifth.

These plans are ten in number, and they may be arranged in sub-groups according to the basis which they propose for the issue of circulation additional to that which is secured by United States bonds. This basis varies in the different plans: First, according to the volume of circulation to be permitted; second, according to the security underlying the bank-notes; third, according to the provision made for their redemption.

The limitation of volume varies in the different plans from 25 per cent. to 100 per cent. upon capital, but no reasons are assigned in any case for the percentage proposed. It seems to be assumed that this is a matter of either fanciful or purely arbitrary selection.

As to security, there are four distinct propositions:

1. To depend solely upon the present provision of the law which makes the circulating notes a first lien upon all the assets of a failed bank.

2. To add to this the requirement that a reserve of 25 per cent. in lawful money shall be kept on hand by each bank.

3. To create a guaranty fund in the Treasury by devoting to that object the profit on lost circulation and the gradual accumulation from an annual tax of 1 per cent.

4. To make the banks mutual guarantors of each other's issues, the notes of each bank, however, to constitute a first lien upon its assets.

The provision for redemption varies in this way :

1. An annual tax of 1 per cent., of which the proceeds shall be used as a redemption fund.

2. The present 5 per cent. redemption deposit.

3. A pro rata assessment on all the issuing banks to whatever amount experience may indicate as sufficient.

Since all these plans embrace the maintenance of the present provision that the notes constitute a first lien upon all the assets of a failed bank, it is proper to consider this feature first.

The law now makes this lien a security for only the deficiency between the proceeds of deposited bonds and the outstanding circulation. No case of such deficiency has, I believe, ever arisen, and in the present state of the market for United States bonds, none is likely to arise; hence the preference thus secured to note-holders over all other creditors of a national bank has never been enforced nor has its existence in the law affected the general credit of these institutions. Never having had any practical significance it is generally lost sight of.

Obviously it will be very different when a currency is issued not specially secured at all, and which in every case of insolvency must be redeemed wholly out of the general assets before these become subject to the claims of depositors.

The national banks owe their present prosperity entirely to the confidence of the general public, and this confidence is manifested in the volume of individual deposits, which in the aggregate amount to \$1,250,000,000, or $2\frac{1}{2}$ times the aggregate capital of the banks.

These deposits constitute the chief resource of the banks, and hence it would be a hazardous thing to introduce into the system any feature likely to disturb the confidence of depositors.

The issue of preferred notes to the amount of even 25 per cent. of the capital, the lowest limit proposed, would be a serious matter to depositors, while such issues to the amount of 50, 75, and 100 per cent. of capital, as some suggest, would probably cripple fatally the general credit of the banks with prudent depositors, and in that way their means of accommodation would be curtailed in a ratio greater than the increase of such means derived from the additional issues of currency.

It is much more important to the banks as a body to retain and augment their deposits than to acquire the power to issue more currency, and the public have even a greater interest than the banks in the preservation of this condition of things, because the credit that attracts deposits is always better founded than that which floats currency, and is also more jealously guarded by the banks enjoying it, and is therefore less likely to be abused.

It is, indeed, doubtful whether any really strong and prudent banks would like to risk their credit with depositors by issuing notes as a first lien on their assets, and in that case if the proposition led to the establishment of such a bank currency at all, notes would be issued chiefly by banks having small deposits and their assets might very easily be so handled as to constitute a very poor security, even for the preferred notes. There would certainly be great temptation to a bank to become speculative when once it had floated all the currency allowed and found

124 REPORT OF THE COMPTROLLER OF THE CURRENCY.

itself free from the observation of numerous and vigilant local depositors.

If these views are correct, they would seem to be fatal to all schemes of establishing a bank currency secured only by a first lien upon all the assets of the issuing bank, unless some sufficient counterpoise to the objections can be found among the various suggestions as to a 25 per cent. reserve, a sinking fund deposited with the Government, the consolidation of all issuing banks into one association, etc.

While none of these devices appears to me likely to prove practically effective in removing the objections, it is probable that considerable diversity of opinion will arise on the subject, and as individual views can not be anticipated, it seems useless to spread the discussion over the whole field of possible contention. It is important, however, to bear in mind that any computations as to the proper ratios of reserve or redemption funds to the volume of currency, which may be drawn from the history of national-bank circulation, will be misleading, because the conditions heretofore obtaining will all be changed when, on the one hand, banks have every temptation to force out circulation, and, on the other hand, the public acquire the habit of presenting these notes for redemption every time the general credit of the bank is affected.

In times of panic now, banks have to take care of their depositors only, the ordinary process of the redemption of notes is not materially varied, nor is the volume of general currency diminished, but when there is no special security behind these notes, the case will be very different; every rumor of monetary trouble will bring both the note-holders and the depositors clamoring for payment, and just when there is most need of money to pay them with, the currency will be contracted by the discredit of national-bank circulation.

In answer to these general objections to the first lien principle, it may be said, of course, that the assets of the bank will be increased by the whole amount of its issue of notes, while now its assets are actually diminished by the difference between the cost of the bonds and the circulation received from the Government. This is very true; and if those assets were set aside, as the bonds now are, as specific security for the notes, and if, moreover, they could be always maintained in a form as intrinsically valuable and as readily convertible as the bonds are, the force of the objection would be destroyed; but no one familiar with practical banking can really believe that either of these conditions could be maintained in even a single case, while it is more than probable that in most cases they would be disregarded, and the old adage "easy come, easy go" would receive fresh illustration from numerous instances in which the facility of uttering currency would lead, as it did under the old State-bank system, to very lax and speculative methods of employing the resources so obtained.

If the views here submitted are correct, it would appear that no substitute yet proposed for the present basis of national-bank circulation is sufficiently free from objection to be adopted. The 4-per cent. bonds will not mature for twenty years; and, apart from other considerations, there is enough in this fact to justify caution and delay in making any radical change in the basis of circulation. In that time, no doubt, something acceptable will be devised, but at present all that seems practicable is to modify the existing law so as to obviate its inconveniences, and as a first step toward this end it appears both safe and wise to reduce the minimum amount of bonds to be kept on deposit.

This is, no doubt, quite a safe step, because capital is no longer attracted to the system or held in it by any profit derived from circulation, or by the prospect of any profit to be made by holding bonds.

These early inducements have been replaced by others of a much more permanent and satisfactory character. The high credit attaching to national banks, the business-like methods cultivated in their relations with the public, and other similar influences developed within the system itself, constitute a cohesive attraction, which makes it stronger to-day than it has ever been before. Reducing the minimum requirement as to bonds, therefore, can not weaken the system. Concurrently with the progress of this healthful change in the system itself, the bonded debt of the United States has been gradually reduced in amount and refunded at lower rates of interest, while such is the investment demand that the still outstanding bonds of every class are constantly becoming scarcer on the market; indeed, there is hardly any longer a regular market for United States bonds, because they are held almost entirely either by a limited class of investors, who rarely care to sell, or by national banks, which in many cases can not sell.

One effect of this condition of things is to make the obligation to deposit bonds a serious obstacle to the formation of new banks in the sections where they are most needed, and to the increase of capital on the part of those banks of which the capital does not already exceed \$150,000.

The public needs and demands a continual increase of banking facilities, and to supply those facilities it is necessary to have not only more banks, but banks in a greater number of localities, and also some increase of capital among banks previously established.

The need of such increased facilities is coextensive with the country, but it is most pressing in those sections where the growth of population and the expansion of industry are year by year outstripping the measure of accommodation afforded by local capital.

To such communities the national-bank system affords opportunities otherwise unobtainable for bringing to the development of their resources supplies of capital from the remote centers of cheap and abundant money; hence, any obstacles to the growth of this system in our newer States and Territories is a more serious matter than it is elsewhere.

Another effect of the laws as they now stand is to deprive the national-bank circulation of the little elasticity possible to it, because the volume of this circulation varies with the amount of bonds held by the banks, and not only are bonds too scarce and dear to be freely bought and sold, but the inducement to banks to reduce their holdings of bonds to the minimum prescribed by law is constant and of growing intensity, while there are no inducements to an increase of such holdings; consequently there is neither elasticity nor steadiness in the volume of bank notes, but only a continuous contraction of circulation that year by year more than overcomes the annual expansion due to the formation of new banks, and keeps the public mind in a state of feverish anxiety, always easily excited into alarm.

Still another effect is to render the banks very sensitive to every step made towards reducing the bonded debt of the Government.

A striking instance of this occurred lately in connection with the redemption of the 3 per cent. bonds. On August 12, 1886, the redemption of these bonds was resumed, and the last call matured July 1, 1887, after which date 3 per cent. bonds were no longer available as a basis of circulation. At the former date the national banks held \$103,351,650,

126 REPORT OF THE COMPTROLLER OF THE CURRENCY.

on which their outstanding circulation amounted to \$93,016,485, so that the redemption of the bonds forced the banks either to surrender circulation to this amount or to replace the 3 percents with bonds obtainable only at a premium.

The progress of this rapid redemption and its effect upon national-bank circulation are elsewhere described in detail. What is material in connection with the topic now under consideration is, that while the unprecedented contraction produced less immediate embarrassment than it might have done, yet it so disturbed public confidence, and rendered the banks so nervous, that the annual autumnal monetary stringency in New York was magnified last September into a portent of impending disaster, and came near seriously interrupting the industries of the entire country.

This effect carries with its recognition considerations as to the future, which are of national importance, because in the autumn of 1891 the $4\frac{1}{2}$ per cent. bonds will become subject to call, and unless precautions are taken in advance to prevent a recurrence of the disquietude we have so lately experienced, the anxieties of this year will have been suffered in vain.

Of those bonds there are now outstanding \$230,500,000, and one of the most important problems of the immediate future is how to deal with this indebtedness. The conditions of the problem will be materially simplified if the banks are permitted and induced to gradually reduce their holdings of $4\frac{1}{2}$ percents.

With a view to facilitating the healthy and natural expansion of the national-bank system, to restoring stability and some degree of elasticity to the circulation based on bonds, and to obviating a recurrence, with respect to the $4\frac{1}{2}$ per cent. bonds, of the perilous experience of the last twelve months with respect to the 3 percents, it appears to be wise to reduce the minimum requirement of bonds; and I respectfully recommend that it be hereafter fixed at one-tenth of the capital of all banks of which the capital does not exceed \$250,000, and that no bank shall be required to maintain a deposit of more than \$25,000 in bonds; also that the banks be relieved of taxation upon so much of the circulation issued to them as is represented by the minimum of bonds which the law requires them to deposit.

This latter recommendation is made chiefly in the interest of the small country banks, to which every expense is a burden, and which, as a rule, deposit only the minimum of bonds.

It would seem to be quite proper to tax circulation in excess of that represented by the minimum of bonds, not for the sake of revenue only, but because such a tax tends to impart elasticity to the entire volume of circulation, and because any bank that likes may escape the tax; but both justice and policy appear to be against a tax on circulation represented by bonds of which the deposit is obligatory.

The recommendation to reduce the minimum amount of bonds to be deposited is supported by the following considerations:

1. As the law now stands, the total amount of bonds required to be deposited by the 3,049 banks in operation on October 5 is \$89,912,347, while the amount actually on deposit at that date was \$189,083,199, or \$99,170,753 more than the minimum requirement.

This excess is distributed as follows: 2,150 banks of \$150,000 capital and under, of which the minimum is \$44,962,347, hold actually \$79,485,000—an excess of \$34,522,653; 899 banks of over \$150,000 capital, of which the minimum is \$44,950,000, hold actually \$109,598,100—an excess of \$64,648,100.

If the proposed change is made the banks in operation on October 5 will stand thus: 2,552 banks with not over \$250,000 capital; minimum, \$26,400,309; actual, \$116,444,250; excess, \$90,043,941; 497 banks with over \$250,000 capital; minimum, \$12,425,000; actual, \$72,638,850; excess, \$60,213,850. Total excess, \$150,257,791.

Of course it is to be expected that some banks will be prompted by the change in the law to reduce their circulation, but the magnitude of this reduction and the rate at which it can be effected will be controlled by two influences; first, the provision of law which limits to \$3,000,000 the amount of lawful money that may be deposited in any calendar month in order to effect the withdrawal of circulation; and, secondly, the decline in the price of the bonds which must attend any sudden and large increase in the amount offered for sale. Banks will not surrender circulation except to realize the premium by selling their bonds.

2. While undoubtedly these two influences will effectually prevent any monetary disturbance, arising from the change in the law, they will not even obstruct but will materially promote such gradual changes in the bonds on deposit as will enable the banks to be practically free from $4\frac{1}{2}$ per cent. bonds by the time these mature in 1891.

The total amount of $4\frac{1}{2}$ per cent. bonds held on October 31 as security for circulation was \$69,696,100, and therefore it will only require changes to the extent of about \$17,500,000 annually to render the banks entirely independent, in four years, of any policy the Treasury may adopt as to these bonds.

If they are redeemed the national-bank circulation will be undiminished by the process of redemption; if they are refunded on terms admitting of a profit on circulation, the banks will be in a good position to buy the extended bonds.

3. One effect of a gradual shifting of deposits out of $4\frac{1}{2}$ per cent. bonds will probably be, that as the volume of circulation based on these bonds becomes reduced, a corresponding decline will be observed in the sensitiveness of the banks and of the money market to the progress of redemption of the public debt.

This is a very important consideration, because it is desirable that when the time arrives for deciding what is to be done with the $4\frac{1}{2}$ per cent. loan, there shall arise neither the apprehension of financial disturbance nor any strong popular pressure to influence the choice between payment and extension. From every point of view it is desirable that this choice should turn wholly on the position and prospects of the public finances.

4. Throughout the whole period of the existence of the national-bank circulation there never has been a time when the volume of the outstanding notes has been determined by commercial forces only; the operations of the Treasury have always exercised an abnormal and a disturbing influence, and reciprocally the state of the currency has constantly fettered the operations of the Treasury. If the proposed change in the law tends even in the least degree to release the Treasury and the currency from this unnecessary and harassing interdependence, it will be a great public gain.

5. Once free from the disturbing cause referred to, there is no reason why the volume of national-bank currency should not soon find its natural centre of oscillation; that is, the point above and below which its normal movements of increase and decline would conform to the varying needs of the commercial and other industries of the country.

From the stand-point of these industries, elasticity is more important than quantity in the currency; their interests are better subserved by

128 REPORT OF THE COMPTROLLER OF THE CURRENCY.

a currency so elastic in volume as to respond immediately to variations in the demand for it, than by a great volume of money rigid in amount. Elasticity in the volume of the currency supplies to commercial operations what springs and a smooth road supply to transportation. In each case more can be accomplished with less wear and tear and less breakage than is possible when these conditions are wanting.

6. A reduction in the amount of bonds which the banks are required to have on deposit will prepare the way for a change in the basis of circulation, in case such change may hereafter seem expedient. As long as the law compels the smaller banks to invest more than one-fourth of their capital in bonds (counting in the premium), it may be unjust to them to permit circulation to be issued upon any other security, for only the large banks could then get the full benefit of such permission; but 10 per cent. of capital invested in bonds will not be a serious impediment even to banks of \$50,000 capital getting their fair share of any privileges as to circulation that may hereafter be determined upon.

7. It should be observed, finally, that owing to the two retarding influences already referred to, the results here suggested can be accomplished only during a considerable lapse of time, and of course, in the interval, unforeseen conditions may arise and unexpected influences may modify or reverse the tendencies now existing; but it does not seem possible that any change of conditions or of tendencies can cause embarrassment to the banks or to the public fairly chargeable to the proposed change in the law.

W. L. TRENHOLM,
Comptroller of the Currency.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

REPORT

OF

THE COMPTROLLER OF THE CURRENCY.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, December 1, 1888.

SIR: In obedience to law, I have the honor to submit a report for the year ending October 31, 1888, exhibiting—

First. A summary of the state and condition of every association from which reports have been received the preceding year, at the several dates to which such reports refer, with an abstract of the whole amount of banking capital returned by them, of the whole amount of their debts and liabilities, the amount of circulating notes outstanding, and the total amount of means and resources, specifying the amount of lawful money held by them at the times of their several returns.

Second. A statement of the associations whose business has been closed during the year, with the amount of their circulation redeemed and the amount outstanding.

Third. Suggestions as to amendments to the laws relative to banking, by which it is thought the system may be improved.

Fourth. A statement exhibiting, under appropriate heads, the resources and liabilities and condition of the banks, banking companies, and savings banks organized under the laws of the several States and Territories, such information being obtained by the Comptroller from the reports made by such banks, banking companies, and savings banks to the legislatures or officers of the different States and Territories, and where such reports could not be obtained the deficiency has been supplied from such other authentic sources as were available.

Fifth. The names and compensation of the clerks employed in the office of the Comptroller of the Currency, and the whole amount of the expenses of the banking department during the year.

This is the twenty-sixth annual report of the Comptroller of the Currency.

2 REPORT OF THE COMPTROLLER OF THE CURRENCY.

FIRST.

SUMMARY OF THE STATE AND CONDITION OF EVERY NATIONAL BANK REPORTING DURING THE YEAR ENDING OCTOBER 31, 1888.

	December 7.	February 14.	April 30.	June 30.	October 4.
	3,070 banks.	3,077 banks.	3,098 banks.	3,120 banks.	3,140 banks.
RESOURCES.					
Loans and discounts	\$1,574,762,436.38	\$1,576,386,276.39	\$1,599,273,484.28	\$1,619,999,200.68	\$1,674,886,285.20
Overdrafts	9,179,048.58	7,784,094.12	7,124,439.67	8,125,364.15	9,294,338.98
U. S. bonds to secure circulation	186,431,800.00	181,845,450.00	181,042,950.00	177,543,900.00	171,867,200.00
U. S. bonds to secure deposits	42,203,000.00	56,863,000.00	56,643,000.00	55,788,000.00	54,208,000.00
U. S. bonds on hand	6,988,550.00	6,450,500.00	7,639,350.00	7,830,150.00	6,507,050.00
Other stocks, bonds, and mortgages	90,775,413.31	94,153,688.97	95,296,917.07	96,265,812.31	99,752,403.73
Due from approved reserve agents	132,959,765.34	155,341,240.86	146,477,902.83	158,133,598.31	170,458,593.83
Due from other national banks	98,227,065.30	92,980,682.48	95,519,102.26	101,689,774.90	99,821,000.57
Due from State banks and bankers	21,995,356.41	21,880,069.60	22,709,703.01	22,714,258.27	23,767,260.53
Real estate, furniture, and fixtures	58,825,168.16	59,366,247.85	60,111,356.86	61,101,833.19	62,634,791.74
Current expenses and taxes paid	10,600,817.35	6,531,237.71	9,843,637.81	5,685,313.21	8,498,758.28
Premiums paid	18,797,205.79	19,779,498.56	19,501,481.06	18,903,434.54	17,615,898.02
Checks and other cash items	13,336,455.77	12,255,978.69	14,644,675.77	16,855,801.15	15,071,024.30
Exchanges for clearing-house	85,097,380.41	73,418,037.29	117,270,706.86	74,229,763.69	102,439,751.67
Bills of other banks	23,447,294.00	23,145,206.00	24,434,212.00	21,343,405.00	21,600,818.00
Fractional currency	554,906.55	683,148.93	662,722.27	632,602.42	684,268.41
Trade-dollars	328.09	437.59	351.15	371.76	419.05
*Specie, viz:					
Gold coin	73,677,376.76	74,317,628.26	74,921,739.83	74,825,782.84	70,222,885.95
Gold Treasury certificates	44,341,120.00	55,230,029.00	54,604,280.00	68,761,930.00	79,883,810.00
Gold clearing-house certificates	25,485,000.00	26,246,000.00	24,050,000.00	20,884,000.00	10,385,000.00
Silver coin, dollars	7,724,334.00	7,835,028.00	7,569,827.00	6,906,432.00	7,051,931.00
Silver coin, fractional	2,983,267.72	3,256,654.36	3,114,507.36	2,819,277.92	3,255,891.69
Silver Treasury certificates	5,029,545.00	6,945,275.00	7,813,657.00	7,094,854.00	7,298,298.00
Legal-tender notes	75,361,975.00	82,317,670.00	83,574,210.00	81,995,643.00	81,099,461.00
U. S. certificates of deposit for legal-tender notes	6,165,000.00	10,120,000.00	9,330,000.00	12,315,000.00	8,955,000.00
Five per cent. redemption fund with Treasurer	8,168,503.20	7,993,189.22	7,887,950.36	7,765,837.16	7,555,401.72
Due from Treasurer other than redemption fund	1,068,117.43	1,240,035.56	1,361,033.74	1,236,675.66	935,799.31
Aggregates	2,624,186,330.55	2,664,366,304.44	2,732,423,198.19	2,731,448,016.16	2,815,751,341.07
*Total specie	159,240,643.48	173,830,614.62	172,074,011.19	181,292,276.76	178,097,816.64
LIABILITIES.					
Capital stock paid in	\$580,733,094.42	\$582,194,263.75	\$585,449,487.75	\$588,384,018.25	\$592,621,656.04
Surplus fund	175,246,408.26	179,533,475.38	180,053,507.27	183,106,435.70	185,520,564.68
Other undivided profits	79,899,218.06	66,606,930.87	78,196,768.91	70,296,173.67	77,434,426.23
National-bank circulation outstanding	164,904,094.00	159,750,193.50	158,897,572.00	155,313,353.50	151,702,809.50
State-bank notes outstanding	98,676.50	98,652.50	94,878.50	82,372.50	82,354.50
Dividends unpaid	1,343,963.98	1,534,314.51	1,766,496.11	7,381,894.42	2,378,275.70
Individual deposits	1,235,757,641.59	1,251,957,844.42	1,309,731,015.16	1,292,342,471.28	1,350,320,861.11
U. S. deposits	38,416,276.87	55,193,899.19	54,691,454.69	54,679,643.93	52,140,562.97
Deposits of U. S. disbursing officers	4,515,024.05	4,255,362.02	4,789,093.63	3,690,632.65	3,993,900.51
Due to other national banks	223,088,927.85	241,038,499.93	237,056,940.91	248,248,440.03	260,697,968.00
Due to State banks and bankers	98,809,344.66	105,539,405.53	104,502,668.21	109,871,372.41	114,936,397.15
Notes and bills rediscounted	16,268,247.74	12,866,722.85	12,724,239.73	13,096,119.55	17,305,750.61
Bills payable	5,105,112.77	3,796,739.99	4,469,000.04	4,955,068.27	6,615,813.47
Aggregates	2,624,186,330.55	2,664,366,304.44	2,732,423,198.19	2,731,448,016.16	2,815,751,341.07

REPORT OF THE COMPTROLLER OF THE CURRENCY.

3

SECOND.

STATEMENT OF NATIONAL BANKS CLOSED DURING THE YEAR.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Re-deemed.	Outstanding.
First National Bank, Tecumseh, Nebr.....	May 19, 1883	Nov. 3, 1887	\$50,000	\$11,700	\$4,350	\$7,320
Third National Bank, Saint Paul, Minn.....	Aug. 5, 1884	Nov. 4, 1887	500,000	45,000	13,470	31,530
Fifth National Bank, Saint Louis, Mo.....	Dec. 12, 1882	Nov. 7, 1887	300,000	44,430	.....	44,430
First National Bank, Marshall, Mo.....	Feb. 14, 1883	Dec. 6, 1887	100,000	22,500	7,600	14,900
First National Bank, Greene, Iowa.....	Nov. 2, 1883	Dec. 15, 1887	50,000	10,750	3,600	7,750
Fulton National Bank, New York, N. Y.....	July 31, 1865	Dec. 20, 1887	300,000	.....	.....	.....
Fayetteville National Bank, Fayetteville, N. C.....	Dec. 21, 1870	Dec. 31, 1887	200,000	39,580	13,749	25,831
National Bank of Somerset, Ky.....	Dec. 8, 1870	Dec. 31, 1887	50,000	45,000	10,790	34,210
First National Bank, Richburg, N. Y.....	Aug. 11, 1881	Jan. 10, 1888	50,000	25,905	9,770	16,135
Seituate National Bank, North Seituate, R. I.....	Sept. 7, 1865	Jan. 11, 1888	56,000	35,018	10,230	24,788
First National Bank, Auburn, N. Y.....	Feb. 4, 1864	Jan. 23, 1888	150,000	44,400	18,100	26,300
National Bank of Franklin, Ind.....	Aug. 29, 1882	Jan. 31, 1888	50,000	11,250	3,635	7,615
First National Bank, Hampton, Iowa.....	Oct. 13, 1881	Feb. 1, 1888	50,000	11,250	3,440	7,810
Metropolitan National Bank, Cincinnati, Ohio.....	July 12, 1881	Feb. 6, 1888	1,000,000	277,745	68,490	209,255
Greene County National Bank, Springfield, Mo.....	Feb. 17, 1868	Feb. 8, 1888	100,000	22,500	5,247	17,253
First National Bank, Greensburg, Kans.....	Apr. 5, 1887	Feb. 10, 1888	50,000	11,240	1,960	9,280
First National Bank, Central City, Nebr.....	Feb. 2, 1883	Feb. 11, 1888	50,000	10,710	3,310	7,400
Duluth National Bank, Duluth, Minn.....	Aug. 26, 1882	Feb. 20, 1888	300,000	45,000	9,140	35,860
Union Stock Yards National Bank, Chicago, Ill.....	Mar. 12, 1868	Feb. 29, 1888	500,000	45,000	9,765	35,235
Bismarck National Bank, Bismarck, Dak.....	May 3, 1882	Mar. 1, 1888	50,000	11,250	3,160	8,090
First National Bank, Ashton, Dak.....	Jan. 19, 1886	Mar. 6, 1888	50,000	11,250	2,420	8,830
Commercial National Bank, Dubuque, Iowa.....	Mar. 11, 1871	Mar. 20, 1888	100,000	62,170	16,849	45,321
State National Bank, Raleigh, N. C.....	June 17, 1868	Mar. 26, 1888	100,000	22,500	.....	22,500
Citizens' National Bank, Sioux Falls, Dak.....	Nov. 8, 1886	Apr. 24, 1888	50,000	11,250	1,730	9,520
First National Bank Stanton, Mich.....	Apr. 5, 1883	Apr. 30, 1888	50,000	11,250	2,460	8,790
First National Bank, Fairmont, Nebr.....	July 26, 1884	May 1, 1888	50,000	11,250	2,550	8,700
Second National Bank, Xenia, Ohio.....	Feb. 24, 1864	May 3, 1888	150,000	48,470	8,325	40,145
First National Bank, Greenleaf, Kans.....	Oct. 7, 1886	May 9, 1888	50,000	11,250	1,740	9,910
National Bank of Genesee, Batavia, N. Y.....	Apr. 28, 1865	May 21, 1888	75,000	44,434	7,090	37,344
Strong City National Bank, Strong City, Kans.....	July 13, 1883	May 26, 1888	50,000	11,250	1,900	9,350
Citizens' National Bank, Saginaw, Mich.....	Sept. 24, 1880	June 1, 1888	100,000	45,000	5,960	39,040
Madison National Bank, Madison, Dak.....	Dec. 7, 1886	June 13, 1888	50,000	11,250	.....	11,250
Saugerties National Bank, Saugerties, N. Y.....	June 2, 1865	June 16, 1888	125,000	93,316	9,420	83,896
Hyde National Bank, Titusville, Pa.....	Mar. 16, 1880	June 21, 1888	300,000	74,730	18,990	55,740
State National Bank, Omaha, Nebr.....	Dec. 15, 1886	July 18, 1888	100,000	22,500	2,800	19,700
Cincinnati National Bank, Cincinnati, Ohio.....	Apr. 12, 1883	Aug. 1, 1888	280,000	52,510	3,010	49,500
First National Bank, Worthington, Minn.....	Aug. 19, 1886	Sept. 5, 1888	75,000	16,875	2,400	14,475
South Framingham National Bank, South Framingham, Mass.....	June 28, 1880	Sept. 8, 1888	100,000	21,720	1,350	20,370

4 REPORT OF THE COMPTROLLER OF THE CURRENCY.

STATEMENT OF NATIONAL BANKS CLOSED DURING THE YEAR—Continued.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Re-deemed.	Outstanding.
Lowell National Bank, Lowell, Mich	June 14, 1865	Sept. 11, 1888	\$50,000	\$24,870	\$2,230	\$22,640
First National Bank, Grass Valley, Cal	Mar. 16, 1887	Sept. 18, 1888	50,000	11,250	.....	11,250
Merchants' National Bank of West Virginia, Morgantown, W. Va	Aug. 3, 1865	Oct. 4, 1888	110,000	81,480	1,070	80,410
First National Bank, Cawker City, Kans	Mar. 1, 1882	Oct. 9, 1888	50,000	11,250	.....	11,250
Total			6,071,000	1,482,053	291,130	1,190,923

Of the above banks thirty-four went into voluntary liquidation and eight failed.

THIRD.

SUGGESTIONS AS TO AMENDMENTS TO THE LAWS RELATING TO BANKING BY WHICH THE SYSTEM MAY BE IMPROVED AND THE SECURITY OF THE HOLDERS OF ITS NOTES AND OTHER CREDITORS MAY BE INCREASED.

I have the honor to renew the recommendations made in the Report of 1887 and to ask for them attention at this session. After carefully considering all the suggestions that have been made from time to time toward providing an adequate and acceptable basis for national-bank circulation to take the place of the bonds now become too scarce and too dear for the purpose, I feel it my duty to submit for the consideration of Congress the following view of the whole subject of national-bank circulation:

Continued contraction in the volume of circulation has been the most prominent feature in the history of the national banks during the last ten years.

The statements in this report, under the proper head, exhibit the persistency of the influences heretofore operative to reduce the volume of national-bank circulation; they also indicate the advent of new influences which are accelerating this reduction, not only by curtailing the circulation of banks already in existence, but by repressing the normal increase of circulation incident to the formation of new banks.

Year by year the Comptroller's reports have called attention to the rising scale of reduction of circulation among existing banks and to the declining ratio in which new banks take out circulation in excess of the amount issued upon the minimum requirement of bond deposits; during the past year there has been practically no such excess, and the effect of the bond situation has extended beyond circulation. It is now checking the formation of new banks, which is like arresting a stream at its source.

During the past year only \$2,375,550 was added to circulation by the new banks and banks increasing capital, while during the previous year \$4,592,000 was added in the same way.

Besides the falling off in the formation of new banks this year, as compared with the two years preceding it, and with the average of the five years from 1883 to 1887, inclusive, 127 national banks have during the past twelve months reduced their bond holdings to the minimum,

and this alone caused the withdrawal of bonds to the amount of \$14,014,400, reducing circulation by \$12,600,000.

On October 31, there were only 1,180 banks that held bonds in excess of the minimum. The amount of bonds so held was \$77,255,863, and the circulation secured by these bonds amounted to \$69,953,277. At the present rate of reduction the excess may disappear in two years, and is sure to do so when the 4½ per cent. bonds mature in October, 1891.

On page 60 is a table showing the net decrease of circulation during each of the last five years. The exceptionally large decrease during 1885 and 1886 is attributable to the redemption of the 3 per cent. bonds.

The limit of \$3,000,000 a month imposed by section 9, act July 12, 1882, upon reduction of national-bank circulation does not apply to such reduction when it is a result of the payment of matured bonds; hence banks holding the 3 per cent. bonds in excess of the minimum requirement generally surrendered the circulation secured by those bonds as fast as these were called for payment, a conclusive proof that circulation was no longer profitable.

During the recent purchases of bonds by the Treasury the restriction of the above section has repeatedly operated to retard and in some cases to prevent sales of bonds held by the Treasurer as security for national-bank circulation; hence the reduction of circulation has not been as large this year as it would have been had there been no hindrance in the law.

The limit of \$3,000,000 a month which restricts the voluntary reduction of circulation to \$36,000,000 a year does not apply to the circulation of banks that fail or of those that go into voluntary liquidation, hence whatever addition to circulation may result from the formation of new banks, and from the smaller banks increasing their capital, is liable to be offset by the retirement of notes of failed and liquidating banks, so that the net decrease may amount to fully \$36,000,000 in a year, and may even exceed that amount if the forces now repressing the growth of the system should reach an intensity sufficient to drive banks out of it.

Whether there is or is not at present any danger of the national-bank system being actually forced into a decline in consequence of the growing scarcity and high prices of United States bonds, there is enough warning in the facts of its recent history and present condition to demand prompt and effectual relief.

Our national banks are too valuable, too deeply rooted in the confidence of the public, too intimately interlaced with the industrial interests and employments of our people, to be left to the risks of neglect or even of inattention.

Apart from whatever danger to the system there may be in neglecting at an early day to provide adequate relief against the influences now operating adversely to its growth, the national-bank circulation taken by itself, merits earnest consideration and will be found well worthy of preservation.

For many years after the inception of the national-bank system the circulation was its most important feature; important to the banks, still more important to the public; for, besides performing a service of incalculable value in the promotion of internal trade through the regulation of domestic exchanges, it constituted up to 1879 an important check upon the gold premium, and thus assisted in the preservation and extension of our valuable foreign commerce on a secure basis.

Resumption would hardly have been attempted in 1879 unless the composition of the currency had been such as to engage the banks to

6 REPORT OF THE COMPTROLLER OF THE CURRENCY.

co-operate in the movement, and without such co-operation resumption could not have been accomplished. On November 1, 1878, the outstanding legal tenders were estimated at \$346,681,016; fractional currency at \$16,000,000; the national-bank circulation outstanding against bonds was \$319,652,121, and against lawful money deposited in the Treasury, about \$2,500,000 more, making in all \$685,000,000 of paper against which the Treasury held only \$126,000,000 in gold coin and bullion and the banks less than \$31,000,000.

Grave apprehensions were entertained as to the prudence of undertaking resumption with only \$157,000,000 of gold to meet possible demands amounting to \$685,000,000. There was a vast amount of discussion through the medium of the press and in Congress, while the records of Congressional inquiry on this subject, as late as December, 1878, make quite a volume and show with what misgivings the project was regarded.

The real strength of the situation, however, consisted in the fact that the national banks were holding in legal-tender notes and certificates \$97,000,000, which, with the \$15,000,000 in the 5 per cent. redemption fund, represented \$112,000,000 of demands upon the Treasury that would not be presented for redemption, and thus the Government was set free to use its \$126,000,000 of coin in preserving the convertibility of only \$234,000,000 legal tenders, scattered all over the country.

The banks had the physical power, of course, to demand coin for their \$112,000,000 on January 1, 1879, but to have exercised that power would have been to ruin themselves, because a run upon the Treasury would have induced a run upon the banks, and they owed the public \$319,000,000 on their circulating notes and \$620,000,000 in deposits, while their entire holdings of lawful money on October 1, 1878, were only \$143,000,000, consisting of—specie, \$30,686,866, legal-tender notes, \$64,428,600, United States certificates of deposit, \$32,690,000, five per cent. redemption fund, \$15,205,541.

It is evident, therefore, that the resumption of specie payments by the Treasury on January 1, 1879, was made possible only by the relations which the law established between the national banks and the Government, because it was the coercion of the law in respect to reserve that accumulated in the banks so large a percentage of the legal-tender notes and thus brought them into hands where the highest conception of public obligation, as well as the most intelligent appreciation of self-interest, came into play to assist in the success of the Treasury policy.

The national banks, therefore, which had at the supreme crisis of 1863 saved the finances of the Government, rendered in 1879, a service only second in importance to that, in enabling the reunited industrial interests of the country to regain the firm footing of definite and stable values.

As soon as resumption was effected, however, the national-bank circulation came under the influences which have since been steadily reducing its volume. The maximum of circulation had been reached in December, 1873, when 1,976 banks, with an aggregate capital of \$490,000,000, had outstanding \$341,000,000 in circulating notes. The long depression following the panic of 1873 arrested the growth of the system so that in June, 1877, 2,078 banks had an aggregate capital of \$477,000,000 and \$299,000,000 circulation.

During three and a half years, therefore, the number of banks increased only 102, while there was a shrinkage in capital of \$13,000,000, and in circulation of \$42,000,000.

At that point of time the refunding operations of the Treasury and

the preparations for resumption began to exercise upon the banks influences tending to reduce their number and capital, but even then their circulation increased slightly. In April, 1879, there were only 2,048 banks in existence, 30 less than in June, 1877, and in October, 1879, there were 2,052 banks, which had barely \$454,500,000 capital, a falling off of \$22,500,000 in two years and four months, while the total circulation had risen to \$322,000,000 from \$299,000,000, thus making up for the reduction of capital.

After this date new influences arose, the banks began to increase in number and to enlarge their capital, while the rapid increase of deposits, due undoubtedly to the confidence inspired by the success of resumption, enabled them to expand their accommodations to the public.

Individual deposits in national banks amounted in October, 1865, to \$500,000,000, but in April, 1879, they were less than \$600,000,000, although the banks had increased in number from 1,513 to 2,048; their capital, surplus, and undivided profits had gone up from \$464,000,000 to \$610,000,000, and their circulation had grown from \$171,000,000 to \$304,000,000.

During the thirteen and a half years between these dates the average amount of individual deposits, as shown by all the reports of condition, was a trifle under \$600,000,000, while the maximum was only \$683,000,000, but immediately after resumption was recognized as a fact established, deposits began to increase; in December, 1880, the aggregate exceeded \$1,000,000,000; it rose in 1881 above \$1,100,000,000, and has steadily increased since; the average of 1888 is \$1,301,088,048, and the highest point was reached on October 4, 1888, when the amount was \$1,350,320,861.

Year by year, with increasing capital and deposits, loans and discounts expanded. In December, 1873, they were less than \$857,000,000, and in April, 1879, they were only \$835,000,000, but in 1888 they have averaged \$1,617,636,312, and have been as high as \$1,674,886,285.

According to all natural laws the circulation of these banks should have kept pace with augmenting resources and with increasing deposits and expanding business, but it has not been so.

Since December, 1879, the national banks have increased in number from 2,052 to 3,151, which is over 53 per cent. Their capital, surplus, and undivided profits were then \$617,501,367.68; they are now (October 4, 1888), \$855,576,646.95, an increase of 38.55 per cent. Loans and discounts have gone up from \$933,000,000 to \$1,674,886,285.29, an increase of 79½ per cent.; but the circulation has declined from \$322,000,000 to \$151,702,809, a decrease of nearly 53 per cent.

If we deduct from circulation at each of these periods the amount represented by the obligatory deposits of bonds, the remainders will represent the circulation voluntarily maintained. In December, 1879, this voluntary circulation was \$233,179,965; on October 31, 1888, it was only \$68,956,627, a reduction of 70½ per cent.

The constant shrinkage of national-bank circulation is attributable largely to the growing scarcity and rising price of United States bonds, but there is also another influence at work of which the importance is not generally recognized, namely, the displacement of national-bank notes by other forms of money.

At the end of 1878 the paper money of the country amounted, as has been stated, to \$685,000,000, which supplied all the needs of Treasury disbursements and of currency circulation, except those arising out of transactions in foreign exchange, the payment of gold interest, and the collection of duties on imports.

8 REPORT OF THE COMPTROLLER OF THE CURRENCY.

These latter needs were supplied by a stock of coin and of coin certificates held in the principal Eastern sea-ports, estimated at \$35,000,000, which, with \$40,000,000 coin said to have been in circulation in Texas and on the Pacific slope, and the \$685,000,000 of paper, made the total circulation at the end of 1878 about \$760,000,000. The Treasury held in United States and national-bank notes \$82,600,000, against which there were outstanding certificates of deposit to the amount of \$39,000,000, leaving the balance, viz, \$43,000,000, to be deducted from the total of \$760,000,000 in order to ascertain the amount of currency actually employed. Upon this computation it would appear that the effective circulation just before resumption was less than \$720,000,000.

The resumption of specie payments went into effect on January 1, 1879, and as soon as the public became satisfied that it was permanent, the heretofore hoarded specie began to enter into general circulation. The effect, of course, was an expansion of the currency; not suddenly, because the habit of hoarding is never suddenly discontinued, but gradually, as confidence in the situation made its way among the people.

The amount thus added to the circulating medium has been estimated at \$140,000,000, which includes subsidiary and minor silver coin, \$70,000,000.

Another influence under which the volume of the circulating medium has constantly been expanded is that of the silver-dollar coinage law of 1878. Under that law the number of standard silver dollars coined up to October 31, 1888, is \$309,780,790, and every month hereafter, as long as the law exists, at least \$2,000,000 more must be coined and sent to the Treasury to be put into circulation.

The standard silver dollars, as coins, have never entered into circulation in numbers at all proportioned to the number coined, nor did the silver certificates issued under the act of February 28, 1878, fare any better, but the silver certificates authorized by the act of August 4, 1886, have been very largely absorbed by the public, not apparently because any attention is paid to the basis of their issue, but because they constitute the only supply of notes of small denominations.

As a result of all the influences that have come into play since 1879, the total volume of money in the United States has so increased that it is now estimated to amount to \$1,700,000,000, against less than \$1,040,000,000 on January 1, 1879, an increase of \$660,000,000 in total volume, while the national-bank circulation in the same time has decreased by nearly \$83,500,000.

The fact that for a long time past large sums have been accumulated in the Treasury without disturbance to business affords very strong grounds for believing that the volume of currency is excessive, and this inference is strengthened by two facts of recent occurrence—first, the fact that when the Treasury accumulations rose, as they did, during September, 1887, from \$259,546,540 to \$275,307,883.25, the effect upon business was immediate and serious, and, secondly, the fact that the transfer from the Treasury to depository banks of about \$40,000,000 between October, 1887, and January, 1888, relieved the stringency, although a large part of this sum was offset by excessive revenues during that period, and although also the Treasury still contained a great deal of idle money.

While this is being written another fact of still greater significance is added to those already cited, namely, the export of gold. To any one who considers the component elements of our currency it must be obvious that gold is the only one that can be both increased and dimin-

ished in volume in response to the changing volume of the need or more properly of the use, for currency; and its export, except when assignable to other causes, is a sure indication that the total volume of currency is for the moment in excess of the amount that can be profitably employed.

The silver element is by statute constantly augmenting in volume, but the export of our silver coins is prevented because they have, in the United States, a value as compared with the same weight and fineness of silver uncoined as 100 is to 73, while everywhere else they have only their bullion value. For a like reason silver coins are not used in the arts as gold coins are; because to workers in silver, bars are far cheaper than dollars. Hence the silver coinage is an element constantly increasing in volume.

The legal tenders are fixed by statute at \$346,681,016, so that their volume is subject to neither increase nor decrease.

The national-bank notes are theoretically subject to increase and decrease of volume, but apart from the influences which have for a long time produced a steady decrease, the law itself interposes an obstacle to flexibility. Section 9, act July 12, 1882, limits the voluntary decrease of national-bank circulation to \$3,000,000 a month and forbids any increase of circulation to be issued to a bank within six months after it has made a deposit of lawful money for the purpose of reducing circulation.

The gold element of the currency is alone and peculiar in this, that its volume and distribution are determined not by statute, but by the natural laws of finance.

During the years subsequent to 1878, when business, restored to the solid basis of gold values, was constantly expanding and therefore constantly needing increased supplies of circulating medium, we not only retained for home use our large annual production of gold, but whatever additional amounts our business required flowed into the country from foreign nations, and that in spite of some very distinct efforts on their part to prevent it.

On the other hand, when from time to time there occurred a subsidence in the tide of national prosperity or a depression in any of our greater industries, so that for the moment the amount of money in circulation exceeded the use for it, gold exports relieved the situation.

Of late years, however, the gold movement across the Atlantic has become much more sluggish because something has been found to take its place, and, to some extent at least, to serve the purpose of regulating exchanges and transferring capital. Certain securities on the New York stock-list have come to be largely and constantly dealt in at the European monetary centers, and as, by means of cable communication and through the close competition of dealers, their values are generally nearly at a level in all markets, they supply a cheaper medium of settlement than gold and a more convenient basis for exchange operations.

This "arbitrage" business, as it is called, has already exercised an important influence upon the preservation and distribution of our stock of gold, and has probably contributed to crowding national-bank notes out of circulation by impeding the export of gold at times and under conditions which would at former periods have produced an outflow. To explain: Before this new business came in the dealers in foreign exchange, being dependent wholly upon gold to settle their balances, or to serve as a basis for drafts or credit whenever the supply of commercial bills proved insufficient, were compelled to carry a stock of coin or bullion, and this constituted a fund apart from the general monetary

10 REPORT OF THE COMPTROLLER OF THE CURRENCY.

stock of the country; its transfer back or forth across the Atlantic followed the fluctuations in foreign-exchange premium, and only when it became exhausted, or threatened to become exhausted, was there any drain upon the general stock of gold currency. The publicity attending gold shipments enabled the whole business world to perceive the drift of the metal one way or the other, and bankers and merchants alike could prepare in advance for the moment when the stock of current coin should be drawn upon to supply the foreign demand.

It is not so with the securities in question; they have become the stock in trade of dealers in foreign exchange; they are shipped back and forth according as exchange quotations fluctuate; indeed, in many cases they are not even shipped; the ownership of them is transferred by a cablegram, and this transfer supplies a basis for bills or credits. Whether they are shipped or otherwise dealt with, however, the transactions in these securities, or in respect to them, are completely cloaked from public observation, and, therefore, neither bankers nor merchants can now obtain any warning of the approach of a state of foreign exchanges which may necessitate the export of gold, nor can they by any means perceive, nor by the exercise of any sagacity securely estimate, the extent to which such shipments may be made or the length of time they may continue.

The old computations as to what was called "the balance of trade" supplied some sort of basis for an estimate of probable gold movements, but now the utility of such computations has been destroyed because the values transferred through the medium of securities are very great and are utterly beyond determination.

Another feature of the present foreign exchange business should not be overlooked in tracing the relations between that business and our monetary system, namely, the existence of banking houses with partners or agents on both sides of the Atlantic, and employing a great money capital.

Formerly capital was seldom transferred from one country to another for long periods of time without either a change in its ownership or a change of domicile on the part of its owner, whereas now there are masses of capital that really belong to no particular country, but are always "on the road" in the form of bills of exchange. This capital, supplemented by the almost unlimited credit of the bankers who direct its employment, substantially controls the course of international exchanges, but its movements are as noiseless as those of the electric current by which they are guided, and as secret as the cipher language in which alone they are recorded.

It is impossible that there should be no danger in all this to a monetary system like ours. While the arbitrage business has set free some gold for other employment, it creates by that very effect a danger of considerable importance, namely, the danger of a general disturbance of industry whenever the balances to be settled or the movements of capital exceed the available supply of securities, and resort must again be had to gold shipments, producing not only a contraction of the currency, which, under existing circumstances, is no great matter, but also, what is far more disturbing, causing a visible depletion of reserves at the main center of our entire monetary system.

It must be remembered that gold has only been relegated to the second place in our foreign exchange dealings; it is not banished nor disqualified. It has not, like silver, become *functus officio* in international trade; it is still the measurer of commercial values, still the only medium of liquidation that is equally effective everywhere, and the danger

now is that, instead of moving in small amounts promptly in sensitive response, as formerly, to fluctuations in exchange, it may some day slide away from us in masses under some sudden escape of influences heretofore concealed from observation, and also perhaps held in check, by the arbitrage system. If we are really exposed to such a danger, we can not begin too soon to prepare for it, and prudence counsels that the first step should be to protect the Treasury against any possible embarrassment.

The \$346,000,000 of greenbacks are the weak point in our currency system. The gold coins and certificates stand first, the national-bank notes next, the silver coins and certificates third, and the greenbacks last in the order of assured value, and it would be a great benefit to the whole mass of the currency if this, its frailest element, could be eliminated from it.

The present state of things seems favorable to the substitution of national-bank notes for greenbacks, and to that end I venture to submit for the consideration of Congress the following measures:

1. Funding in bonds the greenback debt of \$346,681,016, or so much of it as may be presented at the Treasury within a limited period of time, say three years.

2. The bonds to be issued only to national banks presenting greenbacks for that purpose; to bear a low rate of interest, not exceeding 2½ per cent., and to mature only upon the failure of the bank or upon its dissolution, whether voluntary or upon expiration of its corporate existence.

3. The bonds so issued to be available only as a deposit to secure national-bank circulation and to entitle the banks depositing them to receive circulating notes to the amount of their face.

4. Existing banks to be required, for a time at least, to retain on deposit the bonds they now have to the minimum amount required by existing laws and to use the new bonds only for procuring additional circulation, or in substitution for whatever bonds they may now have on deposit in excess of the minimum, but the new bonds to be available for all purposes by banks organized after the passage of the act.

5. The National Bank Redemption Agency at Washington to be transferred to New York, and a sub agency to be established at each central reserve city, the notes of all banks wherever situated to be redeemed at whichever agency they may be presented.

In support of these measures it may be said—

1st. That they provide for the retirement of the greenback circulation without even a temporary contraction of the currency, because arrangements can and should be made to issue the national-bank notes immediately upon the presentation of the greenbacks for the purpose of being funded.

2d. That upon the retirement of these obligations the \$100,000,000 of gold held in the Treasury as a special fund for their redemption will become an available asset and may be paid out, adding just that much to the active circulation.

3d. With the greenbacks taken out of the category of demand obligations of the Government, the Treasury will be in a better position than now to maintain the silver coinage at par with gold; and, on the other hand, specie and specie certificates will be held much more largely by the banks than they are now, and this will tend to relieve the strain upon the Treasury.

4th. As the greenbacks will not be extinguished, but held in a state of suspended monetary vitality until the failure or liquidation of a bank

12 REPORT OF THE COMPTROLLER OF THE CURRENCY.

requires their use in the redemption of its notes, they will constitute a reserve fund lying in the Treasury ready for use, at any moment of emergency, in the redemption of any portion of the national-bank currency that may become discredited.

5th. Assuming that \$300,000,000 of greenbacks will be eventually funded in this way; assuming that the bonds bear interest at the rate of $2\frac{1}{2}$ per cent. per annum, payable semi-annually, and assuming that the present tax on circulation is maintained at the rate of one-half per cent. every six months, the annual charge to the Government will be about \$4,500,000, and against this it gets the use of \$100,000,000 for paying off that much bonded debt bearing $4\frac{1}{2}$ per cent. per annum interest, and escapes the expense of redeeming and renewing the legal-tender notes.

6th. Even if the entire \$4,500,000 per annum should be added to the permanent expenses of the Government it would be but a small price to pay for the service which the banks will render both to the Government and to the public through the instrumentality of such a circulation as theirs will then be.

7th. The moderate profit of $1\frac{1}{2}$ per cent. per annum will be materially reduced by the expenses of redemption and supervision, including loss of interest on the redemption fund, so that the banks will not realize quite as much as the Government pays, but still it will probably constitute a sufficient incentive to banks to fund all the greenbacks they can, and when the whole issue is funded whatever amounts are from time to time paid out in redemption of the notes of failed banks will probably be collected and presented afresh in order that circulation may be obtained for them.

8th. The public will be benefited by having a bank-note circulation amply secured and of which every note is redeemable in coin or in a certificate representing coin actually on deposit in the Treasury, and redeemable, too, not only at the bank which issued it, but at any central reserve city; a circulation large enough in volume to admit of easy and prompt adjustment to the varying needs of different localities, its flexibility secured by the constant pressure of the Government tax on the one side and the constant inducement of the bond interest on the other, while the numerous points of issue and their wide distribution over the country afford ample protection against combinations or other devices for artificially expanding and contracting the circulation.

9th. With such a resource at hand we may view with indifference the transfer abroad of a large part of our burdensome and unprofitable stock of gold, where it will be more useful to us in expanding the markets for our exports of agricultural products than it can be here locked in the Treasury.

10th. The national-bank system will be restored to healthy activity and stimulated to fresh growth especially in those parts of the country where such banks are most needed and are now found in least numbers.

LAWS REGULATING INTERSTATE COMMERCE.

Occasion was taken last year to call attention to the divergent, and even contradictory, character of the laws prevailing and of the decisions which have been rendered, in different States in respect to substantially the same points of general commercial practice. A more extended observation of interstate commercial relations, particularly in connection with so much of the business of the national banks as consists of operations in exchange arising out of transactions between citizens of different States, confirms the views intimated in the Report of 1887 as

to the importance of national legislation for removing the confusion and friction caused by the differences of local laws and judicial construction.

The establishment and extension of the national banking system and the regulation by Congress of interstate transportation constitute successive steps in the direction of that regulation of trade between the States which the Constitution authorizes if it does not enjoin upon Congress.

The next step to these, in logical sequence, would appear to be the enactment of a commercial code applicable to transactions between citizens of different States, and as such a code would naturally tend to the extension of the benefits now derived by the public from the national banking system, it seems proper to include this subject among those which the Comptroller of the Currency is privileged to bring to the attention of Congress.

The proposition to establish an interstate commercial code rests, of course, upon the assumption that constitutional authority to do so is included in the power to regulate commerce between the States.

Without venturing to discuss the constitutional question, it may be said in support of the assumption, that the complete regulation of commerce would seem necessarily to involve the enactment, or at least the sanction, of some body of laws defining the obligations and securing the rights of persons engaged in such commerce. The identity in origin of our State systems of law and jurisprudence, and the similarity of the local conditions affecting their development, preserved among them for a long time sufficient uniformity to make them practically a common law, but of late years there has arisen more and more divergence, especially in court decisions, and now the commercial dealings between citizens of different States have become materially embarrassed by the variety and even the contrariety of law and practice prevailing in different parts of the Union with respect to negotiable instruments, partnership accounts, and contracts.

While the banks seem to have the chief interest in this matter, because the laws and decisions in question affect directly that in which they deal, yet this interest is representative only, because behind each check, draft, bill of lading, or promissory note held by a bank there is dependent upon the paper a commercial transaction in which the bank has no part and from which it can derive no profit.

The purchase and sale of merchandise is only the initial point of a commercial transaction; to render it complete the goods must be delivered by the seller and they must also be paid for by the buyer.

From the initial bargain to the final settlement each step is taken only upon the assurance that all the others will follow in due succession; hence an obstruction at any point, either to the delivery of commodities or to payment for them, arrests the whole current of dealings running toward consummation at that point, producing stagnation at the sources of its supply and the paralysis of every organ through which the demand should be transmitted.

Practical experience of the importance of preventing obstruction in the channels of transportation, produced and sustains the law regulating interstate commerce by railroad and river, and now the public is beginning to realize the importance also of preventing obstruction in the channels through which instruments of exchange must pass *pari passu* with the parallel passage of the goods they represent.

The free movement of interstate exchanges is as essential to the marketing of crops and to the distribution of industrial products as are

14 REPORT OF THE COMPTROLLER OF THE CURRENCY.

railroads and steamboats. The latter never move a ton of anything until the exchange drawn against it is negotiated, and assurance is thus secured that the article shipped will be paid for. Producers have suffered a loss of markets from financial disorder much more frequently than from transportation derangement; hence, in facilitating financial transactions and relations between citizens of different States, Congress will promote the great industrial interests of the country quite as effectually as by facilitating the physical transportation of the products of those industries.

Without attempting to cite specific instances or to designate the States concerned, it is sufficient to say that in respect to commercial paper the conflict of law in different States extends to every branch of the subject; and it is not confined to cases of rare occurrence, or to those in which the circumstances are unusual or peculiar, but exists in respect to many matters which are elementary and fundamental, as, for example, the legal force of such instruments as bills of lading, promissory notes, bills of exchange, etc., the obligations of the parties thereto, the steps necessary to charge the different parties with liability, and the extent to which the instruments constitute a charge or lien upon the property in respect to which they are made. In many instances the force of the instruments has to be determined by the laws of a State in which the statutes or the leading decisions differ from those prevailing at the place of negotiation; and as bank officers can not be familiar with the laws of every State and Territory, and also with all the decisions throughout the country, they must often be thrown into perplexity about what might be a very simple business, except for this conflict of laws. In all such cases increased expense affords the only practicable solution, and such increase falls upon the producer in the form of premium or discount.

The laws of the various States differ most widely in respect to bills of lading. In some States a bill of lading is by statute a negotiable instrument, while in other States it retains its common-law characteristics. Even the statutes making it negotiable are much broader in some States than in others. For example, the statutes of Pennsylvania and Missouri prescribe simply the *manner* of negotiation, *i. e.*, by indorsement and delivery; but do not define the effect of such negotiation, nor place such instruments on the footing of instruments which are the representatives of money, so as to charge them with all the consequences which usually attend or follow the negotiation of bills and notes (*Shaw v. Railroad Company* 101, U. S., 557); whereas, on the other hand, the Maryland statute expressly declares them to be negotiable instruments in the *same sense* as bills of exchange and promissory notes (*Tiedman v. Knox*, 53 Md., 612).

Again, the laws vary in the different States as to the liability of the carrier for the representations made in the instrument. In New York, for instance, it is the rule that the carrier is bound by the representations of its agent that the goods were received, and though, in fact there were no goods received, it is estopped to set up such defense (*Armour v. Mich. Cent. R.R. Co.*, 65 N. Y., 111); but in the Supreme Court of the United States, and in other jurisdictions, the English rule prevails, that the carrier is not liable if its agent issued the bill of lading without any actual receipt of the goods (*Vinton v. Pollard*, 105 U. S., 7). By the laws of some States, therefore, the banker need not look beyond the bill of lading, whereas by the laws of other States he must make further inquiries, if he would be sure of the security. To ascertain, then, how far he may rely upon the bill of lading, he must refer to the laws of the State by which the instrument is governed, which will often be a State

different from his own. Nor can he always determine with certainty what laws apply to it; for it is frequently a very nice and difficult question to decide whether these are the laws prevailing at the place of shipment or those obtaining at the place of delivery.

As to the rules which may govern a draft, or bill of exchange, the conflict is equally great. In the first place, provisions which, by the laws of some States, may be properly inserted, would, by the laws of other States, destroy the negotiable qualities of the instrument, as might likewise the omission of certain provisions; and while the instrument might be negotiable according to the laws of the State where drawn, it might not be such according to the laws of the State in which it is made payable. Again, the rules as to the time of payment are different in the different States, and the banker (with whom it is often important to know the precise time he may expect payment of his bills receivable) may frequently be at a loss to know with respect to an important collection, whether it is payable immediately or is entitled to days of grace. Still again, the contracts of the indorsers may, by some decisions, be governed by laws different from those by which the contract of the drawer is determined. Numerous other questions of this kind will suggest themselves as likely to arise in respect both to the bill of lading and the draft; but it is needless to multiply illustrations.

It has been suggested that uniformity of laws on this subject might be secured by appropriate legislation by the various States. But such uniformity has as yet been unattainable in respect to other matters for which it has been desired. The subject of a uniform system of legal procedure has been agitated for many years, and some very strong efforts have been made in that direction, but as yet little has been accomplished. But were it possible to procure similar legislation by any considerable number of States, or even by all, we should be merely back again where we were under the common law, and as the different provisions of the statutory law would have to be construed by the various State courts, it is not unlikely that these courts would often reach dissimilar conclusions as to the meaning and force of the same provision in the different statutes, just as they have diverged in their application of identical common-law principles. We have an additional illustration of this tendency in the diversity of exposition given to the same or similar provisions in the various codes of procedure, and in the dissimilitude of the decisions in the different States as to the extent to which these provisions change or modify the old rules of pleading and practice. It is true that a system of commercial law adopted by Congress would likewise be subject to judicial construction, but being a statute of the United States, the duty of construing it would properly belong to the Federal courts, and the rules of interpreting it prescribed by the United States Supreme Court would be binding upon every other court; so that, in the main, and certainly in process of time, it would receive the same construction in all courts and in all parts of the country.

The objection to putting general rules of law into the form of statutes would have no application to a code of the kind proposed, for the purpose is not to change the form of expressing the law, by substituting statutory rules for judicial precedents, but to render certain and uniform those rules of commercial law which are now uncertain or different in different localities, a purpose which can not be accomplished by any number of judicial determinations, since the decisions in one State are not binding as precedents in any other States, nor are the Federal courts bound by the adjudications of State courts, or the State courts by Federal decisions.

16 REPORT OF THE COMPTROLLER OF THE CURRENCY.

FOURTH.

STATE, SAVINGS, AND PRIVATE BANKS, AND LOAN AND TRUST COMPANIES.

In order to comply with the fourth requirement of section 333 of the Revised Statutes of the United States, the Comptroller has obtained, through the courtesy of the authorities of twenty-four States which exact returns of this nature, all the information received by them. This information, transmitted sometimes in detail and sometimes compiled by the State officers, embraces the affairs of 2,008 incorporated institutions and 212 private banking concerns, making 2,220 in all.

The returns of the 2,008 corporations obtained from the State authorities comprise statements of condition of 1,209 banks operated under State charters, aggregate capital, \$136,288,327, surplus and undivided profits, \$51,575,928, deposits, \$387,017,523, of 56 loan and trust companies, capital, \$26,913,200, surplus and undivided profits, \$23,411,982, deposits, \$268,739,626; and of 743 savings banks, of which 598 report no capital, and 145 report capital aggregating \$13,122,434. The aggregate surplus and undivided profits of the 743 savings banks is \$123,352,662, and their aggregate deposits amount to \$1,248,072,843. Two hundred and twelve private banks report capital to the amount of \$6,712,636, surplus and undivided profits of \$2,212,158, and deposits of \$20,353,852.

Even among the States which exact returns from banks there are but few that provide adequately for the scrutiny and compilation of the returns by any State officer, and of course no such provision exists where returns are not required. Without some such provision, however, there can be no certainty that there are not errors and omissions in the reports. In one State, in response to the request for a summary of reports of banks reporting, the chief of the department in charge of the returns wrote: "We have no printed report of the condition of banking institutions in this State. We can have an abstract if you wish it. It will cost you \$25, as we will have to get some outside party to come in and make it." In reply that officer was advised that "while Congress requires the Comptroller to get that information (that is, all available information relative to the condition of banks other than national), no appropriation has ever been made to meet any expense attending it, nor are there funds available for defraying the cost of summarizing the reports filed in your office. In a number of States the condition is the same as exists in yours, but without an exception the reports have been intrusted to this office, a copy of the abstract being returned with the reports." The communication concluded with the request that the reports be forwarded at the expense of this office, and with the offer to return, with the papers, a copy of the abstract. Neither the papers nor a reply was received. In another State, banks report only such items as are required to enable the tax department to make the assessment.

In order to obviate error, and as far as possible to obtain complete information, the names and addresses of over 5,700 banks and bankers were secured, and to each was mailed a circular letter, inclosing a blank form, requesting a report of condition of date, June 30, 1888. The request was complied with by over 2,000 banking associations and bankers. Later in the season about one-third of the banks so responding were found to be included in those reported officially by State officers, so that the number, from which returns are classified as unofficial, is 1,307, namely, private banks 991, and incorporated institutions 316.

These 1,307 concerns are in States and Territories in which reports

are not required to be made to local authorities, and they consist of 194 State banks having an aggregate capital of \$18,643,541, surplus and undivided profits of \$5,309,160, and deposits of \$23,030,319; 64 loan and trust companies, with capital of \$26,330,310, surplus and undivided profits of \$12,539,705, and deposits of \$49,138,488; 58 savings banks, of which 28 report capital amounting to \$3,227,887. The aggregate surplus and undivided profits of the 58 savings banks is \$9,343,620, and their aggregate deposits amount to \$116,123,707. Nine hundred and ninety-one private banks report capital to the amount of \$34,129,438, surplus and undivided profits of \$12,665,828, and deposits of \$74,524,990.

A comparison of these returns with those of last year will show an increase of 418 institutions reporting officially, a decrease of 47 reporting unofficially, a net increase of 371.

The returns indicate an increase in number of institutions of about 10 per cent., and of assets of about 9 per cent. Banks to the number of 341 have organized since the last report, the capital of which slightly exceeds \$16,000,000.

As much interest attaches to the operations of the savings banks of the country, a special effort has been made to collect and tabulate all obtainable information relative thereto. The abstract shows returns, official and unofficial, from mutual and stock savings banks, separated and aggregated, and the average amount due each depositor in each class by States, the average of all by classes, and the average of all banks combined.

In 1887 reports were received from 684 savings banks, of which 600 were mutual institutions; this year 801 reported, of which 628 are mutual. Of the latter number all but 22 are located in the New England States and in New York, New Jersey, Pennsylvania, Delaware, and Maryland; in all of which, except the three latter States, statistics are at hand giving the average dividends paid; in one the rate is $2\frac{3}{4}$ per cent., in three over $3\frac{1}{4}$ per cent. and less than 4 per cent., and in three over 4 per cent. and less than $4\frac{1}{2}$ per cent.

It would be interesting to compare the earnings of the mutual savings banks with those of savings banks having capital stock, but it has been impossible to ascertain the earnings of the latter, owing to the fact that none but the California institutions report dividends and interest allowed depositors.

In California 23 such banks reported to the commissioners on January 1, 1888, of which 18 paid dividends on capital stock of from 4 to 13 per cent., making an average of 7.2 per cent., nearly; 21, namely, the 18 above mentioned and three others (two of the three having a reserve fund but no capital) paid interest to depositors to the aggregate amount of \$2,551,043.31, the rate varying from 3 to 6 per cent., while two report the payment of neither dividends nor interest. As eleven of the 21 banks pay interest at two or more rates, the amounts on which each rate is paid not being given, it is impossible to show the average, though it appears to be about $4\frac{1}{2}$ per cent. This would indicate that so far as the returns to depositors are concerned, the public benefit of the two classes of savings banks—the stock and the purely mutual—is nearly identical.

All stock savings banks in California are stated by the California bank commissioners, in their report for 1888, to be "business enterprises of private individuals with incidental benefit to the public, in nowise differing in this regard from commercial banks."

Such institutions are regarded on the Pacific coast as an improve-

18 REPORT OF THE COMPTROLLER OF THE CURRENCY.

ment on the purely mutual system. The funds of the stockholders are a guaranty for the safety of those of the depositors, the stockholders being liable for all obligations of the institution to an amount equal to the value of their stock. In addition, the directors or trustees are jointly and severally liable to the creditors and stockholders for all moneys embezzled or misappropriated by the officers.

With a view of throwing some light upon the distribution of the circulating medium of the country, every effort was made to obtain from State banks, Private banks, and Savings institutions the details of their cash holdings. The result will be found on page 24.

In the appendix tables will be found showing by States and Territories the condition of these banks as obtained from official sources and from banks direct (classified as unofficial returns); aggregate resources and liabilities of each class and from both sources; comparative statements of condition of State banks, 1872-'88; loan and trust companies, 1883-'84 to 1887-'88; savings banks, 1883-'84 to 1887-'88; growth of savings banks as shown by deposits, by States, 1830, 1840, and 1850 to 1888; and deposits in savings banks, number of depositors, and average amount due each, by States, in 1886-'87 and 1887-'88.

The following tables present summaries of this information:

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS, ORGANIZED UNDER STATE AND TERRITORIAL LAWS. (FROM OFFICIAL SOURCES.)

	State banks.	Loan and trust companies.	Savings banks.	Private banks.	Total.
	1,209 banks.	56 banks.	743 banks.	212 banks.	2,220 banks.
RESOURCES.					
Loans on real estate.....	\$21,404,692	\$21,719,608	\$479,369,744	\$2,433,700	\$524,927,804
Loans on personal and collateral security.....	125,881,958	133,078,950	141,598,935	12,266,824	412,826,667
Loans and discounts.....	253,163,012	28,634,649	66,333,458	5,822,935	353,954,054
Overdrafts.....	1,808,140	4,741	147,049	465,767	2,425,697
United States bonds.....	2,030,634	22,443,398	163,843,109	326,307	188,643,448
States, county, and municipal bonds.....	144,801	1,981,329	280,625,187	1,731	282,753,048
Railroad bonds and stocks.....	29,500	8,513,428	70,865,515	-----	79,408,443
Bank stocks.....	86,004	437,988	40,741,610	-----	41,265,602
Other stocks, bonds, and mortgages.....	28,122,372	21,441,353	40,006,319	737,680	90,307,724
Due from other banks and bankers.....	54,272,878	13,756,139	52,450,672	3,682,698	124,162,387
Real estate, furniture, and fixtures.....	18,113,980	7,647,122	26,431,082	1,678,696	53,870,880
Current expenses and taxes paid.....	1,454,014	139,117	221,181	41,764	1,856,076
Cash and cash items.....	101,054,228	11,062,751	17,414,793	3,690,773	133,222,545
All other resources.....	10,241,395	4,404,623	10,426,713	295,094	25,367,825
Total.....	617,807,608	275,265,256	1,390,475,367	31,443,969	2,314,992,200
LIABILITIES.					
Capital stock.....	136,288,327	26,913,200	13,122,434	6,712,636	183,036,597
Surplus fund.....	37,928,240	15,454,606	102,985,283	1,002,948	157,371,077
Other undivided profits.....	13,647,088	7,857,376	20,367,379	1,209,210	43,181,653
State-bank notes outstanding..	121,244	a 5,066,708	-----	-----	b 5,187,952
Dividends unpaid.....	816,347	22,464	23,438	-----	862,249
Individual deposits.....	387,017,523	208,739,626	1,248,072,843	20,353,852	1,864,183,844
State, county, and municipal deposits.....	721	26,309	-----	-----	27,030
Deposits of State, county, and municipal disbursing officers.....	261,086	-----	-----	11,732	272,818
Due to other banks and bankers.....	32,891,639	317,154	895,452	1,404,969	35,506,214
Other liabilities.....	8,834,793	10,767,813	5,008,538	748,622	25,359,766
Total.....	617,807,608	275,265,256	1,390,475,367	31,443,969	2,314,992,200

a Debenture bonds.

b Debenture bonds, \$5,066,708; State-bank notes, \$121,244.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 19

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS, ORGANIZED UNDER STATE AND TERRITORIAL LAWS. (FROM UNOFFICIAL SOURCES.)

	State banks.	Loan and trust companies.	Savings banks.	Private banks.	Total.
	194 banks.	64 banks.	58 banks.	991 banks.	1,307 banks.
RESOURCES.					
Loans on real estate.....	\$2,087,884	\$24,886,722	\$21,697,345	\$7,140,369	\$55,812,320
Loans on personal and collateral security.....	13,512,317	41,954,943	23,578,691	54,340,185	133,386,136
Loans and discounts.....	15,952,800	425,716	10,576,042	20,972,444	47,927,002
Overdrafts.....	193,641	19,570	11,152	1,606,619	1,830,982
United States bonds.....	67,000	456,368	19,684,166	1,392,415	21,599,949
States, county, and municipal bonds.....	372,320	25,150	6,823,988	760,673	7,982,081
Railroad bonds and stocks.....	3,938,380	7,189,002	18,819,843	1,168,584	31,145,809
Bank stocks.....	133,049	222,480	454,556	695,492	1,505,577
Other stocks, bonds, and mortgages.....	1,960,611	9,868,417	14,655,317	3,680,009	30,164,354
Due from other banks and bankers.....	4,505,328	6,035,783	4,652,485	17,218,193	32,411,789
Real estate, furniture, and fixtures ..	2,132,674	6,304,669	2,558,261	8,431,614	19,427,218
Current expenses and taxes paid.....	314,144	466,056	254,226	866,808	1,901,234
Cash and cash items.....	4,260,719	8,725,547	4,150,524	11,136,398	28,273,188
All other resources.....	4,468,842	1,807,798	1,514,136	2,859,484	10,650,260
Total.....	53,899,709	108,388,221	129,460,682	132,269,287	424,017,899
LIABILITIES.					
Capital stock.....	18,643,541	26,330,310	3,227,887	34,129,438	82,331,176
Surplus fund.....	3,446,228	8,650,765	6,651,657	8,585,290	27,333,940
Other undivided profits.....	1,862,932	3,888,940	2,691,963	4,080,538	12,524,373
State-bank notes outstanding.....	27,190	29,353,829	-----	21,000	69,402,019
Dividends unpaid.....	229,112	175,855	14,050	84,658	503,675
Individual deposits.....	23,030,319	49,138,488	116,123,707	74,524,990	262,817,504
State, county, and municipal deposits.....	114,531	-----	-----	2,419,440	2,533,971
Deposits of State, county, and municipal disbursing officers.....	74,618	-----	10,680	1,052,307	1,137,605
Due to other banks and bankers.....	1,647,303	1,729,811	159,358	3,496,479	7,032,951
Other liabilities.....	4,823,935	9,120,223	581,380	3,875,147	18,400,685
Total.....	53,899,709	108,388,221	129,460,682	132,269,287	424,017,899

a Debenture bonds.

b Debenture bonds, \$9,353,829; State-bank notes, \$48,190.

20 REPORT OF THE COMPTROLLER OF THE CURRENCY.

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF ALL STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS, ORGANIZED UNDER STATE AND TERRITORIAL LAWS.

	Official.	Unofficial.	Total.
	2,220 banks.	1,307 banks.	3,527 banks.
RESOURCES.			
Loans on real estate.....	\$524,927,804	\$55,812,320	\$580,740,124
Loans on personal and collateral security.....	412,826,667	133,386,136	546,212,803
Loans and discounts.....	353,914,054	47,927,002	401,881,056
Overdrafts.....	2,425,697	1,830,982	4,256,679
United States bonds.....	188,643,448	21,599,949	210,243,397
State, county, and municipal bonds.....	282,753,048	7,982,081	290,735,129
Railroad bonds and stocks.....	79,408,443	31,145,809	110,554,252
Bank stocks.....	41,265,602	1,505,577	42,771,179
Other stocks, bonds, and mortgages.....	90,307,724	30,164,354	120,472,078
Due from other banks and bankers.....	124,162,387	32,411,789	156,574,176
Real estate, furniture, and fixtures.....	53,870,880	19,427,218	73,298,098
Current expenses and taxes paid.....	1,856,076	1,901,234	3,757,310
Cash and cash items.....	133,222,545	28,273,188	161,495,733
All other resources.....	25,367,825	10,650,260	36,018,085
Total.....	2,314,992,200	424,017,899	2,739,010,099
LIABILITIES.			
Capital stock.....	183,036,597	82,331,176	265,367,773
Surplus fund.....	157,371,077	27,333,940	184,705,017
Other undivided profits.....	43,181,653	12,524,373	55,706,026
State-bank notes outstanding.....	a 5,187,952	b 9,402,019	c 14,589,971
Dividends unpaid.....	862,249	503,675	1,365,924
Individual deposits.....	1,864,183,844	262,817,504	2,127,001,348
State, county, and municipal deposits.....	27,030	2,533,971	2,561,001
Deposits of State, county, and municipal disbursing officers.....	272,818	1,137,605	1,410,423
Due to other banks and bankers.....	35,509,214	7,032,951	42,542,165
Other liabilities.....	25,359,766	18,400,685	43,760,451
Total.....	2,314,992,200	424,017,899	2,739,010,099

a Debenture bonds, \$5,066,708; State-bank notes, \$121,244.

b Debenture bonds, \$9,353,829; State-bank notes, \$48,190.

c Debenture bonds, \$14,420,537; State-bank notes, \$169,434.

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF STATE BANKS, 1887-'88.

OFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
New Hampshire.....	1	\$50,000	\$14,549	\$40,257
Rhode Island.....	10	1,766,685	173,833	1,267,567
Connecticut.....	8	2,390,000	438,533	3,985,603
New York.....	122	24,920,700	16,374,623	140,043,155
New Jersey.....	8	1,085,000	341,654	3,128,522
Pennsylvania.....	77	7,852,589	2,892,777	30,412,607
Virginia.....	64	3,468,739	1,167,989	10,653,301
North Carolina.....	16	1,095,170	340,045	1,181,422
Louisiana.....	6	2,117,259	567,308	5,819,890
Kentucky.....	83	12,597,937	3,357,941	19,919,044
Ohio.....	25	1,504,100	319,079	3,837,018
Indiana.....	32	1,742,500	259,136	3,304,201
Michigan.....	31	2,071,200	549,013	6,539,253
Wisconsin.....	64	3,821,100	1,301,602	22,429,490
Iowa.....	74	4,028,743	930,462	7,167,008
Minnesota.....	61	5,733,000	1,544,270	14,702,727
Missouri.....	238	13,430,003	7,067,806	54,058,807
Kansas.....	177	6,569,699	985,129	9,887,858
California.....	110	39,893,903	12,341,586	48,309,118
Montana.....	2	150,000	8,570	330,675
Total.....	1,209	136,288,327	51,575,928	387,017,523

REPORT OF THE COMPTROLLER OF THE CURRENCY. 21

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF
STATE BANKS, 1887-'88—Continued.

UNOFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
Delaware	2	\$420,000	\$71,419	\$455,175
Maryland	9	2,484,480	536,279	3,861,217
West Virginia	10	453,744	241,900	1,471,907
South Carolina	8	420,000	110,700	436,720
Georgia	19	7,661,477	2,680,518	5,328,861
Alabama	7	705,625	210,699	716,333
Mississippi	14	1,079,000	368,210	2,245,511
Arkansas	5	288,600	46,811	618,174
Tennessee	28	2,336,690	578,580	4,033,526
Nebraska	69	2,201,100	370,509	3,314,267
Dakota	23	590,425	87,535	549,228
Total	194	18,643,541	5,309,160	23,130,310

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF
LOAN AND TRUST COMPANIES, 1887-'88.

OFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
Maine	5	\$435,000	\$44,223	\$725,300
New Hampshire	3	400,000	41,173	297,520
Massachusetts	11	5,050,000	2,715,395	41,230,824
Rhode Island	2	1,500,000	159,804	8,180,236
Connecticut	8	1,036,600	299,607	2,983,732
New York	21	16,596,100	19,942,211	154,601,138
Minnesota	6	1,895,500	209,569	718,876
Total	56	26,913,200	23,411,982	208,739,626

UNOFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
Pennsylvania	16	\$14,106,610	\$9,050,674	\$38,589,403
Illinois	6	2,479,000	1,230,054	7,364,824
Iowa	6	1,415,000	173,917	343,190
Missouri	6	2,176,700	827,405	888,083
Kansas	17	3,838,600	801,577	1,649,194
Nebraska	6	1,390,000	310,821	258,219
Dakota	7	924,400	145,256	45,575
Total	64	26,330,310	12,530,705	49,138,488

22 REPORT OF THE COMPTROLLER OF THE CURRENCY.

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF SAVINGS BANKS (MUTUAL AND STOCK ASSOCIATIONS), 1887-'88.

MUTUAL, OFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
Maine	55	.....	\$2,403,008	\$38,819,643
New Hampshire	69	.....	5,115,995	53,939,079
Vermont	19	.....	772,625	13,009,847
Massachusetts	173	.....	13,833,916	302,948,624
Rhode Island	37	.....	2,996,982	55,363,283
Connecticut	85	.....	3,514,772	102,189,934
New York	118	.....	85,249,647	505,017,751
New Jersey	24	.....	2,482,129	29,060,189
District of Columbia	1	.....	21,006	923,958
Ohio	4	.....	1,441,514	16,444,306
Indiana	6	.....	183,203	2,645,967
Minnesota	7	.....	183,208	3,786,366
Total	598	.....	118,198,005	1,124,148,947

STOCK, OFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
Vermont	10	\$475,450	\$129,347	\$3,592,219
North Carolina	4	88,975	8,638	127,186
Louisiana	1	100,000	49,149	664,098
Ohio	22	1,712,400	339,623	7,609,974
Michigan	43	3,703,762	1,034,244	22,943,806
Iowa	42	2,637,400	540,129	11,268,079
California	23	4,404,447	3,053,527	77,718,534
Total	145	13,122,434	5,154,657	123,923,896

MUTUAL, UNOFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
Pennsylvania	7	.....	\$5,116,764	\$55,469,516
Delaware	2	.....	284,419	3,187,886
Maryland	17	.....	1,201,448	32,044,508
Illinois	4	.....	198,339	1,249,614
Total	30	.....	6,800,970	91,951,524

STOCK, UNOFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
Maryland	5	\$184,656	\$35,492	\$368,579
South Carolina	6	330,540	350,189	3,243,811
Georgia	5	308,600	85,022	1,761,282
Ohio	6	1,379,091	815,251	7,748,204
Illinois	5	975,000	1,234,231	10,581,240
Utah	1	50,000	22,465	469,067
Total	28	3,227,887	2,542,650	24,172,183

REPORT OF THE COMPTROLLER OF THE CURRENCY. 23

NUMBER, CAPITAL, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF PRIVATE BANKS, 1888.

OFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
North Carolina	10	\$247, 000	\$73, 267	\$404, 026
Wisconsin	72	972, 978	554, 281	5, 742, 445
Missouri	91	1, 370, 241	892, 447	7, 014, 669
California	30	3, 793, 092	596, 838	6, 477, 331
Wyoming	9	329, 325	95, 325	715, 381
Total	212	6, 712, 636	2, 212, 158	20, 353, 852

UNOFFICIAL.

States, etc.	No.	Capital.	Surplus and undivided profits.	Deposits.
Maine	2	\$60, 000	\$6, 507	\$146, 626
Massachusetts	5	429, 000	217, 210	626, 414
Connecticut	3	56, 285	2, 907	288, 804
New York	36	905, 738	364, 021	2, 258, 153
New Jersey	6	346, 214	206, 396	1, 470, 396
Pennsylvania	39	1, 280, 843	1, 116, 847	8, 932, 477
Maryland	3	135, 408	1, 465	63, 192
Virginia	3	110, 000	42, 726	386, 325
South Carolina	3	161, 353	5, 567	43, 513
Georgia	8	600, 898	34, 638	171, 672
Florida	7	129, 164	25, 772	374, 885
Alabama	6	273, 500	1, 223, 175	1, 315, 669
Mississippi	2	52, 000	18, 728	73, 161
Louisiana	2	167, 000	26, 125	82, 642
Texas	26	2, 833, 569	323, 067	2, 590, 754
Arkansas	7	219, 500	26, 030	437, 820
Kentucky	12	536, 180	60, 729	1, 010, 819
Ohio	69	2, 492, 534	984, 821	8, 637, 624
Indiana	39	2, 264, 609	354, 895	4, 893, 064
Illinois	120	5, 067, 412	2, 829, 321	15, 335, 137
Michigan	53	1, 087, 687	209, 922	2, 278, 518
Wisconsin	3	12, 000	6, 207	107, 349
Iowa	134	4, 174, 133	1, 010, 102	6, 388, 870
Minnesota	39	919, 652	293, 266	1, 796, 211
Missouri	5	200, 000	35, 834	447, 335
Kansas	122	3, 834, 127	734, 341	4, 084, 959
Nebraska	125	2, 492, 292	677, 848	3, 447, 089
Colorado	16	474, 897	135, 978	1, 259, 495
Nevada	2	168, 700	34, 834	102, 272
California	3	99, 573	7, 878	81, 930
Oregon	7	187, 900	18, 950	185, 612
Arizona	4	160, 000	60, 291	288, 407
Dakota	63	1, 130, 824	250, 886	874, 716
Idaho	1	50, 000	145, 000	12, 000
Montana	2	119, 320	80, 159	1, 365, 804
New Mexico	3	105, 800	8, 954	154, 345
Utah	6	279, 811	1, 025, 459	894, 021
Washington	9	488, 515	53, 368	1, 619, 370
Wyoming	2	30, 000	4, 524	16, 540
Total	991	34, 129, 438	12, 665, 828	74, 524, 090

24 REPORT OF THE COMPTROLLER OF THE CURRENCY.

NUMBER, CAPITAL STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF ALL STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS (MUTUAL AND STOCK) AND PRIVATE BANKS, 1887-'88.

OFFICIAL.

Classes.	No.	Capital.	Surplus and undivided profits.	Deposits.
State banks	1, 209	\$136, 288, 327	\$51, 575, 928	\$387, 017, 523
Loan and trust companies	56	26, 913, 200	23, 411, 982	208, 739, 626
Savings banks (mutual)	598		118, 198, 005	1, 124, 148, 947
Savings banks (stock)	145	13, 122, 434	5, 154, 657	123, 923, 896
Private banks	212	6, 712, 636	2, 212, 158	20, 353, 852
Total	2, 220	183, 036, 597	200, 552, 730	1, 864, 183, 844

UNOFFICIAL.

Classes.	No.	Capital.	Surplus and undivided profits.	Deposits.
State banks	194	\$18, 643, 541	\$5, 309, 160	\$23, 030, 319
Loan and trust companies	64	26, 339, 310	12, 539, 705	49, 138, 488
Savings banks (mutual)	30		6, 800, 970	91, 951, 524
Savings banks (stock)	28	3, 227, 887	2, 542, 650	24, 172, 183
Private banks	991	34, 129, 438	12, 665, 828	74, 524, 990
Total	1, 307	82, 331, 176	39, 858, 313	262, 817, 504

A table in the appendix, page 139, shows, by States and Territories, the estimated population of each on June 1, 1888, and the aggregate capital, surplus, undivided profits, and individual deposits of national and State banks, loan and trust companies, and savings and private banks in the United States on June 30, 1888; the average of these per capita of population, and the per-capita averages of such resources in each class of banks, from which it appears that the estimated population of the United States is 61,394,000; total banking funds amount to \$4,766,909,263, which is an average of \$77.64. The per-capita averages of such resources in each class of banks are: National banks, \$34.76; State banks, \$10.13; loan and trust companies, \$5.65; savings banks, \$24.64, and private banks, \$2.46.

The total "cash in bank" held by the 3,527 institutions reporting officially and unofficially is \$161,495,733, of which \$44,288,254 is taken as gold (that amount includes \$5,587,144 in coin, \$591,385 in gold certificates, \$18,445,351 specie, and \$19,664,374, the amount in the California banks), \$1,358,513 silver coin, \$553,507 silver certificates, \$28,954,575 legal tenders and national-bank notes, and \$86,340,884 not classified.

For purposes of comparison, the following table is appended:

STATEMENT SHOWING THE AMOUNT OF GOLD, SILVER, ETC., HELD BY NATIONAL BANKS AND OTHER BANKING ASSOCIATIONS, JUNE 30, 1888.

Classification.	National banks.	Other (3,527) banking associations.	Total.
Gold coins	\$74, 825, 783	\$25, 251, 518	\$100, 077, 301
Gold certificates	68, 761, 930	591, 385	69, 353, 315
Gold certificates (clearing-house)	20, 884, 000		20, 884, 000
Silver, dollars	6, 906, 432	} 1, 358, 513	11, 084, 223
Silver, fractional	2, 819, 278		
Silver certificates	7, 094, 854	553, 507	7, 648, 361
National-bank notes	21, 343, 405	} 28, 954, 575	132, 293, 623
Legal-tender notes	81, 995, 643		
Specie, not classified		18, 445, 351	18, 445, 351
Cash, not classified		86, 340, 584	86, 340, 584
Total	284, 631, 325	161, 495, 733	446, 127, 058

REPORT OF THE COMPTROLLER OF THE CURRENCY.

25

FIFTH.

NAMES AND COMPENSATION OF OFFICERS AND CLERKS IN THE OFFICE OF THE
COMPTROLLER OF THE CURRENCY, OCTOBER 31, 1888.

Names.	Grade.	Salary.
William L. Trenholm	Comptroller	\$5,000
Jesse D. Abrahams	Deputy comptroller	2,800
George M. Coffin	Chief of division	2,200
John J. Crawford	do	2,200
Alonzo B. Dickerson	do	2,200
Thomas McGrain	do	2,200
George B. Faxon	Superintendent	2,000
David L. Perkins	Teller	2,000
Theodore O. Ebaugh	Book-keeper	2,000
Charles J. Stoddard	Assistant book-keeper	2,000
Charles E. Brayton	Fourth-class clerk	1,800
Edward A. Demaray	do	1,800
Watson W. Eldridge	do	1,800
John A. Hebrew	do	1,800
George T. May	do	1,800
Edmund E. Schreiner	do	1,800
Walter Taylor	do	1,800
Charles McC. Taylor	do	1,800
Thomas P. Kane	Stenographer	1,600
Harriet M. Black	Third-class clerk	1,600
Sarah F. Fitzgerald	do	1,600
Willis J. Fowler	do	1,600
William H. Heald	do	1,600
Edward S. May	do	1,600
Washington K. McCoy	do	1,600
Isaac C. Miller	do	1,600
Joseph K. Miller	do	1,600
William D. Swan*	do	1,600
Ephraim S. Wilcox	do	1,600
George H. Wood	do	1,600
William E. Colladay	Second-class clerk	1,400
Julia R. Donoho	do	1,400
R. LeRoy Livingston	do	1,400
Mary L. McCormick	do	1,400
Morris M. Ogden	do	1,400
Frank E. Patterson	do	1,400
Margaretta L. Simpson	do	1,400
Arthur M. Wheeler	do	1,400
Eveline C. Bates	First-class clerk	1,200
Willard E. Buell	do	1,200
Eliza R. Hyde	do	1,200
Carrie L. Pennock	do	1,200
Charles A. Stewart	do	1,200
Therese E. Tilley	do	1,200
Anna M. Whiteside	do	1,200
Frederick Widdows	do	1,200
Eliza M. Barker	Clerk	1,000
Alice M. Kennedy	do	1,000
Lafayette J. Garner	Engineer	1,000
Thomas H. Austin	Clerk	900
Margaret L. Browne	do	900
Philo L. Bush	do	900
Louisa Campbell	do	900
Sarah M. Cartwright	do	900
Virginia H. Clarke	Clerk	900
Sarah G. Clomens	do	900
Geraldine Clifford	do	900
Mary L. Conrad	do	900
William S. Davenport	do	900
Amanda W. Doty	do	900
Rossa F. Downing	do	900
Elizabeth E. Ege	do	900
Henry S. Goodall	do	900
Margaret E. Gooding	do	900
Mary B. Harvell	do	900
Lucretia W. Knowlton	do	900
Emma Lafayette	do	900
Loren H. Milliken	do	900
Franklin L. Mitchell	do	900
Mary E. Oliver	do	900
William W. Poultney	do	900
Carrie B. Pumphrey	do	900
Marie Richardson	do	900
Francis M. Richardson	do	900
Hannah Sanderson	do	900

* Additional as bond clerk, \$200.

26 REPORT OF THE COMPTROLLER OF THE CURRENCY.

NAMES AND COMPENSATION OF OFFICERS AND CLERKS IN THE OFFICE OF THE
COMPTROLLER OF THE CURRENCY, OCTOBER 31, 1888—Continued.

Names.	Grade.	Salary.
Eliza A. Saunders.....	Clerk.....	\$900
Payette C. Sneed.....	do.....	900
Mathilda C. Stoffregen.....	do.....	900
Warren E. Sullivan.....	do.....	900
Elise K. Taylor.....	do.....	900
Sarah A. W. Tiffey.....	do.....	900
Julia C. Townsend.....	do.....	900
Caius E. Triplett.....	do.....	900
Morris A. Moore.....	Messenger.....	840
Harry C. Derby.....	Assistant messenger.....	720
William Griffiths.....	do.....	720
Silas Holmes.....	do.....	720
John F. Robertson.....	do.....	720
Langston W. Allen.....	Watchman.....	720
W. Frank Robey.....	do.....	720
Samuel M. Freeman.....	Fireman.....	720
Bessie P. Cowell.....	Laborer.....	660
James F. Govern.....	do.....	660
Herman Stiebeling.....	do.....	660

EXPENSES OF THE OFFICE OF THE COMPTROLLER OF THE CURRENCY FOR THE
YEAR ENDING JUNE 30, 1888.

For special dies, plates, printing, etc.....	\$57, 113. 26
For salaries.....	101, 878. 04
For salaries, reimbursable by national banks.....	16, 550. 39

The contingent expenses of the office are not paid by the Comptroller, but from the general appropriation for contingent expenses of the Treasury Department; no separate account of them is kept.

ORGANIZATION AND EXPENSES OF THE BUREAU OF THE CURRENCY.

It is unnecessary to reiterate what was said in the last Annual Report upon this subject, and what will be found on one point or another in every Report of the Comptroller of the Currency since 1876, as to the inadequacy of the clerical force or means at the disposal of the Comptroller.

I respectfully repeat, however, the specific recommendations submitted last year, as, "in order that the present work of the Bureau may be properly performed, the following changes are essential:

"1. The Deputy Comptroller should have a salary of \$3,500. No less sum can be depended upon to secure or to permanently retain any one entirely qualified for the position.

"2. There should be provided for the Bureau a responsible legal adviser, with such clerks and books as may be necessary to the proper examination of the questions that are daily presented in almost every branch of commercial law.

"3. There should be added to the four divisions now existing a division of archives and statistics.

"Provision should be made by appropriation for an annual conference in Washington of all examiners of national banks, for the employment of supervising examiners, as recommended elsewhere, for such traveling expenses as may be incurred by the Comptroller or Deputy Comptroller in visiting different sections of the country in connection with the banks and banking interests there, and for the accumulation of a library of standard books of reference on subjects relating to banking and financial legislation and administration."

INFORMATION.

Section 333 of the Revised Statutes of the United States, in prescribing the scope of the annual report to be made by the Comptroller of the Currency, imposes upon that officer the further duty of submitting to Congress such other information in relation to the banks as in his judgment may be useful. The following information is accordingly submitted.

THE ORGANIZATION OF NATIONAL BANKS.

During the year under review there has been no change in the laws governing the organization of national banking associations, nor in those which provide for the conversion into such an association of any banking corporation having a State or Territorial charter; hence what was said on this subject in the last Report still applies.

The four following tables give for each State and Territory the number, aggregate capital, bonds, and circulation of national banks existing October 31, 1887, and of banks organized during the year ending October 31, 1888, and show the net increase or decrease in capital, bonds, and circulation for each class of banks during the past year, including failed and liquidating banks.

It will be observed that in the first table the figures showing circulation do not bear in all cases to the figures showing the amount of bonds the relative proportion to be expected from the provision of law which is intended to keep the circulation at 90 per cent. of the par value of bonds. Where discrepancies exist they are attributable to two causes: (1) The occasional surrender of circulation prior to the actual withdrawal of the bonds. (2) The redemption of the notes of failed banks for which deposits have been made with the Treasurer out of collections by receivers in cases where the state of the trust allowed of the retention of bonds for the sake of the interest accruing upon them which would otherwise have been lost if the redemption fund had been provided for by their sale.

Banks newly organized are required to pay in the subscribed capital as follows: At date of authority to commence business, 50 per cent., each month thereafter 10 per cent.; bonds may be deposited in proportion to capital paid in; circulation is issued only upon bonds actually deposited.

28 REPORT OF THE COMPTROLLER OF THE CURRENCY.

States and Territories.	Banks existing October 31, 1887.				Banks organized during year ending October 31, 1888.			
	No.	Capital.	Bonds.	Circulation.	No.	Capital.	Bonds.	Circulation.
Maine	73	\$10,490,700	\$5,496,000	\$5,004,545	2	\$100,000	\$25,000	\$22,500
New Hampshire...	49	6,205,000	4,019,500	2,622,492				
Vermont	49	7,566,000	3,891,000	2,999,054				
Massachusetts	252	95,740,500	33,596,750	30,504,347	2	300,000	62,500	56,250
Rhode Island	61	20,340,050	5,183,900	4,686,584				
Connecticut	83	24,405,410	9,716,100	9,516,540	1	50,000	12,500	11,250
Division No. 1..	567	164,747,660	61,903,250	55,333,562	5	450,000	100,000	90,000
New York	324	85,724,260	30,149,050	27,181,183	3	250,000	62,500	56,250
New Jersey	81	13,024,220	6,862,100	5,981,337	5	300,000	75,000	67,500
Pennsylvania	303	66,389,140	19,701,800	17,600,492	11	1,014,000	203,500	180,000
Division No. 2..	708	165,137,620	56,712,950	50,772,012	19	1,564,000	341,000	306,900
Delaware	17	2,083,985	1,596,700	1,348,070	1	50,000	12,500	11,250
Maryland	48	14,509,960	3,417,000	3,290,499	1	60,000	15,000	13,500
District of Columbia	8	1,827,000	930,000	744,388				
Virginia	25	3,796,300	1,352,500	1,171,366	1	50,000	12,500	11,250
West Virginia	20	1,961,000	761,250	707,392				
Division No. 3..	118	24,178,245	8,057,450	7,261,715	3	160,000	40,000	36,000
North Carolina	18	2,412,280	928,500	867,940	2	150,000	37,500	33,750
South Carolina	15	1,608,000	624,750	533,215	1	50,000	12,500	11,250
Georgia	21	3,050,520	988,500	888,151	4	250,000	62,500	56,250
Florida	10	600,000	217,500	141,108	3	250,000	62,500	56,250
Alabama	20	3,485,100	900,500	851,937	2	100,000	25,000	22,500
Mississippi	12	1,055,000	320,000	258,530				
Louisiana	13	3,425,000	1,500,000	1,442,262				
Texas	91	9,919,750	2,413,500	2,167,628	9	1,395,000	237,500	213,750
Arkansas	7	1,000,000	422,500	335,764				
Kentucky	68	13,310,400	4,105,000	3,783,331	2	164,000	41,000	36,900
Tennessee	40	7,460,000	1,483,750	1,126,410	2	150,000	37,500	33,750
Division No. 4..	315	47,416,050	13,906,300	12,396,276	25	2,509,000	516,000	464,400
Ohio	216	39,896,020	14,329,650	12,809,832	6	960,000	177,500	159,750
Indiana	93	11,894,500	4,848,800	4,477,806	4	420,000	105,000	94,500
Illinois	178	29,391,500	5,809,000	5,168,390	5	1,150,000	150,000	135,000
Michigan	108	14,558,140	3,387,750	3,150,595	5	350,000	87,500	78,750
Wisconsin	56	5,092,000	1,673,000	1,478,779	3	250,000	62,500	56,250
Division No. 5..	651	100,832,160	30,048,200	27,085,202	23	3,130,000	582,500	524,250
Iowa	129	10,230,000	3,080,500	2,789,963	4	260,000	65,000	58,500
Minnesota	58	13,740,000	1,863,550	1,753,225	1	50,000	12,500	11,250
Missouri	50	11,757,280	2,053,300	1,857,068	3	650,000	125,000	112,500
Kansas	142	10,780,800	2,817,000	2,474,115	23	1,610,000	402,500	362,250
Nebraska	104	8,456,100	1,876,500	1,652,338	6	310,000	77,500	69,750
Division No. 6..	483	54,964,180	11,690,850	10,526,709	37	2,880,000	682,500	614,250
Colorado	31	2,751,800	989,000	869,835	3	200,000	50,000	45,000
Nevada	2	150,000	37,500	15,444				
California	33	6,870,000	1,838,750	1,549,135	6	650,000	162,500	146,250
Oregon	23	1,795,000	644,800	617,100	4	200,000	50,000	45,000
Arizona	1	100,000	25,000	21,870				
Division No. 7..	90	11,666,850	3,535,050	3,073,384	13	1,050,000	262,500	236,250
Dakota	62	3,720,000	962,500	866,297	1	100,000	25,000	22,500
Idaho	6	350,000	92,800	72,266	1	100,000	25,000	22,500
Montana	17	1,975,000	480,600	449,745				
New Mexico	9	850,000	240,000	196,243				
Utah	7	850,000	390,000	363,116				
Washington	20	1,580,000	480,000	522,140	4	210,000	52,500	47,250
Wyoming	8	1,075,000	223,750	170,455	1	50,000	12,500	11,250
Division No. 8..	129	10,400,000	2,869,650	2,640,262	7	460,000	115,000	103,500
United States	3,061	579,342,765	188,723,700	169,089,122	132	12,203,000	2,630,500	2,375,550

REPORT OF THE COMPTROLLER OF THE CURRENCY. 29

States and Territories.	Increase among banks existing October 31, 1887, and number of banks concerned in such increase.				Total increase, and number of banks concerned in such increase.			
	No.	Capital.	Bonds.	Circulation.	No.	Capital.	Bonds.	Circulation.
Maine	1	\$100,000	\$12,500	\$22,490	3	\$200,000	\$37,500	\$44,990
New Hampshire ..	1			11,250	1			11,250
Vermont	1			10	1			10
Massachusetts ..	2	500,000			4	800,000	62,500	56,250
Rhode Island ..								
Connecticut					1	50,000	12,500	11,250
Division No. 1 ..	5	600,000	12,500	33,750	10	1,050,000	112,500	123,750
New York	6	820,000	121,250	182,095	9	1,070,000	183,750	238,345
New Jersey	1			11,250	6	300,000	75,000	78,750
Pennsylvania	3	314,000	525,000	378,350	13	1,328,000	725,000	561,500
Division No. 2 ..	10	1,134,000	646,250	571,695	28	2,698,000	987,250	878,595
Delaware	1			10	2	50,000	12,500	11,260
Maryland					1	60,000	15,000	13,500
District of Columbia ..								
Virginia					1	50,000	12,500	11,250
West Virginia	1	5,000	1,250	1,130	1	5,000	1,250	1,130
Division No. 3 ..	2	5,000	1,250	1,140	5	165,000	41,250	37,140
North Carolina ..					2	150,000	37,500	33,750
South Carolina ..	1	25,000	6,250	5,625	2	75,000	18,750	16,875
Georgia	2	75,000	18,500	50,380	6	325,000	81,000	106,630
Florida	1	50,000		31,370	4	300,000	62,500	87,620
Alabama	1			11,250	3	100,000	25,000	33,750
Mississippi	1	50,000	12,500	11,260	1	50,000	12,500	11,260
Louisiana	1			10	1			10
Texas	7	445,700	61,200	55,200	16	1,840,700	298,700	268,950
Arkansas	1			10,000	1			10,000
Kentucky	3	330,000			5	494,000	41,000	36,900
Tennessee	4	115,000	17,750	15,985	6	265,000	55,250	49,735
Division No. 4 ..	22	1,090,700	116,200	191,080	47	3,599,700	632,200	655,480
Ohio	6	725,000	88,500	34,630	12	1,685,000	266,000	194,380
Indiana	2	70,000	30,000	81,070	6	490,000	135,000	175,570
Illinois	1	150,000			5	1,300,000	150,000	135,000
Michigan	2	135,000	8,750	8,310	7	485,000	96,250	87,060
Wisconsin	1	200,000	6,000	5,415	4	450,000	68,500	61,665
Division No. 5 ..	12	1,280,000	133,250	129,425	34	4,410,000	715,750	653,675
Iowa	1	50,000	62,500	9,010	5	310,000	127,500	67,510
Minnesota	6	755,000	77,500	24,750	8	805,000	90,000	36,000
Missouri	2	600,000	350	360	4	1,150,000	125,350	112,860
Kansas	6	350,000	56,250	113,005	29	1,960,000	458,750	475,255
Nebraska	6	870,000	31,250	22,530	12	1,180,000	108,750	92,280
Division No. 6 ..	21	2,625,000	227,850	169,655	58	5,105,000	910,350	783,905
Colorado	5	480,000	32,500	29,240	8	680,000	82,500	74,240
Nevada	2	132,000	33,000	29,700	2	132,000	33,000	29,700
California	7	650,000	62,500	56,280	13	1,300,000	225,000	202,530
Oregon	3	375,000	25,000	22,510	7	575,000	75,000	67,510
Arizona								
Division No. 7 ..	17	1,637,000	153,000	137,730	30	2,687,000	415,500	373,930
Dakota	1	100,000	25,000	50	2	200,000	50,000	22,550
Idaho	1			24,750	2	100,000	25,000	47,250
Montana	1			7,520	1			7,520
New Mexico	1	50,000	37,500	33,750	1	50,000	37,500	33,750
Utah	1	50,000			1	50,000		
Washington	3	75,000	16,250	33,360	7	285,000	68,750	80,610
Wyoming	1	50,000	12,500	11,240	2	100,000	25,000	22,490
Division No. 8 ..	9	325,000	91,250	110,670	16	785,000	206,250	214,170
United States	98	8,696,700	1,381,505	1,345,145	230	20,897,700	4,021,050	3,720,695

30 REPORT OF THE COMPTROLLER OF THE CURRENCY.

Total.	Decrease in capital, bonds, and circulation, with number of banks concerned in such decrease.							
	Failed and liquidating banks.				Banks existing October 31, 1887.			
	No.	Capital.	Bonds.	Circulation	No.	Capital.	Bonds.	Circulation
States and Territories.								
Maine					12		\$572,500	\$515,250
New Hampshire					5		355,000	319,500
Vermont					5		377,000	339,300
Massachusetts	1	\$100,000	\$25,000	\$21,720	39		5,985,650	5,386,380
Rhode Island	1	56,000	15,000	13,500	3		550,000	495,000
Connecticut					16	\$300,000	954,000	857,600
Division No. 1	2	156,000	40,000	35,220	80	300,000	8,764,150	7,913,030
New York	5	700,000	254,500	102,450	35	162,000	3,488,200	3,139,350
New Jersey					8	20,000	383,350	345,015
Pennsylvania	1	300,000	50,000	45,000	26	125,000	1,508,000	1,357,200
Division No. 2	6	1,000,000	304,500	147,450	69	307,000	5,379,550	4,841,565
Delaware								
Maryland					7		1,268,500	1,141,650
Dist. of Columbia					1		100,000	90,000
Virginia					1		210,000	189,000
West Virginia	1	110,000	50,000	10,700	1		37,500	33,750
Division No. 3	1	110,000	50,000	10,700	10		1,616,000	1,454,400
North Carolina	2	300,000	75,000	62,080	3		175,000	157,500
South Carolina					3		175,000	157,500
Georgia					1		75,000	67,500
Florida								
Alabama							50,000	45,000
Mississippi								
Louisiana								
Texas					3	72,900	80,000	72,000
Arkansas								
Kentucky	1	50,000	50,000	45,000	6	20,000	684,000	615,600
Tennessee					5		97,500	87,750
Division No. 4	3	350,000	125,000	107,080	21	92,900	1,336,500	1,202,850
Ohio	3	1,430,000	167,500	165,470	19	100,000	2,298,850	2,068,965
Indiana	1	50,000	12,500	11,250	7	125,000	350,000	297,000
Illinois	1	500,000	50,000	45,000	10	27,500	274,500	247,050
Michigan	3	200,000	75,000	81,120	5		212,500	191,250
Wisconsin					1		50,000	45,000
Division No. 5	8	2,180,000	305,000	302,840	42	252,500	3,165,850	2,849,265
Iowa	3	200,000	50,000	84,170	3	100,000	38,000	34,200
Minnesota	3	875,000	118,750	106,875				
Missouri	3	500,000	100,000	89,430	4		568,400	511,560
Kansas	4	200,000	50,000	44,990	2	25,000	50,000	45,000
Nebraska	4	250,000	63,000	56,160	1		12,500	11,250
Division No. 6	17	2,025,000	381,750	381,625	10	125,000	668,900	602,010
Colorado								
Nevada								
California	1	50,000	12,500	11,250	2		125,000	112,500
Oregon					1		200,000	180,000
Arizona								
Division No. 7	1	50,000	12,500	11,250	3		325,000	292,500
Dakota	4	200,000	50,000	45,000				
Idaho								
Montana					1	25,000		
New Mexico								
Utah								
Washington					2		77,500	69,750
Wyoming								
Division No. 8	4	200,000	50,000	45,000	3	25,000	77,500	69,750
United States	42	6,071,000	1,268,750	1,041,165	238	1,102,400	21,363,450	19,225,370

REPORT OF THE COMPTROLLER OF THE CURRENCY. 31

States and Territories.	Net increase and decrease during the year ending October 31, 1888.					
	Net increase.			Net decrease.		
	Capital.	Bonds.	Circulation.	Capital.	Bonds.	Circulation.
Maine	\$200,000	.....	.....	.....	\$535,000	\$470,260
New Hampshire .....	.....	.....	.....	.....	355,000	308,250
Vermont .....	.....	.....	.....	.....	377,000	339,290
Massachusetts	700,000	.....	.....	.....	5,738,150	5,162,850
Rhode Island .....	.....	.....	.....	\$56,000	565,000	508,500
Connecticut .....	.....	.....	.....	250,000	941,500	846,350
Division No. 1	594,000	.....	.....	.....	8,511,650	7,635,500
New York	208,000	.....	.....	.....	3,546,450	2,992,205
New Jersey	280,000	.....	.....	.....	308,350	266,265
Pennsylvania	903,000	.....	.....	.....	790,000	805,150
Division No. 2	1,391,000	.....	.....	.....	4,644,800	4,063,620
Delaware	50,000	\$12,500	\$11,260	.....	.....	.....
Maryland	60,000	.....	.....	.....	1,253,500	1,128,150
District of Columbia .....	.....	.....	.....	.....	100,000	90,000
Virginia	50,000	.....	.....	.....	137,500	123,750
West Virginia .....	.....	.....	.....	105,000	86,250	43,320
Division No. 3	55,000	.....	.....	.....	1,564,750	1,373,960
North Carolina .....	.....	.....	.....	150,000	212,500	185,830
South Carolina	75,000	.....	.....	.....	156,250	140,625
Georgia	325,000	6,000	39,130	.....	.....	.....
Florida	300,000	62,500	87,620	.....	.....	.....
Alabama	100,000	25,000	33,750	.....	.....	.....
Mississippi	50,000	12,500	11,260	.....	.....	.....
Louisiana .....	.....	.....	10	.....	.....	.....
Texas	1,767,800	218,700	196,950	.....	.....	.....
Arkansas .....	.....	.....	10,000	.....	.....	.....
Kentucky	424,000	.....	.....	.....	693,000	623,700
Tennessee	265,000	.....	.....	.....	42,250	38,015
Division No. 4	3,156,800	.....	.....	.....	779,300	609,450
Ohio	155,000	.....	.....	.....	2,200,350	2,040,055
Indiana	315,000	.....	.....	.....	207,500	132,680
Illinois	772,500	.....	.....	.....	174,500	157,050
Michigan	285,000	.....	.....	.....	191,250	185,310
Wisconsin	450,000	18,500	16,665	.....	.....	.....
Division No. 5	1,977,500	.....	.....	.....	2,755,100	2,498,430
Iowa	10,000	39,500	.....	.....	.....	50,860
Minnesota .....	.....	.....	.....	70,000	28,750	70,875
Missouri	750,000	.....	.....	.....	543,050	488,130
Kansas	1,735,000	358,750	385,265	.....	.....	.....
Nebraska	930,000	33,250	24,870	.....	.....	.....
Division No. 6	3,355,000	.....	.....	.....	140,300	199,730
Colorado	680,000	82,500	74,240	.....	.....	.....
Nevada	132,000	33,000	29,700	.....	.....	.....
California	1,250,000	87,500	78,780	.....	.....	.....
Oregon	575,000	.....	.....	.....	125,000	112,490
Arizona .....	.....	.....	.....	.....	.....	.....
Division No. 7	2,637,000	78,000	70,230	.....	.....	.....
Dakota .....	.....	.....	.....	.....	.....	22,450
Idaho	100,000	25,000	47,250	.....	.....	.....
Montana .....	.....	.....	7,520	25,000	.....	.....
New Mexico	50,000	37,500	33,750	.....	.....	.....
Utah	50,000	.....	.....	.....	.....	.....
Washington	285,000	.....	10,860	.....	8,750	.....
Wyoming	100,000	25,000	22,490	.....	.....	.....
Division No. 8	560,000	78,750	99,420	.....	.....	.....
United States	13,726,300	.....	.....	.....	18,239,150	16,545,740

32 REPORT OF THE COMPTROLLER OF THE CURRENCY.

With a net increase during the year of 90 in the number of banks, and of \$13,726,300 in national-bank capital, there has been a net decrease in circulation of \$16,545,740.

By reference to the table on page 61, showing the details of bond deposits by banks organized within the year, it will be seen that these banks deposited only the minimum required by law, and the same is true of banks increasing their capital.

The table on page 28, exhibiting the elements of increase and decrease during the year, shows that of the \$3,720,695 added to national-bank circulation since November 1, 1887, \$2,375,550 has been issued upon bonds deposited, not for the sake of circulation, but to secure the other advantages afforded by the national-bank system; while on the other hand, with the exception of \$1,041,165 in notes of failed and liquidating banks, the whole reduction in national-bank currency represents the voluntary surrender of circulation by banks which have heretofore held bonds in excess of the minimum requirement.

The circulation surrendered by such banks is \$19,225,370, which is about 20 per cent. of the circulation outstanding a year ago on the bonds representing the excess above the minimum required by law and which may be called the voluntary circulation.

Two new influences have come into play during the past thirteen months, accelerating the retirement of national-bank circulation, viz, (1) the transfer to national-bank depositaries of a part of the redundant revenues of the Government, and (2) the large purchases of bonds by the Treasury Department.

NATIONAL BANK DEPOSITARIES.

In October, 1887, with a view to averting a threatened monetary stringency arising from the abnormal accumulation of cash in the Treasury, the Secretary resolved to increase the amounts in national bank depositaries under section 5153, Revised Statutes. The depositaries have always been required to give United States bonds as security for the public moneys intrusted to them, but owing to the high price, of the bonds and the requirement of section 5191, Revised Statutes as to the reserve to be held against all deposits, the banks were unwilling to receive additional amounts at the old rate of 90 per cent. on $4\frac{1}{2}$ per cent. bonds and par on the 4 per cent., so that it was determined that banks depositing \$1,000,000 in $4\frac{1}{2}$ per cent. bonds might carry not exceeding \$1,000,000 of public moneys, and those depositing \$1,000,000 in 4 per cent. bonds might carry \$1,100,000. Subsequently banks were allowed to deposit less than \$1,000,000 in bonds and to carry balances in the above proportions. Since the bonds of both classes held as security for circulation entitled the banks to only 90 per cent. of their face in circulating notes, against which beside they had to keep up a redemption fund of 5 per cent., the opportunity of obtaining Government deposits on the above terms operated as an inducement to the surrender of voluntary circulation, in order that the bonds thereby released might be transferred to the Secretary to be held as security for public moneys.

The precise extent to which this influence was effective in reducing circulation can not be shown because the transfers were not always made directly. In some cases banks intending to withdraw $4\frac{1}{2}$ per cent. bonds and to surrender the circulation outstanding against them, deposited lawful money to effect the withdrawal and afterward sent on 4 per cent.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 33

bonds as security for the public moneys, and in other cases the deposit of 4 per cent. bonds was made first and the withdrawal of 4½ percents effected afterward, but in both cases it was the terms on which Government funds could be obtained that operated to reduce national-bank circulation.

The subjoined table, showing the transfers directly made from circulation account to public moneys account in each month for the past two years, exhibits in a striking manner the effect of this influence.

STATEMENT BY MONTHS, SHOWING THE AMOUNT OF UNITED STATES BONDS TRANSFERRED FROM THE SECURITIES HELD IN TRUST BY THE TREASURER OF THE UNITED STATES FOR NATIONAL-BANK CIRCULATION TO THE SECURITIES SO HELD FOR PUBLIC DEPOSITS DURING THE TWO YEARS ENDING OCTOBER 31, 1887-'88, AND THE METHODS BY WHICH SUCH TRANSFER WAS MADE.

Date.	Total.	Exchanged.	Substituted.	Transferred by retirement of circulation.
1886.				
November	\$70,000			\$70,000
December	200,000	\$100,000		100,000
1887.				
January	530,000			530,000
February	220,000			220,000
March	145,000			145,000
April	40,000			40,000
May	155,000			155,000
June	60,000			60,000
July	130,000		\$50,000	80,000
August	30,000	30,000		
September	202,500	140,000		62,500
Total for eleven months	1,782,500	270,000	50,000	1,462,500
October	715,000	115,000	100,000	500,000
November	2,018,000	50,000	250,000	1,718,000
December	2,804,000		300,000	2,504,000
1888.				
January	2,479,000	100,000	870,000	1,509,000
Total for four months	8,016,000	265,000	1,520,000	6,231,000
February	75,000			75,000
August	200,000			200,000
September	1,000,000	1,000,000		
Total for nine months	1,275,000	1,000,000		275,000
Total for twenty-four months	11,073,500	1,535,000	1,570,000	7,968,500

11028—CUR 88—3

34 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The total transfers during eleven months ending September 30, 1887, amounted to \$1,782,500, an average of \$171,127 per month, while during the next four months the transfers amounted to \$8,016,000, an average of over \$2,000,000 a month, which four months embrace the period in which the Government funds in national-bank depositaries were being increased, for no new depositaries were designated and no increase of deposits was made after January. During the nine months since January last the transfers amount to only \$1,275,000, of which a million dollars represents merely an exchange or cross transfer between the two accounts, and should not, therefore, be considered at all in this connection.

The effect upon circulation is shown by the fourth column of the table, *i. e.*, during the first eleven months of the period the amount of bonds withdrawn from circulation account without being replaced was \$1,462,500; during the next four months this amount was \$6,231,000, while during the remaining nine months it was only \$275,000, viz: \$75,000 in February and \$200,000 in August, 1888.

BOND PURCHASES BY THE TREASURY.

As has been shown, there was almost a cessation in bond withdrawals from security for circulation as soon as the designation of new depositaries was discontinued.

On April 17 a circular was issued inviting proposals for the sale of bonds to the Government, which resulted in purchases as follows:

Month.	4 per cent. bonds.	4½ per cent. bonds.	Total.
April.....	\$1,075,000	\$2,490,000	\$3,565,000
May.....	12,112,200	5,027,450	17,139,650
June.....	5,094,900	820,100	5,915,000
July.....	444,550	564,700	1,009,250
August.....	4,373,050	1,628,000	6,001,050
September.....	15,800,250	7,674,350	23,474,600
October.....	11,502,700	15,038,000	26,540,700
Total.....	50,402,650	33,242,600	83,645,250

The subjoined table shows the bond withdrawals from circulation account during the year ending October 31, 1888, divided into two periods of six months each, namely, from November 1, 1887, to April 30, 1888, and from the latter date to October 31, 1888.

STATEMENT SHOWING TOTAL WITHDRAWAL OF BONDS HELD AS SECURITY FOR NATIONAL-BANK CIRCULATION BETWEEN OCTOBER 31, 1887, AND OCTOBER 31, 1888, IN PERIODS OF SIX MONTHS EACH, AND THE REDUCTION OF CIRCULATION CONSEQUENT THEREON.

Period.	Bonds withdrawn.	Circulation reduced.
From October 31, 1887, to April 30, 1888.....	\$8,672,500	\$7,805,250
From April 30, 1888, to October 31, 1888.....	13,470,372	12,123,335
Total.....	22,142,872	19,928,585

REPORT OF THE COMPTROLLER OF THE CURRENCY. 35

During the first period the withdrawals amounted to \$8,672,500, from which should be deducted the withdrawals for transfer directly to public moneys security account, as shown in a previous table, viz, \$5,731,000, which leaves a balance of \$2,941,500 withdrawn otherwise.

During the second period the total withdrawals were \$13,470,372, and of this amount, the bonds withdrawn for delivery directly to the Secretary for purchase amounted to \$5,066,950, as is shown by the following statement:

BONDS WITHDRAWN FROM DEPOSIT AGAINST CIRCULATION AND TRANSFERRED TO THE SECRETARY OF THE TREASURY FOR PURCHASE UNDER TREASURY CIRCULAR OF APRIL 17, 1888, SHOWING AMOUNTS OF EACH CLASS OF BONDS AND THE EFFECT OF SUCH WITHDRAWALS UPON CIRCULATION.

Date.	Withdrawn.			Substituted.				Total withdrawn upon deposit of lawful money.
	4 percent.	4½ per cent.	Total.	4 percent.	4½ per cent.	P. R. R. 6 percent.	Total.	
1888.								
May	\$637, 500	\$196, 000	\$833, 500	\$16, 000			\$16, 000	\$817, 500
June	180, 000	210, 000	390, 000		\$20, 000		20, 000	370, 000
July	299, 500	171, 000	470, 500					470, 500
August	90, 000	75, 000	165, 000					165, 000
September	992, 500	65, 000	1, 057, 500			\$50, 000	50, 000	1, 007, 500
October	1, 877, 650	748, 800	2, 626, 450	390, 000			390, 000	2, 236, 450
Total	4, 077, 150	1, 465, 800	5, 542, 950	406, 000	20, 000	50, 000	476, 000	5, 066, 950

NOTE.—Total of bonds withdrawn, \$5,542,950; total of bonds deposited in substitution, \$476,000; net withdrawal of bonds, \$5,066,950; which is made up of reductions in bonds deposited as follows: 4 percents, \$3,671,150; 4½ percents, \$1,445,800, and an increase of 6 per cent. bonds of \$50,000.

It is not as easy to trace bonds withdrawn for sale as to follow those transferred from one account to another in the Treasury, hence the records of this office do not show the displacement of circulation by bond-purchases quite as fully as they show the displacement by Government deposits, but there can be little doubt that the absorption of so large an amount of bonds in so short a time must have produced a strong influence tending to the reduction of the voluntary circulation of banks, and in the absence of any other known influence of the same tendency this must be considered as accounting for the pressure to withdraw bonds which has for three months in succession carried the deposits of lawful money up to the limit of \$3,000,000 imposed by section 9, act July 12, 1882.

In some cases banks have withdrawn their bonds and sold them on the general market, but in time these bonds, or others which they replaced, have come into the Treasury purchases.

36 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The influence of high prices for bonds in reducing voluntary circulation is more a matter of inference than of demonstration, but the following table of prices of bonds during the year will be of interest in this connection:

OPENING, HIGHEST, AND LOWEST PRICES OF UNITED STATES REGISTERED 4 PER CENT. AND 4½ PER CENT. BONDS IN NEW YORK FOR EACH WEEK FROM NOVEMBER 4, 1887, TO NOVEMBER 2, 1888

[Compiled from the Commercial and Financial Chronicle.]

Week ending—	4 per cent. bonds.			4½ per cent. bonds.		
	Opening.	Highest.	Lowest.	Opening.	Highest.	Lowest.
Nov. 4, 1887.....	126½	126½	126½	108½	108½	107½
Nov. 11, 1887.....	126½	127	126½	107½	107½	107½
Nov. 18, 1887.....	127	127	126½	107½	107½	107½
Nov. 25, 1887.....	126½	126½	126½	107½	107½	107½
Dec. 2, 1887.....	126½	126½	124½	107½	107½	107½
Dec. 9, 1887.....	124½	124½	124½	107½	107½	107
Dec. 16, 1887.....	124	125	124	107½	107½	107½
Dec. 23, 1887.....	125	125½	125	107½	108½	107½
Dec. 30, 1887.....	126	126	125½	108½	108½	108
Jan. 6, 1888.....	125½	126	125½	107½	107½	107½
Jan. 13, 1888.....	125½	126½	125½	107½	108½	107½
Jan. 20, 1888.....	126½	126½	125½	108	108	108
Jan. 27, 1888.....	126½	126½	125½	108	108	107½
Feb. 3, 1888.....	126	126	125½	108	108	106½
Feb. 10, 1888.....	126½	126½	125½	106½	106½	106½
Feb. 17, 1888.....	125½	125½	125½	106½	106½	106½
Feb. 24, 1888.....	125½	125½	125½	106½	106½	106½
Mar. 2, 1888.....	125½	125½	124½	106½	106½	106
Mar. 9, 1888.....	124½	124½	124½	106½	106½	106½
Mar. 16, 1888.....	124½	124½	124½	106½	106½	106½
Mar. 23, 1888.....	124½	124½	124½	106½	106½	106½
Mar. 30, 1888.....	124½	124½	124½	106½	106½	106½
Apr. 6, 1888.....	124	124	123½	106½	106½	106½
Apr. 13, 1888.....	124	124½	123½	106½	106½	106½
Apr. 20, 1888.....	123½	124½	123½	106½	107½	106½
Apr. 27, 1888.....	124½	126½	124½	107½	107½	107½
May 4, 1888.....	126½	126½	126½	107½	107½	106½
May 11, 1888.....	126½	126½	126½	106½	106½	106½
May 18, 1888.....	126½	127½	126½	106½	107	106½
May 25, 1888.....	127½	127½	126½	106½	107½	106½
June 1, 1888.....	127½	127½	126½	107	107	107
June 8, 1888.....	126½	126½	126½	107	107	107
June 15, 1888.....	126½	126½	126½	107½	107½	107
June 22, 1888.....	126½	127	126½	107	107½	107
June 29, 1888.....	127	127½	127	107½	107½	107½
July 6, 1888.....	127½	127½	127½	107½	107½	107½
July 13, 1888.....	127½	127½	127½	107½	107½	107½
July 20, 1888.....	127½	127½	127½	107½	107½	107½
July 27, 1888.....	127½	127½	127½	107½	107½	107½
Aug. 3, 1888.....	127½	127½	127½	107½	107½	106
Aug. 10, 1888.....	127½	127½	127½	106½	106½	106½
Aug. 17, 1888.....	127½	127½	127½	106½	106½	106½
Aug. 24, 1888.....	127½	128½	127½	106½	106½	106½
Aug. 31, 1888.....	128½	128½	127½	106½	106½	106½
Sept. 7, 1888.....	127½	128	127½	106½	106½	106½
Sept. 14, 1888.....	128	128½	128	106½	106½	106½
Sept. 21, 1888.....	128½	128½	128½	106½	107½	106½
Sept. 28, 1888.....	129	129	128½	107½	107½	107½
Oct. 5, 1888.....	129	129	129	107½	108½	107½
Oct. 12, 1888.....	129	129	129	108½	108½	108½
Oct. 19, 1888.....	127½	127½	126½	108½	108½	108½
Oct. 26, 1888.....	127½	127½	127½	108½	108½	108½
Nov. 2, 1888.....	127½	127½	127½	108½	108½	107½

The quotations given in the above table are not higher than some quotations in previous years, but as the bonds approach maturity their investment-value declines, and this is to be considered in comparing present prices with those prevailing at past periods of time.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 37

The following table will serve to illustrate this:

COMPARATIVE INVESTMENT-VALUE OF UNITED STATES BONDS, AS DETERMINED BY MONTHLY AVERAGES TAKEN AT INTERVALS OF THREE MONTHS DURING THE YEARS 1885, 1886, 1887, AND 1888.

[Compiled from the records of the office of the Actuary of the Treasury.]

Date.	4½ per cent. bonds.		4 per cent. bonds.	
	Average price flat.	Rate of interest realized by investors.	Average price flat.	Rate of interest realized by investors.
1885:	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
January	112.7788	2.655	121.9086	2.726
April	112.4350	2.488	121.8028	2.721
July	112.7525	2.365	122.6462	2.668
October	112.9421	2.250	123.4004	2.619
1886:				
January	112.7000	2.208	123.4325	2.607
April	112.4759	2.150	126.2980	2.444
July	111.8156	2.149	126.4975	2.420
October	111.9855	2.003	128.6659	2.289
1887:				
January	110.2775	2.290	127.6325	2.320
April	110.1947	2.019	129.2451	2.227
July	109.1475	2.340	127.8425	2.284
October	108.5553	2.339	125.7885	2.390
1888:				
January	108.2375	2.289	126.1275	2.341
April	107.1025	2.478	124.6400	2.409
July	107.5175	2.195	127.4825	2.230
October	108.4213	1.693	128.1204	2.178

INCREASE AND REDUCTION OF CAPITAL BY NATIONAL BANKS.

The laws relating to changes in the capital stock of national banks have undergone several modifications, and still need amendment in important particulars as pointed out in Annual Report for 1887. The changes recommended are embodied in the draught of a national-bank code submitted with that report. The latest enactment on the subject is the act of May 1, 1886, and the tables which follow are designed to show the changes which have occurred since that date.

38 REPORT OF THE COMPTROLLER OF THE CURRENCY.

TABLE SHOWING NUMBER OF BANKS INCREASING CAPITAL UNDER THE ACT OF MAY 1, 1886, SHOWING CHANGES IN EACH STATE DURING EACH YEAR SINCE THE PASSAGE OF THE ACT, AMOUNT OF INCREASE AND PERCENTAGE OF INCREASE IN PROPORTION TO CAPITAL.

States and Territories.	1886.			1887.			1888.		
	No.	Amount of increase.	Percent- age on former capital.	No.	Amount of in- crease.	Percent- age on former capital.	No.	Amount of in- crease.	Percent- age on former capital.
Maine.....							1	\$100,000	.950
New Hampshire.....				1	\$50,000	.800			
Vermont.....				1	50,000	.606			
Massachusetts.....							2	500,000	.518
Rhode Island.....									
Connecticut.....									
New York.....				1	50,000	.005	6	820,000	.945
New Jersey.....									
Pennsylvania.....	3	\$350,000	.540	1	100,000	.010	3	314,000	.467
Delaware.....									
Maryland.....									
District of Columbia.....									
Virginia.....									
West Virginia.....	1	25,000	1.107	1	50,000	2.040	1	5,000	.240
North Carolina.....									
South Carolina.....							1	25,000	1.040
Georgia.....	1	50,000	1.802				2	75,000	2.101
Florida.....							1	50,000	.557
Alabama.....									
Mississippi.....				2	80,000	7.508	1	50,000	.452
Louisiana.....									
Texas.....	4	265,000	3.040	7	235,000	2.322	7	445,700	3.764
Arkansas.....	2	125,000	16.050	2	95,000	10.000			
Kentucky.....				1	50,000	.379	3	330,000	2.420
Tennessee.....	1	50,000	.810	4	775	10.354	4	115,000	1.490
Missouri.....							2	600,000	4.359
Ohio.....	2	135,000	.305	3	700,000	1.702	6	725,000	1.765
Indiana.....							2	70,000	.582
Illinois.....	1	100,000	.305	1	200,000	.682	1	150,000	.501
Michigan.....	1	50,000	.305	2	105,000	.718	2	135,000	.902
Wisconsin.....				2	35,000	.666	1	200,000	3.510
Iowa.....				2	70,000	.688	1	50,000	.489
Minnesota.....	4	675,000	5.031				6	755,000	5.415
Kansas.....	5	248,000	3.051	6	460,000	.407	7	350,000	2.680
Nebraska.....	4	375,000	5.004	4	350,000	4.147	6	870,000	9.280
Nevada.....							2	132,000	4.680
Oregon.....				2	170,000	9.030	3	375,000	15.849
Colorado.....	1	50,000	2.050				5	480,000	13.900
Utah.....							1	50,000	5.555
Idaho.....									
Montana.....				2	57,500	2.071			
Wyoming.....							1	50,000	4.255
New Mexico.....	1	50,000	5.080				1	50,000	5.555
Dakota.....	2	50,000	1.050	2	85,000	2.020	1	100,000	2.615
Washington.....				4	200,000	10.206	3	75,000	4.021
Arizona.....									
California.....	1	200,000	3.053	8	575,000	8.030	7	650,000	7.914
United States.....	34	2,798,000		59	4,542,500		90	8,696,700	

Total increase in three years, \$16,037,200.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 39

TABLE OF BANKS DECREASING CAPITAL UNDER THE ACT OF MAY 1, 1886, SHOWING CHANGES IN EACH STATE DURING EACH YEAR SINCE THE PASSAGE OF THE ACT.

States and Territories.	1886.			1887.			1888.		
	No.	Amount of decrease.	Percent-age on former capital.	No.	Amount of decrease.	Percent-age on former capital.	No.	Amount of decrease.	Percent-age on former capital.
Maine.....									
New Hampshire.....									
Vermont.....				3	\$175,000	2.312			
Massachusetts.....				5	550,000	.569			
Rhode Island.....									
Connecticut.....				2	125,000	.516	3	\$300,000	1.239
New York.....				4	240,000	.277	2	162,000	.186
New Jersey.....							1	20,000	.149
Pennsylvania.....	1	\$75,000	.115	1	100,000	.149	3	125,000	.185
Delaware.....									
Maryland.....				1	50,000	.343			
District of Columbia.....									
Virginia.....									
West Virginia.....									
North Carolina.....									
South Carolina.....									
Georgia.....									
Florida.....									
Alabama.....				1	50,000	1.404			
Mississippi.....									
Louisiana.....	1	100,000	2.919	1	500,000	14.059			
Texas.....	1	125,000	1.631	1	20,000	.197	1	72,900	.615
Arkansas.....									
Kentucky.....				1	50,000	.378			
Tennessee.....							1	20,000	.258
Missouri.....									
Ohio.....	3	200,000	.519	1	75,000	.182	1	100,000	.244
Indiana.....				1	50,000	.412	1	125,000	1.030
Illinois.....				2	125,000	.426	2	27,500	.910
Michigan.....									
Wisconsin.....									
Iowa.....	1	10,000	.097	4	160,000	1.573	1	100,000	.918
Minnesota.....									
Kansas.....							1	25,000	.191
Nebraska.....									
Nevada.....									
Oregon.....									
Colorado.....									
Utah.....									
Idaho.....									
Montana.....							1	25,000	1.265
Wyoming.....									
New Mexico.....									
Dakota.....				1	10,000	.264			
Washington.....									
Arizona.....									
California.....									
United States.....	7	510,000		29	2,280,000		18	1,102,400	

Total decrease in three years, \$3,892,400.

CONVERTED AND ORIGINAL BANKS.

National banks are of two classes, viz, institutions already organized under State laws, converted to national banks under section 5154, Revised Statutes of the United States, and national banking associations primarily organized as such under various acts of Congress.

The following tables show the history of these two classes:

WHOLE NUMBER OF STATE BANKS CONVERTED TO NATIONAL BANKING ASSOCIATIONS, THEIR CAPITAL AT DATE OF CONVERSION, PRESENT CAPITAL AND SURPLUS, SPECIFYING SUCH AS HAVE SINCE GONE INTO VOLUNTARY LIQUIDATION, AND SUCH AS HAVE BECOME INSOLVENT.

Years.	Whole number converted.	Existing.				Voluntary liquidation.				Insolvent.		
		Number.	Capital at date of conversion.	Present capital.	Surplus.	Number.	Capital at date of conversion.	Capital at date of liquidation.	Surplus at date of liquidation.	Number.	Capital at date of conversion.	Capital at date of failure.
1863.	12	12	\$6, 110, 000	\$9, 610, 000	\$3, 045, 000	.....	.....	.....	.....	.....	.....	.....
1864.	150	145	66, 589, 500	71, 965, 200	27, 214, 100	2	\$260, 000	\$250, 000	\$38, 900	3	\$417, 000	\$367, 000
1865.	284	220	58, 395, 000	57, 135, 700	28, 354, 800	50	12, 496, 200	10, 582, 200	1, 996, 400	14	4, 401, 100	4, 371, 100
1866.	6	3	860, 300	250, 000	43, 000	2	275, 000	250, 000	52, 260	1	3, 410, 300	2, 500, 000
1867.	1	.....	.....	.....	.....	1	50, 000	100, 000	11, 100	.....	.....	.....
1868.	3	1	250, 000	50, 000	10, 000	2	200, 000	200, 000	29, 700	.....	.....	.....
1869.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1870.	1	.....	1, 000, 000	1, 500, 000	300, 000	.....	.....	.....	.....	.....	.....	.....
1871.	5	2	1, 378, 000	925, 000	164, 000	3	278, 000	300, 000	35, 000	.....	.....	.....
1872.	5	3	1, 110, 000	1, 030, 000	211, 000	2	150, 000	150, 000	13, 500	.....	.....	.....
1873.	4	4	855, 000	605, 000	221, 000	.....	.....	.....	.....	.....	.....	.....
1874.	11	9	2, 244, 000	2, 410, 000	540, 100	2	250, 000	250, 000	15, 500	.....	.....	.....
1875.	7	5	850, 000	875, 000	229, 500	2	200, 000	130, 000	12, 000	.....	.....	.....
1876.	2	2	161, 000	141, 000	29, 500	.....	.....	.....	.....	.....	.....	.....
1877.	5	3	680, 000	830, 000	320, 000	1	50, 000	50, 000	4, 500	1	130, 000	130, 000
1878.	7	7	710, 000	769, 000	244, 000	.....	.....	.....	.....	.....	.....	.....
1879.	10	10	1, 285, 000	1, 435, 000	470, 560	.....	.....	.....	.....	.....	.....	.....
1880.	6	6	1, 147, 000	1, 340, 000	354, 700	.....	.....	.....	.....	.....	.....	.....
1881.	11	11	1, 445, 700	1, 863, 200	479, 400	.....	.....	.....	.....	.....	.....	.....
1882.	13	12	990, 300	1, 630, 300	331, 900	.....	.....	.....	.....	.....	.....	.....
1883.	16	11	925, 000	1, 075, 000	158, 400	5	305, 000	300, 000	11, 200	1	200, 000	300, 000
1884.	1	1	50, 000	100, 000	600, 000	.....	.....	.....	.....	.....	.....	.....
1885.	5	5	850, 000	850, 000	170, 500	.....	.....	.....	.....	.....	.....	.....
1886.	10	8	2, 100, 000	2, 610, 000	503, 100	1	50, 000	50, 000	500	1	50, 000	50, 000
1887.	11	11	1, 350, 000	1, 500, 000	227, 600	.....	.....	.....	.....	.....	.....	.....
1888.	7	7	350, 000	300, 000	13, 300	.....	.....	.....	.....	.....	.....	.....
Totals	593	499	151, 685, 800	160, 769, 400	64, 238, 400	73	14, 504, 000	12, 602, 200	2, 220, 500	21	8, 608, 400	7, 718, 100

* To November 1.

† From November 1, 1886, to November 1, 1887.

‡ From November 1, 1887, to November 1, 1888.

Percentage of capital of national banks, organized as such, that went into voluntary liquidation. 14. 5
 Percentage of capital of national banks, organized as such, that went into insolvency. 2. 6
 Percentage of capital of national banks, organized as such, that are in existence. 82. 9

Percentage of capital of converted banks that went into voluntary liquidation. 7
 Percentage of capital of converted banks that went into insolvency. 4. 3
 Percentage of capital of converted banks that are still in existence. 88. 7

Percentage of increase of capital of national banks organized as such. 18. 6
 Percentage of increase of capital of converted banks. 6

WHOLE NUMBER OF NATIONAL BANKS OF PRIMARY ORGANIZATION UNDER THE NATIONAL-BANK LAWS, CAPITAL AT DATE OF ORGANIZATION, AND PRESENT CAPITAL AND SURPLUS, SPECIFYING SUCH AS HAVE SINCE GONE INTO VOLUNTARY LIQUIDATION, AND SUCH AS HAVE BECOME INSOLVENT.

Year.	Whole number organized.	Existing.				Voluntary liquidation.				Insolvent.		
		Number.	Capital at date of organization.	Present capital.	Surplus.	Number.	Capital at date of organization.	Capital at date of liquidation.	Surplus at date of liquidation.	Number.	Capital at date of organization.	Capital at date of failure.
1863.....	474	294	\$40,428,900	\$61,842,450	\$25,557,200	147	\$14,984,200	\$25,424,600	\$7,839,300	33	\$3,620,000	\$5,569,500
1864.....	104	69	11,848,100	19,523,450	9,641,300	31	4,310,000	6,166,000	1,558,900	4	450,000	500,000
1865.....	603	437	107,503,000	111,198,875	37,068,911	146	19,816,700	18,675,000	4,934,400	20	2,525,000	3,610,000
1866.....	33	23	2,730,000	5,035,000	2,230,200	8	800,000	775,300	176,200	2	100,000	150,000
1867.....	9	7	850,000	1,800,000	654,000	2	150,000	150,000	14,300	.....	.....	.....
1868.....	10	5	410,000	450,000	141,000	4	400,000	800,000	127,500	1	100,000	100,000
1869.....	8	4	850,000	650,000	215,000	2	260,000	310,000	48,500	2	350,000	350,000
1870.....	62	38	4,188,000	4,998,000	1,534,400	22	2,511,000	3,130,000	475,300	2	300,000	350,000
1871.....	148	108	11,568,000	14,363,900	5,168,900	34	3,040,000	3,000,000	656,000	6	1,100,000	1,400,000
1872.....	156	97	9,074,700	12,951,100	4,042,800	48	4,255,000	3,843,100	585,100	1	1,450,000	1,485,000
1873.....	53	38	4,653,000	4,611,000	1,283,100	13	925,000	1,125,000	116,700	2	370,000	350,000
1874.....	72	46	3,726,500	4,483,000	1,443,600	22	1,350,000	1,320,000	86,900	4	350,000	350,000
1875.....	94	79	10,012,000	11,224,000	2,964,200	14	1,000,000	1,010,000	75,800	1	50,000	50,000
1876.....	27	23	2,020,800	2,377,800	743,200	4	250,000	250,000	11,400	.....	.....	.....
1877.....	26	21	1,864,000	2,740,000	1,368,000	3	150,000	150,000	21,000	2	300,000	1,011,300
1878.....	23	18	1,625,000	1,760,000	417,000	5	250,000	250,000	21,400	.....	.....	.....
1879.....	30	25	2,550,000	3,505,000	691,200	4	200,000	200,000	13,200	1	60,000	60,000
1880.....	47	40	4,522,100	5,797,100	1,395,400	6	950,000	750,000	86,800	1	50,000	50,000
1881.....	97	84	7,735,000	9,531,000	2,731,700	11	1,820,000	1,870,000	95,100	2	553,000	1,050,000
1882.....	230	208	28,068,000	34,977,000	9,334,300	18	1,630,000	1,830,000	157,200	4	225,000	225,000
1883.....	236	208	22,182,000	26,284,000	4,465,900	22	2,935,000	2,715,000	109,000	6	550,000	350,000
1884.....	179	169	16,719,000	20,106,800	3,090,800	9	1,090,000	1,000,000	21,000	1	50,000	50,000
1885.....	142	139	13,593,000	14,478,000	2,216,300	3	200,000	200,000	5,500	.....	.....	.....
1886.....	142	135	15,128,000	16,855,000	1,545,200	6	425,000	425,000	11,000	1	1,000,000	1,000,000
1887.....	214	212	29,096,000	30,331,000	1,250,100	2	100,000	100,000	3,500	.....	.....	.....
1888.....	125	125	11,003,000	10,309,741	72,600	.....	.....	.....	.....	.....	.....	.....
Total.....	3,344	2,652	364,550,100	432,242,216	121,266,611	586	63,711,900	75,469,000	17,251,000	106	13,555,000	18,060,800

* To November 1.

† From November 1, 1886, to November 1, 1887.

‡ From November 1, 1887, to November 1, 1888.

SUMMARY OF NATIONAL BANKS ORGANIZED AND DISSOLVED SINCE FEBRUARY 25, 1863, AND THE NUMBER EXISTING NOVEMBER 1, 1888.

Banks organized.	Number.	Dissolved.					Now existing.		Remarks.
		In liquidation, voluntary or by expiration.		Failed.		Total number dissolved.	Number.	Per cent.	
		Number.	Per cent.	Number.	Per cent.				
Converted from State system.	593	73	12	21	3	94	499	85	The difference (\$15,553) in the aggregate amount of surplus, as shown by this and the preceding table, when compared with the table on page —, is accounted for by the fact that in estimating the surplus for this table all amounts under \$50 were rejected. Of 659 banks which have gone into voluntary liquidation 503 took that step for the purpose of winding up their affairs, 79 for the purpose of reorganization, and 77 went into liquidation by reason of expiration of charter. 38 of them having since been reorganized.
Other banks	3,344	586	17	106	3	692	2,652	80	
Total	3,937	659	17	127	3	786	3,151	80	

42 REPORT OF THE COMPTROLLER OF THE CURRENCY.

EXTENSION OF THE CORPORATE EXISTENCE OF NATIONAL BANKS.

During the past year seven associations have availed themselves of the provision made by the act of July 12, 1882, for the extension of the corporate existence of national banks. Annexed is a table brought down to October 31, 1888, showing the capital of these extended banks and their geographical distribution.

TABLE SHOWING, BY STATES, THE NUMBER AND CAPITAL OF NATIONAL BANKS, THE CORPORATE EXISTENCE OF WHICH WAS EXTENDED PRIOR TO NOVEMBER 1, 1888.

States and Territories.	No. of banks.	Capital.	States and Territories.	No. of banks.	Capital.
Alabama.....	2	\$350,000	Montana.....	1	\$500,000
Arkansas.....	1	250,000	Nebraska.....	3	750,000
Colorado.....	3	460,000	New Hampshire.....	36	4,655,000
Connecticut.....	73	22,450,820	New Jersey.....	48	9,783,350
Delaware.....	11	1,503,185	New York.....	222	72,672,460
District of Columbia.....	2	500,000	North Carolina.....	3	650,000
Georgia.....	6	1,450,000	South Carolina.....	3	850,000
Illinois.....	48	6,240,000	Ohio.....	82	14,854,000
Indiana.....	32	4,157,000	Oregon.....	1	250,000
Iowa.....	25	2,695,000	Pennsylvania.....	167	44,704,390
Idaho.....	1	100,000	Rhode Island.....	59	19,959,800
Kansas.....	3	300,000	Tennessee.....	6	1,750,000
Kentucky.....	11	3,150,000	Texas.....	4	625,000
Louisiana.....	2	1,300,000	Vermont.....	29	5,256,000
Maine.....	53	8,630,000	Virginia.....	10	2,016,000
Maryland.....	29	12,069,000	West Virginia.....	11	1,341,000
Massachusetts.....	200	85,962,506	Wisconsin.....	19	1,685,000
Michigan.....	19	1,575,000			
Minnesota.....	8	2,225,000			
Missouri.....	8	3,150,000	Total.....	1,241	340,819,505

TOTAL NUMBER OF BANKS ORGANIZED UNDER THE NATIONAL CURRENCY ACT OF FEBRUARY 25, 1863, AND THE NATIONAL-BANK ACT OF JUNE 3, 1864, THE NUMBER EXTENDED UNDER THE ACT OF JULY 12, 1882, AND STILL IN OPERATION UNDER THEIR ORIGINAL CERTIFICATES OF ORGANIZATION, AND THE TOTAL NUMBER IN OPERATION OCTOBER 31, 1888.

	Banks organized.					
	Totals.	Under act February 25, 1863.	Under act June 3, 1864.			
			Before 1882.	Since 1882.		
Originally organized.....	2,766	488	2,278			
Out of existence July 12, 1882.....	493	146	347			
In operation July 12, 1882.....	2,273	342	1,931			
Organized since July 12, 1882.....						1,171
Since passed into voluntary liquidation to wind up affairs.....	173	7	111		55	
Since in voluntary liquidation by expiration of corporate existence.....	77	20	57			
Placed in hands of receivers.....	35	1	*23		11	
			28	191		66
Extended under act of July 12, 1882.....	1,241	314	927			
Passed out of the system since extension.....			26			
Still in existence.....			901			
To reach the term of corporate existence.....			839			
Passed into voluntary liquidation since extension.....		3				
Placed in hands of receivers since extension.....		5				
		8				
Still in operation under original organization certificate.....	2,046	306	1,740			
Total number in operation October 31, 1888.....	3,151	306	1,740			1,10

* Twenty-four banks were in this category, but one was restored to solvency and resumed business.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 43

From the foregoing table it will be found that all of the banks organized under the national currency act of 1863 have either ceased to exist or have had their corporate existence extended, while of those organized prior to July 12, 1882, under the national-bank act of 1864, 1,740 are still in operation under their original certificates of organization.

The following table shows how many of these banks will reach the expiration of their corporate existence during each year from 1889 to 1902, inclusive, with their capital and circulation:

Years.	No. of banks.	Capital.	Circulation.	Years.	No. of banks.	Capital.	Circulation.
1889.....	3	\$600,000	\$184,500	1897.....	24	\$3,419,000	\$1,171,295
1890.....	61	9,560,500	364,000	1898.....	25	2,679,000	1,198,350
1891.....	97	12,358,906	4,040,685	1899.....	39	4,995,000	2,270,700
1892.....	100	13,815,100	4,562,760	1900.....	50	7,807,100	2,153,330
1893.....	38	4,701,000	1,982,925	1901.....	108	14,669,150	3,702,350
1894.....	63	7,628,000	2,812,720	1902.....	132	21,177,300	5,352,350
1895.....	76	11,259,000	4,431,610				
1896.....	23	2,173,800	986,650	Total....	839	116,842,850	35,214,225

The number, capital, and circulation of the national banks of which the periods of succession terminated between October 31, 1887, and October 31, 1888, are shown by the following table, which also indicates the number of which the corporate existence has been extended:

Date.	No. of banks that have expired.	Capital.	Circulation.	No. of banks that have extended.	Capital.	Circulation.
1887.						
November.....	1	\$250,000	\$45,000	1	\$250,000	\$45,000
1888.						
January.....	1	100,000	22,500	Liquidation.....	1	100,000
February.....	2	200,000	67,500			
March.....	1	100,000	22,500	Failed.....	1	100,000
May.....	1	75,000	18,000		1	75,000
June.....	1	100,000	22,500			
August.....	1	125,000	28,800		1	125,000
September.....	1	50,000	45,000		1	50,000
October.....	1	50,000	11,250		1	50,000
Total.....	10	1,050,000	283,050		7	750,000

The corporate existence of one national bank, with a capital of \$50,000, will expire in November of this year, and that of three national banks, with an aggregate capital of \$600,000, will expire during the year 1889, as shown in the following table:

NATIONAL BANKS OF WHICH THE CORPORATE EXISTENCE WILL EXPIRE DURING THE YEAR 1889, WITH THE DATE OF THE EXPIRATION, THE AMOUNT OF CAPITAL STOCK OF EACH BANK, THE UNITED STATES BONDS ON DEPOSIT WITH THE TREASURER, AND THE AMOUNT OF CIRCULATION ISSUED THEREON.

Charter number.	Title of bank.	State.	Expiration of corporate existence.	Capital stock.	U. S. bonds.	Circulation.
1689	The Ohio National Bank of Cleveland.....	Ohio.....	Jan. 1, 1889	\$400,000	\$56,000	\$50,400
1692	The First National Bank of Murfreesborough.....	Tennessee.	Feb. 27, 1889	100,000	100,000	90,000
1694	The National Bank of Lebanon.....	Kentucky.	April 7, 1889	100,000	50,000	45,000

SHAREHOLDERS IN BANKS.

The table subjoined hereto exhibits the distribution of national-bank stock as reported by the banks on the first Monday in July, 1888.

44 REPORT OF THE COMPTROLLER OF THE CURRENCY.

DISTRIBUTION, BY STATES, ETC., NUMBER, AND PAR VALUE AT \$100 EACH, OF SHARES

	State, etc.	No. of banks.	Number of shares held by—		Same, in detail, held by—					
			State residents.	Non-State residents.	Natural persons.	Religious, charitable, and educational institutions.	Municipal corporations.	Savings banks, loan and trust and insurance companies.	All other corporations.	
1	Maine	75	100,557	6,043	80,469	3,707	116	22,230	78	
2	New Hampshire	49	56,439	5,611	49,036	496		12,378	140	
3	Vermont	49	65,533	10,127	71,851	194	272	3,179	164	
4	Massachusetts	198	412,096	35,309	363,635	7,363	139	75,488	780	
5	Boston	54	473,913	37,587	283,675	14,798	107	212,003	917	
6	Rhode Island	60	188,653	14,188	163,789	6,733	705	30,477	1,137	
7	Connecticut	83	218,818	22,625	156,599	10,394	277	73,395	778	
	Division No. 1	568	1,516,009	131,490	1,169,054	43,685	1,616	429,150	3,994	
8	New York	270	335,159	16,769	350,491	659		647	131	
9	New York City	46	319,998	171,002	453,813	4,684	24	31,968	511	
10	Albany	6	16,463	1,037	16,691	220		589		
11	New Jersey	84	118,376	14,207	130,099	632	3	1,871	68	
12	Pennsylvania	245	315,605	21,398	334,240	1,066		1,176	516	
13	Philadelphia	43	216,550	13,530	226,460	839	10	2,574	197	
14	Pittsburgh	24	100,873	3,427	100,668	719		2,877	36	
	Division No. 2	718	1,423,024	241,370	1,612,372	8,819	42	41,702	1,450	
15	Delaware	18	17,799	3,546	20,771	270		243	61	
16	Maryland	31	26,957	1,210	26,958	454		263	492	
17	Baltimore	17	110,268	6,865	98,562	7,179	1,151	9,669	572	
19	Washington	1	2,059	461	2,410			110		
18	District of Columbia	7	12,044	3,706	15,607			143		
20	Virginia	25	30,480	7,483	36,358	448		342	815	
21	West Virginia	19	15,790	2,720	17,300	900	10		300	
	Division No. 3	118	215,397	25,991	217,966	9,251	1,161	10,770	2,240	
22	North Carolina	18	19,845	2,915	22,701			29	30	
23	South Carolina	16	16,434	1,296	17,060	80		530	60	
24	Georgia	23	22,573	10,037	31,353	14		1,429	14	
25	Florida	13	7,171	1,829	9,000					
26	Alabama	21	31,420	4,020	35,209			211	20	
27	Mississippi	12	7,689	2,861	10,545			5		
28	Louisiana	5	4,855	145	4,960	9			31	
29	New Orleans	8	20,944	8,306	28,278	4		968		
30	Texas	98	90,757	23,900	114,475	30		152		
31	Arkansas	7	8,227	1,273	9,500					
32	Kentucky	60	95,419	5,610	100,118	446		465		
33	Louisville	9	31,360	4,155	35,119	225		121	50	
34	Tennessee	41	69,827	7,473	76,845	55		400		
	Division No. 4	331	426,521	73,820	494,963	863		4,310	205	
35	Ohio	197	228,849	15,141	241,400	219		2,371		
36	Cincinnati	14	79,982	11,818	88,630	380	100	2,476	214	
37	Cleveland	9	63,882	2,618	66,500					
38	Indiana	94	108,502	10,893	119,154	24		130	87	
39	Illinois	162	135,901	10,489	146,033	33		305	19	
40	Chicago	19	132,256	20,244	151,725			775		
41	Michigan	100	98,080	10,666	108,675	34		20	17	
42	Detroit	8	37,851	2,149	39,960	40				
43	Wisconsin	56	43,226	3,774	46,975	10		15		
44	Milwaukee	3	5,263	3,237	8,500					
	Division No. 5	662	933,792	91,020	1,017,552	740	100	6,092	337	
45	Iowa	129	82,719	18,881	101,114			486		
46	Minnesota	55	97,076	42,124	137,039	87		1,935	139	
47	Missouri	34	21,549	2,761	21,270			40		
48	Saint Louis	4	25,155	6,845	31,594	201		205		
49	Kansas City	10	25,002	39,998	60,389	73		4,538		
50	Saint Joseph	2	2,357	643	3,000					
51	Kansas	157	86,534	38,957	122,278	85		2,738	390	
52	Nebraska	96	49,302	12,538	61,763			137		
53	Omaha	7	16,968	7,032	24,000					
	Division No. 6	494	406,722	169,779	565,447	446		10,079	529	

REPORT OF THE COMPTROLLER OF THE CURRENCY.

45

OF STOCK OF NATIONAL BANKS ON THE FIRST MONDAY OF JULY, 1888.

Total shares issued.	Number of shareholders.					Number of shareholders owning specific amounts.				
	Natural persons.	Corpo- rations.	Resident.	Non- resident.	Total.	Owning shares to the par value of \$1,000 and less.	Over \$1,000 and less than \$5,000.	Over \$5,000 and less than \$30,000.	Over \$30,000.	
100,600	6,925	708	7,014	619	7,633	5,396	1,828	397	12	1
62,050	3,690	191	3,400	481	3,881	2,668	995	203	15	2
75,660	3,864	60	3,471	453	3,924	2,495	1,118	293	18	3
447,405	30,269	1,449	28,630	3,088	31,718	22,189	7,892	1,569	68	4
511,500	16,819	3,467	17,875	2,411	20,286	11,209	6,289	2,663	125	5
202,841	12,224	652	11,353	1,503	12,856	8,105	3,877	839	35	6
241,443	12,987	1,247	12,426	1,808	14,234	9,706	3,587	806	85	7
1,647,499	86,778	7,754	84,169	10,363	94,532	61,768	25,586	6,820	358	
351,928	15,183	57	14,140	1,100	15,240	8,516	5,154	1,488	82	8
491,000	14,862	507	8,813	6,556	15,369	6,804	5,880	2,504	181	9
17,500	609	9	562	56	618	292	228	94	4	10
132,583	9,243	74	8,255	1,062	9,317	6,416	2,397	490	14	11
337,003	21,999	177	21,230	946	22,176	14,906	5,759	1,446	65	12
230,080	10,739	133	10,009	863	10,872	6,363	3,345	1,126	38	13
104,300	3,931	69	3,818	182	4,000	2,010	1,433	530	27	14
1,664,394	76,566	1,026	66,827	10,765	77,592	45,307	24,196	7,678	411	
21,345	1,742	23	1,416	349	1,765	1,072	573	118	2	15
28,167	1,938	43	1,888	93	1,981	1,335	547	96	3	16
117,133	5,224	264	5,068	420	5,488	3,192	1,782	487	27	17
2,520	157	1	119	39	158	83	66	9	-----	19
15,750	608	2	513	97	610	345	199	62	4	18
37,963	1,518	16	1,260	274	1,534	925	399	201	9	20
18,510	900	4	759	145	904	553	294	72	5	21
241,388	12,087	353	11,023	1,417	12,440	7,485	3,860	1,045	50	
22,760	865	2	726	141	867	449	301	110	7	22
17,730	1,075	32	1,040	67	1,107	759	66	66	3	23
32,610	1,056	24	868	212	1,080	621	267	178	14	24
9,000	308	-----	216	92	308	186	83	36	3	25
35,440	849	6	698	157	855	369	277	195	14	26
10,550	355	1	274	82	356	185	106	64	1	27
5,000	99	2	97	4	101	42	29	26	4	28
29,250	701	5	550	156	706	320	228	144	14	29
114,657	2,564	9	1,870	703	2,573	1,185	738	593	57	30
9,500	242	-----	201	41	242	112	84	43	3	31
101,029	3,850	40	3,668	222	3,890	1,952	1,393	528	17	32
35,515	1,279	11	1,168	122	1,290	609	495	179	7	33
77,300	2,422	7	2,205	224	2,429	1,065	916	427	21	34
500,341	15,665	139	13,581	2,223	15,804	7,854	5,196	2,589	165	
243,990	7,997	53	7,497	553	8,050	3,826	2,876	1,286	62	35
91,800	1,504	36	1,396	144	1,540	428	536	531	45	36
66,500	865	-----	801	64	865	169	270	390	36	37
119,395	2,410	6	2,178	288	2,416	868	857	630	61	38
146,390	4,432	10	4,063	379	4,442	2,226	1,405	760	51	39
152,500	1,614	4	1,351	267	1,618	354	485	688	91	40
108,746	3,312	4	2,964	352	3,316	1,455	1,167	666	28	41
40,000	627	1	579	49	628	142	214	246	26	42
47,000	1,303	2	1,143	162	1,305	613	392	287	13	43
8,500	144	-----	40	104	144	52	67	19	6	44
1,024,821	24,208	116	21,962	2,362	24,324	10,133	8,269	5,503	419	
101,600	3,317	10	2,430	897	3,327	1,682	1,081	529	35	45
139,200	3,004	24	2,095	933	3,028	1,164	1,009	796	59	46
24,310	826	1	691	136	827	423	265	133	6	47
32,000	704	7	454	257	711	282	251	163	15	48
65,000	1,593	51	366	1,278	1,644	748	494	379	23	49
3,000	48	-----	28	20	48	20	13	13	2	50
125,491	4,157	64	2,598	1,623	4,221	2,381	1,126	677	37	51
61,900	1,534	5	1,130	409	1,539	682	458	374	25	52
24,000	133	-----	101	32	133	21	17	70	25	53
576,501	15,316	162	9,893	5,585	15,478	7,403	4,714	3,134	227	

46 REPORT OF THE COMPTROLLER OF THE CURRENCY.

DISTRIBUTION, BY STATES, ETC., NUMBER, AND PAR VALUE AT \$100 EACH, OF SHARES

	State, etc.	No. of banks.	Number of shares held by—		Same, in detail, held by—				
			State residents.	Non-State residents.	Natural persons.	Religious, charitable, and educational institutions.	Municipal corporations.	Savings banks, loan and trust and insurance companies.	All other corporations.
54	Colorado	33	26,752	4,008	30,825	.....	.....	25	.....
55	Nevada	2	1,817	683	2,500	.....	.....	.....	.....
56	California	35	46,980	4,270	50,978	72	.....	200	.....
57	San Francisco	3	25,842	1,158	26,068	.....	.....	932	.....
58	Oregon	25	19,967	2,933	22,815	.....	.....	85	.....
	Division No. 7	98	121,358	13,142	133,186	72	.....	1,242	.....
59	Dakota	58	18,950	16,800	35,401	.....	7	332	10
60	Idaho	7	3,650	850	4,500	.....	.....	.....	.....
61	Montana	17	14,438	5,062	19,500	.....	.....	.....	.....
62	New Mexico	9	6,257	2,243	8,440	.....	.....	35	25
63	Utah	7	7,610	890	8,500	.....	.....	.....	.....
64	Washington	24	11,443	7,207	18,559	.....	.....	91	.....
65	Wyoming	8	5,722	5,023	10,670	.....	.....	.....	80
66	Arizona	1	515	485	1,000	.....	.....	.....	.....
	Division No. 8	131	68,585	38,565	106,570	.....	7	458	115
	United States	3,120	5,111,408	783,186	5,317,110	63,876	2,926	503,803	8,879

REPORT OF THE COMPTROLLER OF THE CURRENCY. 47

OF STOCK OF NATIONAL BANKS ON THE FIRST MONDAY OF JULY, 1888—Continued.

Total shares issued.	Number of shareholders.					Number of shareholders owning specific amounts.			
	Natural persons.	Corpo- rations.	Resident.	Non- resi- dent.	Total.	Owning shares to the par value of \$1,000 and less.	Over \$1,000 and less than \$5,000.	Over \$5,000 and less than \$20,000.	Over \$20,000.
30,850	568	1	470	99	569	235	162	160	12
2,500	38	.....	31	7	38	4	15	18	1
51,250	843	4	801	96	897	284	319	265	29
27,000	141	3	133	11	144	17	40	66	21
22,900	325	1	293	33	326	94	86	136	10
134,500	1,965	9	1,728	246	1,974	634	622	645	73
35,750	1,040	8	596	452	1,048	537	312	195	4
4,500	83	.....	67	16	83	33	23	26	1
19,500	261	.....	187	74	261	111	68	68	14
8,500	203	3	120	86	206	86	75	41	4
8,500	253	.....	238	15	253	137	76	37	3
18,650	377	2	249	130	379	162	93	119	5
10,750	142	1	59	84	143	30	42	64	7
1,000	6	.....	4	2	6	3	.....	1	2
107,150	2,365	14	1,520	859	2,379	1,099	689	551	40
5,896,594	234,950	9,573	210,703	33,820	244,523	141,683	73,132	27,965	1,743

NOTE.—The difference in the amount of capital stock, as shown by this table and by the reports of condition on October 4, is accounted for by the fact that twenty-two banks were organized during the three months just preceding that date, and other banks increased their capital stock.

48 REPORT OF THE COMPTROLLER OF THE CURRENCY.

DISSOLUTION.

The total number of national banks organized since February 25, 1863, is 3,937, of which there are now in operation, as shown elsewhere, 3,151; passed out of the system 786, accounted for thus:

Passed into voluntary liquidation to wind up their affairs.....	512
Less number afterward placed in hands of receivers	9
	503
Passed into liquidation for purpose of reorganization.....	79
Passed into liquidation upon expiration of corporate existence.....	*77
Placed in hands of receivers	128
	787
Less restored to solvency and resumed business.....	1
Total passed out of system.....	786

* Thirty-eight of these have been reorganized.

The corporate existence of ten national banks expired during the year ending October 31, 1888; of these, seven obtained an extension in accordance with the provisions of the act of July 12, 1882, two suffered dissolution, and one failed.

FAILED BANKS.

Eight national banks, with an aggregate capital of \$1,900,000, failed and were placed in the hands of receivers during the year, as is shown in the following tabulated statement, to which is appended an account of the chief cause of failure in each case. In one case the creditors have been paid in full, principal and interest; in two others they have received 80 per cent., and in the remaining cases 40, 25, and 20 per cent., respectively, on account of the claims proved:

STATEMENT OF FAILED BANKS, THEIR CAPITAL, SURPLUS, AND LIABILITIES ACCORDING TO LAST REPORT OF CONDITION.

Name and location of bank.	Date of authority to commence business.	Date of failure.	Receiver appointed.	As shown at date of last report of condition in each case.			
				Capital.	Surplus and undivided profits.	Other liabilities.*	Date of last report of condition.
First National Bank, Saint Louis, Mo.....	Dec. 12, 1882	1887. Nov. 7 1888.	1887. Nov. 15 1888.	\$300,000	\$59,456	\$1,305,883	1887. Oct. 5
First National Bank, Auburn, N. Y.....	Feb. 4, 1864	Jan. 23	Feb. 10	150,000	42,379	611,703	Dec. 7
Metropolitan National Bank, Cincinnati, Ohio.....	July 12, 1881	Feb. 6	Feb. 20	1,000,000	221,810	1,585,840	Dec. 7 1888.
Commercial National Bank, Dubuque, Iowa.....	Mar. 11, 1871	Mar. 20	Apr. 2	100,000	26,410	736,771	Feb. 14
State National Bank, Raleigh, N. C.....	June 17, 1868	Mar. 27	Mar. 31	100,000	27,561	351,155	Feb. 14
Second National Bank, Xenia, Ohio.....	Feb. 24, 1864	May 2	May 9	150,000	20,020	364,872	Feb. 14
Madison National Bank, Madison, Dak.....	Dec. 7, 1886	June 13	June 23	50,000	6,166	86,738	Apr. 3
Lowell National Bank, Lowell, Mich.....	June 14, 1865	Sept. 11	Sept. 19	50,000	17,768	126,023	June 30
Total.....				1,900,000	421,570	5,168,985	

* Total, as per report, except capital, surplus, circulation, undivided profits, and unpaid dividends.

* Extended.

The Fifth National Bank of Saint Louis, Mo., closed its doors November 7, 1887, and on November 9 its cashier was arrested on a warrant charging fraud and falsification of entries, and placed under bond. The case has not yet been reached in the courts, and the cashier is still at large.

The failure may be traced to the fact that the bank, originally a savings institution, was carrying, when it became a national bank, a considerable amount of doubtful and worthless paper, which was allowed to remain among the assets. Then the officers and some of the directors of the new organization were interested in various businesses carried on with the funds of the bank, and dependent wholly upon that support. The general administration was weak and in some respects vicious. Overdrafts were permitted in large amounts, and bad accounts were disguised by passing fictitious drafts through the bank. The statutes were violated with respect to overloans, false entries were made upon the books to deceive the national-bank examiner and the Comptroller, and these were concealed by the use of notes in several names for money borrowed by one and the same party.

The directors claimed to be unaware of these transactions, and sought to excuse themselves by saying that the bank was managed wholly by the president and cashier to whom alone the facts were known, and on whose statement the directors relied.

In December, 1886, at a meeting of the shareholders it had been resolved to increase the capital stock from \$300,000 to \$500,000, and subsequent publication was made in the Saint Louis newspapers that the stock of the bank was \$500,000.

After the failure it transpired that the payment on account of the new shares amounted to only a little over \$126,000, and the subscribers to the increased capital now insist upon being treated as depositors to the extent of the amount paid in on the subscriptions. The receiver claims that these subscriptions are binding, and the question is now pending in the courts.

As preliminary to an action against the directors of the bank to establish their individual liability under the provisions of section 5239, Revised Statutes, proceedings were taken by the Comptroller for the forfeiture of all the rights, privileges, and franchises of the association, and in April last the United States circuit court adjudged the forfeiture.

A dividend of 50 per cent. was paid to the creditors about three months after date of failure, and, as will be seen elsewhere, 30 per cent. more has been paid since, making 80 per cent. within the first twelve months of the receivership.

The First National Bank of Auburn, N. Y., closed its doors on the morning of January 23, the cashier and one of the book-keepers having previously absconded to Canada, taking with them a considerable amount of money belonging to the bank. The association was found to be hopelessly insolvent; past-due paper in large amounts had been accumulating for some years, and leaves which had been cut out of the ledgers and hidden, showed when discovered, that overdrafts had been carried to an amount greatly exceeding the capital stock of the bank. The records had been negligently kept, and in many cases entries were altered and false entries were made, so that the ascertainment of the condition of the association has been slow and difficult, while transactions to considerable amounts are still involved in obscurity. In one case, however, funds of the bank have been traced into a local "bucket shop." The bank was sustaining outside business firms with large loans and overdrafts, having little or no security.

50 REPORT OF THE COMPTROLLER OF THE CURRENCY

The case of this bank furnishes still another instance of an officer enjoying unlimited confidence, mismanaging its affairs, squandering its resources, and finally stealing its cash under the eyes of directors and stockholders. It also adds another to the numerous illustrations of the temptation to dishonesty which is the direct effect of the facility of escape to Canada and the immunity from extradition enjoyed by such fugitives.

A dividend of 25 per cent. has been paid during the year, but there seems little doubt that the loss to depositors will be heavy.

The Metropolitan National Bank of Cincinnati was reported by the national-bank examiner, in January, as being in a perilously weak condition. The officers and directors were large borrowers, and the management of the bank was found to be inefficient and unbusinesslike. Irregular means had been resorted to in order to cover up large loans, and evidences of the publication of false reports and of violations of the provisions of section 5209 of the Revised Statutes were discovered.

The examination showed, however, that the assets were undoubtedly sufficient to pay creditors in full, and the examiner united with the directors in an effort to tide over the exigency. Considerable collections were made from the directors and large stockholders who were debtors to the bank, and from those who were unable to pay, the examiner succeeded in obtaining available securities to a considerable amount. The directors on their part fortified their cash resources by obtaining loans from other banks, and for a time there seemed to be a fair prospect that the bank could be saved from suspension. It proved impracticable, however, to make headway against the growing distrust among depositors, and the board of directors resolved, on February 6, to close the doors. A receiver was appointed, and the president and vice-president are now under indictment.

Every effort was made by the receiver to expedite the liquidation, and there was no litigation of any consequence, so that within six weeks from the date of failure the creditors were paid in full, principal and interest, and assets to the nominal value of upward of \$1,300,000 were turned over to the agent of the stockholders in accordance with the provisions of the act approved June 30, 1876.

The Commercial National Bank of Dubuque, Iowa, failed March 20. The bank was wrecked by the diversion of funds to sustain outside business interests of the president and those of his immediate family connections. An amount not less than four times the capital stock of the bank was borrowed by members of the family and persons connected with them in support of enterprises which depended upon the bank for their existence, and the immediate cause of failure was the inability of these borrowers to liquidate their indebtedness.

The violation of the statute, which the excessive and illegal loans involved, was concealed by making use of the names of irresponsible persons, and the security upon which the directors affected to rely has proved to be insufficient or worthless.

Dividends amounting to 40 per cent. have been paid, and an assessment to the full extent authorized by law has been levied upon the stockholders.

The State National Bank of Raleigh, N. C., closed its doors March 27, the president and cashier having absconded to Canada, taking with them about \$25,000. An examination disclosed the fact that the bank had been completely wrecked, and that preparations for defalcation had been in progress for a long time.

The rogues in this instance had resorted even to forgery, and thereby became amenable to extradition. So swift was the pursuit and arrest that most of the stolen money was found still concealed in the clothing of the prisoners and in the original packages.

The offense being one against the State statutes, subsequent proceedings are beyond the official cognizance of the Comptroller of the Currency.

The history of this association is instructive.

A private banker in Raleigh organized the bank, took shares for the assets he turned over to it, and upon the credit thus created he obtained deposits enough to carry on business. His assets, taken as capital, were really worth very little, if anything. His management of the bank was no better than that of his private business. He went on making bad debts and unprofitable investments, and when he died, in 1883, his successors continued to do likewise. His estate and family owned most of the stock, and were also debtors to nearly the par value of their shares. His wife assumed the presidency of the bank, and her brother, the cashier, succeeded to the actual management. Always weak he rapidly became dishonest, and finally ended his career by entering into collusion with the new president, a son-in-law of the deceased founder of the bank, to seize all the plunder they could and decamp.

A dividend of 20 per cent. was declared and distributed June 8.

The Second National Bank of Xenia, Ohio, closed its doors May 2, having been reduced to insolvency by the negligence of the directors and the incompetency of its officers. The cashier was utterly unfit for his position, and nobody else looked after matters. Bad debts and large overdrafts were allowed to accumulate, and the bank's funds were locked up in all sorts of investments that should never have been even entertained.

The directors, active business men, supposed to be in good financial condition, were large borrowers, and allowed their over-due obligations to lie unpaid.

The receiver has collected about \$190,000 from the assets, and the directors have contributed \$42,000 more in order to facilitate a speedy liquidation. There has been but little litigation attending the administration of this trust.

Dividends amounting to 80 per cent. have been paid since the failure.

The Madison National Bank of Madison, Dak., was organized in December, 1886, having been converted from a State bank. The officers, directors, and stockholders were composed of the president, cashier, their wives, and one other person, the first two holding 470 of the 500 shares into which the capital stock was divided. From the first the management of the bank was so conducted as to call for repeated notices from the Comptroller to the directors to correct irregularities, such as shortage in reserve, dealings with a mortgage and investment company, of which the president and cashier were trustees, excessive loans, over-due paper, etc. Plausible explanations were made by the directors, who alleged inexperience in national-bank methods and misunderstanding of the law. They professed both the intention and the desire to do right, and repeatedly made statements which appeared to show amendment of administration. In May last, however, transactions were discovered which were not only in violation of the national-bank law, but which also involved criminal misconduct of the officers.

The case was so obviously one of premeditated plunder that the examiner was directed to act in concert with the district attorney; and accordingly on a day agreed upon these officers met at Madison, the

52 REPORT OF THE COMPTROLLER OF THE CURRENCY.

examiner took charge of the bank, and the president and cashier were arrested.

A receiver was duly appointed, and every effort has been made by attachment and otherwise to save something for the creditors, but these efforts have not received the local support necessary to their success. The accused officers readily obtained bail, and seem to have access to sufficient means to thwart and embarrass the receiver.

After the alleged capital of the bank had been withdrawn in loans to the officers, and its deposits had been absorbed by these officers through the transfer of worthless paper, they set about selling their stock, offering it generally at distant points, and succeeded in making considerable sales, mostly in New England.

The Lowell National Bank of Lowell, Mich., failed September 11, principally on account of the bad management of its president, who seemed to have been uncontrolled by the directors.

Among the nominal assets the receiver has found a large amount of worthless paper, most of it connected with a manufacturing company which was obviously insolvent during the whole time that it was absorbing the resources of the bank. The methods resorted to by the officers of this company with the connivance of the bank were simply scandalous.

Besides the losses incurred in this way the bank's valid resources had become gradually locked up in unproductive real estate and in other inconvertible investments.

As stated in the last Report indictments were found against several persons connected with the Fidelity National Bank of Cincinnati, Ohio, and suits were brought against the directors implicated in violations of law. These suits have not yet been decided.

Upon trial, the vice-president and assistant cashier were found guilty, and sentenced to serve a term in the penitentiary, the former for ten years. The cashier died before the trials came up.

A table, appendix, p. 172, has been prepared with great care and minute particularity, showing under appropriate heads all collections made from the assets of each of the 128 national banks which have become insolvent, how and for what purpose disbursements were made, and accounting for all moneys and every asset of whatever description which passed through the hands of the receiver or the Comptroller. The labor involved in the preparation of this table has been very great, but as the accounts of receivers are now kept upon the principle applied in the table, and their quarterly reports conform to the same arrangement, there will be no difficulty hereafter in carrying forward the results from year to year.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 53

DIVIDENDS, THIRTY-FOUR IN NUMBER, PAID TO CREDITORS OF INSOLVENT NATIONAL BANKS DURING THE PAST YEAR, WITH TOTAL DIVIDENDS IN EACH CASE, UP TO NOVEMBER 1, 1888.

Name and location of bank.	Date of appointment of receiver.	Dividends paid during the past year.			Total dividends paid depositors (per cent.).	Proportion of interest paid depositors (per cent.).
		Date.	Total amount.	Per cent.		
First National Bank of Angelica, N. Y.	Apr. 19, 1886	Jan. 20, 1888	\$13,466.01	15	100	100
First National Bank of Auburn, N. Y.	Feb. 20, 1888	July 21, 1888	190,612.75	25	25	.....
Pacific National Bank of Boston, Mass.	May 22, 1882	May 31, 1888	147,367.80	5	55	.....
First National Bank of Buffalo, N. Y.	Apr. 22, 1882	Jan. 4, 1888	44,736.58	5	43	.....
Farmers' National Bank of Bushnell, Ill.	Dec. 17, 1884	Jan. 24, 1888	51,759.75	60	100	100
Metropolitan National Bank of Cincinnati, Ohio ..	Feb. 10, 1888	Mar. 16, 1888	400,097.50	100	100	100
First National Bank of Corry, Pa.	Oct. 11, 1887	Jan. 21, 1888	85,992.86	50	50	.....
Commercial National Bank of Dubuque, Iowa	Apr. 2, 1888	July 20, 1888	118,732.73	30	30	.....
Do.	do	Oct. 26, 1888	39,577.62	10	40	.....
Henrietta National Bank of Henrietta, Tex.	Aug. 17, 1887	Mar. 1, 1888	20,572.27	25	75	.....
Do.	do	Oct. 16, 1888	12,323.31	15	90	.....
Middletown National Bank of Middletown, N. Y.	Nov. 29, 1884	Oct. 31, 1888	65,431.92	10	80	.....
Marine National Bank of the city of New York, N. Y.	May 13, 1884	Dec. 6, 1887	223,713.28	5	55	.....
Do.	do	Apr. 17, 1888	222,852.07	5	60	.....
Exchange National Bank of Norfolk, Va.	Apr. 9, 1885	May 21, 1888	144,704.01	5	45	.....
Do.	do	Oct. 24, 1888	144,508.93	5	50	.....
First National Bank of Pine Bluff, Ark.	Nov. 20, 1886	Apr. 19, 1888	20,677.72	20	45	.....
State National Bank of Raleigh, N. C.	Mar. 31, 1888	June 8, 1888	61,427.93	20	20	.....
Richmond National Bank of Richmond, Ind.	July 23, 1884	May 1, 1888	18,294.17	5	61	.....
Do.	do	Oct. 20, 1888	36,586.19	10	71	.....
Vermont National Bank of Saint Albans, Vt.	Aug. 9, 1883	Oct. 31, 1888	99,425.94	25	67.50	.....
Fifth National Bank of Saint Louis, Mo.	Nov. 15, 1887	Feb. 1, 1888	479,805.70	50	50	.....
Do.	do	Apr. 9, 1888	143,929.74	15	65	.....
Do.	do	Oct. 20, 1888	143,907.93	15	80	.....
Stafford National Bank of Stafford Springs, Conn.	Oct. 17, 1887	Jan. 27, 1888	123,718.14	50	50	.....
Do.	do	Mar. 15, 1888	61,859.07	25	75	.....
Do.	do	Oct. 20, 1888	60,918.24	25	100	100
National Bank of Sunter, S. C.	Aug. 24, 1887	Dec. 21, 1887	37,462.30	50	50	.....
Do.	do	May 17, 1888	9,248.04	12	62	.....
Do.	do	Oct. 27, 1888	13,561.07	18	80	.....
First National Bank of Wahpeton, Dak.	Apr. 8, 1886	Aug. 2, 1888	27,677.19	25	35	.....
Do.	do	Oct. 23, 1888	11,065.87	10	45	.....
Second National Bank of Xenia, Ohio.	May 9, 1888	July 21, 1888	119,020.55	40	40	.....
Do.	do	Oct. 29, 1888	119,020.55	40	80	.....
Total			*3,523,955.82			

* The number of dividend checks involved in the payment of this amount to creditors was 17,859.

54 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table shows the number, capital, and liabilities of national banks, organized and failed, up to the end of each official year from 1864 to 1888, inclusive, and the percentages in each case :

Year.	Number.			Capital, surplus, and undivided profits.			Other liabilities.		
	Or- gan- ized.	Failed.	Per- cent- age.	Aggregate of banks organized.*	Aggregate of banks failed.	Per- centage of cap- ital, sur- plus, etc.	Aggregate of banks organized.*	Aggregate of banks failed.	Per- centage of li- abilities.
1864	561			\$94, 775, 480			\$202, 332, 715		
1865	1, 601	1	.062	464, 270, 865	\$50, 000	.011	895, 713, 298	\$166, 089	.019
1866	1, 665	3	.180	501, 975, 133	550, 000	.109	1, 027, 072, 893	1, 535, 133	.150
1867	1, 473	10	.697	522, 537, 865	2, 017, 417	.386	984, 770, 298	5, 821, 596	.591
1868	1, 685	13	.771	536, 983, 183	2, 257, 027	.420	1, 031, 167, 125	6, 271, 508	.608
1869	1, 694	15	.885	555, 815, 793	2, 564, 007	.461	950, 660, 912	6, 686, 094	.703
1870	1, 729	15	.867	565, 033, 265	2, 564, 007	.453	954, 329, 973	6, 686, 094	.760
1871	1, 894	15	.792	604, 130, 906	2, 564, 007	.424	1, 135, 875, 911	6, 686, 094	.589
1872	2, 061	21	1.019	641, 134, 136	4, 623, 661	.721	1, 129, 979, 707	10, 633, 084	.841
1873	2, 129	32	1.503	674, 076, 245	8, 773, 998	1.300	1, 184, 811, 768	20, 086, 170	1.695
1874	2, 200	35	1.591	683, 265, 502	9, 057, 837	1.326	1, 223, 665, 826	20, 692, 549	1.691
1875	2, 397	40	1.734	702, 350, 009	10, 199, 810	1.452	1, 213, 587, 296	23, 328, 788	1.939
1876	2, 543	49	2.091	689, 795, 508	11, 545, 779	1.645	1, 174, 104, 032	25, 288, 394	2.154
1877	2, 372	59	2.487	661, 953, 797	15, 137, 227	2.287	1, 153, 816, 770	29, 548, 677	2.501
1878	2, 400	73	3.042	642, 294, 048	18, 312, 619	2.851	1, 176, 717, 060	33, 419, 956	2.840
1879	2, 438	81	3.322	629, 711, 325	19, 556, 491	3.106	1, 293, 512, 595	34, 880, 000	2.696
1880	2, 494	84	3.368	644, 468, 749	20, 256, 491	3.142	1, 517, 682, 833	36, 108, 466	2.371
1881	2, 581	84	3.254	668, 597, 284	20, 256, 491	3.030	1, 746, 155, 064	36, 108, 466	2.068
1882	2, 608	87	3.098	698, 331, 568	22, 069, 594	3.163	1, 766, 769, 875	43, 198, 173	2.445
1883	3, 070	89	2.890	735, 571, 822	22, 319, 594	3.034	1, 703, 296, 794	43, 892, 658	2.577
1884	3, 261	100	3.067	758, 167, 132	23, 606, 512	3.113	1, 595, 385, 736	50, 452, 476	3.162
1885	3, 406	104	3.053	757, 714, 293	24, 229, 722	3.198	1, 753, 992, 684	54, 564, 253	3.054
1886	3, 580	112	3.128	796, 921, 031	24, 927, 616	3.128	1, 797, 645, 019	55, 783, 683	3.103
1887	3, 805	120	3.154	850, 314, 989	26, 487, 616	3.115	1, 856, 731, 276	60, 365, 174	3.251
1888	3, 937	128	3.251	883, 964, 263	28, 387, 616	3.212	2, 024, 120, 915	63, 945, 321	3.150
Averages, 25 years.....				638, 614, 112	12, 884, 605	2.018	1, 299, 759, 916	27, 053, 960	2.081

* Exclusive of banks in voluntary liquidation.

Out of 3,937 national banks organized since February, 1863, only 128, or about $3\frac{1}{4}$ per cent., have been placed in the hands of receivers; this includes 9 which had been previously placed in liquidation by their stockholders, but upon their failing to pay their depositors the Comptroller appointed receivers to wind up their affairs. Out of the above total of 128 failed banks, 45 have paid their creditors in full, while 33 have besides paid interest, 27 in full and 6 in part. The affairs of 90 banks of the 128 have been finally closed, leaving 38 in process of settlement, of which, as has been seen, 8 are virtually closed, with the exception of pending litigation, leaving 30 receiverships only in active operation.

The total amount so far paid to creditors of insolvent national banks has been \$33,027,451 upon proved claims amounting to \$51,924,977. The amount paid during the year has been \$3,523,955.82, besides \$68,510 paid for dividends declared prior to November 1, 1887, on claims proved since that date. Assessments amounting to \$12,555,350 have been made upon stockholders of insolvent national banks under section 5151 of the Revised Statutes of the United States. From this source the gross collections amount to \$5,346,171, of which there has been received during the past year \$308,591. Suits are pending in some cases.

Each year's experience confirms the opinion that it would be wise to so amend the laws as to allow banks to commute the liability of their

shareholders into a special reserve fund, as recommended in the Reports of 1886 and 1887.

Upon a general view of the data relating to insolvent national banks, it appears that while the number of failed banks is about $3\frac{1}{2}$ per cent. of the total number of banks organized, the percentages of their capital and other liabilities, taken at time of failure, are less.

To make the comparison complete, however, there should be added to the capital, surplus, and undivided profits, as given for the year 1888, viz, \$883,964,263, the capital, surplus, and undivided profits of all banks that have gone into voluntary liquidation, and of all that have been wound up at the end of their corporate existence, because in these cases shareholders have recovered all they put in and kept in. The amount is \$125,894,506, and with the aggregate in the table makes \$1,009,858,769, for which the system has been accountable to its proprietors. Against this vast sum should then be set the capital, surplus, and undivided profits of failed banks, viz, \$28,387,616, increased by amounts collected by assessment from shareholders, \$5,346,171, diminished by the amount, as nearly as can be ascertained, repaid to shareholders out of assets, viz, \$3,535,545. The net loss will then be seen to be only \$30,198,242, which is not quite 3 per cent. of total investments. Against this loss a superabundant offset is afforded by the dividends paid out of profits amounting in many cases to very large percentages.

Again, from the total "other liabilities" of failed banks, viz, \$63,945,321, should be deducted, amount of circulation \$15,432,360, and total dividends paid to creditors \$33,027,451, aggregate \$48,459,811, net loss \$15,485,510, which is 0.83 per cent. upon the \$1,872,417,724 of such liabilities resting upon the system at large.

The affairs of five failed banks have been closed during the past year, and final dividends have been paid to their creditors. These banks, with the total dividends paid in each case, are given below:

Name and location of bank.	Date of appointment of receiver.	Total dividends on principal.	Proportion of interest paid.
		<i>Per cent.</i>	<i>Per cent.</i>
First National Bank, Angelica, N. Y.	Apr. 19, 1886	100	100
Farmers' National Bank, Bushnell, Ill.	Dec. 17, 1884	100	100
Metropolitan National Bank, Cincinnati, Ohio.	Feb. 10, 1888	100	100
Stafford National Bank, Stafford Springs, Conn.	Oct. 17, 1887	100	100
National Bank of the State of Missouri, Saint Louis, Mo.	June 23, 1877	100	100

56 REPORT OF THE COMPTROLLER OF THE CURRENCY.

INACTIVE RECEIVERSHIPS.

These were fully described in the last Annual Report.

The following table shows the receiverships that are now in this condition:

Name and location of bank.	Date of appointment of receiver.	Dividends paid.
		<i>Per cent.</i>
First National Bank, Albion, N. Y.	Aug. 26, 1884	.....
First National Bank, Anderson, Ind.	Nov. 23, 1873	39
Third National Bank, Chicago, Ill.	Nov. 24, 1877	*100
Central National Bank, Chicago, Ill.	Dec. 1, 1877	60
People's National Bank, Helena, Mont.	Sept. 13, 1878	40
Hot Springs National Bank, Hot Springs, Ark.	June 2, 1884	100
First National Bank of Union Mills, Union City, Pa.	Mar. 24, 1883	65
German-American National Bank, Washington, D. C.	Nov. 1, 1878	50

*And interest.

During the past year the following trusts have passed into this category, viz, the First National Bank of Albion, N. Y., and the Hot Springs National Bank of Hot Springs, Ark.

By reference to the Report of 1887 it will be seen that the National Bank of the State of Missouri, Saint Louis, has disappeared from the inactive receiverships. At the date of that report the receivership had not terminated because of the failure of the agent elected by the shareholders in June, 1887, to qualify by giving the bond required by law. During the present year the receivership was closed, and cash assets were turned over to the agent amounting to \$26,720, and nominal assets amounting to \$36,957. Among the nominal assets was real property which has enormously increased in value, and it is not unlikely that enough may be realized by the agent to reimburse the shareholders for the amount paid under assessment upon stock.

The First National Bank of Albion, N. Y., which was wrecked by its president, who squandered the funds of the bank in speculation, has been placed on the inactive list. The assets of the bank were almost entirely worthless, and a sufficient sum has not been realized to pay a dividend.

An assessment of 100 per cent. was levied upon the stock, nearly all of which was owned by an estate, and a judgment obtained by the receiver, but the demand of the trust was met by counter claims of the estate, which have not yet been judicially determined.

The receiver brought suit against the brokers through whom the president carried on his speculations, and, as will be seen by reference to page 89, obtained judgment for a considerable sum, but the defendants have appealed.

CIRCULATING NOTES.

Under present laws the minimum deposit of bonds required to be made by the 3,140 national banks in operation in the United States on October 4, 1888, amounts to \$91,988,805.

A table in the appendix, p. 149, shows by States and geographical divisions the national banks in operation on October 4, 1888, separated into two classes, namely, banks of which the capital does not exceed \$150,000 and banks of which the capital exceeds \$150,000. The first class contains 2,229 banks, with an aggregate capital of \$185,551,921;

REPORT OF THE COMPTROLLER OF THE CURRENCY. 57

the second, 911 banks, with an aggregate capital of \$407,069,735. The minimum of bonds required to be kept on deposit by the entire body of banks in the first class is \$46,387,980; the minimum for the 911 banks of the second class is \$45,550,000. If all banks held only the minimum of bonds, the total national-bank circulation could not exceed \$82,744,025, while the possible maximum of circulation, namely, 90 per cent. of the aggregate of the national-bank capital, would be \$533,359,491.

The actual circulation on October 4, 1888, was \$151,700,809, which is exclusive of \$88,521,813 still outstanding, but which, having been surrendered by the banks that issued it, is no longer represented by bonds, but by that amount of lawful money deposited with the Treasurer of the United States to redeem the notes as they are presented.

The \$151,700,809 of circulation for which the banks are responsible consists of \$68,410,823 secured by the bonds deposited by the 2,229 banks having \$150,000 capital and less, and \$83,289,986, secured by the bonds belonging to the 911 banks of which the capital exceeds \$150,000. The first class of banks have, therefore, \$26,661,641 more than their minimum, and \$98,585,906 less than their possible maximum circulation, while the larger banks have \$42,294,986 more than their minimum and \$283,072,776 less than their maximum.

The following table shows the number of banks organized from July 1, 1882, to July 1, 1888, their capital stock, amount of bonds deposited, and the circulation issued thereon:

Year.	No.	Capital.	Minimum bonds required.	Bonds actually deposited.	Percent. of excess.	Circulation issued.
July 1, 1882, to July 1, 1883.....	251	\$26,552,300	\$5,155,500	\$7,116,400	28	\$6,404,760
July 1, 1883, to July 1, 1884.....	218	19,944,000	4,016,000	4,676,100	14	4,208,490
July 1, 1884, to July 1, 1885.....	142	15,205,000	3,061,250	3,352,800	8	2,999,520
July 1, 1885, to July 1, 1886.....	163	17,553,000	3,404,500	3,715,500	8	3,343,950
July 1, 1886, to July 1, 1887.....	217	31,414,000	4,986,000	5,051,300	1	4,546,170
July 1, 1887, to July 1, 1888.....	164	16,734,000	3,308,500	3,324,750	0.5	2,992,275

From the foregoing table it appears that 1,155 banks have been organized between the dates given, with a capital of \$127,432,300; that they have received circulation to the amount of \$24,495,165 on bonds deposited to the amount of \$27,216,850, and that the minimum deposit of bonds required by law for these banks is \$23,931,750.

The actual deposit of bonds during the whole period exceeds the minimum by about 12 per cent. only, and taken year by year the percentage of excess has decreased from 28 per cent. in 1882-'83 to one-half of 1 per cent. in 1887-'88.

Of the 164 national banks organized during the past fiscal year, 93 have a capital of \$50,000 each, amounting to \$4,650,000; 55 have a capital of over \$50,000 and not exceeding \$150,000, amounting to \$5,384,000; and 16 have a capital of \$6,700,000. The 16 largest banks deposited the exact amount of bonds required by law, with one exception, and out of 148 banks, of which the capital does not exceed \$150,000, only 4 have deposited bonds in excess of the requirement.

Tables will be found in the appendix, p. 147, etc., showing for the national banks in each State, Territory, and reserve city the minimum amount of bonds required by law, the bonds actually held, and the circulation thereon outstanding October 4, 1888; also all other information deemed useful as to circulation.

58 REPORT OF THE COMPTROLLER OF THE CURRENCY.

INTEREST-BEARING FUNDED DEBT OF THE UNITED STATES, AND THE AMOUNT HELD BY NATIONAL BANKS.

The connection between the banks and the distribution of the funded debt of the United States renders the following statement appropriate:

The public debt at its maximum, on August 31, 1865, amounted to \$2,844,649,626, of which obligations not bearing interest amounted to \$461,616,311, leaving interest-bearing debt \$2,383,033,315. On October 31, 1888, the interest-bearing debt amounted to \$958,123,282.

The following table shows the class of bonds, authorizing act, date of maturity, rate of interest, and intermediate changes:

BONDED DEBT AT DATES NAMED.

Date.	6 per cent.	5 per cent.	4½ per cent.*	4 per cent.†	6 per cent.‡	Total.
Aug. 31, 1865....	\$908,518,091	\$199,792,100	.....	.....	\$1,258,000	\$1,109,568,191
June 30, 1866....	1,038,388,469	198,528,435	.....	.....	6,042,000	1,212,958,904
June 30, 1867....	1,421,110,719	198,533,435	.....	.....	14,702,000	1,634,406,154
June 30, 1868....	1,841,521,809	221,588,400	.....	.....	29,080,000	2,092,199,209
June 30, 1869....	1,886,341,300	221,589,300	.....	.....	58,638,320	2,166,568,920
June 30, 1870....	1,764,932,300	221,589,300	.....	.....	64,457,320	2,050,978,920
June 30, 1871....	1,613,897,300	274,236,450	.....	.....	64,618,832	1,952,752,582
June 30, 1872....	1,374,883,800	414,567,300	.....	.....	64,623,512	1,845,074,612
June 30, 1873....	1,281,238,650	414,567,300	.....	.....	64,623,512	1,760,429,462
June 30, 1874....	1,213,624,700	510,628,050	.....	.....	64,623,512	1,788,876,262
June 30, 1875....	1,100,865,550	607,132,750	.....	.....	64,623,512	1,772,621,812
June 30, 1876....	984,999,650	711,685,800	.....	.....	64,623,512	1,761,308,962
June 30, 1877....	854,621,850	703,266,650	\$140,000,000	.....	64,623,512	1,761,512,012
June 30, 1878....	738,619,000	703,266,650	240,000,000	\$98,850,000	64,623,512	1,845,359,162
June 30, 1879....	319,932,500	646,905,500	250,000,000	679,878,110	64,623,512	1,952,339,622
June 30, 1880....	235,780,400	484,864,900	250,000,000	739,347,800	64,623,512	1,774,616,612
June 30, 1881....	196,378,000	439,841,350	250,000,000	739,347,800	64,623,512	1,690,191,262
June 30, 1882....	Continued at 3½ per cent. 58,957,150	Continued at 3½ per cent. 401,593,900 32,082,600	250,000,000	739,349,350	64,623,512	1,514,433,912
June 30, 1883....		Funded into 3 per cents, act July 12, 1882. 304,204,350	250,000,000	737,942,200	64,623,512	1,388,852,662
June 30, 1884....		224,612,150	250,000,000	737,661,700	64,623,512	1,276,897,362
June 30, 1885....		194,190,500	250,000,000	737,719,850	64,623,512	1,246,533,862
June 30, 1886....		144,046,600	250,000,000	737,759,700	64,623,512	1,196,429,812
June 30, 1887....		19,716,500	250,000,000	737,800,600	64,623,512	1,072,120,612
June 30, 1888....			222,207,050	714,177,400	64,623,512	1,001,007,962
Oct. 31, 1888....			197,302,000	682,068,150	64,623,512	943,993,662

* Funded loan 1891; authorizing act, July 14, 1870, and January 20, 1871; date of maturity, 1891.

† Funded loan 1907; authorizing act, July 14, 1870, and January 20, 1871; date of maturity, 1907.

‡ Pacific railroad bonds; authorizing act, July 1, 1862, and July 2, 1864; date of maturity, 1895 to 1899.

The Navy pension fund, amounting to \$14,000,000 in 3 percents, the interest upon which is applied to the payment of naval pensions exclusively, and \$129,620 of refunding certificates are not included in the table.

During the year ending October 31, 1883, \$50,412,650 of 4 percents and \$33,242,600 of 4½ percents were purchased for sinking-fund purposes, making a total of \$83,655,250. Of this amount \$4,077,150 of 4 percents and \$1,465,800 of 4½ percents were withdrawn by the national banks from deposit to secure circulation, making total withdrawals from this cause \$5,542,950, while the replacement by deposits of 4 percents amounted to only \$406,000.

Changes in the debt have induced corresponding changes in the bonds held by the national banks. In January, 1866, 1,582 banks, with capital, surplus, and undivided profits of \$475,330,204, held \$440,380,350 of United States bonds. On October 4, 1883, 3,140 banks, with capital, surplus, and undivided profits of \$855,576,646, held only \$232,582,250 of bonds. The total bank circulation on January 1, 1866, was \$213,239,530, and on October 4, 1888, that which was secured by bonds was \$151,702,809.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 59

The amount and classes of United States bonds owned by the banks, including those pledged as security for circulation and for public deposits, on June 30 in each year since 1865 are exhibited in the following table:

Years.	United States bonds held as security for circulation.					United States bonds held for other purposes at nearest date.	Grand total.
	6 per cent. bonds.	5 per cent. bonds.	4½ per cent. bonds.	4 per cent. bonds.	Total.		
1865 ..	\$170,382,500	\$65,576,600	-----	-----	\$235,959,100	\$155,785,750	\$391,744,850
1866 ..	241,083,500	86,226,850	-----	-----	327,310,350	121,152,950	448,463,300
1867 ..	251,430,400	89,177,100	-----	-----	340,607,500	81,002,650	424,610,150
1868 ..	250,726,950	90,768,950	-----	-----	341,495,900	80,922,500	422,418,400
1869 ..	255,190,350	87,661,250	-----	-----	342,851,600	55,102,000	397,953,600
1870 ..	247,355,350	94,923,200	-----	-----	342,278,550	43,970,600	386,259,150
1871 ..	220,497,750	139,387,800	-----	-----	359,885,550	39,450,800	399,336,350
1872 ..	173,251,450	207,189,250	-----	-----	380,440,700	31,868,200	412,308,900
1873 ..	160,923,500	229,487,050	-----	-----	390,410,550	25,724,400	416,134,950
1874 ..	154,370,700	236,800,500	-----	-----	391,171,200	25,347,100	416,518,300
1875 ..	136,955,100	239,359,400	-----	-----	376,314,500	26,900,200	403,214,700
1876 ..	109,313,450	232,081,300	-----	-----	341,394,750	45,170,300	386,565,050
1877 ..	87,690,300	206,651,050	\$44,372,250	-----	338,713,600	47,315,050	386,028,650
1878 ..	82,421,200	199,514,550	48,448,650	\$19,162,000	349,546,400	68,850,900	418,397,300
1879 ..	56,042,800	144,616,300	35,056,550	118,538,950	354,254,600	76,603,520	430,858,120
1880 ..	58,056,150	139,758,650	37,360,950	126,076,300	361,652,050	42,831,300	404,483,350
1881 ..	61,901,800	172,348,350	32,600,500	93,637,700	360,488,400	63,849,950	424,338,350
	Continued at 3½ per cent.: 25,142,600	Continued at 3½ per cent.: 202,487,650	32,752,650	97,429,800	357,812,760	43,122,550	400,935,250
1882 ..	385,700	3 per cents: 7,402,800	39,403,500	104,950,650	353,029,500	34,094,150	387,123,650
1883 ..		200,877,850					
1884 ..	Pacific.	172,412,550	46,546,400	111,690,900	330,649,850	31,203,000	361,852,850
1885 ..	3,520,000	142,240,850	48,483,050	117,901,300	312,145,200	32,195,800	344,341,000
1886 ..	3,565,000	107,782,100	50,484,200	114,143,500	275,974,800	31,345,550	307,320,350
1887 ..	3,175,000	5,205,650	67,743,100	115,842,650	191,966,700	33,147,750	224,814,450
1888 ..	3,181,000	37,500	69,670,300	105,423,850	178,312,650	63,618,150	241,930,800

SECURITY FOR CIRCULATING NOTES.

The following table shows the amount of bonds held by the Treasurer as security for the circulating notes of the national banks on October 31 of each year from 1882 to 1888, inclusive, the amount held by the banks for all other purposes, and the total of these two:

Year.	Number of banks.	United States bonds held as security for circulation.					United States bonds held for other purposes at nearest date.	Total.
		4½ per cent. bonds.	4 per cent. bonds.	3 per cent. bonds.	Pacific 6 per cent. bonds.	Total.		
1882.....	2,301	\$33,754,650	\$104,927,500	\$40,621,950 179,675,550	\$3,526,000	\$362,505,650	\$37,563,750	\$400,069,400
1883.....	2,522	41,319,700	106,164,850	602,000 201,327,750	3,463,000	352,877,300	30,674,050	383,551,350
1884.....	2,671	49,537,450	116,705,450	155,604,400	3,469,000	325,316,300	30,419,600	355,735,900
1885.....	2,727	49,547,250	116,391,650	138,920,650	3,505,000	308,364,550	31,780,100	340,144,650
1886.....	2,868	57,436,850	115,383,150	69,038,050	3,586,000	245,444,050	32,431,400	277,875,450
1887.....	3,061	69,696,100	115,731,400	144,500	3,256,000	188,828,000	34,671,350	223,499,350
1888.....	3,151	66,121,750	190,413,600	None.	3,468,000	170,003,350	60,715,050	230,718,400

* Three and one-half per cent.

The foregoing tables show how the banks have shifted their investments from one class of bonds to another, and the following table exhibits especially the steady decrease in the amount of bonds held for circulation.

It is worthy of note in this connection that the recent increase in bonds held otherwise than as security for circulation is directly at-

60 REPORT OF THE COMPTROLLER OF THE CURRENCY.

tributable to the requirement of these as security for deposits of public money. It is matter of general knowledge that a considerable percentage of bonds deposited as security for public moneys are not owned by the banks making the deposit, but that they have been borrowed for the purpose.

TABLE SHOWING THE DECREASE OF NATIONAL-BANK CIRCULATION DURING EACH OF THE YEARS ENDING OCTOBER 31, FROM 1884 TO 1888, INCLUSIVE, AND THE AMOUNT OF LAWFUL MONEY ON DEPOSIT AT THE END OF EACH YEAR.

National-bank notes outstanding October 31, 1883, including notes of national gold banks.....	\$352, 013, 787	
Less lawful money on deposit at same date, including deposits of national gold banks.....	35, 993, 461	\$316, 020, 326
National-bank notes outstanding October 31, 1884, including notes of national gold banks.....	333, 559, 813	
Less lawful money on deposit at same date, including deposits of national gold banks.....	41, 710, 163	291, 849, 650
Net decrease of circulation.....		24, 170, 676
Net outstanding as above, October 31, 1884.....		291, 849, 650
National-bank notes outstanding October 31, 1885, including notes of national gold banks.....	315, 847, 163	
Less lawful money on deposit at same date, including deposits of national gold banks.....	39, 542, 979	276, 304, 189
Net decrease of circulation.....		15, 545, 461
Net outstanding as above, October 31, 1885.....		276, 304, 189
National-bank notes outstanding October 31, 1886, including notes of national gold banks.....	301, 529, 889	
Less lawful money on deposit at same date, including deposits of national gold banks.....	81, 819, 233	219, 710, 656
Net decrease of circulation.....		56, 593, 533
Net outstanding as above, October 31, 1886.....		219, 710, 656
National-bank notes outstanding October 31, 1887, including notes of national gold banks.....	272, 041, 203	
Less lawful money on deposit at same date, including deposits of national gold banks.....	102, 826, 136	169, 215, 067
Net decrease of circulation.....		50, 495, 589
Net outstanding as above, October 31, 1887.....		169, 215, 067
National-bank notes outstanding October 31, 1888, including notes of national gold banks.....	239, 385, 237	
Less lawful money on deposit at same date, including deposits of national gold banks.....	87, 018, 909	152, 366, 328
Net decrease of circulation.....		16, 848, 739

The following table extended from the last Report shows the diminishing scale on which banks organized during each of the past six years have availed themselves of the privilege of issuing circulation upon bonds in excess of the minimum which the law obliges them to keep on hand.

For the sake of conciseness in the table the circulation is omitted, but as every bank has received circulation to the amount of 90 per cent. of the bonds deposited, the proportions of the table reflect faithfully the features of the circulation.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

61

NUMBER AND CAPITAL OF NATIONAL BANKS ORGANIZED IN EACH GEOGRAPHICAL DIVISION OF THE UNITED STATES FROM OCTOBER 31, 1882, TO OCTOBER 31, 1888, SHOWING THE AMOUNT OF BONDS DEPOSITED TO SECURE THEIR CIRCULATION, THE MINIMUM AMOUNT OF BONDS REQUIRED BY THE ACT OF JULY 12, 1882, AND THE EXCESS DEPOSITED OVER REQUIREMENTS BOTH IN AMOUNT AND PERCENTAGE.

Divisions.*	Num-ber of banks.	Capital.	United States bonds.			
			Deposited.	Minimum.	Excess.	Excess over mini-mum.
1883.						
First.....	7	\$1,275,000	\$995,000	\$312,500	\$682,500	218.40
Second.....	38	2,975,200	1,854,500	743,800	1,110,700	149.32
Third.....	5	295,000	155,500	73,700	81,800	110.99
Fourth.....	43	3,643,650	1,238,100	748,400	489,700	65.43
Fifth.....	61	11,210,000	2,578,000	1,765,000	813,000	46.06
Sixth.....	71	7,085,500	1,729,250	1,246,400	482,850	38.73
Seventh.....	11	620,000	268,400	155,000	113,400	73.16
Eighth.....	26	1,550,000	556,800	375,000	181,800	48.48
Total.....	262	28,654,350	9,375,550	5,419,800	3,955,750	72.99
1884.						
First.....	10	810,000	313,000	190,000	123,000	64.73
Second.....	22	1,662,250	718,000	340,500	377,500	110.86
Third.....	6	280,000	166,500	70,000	96,500	137.85
Fourth.....	27	2,861,100	693,600	627,700	65,900	10.49
Fifth.....	34	3,413,100	927,000	570,700	356,300	62.43
Sixth.....	68	5,492,780	1,239,750	1,135,600	104,150	9.17
Seventh.....	5	380,000	120,000	95,000	25,000	26.31
Eighth.....	19	1,143,000	309,250	285,700	23,550	8.24
Total.....	191	16,042,230	4,487,100	3,315,200	1,171,900	35.35
1885.						
First.....	4	400,000	100,500	100,000	500	.50
Second.....	18	2,635,000	1,037,500	543,700	493,800	90.82
Third.....	3	660,000	112,500	112,500	.....	.....
Fourth.....	20	2,025,600	561,500	506,100	55,400	10.95
Fifth.....	35	7,123,000	1,963,500	1,218,200	745,300	61.17
Sixth.....	41	2,350,000	759,800	587,500	172,300	20.33
Seventh.....	8	725,000	169,000	168,700	300	.18
Eighth.....	16	1,020,000	255,000	255,000	.....	.....
Total.....	145	16,938,000	4,950,300	3,491,700	1,467,600	42.03
1886.						
First.....	5	500,000	125,000	125,000	.....	.....
Second.....	15	4,000,000	525,000	525,000	.....	.....
Third.....	4	450,000	112,500	112,500	.....	.....
Fourth.....	23	1,658,000	404,750	402,000	2,750	.68
Fifth.....	27	5,465,000	843,000	743,750	99,250	13.34
Sixth.....	58	5,830,000	982,500	982,500	.....	.....
Seventh.....	18	2,100,000	367,500	360,000	7,500	2.08
Eighth.....	24	1,355,000	353,250	313,750	39,500	12.59
Total.....	174	21,358,000	3,713,500	3,564,500	149,000	4.18
1887.						
First.....	5	400,000	100,000	100,000	.....	.....
Second.....	27	7,025,000	771,550	743,750	27,800	3.74
Third.....	6	500,000	115,000	112,500	2,500	2.22
Fourth.....	50	6,199,000	1,262,500	1,262,250	250	.02
Fifth.....	37	5,010,000	959,500	952,500	7,000	.74
Sixth.....	70	9,002,000	1,400,500	1,400,500	.....	.....
Seventh.....	17	1,510,000	377,500	377,500	.....	.....
Eighth.....	13	900,000	225,000	225,000	.....	.....
Total.....	225	30,546,000	5,211,550	5,174,000	37,550	.72
1888.						
First.....	5	450,000	100,000	100,000	.....	.....
Second.....	19	1,414,000	341,000	341,000	.....	.....
Third.....	3	160,000	40,000	40,000	.....	.....
Fourth.....	25	2,509,000	516,000	514,750	1,250	.....
Fifth.....	23	3,130,000	582,500	582,500	.....	.....
Sixth.....	37	2,880,000	682,500	682,500	.....	.....
Seventh.....	13	1,050,000	262,500	262,500	.....	.....
Eighth.....	7	460,000	115,000	115,000	.....	.....
Total.....	132	12,053,000	2,639,500	2,638,250	1,250	.....

* See page 147.

62 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table exhibits in detail the changes which have occurred during the past year in the amount of national-bank circulation, so arranged as to illustrate the process by which the circulation steadily decreases concurrently with the accession of new banks and an increase in the aggregate national-bank capital:

CAPITAL AND CIRCULATION.

	Paid-in capital.	Circulation represented by bonds.
Increase by banks existing November 1, 1887.....	\$8,696,700	\$1,345,145
Increase caused by formation of new banks	11,789,000	2,372,400
Increase by banks organized during year.....	414,000	3,150
Total increase	20,899,700	3,720,695
Decrease of banks still in operation November 1, 1888	1,102,400	19,225,370
Decrease by banks going into voluntary liquidation and failed	6,071,000	1,041,065
	7,173,400	20,266,435
Net increase of capital.....	13,726,300	
Net decrease of circulation		16,545,740

BANKS WITHOUT CIRCULATION.

As reported last year, some national banks have not availed themselves of the privilege of taking out circulating notes, and others have surrendered their entire circulation. The following is a complete list of such banks, with capital and bonds:

Title of bank.	Capital.	Bonds.
Chemical National Bank, New York, N. Y	\$300,000	\$50,000
National City Bank, New York, N. Y	1,000,000	50,000
American Exchange National Bank, New York, N. Y	5,000,000	50,000
National Bank of Washington, D. C.	200,000	50,000
Chestertown National Bank, Chestertown, Md	50,000	12,500
First National Bank, Houston, Tex	100,000	25,000
Mechanics' National Bank, New York, N. Y	2,000,000	50,000
Metropolitan National Bank, Washington, D. C.	300,000	50,000
Total	8,950,000	337,500

ISSUES AND REDEMPTIONS.

The following table exhibits the number and amount of national-bank notes of each denomination which have been issued and redeemed since the organization of the system, and the number and amount outstanding on October 31, 1888:

Denominations.	Number of notes—			Amount—		
	Issued.	Redeemed.	Outstanding.	Issued.	Redeemed.	Outstanding.
Ones	23,167,677	22,783,281	384,396	\$23,167,677	\$22,783,281	\$384,396
Twos	7,747,519	7,649,436	98,083	15,495,038	15,298,872	196,166
Fives	104,109,700	90,617,308	13,492,392	520,548,500	453,086,540	67,461,960
Tens	44,219,831	36,443,660	7,776,171	442,198,310	364,436,600	77,761,710
Twenties	13,786,873	10,940,346	2,846,527	275,737,460	218,806,920	56,930,540
Fifties	1,897,847	1,624,608	273,239	94,892,350	81,230,400	13,661,950
One hundreds	1,422,156	1,198,720	223,436	142,215,600	119,872,000	22,343,600
Five hundreds	23,924	23,413	511	11,962,000	11,706,500	255,500
One thousands	7,369	7,320	49	7,369,000	7,320,000	49,000
Fractions outstanding ..						24,408
Total	196,382,896	171,288,092	25,094,804	1,533,585,935	1,294,541,113	239,069,230

Notes of gold banks are not included in this table.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 63

Distinct accounts are kept for the incomplete currency issued to banks in replacement of notes redeemed and destroyed under the provisions of the act of June 20, 1874, to banks taking out new circulation upon an extension of their corporate existence under the act of July 12, 1882, and to old and new banks increasing the volume of their circulation by adding to the amount of bonds deposited.

TABLE SHOWING BY STATES THE AMOUNT OF "ADDITIONAL CIRCULATION" ISSUED AND RETIRED DURING THE YEAR ENDING OCTOBER 31, 1888, AND TOTAL AMOUNT ISSUED AND RETIRED SINCE JUNE 20, 1874.

States and Territories.	Circulation issued under act of July 12, 1882.	Additional circulation issued.	Total issued.	Circulation retired.		Total retired.
				Under act of June 20, 1874.	Insolvent and liquidating banks.	
Maine.....	\$591,080	\$44,990	\$636,070	\$771,015	\$570,037	\$1,341,052
New Hampshire.....	586,750	11,250	598,000	448,804	347,749	796,553
Vermont.....	531,090	10	531,100	672,176	455,901	1,128,077
Massachusetts.....	3,218,085	56,250	3,274,335	7,361,043	4,986,483	12,347,526
Rhode Island.....	961,305	.....	961,305	1,335,223	1,435,692	2,770,915
Connecticut.....	1,373,000	11,240	1,384,240	1,752,806	1,592,145	3,254,951
New York.....	4,406,200	238,345	4,644,545	2,962,185	3,533,870	6,496,055
New Jersey.....	1,133,550	78,750	1,212,300	537,439	664,769	1,202,208
Pennsylvania.....	1,585,945	558,350	2,144,295	4,495,535	3,496,982	7,992,517
Delaware.....	299,323	11,260	310,583	322,560	79,660	102,220
Maryland.....	309,335	.....	309,335	920,389	744,047	1,664,436
District of Columbia.....	63,150	.....	63,150	47,110	16,368	63,478
Virginia.....	95,240	11,250	106,490	206,280	182,525	388,805
West Virginia.....	152,170	1,130	153,300	86,730	142,535	228,285
North Carolina.....	30,809	33,750	64,559	116,855	35,879	146,734
South Carolina.....	.....	16,875	16,875	197,941	20,147	218,088
Georgia.....	34,150	50,380	84,530	181,320	94,214	275,534
Florida.....	.....	87,620	87,620	.....	7,650	7,650
Alabama.....	17,750	11,250	29,000	122,920	36,526	159,446
Mississippi.....	.....	11,260	11,260	600	40	640
Louisiana.....	12,400	10	12,410	118,237	128,862	247,099
Texas.....	38,770	268,950	307,720	102,245	20,448	122,693
Arkansas.....	.....	10,000	10,000	3,781	13,685	17,466
Kentucky.....	125,350	36,900	162,250	1,423,695	308,887	1,732,582
Tennessee.....	66,400	49,735	116,135	278,260	95,679	373,939
Missouri.....	92,470	112,860	205,330	216,579	164,686	381,265
Ohio.....	689,821	194,380	884,201	2,890,840	1,460,726	4,351,566
Indiana.....	438,320	81,070	519,390	826,248	592,257	1,418,505
Illinois.....	270,725	135,000	405,725	759,401	507,246	1,266,647
Michigan.....	88,480	87,060	175,540	456,969	287,448	738,357
Wisconsin.....	147,100	61,665	208,765	227,434	185,234	412,668
Iowa.....	169,290	67,516	236,806	439,885	223,302	663,187
Minnesota.....	53,630	36,000	89,630	140,944	123,058	264,002
Kansas.....	.....	458,380	458,380	111,254	32,202	143,456
Nebraska.....	.....	92,280	92,280	165,763	61,226	226,989
Nevada.....	.....	29,700	29,700	.....	40	40
Oregon.....	67,510	67,510	67,510	51,550	8,650	60,200
Colorado.....	74,240	74,240	74,240	46,103	79,063	125,166
Utah.....	.....	.....	.....	29,260	416	29,676
Idaho.....	.....	36,000	36,000	14,550	.....	14,550
Montana.....	.....	7,520	7,520	8,945	3,770	12,715
Wyoming.....	.....	22,490	22,490	.....	.....	.....
New Mexico.....	.....	33,750	33,750	81,151	3,890	84,951
Dakota.....	.....	22,550	22,550	38,720	24,869	63,589
Washington.....	.....	80,610	80,610	32,550	6,891	39,441
California.....	.....	202,530	202,530	140,390	7,350	147,740
Arizona.....	.....	.....	.....	.....	7,010	7,010
Total.....	17,635,681	3,502,660	21,138,341	30,831,715	22,706,035	53,537,750
Surrendered to this office and retired.....	.....	.....	.....	.....	.....	189,830
From June 20, 1874, to October 31, 1887.....	.....	.....	207,878,247	193,732,779	76,713,746	270,446,525
Surrendered and retired same dates.....	.....	.....	.....	.....	.....	15,537,733
Grand total October 31, 1888.....	.....	.....	229,016,588	234,564,494	99,419,781	339,711,838

Notes of gold banks are not included in the above table.

Of the above \$3,502,660 there were issued to banks organized during the year, \$2,356,235, and to already existing banks increasing their circulation, \$1,146,425.

64 REPORT OF THE COMPTROLLER OF THE CURRENCY.

ISSUES.

The total issues of incomplete currency during the year are shown by the vault account, as follows:

National-bank currency in vaults, October 31, 1887	\$50,210,250
Amount received from Bureau of Engraving and Printing during the year ending October 31, 1888	44,488,880
Total	94,699,130
Amount issued to banks during the year	\$49,668,460
Amount canceled during the year, not having been issued.. ..	861,500
	50,529,960
Balance in vaults.....	44,169,170

REDEMPTION.

The provisions of law relating to the redemption of the circulating notes of national banks were fully described in the Report of 1887, and need not be here repeated. Two principles have been adhered to in all legislation on this subject.

These are, first, that every bank must redeem on demand at its place of business any of its circulating notes presented there for redemption during business hours; and, second, that the medium of redemption must be "lawful money of the United States."

The act of June 3, 1864, established redemption cities, but the act of June 20, 1874, establishing the National-Bank Redemption Agency of the Treasury at Washington, repealed all requirements as to redemption agents elsewhere, and obliged every bank to keep up a redemption fund in the hands of the Treasurer of the United States equal to 5 per cent. of its outstanding circulation.

The following table, compiled from the Treasurer's reports, shows the practical working of the law as to the 5 per cent. redemption fund:

TABLE SHOWING MODE OF REIMBURSEMENT OF FIVE PER CENT. REDEMPTION FUND BY NATIONAL BANKS, BY FISCAL YEARS, FROM 1875 TO 1888, INCLUSIVE.

Years.	Deposits of lawful money with assistant treasurers, United States.	Deposits with Treasurer United States.			Total.
		Deposits received at counter.	Remittances of lawful money by express.	Proceeds of national-bank notes redeemed.	
1875	\$88,834,653.12	\$929,646.63	\$32,308,100.78	\$18,742,163.00	\$140,874,563.53
1876	105,134,528.37	664,989.45	19,042,491.62	52,643,065.00	177,485,074.44
1877	116,044,751.34	(*)	7,678,750.57	91,856,769.92	215,580,271.83
1878	100,819,824.50	(*)	5,935,806.89	98,552,739.98	205,308,371.37
1879	101,194,261.04	(*)	4,894,393.06	50,581,484.09	156,670,138.19
1880	46,960,212.06	(*)	2,627,861.16	6,924,097.88	56,512,201.10
1881	41,411,436.87	(*)	3,106,187.40	4,313,702.36	48,831,326.63
1882	50,531,496.68	(*)	2,975,682.27	4,534,598.69	58,041,777.64
1883	113,726,801.90	(*)	2,939,882.01	5,248,120.14	121,914,804.05
1884	89,338,255.34	(*)	3,801,957.46	5,727,786.37	98,867,999.17
1885	106,264,901.13	(*)	4,503,141.79	6,376,897.26	117,144,940.18
1886	92,363,184.15	1,787,241.84	3,433,468.78	5,775,498.84	103,359,393.61
1887	46,254,760.76	2,077,837.82	2,000,214.04	2,189,546.65	52,522,359.27
1888	38,490,139.68	1,832,545.34	1,574,222.67	1,384,316.03	43,280,223.72
Total	1,137,378,236.94	7,352,261.08	96,822,160.50	354,850,786.21	1,596,403,444.73
Average	72.05	5.09	5.95	21.36	100.00

* No record.

The following tables, compiled from the Treasurer's reports, show, for the fiscal years 1874-'75 to 1887-'88:

1. The amounts of national-bank currency received annually at the Redemption Agency, and the disposition made of it.
2. The points from which this currency was forwarded and the percentage of the whole received from each point.
3. The total amount of notes redeemed, and the mode of redemption.
4. The cost of redemption.

TABLE SHOWING RECEIPTS AND DELIVERIES OF MONEYS BY THE NATIONAL-BANK REDEMPTION AGENCY (UNITED STATES TREASURER'S OFFICE)
FOR EACH FISCAL YEAR FROM 1875 TO 1888, INCLUSIVE.

Year ending June 30—	Cash balance on hand at close of previous year.	To national-bank notes received for redemption.	To "overs" reported in national-bank notes received for redemption.	Aggregates.	By national-bank notes fit for circulation, deposited in the Treasury, and forwarded to national banks by express.	By national-bank notes, unfit for circulation, delivered to the Comptroller of the Currency.	By notes of failed and liquidating national banks, deposited in United States Treasury.
1875		\$155,520,880.48	\$24,644.85	\$155,545,525.33	\$20,169,291.00	\$115,109,445.00	\$6,579,217.00
1876	\$6,031,022.32	209,038,854.94	16,491.42	215,086,368.68	102,478,700.00	78,043,155.00	24,027,000.00
1877	7,942,539.00	242,885,375.14	24,996.58	250,852,910.72	151,070,300.00	62,518,600.00	24,439,700.00
1878	11,505,312.52	213,151,458.56	37,049.20	224,694,420.28	132,437,300.00	51,585,400.00	11,852,100.00
1879	8,410,848.33	157,656,644.96	22,148.42	166,089,641.71	112,411,800.00	40,204,700.00	8,354,250.00
1880	3,785,389.29	61,585,675.68	6,461.30	65,377,526.27	24,980,500.00	29,861,700.00	6,671,700.00
1881	3,097,983.77	59,650,259.43	13,231.38	62,761,474.58	6,763,600.00	49,080,700.00	12,435,400.00
1882	2,844,107.37	76,089,327.48	11,222.13	78,944,656.98	3,801,500.00	53,848,500.00	16,953,730.00
1883	2,630,989.32	102,699,676.73	8,092.09	106,338,758.14	15,512,100.00	78,664,758.00	4,667,660.00
1884	6,672,963.85	126,152,572.34	6,066.30	132,838,602.49	26,253,500.00	95,616,064.00	3,507,950.00
1885	6,910,452.03	150,209,129.01	17,060.07	157,136,641.11	45,634,800.00	98,598,170.00	5,591,730.00
1886	6,791,087.93	130,296,606.82	25,528.97	137,113,223.72	46,701,100.00	81,256,713.50	3,130,573.00
1887	3,840,402.05	87,689,687.15	16,404.07	91,546,493.27	20,789,640.00	66,841,550.00	1,133,215.50
1888	2,165,539.41	99,152,364.34	14,749.28	101,332,653.03	17,453,780.00	75,912,756.45	92,672.00
Total	73,628,637.19	1,871,778,513.06	244,746.06	1,945,658,896.31	732,513,911.00	969,732,211.95	131,117,797.50

Year ending June 30—	By United States notes deposited in the Treasury of the United States.	By packages referred and moneys returned.	By express charges deducted.	By counterfeit notes rejected and returned.	By national-bank notes—less than three-fifths, lacking signatures, and stolen—rejected and returned, and discount on United States currency.	By "shorts" reported in national-bank notes received for redemption.	Cash on hand at close of year.
1875		\$1,620,557.39		\$3,741.00	\$15,028.12	\$20,223.50	\$6,031,022.32
1876		1,065,002.20		5,188.00	7,709.22	16,175.26	7,942,539.00
1877		1,278,903.86		5,634.00	4,755.91	29,704.43	11,505,312.52
1878		384,372.22		4,008.00	3,997.13	16,354.60	8,410,848.33
1879	\$959,132.00	329,323.34	\$25,842.15	3,016.00	6,282.58	9,906.35	3,785,389.29
1880	428,686.00	305,432.14	9,938.41	3,846.75	7,870.23	3,697,983.77	3,097,983.77
1881	30,645.00	569,971.06	3,345.03	4,324.50	22,763.37	6,618.25	2,844,107.37
1882	24,970.00	672,427.09	1,152.09	4,151.00	3,832.35	13,405.13	3,630,989.32
1883	7,267.00	727,282.98	725.84	4,559.50	4,537.62	10,103.35	6,672,963.85
1884	81,858.00	455,333.05	523.54	3,770.50	3,365.77	3,785.60	6,910,452.03
1885	177,350.00	329,249.19	612.25	3,560.00	3,636.49	6,445.25	6,791,087.93
1886	111,924.50	277,194.78	526.96	2,720.00	3,822.28	8,246.65	3,840,402.05
1887	126,727.10	464,413.45	573.58	2,924.00	2,554.23	22,356.00	2,165,539.41
1888	182,678.30	806,396.48	716.62	2,722.00	1,979.40	2,741.70	6,876,210.08
Total	2,131,237.00	9,285,859.23	43,956.47	54,165.25	91,984.70	175,975.04	80,504,847.27

11028—CUR 88—5

TABLE SHOWING, BY FISCAL YEARS, FROM 1875 TO 1888, THE AMOUNTS OF NATIONAL-BANK NOTES RECEIVED AT THE UNITED STATES TREASURY FOR REDEMPTION FROM THE PRINCIPAL CITIES AND OTHER PLACES, AND THE PROPORTION OF EACH AMOUNT TO THE WHOLE.

Year.	New York.		Boston.		Philadelphia.		Chicago.		Cincinnati.		Saint Louis.	
	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.
1875.....	\$80,925,000	52.07	\$17,598,000	11.32	\$9,096,000	5.85	\$6,814,000	4.39	\$3,676,000	2.37	\$1,384,000	.89
1876.....	78,389,000	38.37	55,878,000	27.35	9,778,000	4.79	10,106,000	4.89	3,085,000	1.51	1,019,000	.50
1877.....	76,693,000	32.47	75,212,000	31.84	20,988,000	8.89	4,162,000	1.76	2,781,000	1.18	1,292,000	.55
1878.....	66,273,000	31.48	80,527,000	38.26	10,836,000	5.15	3,194,000	1.52	2,268,000	1.08	999,000	.47
1879.....	54,170,000	35.00	59,375,000	38.36	7,052,000	4.56	1,719,000	1.11	1,219,000	.79	1,487,000	.96
1880.....	26,460,000	42.96	11,701,000	19.00	3,358,000	5.45	1,673,000	2.72	819,000	1.33	362,000	.64
1881.....	23,319,000	39.09	5,565,000	9.33	4,919,000	8.25	2,655,000	4.45	906,000	1.67	673,000	2.13
1882.....	28,012,000	36.82	7,370,000	9.69	5,930,000	7.81	3,545,000	4.66	1,188,000	1.56	1,061,000	1.39
1883.....	36,042,000	35.10	16,631,000	16.19	7,333,000	7.14	6,146,000	5.98	1,774,000	1.73	1,372,000	1.34
1884.....	54,327,000	43.07	19,971,000	15.83	6,830,000	5.41	5,794,000	4.59	1,822,000	1.45	1,155,000	.92
1885.....	75,409,000	50.20	27,473,000	18.29	7,220,000	4.81	4,558,000	3.03	1,910,000	1.27	977,000	.65
1886.....	49,487,000	37.98	30,031,000	23.05	7,323,000	5.62	5,493,000	4.22	2,263,000	1.74	3,422,000	2.63
1887.....	31,314,583	35.71	13,219,269	15.08	6,972,856	7.95	5,315,319	6.06	2,244,310	2.56	3,421,698	3.90
1888.....	43,411,196	43.78	13,062,289	13.17	6,400,953	6.46	5,508,460	5.56	2,725,689	2.75	3,033,908	3.06

Year.	Baltimore.		New Orleans.		Providence.		Pittsburgh.		Other places.		Total.	
	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.	Amounts.	Per cent.
1875.....	\$1,902,000	1.22	.....	.....	\$1,388,000	.89	\$1,449,000	.93	\$31,189,000	20.07	\$155,421,000	100.00
1876.....	3,265,000	1.60	.....	.....	3,247,000	1.59	1,425,000	.70	38,108,000	18.70	204,300,000	100.00
1877.....	1,821,000	.77	.....	.....	5,653,000	2.59	1,322,000	.50	46,280,000	19.59	236,210,000	100.00
1878.....	1,085,000	.52	.....	.....	4,989,000	2.37	1,141,000	.54	39,179,000	18.61	210,491,000	100.00
1879.....	693,000	.45	.....	.....	3,772,000	2.44	635,000	.41	24,647,000	15.92	154,769,000	100.00
1880.....	415,000	.67	.....	.....	1,454,000	2.36	547,000	.89	14,767,000	23.98	61,586,000	100.00
1881.....	673,000	1.13	.....	.....	1,419,000	2.38	606,000	1.01	18,825,000	31.56	59,650,000	100.00
1882.....	947,000	1.24	.....	.....	1,426,000	1.87	880,000	1.16	25,721,000	33.80	76,059,000	100.00
1883.....	1,626,000	1.58	.....	.....	1,606,000	1.62	917,000	.89	29,193,000	28.43	102,700,000	100.00
1884.....	2,853,000	2.26	.....	.....	1,820,000	1.44	819,000	.65	30,761,000	24.38	126,152,000	100.00
1885.....	3,705,000	2.47	\$2,063,000	1.37	2,293,000	1.53	683,000	.46	23,918,000	15.92	150,209,000	100.00
1886.....	3,546,000	2.72	1,423,000	1.09	1,731,000	1.32	526,000	.40	25,051,600	19.23	130,296,600	100.00
1887.....	3,102,500	3.54	1,316,036	1.50	1,015,131	1.16	527,800	.60	19,240,185	21.94	87,689,687	100.00
1888.....	2,927,000	2.95	1,327,699	1.34	874,700	.88	647,089	.65	19,233,381	19.40	99,152,364	100.00

TABLE SHOWING TOTAL AMOUNT AND MODE OF PAYMENT FOR NATIONAL-BANK NOTES REDEEMED, BY FISCAL YEARS, COMMENCING WITH YEAR ENDING JUNE 30, 1875.

Fiscal year.	Transfer checks.	United States notes.	Fractional silver coin.	Standard silver dollars.	Redeemed at counter.	Credits to assistant treasurers and U. S. depositaries in general account.	Credit in redemption accounts.	Total.
1875.....	\$58,825,756.00	\$50,858,842.00	-----	-----	\$100,000.00	\$24,066,814.00	\$19,040,413.00	\$152,891,855.00
1876.....	92,374,801.00	40,120,338.00	-----	-----	4,758,979.00	19,078,209.00	52,643,065.00	208,955,392.00
1877.....	95,212,743.45	31,568,129.15	\$408,974.00	-----	6,675,000.00	12,789,757.00	91,856,760.92	241,591,373.52
1878.....	75,361,427.23	23,046,418.44	549,645.40	-----	2,061,021.00	12,609,683.76	98,532,739.98	212,789,335.81
1879.....	51,718,238.00	14,617,619.41	52,178.90	\$96,683.82	5,089,222.80	35,148,181.38	50,581,484.69	157,303,622.96
1880.....	10,852,505.53	21,174,826.66	28,250.59	174,831.85	3,883,417.60	18,218,070.37	6,924,097.88	61,235,980.48
1881.....	22,415,972.28	10,567,714.21	85,164.56	215,045.27	3,522,607.00	8,636,232.92	4,313,702.36	59,056,468.60
1882.....	32,992,144.72	23,222,831.83	246,447.42	269,918.44	4,033,402.40	10,106,238.45	4,534,598.69	75,405,581.95
1883.....	56,018,447.71	23,668,004.66	296,257.79	242,518.37	3,941,698.00	12,428,692.86	5,218,120.14	101,843,739.53
1884.....	77,991,916.83	24,080,304.62	158,127.60	1,015,519.10	3,826,293.00	12,960,221.66	5,727,786.37	125,760,169.18
1885.....	105,840,234.80	19,236,730.27	135,773.22	482,500.35	3,848,690.50	13,944,370.50	6,443,697.26	149,931,396.90
1886.....	74,149,555.26	9,204,752.76	103,843.62	451,194.22	8,385,485.00	31,007,087.30	6,727,796.96	130,029,625.12
1887.....	39,996,984.07	15,657,298.62	97,670.41	248,970.92	4,200,654.50	24,768,344.79	2,243,346.65	87,213,269.96
1888.....	53,463,333.36	19,289,725.65	90,684.97	202,537.79	3,229,772.00	20,149,324.00	1,820,349.65	98,246,727.42
Total.....	847,214,075.30	338,324,626.28	2,312,998.48	3,369,719.63	58,135,582.80	256,210,657.99	356,667,877.95	1,862,265,538.43

TABLE SHOWING, BY FISCAL YEARS FROM 1875 TO 1888, EXPENSES INCURRED IN THE REDEMPTION OF NATIONAL-BANK NOTES AT THE UNITED STATES TREASURY.

Year.	Charges for transportation.	Costs for assorting notes.						
		Salaries.	Printing and binding.	Stationery.	Postage.	Contingent and other expenses.	Furniture.	Total.
1875.....	\$88,098.31	\$158,227.39	-----	*\$12,290.72	\$3,298.80	\$16,131.47	\$12,918.68	\$290,965.37
1876.....	159,142.84	188,018.94	-----	*9,174.68	3,391.00	1,993.01	3,472.84	365,193.31
1877.....	189,362.05	150,695.68	\$6,604.30	3,818.10	3,716.66	2,869.31	-----	357,066.10
1878.....	173,420.60	136,580.63	2,660.32	3,090.00	-----	2,190.93	-----	317,942.48
1879.....	98,298.75	133,956.27	2,894.00	2,597.22	-----	3,203.11	-----	240,949.95
1880.....	34,764.21	104,350.08	2,632.09	1,034.29	-----	947.09	-----	143,728.39
1881.....	33,843.86	89,564.72	1,220.60	1,051.27	-----	531.67	-----	126,212.12
1882.....	39,203.31	87,593.56	1,535.42	806.51	-----	390.58	-----	129,529.38
1883.....	57,190.86	86,213.35	2,401.54	890.41	-----	896.11	-----	147,592.27
1884.....	68,684.11	68,426.79	1,935.91	1,133.84	-----	716.00	-----	160,896.65
1885.....	85,255.48	93,371.82	1,670.77	1,114.19	-----	444.90	-----	181,857.16
1886.....	74,490.52	89,065.18	3,190.89	1,163.65	-----	333.11	-----	168,243.35
1887.....	48,020.53	87,450.54	1,430.93	1,053.39	-----	1,011.61	-----	138,967.60
1888.....	51,529.76	86,232.40	2,580.78	687.44	-----	111.10	-----	141,141.48

*In 1875 and 1876 "Printing and binding" was included with item "Stationery."

68 REPORT OF THE COMPTROLLER OF THE CURRENCY.

REDEMPTION OF CIRCULATION OF BANKS IN THE HANDS OF RECEIVERS, OF THOSE IN VOLUNTARY LIQUIDATION, AND OF THOSE REDUCING CIRCULATION UNDER THE ACT OF JUNE 20, 1874.

The redemption of circulating notes of failed banks at the United States Treasury was provided for originally as it is now, by giving the Comptroller power to cancel or to sell the bonds of the banks, and in case of deficiency in the proceeds to make it good out of the assets of the corporation; but before the act of 1874 went into effect the notes of such banks were called in by public advertisement, whereas now they are left in circulation until they are brought by the ordinary currents of redemption into the office of the Treasurer or of one of the assistant treasurers, or into the hands of a designated depository of public moneys, or one of the national-bank depositaries.

Section 8 of the act of June 20, 1874, requires the Treasurer, assistant treasurers, designated depositaries, and national-bank depositaries to assort and return to the Treasurer for redemption the notes of such national banks as have failed, or have gone into voluntary liquidation, and of all such as shall thereafter fail or go into such liquidation.

The following table, compiled from the records of the Bureau of the Currency, shows the course of redemption of the notes of failed banks. Total circulation of all failed banks, \$15,432,360; amount redeemed, \$13,911,335; balance outstanding or lost, \$1,521,025.

TABLE SHOWING, BY YEARS, FROM OCTOBER 1, 1865, TO NOVEMBER 1, 1888, THE TOTAL CIRCULATION OF BANKS FAILED, THE AMOUNT REDEEMED, AND THE BALANCE OUTSTANDING AT CLOSE OF EACH YEAR. (COMPILED FROM REPORTS OF COMPTROLLER OF THE CURRENCY.)

Year ending—	Total circulation outstanding at end of previous year.	Total circulation of banks failed during the year.	Aggregate of two previous columns.	Amount of circulation of failed banks redeemed during year.	Balance of circulation of failed banks outstanding at close of year.
October 1, 1865		\$14,000	\$14,000.00	None.	\$14,000.00
October 1, 1866	\$14,000.00	265,000	309,000.00	\$5,320.00	303,680.00
October 1, 1867	303,680.00	748,900	1,052,580.00	163,288.00	889,292.00
October 1, 1868	889,292.00	321,800	1,211,092.00	648,533.00	562,559.00
October 1, 1869	562,559.00	45,000	607,559.00	274,820.55	332,738.45
October 1, 1870	332,738.45	129,700	462,438.45	143,602.60	318,835.85
October 1, 1871	318,835.85	None.	318,835.85	110,284.25	208,551.60
November 1, 1872	208,551.60	1,388,393	1,596,944.60	1,095,581.60	501,363.00
November 1, 1873	501,363.00	2,522,100	3,023,463.00	720,915.00	2,302,548.00
November 1, 1874	2,302,548.00	230,000	2,532,548.00	494,910.00	2,037,638.00
November 1, 1875	2,037,638.00	628,676	2,676,314.00	1,279,346.50	1,396,967.50
November 1, 1876	1,396,967.50	540,609	1,937,576.50	961,279.80	976,296.70
November 1, 1877	976,296.70	2,349,114	3,325,410.70	2,299,785.25	1,025,625.45
November 1, 1878	1,025,625.45	1,385,068	2,410,693.45	858,239.45	1,551,454.00
November 1, 1879	1,551,454.00	516,825	2,068,279.00	919,600.00	1,148,679.00
November 1, 1880	1,148,679.00	506,143	1,654,822.00	322,546.00	1,332,276.00
November 1, 1881	1,332,276.00	None.	1,332,276.00	382,534.00	949,742.00
November 1, 1882	949,742.00	999,500	1,949,242.00	547,610.00	1,401,632.00
November 1, 1883	1,401,632.00	108,200	1,509,832.00	648,704.00	861,128.00
November 1, 1884	861,128.00	850,120	1,711,248.00	612,960.00	1,098,288.00
November 1, 1885	1,098,288.00	486,550	1,584,838.00	451,424.00	1,133,414.00
November 1, 1886	1,133,414.00	434,840	1,568,254.00	110,228.00	1,458,026.00
November 1, 1887	1,458,026.00	307,738	1,765,764.00	339,799.00	1,425,965.00
November 1, 1888	1,425,965.00	614,084	2,040,049.00	519,024.00	1,521,025.00
Total		15,432,360		13,911,335.00	

Before the act of June 20, 1874, banks reducing their circulation could withdraw their bonds from the Treasury only upon surrendering there, for cancellation, an amount of their circulating notes proportioned to the amount of bonds to be withdrawn, and up to July 14, 1870, banks

for one year after going into voluntary liquidation had to resort to the same means in order to withdraw their bonds; but after the expiration of the year such banks might deposit lawful money for the difference between the whole amount of circulation issued to them and the amount surrendered, and thereupon get back the rest of their bonds. The amount of such deposits and the time at which they should be made were left to the choice of the bank. The act of July 14, 1870, made the deposit of lawful money obligatory upon liquidating banks, and the act of June 20, 1874, fixed six months after notice of liquidation as the limit of time allowed for making such deposits.

The act of June 20, 1874, provided also that any national banking association might withdraw its circulating notes upon the deposit of lawful money with the Treasurer of the United States in sums of not less than \$9,000. Under this act, and on account of liquidating and insolvent banks, and under section 6 of the act of July 12, 1882, which provides for a deposit of lawful money to retire the old circulation of national banks whose corporate existence has been extended, \$409,664,244 of lawful money has been deposited with the Treasurer. This includes \$2,663,720 for redemption of the notes of national gold banks and \$96,958,887 for the redemption of national-bank notes under section 6 of the act of July 12, 1882.

During the year ending October 31, 1888, lawful money to the amount of \$37,781,464 was deposited with the Treasurer to retire circulation, of which \$2,107,978 was deposited by banks in liquidation, \$14,520,956 by banks reducing circulation under the act of June 20, 1874, and \$21,152,530 by banks retiring old circulation under the act of July 12, 1882. The amount previously deposited under the acts of June 20, 1874, and July 12, 1882, was \$320,681,226, by banks in liquidation, \$65,446,364, making a total of \$423,909,054. Deducting from the total the amount of circulating notes redeemed and destroyed without re-issue, which was \$336,890,145, there remained in the hands of the Treasurer on October 31, 1888, \$87,018,909 of lawful money for the redemption and retirement of national-bank circulation, including \$188,987 for the redemption of the circulating notes of national gold banks.

Prior to June 20, 1874, there were redeemed and destroyed \$10,431,135, and since that date \$326,459,009 of bank notes have been redeemed, destroyed, and retired. This latter amount includes \$2,474,733 of the notes of national gold banks, and \$50,226,314 of the notes of national banks whose corporate existence has been extended under the act of July 12, 1882.

There are at present no national gold banks in existence. Of those which have been organized, three went into voluntary liquidation and the others became currency banks, under the provisions of the act approved February 14, 1880.

Under all the laws now in operation the Treasurer has received for redemption up to November 1, 1888, national-bank notes aggregating in amount \$1,899,039,275.

During the past year the receipts at the Treasury amounted to \$103,945,471, of which amount \$46,849,990, or 45 per cent., was received from the banks in the city of New York, and \$14,327,098, or 14 per cent., from banks in the city of Boston. The amount received from Philadelphia was \$6,259,673; from Chicago, \$5,694,050; from Cincinnati, \$2,337,754; from Saint Louis, \$2,501,100; from Baltimore, \$3,086,055; from New Orleans, \$1,444,067; from Providence, \$902,677, and from Pittsburgh, \$666,786.

70 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table exhibits the amount of national-bank notes received monthly for redemption by the Comptroller of the Currency during the year ending October 31, 1888, and the amount received during the same period at the Redemption Agency of the Treasury, together with the total amount received since the passage of the act of June 20, 1874:

Months.	Received by the Comptroller of the Currency—					Received at United States Treasury Redemption Agency.
	From national banks in connection with reduction of circulation and replacement with new notes.	From the Redemption Agency—			Total.	
		For replacement with new notes.	For reduction of circulation under act June 20, 1874.	Insolvent and liquidating national banks.		
1887.						
November	\$92, 930	\$1, 555, 575	\$2, 321, 042	\$1, 005, 938	\$5, 975, 485	\$5, 799, 075
December	42, 340	1, 820, 780	2, 043, 736	1, 464, 735	5, 371, 591	8, 228, 273
1888.						
January	7, 950	2, 384, 230	3, 071, 765	1, 956, 642	7, 420, 587	12, 232, 503
February	2, 250	2, 853, 080	3, 411, 525	2, 206, 185	8, 473, 040	9, 176, 339
March	20	2, 615, 800	2, 778, 293	1, 918, 341	7, 312, 454	7, 916, 274
April	2, 780	2, 572, 775	2, 698, 282	2, 102, 422	7, 376, 259	9, 642, 090
May	5, 325	3, 054, 790	3, 234, 179	2, 421, 361	8, 715, 655	12, 302, 623
June	1, 560	2, 834, 220	3, 104, 570	2, 389, 175	8, 329, 525	11, 387, 533
July		2, 268, 735	2, 179, 307	1, 637, 574	6, 085, 616	9, 224, 960
August	1, 250	1, 873, 395	1, 900, 938	1, 519, 240	5, 294, 823	6, 984, 802
September		1, 975, 540	1, 932, 047	1, 537, 671	5, 445, 258	5, 205, 273
October	1, 865	2, 790, 610	2, 103, 501	1, 546, 751	6, 442, 727	5, 845, 727
Received from June 20, 1874, to October 31, 1888.....	158, 270	28, 589, 530	30, 779, 185	22, 706, 035	82, 243, 020	103, 945, 472
	16, 345, 425	765, 708, 615	193, 727, 009	76, 588, 755	1, 052, 369, 804	1, 795, 093, 803
Grand total.....	16, 503, 695	794, 308, 145	224, 506, 194	99, 294, 790	1, 134, 612, 824	1, 899, 039, 275

Notes of gold banks are not included in the above table.

The following table, compiled from the books of the Comptroller of the Currency, exhibits the amount of national-bank notes received at this office and destroyed yearly since the establishment of the system:

Prior to November 1, 1865	\$175, 490	During year ended October 31—	
During year ended October 31—		1879	\$41, 101, 830
1866	1, 050, 382	1880	35, 539, 660
1867	3, 401, 423	1881	54, 941, 130
1868	4, 602, 825	1882	74, 917, 611
1869	8, 603, 729	1883	82, 913, 766
1870	14, 305, 689	1884	93, 178, 418
1871	24, 344, 047	1885	91, 048, 723
1872	50, 211, 720	1886	59, 989, 810
1873	36, 433, 171	1887	47, 726, 083
1874	49, 939, 741	1888	59, 568, 525
1875	137, 697, 696	Additional amount of insolvent and liquidating national banks.....	109, 850, 919
1876	98, 672, 716		
1877	76, 918, 963	Total	1, 294, 515, 314
1878	57, 381, 249		

Notes of gold banks are not included in the above table.

There was in the vault of the redemption division of this office, awaiting destruction, at the close of business October 31, 1887.....	\$136, 310
Received during the year ended October 31, 1888	82, 293, 962
Total	82, 430, 272
Withdrawn and destroyed during the year	82, 325, 502
Balance in vault October 31, 1888	104, 770

SUPERVISION.

Supervision over the national banks is maintained through a corps of examiners, but it embraces also the scrutiny of the five reports of condition required of every bank each year, and of the reports of earnings and dividends which are made twice a year by all banks, and oftener by those by which dividends are oftener declared.

The Comptroller may call upon any bank, at his discretion, for such special reports as he thinks proper, and an extensive correspondence is kept up with officers and directors in regard to matters contained in the examiners' reports and in the various reports received directly from the banks.

Since directors are responsible in their individual capacity for all violations of law which they knowingly commit or permit (sec. 5239 R. S.), the rule has been adopted of addressing to the board of directors of each bank such correspondence with it as relates to violations of law, and when the matter is serious a separate note is sent to each director informing him of the letter addressed to the board.

Letters relating to the internal administration of the bank are addressed to its president, all others to the cashier.

From a review of the correspondence, as thus classified, it appears that the matters requiring most frequent attention are as follows:

VIOLATIONS OF LAW.

1. EXCESSIVE LOANS.

Section 5200, Revised Statutes, forbids loans to any person, firm, company, or corporation exceeding 10 per cent. upon the capital of the bank.

This restriction is too general in its terms, and is necessarily exceeded by banks in large cities, where the magnitude of deposits and of transactions make conformity with the law impracticable. On the other hand, it is a most salutary restraint upon banks in small communities, preventing the accommodation they afford from being monopolized by a few favored individuals, usually the directors and their friends or relations.

The enforcement of the law in these latter cases is, however, seriously impeded by the notorious disregard of it in the former, and I therefore earnestly repeat the recommendation made last year for new legislation on this subject.

2. LOANS UPON THE SECURITY OF REAL ESTATE.

Section 5137, Revised Statutes, prohibits national banks from holding real estate by title or under mortgage, except in certain specified cases, and the courts have construed this as forbidding, also, loans upon the security of real estate.

The language of the statute is not explicit, and it has been variously construed by different courts, nor has the restriction that popular support which is almost necessary to the official enforcement of any law. On the contrary, there is a widespread feeling that the national bank law discriminates against real estate unjustly, and in agricultural communities this feeling is so strong that in many cases it is resentful, and is made the ground of popular opposition to the whole national-bank system. Even among experienced and conservative bankers in certain

72 REPORT OF THE COMPTROLLER OF THE CURRENCY.

sections there appears to be a feeling that the restraint in this respect is unreasonable.

Among the amendments to the national-bank law which were submitted with my last Annual Report will be found certain modifications of the provisions bearing upon real-estate security, and I respectfully repeat the recommendation for their speedy enactment.

3. INVESTMENTS IN BONDS, STOCKS, AND OTHER SECURITIES.

The Supreme Court (*First National Bank v. National Exchange Bank*, 92 U. S., 122) has pronounced the dictum that a national banking association can not deal in stocks. Two State courts (Pennsylvania and Maryland) have decided that such associations are not authorized to act as brokers or agents in the purchase and sale of such securities.

Like other restrictions upon the national banks, this one, which in the main is wholesome and in most cases necessary, in view of the public uses to which the capital and resources of national banks are dedicated, has been found in some peculiar cases to be inconvenient. In some sections, especially in New England, the number of banks and the amount of floating capital are in excess of the business needs of the locality. The more active and enterprising among these banks secure the commercial paper, and the others have either to lend out their money at distant points, or invest it in securities. The latter is undoubtedly the safer, and therefore the better course, and the officers and directors who resort to it are naturally disposed to dispute any interpretation of the law which is adverse to such investments.

The more I learn about the banking business of the country, however, and in this position the opportunities for learning are incessant and excellent, the more satisfied I am that banks of deposit should never invest in anything but bills of exchange or short-date commercial paper. If capitalists desire to combine for the purpose of holding securities, or dealing in stocks and bonds, they have abundant facilities for doing so outside of the national-bank system. There can be no question of the right of all citizens to invest their own means as they please, but the national banks, under the operation of the laws made for their government, have become the principal depositories of the floating capital of the country, hence the managers of these banks are bound by duty to their depositors to regard strictly the limitations upon investments imposed by the law, and this obligation becomes strengthened when, as in this case, the law is in harmony with sound banking principles.

Those who are charged with the enforcement of the national-banking law can not be too persistent in keeping the system as clear as possible of every variety of what may be called incrustations of capital.

4. DEFICIENT RESERVE.

There has been a marked improvement all over the country during the last few years in the observance of the law as to reserves and in the conscientiousness and accuracy with which reports are made.

The modifications suggested in the law would be very acceptable to the banks, and would tend to the improvement of the system.

5. EXCESSIVE AND UNLAWFUL DIVIDENDS.

The provisions of law relating to dividends are substantially as follows:

1. The authority to declare dividends and to pay them is vested in the board of directors.

2. A dividend may be declared only when the net profits actually realized and on hand equal or exceed the total amount to be paid to stockholders.

3. Net profits are to be ascertained by deducting from gross earnings and profits: first, all expenses and losses incurred up to the date on which the books are closed; and second, all bad debts, which are thus defined:

All debts due to any associations, on which interest is past due and unpaid for a period of six months, unless the same are well secured, and in process of collection, shall be considered bad debts within the meaning of this section.

4. Until the surplus fund amounts to twenty per cent. of the capital, ten per cent. of net profits must be added to that fund every time a dividend is declared, so that in such cases the fund available for dividend is only ninety per cent. of net profits.

6. IMPROPER REDUCTION OF SURPLUS.

In many cases banks have passed to surplus account more than 10 per cent. of net profits, and subsequently before the surplus was full some of these have claimed that such excess might be withdrawn in dividends. Such a claim does not appear to be consistent either with the language of the law or with its manifest purpose. In construing the language of the law, it is to be observed that the act of 1863 required and that of 1864 authorized dividends every six months out of individual net profits actually on hand, while the latter act prescribed that every six months each bank should make to the Comptroller a report of its profits, expenses, and losses, whether or not any dividend should be then declared. The provision for a tithe to the surplus was from the first implicated with the regulations as to dividends and the charging off of losses, expenses, and bad debts, hence it seems clear that according to the sum already carried to surplus is no longer a part of the undivided profits. The surplus account is by the statute co-ordinated with shareholders as a beneficiary in the dividend fund, and if an amount in excess of the obligatory tithe is once added to the surplus, that amount ceases to be a part of the undivided profits out of which alone dividends may be declared.

As long as the surplus is below 20 per cent. of capital, it can not be reduced except by losses in excess of undivided profits.

The intention of the law in providing for a surplus fund seems to be to afford to shareholders a protection against assessments. Such protection is valuable to all shareholders who are not capitalists, and who, therefore, presumably are not prepared to respond to assessments upon their shares, but it is of vital importance to small investors and to the beneficiaries of trust and estate funds invested in national bank stock.

The surplus fund stands between such shareholders and their wealthy partners as a safe guard against the process commonly known as "freezing out." Without this protection improvident or designing directors would be constantly exposing their shareholders to assessments, and on every such occasion the weak and helpless would be sacrificed, while their stock would pass into the hands of the designing or the grasping.

REPORTS.

During the past year 15,505 reports of condition, about 6,137 reports of dividends and earnings, and 3,166 reports from examiners have been received at the office of the Comptroller of the Currency, and fully 17,000

74 REPORT OF THE COMPTROLLER OF THE CURRENCY.

letters and circulars have been sent out in connection with them. The reports received are all carefully examined, compared with one another, and abstracts are made from them.

From these various reports, after examination and verification, the subjoined tables have been compiled, and other tables compiled from the same sources will be found in the Appendix, pp. 180 to 215, showing the condition of the reserve of national banks, their loans and discounts, abstract of reports of dividends and earnings, ratios to capital and to capital and surplus, and other valuable information as to the condition of the national banks on the date of the last report.

A large table on folded sheet, appended hereto, exhibits for October, 1888, in aggregate, every detail embraced in the tabulated reports required of the banks. Similar tables are made up for the information of the Comptroller from the reports gathered from all banks five times each year. The amounts are given separately for each State, reserve city, and Territory.

DIAGRAM.

With the Report of 1886 a diagram was submitted grouping graphically the main features of the national banking system, and showing by continuous lines the variations occurring between January 1, 1866, and October 7, 1886. It has not been considered necessary to reproduce this diagram, because any one interested in the subject can extend the lines by means of the figures contained in the summary of the condition of the banks, given on page 2 of this Report.

The following table groups in a compendious form the most important facts shown in the diagram, extended to October 4, 1888. The exact figures in each case are given in the table; in the diagram they had to be abridged into round millions.

	Jan. 1, 1866.	Oct. 4, 1888.	Highest point touched.		Lowest point touched.	
			Amount.	Date.	Amount.	Date.
Capital	\$403,357,346	\$592,621,656	\$592,621,656	Oct. 4, 1888	\$403,357,346	Jan. 1, 1866
Capital, surplus, and undivided profits.	475,330,204	855,576,646	855,576,647	do	475,330,204	do
Circulation	213,239,530	151,702,809	341,320,256	Dec. 26, 1873	151,702,809	Oct. 4, 1888
Total investments in United States bonds	440,380,350	232,582,250	712,437,900	Apr. 4, 1879	223,242,050	Aug. 1, 1887
Deposits	520,212,174	1,350,320,861	1,350,320,861	Oct. 4, 1888	504,407,586	Oct. 8, 1870
Loans and discounts	500,650,109	1,674,886,285	1,674,886,285	do	500,650,109	Jan. 1, 1866
Cash:						
National-bank notes	20,406,442	21,600,818	28,809,609	Dec. 31, 1883	11,841,104	Oct. 7, 1867
Legal-tender notes	187,816,548	81,009,461	205,793,579	Oct. 1, 1869	52,156,439	Mar. 11, 1881
Specie	16,909,363	178,097,816	181,292,276	June 30, 1888	8,050,330	Oct. 1, 1875

An examination of this table shows that the aggregate capital, surplus, undivided profits, circulation, and deposits have increased from \$1,208,781,908 in January, 1866, to \$2,357,600,316 in October, 1888, which is less than double, while the loans and discounts have gone up from \$500,650,109 to \$1,674,886,285, which is more than treble, showing how much more widely the banks are now identified with the general business of the country than they were twenty-three years ago.

The investments in bonds have taken an opposite course. Amount, ing to \$440,380,350 in 1866, increasing to \$712,437,900 in April, 1879-

REPORT OF THE COMPTROLLER OF THE CURRENCY. 75

they amounted on October 4 last to \$232,582,250. Of this amount \$60,458,450 were held by the banks for public deposits and other purposes than circulation.

The specie, which at the beginning of the period was but \$16,909,363, had got down in October, 1875, to \$8,050,330, is now \$178,097,816, and on June 30, 1888, was \$181,292,276, the highest point yet reached. In October, 1887, the specie amounted to \$165,085,454.

It is interesting to see how these changes appear when reduced to percentages.

The capital, surplus, undivided profits, circulation, and deposits constitute together the fund upon which a bank does its business.

Loans and discounts, United States bonds, specie, etc., are different forms in which this fund is invested. Taking the fund at \$1,208,781,908 in 1866, at \$2,240,587,843 in 1887, and at \$2,357,600,316 in 1888, these investments represent the following proportions of those amounts, viz :

	1866.	1887.	1888.
	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
Loans and discounts	41.32	70.52	71.04
United States bonds	36.35	9.98	9.87
Specie	1.57	7.37	11.90
Total	79.25	87.87	92.81

Another striking fact is that in 1866 the circulation was \$213,239,530, and on October 4, 1888, it is only \$151,702,809. At the former period, therefore, the circulation was nearly 45 per cent. of the capital, surplus, and undivided profits, while now it is only about 18 per cent.

LOANS.

The following table gives a classification of the loans of the national banks in each of the central reserve cities of New York, Chicago, and Saint Louis, in other reserve cities classified in groups of four each, and in the rest of the country at nearly the same dates in each of the last three years :

OCTOBER 7, 1886.

	No. of banks.	On United States bonds on demand.	On other stocks, bonds, etc., on demand.	On single name paper without other security.	All other loans.	Total.
New York	45	\$2,002,551	\$91,636,791	\$24,646,007	\$135,447,027	\$253,732,376
Chicago	15	85,900	10,663,006	12,593,921	32,058,515	55,401,342
Saint Louis	5	.....	1,028,430	355,373	8,291,968	9,675,771
Group No. 1, 4 cities*	123	253,210	36,617,888	33,499,662	168,072,545	238,443,305
Group No. 2, 4 cities*	40	69,005	7,440,098	6,239,954	35,235,704	48,984,761
Group No. 3, 4 cities*	32	325,339	7,715,715	7,958,224	38,967,756	54,967,034
Group No. 4, San Francisco*	2	10,000	304,737	2,157,857	886,241	3,358,835
Country*	2,590	563,717	41,008,812	110,677,534	626,849,753	779,099,816
Total	2,852	3,314,721	190,415,477	198,128,533	1,045,809,509	1,443,668,240

76 REPORT OF THE COMPTROLLER OF THE CURRENCY.

OCTOBER 5, 1887.

	No. of banks.	On United States bonds on demand.	On other stocks, bonds, etc., on demand.	On single name paper without other security.	All other loans.	Total.
New York	47	\$1,445,900	\$95,075,844	\$17,585,496	\$143,906,941	\$258,014,181
Chicago	18	500	10,821,735	15,498,986	34,754,972	61,076,193
Saint Louis	5	.....	1,182,214	270,003	8,020,936	10,382,753
Group No. 1, 4 cities*	126	56,805	37,717,725	32,464,759	177,884,888	248,124,177
Group No. 2, 4 cities*	41	60,430	7,710,369	6,111,182	35,568,827	49,450,807
Group No. 3, 4 cities*	35	48,400	8,087,222	7,887,689	43,232,749	59,256,060
Group No. 4, 4 cities*	21	7,500	1,117,443	8,213,092	20,827,885	30,165,920
Country	2,756	1,413,918	44,333,893	124,035,463	693,790,281	863,575,555
Total	3,049	3,033,453	206,048,445	212,076,270	1,158,887,479	1,580,045,647

OCTOBER 4, 1888.

New York	46	\$2,132,159	\$108,466,001	\$28,626,295	\$153,271,026	\$292,495,481
Chicago	19	359,206	9,631,825	14,155,001	41,129,615	65,275,737
Saint Louis	4	.....	921,854	306,450	6,988,242	8,216,546
Group No. 1, 4 cities*	128	148,770	44,271,164	41,430,120	182,567,297	268,417,291
Group No. 2, 4 cities*	41	10,765	7,806,794	7,182,779	37,435,637	52,435,975
Group No. 3, 4 cities*	33	75,000	6,570,938	7,260,665	42,188,407	56,095,010
Group No. 4, 4 cities*	22	1,200	1,205,596	8,501,966	21,303,327	31,012,089
Country	2,847	577,484	42,546,172	135,967,639	721,806,861	909,938,156
Total	3,140	3,304,674	221,460,344	243,430,915	1,206,690,352	1,674,886,285

* Group No. 1, Boston, Albany, Philadelphia, and Pittsburgh. Group No. 2, Baltimore, Washington, New Orleans, and Louisville. Group No. 3, Cincinnati, Cleveland, Detroit, and Milwaukee. Group No. 4, Kansas City, Saint Joseph, Omaha, and San Francisco.

† Kansas City, Saint Joseph, and Omaha were not reserve cities in 1880.

In the table below is given a full classification of the loans in New York City alone for the last five years :

Loans and discounts.	Sept. 30, 1884.	Oct. 1, 1885.	Oct. 7, 1886.	Oct. 5, 1887.	Oct. 4, 1888.
	44 banks.	44 banks.	45 banks.	47 banks.	46 banks.
On indorsed paper	\$116,010,062	\$114,013,775	\$121,381,380	\$115,316,625	\$117,707,044
On single name paper	82,559,443	25,331,820	24,046,008	17,585,496	28,626,295
On U. S. bonds on demand	2,933,785	3,286,124	2,002,550	1,445,900	2,132,159
On other stocks, etc., on demand	69,805,215	80,687,265	91,636,791	95,075,844	108,466,001
On real-estate security	163,397	215,385	211,432	146,885	113,494
All other loans	3,881,375	13,289,229	13,854,215	28,443,431	35,450,488
Total	205,353,277	236,823,598	253,732,376	258,014,181	292,495,481

The subjoined tables bring forward to the latest date the usual summary of information as to the course of deposits and reserves since the act of June 20, 1874, went into effect. They show the amount of deposits and the state of the reserve at about October 1 of each year, in each central reserve city, in all the reserve cities, and in the States and Territories, and conclude with a general summary embracing all banks.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

77

NEW YORK CITY.

Date.	No. of banks.	Net deposits.	Reserve required (25 per cent.)*	Reserve held.		Classification of reserve.			
				Amount.	Ratio to deposits.	Specie.	Other lawful money.	Due from agents.	Redemption fund.
		<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Per cent.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Oct. 2, 1874	48	204.6	51.2	68.3	33.4	14.4	52.4	.....	1.5
Oct. 1, 1875	48	202.3	50.7	60.5	29.9	5.0	54.4	.....	1.1
Oct. 2, 1876	47	197.9	49.5	60.7	30.7	14.6	45.3	.....	0.8
Oct. 1, 1877	47	174.9	43.7	48.1	27.5	13.0	34.3	.....	0.8
Oct. 1, 1878	47	189.8	47.4	50.9	26.8	13.3	36.5	.....	1.1
Oct. 2, 1879	47	210.2	52.6	53.1	25.3	19.4	32.6	.....	1.1
Oct. 1, 1880	47	268.1	67.0	70.6	26.4	58.7	11.0	.....	0.9
Oct. 1, 1881	48	268.8	67.2	62.5	23.3	50.6	10.9	.....	1.0
Oct. 3, 1882	50	254.0	63.5	64.4	25.4	44.5	18.9	.....	1.0
Oct. 2, 1883	48	266.9	66.7	70.8	26.5	50.3	19.7	.....	0.9
Sept. 30, 1884	44	255.0	63.7	90.8	35.6	63.1	27.0	.....	0.7
Oct. 1, 1885	44	312.9	78.2	115.7	37.0	91.5	23.7	.....	0.5
Oct. 7, 1886	45	282.8	70.7	77.0	27.2	64.1	12.5	.....	0.4
Oct. 5, 1887	47	284.3	71.1	80.1	28.2	63.6	16.1	.....	0.4
Oct. 4, 1888	46	342.2	85.5	96.4	28.2	73.9	22.1	.....	0.3
Average for 15 years...	47	247.6	61.9	71.3	28.8	42.7	27.8	.....	0.8

CHICAGO.

Oct. 5, 1887	18	64.6	16.2	19.7	30.5	12.9	6.7	.....	0.05
Oct. 4, 1888	19	69.3	17.3	21.0	30.2	13.1	7.8	.....	0.05

SAINT LOUIS.

Oct. 5, 1887	5	10.3	2.6	2.7	26.4	1.3	1.3	.....	0.03
Oct. 4, 1888	4	7.9	2.0	2.1	27.0	1.0	1.1	.....	0.02

*All in cash.

RESERVE CITIES.*†

Date.	No. of banks.	Net deposits.	Reserve required (25 per cent.).	Reserve held.		Classification of reserve.			
				Amount.	Ratio to deposits.	Specie.	Other lawful money.	Due from agents.	Redemption fund.
		<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Per cent.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Oct. 2, 1874	182	221.4	55.3	76.0	34.3	4.5	36.7	31.1	3.7
Oct. 1, 1875	188	223.9	56.0	74.5	33.3	1.5	37.1	32.3	3.6
Oct. 2, 1876	189	217.0	54.2	76.1	35.1	4.0	37.1	32.0	3.0
Oct. 1, 1877	188	204.1	51.0	67.3	33.0	5.6	34.3	24.4	3.0
Oct. 1, 1878	184	199.9	50.0	71.1	35.6	9.4	29.4	29.1	3.2
Oct. 2, 1879	181	265.8	67.2	83.5	36.5	11.3	33.0	55.7	3.5
Oct. 1, 1880	184	289.4	72.4	105.2	36.2	28.3	25.0	48.2	3.7
Oct. 1, 1881	189	335.4	83.9	100.8	30.0	34.6	21.9	40.6	3.7
Oct. 3, 1882	193	318.8	79.7	89.1	28.0	28.3	24.1	33.2	3.5
Oct. 2, 1883	200	323.9	81.0	100.6	31.1	26.3	30.1	40.8	3.4
Sept. 30, 1884	203	307.9	77.0	99.0	32.2	30.3	33.3	32.3	3.1
Oct. 1, 1885	203	364.5	91.1	122.2	33.5	42.0	34.9	42.4	2.9
Oct. 7, 1886	217	381.5	95.4	114.0	29.9	44.5	26.0	41.3	2.2
Oct. 5, 1887	223	338.5	84.6	100.7	29.7	36.3	23.2	40.0	1.2
Oct. 4, 1888	224	384.9	96.2	116.9	30.4	40.0	24.5	51.5	0.9

* Reserve 25 per cent., one-half in cash.

† Includes Chicago and Saint Louis up to October 5, 1887.

78 REPORT OF THE COMPTROLLER OF THE CURRENCY.

STATES AND TERRITORIES.*

Date.	No. of banks.	Not de- posits.	Reserve required (15 per cent.)*	Reserve held.		Classification of reserve.			
				Amout.	Ratio to deposits.	Specie.	Other law- ful money.	Due from agents.	Redemp- tion fund.
		<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Per cent.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Oct. 2, 1874	1,774	293.4	44.0	100.6	34.3	2.4	33.7	52.7	11.0
Oct. 1, 1875	1,851	307.0	46.3	100.1	32.5	1.6	33.7	53.3	11.6
Oct. 2, 1876	1,853	291.7	43.8	99.9	34.3	2.7	31.0	55.4	10.8
Oct. 1, 1877	1,845	290.1	43.6	95.4	32.9	4.2	31.6	48.0	10.7
Oct. 1, 1878	1,822	289.1	43.4	106.1	36.7	8.0	31.1	56.0	11.0
Oct. 2, 1879	1,820	329.9	49.5	124.3	37.7	11.5	30.3	71.3	11.2
Oct. 1, 1880	1,850	410.5	61.6	147.2	35.8	21.2	28.3	86.4	11.3
Oct. 1, 1881	1,895	507.2	70.1	158.3	31.2	27.5	27.1	92.4	11.4
Oct. 3, 1882	2,026	545.8	81.9	150.4	27.5	30.0	30.0	80.1	11.3
Oct. 2, 1883	2,253	577.9	86.7	157.5	27.2	31.2	30.8	84.1	11.3
Sept. 30, 1884	2,417	555.8	80.4	156.3	29.2	35.2	30.9	79.7	10.5
Oct. 1, 1885	2,467	570.8	85.6	177.5	31.1	41.5	29.9	95.9	10.2
Oct. 7, 1886	2,590	637.6	95.6	186.2	29.2	47.8	30.1	99.5	8.7
Oct. 5, 1887	2,756	690.6	103.6	190.9	27.6	50.8	32.6	100.9	6.6
Oct. 4, 1888	2,847	739.2	110.9	209.8	28.4	50.2	34.5	119.0	6.2

SUMMARY.

Oct. 2, 1874	2,004	719.5	150.1	214.9	34.0	21.3	122.8	83.8	17.1
Oct. 1, 1875	2,087	734.1	152.2	235.1	32.0	8.1	125.2	85.6	16.3
Oct. 2, 1876	2,089	706.6	147.5	236.7	33.5	21.3	113.4	87.4	14.6
Oct. 1, 1877	2,080	669.1	138.3	210.8	31.5	22.8	100.2	73.3	14.5
Oct. 1, 1878	2,053	678.8	140.8	228.1	33.6	30.7	97.0	85.1	15.3
Oct. 2, 1879	2,048	768.9	159.3	260.9	33.9	42.2	95.9	107.0	15.8
Oct. 1, 1880	2,090	908.0	201.0	323.0	33.4	108.2	64.3	134.6	15.9
Oct. 1, 1881	2,132	1,111.6	227.2	321.6	28.9	112.7	59.9	133.0	16.1
Oct. 3, 1882	2,269	1,118.6	225.1	303.9	27.2	102.8	72.0	113.3	15.8
Oct. 2, 1883	2,501	1,168.7	234.4	328.9	28.1	107.8	80.6	124.9	15.6
Sept. 30, 1884	2,664	1,098.7	221.1	346.1	31.6	128.6	91.2	112.0	14.3
Oct. 1, 1885	2,714	1,248.2	254.0	415.4	33.3	175.0	88.5	138.8	13.6
Oct. 7, 1886	2,852	1,301.8	261.7	377.2	29.0	156.4	68.7	140.8	11.4
Oct. 5, 1887	3,049	1,388.4	278.0	394.2	28.4	165.1	79.9	140.9	8.3
Oct. 4, 1888	3,140	1,543.6	311.9	446.2	28.9	178.1	90.1	170.5	7.6

* Reserve 15 per cent., two-fifths in cash in bank.

In the above tables the specie held represents the aggregate of the gold and silver coin and Treasurer's certificates and clearing-house gold certificates. In the appendix, page 198, will be found a table giving the amount of each kind of coin and certificate held by the banks in each one of the States and reserve cities in October, 1887, and October, 1888, conveniently arranged for purposes of comparison.

TRANSACTIONS OF THE NEW YORK CLEARING-HOUSE.

The New York Clearing-House Association is composed of 64 members, of which 44 are national banks, 19 are State banks, and the other member is the assistant treasurer of the United States at New York. Two national banks and 23 State banks in the city do not belong to the association, but clear through associate members. Mr. W. A. Camp, the manager of the Clearing-House, has kindly supplied the data for the following tables, showing the transactions during the year ending October 1, 1888:

REPORT OF THE COMPTROLLER OF THE CURRENCY.

79

COMPARATIVE STATEMENT FOR TWO YEARS OF THE TRANSACTIONS OF THE NEW YORK CLEARING-HOUSE, SHOWING AGGREGATE AMOUNT OF CLEARINGS, AGGREGATE BALANCES, AND THE KINDS AND AMOUNTS OF MONEY PASSING IN SETTLEMENT OF THESE BALANCES.

Year ending—	Aggregate clearings.	Aggregate balances.	Kinds of money and amount of each kind.					
			U. S. goldcertifi- cates.	Bank of America goldcertifi- cates.*	Treasury certifi- cates for legal tenders, sec. 5193, U. S. Re- vised Statutes.	Legal tenders and minor coin.	Percentages.	
							Gold certifi- cates.	Legal tenders.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>		
Oct. 1, 1887	34, 872, 848, 785 1	569, 626, 324 812	231, 000 748, 409, 000	1, 410, 000 7, 576, 325 99+				1—
Oct. 1, 1888	30, 863, 686, 609 1	570, 198, 527 889, 197, 000 655, 033, 000	18, 193, 000 7, 773, 827 83. 19—					16. 81+
Decrease	4, 009, 162, 176			93, 376, 000				
Increase		572, 263	76, 906, 000		16, 785, 000	197, 202		

* When the Government ceased issuing gold certificates December 1, 1878, the New York banks agreed to have a common depository for their gold coin. The Bank of America performed this function. None of its certificates are now outstanding, the last having been canceled in July of the present year.

Following is a comparative statement of transactions of the New York Clearing-House for thirty-five years, showing for each year the number of banks, aggregate capital, clearings, and balances, average of the daily clearings and balances, and the percentage of balances and clearings:

Years.	No. of banks.	Capital.*	Clearings.	Balances paid in money.	Average daily clearings.	Average daily balances paid in money.	Ratios.
							<i>Per ct.</i>
1854	50	\$47, 044, 900	\$5, 750, 455, 987	\$297, 411, 494	\$19, 104, 505	\$988, 078	5. 2
1855	48	48, 884, 180	5, 362, 912, 098	289, 694, 137	17, 412, 052	940, 565	5. 4
1856	50	52, 883, 700	6, 006, 213, 328	334, 714, 489	22, 278, 108	1, 079, 724	4. 8
1857	50	64, 420, 200	8, 333, 226, 718	365, 313, 902	26, 968, 371	1, 182, 246	4. 4
1858	46	67, 146, 018	4, 756, 664, 386	314, 238, 911	15, 393, 736	1, 016, 954	6. 6
1859	47	67, 921, 714	6, 448, 065, 956	363, 984, 683	20, 867, 333	1, 177, 944	5. 6
1860	50	69, 907, 435	7, 231, 143, 057	380, 693, 438	23, 401, 757	1, 232, 018	5. 3
1861	50	68, 900, 605	5, 915, 742, 758	353, 383, 944	19, 269, 520	1, 151, 088	6. 0
1862	50	68, 375, 820	6, 871, 443, 591	415, 530, 331	23, 237, 682	1, 344, 758	6. 0
1863	50	68, 972, 508	14, 867, 597, 849	677, 626, 483	48, 428, 657	2, 207, 252	4. 6
1864	49	68, 586, 763	24, 097, 196, 656	885, 719, 205	77, 984, 455	2, 866, 405	3. 7
1865	55	80, 363, 013	26, 032, 384, 342	1, 035, 765, 108	84, 796, 040	3, 373, 828	4. 0
1866	58	82, 370, 290	28, 717, 146, 914	1, 066, 135, 106	93, 541, 195	3, 472, 753	3. 7
1867	58	81, 770, 290	28, 675, 159, 472	1, 144, 963, 451	93, 101, 167	3, 717, 414	4. 0
1868	59	82, 270, 290	28, 484, 288, 637	1, 125, 455, 237	92, 182, 164	3, 642, 250	4. 0
1869	59	82, 720, 290	37, 407, 028, 987	1, 120, 318, 308	121, 451, 393	3, 637, 397	3. 0
1870	61	83, 620, 290	27, 804, 539, 406	1, 036, 484, 822	99, 274, 479	3, 365, 210	3. 7
1871	62	84, 420, 290	29, 300, 986, 682	1, 209, 721, 029	95, 133, 074	3, 927, 666	4. 1
1872	61	84, 420, 290	33, 844, 369, 568	1, 428, 582, 707	109, 884, 317	4, 636, 632	4. 2
1873	59	83, 370, 290	35, 461, 052, 826	1, 474, 598, 025	115, 885, 794	4, 818, 654	4. 2
1874	59	81, 635, 290	22, 855, 927, 636	1, 286, 753, 176	74, 692, 574	4, 205, 076	5. 7
1875	59	80, 435, 290	25, 061, 237, 902	1, 408, 698, 777	81, 809, 470	4, 603, 297	5. 6
1876	59	81, 731, 290	21, 597, 274, 247	1, 295, 042, 029	70, 349, 428	4, 218, 378	5. 9
1877	58	71, 085, 290	23, 289, 243, 701	1, 373, 996, 302	76, 358, 176	4, 504, 906	5. 9
1878	57	63, 611, 500	22, 508, 438, 442	1, 307, 843, 857	73, 555, 988	4, 274, 000	5. 8
1879	59	60, 800, 290	25, 178, 770, 691	1, 400, 111, 003	82, 015, 540	4, 560, 622	5. 6
1880	57	60, 475, 290	37, 182, 128, 621	1, 516, 558, 631	121, 510, 224	4, 956, 909	4. 1
1881	60	61, 162, 700	48, 565, 818, 212	1, 776, 018, 162	159, 232, 191	5, 823, 010	3. 5
1882	61	60, 962, 700	46, 552, 846, 161	1, 595, 000, 245	151, 637, 935	5, 195, 440	3. 4
1883	63	61, 162, 700	40, 293, 165, 258	1, 568, 983, 196	132, 543, 307	5, 161, 129	3. 9
1884	61	60, 412, 700	34, 092, 037, 338	1, 524, 930, 994	111, 048, 982	4, 967, 202	4. 5
1885	64	58, 612, 700	25, 250, 791, 440	1, 295, 355, 252	82, 789, 480	4, 247, 069	5. 1
1886	63	59, 312, 700	33, 374, 682, 216	1, 519, 565, 388	139, 067, 589	4, 965, 900	4. 5
1887	64	60, 862, 700	34, 872, 848, 786	1, 569, 626, 325	114, 337, 209	5, 146, 316	4. 5
1888	63	60, 762, 700	30, 863, 686, 609	1, 570, 198, 528	101, 192, 415	5, 148, 192	5. 1
		109, 182, 678	843, 806, 456, 479	37, 328, 816, 732	178, 623, 608	13, 478, 725	4. 4

* The capital is for various dates, the amounts at a uniform date in each year not being obtainable.

† Yearly averages for thirty-five years.

‡ Totals for thirty-five years.

80 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The clearing-house transactions of the assistant treasurer of the United States at New York for the year ending October 1, 1888, were as follows:

Exchanges received from clearing-house	\$353,718,586.60
Exchanges delivered to clearing-house	103,560,040.74

Balances paid to clearing-house.....	250,541,227.49
Balances received from clearing-house.....	382,681.63

Showing that the amount paid by the assistant treasurer to the clearing-house was in excess of the amount received by him :50,158,545.86

The debit balances were paid to the clearing-house as follows:

United States gold certificates.....	250,387,000.00
Legal tenders and change.....	154,227.49
	250,541,227.49

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR OCTOBER, 1888, AND OCTOBER, 1887.

Clearing-house at—	Exchanges for October, 1888.	Exchanges for October, 1887.	Comparisons.	
			Increase.	Decrease.
New York	\$3,194,301,364	\$2,978,940,406	\$215,360,958	.....
Boston	472,338,749	387,775,488	84,563,261	.....
Philadelphia	307,553,909	272,500,752	35,053,157	.....
Chicago	323,057,170	267,556,325	55,500,845	.....
Saint Louis	83,430,317	74,855,029	8,575,288	.....
San Francisco	87,702,944	74,355,337	13,347,607	.....
New Orleans	42,257,636	42,603,842	.....	\$346,206
Baltimore	61,987,682	56,795,652	5,192,030	.....
Pittsburgh	56,777,983	46,775,066	10,002,917	.....
Cincinnati	47,535,350	47,782,200	.....	246,850
Kansas City	41,228,195	29,792,991	11,435,204	.....
Louisville	24,812,647	23,210,780	1,601,867	.....
Providence	23,748,800	23,837,500	.....	88,700
Detroit	24,075,034	18,374,899	5,700,135	.....
Milwaukee	24,265,352	20,123,277	4,142,075	.....
Saint Paul	19,262,066	18,376,835	885,231	.....
Minneapolis	27,377,185	22,826,010	4,551,175	.....
Omaha	16,763,220	12,759,506	4,003,714	.....
Cleveland	16,044,353	14,340,059	1,704,274	.....
Columbus	10,121,511	10,616,739	.....	495,228
Denver	12,608,062	10,812,462	1,795,600	.....
Memphis	11,783,650	10,725,296	1,058,354	.....
Indianapolis	8,564,210	8,777,009	.....	213,699
Hartford	8,603,088	7,630,017	973,071	.....
New Haven	5,576,345	5,309,758	215,587	.....
Peoria	6,899,276	5,429,418	1,469,858	.....
Springfield	5,604,758	5,653,280	.....	48,522
Saint Joseph	6,217,191	6,659,426	.....	442,235
Worcester	5,074,835	4,722,433	352,402	.....
Duluth	11,521,332	13,050,016	.....	1,528,684
Portland	5,013,220	4,607,692	405,528	.....
Norfolk	5,780,841	5,818,627	.....	37,786
Galveston	10,252,789	8,865,282	1,387,507	.....
Los Angeles	4,062,667	5,160,513	.....	1,097,846
Grand Rapids	2,161,752	2,725,819	.....	564,067
Lowell	3,366,071	3,161,806	204,265	.....
Syracuse	3,392,184	3,199,441	192,743	.....
Wichita	2,426,217	2,844,044	.....	417,827
Total	5,023,549,915	4,559,402,732	469,674,833	5,527,650
	4,559,402,732	.....	5,527,650	.....
Increase	464,147,183	.....	464,147,183	.....

REPORT OF THE COMPTROLLER OF THE CURRENCY.

81

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR WEEKS ENDING OCTOBER 27, 1888, AND OCTOBER 29, 1887.

Clearing-house at—	Exchanges for week ending October 27, 1888.	Exchanges for week ending October 29, 1887.	Comparisons.	
			Increase.	Decrease.
New York	\$683,132,609	\$647,590,729	\$35,541,880	.....
Boston	102,015,751	83,700,976	18,314,775	.....
Philadelphia	69,077,942	58,729,071	10,348,871	.....
Chicago	61,960,300	58,407,116	3,553,184	.....
Saint Louis	17,079,627	16,057,751	1,021,876	.....
San Francisco	15,590,311	17,495,345	.....	\$1,905,034
New Orleans	10,283,492	9,863,406	420,086	.....
Baltimore	12,378,141	12,618,840	.....	240,699
Pittsburgh	13,170,190	11,708,842	1,461,348	.....
Cincinnati	9,938,900	9,749,950	188,950	.....
Kansas City	8,953,105	7,407,020	1,545,485	.....
Louisville	4,742,440	4,800,855	.....	58,415
Providence	5,955,700	5,937,900	17,800	.....
Detroit	4,563,753	4,079,159	484,580	.....
Milwaukee	5,087,632	4,702,794	384,838	.....
Saint Paul	3,811,615	4,108,446	.....	296,831
Minneapolis	4,982,574	4,806,272	176,302	.....
Omaha	3,550,527	2,812,343	738,184	.....
Cleveland	3,599,380	3,263,297	336,083	.....
Columbus	2,168,420	2,285,210	.....	116,790
Denver	2,394,498	2,800,391	.....	405,893
Memphis	2,796,774	2,532,120	264,654	.....
Indianapolis	1,891,482	2,130,583	.....	238,901
Hartford	1,654,034	1,482,341	171,693	.....
New Haven	1,074,393	1,101,904	.....	27,511
Peoria	1,456,481	1,177,341	279,140	.....
Springfield	1,137,703	1,007,778	129,925	.....
Saint Joseph	1,263,313	1,703,006	.....	438,693
Worcester	1,079,739	969,381	110,358	.....
Duluth	2,226,760	3,224,865	.....	998,105
Portland	1,021,693	1,039,033	.....	17,340
Norfolk	1,326,554	1,469,657	.....	143,103
Galveston	1,994,297	2,193,753	.....	199,461
Los Angeles	681,380	1,133,462	.....	452,082
Grand Rapids	540,444	533,679	6,765	.....
Lowell	802,151	650,419	151,732	.....
Syracuse	658,518	623,200	65,318	.....
Wichita	506,630	602,161	.....	95,531
Total	1,066,579,239	996,490,801	75,713,827	5,634,389
	996,490,801		5,634,389	
Increase	70,079,438		70,079,438	

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82 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following tables exhibit the transactions of the clearing-houses located in thirty-eight cities for the year ending September 30, 1888, from official returns received from the manager of the New York Clearing-House, comparisons being made with the year ending September 30, 1887, the increase or decrease in the exchanges and balances being indicated:

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR YEARS ENDING SEPTEMBER 30, 1888, AND SEPTEMBER 30, 1887.

Clearing-house at—	No. of banks.	Exchanges for year ending September 30, 1888.	Exchanges for year ending September 30, 1887.	Comparisons.	
				Increase.	Decrease.
New York	64	\$30,863,686,609	\$34,872,848,786	.....	\$4,009,162,177
Boston	54	4,288,878,016	4,408,269,992	.....	119,391,977
Philadelphia	40	3,155,190,237	3,186,188,935	.....	30,998,698
Chicago	21	3,089,288,194	2,887,276,059	\$202,012,135	.....
Saint Louis	17	886,812,201	879,272,738	7,539,463	.....
San Francisco	17	823,436,263	800,092,859	23,343,404	.....
New Orleans	14	450,792,897	412,231,400	38,561,497	.....
Baltimore	23	614,399,374	605,676,756	.....	51,277,382
Pittsburgh	19	566,135,994	490,319,705	75,816,289	.....
Cincinnati	17	518,620,450	564,377,200	.....	45,756,750
Kansas City	13	382,284,073	380,407,069	1,877,004	.....
Louisville	21	295,711,094	269,786,547	25,924,547	.....
Providence	34	248,135,800	240,838,100	7,297,700	.....
Detroit	16	218,695,351	188,629,384	30,065,967	.....
Milwaukee	11	222,609,808	240,127,909	.....	17,518,101
Saint Paul	14	194,026,801	200,364,307	.....	6,337,506
Minneapolis	16	204,040,477	184,700,022	19,340,455	.....
Omaha	7	166,067,003	137,220,535	28,786,468	.....
Cleveland	11	160,430,904	160,010,840	420,064	.....
Columbus .....	.....	113,647,539	53,311,425	60,336,114	.....
Denver	7	127,579,797	110,240,167	17,339,630	.....
Memphis	8	105,908,056	94,241,496	11,666,560	.....
Indianapolis	6	99,576,811	87,149,510	12,427,301	.....
Hartford	15	88,625,091	89,871,078	.....	1,245,987
New Haven	10	60,704,610	63,931,325	.....	3,226,715
Peoria	9	67,296,258	55,006,344	12,289,914	.....
Springfield	10	56,383,130	50,593,291	5,789,839	.....
Saint Joseph	7	69,449,822	67,239,133	2,210,689	.....
Worcester	8	51,286,739	47,197,687	4,089,052	.....
Duluth	6	113,280,043	(New.)	113,280,043	.....
Portland	6	50,156,342	49,588,652	567,690	.....
Norfolk	6	44,877,181	40,016,323	4,860,858	.....
Galveston	7	57,165,444	63,182,557	.....	6,017,113
Los Angeles	8	63,050,981	(New.)	63,050,981	.....
Grand Rapids	7	31,025,179	26,229,598	4,795,581	.....
Lowell	7	32,986,992	31,670,050	1,316,942	.....
Syracuse	8	33,845,318	28,506,708	5,248,610	.....
Wichita .....	.....	35,628,078	(New.)	35,628,078	.....
Total .....	.....	48,651,654,957	52,126,704,488	815,982,875	4,290,932,406
Decrease .....	.....	.....	48,651,651,957	.....	815,882,875
.....	.....	.....	3,473,049,531	.....	3,475,049,531

REPORT OF THE COMPTROLLER OF THE CURRENCY 83

COMPARATIVE STATEMENT OF THE BALANCES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR YEARS ENDING SEPTEMBER 30, 1888, AND SEPTEMBER 30, 1887.

Clearing-house at—	No. of banks.	Balances for year ending September 30, 1888.	Balances for year ending September 30, 1887.	Comparisons.	
				Increase.	Decrease.
New York	64	\$1, 570, 198, 528	\$1, 569, 626, 325	\$572, 203	
Boston	54	502, 980, 813	510, 625, 457		\$7, 644, 644
Philadelphia	40	305, 238, 423	298, 701, 297	6, 537, 126	
Chicago	21	301, 387, 886	301, 574, 676		186, 790
Saint Louis	17	141, 142, 096	142, 258, 972		1, 117, 876
San Francisco	17	121, 091, 092	124, 206, 215		3, 109, 123
New Orleans	14	53, 726, 186	47, 805, 007	5, 920, 579	
Baltimore	23	89, 604, 272	89, 504, 281	99, 991	
Pittsburgh	19	99, 552, 128	81, 520, 388	18, 031, 740	
Cincinnati	17	70, 969, 900	96, 204, 200		25, 234, 300
Kansas City	13	No record	No record		
Louisville	21	67, 619, 594	63, 564, 157	4, 055, 437	
Providence	34	17, 741, 600	No record	17, 741, 600	
Detroit	16	36, 422, 898	31, 729, 270	4, 693, 622	
Milwaukee	11	34, 537, 980	40, 817, 909		6, 279, 929
Saint Paul	14	34, 053, 304	33, 193, 845	859, 459	
Minneapolis	16	32, 514, 595	30, 465, 326	2, 049, 269	
Omaha	7	No record	No record		
Cleveland	11	No record	No record		
Columbus	7	No record	8, 378, 319		8, 378, 319
Denver	7	15, 640, 765	15, 866, 791		226, 026
Memphis	8	24, 012, 189	24, 000, 213		8, 024
Indianapolis	6	25, 096, 548	18, 669, 734	6, 435, 814	
Hartford	15	24, 930, 316	25, 689, 768		759, 452
New Haven	10	13, 788, 891	13, 176, 902		1, 388, 011
Peoria	9	18, 060, 330	13, 974, 158	4, 086, 172	
Springfield	10	17, 626, 378	14, 929, 388	2, 696, 990	
Saint Joseph	7	19, 096, 231	17, 667, 401	1, 428, 830	
Worcester	8	13, 813, 833	13, 466, 230	347, 603	
Duluth	6	26, 987, 462	New	26, 987, 462	
Portland	6	10, 145, 041	9, 495, 080	649, 961	
Norfolk	6	6, 932, 332	6, 453, 157	479, 175	
Galveston		No record	No record		
Los Angeles	8	10, 572, 388	New	10, 572, 388	
Grand Rapids	7	6, 411, 338	5, 670, 883	740, 452	
Lowell	7	10, 079, 280	10, 168, 362		89, 082
Syracuse	8	7, 797, 597	6, 358, 243	1, 439, 354	
Wichita		No record	New		
Total		3, 729, 772, 214 3, 667, 768, 563	3, 667, 768, 563	116, 425, 227 54, 421, 576	54, 421, 576
Increase		62, 003, 651		62, 003, 651	

From the foregoing tables it will be seen that the exchanges in New York City during the past year amounted to 63.4 per cent. of the whole sum, and the balances in that city were 42.1 per cent. of the total balances.

84 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table, compiled from returns made to the Clearing-House by the national banks in New York City, exhibits the movement of their reserve, weekly, during October, for the last twelve years:

Week ending—	Specie.	Legal tenders.	Total.	Ratio of reserve to—	
				Circulation and deposits.	Deposits.
				<i>Per cent.</i>	<i>Per cent.</i>
October 6, 1877.....	\$14,665,600	\$36,168,300	\$50,833,900	27.0	29.5
October 13, 1877.....	14,726,500	35,178,900	49,905,400	26.7	29.2
October 20, 1877.....	14,087,400	35,101,700	49,189,100	26.5	29.0
October 27, 1877.....	15,209,000	34,367,800	49,576,800	26.8	29.4
October 5, 1878.....	14,995,800	38,304,900	53,300,700	25.7	28.4
October 12, 1878.....	12,184,600	37,685,100	49,869,700	24.4	27.0
October 19, 1878.....	13,531,400	36,576,000	50,107,400	24.7	27.3
October 26, 1878.....	17,384,200	35,690,500	53,074,700	25.8	28.5
October 4, 1879.....	18,979,600	34,368,000	53,347,600	23.3	25.8
October 11, 1879.....	20,901,800	32,820,300	53,722,100	23.4	25.9
October 18, 1879.....	24,686,500	29,305,200	53,991,700	23.5	26.1
October 25, 1879.....	25,636,000	26,713,900	52,349,900	23.0	25.5
October 2, 1880.....	58,823,700	11,129,100	70,952,800	25.4	28.4
October 9, 1880.....	62,521,300	10,785,000	73,306,300	25.4	27.2
October 16, 1880.....	62,760,600	10,939,200	73,698,800	25.5	27.1
October 23, 1880.....	60,888,200	10,988,200	71,876,400	24.8	26.6
October 30, 1880.....	61,471,600	10,925,000	72,396,600	25.0	26.7
October 1, 1881.....	54,954,600	12,150,400	67,105,000	23.1	24.8
October 8, 1881.....	53,287,900	12,153,800	65,441,700	23.1	24.9
October 15, 1881.....	51,008,300	12,452,700	63,461,000	23.2	25.0
October 22, 1881.....	54,016,200	12,496,500	66,512,700	24.6	26.6
October 29, 1881.....	55,901,200	12,947,900	68,849,100	25.6	27.4
October 7, 1882.....	47,016,000	18,384,500	65,400,500	24.0	26.3
October 14, 1882.....	48,281,000	18,002,700	66,283,700	24.7	26.6
October 21, 1882.....	49,518,200	17,023,900	66,542,100	25.0	26.8
October 28, 1882.....	48,374,200	17,204,700	65,578,900	24.8	26.5
October 6, 1883.....	51,586,700	20,122,500	71,709,200	25.5	27.0
October 13, 1883.....	50,894,000	21,145,800	72,039,800	25.4	26.8
October 20, 1883.....	47,262,900	20,719,700	67,982,600	24.5	25.9
October 27, 1883.....	46,372,800	20,617,600	66,990,400	24.5	25.9
October 4, 1884.....	67,470,600	25,817,300	93,287,900	34.5	36.3
October 11, 1884.....	68,922,500	27,654,100	96,576,600	35.2	36.9
October 18, 1884.....	67,579,400	27,875,500	95,454,900	34.8	36.5
October 25, 1884.....	67,638,000	27,354,200	94,992,200	34.6	36.3
October 3, 1885.....	92,351,600	24,516,600	116,868,200	36.0	37.1
October 10, 1885.....	93,642,500	23,002,000	116,644,500	35.8	37.0
October 17, 1885.....	91,945,300	22,221,100	114,166,400	34.9	36.0
October 24, 1885.....	87,309,100	21,059,800	108,368,900	33.5	34.5
October 30, 1885.....	84,954,600	21,874,900	106,829,500	33.0	34.1
October 2, 1886.....	64,111,700	14,667,700	78,779,400	27.1	27.9
October 9, 1886.....	65,723,800	13,209,100	78,932,900	27.0	27.7
October 16, 1886.....	65,228,600	13,133,100	78,361,700	26.7	27.4
October 23, 1886.....	65,668,400	12,803,800	78,472,200	26.9	27.7
October 30, 1886.....	66,195,100	13,177,200	79,372,300	27.1	27.9
October 1, 1887.....	64,619,200	15,767,500	80,386,700	27.7	28.5
October 8, 1887.....	64,317,500	16,229,700	80,547,200	27.4	28.2
October 15, 1887.....	64,663,100	16,885,400	81,548,500	27.3	28.1
October 22, 1887.....	64,918,700	16,735,500	81,654,200	27.4	28.2
October 29, 1887.....	66,005,800	17,542,600	83,548,400	27.8	28.6
October 6, 1888.....	74,411,300	23,204,300	97,615,600	27.4	27.9
October 13, 1888.....	73,901,500	22,017,800	95,919,300	27.8	28.4
October 20, 1888.....	81,457,700	21,396,800	102,854,500	29.3	29.9
October 27, 1888.....	81,212,600	21,329,800	102,542,400	29.3	29.8

DUTIES, ASSESSMENTS, AND REDEMPTION CHARGES.

National banks are subjected to a semi-annual duty of one-half of 1 per cent. upon the average amount of their notes in circulation during the preceding six months. They are also required by the act of June 20, 1874, to pay the cost of the redemption of their notes at the office of the Treasurer of the United States at Washington and the cost of the plates from which their notes are printed. Banks extending their corporate existence have to pay for new plates. Previously to the act of June 20, 1874, the expense of the plates had been paid out of the tax

REPORT OF THE COMPTROLLER OF THE CURRENCY. 85

on the banks, which at that time attached to capital and deposits as well as to circulation.

The banks are further required to pay the fees of the examiners employed to ascertain their condition, under section 5240, Revised Statutes of the United States.

The taxes and assessments collected during the past year are as follows:

Semi-annual duty on circulation	\$1,616,127.53
Cost of redemption of notes by United States Treasurer	141,141.48
Assessment for cost of plates, new banks	14,100.00
Assessment for cost of plates, extended banks	3,900.00
Assessment for examiners' fees, sec. 5240, R. S.	121,777.86
Total	1,897,046.87

The following table is a comparative statement of taxes assessed as semi-annual duty on circulation, cost of redemption of notes, cost of plates, and examiners' fees for the past six years:

Years.	Semi-annual duty on circu- lation.	Cost of redemption of notes by United States Treasurer.	Assess- ments for cost of plates, new banks.	Assessment for cost of plates, extended banks.	Assess- ment for examiners' fees (sec. 5240 R. S.).	Total.
1883	\$3,132,006.73	\$147,592.27	\$25,980.00	\$34,120.00	\$94,606.16	\$3,434,305.16
1884	3,024,668.24	160,896.65	18,845.00	1,950.00	99,642.05	3,306,001.94
1885	2,794,584.01	181,857.16	13,150.00	97,800.00	107,781.73	3,195,172.90
1886	2,592,021.33	168,243.35	14,810.00	24,825.00	107,272.83	2,907,172.51
1887	2,044,922.75	138,967.00	18,850.00	1,750.00	110,219.88	2,314,709.63
1888	1,616,127.53	141,141.48	14,100.00	3,900.00	121,777.86	1,897,046.87
Total	15,204,330.59	938,697.91	105,735.00	164,345.00	641,300.51	17,054,409.01

The total tax collected on circulation up to July 1, 1888, amounted to \$67,457,848.83.

LEGAL DECISIONS.

CONSTRUCTION OF STATUTES RELATING TO NATIONAL BANKS.

The "Digest of National-Bank Cases" presented in the Report of 1887 is reproduced in the appendix, page 101, enlarged by the incorporation of decisions announced during the last twelve months. The most important of these new decisions are as follows:

(1) An opinion rendered by the Supreme Court of the United States, February 20, 1888, in what is commonly called "The Pacific National-Bank Cases," holding that attachment of assets of national banks, whether insolvent or not, is invalid and that United States statute takes away the power of the courts to issue injunctions against national banks.

The opinion is as follows:

All of these cases involve the same general question, and they may properly be considered and decided together. From the records it appears that the Pacific National Bank of Boston was an association for carrying on the business of banking, organized under the national-bank act. On the 20th of November, 1881, it became embarrassed, and was placed in charge of a bank examiner, in whose control it remained until March 18, 1882, when its doors were opened for business with the consent of the Comptroller of the Currency.

By statute, in Massachusetts, civil actions are begun by original writ, which "may be framed either to attach the goods or estate of the defendant, and, for want thereof, to take his body; or it may be by original summons, with or without an order to attach the goods or estate." (Pub. Stat. of Mass., 1882, chap. 161, secs. 13, 14.) "All

86 REPORT OF THE COMPTROLLER OF THE CURRENCY.

real and personal estate liable to be taken on execution * * * may be attached upon the original writ in any action in which debt or damages are recoverable, and may be held as security to satisfy such judgment as the plaintiff may recover." (Sec. 38.) "A person or corporation whose goods or estate are attached on mesne process in a civil action may, at any time before final judgment, dissolve such attachment by giving bond with sufficient sureties, * * * with condition to pay to the plaintiff the amount, if any, that he may recover within thirty days after the final judgment in such action." (Sec. 122.)

At the time the bank resumed business it was indebted to George Mixter in the sum of \$15,000; to Henry M. Whitney also in the sum of \$15,000; to Daniel L. Demmon in the sum of \$25,000; and to Calvin B. Prescott in the sum of \$5,000.

On the 24th of March, 1881, Mixter and Prescott each began a suit against the bank in the circuit court of the United States for the district of Massachusetts, by writ directing an attachment, to recover the amounts due them respectively. Demmon also began a suit in the same court and in the same way on the 28th of March, to recover the amount due him, and Whitney another on the 29th of April, upon the claim in his favor. At the time these suits were begun the bank had money on deposit to its credit in the Maverick National Bank and in the Howard National Bank, and the necessary steps were taken to subject these deposits to the attachments which were issued in the several suits.

The bank arranged with Lewis Coleman and John Shepard to become its sureties upon bonds to dissolve attachments in any actions that might be brought against it, and placed in their hands a certificate of deposit in the Maverick National Bank for \$100,000, to be held as their protection against all liabilities which should be thus incurred. This certificate was afterwards exchanged for \$121,000 of the bonds of the Nantasket Company, \$20,000 of the bonds of the Toledo, Delphos and Burlington Railroad Company, and \$15,000 of the bonds of the Lebanon Springs Railroad Company.

Immediately after each of the attachments in the above actions had been made, the bank executed a bond to the plaintiff in a penal sum suited to the amount of the claim, with Coleman and Shepard as its sureties, reciting the attachment, and that the bank "desires to dissolve said attachment according to law," and conditioned to be void "if the Pacific National Bank of Boston shall, within thirty days after the final judgment in the aforesaid action, pay to the plaintiff therein named the amount, if any, which he shall recover in such action." Upon the execution of the bond in each case, the attachment was dissolved.

After this the bank closed its doors a second time, and on the 22d of May, 1882, a receiver was appointed by the Comptroller of the Currency in accordance with the provisions of section 5234 of the Revised Statutes, and at once took possession of its assets and proceeded to wind up its affairs.

When the receiver was appointed he found the several suits which had been commenced still pending. In the cases of Mixter, Whitney, and Demmon he appeared, answered for the bank, filed motions to discharge the attachments, and motions to dismiss the suits. His motions were all overruled, and, his defenses not being sustained, judgments were rendered against the bank in each of the cases for the amounts found to be due the several plaintiffs, respectively. For the review of the action of the court in these cases the writs of error which are now under consideration were brought.

The suit of Prescott still remains undisposed of in the circuit court.

Failing in his motions and in his defenses at law, the receiver filed a bill in equity in the circuit court against the several attaching creditors and the sureties on the bonds given to dissolve the attachments, the object of which was to reduce to his possession the securities which were held by the sureties for their protection against liability, and to restrain the several attaching creditors from enforcing the attachment bonds on the ground, among others, "that the attachments made in said actions were unauthorized, illegal, and void." This bill was dismissed by the circuit court (22 Fed. Rep., 694), and from that decree the appeal, which is now one of the subjects of consideration, was taken.

In the view we take of the case, the most important question to be considered is whether an attachment can issue against a national bank before judgment in a suit begun in the circuit court of the United States. Section 5242 of the Revised Statutes of the United States contains this provision: "No attachment, injunction, or execution shall be issued against such association or its property before final judgment in any suit, action, or proceeding, in any State, county, or municipal court." The original national-bank act contained nothing of this kind, but the prohibition first appeared in the act of March 3, 1873 (chap. 269, sec. 2, 17 Stat., 603), as a new proviso added to section 57 of the act of June 3, 1864 (chap. 106, Sec. 2, 13 Stat., 116). That section was originally as follows:

"That suits, actions, and proceedings against any association under this act may be had in any circuit, district, or Territorial court of the United States held within

the district in which such association may be established, or in any State, county, or municipal court in the county or city in which said association is located, having jurisdiction in similar cases: *Provided, however*, That all proceedings to enjoin the Comptroller under this act shall be had in a circuit, district, or territorial court of the United States, held in the district in which the association is located."

The amending act was as follows:

"That section fifty-seven * * * be amended by adding thereto the following: '*And provided further*, That no attachment, injunction, or execution shall be issued against such association, or its property, before final judgment in any such suit, action, or proceeding in any State, county, or municipal court.'"

Section 52 of the original national-bank act was as follows:

"That all transfers of the notes, bonds, bills of exchange, and other evidences of debt owing to any association, or of any deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of its assets in the manner prescribed by this act, or with a view to the preference of one creditor to another, except the payment of its circulating notes, shall be null and void." (13 Stat., 115.)

This was evidently intended to preserve to the United States that "first and paramount lien upon all the assets of such association" which was given by section 47 as security for the repayment of any amount expended by them to redeem the circulating notes, over and above the proceeds of the bonds pledged for that purpose, and to place all the other creditors on that equality in the distribution of the assets of an insolvent bank which was clearly provided for in section 50, where the Comptroller of the Currency is required to make ratable dividends of the proceeds of the assets of the association realized by the receiver "on all such claims as may have been proved to his satisfaction, or adjudicated in a court of competent jurisdiction." (*National Bank vs. Colby*, 21 Wall., 609, 613.)

In the revision of the statutes, section 52 of the original act, and the amendment of section 57 adopted in 1873, relating to attachments and injunctions in State courts, were re-enacted as section 5242, the amendment of section 57 being put in the revision at the end of what had been the original section 52. As the Revised Statutes were first adopted, the proviso of section 57, which related specially to proceedings to enjoin the Comptroller, was re-enacted as section 736, but all the rest of the original section was left out. That omission was, however, supplied by the act of February 18, 1875 (chap. 80, 18 Stat., 316, 320), which re-enacted it as part of section 5198, putting it at the end of that section as it originally stood in the revision.

The fact that the amendment of 1873 in relation to attachments and injunctions in State courts was made a part of section 5242 shows the opinion of the revisers and of Congress that it was germane to the other provision incorporated in that section, and was intended as an aid to the enforcement of the principle of equality among the creditors of an insolvent bank. But, however that may be, it is clear to our minds that, as it stood originally as part of section 52 after 1873, and as it stands now in the Revised Statutes, it operates as a prohibition upon all attachments against national banks under the authority of the State courts. That was evidently its purpose when first enacted, for then it was part of a section which, while providing for suits in the courts of the United States or of the State, as the plaintiff might elect, declared in express terms that if the suit was begun in a State court no attachment should issue until after judgment. The form of its re-enactment in the Revised Statutes does not change its meaning in this particular. It stands now, as it did originally, as the paramount law of the land that attachments shall not issue from State courts against national banks, and writes into all State attachment laws an exception in favor of national banks. Since the act of 1873 all the attachment laws of the State must be read as if they contained a provision in express terms that they were not to apply to suits against a national bank.

The prohibition does not in express terms refer to attachments in suits begun in the circuit courts of the United States, but as by section 915 of the Revised Statutes those courts are not authorized to issue attachments in common-law causes against the property of a defendant, except as "provided by the laws of the State in which such court is held for the courts thereof," it follows that, as by the amendatory act of 1873, now part of section 5242 of the Revised Statutes, all power of issuing attachments against national banks before judgment has been eliminated from State statutes, there can not be any laws of the State providing for such a remedy on which the circuit courts may act. The law in this respect stands precisely as it would if there were no State law providing for such a remedy in any case. It was suggested in argument that the prohibition extended only to the use of the remedy by State courts, and that the remedy itself still remained to be resorted to in the courts of the United States. But we do not so understand the law. In our opinion the effect of the act of Congress is to

88 REPORT OF THE COMPTROLLER OF THE CURRENCY.

deny the State remedy altogether so far as suits against national banks are concerned, and in this way it operates as well on the courts of the United States as on those of the States. Although the provision was evidently made to secure equality among the general creditors in the division of the proceeds of the property of an insolvent bank, its operation is by no means confined to cases of actual or contemplated insolvency. The remedy is taken away altogether and can not be used under any circumstances.

It was further said that if the power of issuing attachments has been taken away from the State courts, so also is the power of issuing injunctions. That is true. While the law as it stood previous to the act of July 12, 1882 (chap. 290, sec. 4, 22 Stat., 163), gave the proper State and Federal courts concurrent jurisdiction in all ordinary suits against national banks, it was careful to provide that the jurisdiction of the Federal courts should be exclusive when relief by attachment or injunction before judgment was sought. Until the act of 1882 the Federal courts had ample authority to grant injunctions in proper cases, and all a person need do to invoke that authority was to bring his suit in one of those courts. Whether since the act of 1882 this remains so is a question for the consideration of Congress. Some amendment to existing legislation may be necessary, but this does not shed any light on the interpretation of the old law. The difficulty arises from the change that has been made, not from the law as it stood originally.

We are, therefore, of opinion that the attachments in all the suits were illegal and void, because issued without any authority of law. But it is insisted that notwithstanding this the bonds are valid and may be enforced.

It is undoubtedly true that the sureties on a bond of this kind are estopped from setting up, as a defense to an action for a breach of its condition, any irregularities in the form of proceeding to obtain an attachment authorized by law which would warrant its discharge upon a proper application made therefor. As the purpose of the bond is to dissolve an attachment, its due execution implies a waiver both by the defendant and his sureties of all mere irregularities. So, too, it is no defense that the property attached did not belong to the defendant, or that it was exempt, or that the defendant has become bankrupt or is dead. In all such cases, where there was lawful authority for the attachment, the simple question is, whether the condition of the bond has been broken; that is to say, whether there has been a judgment in the action against the defendant for the payment of money which he has neglected for thirty days afterwards to make.

In the present case, however, the question is whether the bond creates a liability when the attachment on which it is predicated was actually prohibited by law. In other words, whether an illegal and therefore a void attachment is sufficient to lay the foundation for a valid bond to secure its formal dissolution. The bond is a substitute for the attachment, although not affected by all the contingencies which might have discharged the attachment itself. (*Carpenter vs. Turrell*, 100 Mass., 450, 452; *Tapley vs. Goodsell*, 122 Mass., 176, 182.) Such being the case, it necessarily follows that if there was no authority in law for the attachment, there could be none for taking the bond. If the attachment itself is illegal and therefore void, so also must be the bond which takes its place. Objections can be made to an attachment issued on proper legal authority, which can not be used as a defense to a bond taken under the statute for its dissolution; but if there can be no lawful attachment, there can be no valid bond for its dissolution. The case is to be considered as though there was no law whatever for the seizure of property by attachment before judgment in any case. As the taking of the property under such circumstances would be unlawful, so also would be the act of the magistrate in accepting the bond.

Neither is the bond binding as a common-law bond. If the attachment had been valid, and the bond taken had not been in all respects such as the statute had required, it could nevertheless have been enforced as a common-law bond, because it was executed for a good consideration, and the object for which it was given had been accomplished. But here the difficulty is that there was no lawful attachment, and therefore no lawful authority for taking any bond whatever. The bond is consequently neither good under the statute nor at common law, because there is no sufficient foundation to support it.

Objection is made to the relief which is sought in equity, because if the attachment bonds are void there is an adequate remedy at law in the suits that may be brought for their enforcement. If the suit in equity had been brought by the sureties to get rid of their obligation, this objection might be good; but such is not its character. The sureties have in their hands assets of the bank which the receiver seeks to reduce to his possession, and which they claim the right to hold until they have been fully indemnified against or discharged from liability on the bonds. The receiver says there is no liability, because the bonds are invalid; and to have that question settled once for all he has brought the persons interested, creditors as well as sureties, before the court in order that it may be conclusively adjudicated between them. **Such a suit is clearly cognizable in equity. The sureties are in a sense stake-holders.**

They do not claim the securities unless they are liable on the bonds, and the suit, although not brought by them, is in the nature of an interpleader to save them "from the vexation of two proceedings on a matter which may be settled in a single suit." The decree will bind all alike, and if the sureties are held not to be liable it will conclude the creditors from all further proceedings against them on the bonds, and leave them free to surrender the securities to the receiver. This will not affect the judgments that the creditors have recovered any further than to limit their operation, so far as the receiver and the sureties on the attachment bonds are concerned, to the adjudication of the debts as claims entitled to dividends from the proceeds of the assets of the bank. To that extent, certainly, the court had jurisdiction in each of the suits after the insolvency; but as the attachments were void the judgments are inoperative as a basis of recovery upon the bonds.

The judgment in each of the suits at law is affirmed, but the decree in the suit in equity is reversed, and the cause remanded with instructions to enter a decreesetting aside and annulling the bonds which were given to dissolve the attachments, and enjoining each and all of the creditors, and those claiming under them, from proceeding in any manner to enforce the same against the sureties, and directing the sureties to surrender to the receiver the securities they hold for their indemnity.

(2) An opinion rendered by the United States circuit court, southern district of New York, in an action of trover to recover moneys of a national bank (afterward insolvent) alleged to have been wrongfully appropriated by certain brokers and used in stock speculations.

The opinion is as follows :

This action is in substance one of trover to recover moneys of the First National Bank of Albion, alleged to have been wrongfully appropriated by the defendants during the years 1880 and 1881. The case was tried with a jury, and the jury found a verdict for the plaintiff for \$103,000 principal, with \$44,759 interest. The case is now here upon a motion by the defendants for a new trial.

It appeared by the evidence that in 1880 one Warner was the cashier of the Albion bank, and for some time had been intrusted with the almost exclusive management of its affairs. In November, 1881, he became its president. In August, 1884, the bank failed, Warner absconded, and the plaintiff, who was appointed its receiver, took possession of the assets. An examination of its affairs showed that Warner had misappropriated moneys and securities of the bank to the amount of over \$300,000 and was otherwise indebted to the bank in a considerable sum. It was further shown that Warner had been carrying on stock speculations through the agency of the defendants, who were stock brokers and bankers of New York city; that he opened a customer's account with them May 11, 1880, and continued to buy and sell stocks and securities upon margins through them, and to deposit with and draw upon them as bankers, during that year and the next; and that from time to time the defendants received large sums of money from him by checks of the Albion bank, payable to their order, drawn by Warner, as cashier, upon the Third National Bank of New York city. The defendants collected these checks, and placed the proceeds to Warner's credit in his account with them.

It was also proved that for many years the Albion bank had kept a banking account with the Third National Bank of New York, and had been accustomed to draw upon it at sight, and send it collections and remittances; that after Warner became the cashier of the Albion bank he took personal charge of the correspondence between that bank and the New York bank, and intercepted the letters of advice and monthly statements sent by the New York bank to the Albion bank, and adopted other methods to conceal from the other persons associated with him in conducting the Albion bank the true state of the account between the two banks; that from time to time he deposited with the New York bank, in the name of the Albion bank, funds in his possession, and from time to time drew checks and drafts in the name of the Albion bank, as cashier, upon the New York bank, for his own transactions and speculations; and that the checks and drafts thus drawn by Warner for his own use were not credited to the New York bank on the books of the Albion bank, nor were the deposits made in the name of the Albion bank by Warner personally charged to the New York bank on the books of the Albion bank, although they were credited to the Albion bank by the New York bank; and neither the checks nor drafts, nor the credit items appeared in any way upon the books of the Albion bank.

The evidence was sufficient to justify the jury in finding that Warner used the account of the Albion bank with the New York bank as the means of appropriating, without the knowledge of the directors or other officers of the Albion bank, and clandestinely, the funds and credit of that bank for his own benefit. It appeared by the books of the two banks that the checks and drafts upon the New York bank and charged to the Albion bank, but not credited by the Albion bank to the New York bank, during the period of Warner's defalcations amounted to \$267,000, and the de-

posits credited by the New York bank to the Albion bank, but not charged by the Albion bank to the New York bank, during the same period amounted to \$281,000.

The checks received by the defendants between May 11, 1880, and August 26, 1881, and including those dates, aggregated the amount of \$103,000. During the same period they received from Warner from other sources \$107,703. The defendants bought and sold stock for Warner on a margin of 10 per cent., and many of the checks in question were received by them pursuant to their request to remit for margins. The first and last checks were for \$10,000 each; one was for \$15,000. In January, 1881, they received checks for margins aggregating the sum of \$50,000. Testimony was given for the plaintiff tending to show that Warner was rated, where he resided, as worth from \$15,000 to \$20,000; and testimony was given for the defendants tending to show that they supposed that other persons were interested with Warner in his stock transactions, and did not suspect that he was using the funds of the bank illegitimately. It also appeared that from time to time Warner drew on the defendants, and that during the period covered by the checks in controversy they paid on his drafts, into the Third National Bank, to the credit of the Albion bank, at various times, sums aggregating \$59,202, and that this amount was credited to the Albion bank on the books of the New York bank, and \$25,850 thereof was charged on the books of the Albion bank to the New York bank, but the rest did not appear in the books of the Albion bank.

Upon the trial, the court excluded the testimony offered by the defendants to show that it was customary with bankers and brokers of New York City to receive cashiers' checks and drafts drawn in favor of their own banks upon New York banks as cash, upon transactions with the cashier individually. At the close of the testimony, the defendants requested the court to instruct the jury to find a verdict for the defendants. Defendants also requested the court to instruct the jury that the defendants were not liable for any sum in excess of the difference between the sums received by them from Warner upon the checks of the Albion bank and the sums paid by them on Warner's drafts to the New York bank to the credit of the Albion bank. The court refused such instructions. The court instructed the jury, in substance, that it was incumbent upon the plaintiff to establish that the moneys represented by the checks received by the defendants were moneys of the bank which had been misappropriated by Warner; and that, when the defendants received the checks, they took them with guilty knowledge that Warner in using them was misappropriating the funds of the bank; and that, unless they found both these propositions established by the evidence, their verdict should be for the defendants. They were further instructed that they might find upon the evidence that Warner was permitted by the directors of the bank to draw such checks for his own use, or to use the money of the bank for his own purposes, or they might find that the directors of the bank were in collusion with Warner and cognizant of his transactions; that if they found that those who represented the stockholders of the bank as its directors or managers permitted Warner to draw such checks or use the moneys of the bank for his own purposes, not as co-conspirators or collusively, but trusting in his integrity or believing that the bank would not be injured, or through loose management on their part, the plaintiff could not recover; but if they did this collusively their consent could not shelter the defendants, because they had no power by virtue of their position to consent to a fraud upon the stockholders. The jury were further instructed that upon the issue whether the defendants received the checks with guilty knowledge, the question was not whether they were negligent in receiving them or in allowing Warner to deal with them as they did, but the question was whether they were guilty of bad faith; that defendants were bound to know that a cashier has no authority as such to loan the money of the bank or use its checks for his personal use; that the jury were to infer that the defendants knew this when they received the checks, and therefore the question was whether the defendants believed that by some special arrangement or confidence Warner was permitted by those who were associated with him in the management of the bank to use its checks and moneys as he did; and if the jury found that the defendants so believed, the defendants were not guilty of *mala fides*. The defendants insist upon this motion that the court erred in excluding the testimony of custom, in refusing to instruct the jury as requested, in the instructions given to the jury, and urge other grounds for a new trial.

In some aspects this is a hard case for the defendants. If the verdict stands, they are made responsible to pay over a very large sum of money which came to their hands to be invested and handled for another person in consideration of a small commission to be received by them, and which they have paid back to the person from whom they received it; and there is no reason to suppose that they had any active or defined purpose when they received the money, or at any time, of assisting the person from whom they received it to defraud others, or to injure others in any way. It is altogether likely that they could have shown, if they had been permitted to do so, by the testimony of any number of respectable bankers and brokers, that it is every-day practice in Wall street, for those in their line of business to buy and sell

stocks for bank presidents and cashiers who are speculating there, and to accept drafts and negotiable paper of the corporations of these officers, made by them officially, in payment of the margins or purchase-money, and that such transactions are so frequent and common in Wall street that they do not attract special notice, and do not usually excite a passing suspicion that they are irregular or improper.

But no usage, however common and well recognized, can be invoked to justify a banker, or any one else, in taking money or negotiable paper in payment of an agent's debt, known to belong to his principal, or known to belong to a trust-estate, to satisfy the trustee's personal debt, or to shield the banker from accountability who wilfully closes his eyes and stops his ears to facts and circumstances which import notice that the agent or trustee is misappropriating the money or property intrusted to him. Therefore, if there is any significance in the fact that a bank president or cashier offers negotiable paper of his corporation, made by him in his official character, in payment of his personal debt, or to raise money for his personal use, it matters not that bankers generally do not appreciate it. If they regard the transaction as equivalent to one in which the individual comes with money in hand, they ignore its real character, because in that case he comes with what purports to be his own, having the possession which implies title and ownership, and the right to use it as he sees fit. When he comes with the money-obligation of a corporation, which is the contract of a corporation only because he has made it, and which is not its contract if he has made it without authority, the transaction is a very different one. Every person who takes such an obligation must ascertain at his peril that the agent who has made it was authorized to do so; and the moment that it appears that the contract has been made for the agent's own use and benefit, that moment his authority is impugned and impeached.

No principle of the law of agency is better settled than that no person can act as the agent for another in making a contract for himself. Therefore it is that a bank president or cashier has no implied authority to bind his corporation to negotiable paper made for his own use; and if it appears upon the face of the paper that it is payable to the individual who has made it in an official capacity, the obligation is nugatory, and no purchaser can enforce it.

Upon this principle it was held in *Claffin v. The Farmers and Citizens' Bank* (25 N. Y., 293) that a general authority to the president of a bank to certify checks drawn upon it does not extend to checks drawn by himself; and if the face of the check shows the president's attempt to use his official character for his private benefit, every one to whom it comes is put upon inquiry, and if the certificate is false no one can recover against the bank as a *bona fide* holder. So, too, it was held in *West Saint Louis Savings Bank v. Shawnee County Bank* (95 U. S., 557), where a bank cashier made his individual note payable to the order of his bank, and indorsed it officially, that a purchaser of the note was charged with notice that the indorsement was not within the implied authority of the cashier, and must prove actual authority in order to recover of the bank as indorser.

It can make no difference whether the agent or officer appears to be the party to whom the paper is payable upon the face of the instrument, or whether it appears by extrinsic facts that he is the real party for whose benefit it was made; consequently, whenever he offers the instrument under circumstances which show that he has made it officially for his private use, the party dealing with him must take notice of his want of authority, and can not treat it as the obligation of the principal, unless he can prove the existence of some special and extraordinary authority on the part of the agent. For these reasons the testimony offered by the defendants to show that cashiers' checks, when used in the private transactions of bank cashiers, are by usage regarded as cash, was properly excluded. If the tendency of the testimony was to establish a usage to the effect that such payments are regarded by bankers as ordinary payments of cash made by individuals for their own account, the usage would contravene well-settled legal principles. In any other aspect the testimony was immaterial.

The views thus expressed are pertinent in considering whether the instructions given to the jury were correct respecting the title acquired by the defendants to the checks and moneys the checks represented. If the instructions did not accurately present to the jury the legal principles by which, upon the evidence, the rights of the parties were to be determined, they certainly did no injustice to the defendants. The case was put to the jury upon the theory that the defendants, in taking the checks, occupied the position of purchasers of commercial paper, and as though their liability was to be tested by the rule applicable to actions for the wrongful conversion of such paper. If they acquired title to the checks as against the bank, of course they acquired title to the proceeds, and, if they were *bona fide* purchasers, their title was perfect; otherwise they became liable for the proceeds as for a conversion. (*Comstock v. Hier*, 73 N. Y., 269). The defendants were given the full benefit of the distinction between negligence and *mala fides* in the purchase of negotiable paper, and the jury were instructed that mere suspicion on the part of the defendants was not suffi-

92 REPORT OF THE COMPTROLLER OF THE CURRENCY.

cient to charge them with notice that Warner was using the checks without authority. The doctrine of *Goodman v. Simonds* (20 How., 343) was adopted as applicable to the facts.

The facts in evidence certainly justified the submission of the question to the jury whether the defendants did not have notice that Warner was availing himself of fiduciary powers to use the funds of the corporation for unauthorized purposes. As the checks were made payable to the order of the defendants for Warner's individual use, in legal effect they were made payable to Warner's own order. The defendants knew that he was not acting within the scope of any ordinary agency when he made checks officially for use in his private transactions. The authority of a cashier to represent the bank does not extend to a contract involving the payment of money not loaned by the bank in the ordinary way. (*United States Bank v. Dunn*, 6 Pet., 51; *United States v. City Bank of Columbus*, 21 How., 356; *Merchants' Bank v. State Bank*, 10 Wall., 604.) As the executive officer of the bank, he transacts its business under the orders and supervision of the board of directors. Authority to use its credit, or transfer its funds for his private use, can not be implied from the fact that his official position puts it within his power to act dishonestly in this behalf.

Although the defendants were bound to know when they took the checks that the paper could not be treated as the paper of the bank unless the managers of the bank had loaned him the money represented by it, there was evidence which, unexplained, tended to show that such a loan had been in fact made. The evidence consisted in the circumstances that the checks were drawn upon the regular correspondent of the bank, were drawn frequently, were for large amounts, and the transactions extended over a considerable period of time. These circumstances indicated the improbability that the cashier was acting clandestinely or criminally, and suggested that he was acting with the acquiescence of the directors or that the directors were grossly inattentive to their duties. If the circumstances were sufficiently notorious and peremptory to preclude any other theory than that the directors were aware of what was being done, and were not such as to imply that the directors were willfully ignoring their duties, and acting collusively with Warner, they would afford sufficient evidence of Warner's authority to use the funds of the bank as he did, and would have justified the defendants in relying upon the ostensible authority evinced by the acquiescence and recognition of the directors. As was said by the court in *Martin v. Webb* (110 U. S., 14., 3 Sup. Ct. Rep., 428):

"It is clear that a banking corporation may be represented by its cashier—at least where its charter does not otherwise provide—in transactions outside of his ordinary duties without his authority to do so being in writing, or appearing upon the record of the proceedings of the directors. His authority may be by parol and collected from circumstances. It may be inferred from the general manner in which, for a period sufficiently long to establish a settled course of business, he has been allowed without interference to conduct the affairs of the bank. It may be implied from the conduct or acquiescence of the corporation, as represented by the board of directors. When, during a series of years, or in numerous business transactions, he has been permitted, without objection, and in his official capacity, to pursue a particular course of conduct, it may be presumed, as between the bank and those who in good faith deal with it upon the basis of his authority to represent the corporation, that he has acted in conformity with instructions received from those who have the right to control its operations. Directors can not, in justice to those who deal with the bank, shut their eyes to what is going on around them. It is their duty to use ordinary diligence in ascertaining the condition of its business, and to exercise reasonable control and supervision of its officers. * * * That which they ought by proper diligence to have known as to the general course of business in the bank, they may be presumed to have known in any contest between the corporation and those who are justified by circumstances in dealing with its officers upon the basis of that course of business."

The defendants could rightfully assume that the directors of the Albion bank did use reasonable diligence in acquainting themselves with the state of its account with its principal agent, the New York bank, and did exercise proper control and supervision generally in the management of its affairs; and the fact that Warner was nevertheless able to use the funds of the bank in such large amounts, for so long a period of time, and through the medium of the regular correspondent of the bank, was inexplicable, except upon the theory of the acquiescence of the directors, or of their guilty complicity with him, or of the existence of an extraordinary laxity on their part in the conduct of the affairs of the bank. The defendants, however, chose to rely upon appearances, instead of seeking authentic information. They were not certain, and could not be from the nature of the case, whether, notwithstanding appearances, the directors were not being deceived by Warner, and were not in fact ignorant that he had ever made any of the checks in question. It was incumbent upon the defendants to show that the directors knew and acquiesced in what was being done by Warner, before they could rely upon his official signature. The evidence raised a

presumption of such knowledge and acquiescence on the part of the directors, but did not show it conclusively; it presented a question of fact for the consideration of the jury; and the jury found, as the evidence fully warranted them in doing, that the directors were ignorant of Warner's acts.

As is stated in Wharton on Agency (sec. 139): "The pretension by an agent to extraordinary or peculiar powers is by itself sufficient to arouse suspicion." When the transaction is such as should arouse suspicion of the agent's authority to represent his principal, it is the duty of those who deal with him in a representative character to apply to his principal for information. The defendants did not choose to take the safer course; they preferred to rely upon the evidence of Warner's authority evinced by the facts and circumstances which tended to show that the directors must have known of and consented to his use of the funds of the bank. The jury found not only that the directors did not know this, but also found that the defendants did not believe, when they took the checks, that Warner was authorized to make them by his co-managers of the bank. The doctrine that a purchaser of negotiable paper acquires a good title if he acquires it for value, and honestly, notwithstanding he may have been grossly negligent in failing to make proper inquiries, has no application to a case like the present. A purchaser of commercial paper, made by an agent, can not acquire any title to it as against the principal, unless he is able to show that it is the paper of the principal, made by the agent, by due authorization. When he has information that the agent who has made the paper has made it in the name of the principal, for his own use, he must be prepared to show that special authority in that behalf has been delegated by the principal, and can not rely upon the implied authority of the agent to make such paper in the ordinary business of the principal. In accordance with these views, the defendants were not entitled to the instruction that they were only liable if the jury found they took the checks with guilty knowledge that Warner had no authority to use them; and it would have been proper to instruct the jury that the plaintiff was entitled to a verdict if they found that Warner had no authority, actual or ostensible, to use them.

It is insisted for the defendants that, inasmuch as the checks were paid by the New York bank out of funds in part contributed by Warner himself, the Albion bank was not a loser of the face amount of the checks and the plaintiff ought not to recover beyond the extent that the checks were paid out of the moneys of the Albion bank. The evidence did not indicate that the New York bank had any notice that the checks were not put out by Warner in the course of the ordinary business of the bank; consequently, when they were presented to and collected of the New York bank, the latter became a *bona fide* holder for value, and the Albion bank became liable to it for the face amount of the checks. Several of the adjudications which decide that the maker of commercial paper can maintain an action for conversion against the person who, with notice that it has been put fraudulently into circulation, negotiates it to a *bona fide* holder for value, also decide that he can recover the amount of the paper without averring or proving that he has paid it to the holder, and that it is enough, *prima facie* that he has become liable to pay it, to entitle him to recover the face amount (Decker v. Mathews, 12 N. Y., 313; Evans v. Kymmer, 1 Barn. & Adol. 528; Payne v. Pritchard, 2 Car. & P., 558). It has been held that the defendant may prove the insolvency of the maker, and thereby lessen the damages; but, in the absence of evidence of any want of ability of the maker to pay, the presumption is that he is able to pay the paper, and will be obliged to do so (Potter v. Merchants' Bank, 28 N. Y., 641). It is enough for him to show that he has incurred a liability to pay the amount by the wrongful act of the defendant; but, if the facts are such that this liability will not result in actual loss, he will only be entitled to recover nominal damages. The law presumes that loss will follow liability; consequently, it is for the defendant to overcome the presumption by evidence which will take the case out of the ordinary category.

A check is not only a bill of exchange upon which an action can be maintained against the drawer by the drawee who has paid it, but is a bill which is presumed to be drawn on actual funds, and appropriates the funds to the drawee upon payment. Undoubtedly, in an action for the wrongful conversion of such paper, if the defendant proves that payment of the check was refused by the drawee, that it has never reached the hands of a *bona fide* holder, and that he is ready to surrender it to the maker upon the trial, these facts would go in mitigation of damages, and the recovery of the plaintiff would be limited to his actual loss. If, in the present case, the action was merely for the conversion of the checks, the plaintiff would be entitled to recover their face upon proof that they were paid by the New York bank, without more; but the action is for the money of the Albion bank, obtained upon its checks "paid by the New York bank out of and from the moneys and accounts of the Albion bank." If the evidence established that the checks were not paid by the New York bank out of the moneys or funds of the Albion bank, but were paid out of moneys provided for that purpose by Warner the jury should have been instructed that their

94 REPORT OF THE COMPTROLLER OF THE CURRENCY.

verdict could be only for nominal damages. But the payment of the checks by the New York bank was none the less a payment by the Albion bank, or a payment out of its funds, because the latter was put in funds without the knowledge of its officers, and its correspondent paid the checks without their knowledge. If Warner had made deposits in his own name with the New York bank, and that bank, pursuant to his instructions, had charged the checks, when it paid them, against his account, the defendants might well insist that the checks were not paid by the Albion bank, or out of its funds. Under such circumstances, the plaintiff would certainly be required to prove that the deposits made by Warner were funds of the Albion bank. But when Warner caused deposits to be made with the New York bank in the name of the Albion bank, the title to the fund created by the deposits vested in the latter as against Warner. When the New York bank credited the Albion bank with these deposits it assumed the relation of a debtor, not to Warner, but to the Albion bank for the amount; and when it paid checks drawn against the fund and charged them to the Albion bank, it paid them out of the funds of the Albion bank as between itself and the Albion bank and as between the latter and Warner. It may be that third persons, whose moneys were misappropriated by Warner and deposited with the New York bank to the credit of the Albion bank, can reclaim the amount of the Albion bank; but Warner himself could not, because he relinquished his title by his own act. Whether the deposits made by him are to be regarded as the property of the Albion bank because made by a fiduciary who has willfully commingled his own funds with the trust funds in such a manner that the line of distinction between them can not be traced, or as voluntary payments which he can not reclaim because they were voluntary, need not be considered. He doubtless made them to conceal his use of the funds of the bank, knowing that he could not overdraw the account of his bank with the New York bank without risk of detection.

The defendants have no interest in the question whether the Albion bank paid the checks out of the moneys for which it is accountable to third persons, or even out of the money for which it may be accountable to Warner. It suffices that the checks were paid out of funds to which it had the legal title. Nor is it material that the defendants paid to Warner various sums of money which were ultimately received by the Bank of Albion. It was open to the defendants to show upon the trial that the Albion bank did not eventually sustain any loss by Warner's misappropriations of its checks or moneys, and thus reduce the plaintiff's recovery to nominal damages. This they did not attempt otherwise than by showing that Warner deposited various sums of money to the credit of the Albion bank, which were not charged by that bank to the New York bank. The presumption is as cogent that these deposits secretly made by Warner represented the moneys which he knew belonged to the Albion bank as that they were his own money. The case for the plaintiff was complete when it appeared that the checks which were wrongfully received and collected by the defendants had been paid by the New York bank out of funds standing to the credit of the Albion bank. He was then entitled to recover the full amount. It was unnecessary for him to assume the affirmative, and show that the deposits made by Warner in the New York bank were not the funds of Warner, but consisted of misapplied funds of the bank, or the proceeds of securities belonging to it, or for which it was responsible to others; but it was for the defendants to prove that, notwithstanding their wrongful participation with Warner in misappropriating the funds of the bank, the bank did not suffer loss. If they had shown that all his misappropriations had been made good by the return of what he had misapplied, it is not entirely clear that they would have been liable only for nominal damages. (*Hanmer v. Wilsey*, 17 Wend., 91; *Otis v. Jones*, 21 Wend., 394; *The People v. Bank of North America*, 75 N. Y., 547.) These cases hold that the defendant in an action for conversion of property can only claim a mitigation of damages because of a return of the property, where the owner has accepted its return, or has resumed dominion over it as owner; and that it is not enough that the property, without his consent, has been applied to the satisfaction of his debts. It is not necessary to consider whether this doctrine should be applied to a case for the conversion of money which has been returned to the owner, and used by him without knowledge of the conversion or restitution. Here all the money returned by Warner was insufficient to replace his defalcations by an amount much larger than the sum sought to be recovered of the defendants, and the bank had no knowledge that he had returned anything to replace what he had misapplied until he had again misappropriated it. It is not unjust or unreasonable to compel the defendants to restore such of the funds of the bank as they received when they are unable to prove that the bank was not directly or ultimately a loser in consequence of their acts. It may be that Warner would have misappropriated the money of the bank in other ways, if they had refused to receive the checks, but certainly one temptation would not have been in his path if he had found that he could not use the paper of the bank for his speculations with the same facility as though it were his own money.

Several points discussed upon the motion for a new trial, among them the point that the jury should have been instructed not to include interest in their verdict accruing before the commencement of the suit, do not seem to merit consideration. The views expressed cover all the controlling questions in the case, and lead to a denial of the motion.

(3) An opinion rendered by the Supreme Court of the United States November 12, 1888, with respect to the liability of a married woman holding stock of an insolvent national bank to an assessment upon such stock levied by the Comptroller of the Currency where the assets of the bank were not sufficient to pay creditors in full.

On the 4th of February, 1885, Martin L. Bundy, receiver of the Hot Springs National Bank, of Hot Springs, in the State of Arkansas, filed his bill of complaint in the circuit court of the United States for the district of Kentucky against William M. Cocke and Amanda M. Cocke, his wife, and James Flanagan and Sue Flanagan, his wife, all of the defendants being alleged in the bill to be citizens of Kentucky.

The bill alleges that, on the 1st of March, 1884, the bank was a corporation created and organized under the national banking statutes, with a capital stock of \$50,000, divided into 500 shares of \$100 each at their par value; that it had its office of discount and deposit in the city of Hot Springs, in the State of Arkansas; that it suspended the business of banking on the 27th of May, 1884; that the plaintiff was duly appointed receiver of the bank on the 2d of June, 1884; and that, on the 25th of July, 1884, the Comptroller of the Currency determined that it was necessary to enforce the individual liability of the shareholders in the bank, to the amount of 50 per centum of the par value of its capital stock, "and did make an order and requisition on the stockholders and each and every one of them, equally and ratably, as the shares were held and owned by them respectively at the time said bank suspended and ceased to do business," and directed the plaintiff "as such receiver" to take the necessary legal proceedings to enforce such assessment against the shareholders in said bank, and each and every one of them.

The bill then contains the following allegation:

"And your orator would further state that, on the 27th day of May, A. D. 1884, when said bank suspended and ceased to do business, Amanda M. Cocke, wife of William M. Cocke (both of whom are made defendants hereto), was the owner of one hundred shares of the capital stock thereof, of the par value of ten thousand dollars, and the same still stands in her name on the books of the said association, on which the equal and ratable assessment and requisition made by the Comptroller as aforesaid is five thousand dollars, with interest thereon from the said 25th day of July, 1884; that said defendant Amanda is possessed of property in her own right amply sufficient to pay said assessment, but utterly refuses to do so."

Then follows a like allegation as to Mrs. Flanagan, as the owner of twelve shares of the stock.

The prayer of the bill is, that an account be taken of the shares of stock held by each of the married women defendants, respectively, at the date of such suspension and the assessment and requisition made by the Comptroller of the Currency thereon, and that a decree be made for the payment thereof out of the separate property held by the married women defendants in their own right, as each may be found indebted, with interest.

Mr. and Mrs. Cocke filed a demurrer to the bill for want of equity and also for multifariousness. The plaintiff then amended the bill by striking out the names of Flanagan and his wife as defendants; and in July, 1885, he filed a bill of revivor, based on the fact of the death of Mrs. Cocke in March, 1885.

The bill of revivor alleges that, when Mrs. Cocke died, she was a citizen of Kentucky, and was domiciled and resident therein; that she left a will whereby her husband was appointed her sole executor and her sole residuary legatee and devisee; that the will had been duly proved and recorded in the proper court in Kentucky; and that Mr. Cocke had accepted the terms of the will and taken upon himself the office of such executor. The bill prays for the revival of the suit against Mr. Cocke as devisee and legatee of his wife and as sole executor of her will, and for relief against him out of all assets received or held by him as devisee or legatee of his wife, or as executor of her will.

Mr. Cocke appeared and filed a demurrer to the bill of revivor, for want of equity. The cause was heard on the demurrer to the bill and the demurrer to the bill of revivor. The court sustained both of the demurrers, giving to the plaintiff time to amend his bill, and, he declining to do so, a decree was entered dismissing it. From that decree the plaintiff has appealed.

From the opinion of the court, accompanying the record, the ground of the dismissal appears to have been, that the bill was defective in not alleging that, at the time Mrs. Cocke became a stockholder, she had the capacity to become a stockholder.

96 REPORT OF THE COMPTROLLER OF THE CURRENCY.

But we think the bill is not open to this objection. It alleges that, at the time the bank suspended, Mrs. Cocke "was the owner" of the 100 shares. This is an allegation that she was then the lawful owner of those shares, and had lawfully become such owner, with the capacity to become such owner at the time she became such owner. It is consistent with this allegation, that she may have owned the shares before she married Mr. Cocke, or that, when she became such owner, if she was then the wife of Mr. Cocke, she had the right to become such owner by virtue of the laws of the State of Arkansas, where the bank was located, in connection with the provisions of the statutes of the United States in regard to national banks.

Section 4194 of the Digest of the Statutes of Arkansas, published in 1874 (chap. 93, p. 756), provides as follows:

"Sec. 4194. A married woman may bargain, sell, assign, and transfer her separate personal property, and carry on any trade or business, and perform any labor or services on her sole and separate account; and the earnings of any married woman from her trade, business, labor, or services shall be her sole and separate property, and may be used or invested by her in her own name; and she may alone sue or be sued in the courts of this State on account of the said property, business, or services."

Under this provision, if it was in force at the time of the transaction, it would seem that Mrs. Cocke, when a married woman, might lawfully have either subscribed for or taken an assignment of the shares, they being shares of a national bank in Arkansas, and the transaction being, therefore, governed by the statutes of Arkansas, unless, under special circumstances, a different rule ought to govern. (*Milliken v. Pratt*, 125 Mass., 374.)

As the bill alleges that Mrs. Cocke is possessed of property in her own right amply sufficient to pay the assessment, and as the prayer of the bill is for a decree for the payment of the amount of the assessment out of the separate property held by her in her own right, and as the bill of revivor prays for relief against Mr. Cocke out of the assets received by him as the legatee or devisee of his wife, or as executor of her will, the case is clearly one of equitable cognizance, because it does not appear that she could be sued at law, to reach her separate property. (3 *Pomeroy's Eq. Juris.*, § 1099.)

The original bill and bill of revivor are sufficient on their faces to call upon Mr. Cocke to answer them, and, when all the facts bearing upon the case are fully developed the rights of the parties can be properly adjudicated. For that reason we refrain from considering any of the other questions discussed at the bar.

The decree of the circuit court is reversed, and the case is remanded to that court, with a direction to overrule the demurrer to the original bill and the demurrer to the bill of revivor, and to take such further proceedings as may be proper and not inconsistent with this opinion.

CONCLUSION.

In presenting this report I gladly take occasion to bear testimony to the excellent spirit prevailing among the officers and directors of national banks all over the country, and to the intelligence and conscientiousness which they habitually display in the conduct of business.

Although the requirements of the national-bank laws are often rendered onerous by local conditions, and many of its restraints are not only irksome but sometimes in particular cases seem to be unreasonable, there exists everywhere as a rule a spirit of sincere and ready acquiescence. In the comparatively few cases where this spirit is wanting the power of the Comptroller to enforce compliance with law has been found to be ample, and its exercise has but in one case had to transcend the limits of a courteous but firm admonition. In that case the bank was closed and placed in the hands of a receiver, the president and cashier were arrested and indicted, and the property of the directors was attached.

For several years past, under the influence of the act of July 12, 1882, the national-bank system has been growing vigorously, and its benefits have been thus brought within reach of a constantly increasing number of people, and have been extended into communities where they were not previously enjoyed.

At present this healthy and desirable growth is checked and is in danger of being arrested by the scarcity and dearness of bonds. In

the proper place in this report I have called especial attention to the value and capabilities of the bank-note feature of the system and have ventured to submit a plan for its preservation and extension into full utility. The subject is one of national importance, and yet it is also of definite pecuniary interest to each and every industrial worker in the country, however obscure his employment may seem or however secluded his location.

The functions performed by banks are essential to the free and full play of industrial activities, whether these are agricultural, mechanical, or professional. The products of all industries must be marketed in order that the workers may enjoy the fruits of their toil or the rewards of their skill, and without banks the marketing of the vast masses of the products of American industry would be simply impossible.

The banks as a body establish and maintain, ready for use at all times and to any extent required, a line of communication between the world's consumers and the remotest farmer on the Western plains or among the Southern forests. Break this line of communication and the abundance of the farm becomes a rotting incubus. Interrupt it, burden it with tolls or taxes, and the farmer loses in the price of his products or pays in the cost of what he buys more than the toll-gatherer or the tax-collector receives.

A great prejudice has been excited in agricultural sections against the national banks, because they are forbidden to lend money on real-estate securities. Never was there any prejudice more unreasonable and more harmful to those who entertain it than this prejudice.

In the first place, if national banks absorbed all the capital of the country or directed its employment and investment, not only their interests, but even their very existence would necessitate the setting aside of a large part of that capital for investment exclusively in real estate or in real-estate securities, because such investments are essential to the progress of every community.

But the national banks do not by any means occupy that position. Private capitalists, corporations, such as savings banks, insurance companies, loan and trust companies, farm and mortgage investment companies, abound; they possess and control more capital than the national banks, and for all these there can be no investment safer, more attractive, and more appropriate than real estate or its representative instruments.

The national banks, on the other hand, constitute a body of bankers exclusively devoted to the collection, the safe-keeping, and the employment in temporary loans of the floating capital of the country. If in any community the national-bank capital and deposits exceed what can be safely and profitably employed there in that way, the floating capital of that community is excessive and a part of it may with advantage be converted into fixed forms, but it should first be withdrawn from the national banks. These institutions are too expensive to be used as mere agencies for keeping bonds and stocks, and collecting interest quarterly or half yearly. Such misuse of a national bank is bad economy; it is as if a farmer should buy wagons and carriages for storing his crop instead of building a barn.

Again, to entertain a prejudice against national banks and to oppose the improvement and healthy extension of the system is unwise because we must have banks, and these are the best that have ever existed in this country or in any other. It is especially unwise on the part of farmers to entertain such prejudice because they are more dependent upon other people's floating capital than any other industrial class.

98 REPORT OF THE COMPTROLLER OF THE CURRENCY.

Miners, manufacturers, transportation companies, and other large employers keep a part of their capital in money, and depend upon the banks for only a moderate proportion of the cash funds needed to liquidate their transactions, but farmers can not afford to keep any amount of money idle while their crops are growing or their cattle are taking on flesh or their sheep and hogs are multiplying. It is more profitable for them to use all their own money in enlarging the scale of their operations; and, therefore, when their crops come to be harvested or their stock is ready to be driven to market, it is of supreme importance to them to be able to get the ready money for the purpose, either directly or through the medium of dealers in their products. Whether obtained directly or through merchants or drovers, the money essential to the marketing of the farm produce is supplied by the banks, and could not be supplied by them at that moment of supreme need if it had previously been lent to the farmers upon the security of their lands.

The banks that serve the farmers best are those that move their crops with least delay. A bank in an agricultural section that gets its funds tied up in long loans to farmers mistakes its office and vocation, and is as great an obstruction to local prosperity as a railroad would be that should hire all its freight cars out during the dull season for an employment that keeps them out of its reach and control beyond the season during which the community depends upon it to take away the produce of its year's labor, and to bring back the commodities essential to the winter's comfort and maintenance.

Very respectfully,

W. L. TRENHOLM.
Comptroller of the Currency.

Hon. JOHN G. CARLISLE,
Speaker of the House of Representatives.

R E P O R T

OF

THE COMPTROLLER OF THE CURRENCY.

DEPARTMENT OF THE TREASURY,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., December 2, 1889.

SIR: In compliance with the provisions of section 333 of the Revised Statutes of the United States, I have the honor to submit for the consideration of Congress the twenty-seventh annual report of the Comptroller of the Currency, covering the operations of this Bureau for the year ended October 31, 1889.

During this period a fair degree of prosperity has attended the operations of the associations belonging to the national banking system, and in every department, excepting that of circulation, a gratifying increase in volume of business is exhibited.

The number of banks now in operation is greater than at any former period, and the additions made during the year have exceeded the average of the twenty-seven years since the inauguration of the system.

The withdrawals for purpose of liquidation have not been numerous, and the number becoming insolvent has been conspicuously small. A satisfactory increase is observed in the totals of capital stock, surplus fund, and undivided profits. These three items exhibit the real investments of the shareholders. An increase in deposits is met by a corresponding extension in the line of loans and discounts. The earnings and dividends have been satisfactory to the stockholders when compared with the net returns from money invested in other enterprises.

In a general way it may be said that, considered as banks of discount and deposit, the associations under the supervision of this Bureau have successfully met the requirements of the several communities in which they are located, and kept pace in growth, strength, and enterprise with the general prosperity which has attended business operations as a whole during the twelve months just closed. No change was made by Congress during its last session in the law regulating the organization of new banks.

Within the year 211 banks have been organized, having an aggregate capital of \$21,240,000. United States interest-bearing bonds amounting to \$4,378,550, were by them deposited with the Treasurer of the United States in trust, to secure the redemption of circulating notes. The number of banks in existence October 31, 1889, was 3,319, having in capital stock \$620,174,365, bonds deposited to secure circulation \$145,668,150, and bank-notes outstanding \$202,023,415, including \$71,816,130 represented by lawful money deposited to redeem circulation still outstanding.

4 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table gives the number of banks organized during the year ended October 31, 1889, in each State and Territory, with their aggregate capital, bonds, and circulation:

States and Territories.	No. of banks.	Capital.	Bonds deposited.	Circulation issued.
Texas	36	\$3,200,000	\$692,550	\$595,395
Pennsylvania	16	1,450,000	326,750	294,475
Nebraska	16	1,095,000	268,750	242,055
Washington	13	1,360,000	315,000	283,500
Missouri	12	3,250,000	287,500	258,750
Kansas	10	635,000	158,750	142,875
Kentucky	9	1,425,000	281,250	253,125
Colorado	7	900,000	187,500	168,750
Iowa	7	600,000	150,000	135,000
Illinois	6	425,000	105,500	95,850
New Jersey	6	450,000	113,000	101,700
Alabama	5	375,000	94,500	85,050
Tennessee	5	400,000	100,000	90,000
Oregon	5	250,000	62,500	56,250
Georgia	4	200,000	50,000	45,000
Virginia	4	300,000	75,000	67,500
Massachusetts	4	300,000	75,000	67,500
Minnesota	4	250,000	62,500	56,250
Michigan	4	300,000	75,000	67,500
Ohio	4	800,000	130,000	117,000
Dakota	4	200,000	43,750	39,375
New York	3	315,000	79,000	71,100
Wisconsin	3	250,000	62,500	56,250
Montana	3	225,000	57,500	51,750
Maryland	3	225,000	56,250	50,625
Indiana	2	150,000	37,500	33,750
California	2	325,000	68,750	61,875
Maine	2	350,000	62,500	56,250
Louisiana	2	260,000	65,000	58,500
New Hampshire	2	125,000	31,250	28,125
North Carolina	1	150,000	37,500	33,750
Florida	1	50,000	12,500	11,250
District of Columbia	1	200,000	50,000	45,000
West Virginia	1	50,000	15,000	13,500
Connecticut	1	50,000	12,500	11,250
Idaho	1	50,000	12,500	11,250
Arkansas	1	50,000	12,500	11,250
Utah	1	250,000	50,000	45,000
	211	21,240,000	4,378,550	3,912,975

The location of these new associations is a matter of much interest, as tending to show that local prejudices are giving way, and that the increase is most conspicuous, proportionately, in the States and Territories toward which emigration is now chiefly tending, without reference to other conditions which have heretofore operated unfavorably to the growth of the system. Texas, with 36 banks, leads all the others in respect to the number organized, but is exceeded by the State of Washington, with 13 banks, if we take into consideration their relative populations. The increase apparent in Pennsylvania is also worthy of remark, as the addition of 16 banks makes a total of 328, the largest number in any State. Massachusetts still leads in point of capital stock, and New York in respect to deposits and volume of business. If population be considered, the State of Massachusetts will be found to have also the largest amount of capital invested in national banks per capita, closely followed by the new State of Montana.

A consideration of the facts developed by this, and the tables found in subsequent pages of this report, seems to verify the statement that the system, established by the national bank act, is not only adapted to the changed conditions developed by the lapse of a quarter of a century, but it is also suited to the wants of the inhabitants of widely separated States, living under varied social conditions, and transacting business in accordance with customs as dissimilar as climatic and race differences can produce upon this continent.

The States now affording the most cordial support to the system are conspicuous among those whose citizens are chiefly interested in the pursuits of agriculture, mining, manufacturing, and commerce, respectively.

The five leading States in point of accessions numerically, during the year, are Texas, Pennsylvania, Nebraska, Washington, and Missouri. The five severally containing the largest number of active banks are Pennsylvania, New York, Massachusetts, Ohio, and Illinois. The five ranking highest in point of capital stock are Massachusetts, New York, Pennsylvania, Ohio, and Illinois. Those showing the largest average per capita of capital stock, based on an estimate of present population, are Massachusetts, Montana, Rhode Island, Connecticut, and New York. All rank in the order named. These comparisons are made to show how completely the banks operating under national authority have become incorporated into the financial systems of all the States, and how well adapted they are to perform the functions of commercial banks under the varied conditions existing within the extreme limits of the national domain.

The following table exhibits the number of banks organized, failed, and liquidating, and the net increase numerically each year since 1863.

NUMBER AND AUTHORIZED CAPITAL OF BANKS ORGANIZED AND THE NUMBER AND CAPITAL OF BANKS CLOSED IN EACH YEAR ENDED OCTOBER 31 SINCE THE ESTABLISHMENT OF THE NATIONAL BANKING SYSTEM, WITH THE YEARLY INCREASE OR DECREASE.

Year.	Organized.				Closed.		Net yearly increase.		Net yearly decrease.	
	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.
1863.....	134	\$16,378,700	.....	.....	.....	.....	134	\$16,378,700	.....	.....
1864.....	453	79,366,950	3	.....	.....	.....	450	79,366,950	.....	.....
1865.....	1,014	242,542,982	6	\$330,000	1	\$50,000	1,007	242,162,982	.....	.....
1866.....	62	8,515,150	4	650,000	2	500,000	56	7,365,150	.....	.....
1867.....	10	4,260,300	12	2,160,000	6	1,170,000	.....	930,300	.....	.....
1868.....	12	1,210,000	18	2,445,500	4	410,000	.....	.....	19	\$1,045,500
1869.....	9	1,500,000	17	3,372,710	1	50,000	.....	.....	9	1,922,710
1870.....	22	2,736,000	14	2,550,000	1	250,000	7	.....	.....	64,000
1871.....	170	19,519,000	11	1,450,000	.....	.....	159	18,069,000	.....	.....
1872.....	175	18,988,000	11	2,180,500	6	1,806,100	158	15,001,400	.....	.....
1873.....	68	7,602,700	21	3,524,700	11	3,825,000	36	253,000	.....	.....
1874.....	71	6,745,500	20	2,795,000	3	250,000	48	3,700,500	.....	.....
1875.....	107	12,104,000	38	3,820,200	5	1,000,000	64	7,283,800	.....	.....
1876.....	36	3,189,800	32	2,565,000	9	905,000	.....	.....	5	340,200
1877.....	29	2,589,000	26	2,539,500	10	3,344,000	.....	.....	7	3,294,500
1878.....	28	2,775,000	41	4,237,500	14	2,612,500	.....	.....	27	4,075,000
1879.....	38	3,595,000	33	3,750,000	8	1,230,000	.....	.....	3	1,385,000
1880.....	57	6,374,170	9	570,000	3	700,000	45	5,104,170	.....	.....
1881.....	86	9,651,050	26	1,920,000	.....	.....	60	7,731,050	.....	.....
1882.....	227	30,038,300	78	16,120,000	3	1,561,300	146	12,357,000	.....	.....
1883.....	262	28,654,350	40	7,736,000	2	250,000	220	20,668,350	.....	.....
1884.....	191	16,042,230	30	3,647,250	11	1,285,000	150	11,109,980	.....	.....
1885.....	145	16,938,000	85	17,856,590	4	600,000	56	.....	.....	1,518,590
1886.....	174	21,358,000	25	1,651,100	8	650,000	141	19,056,900	.....	.....
1887.....	225	30,546,000	25	2,537,450	8	1,550,000	192	26,458,550	.....	.....
1888.....	132	12,053,000	34	4,171,000	8	1,900,000	90	5,982,000	.....	.....
1889.....	211	21,240,000	41	4,316,000	2	250,000	168	16,674,000	.....	.....
Total.....	4,148	626,513,182	700	98,896,000	130	26,208,000	3,387	515,653,782	69	14,245,500
Deduct decrease.....	.....	.....	.....	.....	.....	.....	69	14,245,500	.....	.....
Total net increase.....	.....	.....	.....	.....	.....	.....	3,318	\$501,408,282	.....	.....

* One bank restored to solvency, making 3,319 going banks.

† The total authorized capital stock on October 31, was \$620,174,365; the paid-in capital, \$617,723,447, including the capital stock of liquidating and insolvent banks which have not deposited lawful money for the retirement of their circulating notes.

6 REPORT OF THE COMPTROLLER OF THE CURRENCY.

In the foregoing table it will be seen that the net increase in the number of associations during the year, after deducting the failed and liquidating, is 168, as compared with 90 the previous year, and 110 as compared with the average of the preceding ten years. This exhibit taken alone would indicate a very satisfactory condition; but other facts must be taken into consideration before it can be definitely determined whether or not the growth of the system has kept pace with the increased demand for banking facilities.

The Comptroller has taken some pains to ascertain as to the total number of accessions to the banking systems of the country during the past ten years, with a view to a comparison of the ratio of growth of the three classes known as national banks, State banks, and private bankers.

The data thus obtained are unofficial, in respect to banks other than national, and somewhat meager and unsatisfactory. It seems quite certain, however, that organizations under State statutes are proportionately increasing.

This tendency is not attributable to changes which have taken place in Federal legislation, nor to loss of prestige on the part of banks belonging to the national system. Neither is it due to more favorable enactments recently on the part of the legislatures of the various States.

It appears to be attributable to a change of conditions which threatens the growth and permanency of the entire national banking system. The latter must keep pace with the growth of the nation, or pass into a state of stagnation and decay. If good, means should be taken to remove all obstacles to its progress; if bad, the law authorizing the organization of new associations should be promptly repealed.

Is it not the duty of Congress at this time to settle the important questions involving the prosperity and perpetuity of the most extensive, complete, and successful banking system that has ever existed in any country? Is it not true that the present system has served the people more acceptably than the State institutions which covered the field prior to 1863? Has any other ever furnished such complete security to depositors, such low rates of interest to borrowers, and such prompt, reliable, and cheap service in the way of collections and exchanges? Has any other ever furnished a superior circulation to the people, a more effective line of agencies for facilitating the operations of the General Government, or has any done more to unify and harmonize the financial interests of all portions of the country? Has not the wisdom of those who framed the national-bank act been vindicated, and have not the expectations of the founders been more than realized?

The necessities of the Government in the earlier years of the late conflict developed the fact that the State banks then in existence were not at all adapted to the requirements at such a time of either the people or the nation, and previous experience had demonstrated their inadequacy in prosperity and peace. So it is not surprising that plans looking to a more complete system should have been early considered by those charged with the management of the national Treasury.

The Hon. Salmon P. Chase, in his report as Secretary of the Treasury, in December, 1861, in discussing the principal provisions of the proposed national-bank act and the probable advantages to be derived therefrom, used the following language:

Its principal features are, first, a circulation of notes bearing a common impression and authenticated by a common authority; second, the redemption of these notes by the associations and institutions to which they may be delivered for issue; and third, the security of that redemption by the pledge of United States stocks, and an adequate provision of specie.

In this plan the people, in their ordinary business, would find the advantage of uniformity in currency; of effectual safeguard, if effectual safeguard is possible, against depreciation; and of protection from losses in discounts and exchanges; while in the operations of the Government, the people would find the further advantages of a large demand for Government securities, of increased facilities for obtaining the loans required by the war, and of some alleviation of the burdens on industry through a diminution in the rate of interest, or a participation in the profit of circulation, without risking the perils of a great money monopoly. A further and important advantage to the people may be reasonably expected in the increased security of the Union, springing from the common interest in its preservation, created by the distribution of its stock to associations throughout the country, as the basis of their circulation.

It will be observed that, while the needs of the Government as a borrower at that time were great, and its purpose to provide funds for the conduct of the war paramount, the projectors of the national banking system anticipated other and important benefits to accrue from the adoption of the measure under discussion. The people individually and collectively were expected to realize advantages that were fully understood and clearly stated.

From the above quotation it will be seen that the successful establishment of the new system was expected to result in—(1) A large demand for Government securities. (2) A uniform currency, guarded, as far as practicable, against depreciation. (3) Protection from losses in discount and exchanges. (4) Diminution in the rates of interest. (5) Increased security of the Union.

DEMAND FOR GOVERNMENT SECURITIES CREATED.

The national-bank act was passed at a time when the General Government was engaged in the prosecution of a great war and was of necessity a borrower of immense sums. The desire on the part of the then Secretary of the Treasury to open a new market for the bonds of the United States was most conspicuous among the causes which led to its enactment. A successful inauguration of the system could be obtained only by offering such advantages as would induce private bankers, and those operating under State charters, to organize under the national-bank act, and become subject to its provisions.

The movement in this direction for a time was very slow, for it subjected the new associations to many unwelcome restrictions and visitations, and gave a degree of publicity to their operations which was then looked upon with disfavor by many bankers who were entitled to public confidence and by all who were not.

The obscurity which had hitherto surrounded the transactions of corporations and firms holding themselves forth as bankers was to be in a large degree dispelled by the publicity of the new system, and depositors afforded an opportunity to learn the exact capital employed by the institution favored with their accounts. They were to be able to inform themselves as to the amount and, in a general sense, as to the character of the resources which were relied upon to furnish funds for the repayment of depositors. Those who, as bankers, were operating with insufficient capital or none at all, those who were employing their deposits in such a way as to incur large risks at high rates of interest, those who were diverting the funds of which they were the temporary custodians into speculative channels or were themselves excessive borrowers—in short, all those who were conducting their banking operations in violation of those salutary rules which the experience of centuries has evolved and formulated, were inclined to look with great disfavor upon the national system.

8 REPORT OF THE COMPTROLLER OF THE CURRENCY.

So also those banks which had become conspicuous for their conservative and successful management were reluctant to abandon the form of organization under which disaster had been averted during periods of great financial danger and distress, and permanent success achieved.

Thus the first impulse of nearly all engaged in banking, the weak and the strong, the foolish and the wise, the reckless and the conservative, was to oppose the formation of associations under the national-bank act.

Chief among the influences which caused the banks and bankers of the country to assume a more favorable attitude toward the system was the gain to be derived by the new associations by reason of the power to issue circulating notes. Those possessed of moneyed capital are proverbially timid, and no class of men engaged in active business are more indisposed to favor innovations than those engaged in banking. Hence it was futile to hope for a general conversion of the banks operating under the liberal charters granted by the legislatures of the several States into associations subject to the stringent provisions of the national-bank act, unless substantial inducements could be offered by way of increased profits. The gain incident to the right to issue circulating notes proved sufficient for the purpose, when coupled with the tax of 10 per cent. imposed by Congress upon the circulation of the State banks.

At this time, and for several years thereafter, this right was valuable to the national banks on account of their ability to purchase at par the 6 per cent. bonds of the United States, which they were permitted to deposit as security for note-issues. The interest on these bonds was paid in gold coin, and the latter brought a high premium in the depreciated paper money then current.

This valuable franchise conferred upon the national banks as a class, unsought and in fact resisted, was deemed necessary to the successful establishment of the new system, and a sufficient excuse, if any was needed, for the bestowal of this privilege was, in the judgment of Secretary Chase and his advisers, found in the necessities of the Government as a borrower.

So rapid and general was the change from the old systems to the new that 1,513 national banks were in operation on October 2, 1865, possessing a capital, including surplus and undivided profits, of \$464,220,864, owning United States bonds to the amount of over \$400,000,000. In addition to the United States bonds taken by the newly established banks and deposited as security for the redemption of their circulating notes, large amounts of these securities were subscribed for and carried as investments, and were also held for sale to the patrons of the various associations. Thus the latter became not only the creditors but the agents of the Government for the placing of its interest-bearing obligations, and were the means of widely distributing and popularizing the various issues as they appeared, in this manner replenishing the coffers of the Treasury without dangerously diminishing the volume of currency in the great commercial cities, or producing an unwholesome contraction of loanable funds at the principal financial centers.

Throughout the entire period of the creation and refunding of the public debt, which followed the successful inauguration of the national system, its associations rendered valuable aid to the Government. At a later date when resumption was determined upon, their support and co-operation was of very great value in preparing for, inaugurating, and maintaining specie payments.

It is not the purpose of the Comptroller to unduly magnify the value of the services rendered by those then charged with the management of national banks, but to recall the facts of history in vindication of the wisdom of those who were chiefly responsible for the existence of the system, and to remind those upon whom has been devolved the duty of making laws for the nation that an agency so potent for good in the years of financial trial should now have such consideration and relief as will result in its perpetuation, so that its services can again be at command if similar financial exigencies should arise in the future.

It would in this connection be profitable to consider what would have been the increased power for good in case the national banks in operation in 1865 had been in existence in 1861.

UNIFORM CURRENCY.

The circulation issued to and by the associations thus created possessed the advantages predicted by its authors. It has been uniform in every essential particular, uniform in its appearance, in its security, in its method of redemption, and in its equivalency to lawful money at all times and in all places within the territorial limits of the United States. Those who are conversant with the heterogeneous character of the bank circulation in use prior to 1861 will be able to comprehend the advantages resulting from this uniformity. The currency taxed out of existence was open to most serious objections. The banks organized under the laws of the several States were permitted to issue notes dissimilar in appearance, in the amount and value of the securities pledged for their redemption, and in the mode and cost of converting the various issues into lawful money. The hindrances and losses imposed upon the conduct of all business by reason of a mixed circulation of this character were very serious, but are of necessity imperfectly understood by the present generation, which has been favored with a circulation "bearing a common impression, authenticated by a common authority, and secured by the pledge of United States stocks."

The note-issues last described have so fully met the requirements of a commercial people that a return to the use of paper money, to be issued under State authority, is highly improbable, if not quite impossible. Whatever change may take place in the paper circulation of this country, it seems clear that no plan can secure the support of the people of this country which is not national in its character. The steady extinguishment of the public debt and the consequent decrease in the volume of securities available as a basis for national-bank notes, indicate the ultimate withdrawal of the latter unless the payment of United States bonds is arrested by the operation of forces not now apparent. Even now the necessary purchases of the Secretary of the Treasury, added to the ordinary demand for securities of this class, have advanced the premium on United States bonds to such an extent as to leave no profit to the banks on account of circulation. A lower range of premiums on present issues of bonds can be brought about only by increasing the supply or diminishing the demand. An increased supply is not possible under present conditions, and a diminished demand on the part of the general public is not to be expected.

The national banks and the United States Treasury are, however, the principal factors in maintaining and advancing premiums, and a falling off in the requirements of either would tend toward lower prices. Any legislation tending to bring the revenues of the Government nearer to its necessary and proper expenditures would necessarily diminish the demand for bonds. A reduction of the minimum amount of bonds re-

10 REPORT OF THE COMPTROLLER OF THE CURRENCY.

quired to be deposited by national banks as security for circulating notes would have a like effect.

It is well known that a prejudice has always existed in a greater or less degree against national banks on account of their possessing the power to issue notes for circulation. Other objections have been urged, but with very little effect upon the public mind. The activity of those inimical to the system was most conspicuous when the profits resulting from circulation were largest, and hence has now almost entirely disappeared. All have come to understand that the right to issue notes was not necessary to the success of the banks, and was conferred upon them under the plea of public necessity and not as a class privilege. It has never been claimed by those in the conduct of these associations that they were entitled to any privileges at variance with the public good. Neither is it deemed just nor wise to now lay upon them the burden of a circulation which yields no profit to the banks, unless such action is necessary to the welfare of the people.

DISCOUNT AND EXCHANGES.

The currency furnished by the national banks and by the Government itself has been chiefly distinguished for its uniformity in all essential qualities, among which absolute security and redemption at commercial centers without cost or discount are most valuable. The effect upon charges for discount and exchange has been very beneficial to those engaged in any form of commercial or industrial activity directly and indirectly, in almost equal degree, to all classes of consumers. This reduction has been greatly facilitated and increased by the general establishment of banks under national authority, having ample capital, and conducted for the most part by intelligent and experienced officers. The value of a complete system of such agencies, located at every local trade center, available for collection of checks, drafts, and bills, furnishing prompt and reliable service, and at uniform and moderate cost, in the liquidation of all forms of bank and commercial credits, can not be overstated. The saving to the people of the United States by reason of reduction in rates of discount and exchange has never been fully understood or appreciated. It would be interesting to know its extent, but no reliable data are at hand upon which to base even a reliable estimate. It is quite probable, however, that it would exceed in amount the entire sum received as interest on the United States bonds deposited to secure circulation by all the national banks since the establishment of the system. Comptroller Knox, in his report for 1878, used the following language:

Few persons have a just conception of the many advantages possessed by a homogeneous currency, fully secured, the issue of a single system, redeemable at a common point, and exempt from the discount occasioned by an irregularity of value in different localities. Great pains have been taken to obtain an estimate of the amount of exchange issued annually upon New York by the Western and Southern States. The amount drawn upon New York alone is estimated at nearly \$3,000,000,000 annually; and it probably will not be an exaggeration to say that not less than \$4,000,000,000 are annually drawn in exchange by the West and South upon the East. The amounts drawn upon each other by the banks in the commercial cities and States of the East is also great. In 1859 the average cost of Southern and Western exchange upon New York was not less than from 1 to 1½ per cent. If this latter rate should be restored, the cost of exchange alone would be \$60,000,000 annually; while if the rate were but one-half of 1 per cent., which was the current rate in the State of New York in the year 1860, a loss in exchange of \$20,000,000 annually would ensue, to say nothing of the loss upon the issue of the banks not properly organized.

It is quite probable that the estimate made by my predecessor was too low rather than too high. It is well known that the increase in

volume of business is in a greater ratio than that of population, and Mr. Knox's estimate was made eleven years ago.

Modern improvements in the construction of railroads and steam-ships have so shortened time and reduced rates that the inhabitants of all the continents have been brought into more intimate relations. The telephone and telegraph have so facilitated correspondence that time has been practically annihilated. The tendency toward consolidation apparent in all systems which serve the public is the outgrowth of a new principle which is entering into the development of all economic forces. Uniformity and unity are now the conspicuous tendencies of the times. The marvelous growth of our country in the products of the farm and the factory makes necessary a wider range of commercial activity and a broader field for the distribution of commodities. All these extensions of trade relation emphasize the importance of reducing to the minimum the cost of converting local indebtedness into the form of funds available at commercial centers. To this end no impediments should be allowed to prevent the growth of the national banking system.

DIMINUTION IN RATES OF INTEREST.

A reduction in current rates of interest was expected to result from the successful introduction of the national system. That this was greatly to be desired is fully understood by those conversant with the situation prior to 1863. The wonderful expanse of country known as the Mississippi Valley, unsurpassed in fertility, but destitute of all the modern agencies and appliances necessary to the development of its wonderful natural resources, was making rapid strides in point of population and material progress. The Pacific States, and the Territories lying immediately east of the coast range, were attracting the more hardy and adventurous emigrants, and great numbers were passing through the wonderful prairies of the midland districts, unattracted by the opportunities there afforded, en route to the mining regions then but recently discovered.

These vast areas were just emerging from a state of nature and capital was needed to supplement and utilize the comparatively superabundant labor struggling at great odds and surrounded by disadvantages so well understood by those familiar with pioneer life. Capital, not abundant anywhere, was chiefly held by residents of New England and the Middle States. Timidity was then, in a more marked degree even than now, the most conspicuous characteristic of its possessors. Only in exceptional cases did they overcome this tendency to extreme caution and permit their loanable funds to find employment in that new region, where it could be invested so advantageously, with respect to both borrower and lender. This situation was greatly aggravated by the insecure character of the bank notes then constituting the chief circulation in most of the States west of the Alleghanies.

These issues were made by the authority of the various States, and therefore radically unlike in the value of the securities pledged for their ultimate redemption when any were required, and in the cost of their conversion into lawful money, or funds at par in Eastern cities. The discount to which they were subjected in conversion into New York city funds ranged from 1 to 5, and even 10 per cent., at the local banks where exchange was sold. Notwithstanding these adverse conditions, the advance in price of the real estate of the Western borrower was so rapid and his necessities so pressing that he gladly became a borrower at rates which would now be deemed ruinous.

12 REPORT OF THE COMPTROLLER OF THE CURRENCY.

It would be startling to the present generation of financiers if a true history of the transactions could be written covering the five years immediately preceding the passage of the national-bank act. The interest burden imposed upon production was without a parallel. No reliable data are accessible respecting transactions outside of the larger cities. A careful consideration however of such facts as have been brought to my attention convinces me that the average rate of interest prevailing to-day, having in view all classes of loans and the entire country, is very little, if any, in excess of one-third the rate so prevailing thirty years ago. It is capable of demonstration that the United States Government can borrow at one-third the rate it was obliged to pay just prior to the time when Secretary Chase was engaged in preparing the report from which quotation has been made. To what extent the national banking system has been instrumental in this reduction of interest rates can only be estimated.

The business of every bank is to deal in money, and interest is its chief source of profit. Its capital, its circulation, and its deposits are the sources from which its loanable funds are derived. Interest rates are governed by the law of supply and demand. Every national bank increases the supply when it dedicates its capital to the business of loaning and discounting, when it takes out its circulating notes, and when it accumulates deposits. The latter, prior to their coming into possession of the bank, are necessarily unavailable for loans. It is composed of the working balances of merchants, manufacturers, and others engaged in active business, the surplus income of professional men, the unexpended wages of laborers, and the cash proceeds of the farmers' harvest. By far the greater part of these are sums held temporarily, awaiting the convenience of the owner, to be utilized in the settlement of accounts, in the purchase of property, or in the payment of current expenditures. Any agency which can bring these comparatively insignificant sums from their hiding places and consolidate them into a permanent fund available for loans certainly increases the supply.

That agency is most effective which, for any reason, possesses in the greatest degree the confidence of the public. And, again, the organization of national banks has been the most potent factor in bringing the lenders of the older into satisfactory relations with the borrowers of the newer States, to the great gain of all. Eastern capitalists have been induced to become stockholders in associations located in the sparsely settled States, where no other form of investment could tempt them. The extent to which this is true is not fully understood. For example, if the group of States known as Division No. 6 is taken, composed of Iowa, Minnesota, Missouri, Kansas, and Nebraska, it will be found that the capital of the 520 associations in operation there on June 30, 1889, is represented by 647,501 shares, of which 212,305 are held by non-residents, mostly located in the extreme east.

States.	No. of banks.	Shares held by residents.	Shares held by non-residents.	Aggregate number of shares.
Iowa.....	131	82,868	22,532	105,400
Minnesota.....	57	95,229	46,471	141,700
Missouri.....	39	24,046	5,264	29,310
St. Louis.....	5	32,591	19,409	52,000
Kansas City.....	10	28,813	39,187	68,000
St. Joseph.....	3	7,237	2,763	10,000
Kansas.....	162	80,516	50,575	131,091
Nebraska.....	107	60,825	16,175	77,000
Omaha.....	6	23,071	9,929	33,000
Total	520	435,196	212,305	647,501

In Division No. 8, comprising the States and Territories known as North Dakota, South Dakota, Idaho, Montana, New Mexico, Utah, Washington, Wyoming, and Arizona, it will be found that more than one-third of the total number of shares of national banks are held by non-residents; residents, 82,196 shares; non-residents, 47,654 shares.

Territories.	No. of banks.	Shares held by residents.	Shares held by non-residents.	Aggregate number of shares.
Dakota	59	19,483	18,517	38,000
Idaho	8	3,065	1,935	5,000
Montana	19	15,808	5,842	21,650
New Mexico	9	6,297	3,543	9,750
Utah	8	11,757	2,243	14,000
Washington	31	29,170	8,530	28,700
Wyoming	9	5,191	6,559	11,750
Arizona	1	515	485	1,000
Total	144	82,196	47,654	129,850

The facts here stated show conclusively that the national system has been of great service in localizing for use at obscure and distant points large sums of money which otherwise would not have found employment there.

Whatever opinion may be entertained in regard to the part borne by the national banks in bringing about so remarkable a diminution in the prevailing rates of interest, it is a matter of history that the reduction has been simultaneous with the growth of the system, and a fair consideration of all the facts leads the impartial investigator to the conclusion that it has been one of the most potent factors in bringing about the salutary results which are everywhere apparent.

INCREASED SECURITY OF THE UNION.

Secretary Chase was deeply impressed with the idea that anything looking to the preservation of the Federal Union should be encouraged. When he prepared his first report to Congress, from which I have quoted, the cords which had so long bound the States together were apparently giving way, and dissolution seemed possible, if not probable. In recommending the establishment of the national banking system he felt that he was about to strengthen those weakening ties, and his purpose to do so was expressed in unmistakable terms. No doubt he expected the system to long survive the war, and to become thoroughly established in all parts of the United States. Every association was to become the creditor of the nation to the extent of the bonds purchased, and every individual who received and disbursed the national currency was to become to a like extent pecuniarily interested in maintaining the value of the bonds pledged for its redemption. Nor was this all. The interchange of products between the States was expected to continue through all the years of the nation's life, creating a necessity for collecting agencies and banking facilities by way of loans and discounts arising out of those business relations, which a secure and uniform banking system would greatly aid to establish, and go far toward making lucrative.

UTILITY OF THE NATIONAL BANKING SYSTEM.

The Comptroller has thus called attention to the purposes and expectations expressed by Secretary Chase, in order that a proper conception might be had of the causes which led to the revolution which took place under his leadership in the banking affairs of the nation. The exigencies of the General Government were great at that time and heroic

14 REPORT OF THE COMPTROLLER OF THE CURRENCY.

treatment necessary. Nothing less than what was deemed an absolute necessity could have induced any financier to attempt the overthrow of the various State systems which had been in operation, in one form or another, for more than a half century.

Jefferson has said, "The revenue of the State is the State." It is growing to be more and more true, as demonstrated by the results of modern warfare, that that nation is most formidable in war which can command the largest revenues and utilize its credit with the greatest promptness. The rapid extinguishment of our national debt, which has taken place since the close of the late war, has given the United States greater influence in its intercourse with other nations than any exhibition of strength which could have been made in the way of organizing armies, building navies, or constructing coast defenses. It is wise to remember that it may be impossible for this Government to always remain at peace with other nations, and that wise statesmanship will encourage a state of preparation adapted to every possible emergency. The present system of national banks is one of the agencies already created to our hand, which will be found very valuable should the United States again become a borrower. It was established only by great effort, and has attained its present power for good through a quarter of a century of severe trial. It is a national institution, deriving its authority and franchises from Congress and looking to the Federal courts for the vindication of its rights. It is under national supervision, direction, and protection, and yet in proper degree amenable to State and local authority. It is national in all essential qualities as well as in name. It was from the beginning clothed with the power to issue circulating notes, which were practically, if not in terms, guaranteed by the United States. As has been said earlier in this report, this franchise was not conferred as a favor to the banks, but to make a market for Government bonds, and to provide a bank-note circulation to take the place of the greatly inferior notes of State banks which had up to that time enjoyed a substantial monopoly, furnishing a currency insecure, unstable, of fluctuating value, and entirely untaxed by the national authority. The fact that the right of issue thus conferred upon the national banks subsequently proved of value should have excited no prejudice against them, and whatever unfounded feeling of this kind has heretofore existed, has now in a very large degree passed away.

The increasing popularity of the system is due somewhat to the dissipation of prejudices based upon misinformation as to the facts, but in a far greater measure to a general knowledge of the faithfulness with which it has served the whole people, not only in regard to the various interests discussed by Secretary Chase, but also as to all the great trusts committed to its care. It is a matter of congratulation that the record of the results attained has been so faithfully kept, and that the facts have had such wide dissemination through the reports of my predecessors for the past twenty-seven years. It will not be deemed indelicate for me to say that those reports have been conspicuously able and exhaustive, and in respect to comprehensiveness and accuracy of statistical information without a parallel among similar publications in any country.

The facts disclosed are worthy of careful consideration. Of the 4,148 associations which have entered the system, only 130 have become insolvent, or about 3.13 per cent. Of these, 30 have paid in full all proved claims, principal and interest, 6 have paid principal in full and interest in part, 13 have paid principal only, 45 have paid in part and 36 are not yet closed.

The total of claims proved against the 130 failed banks was \$53,374,660, upon which has been paid \$35,090,572, and assets remain undistributed valued at \$3,439,300, reducing the loss to creditors of failed banks for the entire system during twenty-seven years to \$14,844,988. This represents an annual loss of only \$549,807. The present gross liabilities of national banks by reason of deposits are \$1,917,335,106. Their average liabilities of this character for the past twenty-seven years have been \$985,614,815. It will be seen that the average annual loss is but .055 per cent. of the average annual deposits.

The Comptroller has no official data at hand as to recent losses by failures of banks other than national. In his report for 1879 Mr. Knox gives a statement of losses by reason of the failure of State and savings banks, and private bankers, for the three years ended January 1, 1879, which shows a total loss of \$32,616,661, and an average annual loss of \$10,872,220. This is in marked contrast with the average annual loss in the national system, the latter being based upon a very much larger capital and volume of business. It is unnecessary to attempt to demonstrate what is conceded on the part of all those well informed. Experience has established beyond controversy that no system has ever approached it in security furnished depositors. This security attaches to all forms of checks, drafts, certificates, etc., which are used for the transfer of bank credits, and which form about 95 per cent. of the actual currency of the country. It is well known that only about 5 per cent. of the volume of bank transactions involves the use of real money. The coining of money was deemed of such great importance that it was forbidden to the States by the Federal Constitution, and the right to issue bank notes and other forms of paper money is now conferred by Federal statutes exclusively. The importance of having a just standard and a sound currency can hardly be overstated. This being true of money which is used chiefly to settle balances, what shall be said in regard to the importance of maintaining the solvency and convertibility of the currency based upon bank credits, with which 95 per cent. of all transactions are liquidated?

The question now propounded for the consideration of Congress is, shall this system, which has so effectively served the purposes of the General Government and is so generally satisfactory to the people, be relieved of the unnecessary burdens now imposed by law, or shall it be allowed to suffer through neglect or indifference?

It has been asserted in the preceding pages of this report that the growth of the system during the past five years, although large, has not kept pace with the growing necessities of the people for banking facilities; that a large number of banks have been organized during this period under State authority, which might and would have entered the national system but for onerous and unnecessary burdens imposed by law.

This is not attributable to any change in the law, either by Congress or the legislatures of the several States, and it is therefore well to examine into any change of conditions which may have taken place.

It is ascertained by referring to a table prepared by Mr. E. B. Elliott, then Government Actuary, and found on page 18 of Comptroller Cannon's report for 1884, that the average price of United States four per cent. bonds of 1907, during the twelve months ended September 30, 1884, was 121.5529 per centum, and the rate realized to investors was 2.737 per centum per annum. By reference to a table on page 37, prepared by the Government Actuary, Mr. Jos. S. McCoy, it will be observed that the average price of like bonds for the twelve months ended Sep-

16 REPORT OF THE COMPTROLLER OF THE CURRENCY.

tember 30, 1889, was 128.01 per cent., realizing to investors only 2.16 per cent. per annum. This indicates an increase of 6.46 in premium upon bonds having five less years to run, and a decrease of .57 per cent. per annum in the rate realized to investors.

When it is remembered that there was an average profit of not more than one-half of 1 per cent. upon circulation in 1884, it will be easy to understand how unfavorably this increase of premium on United States bonds affects the banks, and how it must necessarily have deterred many from organizing under the Federal statutes during the past five years. It is now apparent that the national banks not only fail to make a profit on circulation, but suffer a loss thereon, greater or less in proportion as the rate of interest realized on loans and discounts at the place where the particular bank is located is high or low.

The following statement, prepared by the Government Actuary, indicates the loss or gain to banks under the several conditions stated:

A national bank investing October 1, 1889, in Government bonds, 4 per cents. redeemable July 1, 1907, at 127 $\frac{1}{2}$, under the following conditions, realizes the accompanying rates of interest:

The interest at 4 per cent. on the par value of the bonds to be re-invested quarterly; the interest, at the market rate on 90 per cent. of the par value, less 5 per cent. of this—redemption fund—to be re-invested quarterly; the 1 per cent. tax payable semi-annually, and the re-investment being semi-annual; the cost of redemption, averaging \$1.4549 on one thousand dollars for the past year, payable annually, and the re-investment being annual. Then, when money is worth 6 per cent., the banks realize 5.661 per cent. When money is worth 5 per cent. the banks realize 4.936 per cent. When money is worth 4.763 per cent. there is neither gain nor loss.

The present relief necessary to the welfare of the system can be realized by (1) a reduction in the minimum deposit of bonds required to secure circulation; (2) an increase in the percentage of circulating notes issued upon said bonds, and (3) a reduction in the semi-annual duty levied upon circulation. The laws now in force require that each bank having a capital of \$150,000 or less shall keep on deposit with the Treasurer, United States bonds, the par value of which is equal to one-fourth of its capital stock. Every bank the capital of which exceeds \$150,000 is obliged to maintain a deposit of \$50,000, par value, in bonds for a like purpose. Ninety per cent. of the par value of bonds thus deposited is issued to the associations in circulating notes. A tax, called a semi-annual duty, is levied upon the circulation, and paid by the banks, equal to 1 per cent. per annum. The reduction in the bond deposit can be objected to only upon the ground that it might lead to a contraction of the volume of currency. In answer to this it can truly be said that the effect of the present law is to contract the circulation, and that this contraction, if not arrested, will go on with increasing rapidity until the entire issue of bank notes has disappeared. The issue of notes under present conditions is a burden, and of such a serious character that in the near future it may arrest the formation of new banks and cause the liquidation of those already in operation, in both cases operating in the line of contraction. The plan of relief proposed will remove the burden in large part and tend to a wider distribution of that which remains.

It is useless to endeavor to maintain the present volume of circulation by obliging national banks to deposit bonds to secure note issues at an actual loss, and that loss continually increasing, because each association is free to go into liquidation whenever those representing two-thirds

of its stock so determine. That the right to carry on business under a national title is of great value, in most cases, is true, but a time may come when the gradually-increasing burdens now imposed will pass the point of endurance, and those most loyal to the system be forced to reluctantly withdraw. That a refusal to grant the relief which both justice and expediency seem to demand, will cause a contraction, is true beyond the shadow of a doubt, while the adoption of the measures of relief proposed may arrest and prevent it.

On September 30, 1889, there were in operation 3,290 national banks and the minimum of bonds required to be deposited by them was \$95,297,283. The actual amount so deposited was \$146,471,700, showing an excess of \$51,174,417 then voluntarily held, over legal requirements. This excess on October 4, 1888, was \$79,879,220, showing a decrease during the past twelve months of \$28,704,803. The banks holding this excess are among the older institutions, which have secured a valuable business, and are not inclined to change a condition of things which may have existed from the birth of the associations, and which for one reason or another it may be thought impolitic to disturb. These considerations will no doubt continue, but will operate with decreasing force as the unprofitableness of the situation becomes greater and more apparent. In any event, it is certain that the retirement of this excess will be greatly delayed by the adoption of the measure of relief proposed. In the opinion of the Comptroller the law governing national banks should be amended so as to produce the following modifications:

(1) The minimum deposit of bonds to secure circulation should be fixed at 10 per centum of the capital stock in respect to all associations having a capital of \$300,000 or less, and for all banks having a greater capital a minimum deposit of \$30,000 in bonds should be required.

(2) Circulation should be issued to the par value of the bonds deposited.

(3) The semi-annual duty on circulation should be so reduced as to equal one-fourth of 1 per cent. per annum.

The banks now in operation from which reports were received under the last call had of bonds on deposit to secure circulation, \$146,471,700, and circulating notes outstanding, secured thereby, \$128,450,600.

The minimum deposits of bonds required of these banks aggregate \$95,297,283, upon which they would be entitled to \$85,767,555, in circulating notes. It will be observed that the bonds deposited exceed the minimum requirement by \$51,174,417, said excess representing circulation to the amount of \$46,056,976.

It is quite clear that this excess will certainly be reduced and in time entirely disappear, producing a contraction of \$46,056,976, in note-issues unless some relief is afforded by Congress. It is equally clear that the banks having on deposit this excess will be disposed to let it remain undisturbed if the proposed amendments are adopted, for it must be presumed that they have an intelligent comprehension of their interests, and will be likely to continue at a profit, the course which they have heretofore felt constrained to maintain even at a loss.

On September 30, 1889, there were in operation 2,921 national banks having each a capital of \$300,000 or less, and 369 having capitals in excess of that sum. As has been stated, the minimum of bond deposits now required of these banks aggregates \$95,297,283. If the law is amended as proposed the minimum of bond deposits required will be \$43,891,581, making possible a withdrawal of \$51,405,702 in bonds, securing \$46,265,132 in circulating notes. This would greatly exceed the

18 REPORT OF THE COMPTROLLER OF THE CURRENCY.

limit of probable contraction, for it is fair to presume that the banks now maintaining a deposit in excess of legal requirements would decline to withdraw the bonds thus released.

Upon a careful survey of the entire field it is the opinion of the Comptroller that the proposed legislation, taken as a whole, would tend to arrest the present contraction rather than to accelerate it, for the following reasons:

(1) The present excess now held at a loss will be continued, and probably increased, if a profit is apparent.

(2) The banks now holding an excess will not avail themselves of the privilege of withdrawal afforded by a reduction of the minimum.

(3) The organization of new banks will be nearly or quite doubled, and the new deposit of bonds received from this source will be maintained even under the reduced requirements.

(4) The withdrawal of bonds by reason of banks going into voluntary liquidation will be greatly reduced.

(5) The addition of 10 per cent. in circulation will apply to all bonds now on deposit, as well as those which may be hereafter pledged, adding nearly \$15,000,000 to the circulation upon present holdings.

The operation of these various influences would tend to prevent any considerable reduction in the amount of bonds held to secure circulation, while the increased percentage of note-issues would operate to neutralize the effect of possible withdrawals, and might go so far as to increase rather than contract the total volume of national-bank circulation. In any event, the provisions of section 9 of the act of July 12, 1882, would still be in operation, limiting the deposit of lawful money on withdrawal of bonds to \$3,000,000 during any calendar month.

The reduction of duty on circulation is to be commended from every point of view. The maintenance of the present tax is unjust to the banks, because it is imposed on account of a privilege now utterly valueless. It was originally levied because there was a profit on circulation and the revenue was needed to meet the expenditures incident to the conduct of a great war. Both these conditions are changed, the profit to the banks has disappeared, and the revenues of the Government are excessive. The duty collected on national-bank notes during the last fiscal year was \$1,410,331.84, and the total amount paid in Federal taxes to June 30, 1889, by the banks of the system, on capital, deposits, and circulation, was \$137,664,135.57.

The reduced rate of duty would produce a sum in excess of the expenditures made by the General Government on account of the banks; for, in addition to the tax on circulation, they are assessed for the cost of redemption by the Treasurer, for the cost of plates and for examiners' fees aggregating during the last fiscal year \$274,691.46.

If the proposed reduction in duty had gone into effect June 30, 1888, the receipts during the last fiscal year from that source would have been \$352,582.96, which would have more than covered any expenditures by the Government on behalf of the system not covered by the special assessments above mentioned.

In submitting the recommendations set forth in the preceding pages, it should be said that I have been largely influenced by the increasing accessions to the national banking system from the Western and Southern States, and the evidence daily accumulating that it is not only adapted to the wants of that vast area, now inadequately supplied with banking facilities, but that this adaptation is becoming fully appreciated. It is of the greatest importance to that region that the abundant capital of

REPORT OF THE COMPTROLLER OF THE CURRENCY. 19

the older States should be utilized, and through no other agency can this be so effectually accomplished.

With this in view, it should be remembered that the burden of the enforced bond deposit is felt most severely where the current rate of interest is highest and where banks organize with smallest capital. Banks with capital stock ranging from \$50,000 to \$150,000 are now called upon to deposit bonds equal to 25 per cent. thereof, while in the case of banks with \$1,000,000 the requirement is 5 per cent., and with \$5,000,000 capital only 1 per cent.

The modification proposed will not only prove beneficial in a marked degree to the interests of the West and South, but every State and Territory will participate in the relief afforded.

COMPARATIVE STATEMENTS OF THE NATIONAL BANKS FOR SIX YEARS.

The following table exhibits the resources and liabilities of the national banks for six years, in round numbers, at nearly corresponding dates from 1884 to 1889, inclusive. A statement for preceding years will be found in the Appendix, pages 119 and 120.

	Sept. 30, 1884.	Oct. 1, 1885.	Oct. 7, 1886.	Oct. 5, 1887.	Oct. 4, 1888.	Sept. 30, 1889.
	2,664 banks.	2,714 banks.	2,852 banks.	3,049 banks.	3,120 banks.	3,290 banks.
RESOURCES.						
	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Loans.....	1,245.3	1,306.1	1,451.0	1,587.5	1,628.1	1,817.3
Bonds for circulation.....	327.4	307.7	258.5	189.1	177.6	146.5
Other United States bonds.....	30.4	31.8	32.4	34.7	63.6	48.5
Stocks, bonds, etc.....	71.4	77.5	81.8	88.8	96.3	109.3
Due from banks.....	194.2	235.3	241.4	256.3	282.5	335.4
Real estate.....	49.9	51.3	54.1	58.0	61.1	69.4
Specie.....	128.6	174.9	156.4	165.1	181.3	164.3
Legal-tender notes.....	77.0	69.7	62.8	73.7	82.0	86.8
National-bank notes.....	23.3	23.1	22.7	21.9	21.3	20.9
Clearing-house exchanges.....	66.3	84.9	95.5	88.8	74.2	136.8
United States certificates of deposit.....	14.2	18.8	5.9	6.2	12.3	12.9
Due from U. S. Treasurer.....	17.7	14.9	14.0	9.3	9.0	7.4
Other resources.....	33.8	36.9	37.4	40.8	42.1	42.8
Total.....	2,279.5	2,432.9	2,513.9	2,620.2	2,731.4	2,998.3
LIABILITIES.						
Capital stock.....	524.3	527.5	548.3	578.5	588.4	612.6
Surplus fund.....	147.0	146.6	157.3	173.9	183.1	197.4
Undivided profits.....	63.2	50.3	66.5	71.5	70.3	84.9
Circulation.....	289.8	269.0	228.8	167.3	155.4	128.5
Due to depositors.....	993.0	1,116.7	1,189.5	1,274.7	1,350.7	1,522.0
Due to banks.....	246.4	299.7	308.6	329.6	358.1	425.3
Other liabilities.....	15.8	14.1	14.9	24.7	25.4	27.6
Total.....	2,279.5	2,432.9	2,513.9	2,620.2	2,731.4	2,998.3

20 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table presents an abstract of the resources and liabilities of the national banks at the close of business on September 30, 1889; the condition of the banks in New York City, the three central reserve cities, other reserve cities and the country being tabulated separately.

	Central reserve cities.		Other reserve cities.*	Country banks.	Aggregate.
	New York City.	New York, Chicago, and St. Louis.			
	45 banks.	70 banks.	228 banks.	2,902 banks.	3,290 banks.
<i>Resources.</i>					
Loans and discounts	\$303,898,166	\$389,754,488	\$415,421,412	\$970,553,839	\$1,805,720,739
Overdrafts	350,825	452,580	1,322,312	9,753,072	11,527,064
Bonds for circulation	5,065,000	6,465,000	13,686,000	126,320,700	146,471,700
Bonds for deposits	5,840,000	6,640,000	14,217,000	23,207,000	44,063,000
United States bonds on hand	256,100	668,150	1,201,750	2,508,300	4,438,200
Other stocks, bonds, etc.	21,049,744	25,344,970	17,295,721	66,072,944	109,313,635
Due from reserve agents			56,712,959	132,423,322	189,136,281
Due from other national banks ..	27,391,330	41,297,120	33,065,201	43,507,428	117,869,749
Due from other banks and bankers ..	3,547,845	7,711,333	6,981,402	13,734,776	28,417,511
Banking-house furniture and fixtures ..	10,596,002	11,538,483	12,694,200	34,484,215	58,716,898
Other real estate and mortgages owned ..	615,426	894,779	1,787,366	7,978,131	10,660,276
Current expenses	849,216	1,073,304	1,897,727	5,554,894	8,525,925
Premiums	1,159,594	1,306,021	3,303,151	12,004,746	16,613,918
Check and other cash items	3,379,077	3,492,880	2,433,971	11,132,936	17,059,787
Exchanges for clearing-house ..	99,338,483	104,962,207	28,941,929	2,879,026	136,783,162
Bills of other national banks ..	1,185,290	2,357,894	3,537,417	14,980,217	20,875,528
Fractional currency, nickels, and cents ..	43,827	70,150	124,035	487,850	682,035
Specie	59,087,892	76,008,019	37,850,442	50,467,988	164,326,449
Legal-tender notes	18,209,227	28,633,124	22,406,675	35,712,394	86,752,093
United States certificates of deposit ..	7,360,000	8,100,000	4,335,000	510,000	12,945,000
Five per cent. redemption fund ..	214,425	277,425	607,143	5,520,490	6,405,058
Due from United States Treasurer ..	289,468	320,968	190,674	465,096	976,738
Total	569,726,745	717,368,895	710,072,387	1,570,849,364	2,998,290,646
<i>Liabilities.</i>					
Capital stock	48,850,000	70,150,000	142,675,110	399,758,985	612,584,095
Surplus fund	33,094,329	39,889,329	45,072,351	112,433,081	197,394,761
Undivided profits	13,932,772	16,740,546	14,408,033	53,718,290	84,866,869
National bank notes outstanding ..	4,090,540	4,979,090	11,964,005	111,487,505	128,450,600
State bank notes outstanding ..	24,348	24,348	4,048	52,015	80,411
Dividends unpaid	203,537	357,910	1,423,116	1,819,029	3,600,055
Individual deposits	284,647,681	348,700,490	342,927,321	783,839,749	1,475,467,560
United States deposits	5,972,298	6,733,297	13,963,369	20,891,948	41,568,614
Deposits of United States disbursing officers ..	274,806	294,497	1,286,657	3,355,491	4,936,645
Due to national banks	132,816,648	162,999,330	88,584,415	41,431,448	293,015,193
Due to other banks and bankers ..	45,694,786	66,102,104	43,064,764	23,160,226	132,327,094
Notes and bills rediscounted ..		122,954	1,281,129	15,308,428	16,782,511
Bills payable	125,000	205,000	3,398,069	3,593,169	7,196,238
Total	569,726,745	717,368,895	710,072,387	1,570,849,364	2,998,290,646

*Other reserve cities are Boston, Philadelphia, Baltimore, Albany, Pittsburgh, Washington, New Orleans, Louisville, Cincinnati, Cleveland, Detroit, Milwaukee, Kansas City, St. Joseph, Omaha, and San Francisco.

In former reports a statement was submitted showing in a condensed form the changes occurring in the items of resources and liabilities of the national banks at stated periods from January 1, 1866, to date of last report of condition made by the banks, and the following statement is perpetuated for purposes of comparison. The aggregate of the

REPORT OF THE COMPTROLLER OF THE CURRENCY. 21

several items is expressed in round numbers, the dates of highest and lowest points being given.

It will be seen that capital, surplus, undivided profits, and deposits have increased from \$995,542,378 in January, 1866, when operations under the national-bank act were fairly under way, to \$2,370,313,284 on September 30, 1889, and that loans and discounts amounting to \$500,650,109 have reached the sum of \$1,805,729,738, which is nearly quadruple, and upon reference to other pages in this report that the number of active banks has increased from 1,582 to 3,290, or only about double. The holdings in bonds have decreased from \$440,380,350 to \$194,972,900; the highest amount, \$712,437,900, having been held in April, 1879. The specie held by the banks amounted to \$16,909,363; was only \$8,050,330 in 1875; amounted to \$185,176,450 on May 13, 1889, the highest point reached, and to \$164,326,448 on September 30, 1889.

	January 1, 1866.	September 30, 1889.	Highest point reached.		Lowest point reached.	
			Amount.	Date.	Amount.	Date.
Capital	\$403,357,346	\$612,584,095	\$612,584,095	Sept. 30, 1889	\$403,357,346	Jan. 1, 1866
Capital, surplus, and undivided profits.	475,330,204	894,845,724	894,845,724	.. do	475,330,204	...do
Circulation	213,239,530	128,450,600	341,320,256	Dec. 26, 1873	128,450,600	Sept. 30, 1889
Total investments in United States bonds	440,380,350	194,972,900	712,437,900	Apr. 4, 1879	194,972,900	...do
Individual deposits.	520,212,174	1,475,467,560	1,475,467,560	Sept. 30, 1889	501,407,586	Oct. 8, 1870
Loans and discounts	500,650,109	1,805,729,738	1,805,729,738	do	500,650,109	Jan. 1, 1866
Cash:						
National - bank notes	20,406,442	20,875,528	28,809,609	Dec. 31, 1883	11,841,104	Oct. 7, 1867
Legal - tender notes	187,846,548	86,752,093	205,793,579	Oct. 1, 1866	52,156,439	Mar. 11, 1881
Specie	16,909,363	164,326,448	185,176,450	May 13, 1889	8,050,330	Oct. 1, 1875

The following comparative statement gives the percentages of loans and discounts, United States bonds, and specie to the entire fund with which the banks do business which is made up of capital, surplus, undivided profits, circulation, and deposits.

In 1866 the percentage of circulation to capital, surplus, and undivided profits was about 45 per cent., and is now about 14 per cent.

	1866.	1887.	1888.	1889.
	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
Loans and discounts	41.32	70.52	71.04	72.26
United States bonds	36.36	9.98	9.87	7.80
Specie	1.57	7.37	11.90	6.58
Total	79.25	87.87	92.81	86.64

SUBURBAN BANKS CONTIGUOUS TO RESERVE CITIES.

The rapid growth of our large cities is causing them to absorb outlying suburbs and contiguous towns. In these latter are frequently located national banks of small capital, organized for the accommodation of local tradesmen and not at all adapted to the business of banks in reserve or central reserve cities. In cases where annexation brings these smaller banks within the limits of reserve cities perplexing questions arise as to title, capital, and reserve. For example, during the present year the towns of Lake and Hyde Park were annexed to the

22 REPORT OF THE COMPTROLLER OF THE CURRENCY.

city of Chicago. Located in this territory are five national banks: The National Live Stock Bank, capital \$750,000; the Drovers' National Bank, capital \$250,000; the First National Bank of Englewood, capital \$100,000; the Calumet National Bank, capital \$50,000; and the Oakland National Bank, capital \$50,000. There are now located within said city two associations with the title of "First National Bank." The title of a bank when organizing is subject to the approval of the Comptroller of the Currency, who is entirely free to exercise his discretion in the matter. His power ends, however, with approval, and no change can take place, except through the action of the association itself under the provisions of section 2 of the act of May 1, 1886.

As the similarity of names is very undesirable for many obvious reasons, it is important that there be lodged with the Comptroller some power to bring about a change in title in case either or both of the associations interested should neglect or decline to move in the matter.

Attention is also called to the fact that three of the associations above referred to possess less than \$200,000 capital. The closing paragraph of section 5138, Revised Statutes of the United States, reads as follows:

No association shall be organized in a city the population of which exceeds fifty thousand persons with a less capital than two hundred thousand dollars.

These banks having been organized in conformity with law are undoubtedly entitled to continue the exercise of their corporate powers, notwithstanding the fact that the amount of their capital stock is below the minimum required in the section quoted. Another difficulty presents itself, however, when the question of reserve is considered. At the time of their organization the national banks located in the townships of Lake and Hyde Park were required by law to keep a reserve equal to 15 per centum of their capital, of which reserve three-fifths might consist of balances due from approved associations in reserve cities. These banks are now located in Chicago, which is a central reserve city, and the law requires that "every bank located in such city shall at all times thereafter have on hand, in lawful money of the United States, an amount equal to at least 25 per centum of its deposits." Which provision of law now applies to the banks under discussion? Are they or any of them obliged by law to maintain a reserve of 25 per cent? And, if not, can they legally enter into any engagement to do so?

Again, can these banks or any of them be approved as reserve agents for associations located outside of central reserve cities? The law evidently presumes that only banks having a capital of \$200,000 and maintaining a reserve of lawful money in its own vaults equal to 25 per cent. of its deposits shall be eligible for approval as reserve agents in central reserve cities. The Comptroller has no doubt that this was the intention of those who framed the law, and therefore has declined to approve as reserve agents any banks among those named, except such as have at least \$200,000 capital, and which have, through their boards of directors, entered into an agreement to maintain the maximum reserve. It is apparent, however, that legislation is needed to make clear the rights and duties of these and other associations similarly situated.

ORGANIZATION OF NATIONAL BANKS IN THE INDIAN TERRITORY.

The recent opening of the Territory of Oklahoma for settlement attracted great attention, and vast numbers of immigrants entered upon its soil so soon as they could lawfully do so, prepared to make farms, build cities, and carry on business in all its forms. As early as March,

1889, applications for authority to organize national banking associations within that Territory were received by the Comptroller of the Currency. In course of time these applications became numerous and urgent, and questions new and novel were thereby raised for consideration. Section 5146, Revised Statutes of the United States, requires that—

Every director must, during his whole term of service, be a citizen of the United States, and at least three-fourths of the directors must have resided in the State, Territory, or District in which the association is located for at least one year immediately preceding their election, and must be residents therein during their continuance in office.

This provision of law seemed to present an insurmountable obstacle to the organization of national banks in the tract of country under discussion prior to the expiration of one year from the lawful opening to settlement, as citizenship could only date from the latter event.

In addition to this there were other difficulties, such as the absence, in an essential degree, of law, courts, and officers, necessary to the proper conduct of the banking business.

While the Comptroller considered these objections fatal to a present favorable consideration of the pending applications, yet the situation was so peculiar, and the importance of a proper solution so apparent, that the legal questions involved were referred through the Secretary of the Treasury to the Department of Justice. On the 18th day of May last the Attorney-General transmitted his opinion, which fully sustained the position taken by the Comptroller. After reciting section 5146, Revised Statutes of the United States, above quoted, and setting forth the impossibility of complying with its requirements on the part of the persons making the applications, he further says:

The legislation authorizing national banking associations to be established in a Territory has in view, I think, a Territory regularly organized, with a government and a system of laws for the protection of persons and property, and not a territory like Oklahoma, without any government at all and destitute of laws for the regulation of the civil relations of its people—a territory without rules of property, and without even customs to take the place of legislation.

It was not to a territory in the condition of Oklahoma that Congress could have referred in section 5197 of the Revised Statutes, which declares that any association may charge on loans or discounts made, or on notes, bills of exchange, or other evidences of debt, "interest at the rate allowed by the laws of the * * * Territory * * * where the bank is located and no more, except," etc.

Nor could Congress have had such a territory in contemplation when it directed in section 5226 that on the failure of a national banking association to redeem its circulating notes they should be protested "by a notary public," and yet have omitted to provide the territory with such an officer for the purpose.

It is not necessary to look further into the legislation on this subject to establish the proposition that there is no authority to make the dangerous experiment of locating a national banking association in a country destitute of the laws and sanctions that are essential to the safety of a bank.

Very soon after an adverse decision had been made upon the applications above considered, certain persons applied for authority to organize a national banking association at Muscogee, in the territory of the Creek Nation. In this case it was stipulated that the directors should be citizens of the United States, and it was also practicable to so constitute the board of directors that at least three-fourths of its members should have resided in the territory for at least one year immediately preceding their election.

After citing the various treaties in force between the United States and the Creek Nation, the Attorney-General, in his opinion upon the questions raised, used the following language:

24 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The effect of these provisions would seem to be to invest the Creek Nation with the right of self-government to the extent, certainly, of making it entirely safe to say that the various national banking laws are not in operation in the Creek territory, and could only be in operation there by re-enactment by the legislative authority of that Nation. * * * It follows, then, necessarily, that a national bank can not be established in Muscogee or any other place where the national banking laws can not have effect as the law of the United States.

The sufficiency of the laws and the means provided for their enforcement at the place named in the application were not in this case considered. The application was rejected upon the higher ground that the national-bank act is not operative within the territory named.

NATIONAL BANKS CLOSED DURING THE YEAR ENDED OCTOBER 31, 1889, IN EACH STATE AND TERRITORY, WITH CAPITAL AND CIRCULATION.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Re-deemed.	Outstanding.
First National Bank, Alameda, Cal.	Aug. 26, 1879	Sept. 4, 1888	\$100,000	\$27,000	\$10,130	\$16,870
San Diego National Bank, San Diego, Cal.	Aug. 23, 1887	Nov. 7, 1888	100,000	22,500	7,200	15,300
National Exchange Bank, Auburn, N. Y.	June 28, 1865	Nov. 16, 1888	200,000	97,520	29,670	67,850
National Bank of Dayton, Wash.	Oct. 5, 1887	Nov. 21, 1888	50,000	11,250	3,040	8,210
First National Bank, Colby, Kans.	May 27, 1886	Nov. 21, 1888	50,000	11,250	3,700	7,550
First National Bank, Russell Springs, Kans.	Aug. 18, 1887	Nov. 21, 1888	50,000	10,690	1,840	8,850
First National Bank, Columbia, Dak.	June 12, 1885	Nov. 26, 1888	50,000	11,250	4,000	7,250
Citizens' National Bank, Kingman, Kans.	June 28, 1887	Dec. 24, 1888	50,000	11,250	2,500	8,750
Farmers' National Bank, Stanford, Ky.	Sept. 14, 1870	Dec. 31, 1888	200,000	45,000	10,870	34,130
Ohio National Bank, Cleveland, Ohio.	Jan. 14, 1869	Jan. 1, 1889	400,000	57,763	16,530	41,233
Bowery National Bank, New York, N. Y.	June 16, 1865	Jan. 2, 1889	200,000	217,710	61,060	156,650
Second National Bank, Ionia, Mich.	July 6, 1872	Jan. 8, 1889	50,000	21,870	5,752	16,118
California National Bank, San Francisco, Cal.	Nov. 23, 1866	Jan. 14, 1889	200,000	45,000		45,000
First National Bank, Johnstown, N. Y.	Mar. 13, 1879	Jan. 16, 1889	100,000	86,590	24,353	62,237
First National Bank, Canandaigua, N. Y.	Feb. 16, 1864	Jan. 26, 1889	75,000	17,100	14,710	2,390
Pendleton National Bank, Pendleton, Oregon.	Apr. 2, 1887	Feb. 4, 1889	50,000	11,250	3,340	7,910
Iowa City National Bank, Iowa City, Iowa.	Nov. 14, 1882	Feb. 7, 1889	200,000	45,000	8,830	36,170
Fleming County National Bank, Flemingsburgh, Ky.	Feb. 11, 1876	Feb. 9, 1889	50,000	26,621	5,723	20,898
Merchants' National Bank, El Dorado, Kans.	Jan. 3, 1888	Feb. 26, 1889	100,000	22,500	3,980	18,520
Merchants' National Bank, Des Moines, Iowa.	Feb. 16, 1882	Mar. 1, 1889	100,000	22,500	6,675	15,825
Norwich National Bank, Norwich, Conn.	June 29, 1865	Mar. 15, 1889	220,000	77,150	15,640	61,510
First National Bank, Franklin, Nebr.	Aug. 11, 1886	Mar. 27, 1889	60,000	13,000	2,924	10,076
Farmers and Mechanics' National Bank, Buffalo, N. Y.	June 2, 1864	Apr. 3, 1889	200,000	26,100	2,354	23,746
National Bank of Lebanon, Ky.	July 24, 1869	Apr. 7, 1889	100,000	45,000	9,505	35,495
First National Bank, Du Bois City, Pa.	June 6, 1883	Apr. 8, 1889	50,000	11,250	1,880	9,370
First National Bank, Anoka, Minn.	Oct. 21, 1882	Apr. 22, 1889	50,000	11,250		11,250
First National Bank, Cimarron, Kans.	July 14, 1887	Apr. 27, 1889	50,000	10,170	1,880	8,290
Traders' National Bank, San Antonio, Tex.	Feb. 14, 1883	Apr. 29, 1889	100,000	22,500	3,770	18,730
Merchants' National Bank, Duluth, Minn.	Feb. 10, 1886	May 20, 1889	200,000	45,000	4,830	40,170
Wright County National Bank, Clarion, Iowa.	Sept. 9, 1887	June 19, 1889	50,000	11,250	1,350	9,900

REPORT OF THE COMPTROLLER OF THE CURRENCY. 25

NATIONAL BANKS CLOSED DURING THE YEAR ENDED OCTOBER 31, 1889, IN EACH STATE AND TERRITORY, WITH CAPITAL AND CIRCULATION—Continued.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Re-deemed.	Outstanding.
National Bank of Lawrence, Kans.	Oct. 14, 1885	June 29, 1889	\$100,000	\$49,809	\$3,840	\$45,969
National Bank of Le Roy, N. Y.	Jan. 3, 1885	June 29, 1889	100,000	22,500	3,080	19,420
Halstead National Bank, Halstead, Kans.	Jan. 29, 1886	June 29, 1889	50,000	11,250	3,130	8,120
Farmers' National Bank, Mount Sterling, Ky.	Jan. 11, 1875	July 1, 1889	50,000	195,680	14,200	181,480
First National Bank, Key Port, N. J.	Apr. 23, 1884	July 1, 1889	50,000	11,250	1,720	9,530
National Bank of Huntsville, Ala.	Sept. 15, 1865	July 3, 1889	50,000	44,900	2,940	41,960
Adams National Bank, Adams, N. Y.	Dec. 23, 1882	July 10, 1889	50,000	12,240	1,310	10,930
German National Bank, Newton, Kans.	Mar. 17, 1886	July 19, 1889	60,000	13,500	1,250	12,250
First National Bank, Clay Center, Nebr.	Oct. 19, 1886	Aug. 8, 1889	50,000	11,250	.....	11,250
Vernon National Bank, Vernon, Tex.	July 2, 1889	Aug. 17, 1889	60,000	.....	.....	.....
Butler National Bank, Butler, Mo.	Sept. 10, 1881	Aug. 23, 1889	66,000	14,850	200	14,650
Second National Bank, Lebanon, Tenn.	Sept. 17, 1870	Sept. 18, 1889	50,000	11,250	.....	11,250
National Bank of Kinderhook, N. Y.	Apr. 17, 1865	Oct. 1, 1889	125,000	28,290	.....	28,290
Total	.....	.....	4,566,000	1,521,053	299,706	1,221,347

Of the above banks 41 went into voluntary liquidation and 2 failed.

CONVERTED AND ORIGINAL BANKS.

The national banks are composed of two classes, namely, those primarily organized as such under acts of Congress, and those originally incorporated under special law or organized under general law of the several States.

The mode of procedure prescribed by section 5154 of the Revised Statutes of the United States for conversion is very simple, and converted banks are permitted to retain certain features and privileges appertaining to the former corporation. The shares of such a bank may continue to be for the same amount each as they were before the conversion, and a bank which is a stockholder in another bank may continue to hold its stock. They may also retain and keep in operation branch banks under certain conditions. Tables in the Appendix, p. 178, present a history of the two classes of banks.

SHAREHOLDERS OF NATIONAL BANKS.

A table in the Appendix, p. 174, shows in detail the distribution of national-bank stock, and was compiled from reports received from the banks as of the first Monday in July, 1889.

Aggregates are shown by geographical divisions, and the details as to ownership in groups.

STATE TAXATION OF NATIONAL BANKS.

Since the decision of the Supreme Court of the United States in the Mercantile National Bank suit, the text of which may be found in the Comptroller's report for 1887, page 109, no cases of considerable im-

26 REPORT OF THE COMPTROLLER OF THE CURRENCY.

portance have arisen, in which the power of the courts has been invoked for the application of the statutory law of the United States, where there was either an apparent or actual injurious discrimination in the rate of taxation as between shares of stock of national banks and other moneyed capital in the hands of individual citizens; and yet, notwithstanding the definition of *moneyed capital* formulated by the Supreme Court, there still remains an uncertainty in many localities with respect to the exact line of demarcation beyond which taxing officers can not legally go, in view of the fine distinctions which it is possible to draw when moneyed capital may be said to be merged into personal property discriminately favored or exempted from taxation by the statutes of a State.

The court said that credits, money loaned at interest, and demands against persons or corporations are more purely representative of moneyed capital than personal property so far as they can be said to differ, and that shares of stock in railroad, mining, insurance companies, or any other corporations of that description *is not* moneyed capital in the hands of individuals, while shares of stock or other interests owned by individuals in all enterprises in which the capital employed in carrying on its business is money where the object of the business is the making of money by its use as money, *is* moneyed capital.

These distinctions are perceived by the courts, but are not equally visible to the business community and the assessors. Hence occasional friction develops a suit wherein the issue turns upon a single point and determinable only through the perspicuity of the court. Broadly illustrated, the capital invested in railroad, mining companies, and some other corporations is represented by right of way, improvements, such as buildings and bridges, rolling stock, machinery, real estate, etc., and it is that into which the money has been converted which is used to make money instead of the money itself, whereas the capital of a national bank is money which is not converted into any other form, but is used as money represented by loans, credits, discounts, etc., to earn additional money. Probably in most cases the friction has been engendered by the method or manner of taxation, with which the General Government has no concern, having voluntarily surrendered control, and the Comptroller is frequently appealed to for expressions of opinion as to the legality of an assessment for taxation. Attempts have been made by county and municipal authorities to assess the capital of an insolvent national bank, and for non-payment of a tax levied, the attachment of personal property of the bank threatened, although the capital was wholly inactive, if not totally lost, and notwithstanding the opinion of the Supreme Court that the personal property of an insolvent national bank in the control of a receiver is exempt from State taxation. (*Rosenblatt v. Johnson*, 104 U. S., 462.)

The variations in the manner of taxation by the several States are illustrated by the variety in forms of assessment, namely, a tax on the capital stock *in solidio*; on shares of stock at their market instead of par value; on the amount of capital and surplus combined; where different rates of taxation are prescribed for different classes of moneyed capital; where discriminations are made as to deductions for personal indebtedness; where shares of stock are taxed at their cash value, surplus, undivided profits, and other values included; where surplus is taxed against the bank independent of a tax against the stock in the hands of shareholders; where the banks themselves are required to pay the tax assessed on the shares of stock, etc.

It seems clearly to have been the original intention of Congress to con-

fine State taxation to shares of stock in the hands of individuals, and taxation in any other form was neither anticipated nor foreseen as tending to injurious or illegal discriminations, but as the same section of the statutes giving the taxing power expressly waives a present right to place a restriction upon the manner of taxation, the courts generally uphold the applicability of State statutes and thus give legal sanction to much of the variety in the forms of assessment above illustrated. The Supreme Court (*Van Allen v. the Assessors*, 3 Wall., 573) pronounced the illegality of a tax on the shares of stock of a national bank, upon the ground of unjust discrimination, where under State statutes a tax was laid upon the capital of State banks, as it was found that a tax on capital was not equivalent to a tax on shares of stock. The most recent decisions of lower courts appear to be harmonious in expressing the view that the tax authorized by Congress is a several tax upon the shares of each individual shareholder as distinguished from a tax *in solido* on the bank itself, but even this view would not be rightly applicable if an unjust discrimination was created thereby.

In a recent case the grounds of complaint were substantially as follows:

(1) That other corporations received the benefit of relief from taxation upon all non-taxable securities which formed a part of their capital, in which relief their shareholders participated; whereas, under the method of taxation complained of, the bank's shareholders were deprived of such relief to the extent of nearly one-half the amount of its original capital.

(2) The tax being assessed against the cashier of the bank, and not against the shareholders, the latter were deprived of the privilege accorded by the city to the owners of other moneyed capital, of deducting the amount of the debts they owed from the value of the bonds and securities which they held, in estimating the amount on which they were taxable.

Upon a review of the decisions, and those of the Supreme Court of the United States in particular, it appears that each case which has been adjudicated presented special facts, those facts differing in every case; but, as the courts say, the paramount question involved in all the cases has been as to whether or not the tax complained of injuriously discriminated against national-bank shareholders and in favor of other moneyed capitalists in such a manner as to discourage investments in the shares of national banking associations. The constitutions of some States require that taxation shall be equal and uniform, and that no species of property shall be taxed higher than any other species of property, but no one doubts that every State has the inherent power to discriminate in favor of a particular species of property whenever, in the interests of public policy, discrimination or exemption is necessary for the encouragement of enterprises which develop the resources, increase the prosperity, and add to the wealth of the State.

Whatever the differential status may be with respect to the statutes of the several States, the prohibition against the taxation of national-bank shares at a greater rate than that imposed upon other moneyed capital in the hands of individual citizens can not be evaded by the assessment of equal rates of taxation upon unequal valuations; hence, where State statute authorizes individuals to deduct the amount of debts owing by them from the assessed value of their personal property and moneyed capital subject to taxation, the owners of shares of national-bank stock are entitled to the same deduction. (*People v. Weaver*, 100 U. S., 539.)

The courts have expressed a doubt as to whether Congress, in authorizing the States to tax the shares of national banks under legislation of their own, prescribing the manner and place of doing so, intended to authorize cities, counties, and towns to exercise the same power, and the Comptroller is frequently appealed to with respect to the legality of what is concurrently called a license, privilege, or occupation tax. In the case of *McCulloch v. The State of Maryland*, 4 Wheat., 316, it was held that Congress had the right to authorize the incorporation of banks, and that a bank thus incorporated had a right to establish its offices for discount and deposit within any State, and that when so established the State could not tax it. The principle therein announced has been repeatedly re-affirmed in subsequent decisions of the Supreme Court, the right of a State being limited to the imposition of such a tax as Congress might authorize.

The distinction between the right to tax property and to tax business in cases of agencies working under Federal authority is also well settled by the same court. To constitute a privilege the occupation or business transactions must be such as the State legislature could forbid it to be pursued or done, and which only could be pursued or done under a license issued by the authority of a State. The national banks are authorized to pursue their banking business by virtue of acts of Congress, and as the State legislature has no power to prohibit the exercise of the privilege so conferred by Congress, it seems clear that it was not in their contemplation to permit national banks to be included among the privileges which might be taxed. The right therefore to conduct the business of a national bank is not in any way dependent upon a license to be obtained from a State or any of its municipalities, and it was so held in *Mayor v. First National Bank of Macon*, 59 Ga., 648; *The City of Carthage v. First National Bank of Carthage*, 71 Mo., 508; *National Bank of Chattanooga v. Mayor*, 8 Heiskell, 814.

The Supreme Court has said that so far as the policy of the Government in reference to national banks is concerned it is indifferent how the States may choose to tax certain corporations, or the interests of individuals in them, or whether they are taxed or not, but it is just here that opinions differ as to the local effect of these discriminations or exemptions upon the prosperity or success of the national banks in any particular State, and out of this diversity of opinion contentions arise. Congress might not have permitted the States to exercise the power of taxation with respect to national banks at all. It is a granted and not an inherent power. With liberality, however, the power was given, the effect of which has been to compensate the States for the loss of tax collections on circulating notes of State banks which Congress subsequently taxed out of existence as a necessary protection to the currency feature of the national banking system.

The national bank act, June 3, 1864, declared that the tax imposed under the laws of any State upon the shares of any association authorized by the act should not exceed the rate imposed upon the shares in any of the banks organized under the authority of the State where the association is located, but in the re-enactment of the statute in 1868 this proviso was omitted, leaving but a single guide to the intention of Congress, and while the construction placed by the Supreme Court upon section 5219 of the Revised Statutes now constitutes the rule for the determination of discriminations, legal contests will be developed from time to time until Congress amends the law, either by changing the basis upon which a State tax may be laid, or by amending the restrictive clause by explanatory enactment defining the term *other*

REPORT OF THE COMPTROLLER OF THE CURRENCY. 29

moneyed capital in the hands of individual citizens in language unmistakably conclusive.

EXTENSION OF THE CORPORATE EXISTENCE OF NATIONAL BANKS.

Under the provisions of the act of July 12, 1882, two associations applied for and obtained an extension of their corporate existence during the past year. The following table shows the number and capital of all extended banks and their geographical location :

States and Territories.	No. of Banks.	Capital.	States and Territories.	No. of Banks.	Capital.
Alabama	2	\$350,000	Montana	1	\$500,000
Arkansas	1	250,000	Nebraska	3	750,000
Colorado	3	460,000	New Hampshire	36	4,635,000
Connecticut	73	22,450,820	New Jersey	48	9,783,350
Delaware	11	1,503,185	New York	222	72,672,460
District of Columbia	2	500,000	North Carolina	3	650,000
Georgia	6	1,450,000	South Carolina	3	850,000
Illinois	48	6,240,000	Ohio	82	14,854,000
Indiana	32	4,157,000	Oregon	1	250,000
Iowa	25	2,695,000	Pennsylvania	167	44,704,390
Idaho	1	100,000	Rhode Island	59	19,959,860
Kansas	3	300,000	Tennessee	7	1,850,000
Kentucky	11	3,150,000	Texas	4	625,000
Louisiana	2	1,300,000	Vermont	29	5,256,000
Maine	53	8,630,000	Virginia	10	2,016,000
Maryland	29	12,069,000	West Virginia	11	1,341,000
Massachusetts	200	85,962,500	Wisconsin	19	1,685,000
Michigan	19	1,575,000			
Minnesota	9	2,275,000	Total	1,243	340,969,505
Missouri	8	3,150,000			

The following table shows how many of these banks will reach the expiration of their corporate existence during each year from 1890 to 1902, inclusive, with their capital and circulation :

Years.	No. of banks.	Capital.	Circulation.	Years.	No. of banks.	Capital.	Circulation.
1890	58	\$9,333,000	\$2,361,275	1897	24	\$3,419,000	\$1,171,295
1891	97	12,358,900	4,040,685	1898	25	2,679,000	1,198,350
1892	100	13,815,100	4,562,760	1899	39	4,995,000	2,270,700
1893	38	4,701,000	1,982,925	1900	50	7,807,100	2,153,330
1894	63	7,628,000	2,812,720	1901	108	14,669,150	3,702,350
1895	76	11,259,000	4,431,610	1902	132	21,177,300	5,352,350
1896	23	2,173,800	988,650				
				Total ...	833	116,015,350	37,927,000

The number, capital, and circulation of the national banks of which the corporate existence expired between October 31, 1888, and October 31, 1889, are shown by the following table, and the number of extended banks is also indicated :

Date.	No. banks expired.	Capital.	Circulation.	No. banks extended.	Capital.	Circulation.
1888.						
November	1	\$50,000	\$45,000	1	\$50,000	\$45,000
1889.						
January	1	400,000	50,400	(*)		
February	1	100,000	90,000	1	100,000	90,000
April	1	100,000	45,000	(*)		
Total	4	650,000	230,400	2	150,000	135,000

* Liquidation.

30 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The corporate existence of 58 national banks with an aggregate capital of \$9,333,000, bonds \$2,628,250, and circulation \$2,361,275, will expire during the year 1890 as shown in the following table:

NATIONAL BANKS OF WHICH THE CORPORATE EXISTENCE WILL EXPIRE DURING THE YEAR 1890, WITH THE DATE OF EXPIRATION, THE AMOUNT OF CAPITAL STOCK OF EACH BANK, THE UNITED STATES BONDS ON DEPOSIT WITH THE TREASURER, AND THE AMOUNT OF CIRCULATION ISSUED THEREON.

Charter No.	Title of bank.	State.	Expira- tion of corpo- rate ex- istence.	Capital stock.	U. S. bonds.	Circula- tion.
1890.						
1697	First National Bank, Port Henry.....	N. Y.	Apr. 28	\$100,000	\$100,000	\$90,000
1698	Howard National Bank, Burlington.....	Vt.	June 7	300,000	50,000	45,000
1778	New Orleans National Bank.....	La.	Aug. 1	200,000	50,000	45,000
1701	First National Bank, Springfield.....	Mo.	Aug. 6	50,000	12,500	11,250
1700	Baxter National Bank, Rutland.....	Vt.	Aug. 10	300,000	150,000	135,000
1784	Bellefontaine National Bank.....	Ohio	Aug. 12	100,000	50,000	45,000
1706	Monmouth National Bank.....	Ill.	Aug. 18	100,000	25,000	22,500
1712	Moniteau National Bank, California.....	Mo.	Aug. 26	50,000	20,000	18,000
1721	First National Bank, Watseka.....	Ill.	Aug. 27	50,000	50,000	45,000
1730	Muskegon National Bank.....	Mich.	Aug. 27	100,000	25,000	22,500
1757	First National Bank, Sioux City.....	Iowa.	Aug. 30	100,000	50,000	45,000
1737	First National Bank, Hightstown.....	N. J.	Sept. 2	150,000	37,500	33,750
1720	Fayette National Bank, Lexington.....	Ky.	Sept. 8	300,000	120,000	108,000
1716	Citizens' National Bank, Alexandria.....	Va.	Sept. 10	100,000	30,000	27,000
1767	First National Bank, Springfield.....	Ky.	Sept. 14	150,000	37,500	33,750
1717	First National Bank, Sterling.....	Ill.	Sept. 15	100,000	50,000	45,000
1715	Salem National Bank.....	Ill.	Sept. 16	50,000	12,500	11,250
1719	Jacksonville National Bank.....	Ill.	Sept. 17	200,000	100,000	90,000
1832	Northern National Bank, Big Rapids.....	Mich.	Sept. 19	150,000	37,500	33,750
1722	First National Bank, Decatur.....	Mich.	Sept. 20	50,000	12,500	11,250
1718	First National Bank, Ottawa.....	Kans.	Sept. 23	100,000	25,000	22,500
1723	First National Bank, Tuscola.....	Ill.	Sept. 26	113,000	30,000	27,000
1731	First National Bank, Lapeer.....	Mich.	Oct. 1	75,000	25,000	22,500
1752	First National Bank, Holly.....	Mich.	Oct. 1	60,000	30,000	27,000
1728	First National Bank, Richmond.....	Ky.	Oct. 3	250,000	50,000	45,000
1743	National Security Bank, Philadelphia.....	Pa.	Oct. 8	250,000	50,000	45,000
1726	Iowa National Bank of Ottumwa.....	Iowa.	Oct. 14	100,000	25,000	22,500
1857	First National Bank, Port Huron.....	Mich.	Oct. 15	135,000	50,000	45,000
1724	First National Bank, Chariton.....	Iowa.	Oct. 17	50,000	12,500	11,250
1741	First National Bank, San Francisco.....	Cal.	Oct. 20	1,500,000	50,000	40,850
1758	First National Bank, Charlotte.....	Mich.	Oct. 24	75,000	18,750	16,875
1773	First National Bank, Morris.....	Ill.	Oct. 27	50,000	12,500	11,250
1764	First National Bank, Mason.....	Mich.	Oct. 28	50,000	15,000	13,500
1738	Loudoun National Bank, Leesburgh.....	Va.	Oct. 31	100,000	100,000	90,000
1786	First National Bank, Sigourney.....	Iowa.	Oct. 31	50,000	12,500	11,250
1753	Keeseville National Bank.....	N. Y.	Nov. 4	100,000	100,000	90,000
1744	Merchants' National Bank, Burlington.....	Iowa.	Nov. 7	100,000	25,000	22,500
1733	State National Bank, Springfield.....	Ill.	Nov. 9	200,000	50,000	45,000
1739	South Bend National Bank.....	Ind.	Nov. 9	100,000	100,000	90,000
1736	City National Bank, Selma.....	Ala.	Nov. 12	400,000	207,000	186,300
1749	First National Bank, Appleton.....	Wis.	Nov. 14	100,000	25,000	22,500
1811	First National Bank, Indianola.....	Iowa.	Nov. 15	50,000	12,500	11,250
1755	First National Bank, Lanark.....	Ill.	Nov. 22	50,000	20,000	18,000
1785	First National Bank, Kewanee.....	Ill.	Nov. 23	100,000	25,000	22,500
1745	Hastings National Bank.....	Mich.	Nov. 25	100,000	25,000	22,500
1768	Citizens' National Bank, Raleigh.....	N. C.	Nov. 30	100,000	25,000	22,500
1812	First National Bank, Cassopolis.....	Mich.	Nov. 30	50,000	12,500	11,250
1750	First National Bank, Santa Fé.....	N. Mex.	Dec. 2	150,000	40,000	36,000
1754	Merchants' National Bank, Richmond.....	Va.	Dec. 7	200,000	60,000	54,000
1763	First National Bank, Fort Scott.....	Kans.	Dec. 12	300,000	50,000	45,000
1790	Madison National Bank, Richmond.....	Ky.	Dec. 12	200,000	50,000	45,000
1765	Central National Bank, Columbia.....	S. C.	Dec. 20	100,000	25,000	22,500
1768	First National Bank of Saginaw.....	Mich.	Dec. 22	200,000	50,000	45,000
1772	German National Bank, Evansville.....	Ind.	Dec. 24	250,000	50,000	45,000
1762	Washington National Bank.....	Iowa.	Dec. 26	100,000	25,000	22,500
1761	First National Bank of Niles.....	Mich.	Dec. 29	100,000	25,000	22,500
1800	First National Bank, Cheyenne.....	Wyo.	Dec. 29	200,000	50,000	45,000
1774	State National Bank, New Orleans.....	La.	Dec. 31	425,000	50,000	45,000
Total.....				9,333,000	2,628,250	2,361,275

REPORT OF THE COMPTROLLER OF THE CURRENCY. 31

CIRCULATING NOTES.

The actual circulation outstanding on September 30, 1889, for which the banks are responsible, was \$131,225,172, this amount being exclusive of \$72,437,560 also in circulation, but represented by lawful money deposited by the banks for redemption purposes whenever the notes are received by the Treasurer.

The minimum deposit of the bonds required of the 3,290 national banks in operation September 30, 1889, was \$95,297,283, upon which only \$85,767,555 of the national-bank circulation could be issued. These banks held, on September 30, \$146,471,700 of bonds and were responsible for \$42,683,045 of circulation more than the minimum.

Of the 3,290 banks, 2,361 have a capital not exceeding \$150,000, nor less than \$50,000, each, the aggregate capital amounting to \$195,478,610. The remaining 929 have a capital of over \$150,000 each, the aggregate amounting to \$417,105,485. If an amount of bonds equal to the total capital were deposited to secure circulation the whole body of banks might have a circulation amounting to \$551,325,685, or \$465,558,130 more than the present minimum. A table in the Appendix, page 132, shows by State and geographical divisions this information in detail.

The following table shows the number of banks organized, by fiscal years, from July 1, 1882, to July 1, 1889, capital stock, amount of bonds deposited, and circulation issued thereon:

Year.	No.	Capital.	Minimum bonds required.	Bonds actually deposited.	Per cent. of excess.	Circulation issued.
July 1, 1882, to July 1, 1883.....	251	\$26,552,300	\$5,155,500	\$7,116,400	28	\$6,404,760
July 1, 1883, to July 1, 1884.....	218	19,944,000	4,016,000	4,676,100	14	4,208,490
July 1, 1884, to July 1, 1885.....	142	15,205,000	3,061,250	3,332,800	8	2,999,520
July 1, 1885, to July 1, 1886.....	163	17,553,000	3,404,500	3,715,500	8	3,343,950
July 1, 1886, to July 1, 1887.....	217	31,444,000	4,986,000	5,051,300	1	4,546,170
July 1, 1887, to July 1, 1888.....	164	16,734,000	3,308,500	3,324,750	0.5	2,992,275
July 1, 1888, to July 1, 1889.....	156	15,970,000	3,155,000	3,166,300	.36	2,849,670
Total	1,311	143,402,300	27,086,750	30,383,150	.....	27,344,835

The foregoing table is perpetuated to show by comparison the falling off in the amount of bonds deposited in excess of the requirement, and it will be seen that the percentage of excess has fallen from 28 per cent. in 1882-'83 to .36 in 1888-'89.

Of the 156 banks organized during the past fiscal year 82 have a capital of \$50,000 each, amounting to \$4,100,000; 63 have a capital of over \$50,000 and not exceeding \$150,000, and 11 have an aggregate capital of \$5,550,000. The 11 largest banks deposited the exact amount of bonds required by law with one exception, and of the remaining 145 banks only 8 deposited bonds in excess of the requirement.

By reference to the Appendix, pages 132 and 133, statements will be found showing by geographical divisions detailed information with respect to the minimum amount of bonds required, bonds actually held, and circulation outstanding September 30, 1889.

Notwithstanding the accession of new banks to the system and the consequent deposit of bonds and issue of notes, the outstanding circulation steadily decreases from year to year, the chief cause being the surrender of circulation by banks desiring to reduce and regain possession of their bonds. By referring to page 38, it will be seen that the total withdrawal of bonds for transfer to the Secretary for purchase

32 REPORT OF THE COMPTROLLER OF THE CURRENCY.

amounted to \$12,555,450, and that only \$1,925,250 were deposited by way of substitution.

The following table shows by comparison for five years the amounts of lawful money deposited and the consequent decrease of circulation :

TABLE SHOWING THE DECREASE OF NATIONAL-BANK CIRCULATION DURING EACH OF THE YEARS ENDED OCTOBER 31, FROM 1884 TO 1889, INCLUSIVE, AND THE AMOUNT OF LAWFUL MONEY ON DEPOSIT AT THE END OF EACH YEAR.

National-bank notes outstanding October 31, 1883, including notes of national gold banks.....	\$352, 013, 787	
Less lawful money on deposit at same date, including deposits of national gold banks.....	35, 993, 461	\$316, 020, 326
National-bank notes outstanding October 31, 1884, including notes of national gold banks.....	333, 559, 813	
Less lawful money on deposit at same date, including deposits of national gold banks.....	41, 710, 163	291, 849, 650
Net decrease of circulation		24, 170, 676
Net outstanding as above, October 31, 1884		291, 849, 650
National-bank notes outstanding October 31, 1885, including notes of national gold banks.....	315, 847, 168	
Less lawful money on deposit at same date, including deposits of national gold banks.....	39, 542, 979	276, 304, 189
Net decrease of circulation		15, 545, 461
Net outstanding as above, October 31, 1885		276, 304, 189
National-bank notes outstanding October 31, 1886, including notes of national gold banks.....	301, 529, 889	
Less lawful money on deposit at same date, including deposits of national gold banks.....	81, 819, 233	219, 710, 656
Net decrease of circulation		56, 593, 533
Net outstanding as above, October 31, 1886		219, 710, 656
National-bank notes outstanding October, 31, 1887, including notes of national gold banks.....	272, 041, 203	
Less lawful money on deposit at same date, including deposits of national gold banks.....	102, 826, 136	169, 215, 067
Net decrease of circulation		50, 495, 589
Net outstanding as above, October 31, 1887		169, 215, 067
National-bank notes outstanding October 31, 1888, including notes of national gold banks.....	239, 385, 237	
Less lawful money on deposit at same date, including deposits of national gold banks.....	87, 018, 909	152, 366, 328
Net decrease of circulation		16, 848, 739
Net outstanding as above, October 31, 1888.....		152, 366, 328
National-bank notes outstanding October 31, 1889, including notes of national gold banks.....	202, 023, 415	
Less lawful money on deposit at same date, including deposits of national gold banks.....	71, 816, 130	130, 207, 285
Net decrease of circulation		22, 159, 043

The gross decrease of circulation, including the notes of gold banks and those of failed and liquidating associations, was \$37,361,822.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 33

BANKS WITHOUT CIRCULATION.

A number of national banks did not originally take circulating notes for issue, and others eventually deposited lawful money and surrendered their circulation.

The following is a list of these banks, the amount of capital and bonds being given :

Title of bank.	Capital.	Bonds.
Chemical National Bank of New York, N. Y	\$300,000	\$50,000
National City Bank of New York, N. Y	1,000,000	50,000
American Exchange National Bank of New York, N. Y	5,000,000	50,000
National Bank of Washington, D. C	200,000	50,000
Chestertown National Bank of Chestertown, Md	50,000	12,500
First National Bank of Houston, Tex	100,000	25,000
Mechanics' National Bank of New York, N. Y	2,000,000	50,000
Metropolitan National Bank of Washington, D. C	300,000	50,000
National Park Bank of New York, N. Y	2,000,000	50,000
First National Bank of Butte, Mont	100,000	25,000
Merchants' National Bank of New York, N. Y	2,000,000	50,000
Total	13,050,000	462,500

SECURITY FOR CIRCULATING NOTES.

The security for circulating notes of national banks is limited by the act to United States registered bonds bearing interest, and the following table shows the amount of such bonds held by the Treasurer of the United States as security on June 30, of each year from 1865 to 1889 inclusive, and the amount owned and held by the banks for other purposes, including those deposited with the Treasurer to secure public deposits :

Years.	United States bonds held as security for circulation.					United States bonds held for other purposes at nearest date.	Grand total.
	6 per cent. bonds.	5 per cent. bonds.	4½ per cent. bonds.	4 per cent. bonds.	Total.		
1865 ..	\$170,382,500	\$65,576,600	.....	.....	\$235,959,100	\$155,785,750	\$391,744,850
1866 ..	241,083,500	86,226,850	.....	.....	327,310,350	121,152,950	448,463,300
1867 ..	251,430,400	89,177,100	.....	.....	340,607,500	84,002,650	424,610,150
1868 ..	250,726,950	90,768,950	.....	.....	341,495,900	80,922,500	422,418,400
1869 ..	255,190,350	87,661,250	.....	.....	342,851,600	55,102,000	397,953,600
1870 ..	247,355,350	94,923,200	.....	.....	342,278,550	43,980,600	386,259,150
1871 ..	220,497,750	139,387,800	.....	.....	359,885,550	39,450,800	399,336,350
1872 ..	173,251,450	207,189,250	.....	.....	380,440,700	31,868,200	412,308,900
1873 ..	160,923,500	229,487,050	.....	.....	390,410,550	25,724,400	416,134,150
1874 ..	154,370,700	236,800,500	.....	.....	391,171,200	25,347,100	416,518,300
1875 ..	136,955,100	239,359,400	.....	.....	376,314,500	26,900,200	403,214,700
1876 ..	109,313,450	232,081,300	.....	.....	341,394,750	45,170,300	386,565,050
1877 ..	87,690,300	266,651,050	\$44,372,250	.....	338,713,600	47,315,050	386,028,650
1878 ..	82,421,200	199,514,550	48,448,650	\$19,162,000	349,546,400	68,850,900	418,397,300
1879 ..	56,042,800	144,616,300	35,056,550	118,538,950	354,254,600	76,603,520	430,858,120
1880 ..	58,056,150	139,738,650	37,769,950	126,076,300	361,652,050	62,831,300	404,483,350
1881 ..	61,901,800	172,348,350	32,609,500	93,637,700	360,488,400	63,849,950	424,338,350
Continued at 3½ per cent. :	25,142,600	Continued at 3½ per cent. : 202,487,650 7,492,800	32,752,650	97,429,800	357,812,700	43,122,550	400,935,250
1882 ..	385,700	3 per cent. : 209,877,850	39,408,500	104,954,650	353,029,500	34,094,150	387,123,650
1884 ..	Pacifics : 3,520,000	142,249,850	48,483,050	117,901,300	312,145,200	32,195,800	344,341,000
1886 ..	3,565,600	107,782,100	50,484,200	114,143,500	275,974,800	31,345,550	307,320,350
1887 ..	3,175,000	5,205,950	67,743,100	115,842,650	191,966,700	33,147,750	224,814,450
1888 ..	3,181,000	37,500	69,670,300	105,423,850	178,312,650	63,618,150	241,930,800
1889 ..	4,324,000	.....	42,409,900	101,387,550	148,121,450	51,642,100	199,763,550

9460 CUR.—3*

34 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table gives similar information for the years ended October 31, from 1882 to 1889, inclusive. An examination of this and the foregoing table will disclose the changes which have occurred in the holdings of the several classes of bonds by the banks:

Year.	Num- ber of banks.	United States bonds held as security for circulation.					United States bonds held for other purposes at nearest date.	Total.
		4 1/2 per cent. bonds.	4 per cent. bonds.	3 per cent. bonds.	Pacific 6 per cent. bonds.	Total.		
1882.....	2,301	\$33,754,650	\$104,927,500	\$10,621,950 179,675,550	\$3,526,000	\$362,505,650	\$37,563,750	\$400,069,400
1883.....	2,522	41,319,700	106,164,850	*602,000 201,327,750	3,463,000	352,877,300	30,674,050	383,551,350
1884.....	2,671	49,537,450	116,705,450	155,604,400	3,469,000	325,316,300	30,419,600	355,735,900
1885.....	2,727	49,547,250	116,391,650	138,920,650	3,505,000	308,364,550	31,780,100	340,144,650
1886.....	2,868	57,436,850	115,383,150	69,038,050	3,586,000	245,444,050	32,431,400	277,875,450
1887.....	3,061	69,696,100	115,731,400	144,500	3,256,000	188,828,000	34,671,350	223,499,350
1888.....	3,151	66,121,750	100,413,600	None.	3,468,000	170,003,350	60,715,050	230,718,400
1889.....	3,319	41,066,150	100,049,000	None.	4,553,000	145,668,150	48,501,200	194,169,350

* Three and one-half per cent.

A table will be found in the Appendix, p. 115, showing on the first day of each month, from January 1, 1874, to November 1, 1889, the amount of authorized capital stock of the national banks, the amount of bonds on deposit to secure circulation, the amount of circulation secured by the bonds, the amount of lawful money deposited to redeem outstanding circulation, and the total amount outstanding, including notes of gold banks.

INTEREST-BEARING FUNDED DEBT OF THE UNITED STATES.

In order to preserve the continuity of statements made in previous reports with respect to changes in the funded debt of the United States and their effect upon the holdings of national banks, it is proper to repeat that the public debt reached its maximum August 31, 1865, and amounted to \$2,844,649,626, the non-interest-bearing obligations to \$461,616,311, leaving the interest-bearing debt \$2,383,033,315. On October 31, 1889, the interest-bearing debt had been reduced to \$852,635,172.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 35

The following table shows the classes of bonds available as security for the circulating notes of national banks, the authorizing acts, dates of maturity, rates of interest, and intermediate changes:

BONDED DEBT AT DATES NAMED.

Date.	6 per cent.	5 per cent.	4½ per cent.*	4 per cent.†	6 per cent.‡	Total.
Aug. 31, 1865...	\$908,518,091	\$199,792,100			\$1,258,000	\$1,109,568,191
June 30, 1866...	1,008,388,469	198,528,435			6,042,000	1,212,958,904
June 30, 1867...	1,421,110,719	198,533,435			14,762,000	1,634,406,154
June 30, 1868...	1,841,521,800	221,588,400			20,080,000	2,092,190,200
June 30, 1869...	1,886,341,300	221,589,300			58,638,320	2,166,568,920
June 30, 1870...	1,764,932,300	221,589,300			64,457,320	2,050,978,920
June 30, 1871...	1,613,897,300	274,236,450			64,618,832	1,952,752,582
June 30, 1872...	1,374,883,800	414,567,300			64,623,512	1,845,074,612
June 30, 1873...	1,231,238,650	414,567,300			64,623,512	1,760,429,462
June 30, 1874...	1,213,624,700	510,628,050			64,623,512	1,788,876,262
June 30, 1875...	1,100,865,550	607,132,750			64,623,512	1,772,621,812
June 30, 1876...	984,999,650	711,685,800			64,623,512	1,761,308,962
June 30, 1877...	854,621,850	703,266,650	\$140,000,000		64,623,512	1,761,512,012
June 30, 1878...	738,619,000	703,266,650	240,000,000	\$98,850,000	64,623,512	1,845,350,162
June 30, 1879...	310,932,500	646,905,500	250,000,000	679,878,110	64,623,512	1,952,339,622
June 30, 1880...	235,780,400	484,864,900	250,000,000	739,347,800	64,623,512	1,774,616,612
June 30, 1881...	196,378,600	439,841,350	250,000,000	739,347,800	64,623,512	1,690,191,262
	Continued at ¾ per cent.	Continued at ¾ per cent.				
June 30, 1882...	58,957,150	401,593,900	250,000,000	739,349,350	64,623,512	1,514,433,912
		32,082,600				
June 30, 1883...		Funded into 3 per cents, act July 12, 1882.	250,000,000	737,942,200	64,623,512	1,388,852,662
		304,204,350				
June 30, 1884...		224,612,150	250,000,000	737,661,700	64,623,512	1,276,897,362
June 30, 1885...		194,190,500	250,000,000	737,719,850	64,623,512	1,246,533,862
June 30, 1886...		144,046,600	250,000,000	737,758,760	64,623,512	1,196,429,812
June 30, 1887...		19,716,500	250,000,000	737,800,600	64,623,512	1,072,140,612
June 30, 1888...			222,107,050	714,177,400	64,623,512	1,001,007,902
June 30, 1889...			139,639,000	676,095,350	64,623,512	880,357,862
Oct. 31, 1889...			126,609,350	647,288,850	64,623,512	838,521,712

* Funded loan 1891; authorizing act, July 14, 1870, and January 20, 1871; date of maturity, 1891.

† Funded loan 1907; authorizing act, July 14, 1870, and January 20, 1871; date of maturity, 1907.

‡ Pacific railroad bonds; authorizing act, July 1, 1862, and July 2, 1864; date of maturity, 1895 to 1899.

The Navy pension fund, amounting to \$14,000,000 in 3 per cents, the interest upon which is applied to the payment of naval pensions exclusively, and \$113,460 of refunding certificates are not included in the table.

36 REPORT OF THE COMPTROLLER OF THE CURRENCY.

MARKET PRICES OF UNITED STATES BONDS.

The investment value of these bonds declines as they approach maturity, notwithstanding which the 4 percents were quoted on November 1, 1888 and 1889 at almost precisely the same figure.

The following table will show the movement in prices of the two classes during the past year:

OPENING, HIGHEST, AND LOWEST PRICES OF UNITED STATES REGISTERED $4\frac{1}{2}$ PER CENT. AND 4 PER CENT. BONDS, IN NEW YORK, FOR EACH WEEK FROM NOVEMBER 2, 1888, to NOVEMBER 8, 1889.

[Compiled by the Government Actuary.]

Week ending—	$4\frac{1}{2}$ per cent.			4 per cent.		
	Opening.	Highest.	Lowest.	Opening.	Highest.	Lowest.
Nov. 9, 1888	107 $\frac{1}{2}$ -107 $\frac{1}{2}$	107 $\frac{1}{2}$ -107 $\frac{1}{2}$	107 $\frac{1}{2}$ -107 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Nov. 16, 1888	107 $\frac{1}{2}$ -107 $\frac{1}{2}$	107 $\frac{1}{2}$ -107 $\frac{1}{2}$	107 $\frac{1}{2}$ -107 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127 $\frac{1}{2}$ -128 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$
Nov. 23, 1888	107 $\frac{1}{2}$ -107 $\frac{1}{2}$	107 $\frac{1}{2}$ -108	107 $\frac{1}{2}$ -107 $\frac{1}{2}$	127 $\frac{1}{2}$ -128	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	127 $\frac{1}{2}$ -128
Nov. 30, 1888	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$
Dec. 7, 1888	108-108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Dec. 14, 1888	108-108 $\frac{1}{2}$	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	126 $\frac{1}{2}$ -127 $\frac{1}{2}$
Dec. 21, 1888	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Dec. 28, 1888	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Jan. 4, 1889	108 $\frac{1}{2}$ -109	108 $\frac{1}{2}$ -109	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	126 $\frac{1}{2}$ -127
Jan. 11, 1889	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	126 $\frac{1}{2}$ -127	126 $\frac{1}{2}$ -127	126-126 $\frac{1}{2}$
Jan. 18, 1889	108 $\frac{1}{2}$ -109	109-109 $\frac{1}{2}$	108 $\frac{1}{2}$ -109	126 $\frac{1}{2}$ -126 $\frac{1}{2}$	127 $\frac{1}{2}$ -128	126 $\frac{1}{2}$ -126 $\frac{1}{2}$
Jan. 25, 1889	109-109 $\frac{1}{2}$	109-109 $\frac{1}{2}$	109-109 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$	127 $\frac{1}{2}$ -128 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$
Feb. 1, 1889	109-109 $\frac{1}{2}$	109-109 $\frac{1}{2}$	107 $\frac{1}{2}$ -108	127 $\frac{1}{2}$ -128	128-128 $\frac{1}{2}$	127 $\frac{1}{2}$ -127 $\frac{1}{2}$
Feb. 8, 1889	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108	127 $\frac{1}{2}$ -128	128 $\frac{1}{2}$ -129	127 $\frac{1}{2}$ -128
Feb. 15, 1889	108-108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -129 $\frac{1}{2}$	128 $\frac{1}{2}$ -129
Feb. 22, 1889	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -129 $\frac{1}{2}$	128 $\frac{1}{2}$ -129
Mar. 1, 1889	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -129	127 $\frac{1}{2}$ -128
Mar. 8, 1889	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	127 $\frac{1}{2}$ -128	128 $\frac{1}{2}$ -129	127 $\frac{1}{2}$ -128
Mar. 15, 1889	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
Mar. 22, 1889	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
Mar. 29, 1889	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
Apr. 5, 1889	108-108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
Apr. 12, 1889	108-108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -129 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
Apr. 19, 1889	107 $\frac{1}{2}$ -108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	107 $\frac{1}{2}$ -108	128 $\frac{1}{2}$ -129	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	128 $\frac{1}{2}$ -129
Apr. 26, 1889	108-108 $\frac{1}{2}$	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108-108 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$
May 3, 1889	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108 $\frac{1}{2}$ -108 $\frac{1}{2}$	108 $\frac{1}{2}$ -107 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$
May 10, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$
May 17, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$
May 24, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$
May 31, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	129 $\frac{1}{2}$ -129 $\frac{1}{2}$	128-128 $\frac{1}{2}$
June 7, 1889	106 $\frac{1}{2}$ -107	106 $\frac{1}{2}$ -107	106 $\frac{1}{2}$ -107	128-128 $\frac{1}{2}$	128-128 $\frac{1}{2}$	128-128 $\frac{1}{2}$
June 14, 1889	106 $\frac{1}{2}$ -107	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107	128-128 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128-128 $\frac{1}{2}$
June 21, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
June 28, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
July 5, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -129	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
July 12, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
July 19, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
July 26, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
Aug. 2, 1889	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -107 $\frac{1}{2}$	106 $\frac{1}{2}$ -106 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$
Aug. 9, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128-128 $\frac{1}{2}$
Aug. 16, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	128-128 $\frac{1}{2}$	128-128 $\frac{1}{2}$	128-128 $\frac{1}{2}$
Aug. 23, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	128-128 $\frac{1}{2}$	128 $\frac{1}{2}$ -128 $\frac{1}{2}$	128-128 $\frac{1}{2}$
Aug. 30, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	128-128 $\frac{1}{2}$	128-128 $\frac{1}{2}$	127 $\frac{1}{2}$ -128 $\frac{1}{2}$
Sept. 6, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Sept. 13, 1889	105 $\frac{1}{2}$ -106	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Sept. 20, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Sept. 27, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	126 $\frac{1}{2}$ -127 $\frac{1}{2}$	126 $\frac{1}{2}$ -127 $\frac{1}{2}$	126 $\frac{1}{2}$ -127 $\frac{1}{2}$
Oct. 4, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Oct. 11, 1889	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106 $\frac{1}{2}$	105 $\frac{1}{2}$ -106	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Oct. 18, 1889	105 $\frac{1}{2}$ -106	105 $\frac{1}{2}$ -106	105 $\frac{1}{2}$ -106	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Oct. 25, 1889	105 $\frac{1}{2}$ -106	105 $\frac{1}{2}$ -106	105 $\frac{1}{2}$ -106	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127
Nov. 1, 1889	105 $\frac{1}{2}$ -106	105 $\frac{1}{2}$ -106	104 $\frac{1}{2}$ -104 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$
Nov. 8, 1889	104 $\frac{1}{2}$ -104 $\frac{1}{2}$	104 $\frac{1}{2}$ -104 $\frac{1}{2}$	104 $\frac{1}{2}$ -104 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$	127-127 $\frac{1}{2}$

REPORT OF THE COMPTROLLER OF THE CURRENCY. 37

INVESTMENT VALUE OF UNITED STATES BONDS.

The following table, prepared by the Government Actuary, shows the fluctuations in price and investment value of the 4 and 4½ per cent. bonds at quarterly periods from 1885 to 1889, inclusive:

Date.	4½ per cent. bonds.		4 per cent. bonds.	
	Average price flat.	Rate of interest realized by investors.	Average price flat.	Rate of interest realized by investors.
1885:	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
January	112.7788	2.655	121.9086	2.726
April	112.4350	2.488	121.8028	2.721
July	112.7525	2.365	122.6462	2.668
October	112.0421	2.250	123.4004	2.619
1886:				
January	112.7000	2.268	123.4325	2.607
April	112.4759	2.150	126.2980	2.444
July	111.8156	2.149	126.4975	2.420
October	111.9855	2.003	128.0659	2.289
1887:				
January	110.2775	2.290	127.8325	2.320
April	110.1947	2.019	129.2451	2.227
July	109.1475	2.340	127.8425	2.284
October	108.5539	2.339	125.7885	2.390
1888:				
January	108.2375	2.289	126.1275	2.341
April	107.1025	2.478	124.6400	2.409
July	107.5175	2.195	127.4825	2.236
October	108.4213	1.693	128.1204	2.178
1889:				
January	108.9255	1.254	127.2837	2.206
April	108.1848	1.240	129.1902	2.080
July	107.0018	1.421	128.3894	2.109
October	105.8241	1.645	127.1914	2.160

BOND PURCHASES BY THE TREASURY.

During the past year the purchase of the 4 and 4½ per cents. by the Government has been continuous, the total purchases amounting to \$189,138,800 since Treasury circular of April 17, 1888, was issued.

The purchases made during the year ended October 31, 1889, were as follows:

Month.	4 per cent. bonds.	4½ per cent. bonds.	Total.
November, 1888	\$780,000	\$10,275,150	\$11,055,150
December, 1888	152,200	5,874,550	6,026,750
January, 1889		7,914,200	7,914,200
February, 1889	2,450	10,395,900	10,398,350
March, 1889		7,694,400	7,694,400
April, 1889	4,802,950	6,063,600	11,408,550
May, 1889	121,600	6,138,650	6,260,250
June, 1889	126,650	2,761,550	2,891,200
July, 1889	15,500	4,594,050	4,609,550
August, 1889	12,940,850	3,349,350	16,290,200
September, 1889	7,756,000	2,873,800	10,629,800
October, 1889	8,102,700	2,212,450	10,315,150
Total	34,800,900	70,692,650	105,493,550

38 REPORT OF THE COMPTROLLER OF THE CURRENCY.

BOND WITHDRAWALS BY NATIONAL BANKS.

It is difficult to estimate the full effect of bond purchases by the Secretary of the Treasury upon the volume of circulation of the national banks, for while \$12,555,450 of bonds were withdrawn and directly transferred for purchase, less than \$2,000,000 being substituted, the total withdrawals amounted to more than \$24,000,000; but undoubtedly the \$12,000,000 not withdrawn for transfer were either placed on the market upon a fractional advance in price or were purchased by the Secretary directly from the banks after withdrawal.

The following table shows the class and amount of bonds withdrawn by the banks for transfer and purchase under Treasury circular of April 17, 1888, and the class and amount of bonds deposited in substitution from October 31, 1888, to November 1, 1889:

Date.	Withdrawn.			United States bonds in substitution.				Total withdrawn upon deposit of lawful money.
	$\frac{4\frac{1}{2}}$ per cent.	4 percent.	Total.	4 percent.	$\frac{4\frac{1}{2}}$ per cent.	P. R. R.	Total.	
November, 1888 ..	\$2,724,300	\$779,000	\$3,503,300	\$70,000	.....	.....	\$70,000	\$3,433,300
December, 1888 ..	664,900	156,250	821,150	50,000	.....	\$83,000	133,000	688,150
January, 1889 ..	905,000	.....	905,000	520,000	.....	150,000	670,000	235,000
February, 1889 ..	1,254,000	.....	1,254,000	581,000	\$10,000	.....	601,000	653,000
March, 1889 ..	580,000	.....	580,000	195,000	.....	.....	195,000	385,000
April, 1889 ..	734,500	182,500	917,000	131,250	.....	.....	131,250	785,750
May, 1889 ..	397,000	91,250	488,250	56,500	.....	.....	56,500	431,750
June, 1889 ..	367,500	42,500	410,000	.....	.....	.....	.....	410,000
July, 1889 ..	351,000	.....	351,000	18,500	.....	.....	18,500	332,500
August, 1889 ..	25,000	.....	25,000	.....	.....	.....	.....	25,000
September, 1889 ..	122,500	1,449,000	1,571,500	.....	.....	.....	.....	1,571,500
October, 1889 ..	130,750	1,598,500	1,729,250	.....	.....	50,000	50,000	1,679,250
Total	8,256,450	4,299,000	12,555,450	1,632,250	10,000	283,000	1,925,250	10,630,200

ISSUES AND REDEMPTIONS.

The following table gives the number and amount of national bank notes of each denomination which have been issued and redeemed since the organization of the system, and the amount outstanding October 31, 1889:

Denominations.	Number of notes—			Amount—		
	Issued.	Redeemed.	Outstanding.	Issued.	Redeemed.	Outstanding.
Ones	23,169,677	22,794,643	375,034	\$23,169,677	\$22,794,643	\$375,034
Twos	7,747,519	7,653,429	94,090	15,495,038	15,306,858	188,180
Fives	106,531,924	95,205,555	11,226,369	532,659,620	476,027,775	56,631,845
Tens	45,136,199	38,622,111	6,514,088	451,361,990	388,221,110	63,140,880
Twenties	14,090,211	11,634,316	2,455,895	281,804,220	232,686,320	49,117,900
Fifties	1,019,045	1,695,014	224,931	95,997,250	84,750,700	11,246,550
One hundreds	1,443,840	1,56,018	187,822	144,384,000	125,601,800	18,782,200
Five hundreds	23,894	23,475	419	11,947,000	11,737,500	209,500
One thousands	7,379	7,327	52	7,379,000	7,327,000	52,000
Fractions outstanding .....	.....	.....	.....	.....	.....	25,084
Total	200,070,588	178,891,888	21,178,700	1,564,197,795	1,362,453,706	201,769,173

Notes of gold banks are not included in this table.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 39

The discrepancy in the amount of circulating notes outstanding October 31, which will become apparent when the several statements in this Report are compared, is explained as follows:

In the table on page 38, notes of national gold banks amounting to \$156,652 are not included, and the table on page 32 includes \$97,590 representing notes redeemed and destroyed to be reissued.

The total issues of incomplete currency during the year are shown by the vault account, as follows:

National-bank currency in vaults October 31, 1888	\$44, 169, 170
Amount received from Bureau of Engraving and Printing during the year ended October 31, 1889	30, 428, 600
Total	74, 597, 770
Amount issued to banks during the year	\$30, 611, 860
Amount canceled during the year, not having been issued...	1, 062, 880
	31, 674, 740
Balance in vaults	42, 923, 030

The act of July 12, 1882, provided that at the expiration of three years from the date of the extension of the charter of an association lawful money should be deposited for the redemption of the full amount of circulating notes of the bank then outstanding which were issued prior to such date, and the act also provided for the issue of new circulating notes bearing such devices as to make them readily distinguishable from notes previously issued to the bank. The inconvenience of issuing, concurrently, notes differing both in color and design to extended banks and to those organized subsequent to the passage of the act suggested the propriety of issuing the new series to the newly organized associations. Formerly notes in denominations ranging from one dollar to a thousand dollars were issued, but the issue of ones and twos ceased when specie payments were resumed by the Treasury, and since July 12, 1882, no denomination has been issued representing more than one hundred dollars.

The following table shows the amount of new currency issued to replace notes redeemed and destroyed under the provisions of the act of June 20, 1874, the amount issued to replace notes redeemed by lawful money deposited under the act of July 12, 1882, and the amount issued to both old and new banks upon bonds deposited for the purpose of obtaining additional circulation. The table also shows the amount of circulation redeemed under the act of June 20, 1874, establishing the National Bank Redemption Agency of the Treasury at Washington.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 41

requirements relating to redemptions, except those of keeping good a deposit of lawful money with the Treasurer equal to 5 per cent. of their circulation, and the payment of a pro-rata annual assessment for the cost of redemption.

During the past year the receipts of the National Bank Redemption Agency amounted to \$84,116,462.16, of which amount \$36,473,400, or 43 per cent., was received from New York city, and \$10,089,615 from banks in the city of Boston. The amount received from Chicago was \$5,637,021; from Philadelphia, 5,209,893; from Baltimore, \$2,386,483; from St. Louis, \$1,985,025; from New Orleans, \$1,572,000; from Cincinnati, \$1,480,291; from Providence, \$763,000, and from Pittsburgh, \$650,640.

A certain proportion of notes received for redemption are fit for circulation, and are returned to the issuing banks. These notes amounted, during the year ended October 31, 1889, to \$14,353,470.

The following table exhibits the amount of national-bank notes received monthly for redemption by the Comptroller of the Currency during the year ended October 31, 1889, and the amount received during the same period at the Redemption Agency of the Treasury, together with the total amount received since the passage of the act of June 20, 1874:

Received by the Comptroller of the Currency.							
Months.	From national banks in connection with reduction of circulation and replacement with new notes.	From the Redemption Agency.			Total.	Received at United States Treasury Redemption Agency.	
		For replacement with new notes.	For reduction of circulation under act of June 20, 1874.	Insolvent and liquidating national banks.			
November, 1888.....	\$5,230	\$1,748,000	\$2,089,289	\$1,619,845	\$5,462,364	\$5,805,923	
December, 1888.....	38,420	2,087,420	2,094,351	1,443,303	6,663,494	7,692,436	
January, 1889.....	3,495	3,308,490	3,562,922	1,926,604	8,801,601	12,256,553	
February, 1889.....	30	2,851,320	2,943,712	1,580,398	7,375,460	7,164,265	
March, 1889.....	17,560	1,993,810	1,967,004	1,219,696	5,198,010	5,735,355	
April, 1889.....	75	1,752,825	1,896,334	1,176,092	4,825,236	6,035,826	
May, 1889.....	10,230	2,314,925	2,593,396	1,485,209	6,403,760	9,039,602	
June, 1889.....	10,930	2,497,370	2,863,672	1,530,280	6,902,252	7,941,337	
July, 1889.....	2,025	2,026,990	2,330,803	1,232,612	5,592,430	6,510,302	
August, 1889.....	75	1,355,450	1,560,803	811,295	3,727,623	5,644,911	
September, 1889.....	4,870	1,791,405	1,746,587	1,008,209	4,551,071	4,710,379	
October, 1889.....	50	1,616,215	1,121,244	679,746	3,408,255	5,579,573	
	92,930	25,344,220	26,770,117	15,704,289	67,911,556	84,116,462	
Received from June 20, 1874 to October 31, 1888.....	16,503,695	794,308,145	224,506,194	99,294,790	1,134,612,824	1,899,039,275	
Grand total.....	16,506,625	819,652,365	251,276,311	114,999,079	1,202,524,380	1,983,155,737	

Notes of gold banks are not included in the above table.

42 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The following table exhibits the amount of national-bank notes received at this office and destroyed yearly since the establishment of the system :

Prior to November 1, 1865.....	\$175, 490	During year ended October 31—	
During year ended October 31—		1880.....	\$35, 539, 660
1866.....	1, 050, 382	1881.....	54, 941, 130
1867.....	3, 401, 423	1882.....	74, 917, 611
1868.....	4, 602, 825	1883.....	82, 913, 766
1869.....	8, 003, 729	1884.....	93, 178, 418
1870.....	14, 305, 689	1885.....	91, 048, 723
1871.....	24, 344, 047	1886.....	59, 989, 810
1872.....	30, 211, 720	1887.....	47, 726, 083
1873.....	36, 433, 171	1888.....	59, 568, 625
1874.....	49, 939, 741	1889.....	52, 207, 627
1875.....	137, 697, 696	Additional amount of insolvent and	
1876.....	98, 672, 716	liquidating national banks.....	125, 555, 207
1877.....	76, 918, 963	Total.....	1, 362, 427, 231
1878.....	57, 381, 249		
1879.....	41, 101, 830		

Notes of gold banks are not included in the above table.

There was in the vault of the redemption division of this office awaiting destruction at the close of business October 31, 1888.....	\$104, 770
Received during the year ended October 31, 1889.....	67, 943, 901
Total.....	68, 048, 671
Withdrawn and destroyed during the year.....	67, 944, 251
Balance in vault October 31, 1889.....	104, 420

REDEMPTION OF NOTES OF BANKS REDUCING CIRCULATION, OF THOSE IN VOLUNTARY LIQUIDATION, AND OF FAILED BANKS, UNDER THE ACT OF JUNE 20, 1874.

This act provides for a reduction of the outstanding circulation of an association upon the deposit of lawful money with the Treasurer of the United States in sums of not less than \$9,000, and the act of July 12, 1882, requires a deposit of lawful money for the retirement of the old circulation of banks whose corporate existence has been extended.

Under these acts and on account of liquidating and insolvent banks \$436,968,216 of lawful money has been deposited with the Treasurer, including \$2,663,720 deposited for the redemption of notes of national gold banks and \$97,589,135 for the redemption of national-bank notes under the act of July 12, 1882.

During the year ended October 31, 1889, \$27,303,972 in lawful money was deposited, \$24,971,198 of which was by banks reducing circulation, \$1,702,526 by banks in voluntary liquidation, and \$630,248 by banks retiring old circulation issued prior to the extension of their corporate existence.

The total amount deposited prior to and under the acts of June 20, 1874, and July 12, 1882, is \$451,213,026, and of this sum \$67,554,341 was deposited by banks in liquidation. Deducting from the total deposit the amount of circulating notes redeemed and destroyed without re-issue, which was \$379,396,896, there remained in the hands of the Treasurer on October 31, 1889, \$71,816,130 in lawful money for the redemption and retirement of national-bank circulation, including \$156,652 for the redemption of the circulating notes of national gold banks.

Prior to June 20, 1874, national-bank notes amounting to \$10,431,135 were redeemed and destroyed without re-issue, \$368,965,761 having been redeemed, destroyed, and retired since that date. The latter amount includes \$2,507,068 of the notes of national gold banks and \$63,487,032 of the notes of national banks whose corporate existence has been extended.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 43

There are no national gold banks now in existence, and the lawful money on deposit with the Treasurer of the United States, amounting to \$156,652, represents the remaining outstanding circulation of these banks.

DUTY, REDEMPTION CHARGES, AND ASSESSMENTS.

National banks are still subjected to semi-annual duty by the Government of one-half of 1 per cent. upon the average amount of their notes in circulation during the preceding six months, and are also required under the provisions of the act approved June 20, 1874, to pay the cost of the redemption of their notes at the office of the Treasurer of the United States, and the cost of the plates from which their notes are printed. In addition to this the banks are also required to pay the fees of the national-bank examiners appointed under the provisions of section 5240 of the Revised Statutes, the amount of such fees being prescribed by that section as amended by the act approved February 19, 1875.

The duty and assessments collected during the past year were as follows:

Semi-annual duty on circulation	\$1,410,331.84
Cost of redemption of notes by the United States Treasurer	131,190.67
Assessment for cost of plates, new banks	12,200.00
Assessment for cost of plates, extended banks	575.00
Assessment for examiners' fees, sec. 5240, Revised Statutes	130,725.79
Total	1,685,023.30

The following table is a comparative statement of taxes assessed as semi-annual duty on circulation, cost of redemption of notes, cost of plates, and examiners' fees for the past seven years:

Years.	Semi-annual duty on circula- tion.	Cost of redemption of notes by United States Treasurer.	Assess- ments for cost of plates, new banks.	Assessment for cost of plates, extended banks.	Assess- ment for examiners' fees (sec. 5240 R. S.).	Total.
1883	\$3,132,006.73	\$147,592.27	\$25,980.00	\$34,120.30	\$94,606.16	\$3,434,305.16
1884	3,024,668.24	160,896.65	18,845.00	1,950.00	99,642.05	3,306,001.94
1885	2,794,584.01	181,837.16	13,150.00	97,800.00	107,781.73	3,195,172.90
1886	2,592,621.33	168,243.35	14,810.00	24,825.00	107,272.83	2,907,172.51
1887	2,044,922.75	138,967.00	18,850.00	1,750.00	110,219.88	2,314,709.63
1888	1,616,127.53	141,141.48	14,100.00	3,900.00	121,777.86	1,897,046.87
1889	1,410,331.84	131,190.67	12,200.00	575.00	130,725.79	1,685,023.30
Total	16,614,662.43	1,069,888.58	117,935.00	164,920.00	772,026.30	18,739,432.31

The total tax collected from the national banks up to July 1, 1889, amounted to \$7,855,887.74 on capital, \$60,940,067.16 on deposits, and \$68,868,180.67 on circulation, making a total of \$137,664,135.57.

LOST OR UNREDEEMED BANK NOTES.

Section 6 of the act of July 12, 1882, provides that at the end of the three years from the date of the extension of the corporate existence of each bank, the association so extended shall deposit lawful money with the Treasurer of the United States sufficient to redeem the remainder of the circulation which was outstanding at the date of its extension. It also provides that any gain that may arise from the failure to present such circulating notes for redemption shall be for the benefit of the

44 REPORT OF THE COMPTROLLER OF THE CURRENCY.

United States, and that the new circulating notes to be issued in the place of the old shall bear such device as shall readily distinguish them from the circulating notes previously issued.

The Hon. John Jay Knox in his report as Comptroller for 1875 presented a table from data obtained from a series of reports of the superintendent of the bank department of the State of New York, exhibiting the amount of notes which had been issued to banks organized in that State, and the amount remaining at the expiration of the six years' notice required to be given by the banks before they were by law relieved from the obligation to redeem them. Returns were in this way obtained from 286 banks either incorporated or organized under the safety fund or the free banking system of the State of New York.

The maximum amount of circulation issued to them was \$50,754,514, and the amount of unredeemed circulation at the date of the report named was \$1,336,337, or 2.63 per cent. of the highest amount issued. The maximum amount of circulation issued to 30 State banks in the State of New York which are still in operation either as national or State associations was \$7,763,010, while the amount remaining unredeemed in October, 1875, was \$142,365, or only 1.83 per cent. of the highest amount issued. The amount of circulation issued to 240 State banks in Wisconsin was \$7,565,400; and the amount unredeemed was \$134,747, the percentage of unredeemed notes being 1.78 only. The maximum issue to 210 State banks in the six New England States was \$39,245,380, while the amount remaining was but \$792,767, the proportion of the latter to the former being 2.02 per cent. The returns from 332 State banks in New York, New Jersey, Delaware, and Maryland show their maximum circulation to have been \$65,664,176, while the amount unredeemed was \$1,707,428, and the percentage was 2.60. The percentage of unredeemed notes of 25 State banks in Ohio, having a circulation of \$2,196,381, was 2.79. The greatest amount of circulation of 707 State banks, in twelve States, was \$114,671,346, and the amount outstanding \$2,696,282, the proportion unredeemed being 2.40 per cent.

He said:

It is probable that, under the national system of redemption, the proportion of national-bank notes which will ultimately be redeemed is much greater than that of the State-bank notes under previous systems.

The highest amount of circulation issued to fifteen national banks which failed previous to 1870 was \$1,554,400, and the amount outstanding on November 1, 1883, was \$9,298, and the percentage unredeemed .6 per cent. of the amount issued. These notes had had a circulation of from five to six years only, which accounts for the small amount remaining outstanding. The highest amount of circulation issued to eight national banks which failed previous to 1873 was \$1,642,293, and the percentage was 1.47 per cent., and these notes had had a circulation of from four to nine years.

Tables were also given by him in his report for 1883 showing the figures in detail, from which the preceding figures are derived, giving the date of the organization of each bank, the circulation outstanding, and the percentage unredeemed in the years 1875, '78, '83. Other tables in the report and appendix gave further details as to the redemption of circulation of banks that had become insolvent or were placed in liquidation at various dates, the circulation of which had been outstanding for different periods prior to their insolvency or liquidation, with the percentage of notes remaining unredeemed at the date of the report. Mr. Knox further said in this report that—

The issues of Treasury notes of the series of 1869-1874 have not been so largely reduced by redemptions. The national-bank notes for years have done the work, while a considerable portion of the legal-tender notes have been held in the vaults as

reserve. These legal-tender notes held by the banks have recently been replaced by coin to a considerable extent, but the banks yet held on October 2, 1883, \$80,642,997. When these are assorted a considerable amount of the first three issues will be returned for redemption.

The highest amount of the first issue of legal-tender notes outstanding at any one time was \$449,497,222, on February 3, 1864. These notes were first issued on April 2, 1862, and the issue ceased on April 19, 1869. The amount outstanding and the amount redeemed since November 1, 1882, are shown in the following table, from which it will be seen that the amount outstanding on November 1, 1883, was \$11,473,855, being a percentage of 2.55 on the highest amount outstanding. The amount of Treasury notes payable in gold issued from July 17, 1861, to December 31, 1862, was \$60,000,000, in denominations of five, ten, and twenty dollars; and the amount remaining outstanding on the 1st of November last (1883) was \$58,800, the proportion unredeemed being a little less than one-tenth of 1 per cent.

The points to be considered in determining the amount of gain which will ultimately accrue to the Government from the issue of legal-tender notes, national-bank notes, and silver certificates are—

1. The length of time such redemption has continued;
2. The length of time any given series of notes had been in circulation before its redemption began; and
3. All the circumstances and law which might cause some peculiar use of the notes which would either hasten or retard their presentation for redemption.

As has been seen from that portion of Mr. Knox's report quoted in reference to the first three series of legal-tender notes, the use of these notes by the national banks for reserve greatly retarded their redemption.

The paper-money issues of the Government since 1861 are, even when in process of redemption, still in use. Legal-tender and national-bank notes of the earliest issues still pass current with those of the latest. There is no special incentive to return any of them for redemption, and the higher the credit of the Government the less the incentive. It is only as they become mutilated and unfit for circulation that the public return them to the Treasury. The notes of national banks, insolvent or in liquidation, being assumed by the Government, remain in circulation, the same as legal-tender notes or the notes of banks in operation.

This condition of things points to the conclusion that even the comparatively small percentages of unredeemed notes will be further reduced with the lapse of time, and that the ultimate amount remaining unredeemed will probably be less than the percentage of State-bank-note circulation.

The result of my investigations is that the percentage of ultimate loss upon unredeemed national bank or Treasury notes is even less than the estimate of Comptroller Knox, namely 1 to $1\frac{1}{2}$ per cent. of circulation for twenty years.

Tables of three groups of banks, prepared by my predecessor, are given, to which interesting data are added, for the purpose of comparison, a column showing the percentage of insolvent bank-notes remaining unredeemed November 1, 1889.

The following table shows the highest amount of circulation issued to 15 banks which failed prior to 1870, to 8 banks which failed prior to 1873, and to 17 banks which failed prior to 1876, with the amount of the circulating notes of each bank and group of banks outstanding November 1, 1889, and the percentages of the notes unredeemed to the total issued on November 1, 1875, 1878, 1883, and 1889. It also shows the total circulation issued to these banks, the total amount outstanding

46 REPORT OF THE COMPTROLLER OF THE CURRENCY.

November 1, 1889, and the percentages of notes unredeemed at the last-named dates :

Name and location of bank.	Date of organization.	Circulation.		Percentage unredeemed.			
		Issued.	Outstanding November 1, 1889.	1875.	1878.	1883.	1889.
First National Bank, Attica, N. Y.	Jan. 14, 1864	\$44,000	\$243	1.10	.79	.63	.55
Vepango National Bank, Franklin, Pa.	May 20, 1865	85,000	227	.73	.52	.37	.27
Merchants' National Bank, Washington, D. C.	Dec. 14, 1864	180,000	656	1.28	.81	.50	.36
First National Bank, Medina, N. Y.	Feb. 3, 1864	40,000	244	1.17	.78	.65	.61
Tennessee National Bank, Memphis, Tenn.	June 5, 1865	90,000	312	.99	.68	.50	.35
First National Bank, Selma, Ala.	Aug. 24, 1865	85,060	439	1.19	.81	.57	.52
First National Bank, New Orleans, La.	Dec. 18, 1863	180,000	1,165	1.55	1.18	.83	.65
National Unadilla Bank, Unadilla, N. Y.	July 17, 1865	100,000	230	.94	.51	.33	.23
Farmers and Citizens' National Bank, Brooklyn, N. Y.	June 5, 1865	253,900	1,155	1.05	.85	.64	.45
Croton National Bank, New York, N. Y.	Sept. 9, 1865	180,000	350	.82	.49	.29	.19
First National Bank, Bethel, Conn.	May 15, 1865	26,300	195	1.97	1.14	.80	.74
First National Bank, Keokuk, Iowa	Sept. 9, 1863	90,000	366	1.20	.75	.55	.41
National Bank of Vicksburg, Miss.	Feb. 14, 1865	25,500	67	1.88	.80	.46	.26
First National Bank, Rockford, Ill.	May 20, 1864	45,000	312	2.31	1.41	.84	.70
First National Bank of Nevada, Austin, Nev.	June 13, 1865	129,700	1,038	3.71	1.73	1.11	.80
Total and average percentage, 15 banks		1,554,400	6,999	1.39	.86	.60	.45
Ocean National Bank, New York, N. Y.	June 6, 1865	800,000	7,783	6.10	2.55	1.53	.97
Union Square National Bank, New York, N. Y.	Mar. 13, 1869	50,000	271	4.33	1.97	.91	.54
Eighth National Bank, New York, N. Y.	Apr. 16, 1864	243,393	2,628	5.43	2.41	1.47	1.08
Fourth National Bank, Philadelphia, Pa.	Feb. 20, 1864	179,000	1,400	5.88	2.74	1.41	.80
Waverly National Bank, Waverly, N. Y.	May 29, 1865	71,000	953	6.93	3.20	2.04	1.34
First National Bank, Fort Smith, Ark.	Feb. 6, 1866	45,000	485	6.20	2.61	1.41	1.08
Scandinavian National Bank, Chicago, Ill.	May 7, 1872	135,000	413	11.52	2.87	.83	.31
Wallkill National Bank, Middletown, N. Y.	July 21, 1865	118,900	1,340	10.05	3.48	1.88	1.13
Total and average percentage, 8 banks		1,642,293	15,273	6.70	2.66	1.47	.93
Crescent City National Bank, New Orleans, La.	Feb. 15, 1872	450,000	2,680	15.39	5.30	1.45	.60
Atlantic National Bank, New York, N. Y.	July 1, 1865	100,000	1,336	11.02	3.56	1.84	1.34
First National Bank, Washington, D. C.	July 16, 1863	450,000	8,441	32.80	7.85	3.28	1.88
National Bank of the Commonwealth, New York, N. Y.	July 1, 1865	234,000	3,518	38.05	7.73	2.59	1.50
Merchants' National Bank, Petersburg, Va.	Sept. 1, 1865	360,000	4,630	49.15	11.88	3.35	1.30
First National Bank, Petersburg, Va.	July 1, 1865	179,200	2,829	53.05	11.65	3.81	1.57
First National Bank, Mansfield, Ohio.	May 24, 1864	90,000	1,288	43.12	9.22	3.05	1.43
New Orleans National Banking Association, New Orleans, La.	May 27, 1871	360,000	5,500	30.97	7.79	2.22	1.53
First National Bank, Carlisle, Pa.	July 7, 1863	45,000	635	43.40	8.43	3.01	1.41
First National Bank, Anderson, Ind.	July 21, 1863	45,000	890	40.03	8.75	3.19	1.98
First National Bank, Topeka, Kans.	Aug. 23, 1866	90,000	1,296	54.17	9.99	3.24	1.44

REPORT OF THE COMPTROLLER OF THE CURRENCY. 47

Name and location of bank.	Date of organization.	Circulation.		Percentage unredeemed.			
		Issued.	Outstanding November 1, 1889.	1875.	1878.	1883.	1889.
First National Bank, Norfolk, Va.	Feb. 23, 1864	\$95,000	\$1,640	48.21	11.28	3.69	1.73
Gibson County National Bank, Princeton, Ind.	Nov. 30, 1872	43,800	370	13.77	17.64	2.98	.85
First National Bank of Utah, Salt Lake City, Utah.	Nov. 16, 1869	118,191	1,169	49.50	9.54	2.28	.99
Cook County National Bank, Chicago, Ill.	July 8, 1871	285,100	2,547	58.88	12.44	2.81	.90
First National Bank, Tiffin, Ohio	Mar. 16, 1865	45,000	1,184	65.07	12.85	4.28	2.63
Charlottesville National Bank, Charlottesville, Va.	July 19, 1865	146,585	2,680	95.00	23.37	5.91	1.83
Total and average percentage, 17 banks		3,136,876	42,624	41.81	9.76	2.91	1.36
Total and average percentage, 40 banks		6,333,569	64,896	23.06	5.79	1.98	1.02

It is quite possible that the low-loss rate exhibited by the first group may be exceptional, but no facts are disclosed which render such a result probable. On the contrary, the gradual reduction of the percentage seems to be uninterrupted, and may continue indefinitely. It is possible, if not probable, that the ultimate loss to note-holders, by reason of loss or destruction, will not exceed one-half of 1 per cent. of the total issue of the associations comprising the national system.

The highest amount of the first issue of legal-tender notes outstanding at any one time was \$449,479,222, on February 3, 1864. These notes were first issued on April 2, 1862, and the issue ceased on April 19, 1869. The amount outstanding and the amount redeemed since November 1, 1878, are shown in the following table, from which it will be seen that the amount outstanding on November 1, 1889, was \$8,124,926, being a percentage of 1.81 on the highest amount outstanding.

November 1—	Outstanding.	Redeemed during the year.	Percentage unredeemed.
1878	\$18,312,584		4.07
1879	16,271,277	\$2,041,307	3.62
1880	14,947,895	1,323,382	3.33
1881	13,833,300	1,114,595	3.08
1882	12,518,833	1,314,467	2.79
1883	11,473,853	1,044,980	2.55
1884	10,611,210	862,643	2.36
1885	9,926,815	684,395	2.21
1886	9,133,133	793,682	2.03
1887	8,736,412	396,721	1.94
1888	8,390,293	346,119	1.87
1889	8,124,926	265,367	1.81

The amount of demand Treasury notes, payable in gold, issued from July 17, 1861, to December 31, 1862, was \$60,000,000, in denominations of five, ten, and twenty dollars; and the amount remaining outstanding on November 1, 1889, was \$56,442.50, the proportion unredeemed being less than one-tenth of 1 per cent.

48 REPORT OF THE COMPTROLLER OF THE CURRENCY.

PLATES AND DIES.

Section 331 of the Revised Statutes of the United States, provides that—

There shall be assigned from time to time, to the Comptroller of the Currency, by the Secretary of the Treasury suitable rooms in the Treasury building for conducting the business of the Currency Bureau, containing safe and secure fire-proof vaults, in which the Comptroller shall deposit and safely keep all the plates not necessarily in the possession of engravers and printers, and other valuable things belonging to his department, etc.

Section 5173 of the Revised Statutes reads as follows:

The plates and special dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction. * * *

Section 5174 of the Revised Statutes further provides that—

The Comptroller of the Currency shall cause to be examined, each year, the plates, dies, but pieces (bad pieces), and other material from which the national-bank circulation is printed, in whole or in part, and file in his office annually a correct list of the same. Such material as shall have been used in the printing of the notes of associations which are in liquidation or have closed business shall be destroyed under such regulations as shall be prescribed by the Comptroller of the Currency and approved by the Secretary of the Treasury. The expenses of any such examination shall be paid out of any appropriation made by Congress for the special examination of national banks and bank-note plates.

The provisions of law above quoted set forth the duties of the Comptroller of the Currency so far as they relate to the custody and control of plates and dies used in printing notes for national banks, and were applicable to the conditions which existed prior to the erection and occupancy of the building where the engraving of the plates and the printing of the notes are now carried on. These plates are now necessarily deposited in vaults situated in the building occupied by the Bureau of Engraving and Printing, and it is unreasonable that the Comptroller of the Currency should still be in any sense held accountable for their safe keeping, while in fact it is a physical impossibility for him to have any oversight over them.

It is entirely proper that the Comptroller should still have access to them, and such control as will enable him to require the preparation of new plates, and to examine and inventory them, and destroy such as are no longer needed. No change in the law in this respect is necessary. It is, however, recommended that the Chief of the Bureau of Engraving and Printing, who is now, and has been for many years, the actual custodian of these plates and dies, be made also the legal custodian. The new plates are engraved and prepared in his bureau upon the requisition of the Comptroller of the Currency, and never pass out of the former's custody until they become useless by reason of wear or the closing of the association for which they were prepared, and then they are destroyed under rules provided for by law. The employé in charge of the vault where this property is stored is under the direction and control of the Chief of the Bureau of Engraving and Printing, and is borne upon his rolls. The Comptroller holds that the plates are "necessarily in the possession of engravers and printers."

It seems entirely proper, therefore, that existing conditions be recognized by legal enactment, and the responsibility be placed where the power resides.

LOANS.

The following table gives a classification of the loans of the national banks in each of the central reserve cities of New York, Chicago, and St. Louis, in other reserve cities classified in groups of four each, and

REPORT OF THE COMPTROLLER OF THE CURRENCY. 49

in the rest of the country at nearly the same dates in each of the last four years:

OCTOBER 7, 1886.

	No. of banks.	On United States bonds on demand.	On other stocks, bonds, etc., on demand.	On single name paper without other security.	All other loans.	Total.
New York.....	45	\$2,002,551	\$91,636,791	\$24,646,007	\$135,447,027	\$253,732,376
Chicago.....	15	85,900	10,663,006	12,593,921	32,058,515	55,401,342
St. Louis.....	5		1,028,430	355,373	8,201,968	9,675,771
Group No. 1, 4 cities*	123	258,210	36,617,888	33,499,662	168,072,545	238,448,305
Group No. 2, 4 cities*	40	69,005	7,440,098	6,239,954	35,235,704	48,984,761
Group No. 3, 4 cities*	32	325,339	7,715,715	7,958,224	38,967,756	54,967,034
Group No. 4, San Francisco*	2	10,000	304,737	2,157,857	886,241	3,358,835
Country†.....	2,590	563,717	41,008,812	110,677,534	626,849,753	779,099,816
Total.....	2,852	3,314,721	196,415,477	198,128,533	1,045,809,509	1,443,638,240

OCTOBER 5, 1887.

	No. of banks.	On United States bonds on demand.	On other stocks, bonds, etc., on demand.	On single name paper without other security.	All other loans.	Total.
New York.....	47	\$1,445,900	\$95,075,844	\$17,585,496	\$143,906,041	\$258,014,181
Chicago.....	18	500	10,821,735	15,498,986	34,754,972	61,076,193
St. Louis.....	5		1,182,214	279,603	8,920,936	10,382,753
Group No. 1, 4 cities*	126	56,805	37,717,725	32,464,759	177,884,888	248,124,177
Group No. 2, 4 cities*	41	60,430	7,710,369	6,111,182	35,568,827	49,450,807
Group No. 3, 4 cities*	35	48,400	8,087,222	7,887,689	43,232,749	59,256,060
Group No. 4, 4 cities*	21	7,500	1,117,443	8,213,092	27,287,885	30,165,920
Country.....	2,756	1,413,918	44,335,893	124,035,463	693,790,261	863,575,555
Total.....	3,049	3,033,453	206,048,445	212,076,270	1,158,887,479	1,580,045,647

OCTOBER 4, 1888.

	No. of banks.	On United States bonds on demand.	On other stocks, bonds, etc., on demand.	On single name paper without other security.	All other loans.	Total.
New York.....	46	\$2,132,159	\$108,466,001	\$28,626,295	\$153,271,026	\$292,495,481
Chicago.....	19	359,296	9,631,825	14,155,001	41,129,615	65,275,737
St. Louis.....	4		921,854	306,450	6,988,242	8,216,546
Group No. 1, 4 cities*	128	148,770	44,271,164	41,430,120	182,567,237	268,417,291
Group No. 2, 4 cities*	41	10,765	7,806,794	7,182,779	37,435,637	52,435,975
Group No. 3, 4 cities*	33	75,000	6,570,938	7,260,665	42,188,407	56,095,010
Group No. 4, 4 cities*	22	1,200	1,203,596	8,501,966	21,303,327	31,012,089
Country.....	2,847	577,484	42,586,172	135,967,639	721,806,861	900,938,156
Total.....	3,140	3,304,674	221,460,344	243,430,915	1,206,690,352	1,674,886,285

SEPTEMBER 30, 1889.

	No. of banks.	On paper with single name, unse- cured.	On paper with in- dorsers, oth- erwise un- secured.	On demand with U. S. bonds, oth- er bonds, stocks, or collaterals as security.	On time, with U. S. bonds, oth- er bonds, stocks, or collaterals as security.	Total.
New York.....	45	\$31,866,578	\$119,366,417	\$109,579,495	\$43,085,676	\$303,898,166
Chicago.....	20	15,947,708	51,275,073	12,702,779	12,455,515	72,381,075
St. Louis.....	5	806,900	7,863,935	1,846,621	2,897,770	13,475,246
Group No. 1, 4 cities*	129	43,237,334	145,457,842	54,280,694	43,847,643	286,823,504
Group No. 2, 4 cities*	43	8,308,283	29,328,014	9,770,705	12,056,470	59,463,472
Group No. 3, 4 cities*	33	8,618,618	39,473,615	8,337,056	6,419,197	62,848,516
Group No. 4, 4 cities*	23	9,051,215	16,140,667	3,432,808	7,661,230	36,285,921
Country.....	2,992	154,475,783	636,484,540	54,314,240	125,279,276	970,553,839
Total.....	3,290	272,372,410	1,025,390,153	254,264,398	253,702,777	1,805,729,739

* Group No. 1, Boston, Albany, Philadelphia, and Pittsburgh. Group No. 2, Baltimore, Washington, New Orleans, and Louisville. Group No. 3, Cincinnati, Cleveland, Detroit, and Milwaukee. Group No. 4, Kansas City, St. Joseph, Omaha, and San Francisco.

† Kansas City, St. Joseph, and Omaha were not reserve cities in 1886.

9460 CUR—4*

50 REPORT OF THE COMPTROLLER OF THE CURRENCY.

In the table below is given a full classification of the loans in New York city alone for the last five years:

Loans and discounts.	Oct. 1, 1885.	Oct. 7, 1886.	Oct. 5, 1887.	Oct. 4, 1888.	Sept. 30, 1889.
	44 banks.	45 banks.	47 banks.	46 banks.	45 banks.
On indorsed paper.....	\$114, 013, 775	\$121, 381, 380	\$115, 316, 625	\$117, 707, 044	\$119, 369, 404
On single-name paper.....	25, 331, 820	24, 646, 008	17, 585, 496	28, 626, 295	31, 866, 578
On U. S. bonds on demand.....	3, 286, 124	2, 002, 550	1, 445, 900	2, 132, 159	1, 124, 109
On other stocks, et., on demand.....	80, 687, 265	91, 636, 791	95, 075, 844	108, 466, 501	108, 258, 112
On real-estate security.....	215, 385	211, 432	146, 885	113, 494	201, 878
All other loans.....	13, 289, 229	13, 854, 215	28, 443, 431	35, 450, 488	43, 078, 085
Total.....	236, 823, 598	253, 732, 376	258, 014, 181	292, 495, 481	303, 898, 166

The subjoined tables bring forward to the latest date the usual summary of information as to the course of deposits and reserves since the act of June 20, 1874, went into effect. They show the amount of deposits and the state of the reserve at about October 1 of each year, in each central reserve city, in all the reserve cities, and in the States and Territories, with a general summary embracing all active national banks.

NEW YORK CITY.

Date.	No. of banks.	Net deposits.	Reserve required (25 per cent).*	Reserve held.		Classification of reserve.			
				Amount.	Ratio to deposits.	Specie.	Other lawful money.	Due from agents.	Redemption fund.
		Millions.	Millions.	Millions.	Per cent.	Millions.	Millions.	Millions.	Millions.
Oct. 2, 1874	48	204.6	51.2	68.3	33.4	14.4	52.4	.....	1.5
Oct. 1, 1875	48	202.3	50.7	60.5	29.9	5.0	54.4	.....	1.1
Oct. 2, 1876	47	197.9	49.5	60.7	30.7	14.6	45.3	.....	0.8
Oct. 1, 1877	47	174.9	43.7	48.1	27.5	13.0	34.3	.....	0.8
Oct. 1, 1878	47	189.8	47.4	50.9	26.8	13.3	36.5	.....	1.1
Oct. 2, 1879	47	216.2	52.6	53.1	25.3	19.4	32.6	.....	1.1
Oct. 1, 1880	47	268.1	67.0	70.6	26.4	58.7	11.0	.....	0.9
Oct. 1, 1881	48	268.8	67.2	62.5	23.3	50.6	10.9	.....	1.0
Oct. 3, 1882	50	254.0	63.5	64.4	25.4	44.5	18.9	.....	1.0
Oct. 2, 1883	48	266.9	66.7	70.8	26.5	50.3	19.7	.....	0.9
Sept. 30, 1884	44	255.0	63.7	90.8	35.6	63.1	27.0	.....	0.7
Oct. 1, 1885	44	312.9	78.2	115.7	37.0	91.5	23.7	.....	0.5
Oct. 7, 1886	45	282.8	70.7	77.0	27.2	64.1	12.5	.....	0.4
Oct. 5, 1887	47	284.3	71.1	80.1	28.2	63.6	16.1	.....	0.4
Oct. 4, 1888	46	342.2	85.5	96.4	28.2	73.9	22.1	.....	0.3
Sept. 30, 1889	45	338.2	84.5	84.9	25.1	59.1	25.6	.....	0.2
Average for 16 years ..	47	253.4	63.3	72.2	28.5	43.7	27.7	.....	0.8

CHICAGO.

Oct. 5, 1887	18	64.6	16.2	19.7	30.5	12.9	6.7	.....	0.05
Oct. 4, 1888	19	69.3	17.3	21.0	30.2	13.1	7.8	.....	0.05
Sept. 30, 1889	20	78.7	19.7	25.0	31.7	15.3	9.6	.....	0.05

ST. LOUIS.

Oct. 5, 1887	5	10.3	2.6	2.7	26.4	1.3	1.3	.....	0.03
Oct. 4, 1888	4	7.9	2.0	2.1	27.0	1.0	1.1	.....	0.02
Sept. 30, 1889	5	12.0	3.0	3.2	26.7	1.6	1.6	.....	0.01

*All in cash.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

51

RESERVE CITIES.*†

Date.	No. of banks.	Net deposits.	Reserve required (25 per cent.).	Reserve held.		Classification of reserve.			
				Amount.	Ratio to deposits.	Specie	Other lawful money.	Due from agents.	Redemption fund.
		<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Per cent.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Oct. 2, 1874	182	221.4	55.3	76.0	34.3	4.5	36.7	31.1	3.7
Oct. 1, 1875	188	223.9	56.0	74.5	33.3	1.5	37.1	32.3	3.6
Oct. 2, 1876	189	217.0	54.2	76.1	35.1	4.0	37.1	32.0	3.0
Oct. 1, 1877	188	204.1	51.0	67.3	33.0	5.6	34.3	24.4	3.0
Oct. 1, 1878	184	199.9	50.0	71.1	35.6	9.4	29.4	29.1	3.2
Oct. 2, 1879	181	288.8	57.2	83.5	36.5	11.3	33.0	35.7	3.5
Oct. 1, 1880	184	289.4	72.4	105.2	36.2	28.3	25.0	48.2	3.7
Oct. 1, 1881	189	335.4	83.9	100.8	30.0	34.6	21.9	40.6	3.7
Oct. 3, 1882	193	318.8	79.7	89.1	28.0	28.3	24.1	33.2	3.5
Oct. 2, 1883	200	323.9	81.0	100.6	31.1	26.3	30.1	40.8	3.4
Sept. 30, 1884	203	307.9	77.0	99.0	32.2	30.3	33.3	32.3	3.1
Oct. 1, 1885	203	364.5	91.1	122.2	33.5	42.0	34.9	42.4	2.9
Oct. 7, 1886	217	381.5	95.4	114.0	29.9	44.5	26.0	41.3	2.2
Oct. 5, 1887	223	338.5	84.6	100.7	29.7	36.3	23.2	40.0	1.2
Oct. 4, 1888	224	384.9	96.2	116.9	30.4	40.0	24.5	51.5	0.9
Sept. 30, 1889	228	419.0	104.8	121.9	29.1	37.8	26.7	56.7	0.6

* Reserve 25 per cent., one-half in cash.

† Includes Chicago and St. Louis up to October 5, 1887.

STATES AND TERRITORIES.*

Date.	No. of banks.	Net deposits.	Reserve required (15 per cent.).*	Reserve held.		Classification of reserve.			
				Amount.	Ratio to deposits.	Specie.	Other lawful money.	Due from agents.	Redemption fund.
		<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Per cent.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>
Oct. 2, 1874	1,774	293.4	44.0	100.6	34.3	2.4	33.7	52.7	11.9
Oct. 1, 1875	1,851	307.9	46.3	100.1	32.5	1.6	33.7	53.3	11.6
Oct. 2, 1876	1,853	291.7	43.8	99.9	34.3	2.7	31.0	55.4	10.8
Oct. 1, 1877	1,845	290.1	43.6	95.4	32.9	4.2	31.6	48.9	10.7
Oct. 1, 1878	1,822	289.1	43.4	106.1	36.7	8.0	31.1	56.0	11.0
Oct. 2, 1879	1,820	329.9	49.5	124.3	37.7	11.5	30.3	71.3	11.2
Oct. 1, 1880	1,859	410.5	61.6	147.2	35.8	21.2	28.3	86.4	11.3
Oct. 1, 1881	1,895	507.2	76.1	158.3	31.2	27.5	27.1	92.4	11.4
Oct. 3, 1882	2,026	545.8	81.9	150.4	27.5	30.0	30.0	80.1	11.3
Oct. 2, 1883	2,253	577.9	86.7	157.5	27.2	31.2	30.8	84.1	11.3
Sept. 30, 1884	2,417	535.8	80.4	156.3	29.2	35.2	30.9	79.7	10.5
Oct. 1, 1885	2,467	570.8	85.6	177.5	31.1	41.5	29.9	95.9	10.2
Oct. 7, 1886	2,590	637.6	95.6	186.2	29.2	47.8	30.1	99.5	8.7
Oct. 5, 1887	2,756	690.6	103.6	190.9	27.6	50.8	32.6	100.9	6.6
Oct. 4, 1888	2,847	739.2	110.9	209.8	28.4	50.2	34.5	119.0	6.2
Sept. 30, 1889	2,992	807.6	121.1	224.6	27.8	50.5	36.2	132.4	5.5

SUMMARY.

Oct. 2, 1874	2,004	719.5	150.1	244.9	34.0	21.3	122.8	83.8	17.1
Oct. 1, 1875	2,087	734.1	152.2	235.1	32.0	8.1	125.2	85.6	16.3
Oct. 2, 1876	2,089	706.6	147.5	236.7	33.5	21.3	113.4	87.4	14.6
Oct. 1, 1877	2,080	669.1	138.3	210.8	31.5	22.8	100.2	73.3	14.5
Oct. 1, 1878	2,053	678.8	140.8	228.1	33.6	30.7	97.0	85.1	15.3
Oct. 2, 1879	2,048	768.9	159.3	260.9	33.9	42.2	95.9	107.0	15.8
Oct. 1, 1880	2,090	968.0	201.0	323.0	33.4	108.2	64.3	134.6	15.9
Oct. 1, 1881	2,132	1,111.6	237.2	321.6	28.9	112.7	59.9	133.0	16.1
Oct. 3, 1882	2,269	1,118.6	225.1	303.9	27.2	102.8	72.0	113.3	15.8
Oct. 2, 1883	2,501	1,163.7	234.4	328.9	28.1	107.8	80.6	124.9	15.6
Sept. 30, 1884	2,664	1,098.7	221.1	346.1	31.6	128.6	91.2	112.0	14.3
Oct. 1, 1885	2,714	1,248.2	254.9	415.4	33.3	175.0	88.5	138.3	13.6
Oct. 7, 1886	2,852	1,301.8	261.7	377.2	29.0	156.4	68.7	140.8	11.4
Oct. 5, 1887	3,049	1,388.4	278.0	394.2	28.4	165.1	79.9	140.9	8.3
Oct. 4, 1888	3,140	1,543.6	311.9	446.2	28.9	178.1	90.1	170.5	7.6
Sept. 30, 1889	3,290	1,655.5	353.1	459.6	27.8	164.3	99.7	189.1	6.4

* Reserve 15 per cent., two-fifths in cash in bank.

52 REPORT OF THE COMPTROLLER OF THE CURRENCY.

In the preceding tables the specie held represents the aggregate of gold and silver coin and Treasurer's certificates and clearing-house gold certificates. A table will be found in the Appendix, page 156, showing the amount of each kind of coin and certificate held by the banks in each State and reserve city in October, 1888, and September, 1889.

MAKING OF LOANS WHEN RESERVE IS INSUFFICIENT.

Section 5191, Revised Statutes of the United States, provides that—

Whenever the lawful money of any association in any of the cities named shall be below the amount of 25 per centum of its * * * deposits, and whenever the lawful money of any other association shall be below 15 per centum of its * * * deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits until the required proportion, between the aggregate amount of its * * * deposits and its lawful money of the United States, has been restored.

This section originally required that the reserve be kept against both circulation and deposits. The act of June 20, 1874, repealed so much of the section as required a reserve to be held against circulation, leaving it to apply exclusively to deposits. The purpose of the section seems to be reasonably clear, but its language is somewhat ambiguous. It is difficult to understand how an association can "increase its liabilities by making new loans or discounts." This ambiguity has given rise to much correspondence, and the section should be so amended as to clearly express the duty of those charged with the management of an association which may be deficient in its legal reserve.

It was undoubtedly the purpose of those who framed the act to require such action on the part of the officers of banks so delinquent as would most speedily restore the required reserve and at the same time least incommode its customers. The discounting or purchasing of bills of exchange payable at sight was not forbidden, as it might seriously interfere with the shipment of commodities ready for delivery and under contract, or it might prevent the liquidations daily taking place by drafts against actually existing credits at commercial centers. Discounts and purchases of this class of paper would not permanently lock up any funds of the bank, but, on the contrary, would tend to facilitate its accumulating the reserve required. It seems clear, however, that funds should be called in from the sources most speedily available, whether that be from balances with banks other than reserve agents, paper maturing, or the sale of securities most readily marketable.

An association is in certain contingencies placed where the commands of the law are diametrically opposed. On the one hand it is commanded to maintain a certain percentage of reserve, and on the other it is required to pay its debts. The latter duty is unquestionably paramount. Having paid its debts at the expense of its reserve, however, it should proceed with all reasonable diligence to replace the deficiency, even though it thereby becomes unable to grant usual and ordinarily proper accommodations to its customers.

This matter should have proper consideration and the language of the law relieved from all ambiguity.

LIMITATION OF LOANS.

Section 5200 Revised Statutes of the United States, provides that the total liabilities to any association of any person, or of any company, corporation, or firm, for money borrowed shall at no time exceed one-

tenth part of the amount of the capital stock of such association actually paid in.

This restriction is a salutary one as applied to the majority of banks, and especially those in the smaller cities and villages, where very little commercial or business paper is offered for discount, and a large part of a bank's funds is employed in direct loans or invested in some form of accommodation paper. The anxiety to employ idle money and the importunities of local borrowers frequently lead bank officers to make excessive loans to certain favored customers, thereby incurring increased risk and doing a wrong to the regular customers of the bank, whose interests are subserved by an equitable and proper distribution. The limitations of the law can here be invoked, and the importunate borrower refused without offense.

In the larger cities, and especially at those points where grain and other products are largely marketed and stored, this restriction has proven irksome and unprofitable.

In the judgment of the Comptroller, an amendment to the law should be made which would base the present 10 per cent. limit upon capital and surplus. This should apply to all banks, and should be accompanied by a provision preventing an association from withdrawing any part of its surplus except upon approval of the Comptroller. In reserve cities this limit might be extended to 20 per cent. of capital and surplus, provided that every loan in excess of the 10 per cent. limit be authorized by action of the board of directors, duly recorded, and upon security of receipts for grain, cotton, or other staple products, issued by responsible warehouse and elevator companies.

The 20 per cent. limit might also be made to apply to loans secured by marketable bonds of the highest grade, to be selected by some competent supervisory agency. Loans upon United States bonds need no limitation.

It is claimed that loans in excess of the present limit are frequently unavoidable, and it is well known that in many cases careful and conservative bankers feel obliged to directly or indirectly ignore this provision of the law. All necessity for a course which tends toward the weakening of respect for all legal enactments should be done away with, so long as such a change is consistent with successful bank management.

SEMI-ANNUAL PUBLICATION OF REPORTS OF CONDITION.

Associations located in the reserve cities have long been very desirous of receiving more frequent information as to the condition of the banks with which they are in daily correspondence.

The second volume of the Comptroller's Annual Report to Congress now contains a detailed statement of the condition of each national bank as set forth in the report of condition called for on or about the first day of October in each year. It is proposed to issue a supplemental volume containing like information based upon the call made by this office for a date nearest to the first day of the following April.

Not only do the associations acting as reserve agents greatly desire this, but there seems to have been developed a very general feeling that such a publication is both practicable and necessary. As an evidence of this, the Comptroller begs leave to call your attention to the following preamble and resolutions passed by the American Bankers' Association at

54 REPORT OF THE COMPTROLLER OF THE CURRENCY.

the convention held at Kansas City, Mo., on the 26th day of September last:

Whereas it is manifestly desirable and to the interests of the bankers of the United States that more frequent reports of the condition of the national banks be published in book form by the Comptroller of the Currency; and

Whereas the tax upon the circulation of the national banks has created a surplus of earnings beyond the total expenses of the same since the organization of the office of the Comptroller of the Currency:

Resolved, That the Comptroller be requested to publish a detailed report showing the condition of all the national banks separately during the first half of each year, and take the proper steps to secure the necessary appropriation by legislation or otherwise.

Resolved, That a copy of these resolutions be sent to the Comptroller of the Currency and to the Secretary of the Treasury.

This request comes from an association representing banks organized under both national and State authority and private bankers, and is entitled to favorable consideration.

The Comptroller is decidedly in favor of the semi-annual publication of reports of condition. In order to do this, however, an increase in clerical force will be necessary, as well as an increase in the amount appropriated for printing and binding. It is estimated that the time necessarily employed in preparing the manuscript for the printers would be equal to the services of one clerk of class two for one year.

The cost of printing, binding, and folding an edition of 4,250 copies is placed at \$10,000. I recommend that the necessary appropriation be made.

EXAMINERS OF NATIONAL BANKS.

Examiners of national banks are appointed by the Comptroller of the Currency with the approval of the Secretary of the Treasury. No limitation is put upon the number who may be so appointed, no term of office is fixed, no territorial limits are established for the several so-called districts, neither is oath of office nor official bond required. The importance to which the office has now attained through a gradual process of evolution was not fully anticipated by the framers of the national-bank act. That portion of section 5240 of the Revised Statutes of the United States, which provides for their appointment, reads as follows:

The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall, as often as shall be deemed necessary or proper, appoint a suitable person or persons to make an examination of the affairs of every banking association, who shall have power to make a thorough examination into all the affairs of the association and, in doing so, to examine any of the officers and agents thereof on oath, and shall make a full and detailed report of the condition of the association to the Comptroller.

The office is created and its duties set forth in the section quoted, and no other provisions of law are applicable thereto except such as provide for compensation, its amount, and the manner of its assessment upon the several associations.

Under the authority contained in this brief section, examiners of national banks are appointed, commissioned, and directed in the discharge of their very important and delicate duties.

On October 31, 1889, the close of the year covered by this report, there were thirty examiners of national banks in the employ of this Bureau, and during the said year the sum of \$140,137.98 was paid to them as compensation. From this gross sum these examiners were required to pay all their expenses, including those paid out for traveling and hotel bills, which amount to a large sum, as the proper discharge of

their duties makes it necessary for them to be absent from their homes almost continuously during the entire year.

The office created by the section quoted is one of great and growing importance. The person selected for the position of examiner should be a man of intelligence, integrity, and experience. His habits and character should be such as to make him a welcome visitor to banks managed by officers most exacting in these regards. He should be firm as well as courteous, exacting proof without expressing doubt, and withal so discreet as to be safely trusted with the knowledge of those confidential relations existing between the bank and its customers. Upon occasions he must be firm, prompt, and self-reliant, not hesitating to assume grave responsibilities when the safety of an association is in jeopardy, or where the laws have been grossly and willfully violated. He should be capable of imparting information without seeming officious, and to so conduct himself at all times as to establish the most agreeable relations between the banks under his supervision and the Bureau of the Currency which he represents.

The report made upon the affairs of an association by a capable examiner is the chief medium through which the Comptroller arrives at a proper understanding of its financial condition, and upon which he bases his determinations as to criticisms to be made or remedies to be applied. A thoroughly capable corps of examiners goes far toward making the administration of the Comptroller a success. Without it, failure to a greater or less degree is inevitable.

The benefits derived from the visits of a competent examiner are, as a rule, fully appreciated by the managers of the associations themselves. This is evidenced by commendatory communications received by the Comptroller. In some cases increased compensation is voluntarily suggested. In others, more frequent visitations are solicited.

The friendly attitude above outlined seems to be more frequently assumed by banks possessing ample capital and transacting an extended business. In these cases the number of employés is great, and the opportunities for dishonesty and unfaithfulness multiplied. The chief officers of such an association are in a large degree prevented from personally supervising all the multifarious details which are necessary to the conduct of the business of our larger institutions. The presence, therefore, of the examiner, assisted by competent assistants, is very welcome to the officers responsible for the safety of the great interests committed to their care. The visitation is, of course, without notice, and the details of every branch are brought simultaneously under the scrutiny of experts.

It would seem, to one not in possession of the facts, that the board of directors, who ought to be in daily or at least weekly session, and upon whom is devolved by law the responsibility of management, would be the first to discover improper practices on the part of officers and clerks. The records of this Bureau, however, show that such is not the case. In almost every case where fraud, forgery, embezzlement, or theft has been found to exist the discovery has been made by the examiners whose only knowledge of the bank, its officers, clerks, customers, and affairs generally is acquired by annual or, possibly, semi-annual visits, and those of necessarily brief duration. Fortunately these gross violations of the law are comparatively infrequent in the national system. Losses by reason of them are quite large enough, and yet it would be a matter of great satisfaction to know, if it were possible, how much those actually occurring have been reduced by timely exposure, and how many have been entirely prevented by reason of the known

thoroughness of these unannounced visitations, and the reputed integrity and sagacity of the examiner.

This attempt to vindicate the utility of the work performed by the examiners of national banks has been made because of occasional criticism on the part of those usually well informed and evidently made in good faith. National banks, as a rule, are honestly, intelligently, and faithfully managed. This is evidenced by the success which has been so uniform and so long continued. For example, there have been only two cases of insolvency in the entire system during the year ended October 31, 1889, and those involve very small losses. This general condition of success, and the high character as a whole of those who have charge of the associations composing the system, tend to cause a feeling of unwarranted security. This success is not a matter of accident, neither is it an effect without an adequate cause. That cause should be sought for and its potency for good increased rather than diminished.

The laws regulating the system are undoubtedly wise, and admirably adapted to the end in view. Experience has demonstrated this. That they might be improved in some particulars all will admit; that the restraints imposed are in some exceptional cases irksome and apparently unnecessary, is quite true. Nevertheless, the changes which might prove salutary in one locality, would be very likely to work evil in another, so diversified are the interests involved in a system which covers a continent. The first step toward the success now achieved was taken when the national-bank act was passed, and upon its provisions as a foundation is reared the present noble superstructure. Law, however, is powerless for good without proper administration, and for this purpose the Bureau of the Currency was established. The Comptroller is, it is true, its chief executive, yet he must act through the agencies provided. Chief of all these agents are the examiners of national banks. That their visitations have been in any case productive of evil it would be hard to believe. That they are productive of no good may, in certain cases, be true. While they may not be necessary to the success of institutions conducted by trained bankers of unquestioned integrity and conspicuous ability, yet it is hard to imagine a case where thorough supervision and intelligent criticism are not productive of good. The competent and faithful clerk is sustained and encouraged by the knowledge that his work will meet the eye of one prepared to comprehend and commend its excellence. The inexperienced and the ignorant are educated, and the reckless and the unprincipled restrained through the medium of these inspections. That some bank officers look upon the work of the examiners as unnecessary and inquisitorial, is not to be wondered at.

Bank officers are not always obedient to the law. These are exceptional cases, but they are quite numerous enough. It is unfortunately true that the high sense of honor which is characteristic of bankers as a class, is conspicuously absent in the case of some officers in charge of national banking associations. They come into the system because of the confidence inspired by reason of the restraints imposed by the law, and then systematically proceed to disregard its restrictions and evade its requirements in a manner utterly at variance with that spirit of integrity and loyalty which should characterize the conduct of every man upon whom is devolved the administration of such sacred trusts.

By indirection every safeguard is broken down and ultimate security is sacrificed upon the altar of present gain. To such associations the examiner is unwelcome, just in proportion as he is competent and faith-

ful. Fortunately these cases are very rare. Their existence is reluctantly admitted and such conduct commented upon for the benefit of those well-managed and lawfully-conducted associations whose managers sometimes grow restive under friendly criticism, which seems to them to be technical and unprofitable. Conscious of the rectitude of their own conduct, and fully persuaded as to the trustworthiness of their entire force, they are repelled by a review of their work which is apparently predicated upon suspicion and distrust. To this class it is proper to say, that all law must be general in its application; that if any banks are examined all must be; that examinations must be made if the success of the system is to continue; that the value of the franchise they possess and prize is based upon the faithful administration of the law at all points. The interest of one association is the interest of every association. The success of any one adds to the confidence of the public in the trustworthiness of every other, and the failure of one takes from the value of the franchise of each of those which survive.

Obedience to the law is the talisman which may be trusted to avert discredit, and confidence can be established and retained only by a faithful adherence to those financial formulas which are the outgrowth of the experience of centuries, and are embodied, to a greater extent than anywhere else, in the laws under which the national banking system is now operating.

In some of the reserve cities the examiners are obliged to employ assistants. It would be quite impracticable for one person, no matter how rapid or skillful he might be, to properly examine one of the larger banks without aid. The law makes no provision for the appointment of assistants; hence they are now selected to act in the capacity of clerks, and are paid by the examiner such salaries as may be agreed upon. Although they are employed in a subordinate capacity it seems quite important that these assistants should be selected with as much care as is exercised in choosing the examiners.

It is due to the banks that any person put in charge of their cash or their securities, even temporarily, should be of such integrity and discretion as would fit him for permanent employment in any of the associations to be examined. His habits should be above criticism, and his sense of honor so high as to make it certain that none of the confidential matters developed by examinations would ever be improperly used. The law should be so amended as to provide for the appointment of assistants by the Comptroller, upon recommendation of the examiner. The Comptroller should also have power to fix their compensation, the same to be paid from the fees received by the examiner. Both the examiner and the assistant examiner should be required to take an oath of office, and give bonds for the faithful performance of their duties and for the proper disposition of the moneys and securities which may come into their possession.

LEGAL DECISIONS.

The Digest of National Bank Cases, presented in former reports, will be found in the Appendix, page 87, extended by the addition of the syllabi of decisions announced during the last twelve months under appropriate heads.

The incorporations in this Digest, as made from year to year, are mainly confined to an exhibition of such decisions of the higher courts as involve the application of principles affecting the statutory status of

58 REPORT OF THE COMPTROLLER OF THE CURRENCY.

national banks with respect to their powers and obligations. Questions involving points of law apparently unadjudicated, arising out of the affairs of active as well as insolvent banks, are being continually presented to the Comptroller for an opinion, and while he is not a judicial officer of the Government, litigation is sometimes averted through his arbitrament.

NATIONAL BANKS IN VOLUNTARY LIQUIDATION.

Sections 5220 and 5221 of the Revised Statutes of the United States are as follows :

SEC. 5220. Any association may go into liquidation and be closed by the vote of its shareholders owning two-thirds of its stock.

SEC. 5221. Whenever a vote is taken to go into liquidation it shall be the duty of the board of directors to cause notice of this fact to be certified, under the seal of the association, by its president or cashier, to the Comptroller of the Currency, and the publication thereof to be made for a period of two months in a newspaper published in the city of New York, and also in a newspaper published in the city or town in which the association is located, or if no newspaper is there published, then in the newspaper published nearest thereto, that the association is closing up its affairs, and notifying the holders of its notes and other creditors to present the notes and other claims against the association for payment.

Originally the statutes provided that at any time after the expiration of one year from the publication of notice, an association might pay to the Treasurer of the United States the amount of its outstanding notes in lawful money of the United States and take up the bonds which it had on deposit with the Treasurer as security for such circulating notes, leaving the bank to choose whether it would then take up its bonds or not. In 1868 and 1869 the attention of Congress was called to the fact that under this provision an association might go into liquidation, pay its depositors and creditors, and while it could do no business, nor have an existence as a bank of discount and deposit, yet it might reap the benefits of a circulation which would remain outstanding for a considerable length of time beyond the expiration of the year during which note-holders were supposed to present their notes for redemption.

The statutes were amended by an act approved July 14, 1870, in this particular by requiring that within six months from the date of the vote to go into voluntary liquidation the association should deposit lawful money sufficient to redeem all its outstanding circulation, excepting associations winding up their affairs in good faith for the purpose of consolidating with other associations. Another important amendment was that giving the Comptroller of the Currency power to sell the bonds of an association upon failure to make the required deposit of lawful money within thirty days after the expiration of the prescribed period of six months.

The effect of these changes in the law was to more rapidly take the notes of these associations out of circulation and to relatively improve the appearance and condition of the whole body of circulating notes, and this effect was greatly increased by the passage of the act of June 20, 1874, which made it the duty of the Treasurer, assistant treasurers, designated depositaries, and national-bank depositaries of the United States to assort and return to the Treasury for redemption the notes of such national banks as had failed or gone into voluntary liquidation, and of such as thereafter failed or went into liquidation. Redemptions of notes of liquidating banks, which in 1870 amounted to less than \$65,000, rose to \$1,226,000 in the year following the approval of the Act of July 14, and to \$2,570,000 in 1873.

POWER OF THE COURTS TO APPOINT RECEIVERS FOR BANKS IN VOLUNTARY LIQUIDATION.

On page 69 a tabulated statement will be found accounting for all liquidating banks which have passed out of the system, and it will be noticed that out of 551 which passed out for the purpose of liquidating their affairs 9 were afterward placed in the hands of receivers by the Comptroller. In several of these cases some friction arose out of the question as to whether or not State authorities had the power to appoint receivers for national banks which had once passed beyond the Comptroller's supervision. The appointment of receivers for these liquidating banks by the Comptroller seems to have resulted from an exhibition of the fact that they were inchoately insolvent and unable to pay their creditors, or in one or two instances became insolvent through the recovery by judgment creditors of specific assets supposed to belong to the bank, the true ownership having been developed by proceedings in equity.

In 1873 it was held by the circuit court, northern district of Illinois (*Irons v. The Manufacturers' National Bank*, 6 Biss., 301), that in cases not within the special provisions of the national banking act a national bank might be proceeded against in the same manner as any other debtor or corporation. The Manufacturers' National Bank had gone into voluntary liquidation, and an exhibit filed in court by certain creditors disclosed the fact that application had been made to the Comptroller of the Currency for the appointment of a receiver, but inasmuch as the bank had deposited lawful money, released its bonds, and all relations between the bank and the Bureau of the Currency had ceased from that time, the Comptroller was of the opinion that he had no authority to appoint a receiver. The court took this view of the matter. In a later case the circuit court, western district of Tennessee (*Wright v. Merchants' National Bank*, 1 Flippin, 561), subjected the former opinion to modification by saying that in the absence of action on the part of the Comptroller of the Currency the court had the power to appoint a receiver upon the application of a judgment creditor, subject possibly to his being superseded by the action of the Comptroller. It has also been held that where a national bank is insolvent and in process of voluntary liquidation, and its affairs are being greatly mismanaged by its managing agents, to the injury of its creditors and stockholders, and some of the creditors and stockholders are being favored to the injury of others, a receiver may be appointed at the instance of one of the stockholders not favored, and a provisional receiver may be appointed in such a case, even where the bank only has been made a defendant. (*Elwood v. First National Bank, Kansas* 21, p. 673).

It appears that Congress did not by the Act, June 30, 1876, leave the Comptroller authority over the assets of a national bank which has gone into voluntary liquidation, after a court of competent jurisdiction has, under a creditor's bill, appointed a receiver and taken possession of the assets, and instituted proceedings to enforce the liability of shareholders. Where a creditor's bill is pending under said act to enforce the liability of stockholders an action brought by the Comptroller against one of the stockholders will be abated. (*Harvey v. Lord*, 10 Fed. Rep., 236.)

Experience in the supervision of the affairs of insolvent banks has developed the fact that in almost every case assets have been overvalued or have depreciated in value, and this is probably equally true of

60 REPORT OF THE COMPTROLLER OF THE CURRENCY.

the assets of banks in voluntary liquidation. Appreciation or depreciation of assets is, however, not necessarily considered after depositors and creditors have been paid in full, for then all remaining assets belong to the stockholders, who become in a stricter sense the members of a private corporation whose duty is only to themselves.

A single case will illustrate the result of permitting a bank to pass beyond the Comptroller's supervision before the depositors and creditors are paid in full. In 1888 the stockholders of a bank took the proper steps required by the statutes as prerequisite to placing the bank in voluntary liquidation. Its report of condition and that of the national-bank examiner on near dates to that of the resolution of the stockholders in pursuance of the provisions of section 5220 indicated that the bank was in good condition and unquestionably solvent. Soon after the doors were closed to banking business it appeared that the bank was in fact hopelessly insolvent, and it was charged that the directors of the association abandoned the assets and funds to certain officers of the bank, who distributed them among particular persons in such a manner as to cause a deficit in the amount due depositors represented by a large sum of money. The courts have held with respect to the continuity of corporate entity that proceedings in conformity with the by-laws should continue as if the bank were an active concern, yet in this case no meetings appear to have been held by the directors, special or annual, and neither depositors nor stockholders were able to obtain satisfactory information with respect to the condition of affairs. The president and cashier of the bank absconded, and it is charged that they embezzled a considerable part of the funds of the bank by the sufferance, permission, and connivance of the directors. Some of the creditors filed a bill in equity in a federal court to enforce the individual liability of the stockholders, and the court appointed a receiver, who instituted legal proceedings against the directors for damages occasioned by their mismanagement of the affairs of the bank. No application was made to the Comptroller by any of the depositors for the appointment of a receiver, as it was possibly regarded as useless, and the situation was not known to him until after an appointment had been made by the court. It is obvious that in such cases depositors are almost defenseless, the damage always preceding a discovery by them, and that if the Comptroller's supervision had been continuous, with authority to create a receivership under wise provisions of law establishing a limit of time within which all creditors must be paid, and an uninterrupted authority to examine into the affairs, the prolonged peculations of the dishonest managers might have been prevented and the depositors saved harmless.

Leaving the question untouched as to whether or not the Comptroller has authority to take cognizance of the affairs of a liquidating bank in any way, it seems reasonable to assume that when he is convinced on information that such a bank is unable to pay its depositors and creditors in full, its condition being that of insolvency, the courts would not seriously oppose action by the Comptroller; for, if it were otherwise, dishonest managers might consider it for their interests to attempt deceptions as to the true condition of an association, misleading the Comptroller as well as the stockholders, and throw the bank into voluntary liquidation so as to escape governmental supervision of the assets and possible resultant criminal prosecution by the Department of Justice.

In the total absence of anything to the contrary in the statutes, however, it seems to have been the intention of Congress to permit an association to liquidate its own affairs without the interference or supervision of the Comptroller, and therefore no preliminary action was made

obligatory except such as was deemed necessary for the protection of note-holders and the redemption of outstanding circulation. Reports of condition are not required, and neither advice nor suggestion is sought for from the Comptroller, nor offered by him, as to the methods adopted by the management to close the affairs of the association, and so far as official record is concerned the association, except as to past history, is as completely blotted out as if it had never existed. Notwithstanding the silence of the statutes in this matter, it is obvious that no other than a solvent association should be permitted to avail itself of the privilege of liquidating its own affairs, for otherwise creditors would be deprived of that protection which grows out of an intelligent and economical governmental supervision, no pecuniary interest of the Government being involved.

Complaints are not infrequent from stockholders that the management of a liquidating bank is incompetent or guilty of irregularities with respect to remaining assets, and the Comptroller is requested to instruct a national-bank examiner to take charge of the bank, or to examine and report. It sometimes happens that full control of assets is obtained by a few individuals or even a single person, and creditors and stockholders are persistently refused satisfactory information with respect to their individual interests. Sometimes depositors have been induced to accept in settlement of their accounts shares of stock or certificates of deposit issued by a corporation organized in the meantime under State statute in which certain affairs of the liquidating national bank have been purposely merged, and a call is made upon the Comptroller to remedy the evils. To all such applications it can only be said that nothing can be found in United States statutes giving the Comptroller authority to interpose in such cases, and that a remedy can only be applied through the action of local courts.

Recurring to the language of section 5220 it will be seen that the power to place a national bank in voluntary liquidation resides absolutely with the stockholders, a two-thirds vote being sufficient, and that the statutes give the Comptroller no expressed authority to either approve or disapprove of the proceeding. If the Comptroller may use discretion when occasion seems to require, such power is latent and its existence only to be inferred. In the past the circumstances connected with certain cases have justified the application of this implied authority for the protection of depositors and creditors, and an association insolvent in fact has been prevented from liquidating its own affairs while stockholders have been permitted to raise funds to make good a deficit, pay depositors and creditors in full, and then go into voluntary liquidation.

Lapse of time alone develops the applicability of remote statutes to modern conditions and their sufficiency. Experience with newly created or modified conditions, not provided for and requiring legislative enactment, is the only safe guide to what is wise, prudent, or necessary. A careful estimate of statutory law relating to national banks in voluntary liquidation both with respect to the past and in anticipation of the future leads to the irresistible conclusion that in order that the system may be improved and the security of creditors increased (sec. 333, R. S. U. S.) Congress should amend the national-bank act in the following important particulars:

- (1) The Comptroller should be authorized to cause a special examination of a bank upon receiving the required notice of voluntary liquidation whenever deemed necessary, and should have authority to withhold his approval of voluntary liquidation whenever, in his judgment,

62 REPORT OF THE COMPTROLLER OF THE CURRENCY.

the bank is not in a solvent condition, and able to pay its creditors and depositors within a specified period of time.

(2) A certain and limited period of time should be fixed within which all creditors must be satisfied, in default of such satisfaction a receiver to be appointed in the discretion of the Comptroller.

(3) Monthly reports of condition under oath should be sent to the Comptroller or oftener as he may require, until depositors and creditors are satisfied in full, notice of which should also be sent to the Comptroller under oath.

(4) The Comptroller should be authorized to appoint a receiver at any time before the claims of depositors and creditors are satisfied upon application of creditors, or stockholders who are also creditors, if after an examination the interests of depositors and creditors in his judgment demand such action.

RECEIVERSHIPS.

Under the provisions of the national-bank act, approved June 3, 1864, the Comptroller is authorized to place the affairs of a solvent national bank in the hands of a receiver for failure to restore capital which has become impaired, to make good a deficiency in required reserve, to sell shares of its own stock taken for debt, to redeem its circulating notes, for certifying checks unlawfully, and in subsequent acts for refusal to pay judgments obtained in the courts, for violations of any of the provisions of the national-bank act, and whenever in the judgment of the Comptroller a bank apparently solvent is in an insolvent condition.

The duties of a receiver and the supervisory powers of the Comptroller are prescribed in general terms which govern and command a large field of practical operation, embracing almost every question which arises out of commercial law. The Comptroller appoints a receiver and sustains a relation to a trust similar to that of a State court to local cases of trusts, bankruptcy, or insolvent estates controlled by State statute. This relation is created at the moment when compulsory action is necessary with respect to a solvent association, as well as when an overt act of insolvency is committed by the management of a bank, such as the closing of the doors to business, failure to redeem the notes of the bank, etc.

Under existing law the entire amount of bonds on deposit to secure the circulating notes of an association would be forfeited to the United States if such association failed to redeem its notes within thirty days after notice of refusal to redeem had been received by the Comptroller, but as such notes issued, as they are, on deposits of United States bonds never exceed 90 per cent. of the par value of the bonds, and as these bonds have been marketable at a premium on all dates since the establishment of the national banking system, no case has occurred where the failure of a national bank to redeem its notes has been the actual cause for placing its affairs in the hands of a receiver.

The statutes provide that when certain conditions exist the Comptroller may forthwith appoint a receiver, but there is necessarily an interval of time before a permanent appointment, at least, can be judiciously made, for sometimes a prudent selection from among local residents is impracticable, and geographical distances and localities are inimical to an accurate knowledge of the financial condition of communities or of local values. For these reasons, and in view of the obstacles presented to the immediate appointment of a receiver, not

only by remoteness of locality, but by dissimilarity in either business customs or local usages, the temporary services of a national-bank examiner become necessary to the proper conduct of such affairs of a bank as require prompt attention. If the immediate appointment of a receiver were peremptory, and the courts should hold that an association could not be permitted under present law to resume business after its affairs had once been placed in the hands of a receiver, however temporary his incumbency, much injury to creditors as well as stockholders might result, as it sometimes happens that temporary embarrassment, caused by defalcation of officers or depreciation of values precipitating an overt act of insolvency, is overcome through the efforts of energetic stockholders who, by voluntary assessment or the assumption of individual responsibilities, place the bank upon a firmer footing than before. Two cases of this character occurred during the past year, and it is gratifying to refer to the fact that the directors promptly made sacrifices in the interests of depositors and creditors to save the associations from receiverships, and to predict that the lesson taught as the result of their inattention to the affairs of the banks and the operations of their officers will in both cases effectually prevent future embarrassment or disaster.

The examiner's position while in charge of the affairs of an insolvent association is one of delicacy. His powers are circumscribed, but there are responsibilities which he must assume in order to protect the interests of all concerned which arise out of matters of immediate and great moment, for all the cash and other assets are in his sole charge as well as moneyed interests of persons or corporations having dealings with the bank, but in no way indebted to it. He can neither institute nor defend suits, nor can he make settlements, recognize, allow, or compromise claims, but he must, by a speedy, intelligent, and thorough examination of a complicated mass of affairs, which is generally found to exist after a failure occurs, place himself in a position to determine questions affecting those whose interests would be jeopardized or perhaps rendered valueless by delay. He must be prompt and efficient in discovering criminal violations of law by officers or directors, and promptly place an officer of the Department of Justice in possession of facts upon which arrests may be made or indictments found.

As the number of national banks is increased from year to year by new organizations, the labor incidental to the supervision of insolvent trusts is proportionately augmented, and while the ratio of failures is not determinable by any fixed rule, the affairs of receiverships command more and more of the Comptroller's attention and that of subordinates possessing particular knowledge of special branches of the law and the faculty of applying business principles to assist receivers in solving the many and constantly increasing questions of compromises and settlements involving law, facts, or equity, so that unnecessary and expensive litigation may be averted and the interests of creditors remain unimpaired. Receivers are required to make quarterly reports of the condition of their respective trusts in detail, all collections and disbursements being accounted for, the latter, except in small matters of current expenses, having primarily received the approval of the Comptroller.

In the earlier history of the national banking system a proper supervision by the Comptroller was as important as it is now, but the growth of the system, with consequent increase of failures and adjudications by the courts, increasing in number and varying in character, have neces-

64 REPORT OF THE COMPTROLLER OF THE CURRENCY.

sarily brought the Comptroller into closer connection with the details of receiverships, to the end that equal justice may be done to depositors and creditors, whatever the locality of the trust may be.

While Congress has provided in general terms for the conduct of receiverships, and the methods by which their affairs are to be wound up, the necessity of a proper provision in this connection with respect to the clerical organization connected with the creation of the Bureau of the Currency seems to have been overlooked, and the clerical labor involved in the supervision of the affairs of receiverships has been performed by those whose compensation has not been commensurate with the responsibilities.

FAILED BANKS.

Two national banks, with an aggregate capital of \$250,000, were placed in the hands of receivers during the year, as shown in the following statement. In one case creditors have received 75 per cent. of the principal, and in the other case 30 per cent. The causes of failure are commented upon below.

STATEMENT OF FAILED BANKS, THEIR SURPLUS AND LIABILITIES ACCORDING TO LAST REPORT OF CONDITION.

Name and location of banks.	Date of authority to commence business.	Date of failure.	Receiver appointed.	As shown at date of last report of condition in each case.			
				Capital.	Surplus and undivided profits.	Other liabilities.*	Date of last report of condition.
California National Bank, San Francisco, Cal.	Nov. 23, 1886	Dec. 17, 1888	Jan. 14, 1889	\$200,000	\$26,668	\$443,560	Oct. 4, 1888
First National Bank, Anoka, Minn.	Oct. 21, 1882	Apr. 6, 1889	Apr. 22, 1889	50,000	4,983	108,551	Feb. 26, 1889
Total.....				250,000	31,651	552,111	

*Total as per report, except capital, surplus, circulation, undivided profits, and unpaid dividends.

The California National Bank of San Francisco, Cal., closed its doors December 17, 1888.

There appears to have been from the organization of the bank a lack of harmony and a diversity of opinion among the officers and directors, causing at times considerable contention with respect to the management of the bank's affairs.

The cashier on various occasions usurped authority vested only in the board of directors, rendering the bank liable for the payment of kiting drafts representing large sums of money, which were practically squandered in railroad, coal mining, and mercantile enterprises. These kiting drafts were drawn on correspondents in New York City, and were carried as cash on the books of the bank. Doubtful and worthless paper had accumulated until about one-half of the capital stock was thus represented.

Early in December some of the irregularities were discovered, and at a meeting of the board of directors, held December 10, the cashier was suspended. Shortly afterward one of the drafts referred to was protested, and this, together with the collapse of a mercantile enter-

prise, the proprietor of which was a large debtor to the bank, and whose acceptances in some cases turned out to be forgeries, were the immediate causes of suspension.

A dividend of 65 per cent. was distributed among the creditors within ninety days after the appointment of a receiver, and since then 10 per cent. more has been paid, making 75 per cent. in all up to November 1.

The First National Bank of Anoka, Minn., did not open its doors for business after the usual hour for closing April 6, 1889.

The bank was wrecked by and through the dishonesty of the cashier, who used his position as an officer of the bank, and also the name of the bank, to furnish the means for the purpose of carrying on speculations in wheat, lumber limits, and real estate. On the evening of the 5th it was surmised that the cashier had absconded, and the national-bank examiner being in the place was requested to take charge. During the following day it was not only discovered that the cashier had fled to Canada, but that he had taken with him about \$15,000 in cash which had been obtained by overdrawing accounts with correspondent banks, and had also endorsed the bank's name on paper representing more than double that amount, of which there was no record on the books. Besides this, he had obtained possession of his bond as cashier, upon which there were twelve sureties, no copy or list being in existence.

One dividend, amounting to 30 per cent., has been paid to the creditors of the bank.

During the year legal proceedings were instituted for the forfeiture of the charter of the Commercial National Bank of Dubuque, Iowa, under the provisions of section 5239, Revised Statutes of the United States, a suit against directors for damages to follow. The result has been delayed because the court held that the information should show by proper averment that some act or transaction in violation of the provisions of the title was done, and that the directors were either the doers thereof or knowingly permitted it to be done. The effect of this opinion was to introduce in the first stage of proceedings the question of innocence or guilt of directors individually or collectively for the doing of a specific act or acts or knowingly permitting the same to be done, for which it was sought to hold them liable in their personal and individual capacity. If this is a proper construction of the statutes, and preliminary proceedings for forfeiture of the charter should develop and fasten the liability, a separate action seems to be necessarily confined to the ascertainment of the amount of damages.

As will be seen elsewhere, the creditors of the Lancaster National Bank of Clinton, Mass., have received the principal of their claims in full. The largest claim against the trust was represented at the date of failure by the receivers of the Lancaster Savings Bank, three in number, who were winding up the affairs of that institution under the auspices of the court. The absconding president of the national bank was one of the receivers, and subrogated to his own use a considerable part of the savings-bank funds on deposit in his bank.

Questions of law and fact at once arose with respect to the liability of the trust, and as to what vested authority one of the savings-bank receivers possessed in acting for his colleagues in the matter of withdrawing trust funds. Preliminary findings of a referee and decisions of the lower courts being unfavorable to the national bank, and assets proving sufficient to pay 100 per cent. on all claims, the matter was compromised under order of the court by the payment of a fixed sum not quite equal to the amount originally claimed.

66 REPORT OF THE COMPTROLLER OF THE CURRENCY.

The affairs of four national banks have been closed during the past year and final dividends have been paid to their creditors.

Name and location of bank.	Date of appointment of receiver.	Total dividends on principal.	Proportion of interest paid.
		<i>Per cent.</i>	<i>Per cent.</i>
Second National Bank, Xenia, Ohio.....	May 9, 1888	100	100
People's National Bank, Helena, Mont.....	Sept. 13, 1878	40.7285	-----
Hot Springs National Bank, Hot Springs, Ark.....	June 2, 1884	100	100
Henrietta National Bank, Henrietta, Tex.....	Aug. 17, 1887	100	100

Out of 4,148 national banks organized since February, 1863, only 130, or about 3.13 per cent., have been placed in the hands of receivers; this includes 9 which had been previously placed in liquidation by their stockholders, but upon their failing to pay their depositors the Comptroller appointed receivers to wind up their affairs. Of the 130 failed banks, 30 have paid creditors in full, principal and interest; 6 have paid principal and a part of the interest, and 13 have paid the principal only. The affairs of 94 of the 130 banks have been finally closed, leaving 36 in process of settlement, of which 8 are virtually closed, with the exception of pending litigation, leaving 28 receiverships in active operation.

The total amount so far paid to creditors of insolvent national banks has been \$35,090,572 upon proved claims amounting to \$53,374,660. The amount paid during the year has been \$1,706,447, besides \$356,674 paid for dividends declared prior to November 1, 1888, on claims proved since that date. Assessments amounting to \$14,125,350 have been made upon stockholders of insolvent national banks under section 5151 of the Revised Statutes of the United States. From this source the gross collections amount to \$6,127,137, of which there has been received during the past year \$780,966. Suits are pending in some cases.

In the Appendix, page 200, a table will be found, showing, under various heads, amounts collected from the assets of each of the 130 insolvent national banks, the amounts disbursed, and the purpose. All moneys and assets are accounted for, and the figures supply all information necessary to the ascertainment of percentages and loss.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

DIVIDENDS, TWENTY-NINE IN NUMBER, PAID TO CREDITORS OF INSOLVENT NATIONAL BANKS DURING THE PAST YEAR, WITH THE TOTAL DIVIDENDS IN EACH CASE, UP TO NOVEMBER 1, 1889.

Name and location of bank.	Date of appointment of receiver.	Dividends paid during the past year.			Total dividends paid depositors.	Proportion of interest paid depositors
		Date.	Amount.	Per cent.		
Lowell National Bank, Lowell, Mich.	Sept. 19, 1888	Dec. 1, 1888	\$35,893.25	40.	<i>Per cent.</i> 40.	<i>Per ct.</i>
Do.		Apr. 20, 1889	45,166.57	50.	90.	.....
First National Bank, Auburn, N. Y.	Feb. 20, 1888	Dec. 17, 1888	76,597.04	10.	35.	.....
Do.		Feb. 19, 1889	39,433.51	5.	40.	.....
Do.		Mar. 27, 1889	39,542.18	5.	45.	.....
State National Bank, Raleigh, N. C.	Mar. 31, 1888	Dec. 20, 1888	31,072.50	10.	30.	.....
Do.		Feb. 16, 1889	32,307.45	10.	40.	.....
Do.		June 3, 1889	16,303.23	5.	45.	.....
Second National Bank, Xenia, Ohio.	May 9, 1888	Dec. 29, 1888	68,387.16	20.	100.	100
First National Bank, Corry, Pa.	Oct. 11, 1887	Jan. 31, 1889	43,502.61	25.	75.	.....
First National Bank, Buffalo, N. Y.	Apr. 22, 1882	Feb. 5, 1889	4,473.45	.50	43.50	.....
People's National Bank, Helena, Mont.	Sept. 13, 1878	Feb. 12, 1889	1,189.72	.7285	40.7285	.....
First National Bank, Bozeman, Mont.	Sept. 14, 1878	Feb. 12, 1889	403.65	.575	98.925	.....
National Bank of Sumter, S. C.	Aug. 24, 1887	Feb. 18, 1889	15,067.86	20.	100.	.....
Lancaster National Bank, Clinton, Mass.	Jan. 20, 1886	Mar. 22, 1889	34,316.25	20.	90.	.....
Do.		Oct. 15, 1889	17,158.07	10.	100.	.....
First National Bank, Livingston, Mont.	Aug. 25, 1884	Apr. 1, 1889	5,264.41	20.	95.	.....
Henrietta National Bank, Henrietta, Tex.	Aug. 17, 1887	Apr. 20, 1889	12,502.75	10.	100.	100
California National Bank, San Francisco, Cal.	Jan. 14, 1889	Apr. 27, 1889	292,882.23	65.	65.	.....
Do.		Aug. 31, 1889	45,182.71	10.	75.	.....
Pacific National Bank, Boston, Mass.	May 22, 1882	May 3, 1889	47,942.14	2.	57.	.....
Mechanics' National Bank, Newark, N. J.	Nov. 2, 1881	May 10, 1889	129,678.95	4.885	66.135	.....
Do.		June 22, 1889	33,694.58	1.27	67.405	.....
Fidelity National Bank, Cincinnati, Ohio.	June 27, 1887	June 15, 1889	388,280.84	10.	35.	.....
Hot Springs National Bank, Hot Springs, Ark.	June 2, 1884	June 29, 1889	3,285.50	9.	100.	100
Fifth National Bank, St. Louis, Mo.	Nov. 15, 1887	Aug. 5, 1889	108,601.75	10.	90.	.....
First National Bank, Albion, N. Y.	Aug. 26, 1884	Oct. 1, 1889	109,959.22	28.50	28.50	.....
Richmond National Bank, Richmond, Ind.	July 23, 1884	Oct. 8, 1889	7,317.23	2.	73.	.....
First National Bank, Anoka, Minn.	Apr. 22, 1889	Oct. 14, 1889	21,040.68	30.	30.	.....
Total			1,706,447.49			

68 REPORT OF THE COMPTROLLER OF THE CURRENCY.

INACTIVE RECEIVERSHIPS.

A number of banks remain in the hands of receivers, the affairs of which have been practically liquidated, the receiverships being kept open because of pending suits or the possession of assets which can not be readily disposed of, but which ought not to be sacrificed. In such cases expenses are reduced to the lowest possible figure, the receiver being compensated for actual services only as a rule. The receiver's incumbency is perpetual, subject only to revocation of commission, resignation, or death, as it is not the practice to formally release him from responsibility, even though the affairs of a trust are finally closed.

On a few occasions assets of a trust have been discovered or unexpectedly realized upon some time after the close of a receivership. In such cases the services of a receiver may be necessary to pass a legal title.

By comparison with the report of 1888, it will be noticed that during the year two trusts have passed out of this category, namely, the People's National Bank of Helena, Mont., and the Hot Springs National Bank of Hot Springs, Ark., and that three have been added to the list, namely, the First National Bank of Livingston, Mont., the Mechanics' National Bank of Newark, N. J., and the National Bank of Sumter, S. C.

A part of the assets of the first-named bank consisted of mining interests having a considerable nominal value. The mines have been bonded from time to time, and would-be purchasers have invested funds for development. Prospectively the interests of the trust are worth all that is claimed, and eventually the stockholders may be re-imbursed to some extent for payments made on account of an assessment levied by the Comptroller upon the shares of stock held by them.

The affairs of the Mechanics' National Bank of Newark, N. J., have been kept open awaiting the termination of vexatious litigation. A large amount of money was involved, and the result reached during the past year was favorable to the trust. Some small matters are still unsettled, but the receivership is regarded as practically closed.

The creditors of the National Bank of Sumter, S. C., have received additional dividends during the year, making a total of 100 per cent., which is equivalent to the principal of all proved claims. The cashier's bond was put in suit and realized. Legal proceedings have been instituted against brokers, through whom the cashier carried on speculative transactions, and, if favorable results are reached, the stockholders may be re-imbursed in part for payments made on account of an assessment of 39 per cent. levied upon their holdings of stock of the bank.

The following is a list of the receiverships that are in an inactive condition:

Name and location of bank.	Date of appointment of receiver.	Dividends paid.
		<i>Per cent.</i>
First National Bank, Albion, N. Y.	Aug. 26, 1884	28.50
First National Bank, Anderson, Ind.	Nov. 23, 1873	39
Third National Bank, Chicago, Ill.	Nov. 24, 1877	*100
Central National Bank, Chicago, Ill.	Dec. 1, 1877	60
First National Bank of Union Mills, Union City, Pa.	Mar. 24, 1883	65
German American National Bank, Washington, D. C.	Nov. 1, 1878	50
First National Bank, Monmouth, Ill.	Apr. 22, 1884	95
Mechanics' National Bank, Newark, N. J.	Nov. 2, 1881	67.405

*And interest.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 69

The total number of national banks organized since February 25, 1863 is 4,148, of which 3,319 are now in operation, 829 having passed out of the system accounted for as follows:

Passed into voluntary liquidation to wind up their affairs	551
Less number afterward placed in the hands of receivers.....	9
	542
Passed into liquidation for purpose of reorganization.....	79
Passed into liquidation upon expiration of corporate existence.....	*79
Placed in hands of receivers.....	130
	830
Less restored to solvency and resumed business	1
Total passed out of system.....	829

*Thirty-eight of these have been reorganized.

TRANSACTIONS OF THE NEW YORK AND OTHER CLEARING-HOUSE ASSOCIATIONS.

The membership of the New York Clearing-House Association comprises 43 national banks, twenty State banks, and the subtreasury at New York, making sixty-four members in all. There are 88 banks in New York City; and two national and 23 State banks, not being members of the association, clear through banks that are members.

The following information with respect to the operations of the clearing-house associations in the country has been kindly furnished by Mr. W. A. Camp, manager of the Clearing-House Association at New York City:

COMPARATIVE STATEMENT FOR TWO YEARS OF THE TRANSACTIONS OF THE NEW YORK CLEARING-HOUSE, SHOWING AGGREGATE AMOUNT OF CLEARINGS, AGGREGATE BALANCES, AND THE KINDS AND AMOUNTS OF MONEY PASSING IN SETTLEMENT OF THESE BALANCES.

Year ended—	Aggregate clearings.	Aggregate balances.	Kinds of money and amount of each kind.					
			U. S. gold certificates.	Bank of America gold certificates.	Treasury certificates for legal tenders, sec. 5193, U. S. Revised Statutes.	Legal tenders and minor coin.	Percentages to balances.	
				U. S. gold ct's series of 1888.			Gold certificates.	Legal tenders.
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.		
Oct. 1, 1888	30,863,686,609	1,570,198,527	889,197,000	*655,033,000	18,195,000	7,773,527	98.3+	1.6+
Oct. 1, 1889	34,796,465,529	1,757,637,473	784,031,000	†945,765,000	18,835,000	9,006,473	98.4+	1.5+
Increase.....	3,932,778,920	187,438,946	.....	290,732,000	640,000	1,232,946	.....	.....
Decrease .....	.....	.....	105,166,000	.....	.....	.....	.....	.....

* When the Government ceased issuing gold certificates, December 1, 1878, the New York banks agreed to have a common depositary for gold coin. The Bank of America performed this function. None of its certificates are now outstanding, the last having been canceled in July, 1888.

† These certificates, known as the series of 1888, are issued under the act of July 12, 1882, by the Treasurer and the assistant treasurers of the United States, upon deposits of gold coin, in denominations of \$5,000 and \$10,000 only, and are payable to order. In New York City they are, as a rule, made payable only to a member of the Clearing-House Association, and the members are thus enabled to settle clearing-house balances with lawful money of large denomination.

70 REPORT OF THE COMPTROLLER OF THE CURRENCY.

Following is a comparative statement of transactions of the New York Clearing-House for thirty-six years, showing for each year the number of banks, aggregate capital, clearings, and balances, average of the daily clearings and balances, and the percentage of balances and clearings:

Years.	No. of banks.	Capital.*	Clearings.	Balances paid in money.	Average daily clearings.	Average daily balances paid in money.	Balances to clearings.
1854	50	\$47,044,900	\$5,750,455,987	\$297,411,494	\$19,104,505	\$988,078	<i>Per ct.</i>
1855	48	48,884,180	5,362,912,098	289,694,137	17,412,052	940,565	5.2
1856	50	52,883,700	6,906,213,326	334,714,489	22,278,108	1,079,724	5.4
1857	50	64,420,200	8,333,226,718	365,313,902	26,968,371	1,182,246	4.8
1858	46	67,146,018	4,756,664,386	314,238,911	15,393,736	1,016,954	4.4
1859	47	67,921,714	6,448,005,956	363,984,683	20,867,333	1,177,944	6.6
1860	50	69,907,435	7,231,143,057	380,693,438	23,401,757	1,232,018	5.6
1861	50	68,900,605	5,915,742,758	353,383,944	19,269,520	1,151,088	5.3
1862	50	68,375,820	6,871,443,591	415,530,331	22,237,682	1,344,758	6.0
1863	50	68,972,508	14,867,597,449	677,626,483	48,428,677	2,207,252	4.6
1864	49	68,586,763	24,097,196,656	885,719,205	77,984,455	2,866,405	3.7
1865	55	80,363,013	26,032,384,342	1,035,765,108	84,796,040	3,373,828	4.0
1866	58	82,370,200	28,717,146,914	1,006,135,106	83,541,185	3,472,753	3.7
1867	58	81,770,200	28,675,159,472	1,144,963,431	93,101,167	3,717,414	4.0
1868	59	82,270,200	28,484,288,637	1,125,455,237	92,182,164	3,642,250	4.0
1869	59	82,720,200	37,407,028,987	1,120,318,308	121,451,393	3,637,397	3.0
1870	61	83,620,200	27,804,539,406	1,036,484,822	80,274,479	3,365,210	3.7
1871	62	84,420,200	29,300,986,682	1,209,721,029	95,133,074	3,927,666	4.1
1872	61	84,420,200	33,844,369,568	1,428,582,707	109,884,317	4,636,632	4.2
1873	59	83,370,200	35,461,052,826	1,474,508,025	115,885,794	4,818,654	4.1
1874	59	81,635,200	22,855,927,636	1,286,753,176	74,692,574	4,205,076	5.7
1875	59	80,435,200	25,061,237,902	1,408,608,777	81,899,470	4,603,297	5.6
1876	59	81,731,200	21,597,274,247	1,295,042,029	70,349,428	4,218,378	5.8
1877	58	71,085,200	23,289,243,701	1,373,996,302	76,358,176	4,504,906	5.9
1878	57	63,611,500	22,568,438,442	1,307,843,357	73,555,988	4,274,000	5.8
1879	59	60,800,200	25,178,770,691	1,400,111,063	82,015,540	4,560,622	5.6
1880	57	60,475,200	37,182,128,621	1,516,538,631	121,510,224	4,956,009	4.1
1881	60	61,162,700	48,565,818,212	1,776,018,162	159,232,191	5,823,010	3.5
1882	61	60,962,700	46,552,846,161	1,595,000,245	151,637,935	5,195,440	3.4
1883	63	61,162,700	40,293,165,268	1,568,983,196	132,543,307	5,161,129	3.9
1884	61	60,412,700	34,092,037,338	1,524,936,994	111,048,982	4,967,202	4.5
1885	64	58,612,700	25,250,791,440	1,295,355,252	82,789,480	4,247,069	5.1
1886	63	59,312,700	33,374,682,216	1,519,565,385	109,067,589	4,965,900	4.5
1887	64	60,862,700	34,872,848,786	1,569,626,325	114,337,209	5,146,316	4.5
1888	63	60,762,700	30,863,686,609	1,570,198,528	101,192,415	5,148,192	5.1
1889	63	60,762,700	34,796,465,529	1,757,637,473	114,839,820	5,800,784	5.0
		† 68,948,790	† 878,602,922,007	† 39,086,454,265	† 79,629,614	3,543,226	4.4

* The capital is for various dates, the amounts at a uniform date in each year not being obtainable.

† Yearly average for thirty-six years.

‡ Totals for thirty-six years.

The clearing-house transactions of the assistant treasurer of the United States at New York for the year ended October 1, 1889, were as follows:

Exchanges received from clearing-house	\$416,987,196.88
Exchanges delivered to clearing-house	133,262,237.14
Balances paid to clearing-house	285,993,918.10
Balances received from clearing-house	2,268,958.36

Showing that the amount paid by the assistant treasurer to the clearing-house was in excess of the amount received by him..... 283,724,959.74

The debit balances were paid to the clearing-house as follows:

United States gold certificates	\$285,844,000.00
Legal tenders and change	149,918.10
	285,993,918.10

REPORT OF THE COMPTROLLER OF THE CURRENCY. 71

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR OCTOBER, 1889, AND OCTOBER, 1888.

Clearing-house at—	Exchanges for October, 1889.	Exchanges for October, 1888.	Comparisons.	
			Increase.	Decrease.
New York.....	\$3, 617, 761, 324	\$3, 194, 301, 364	\$423, 459, 960	
Boston.....	463, 271, 178	472, 338, 749		\$19, 067, 571
Philadelphia.....	340, 194, 718	307, 553, 909	32, 640, 809	
Chicago.....	330, 190, 038	323, 057, 170	7, 132, 868	
St. Louis.....	95, 632, 681	83, 436, 317	12, 202, 364	
San Francisco.....	82, 022, 519	87, 702, 944		5, 680, 425
New Orleans.....	51, 558, 598	42, 257, 637	9, 300, 961	
Baltimore.....	58, 863, 605	61, 987, 682		3, 124, 077
Pittsburgh.....	64, 240, 766	56, 877, 983	7, 362, 783	
Cincinnati.....	53, 412, 850	45, 911, 050	7, 501, 800	
Kansas City.....	42, 771, 908	41, 228, 195	1, 543, 713	
Louisville.....	32, 637, 307	24, 812, 647	7, 824, 660	
Providence.....	25, 967, 500	24, 748, 800	1, 218, 700	
Detroit.....	23, 623, 635	24, 075, 334		451, 699
Milwaukee.....	24, 956, 637	24, 263, 352	691, 285	
St. Paul.....	21, 057, 959	19, 262, 066	1, 795, 893	
Minneapolis.....	31, 131, 969	27, 377, 185	3, 754, 784	
Omaha.....	18, 423, 377	16, 763, 220	1, 660, 157	
Cleveland.....	19, 880, 094	16, 042, 033	3, 838, 061	
Columbus.....	11, 983, 200	10, 121, 500	1, 863, 700	
Denver.....	18, 963, 363	12, 804, 031	6, 161, 332	
Memphis.....	11, 861, 518	11, 783, 630	78, 188	
Indianapolis.....	9, 416, 729	8, 564, 210	852, 519	
Hartford.....	9, 512, 213	8, 603, 088	909, 125	
New Haven.....	6, 028, 910	5, 576, 345	452, 565	
Peoria.....	6, 631, 341	6, 899, 276		267, 935
Springfield.....	6, 078, 161	5, 604, 758	473, 403	
St. Joseph.....	5, 519, 738	6, 217, 191		697, 453
Worcester.....	5, 644, 023	5, 074, 835	569, 188	
Duluth.....	6, 365, 690	11, 521, 332		5, 155, 642
Portland.....	5, 338, 186	5, 013, 220	324, 966	
Norfolk.....	4, 472, 511	5, 780, 841		1, 308, 330
Galveston.....	14, 398, 173	10, 252, 789	4, 145, 384	
Los Angeles.....	2, 752, 223	3, 617, 492		865, 269
Grand Rapids.....	3, 218, 765	2, 777, 446	441, 319	
Lowell.....	3, 886, 201	3, 366, 070	520, 131	
Syracuse.....	3, 774, 075	3, 392, 184	381, 891	
Wichita.....	2, 957, 668	2, 426, 218	531, 450	
Sioux City.....	3, 507, 934	New.....	3, 507, 934	
Richmond.....	9, 661, 585	8, 673, 656	987, 929	
Topeka.....	1, 644, 575	1, 749, 485		104, 910
Tacoma.....	2, 956, 918	New.....	2, 956, 918	
Buffalo.....	14, 088, 356	New.....	14, 088, 356	
Total.....	5, 558, 265, 619	5, 033, 813, 234	561, 175, 696	36, 723, 311
Increase.....	524, 452, 385		524, 452, 385	

72 REPORT OF THE COMPTROLLER OF THE CURRENCY.

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR THE WEEKS ENDED NOVEMBER 2, 1889, AND NOVEMBER 3, 1888.

Clearing-house at—	Exchanges for week ended November 2, 1889.	Exchanges for week ended November 3, 1888.	Comparisons.	
			Increase.	Decrease.
New York.....	\$792,903,318	\$671,138,259	\$121,765,059	
Boston.....	100,452,586	109,704,891		\$9,252,305
Philadelphia.....	88,406,858	69,839,510	18,567,348	
Chicago.....	67,098,753	67,098,131	10,822	
St. Louis.....	17,810,402	16,789,804	1,020,598	
San Francisco.....	18,992,400	20,652,796		1,660,390
New Orleans.....	12,833,159	10,376,131	2,457,028	
Baltimore.....	13,493,934	13,315,661	178,273	
Pittsburgh.....	13,527,593	10,934,127	2,593,466	
Cincinnati.....	11,718,300	10,872,300	846,000	
Kansas City.....	8,407,195	8,542,864		134,669
Louisville.....	7,539,062	6,449,279	1,089,783	
Providence.....	5,167,000	5,199,400		32,400
Detroit.....	4,849,723	4,643,970	205,753	
Milwaukee.....	6,063,681	5,388,019	675,662	
St. Paul.....	5,128,582	4,119,632	1,008,950	
Minneapolis.....	6,616,594	6,784,565		167,971
Omaha.....	4,060,080	4,131,714		71,634
Cleveland.....	4,194,710	3,616,311	678,399	
Columbus.....	2,187,500	2,250,700		63,200
Denver.....	3,579,119	2,860,951	718,168	
Memphis.....	3,225,248	3,307,758		82,510
Indianapolis.....	2,100,426	1,791,291	309,135	
Hartford.....	1,968,573	1,652,841	315,732	
New Haven.....	1,156,653	1,034,008	122,645	
Peoria.....	1,420,471	1,498,108		77,637
Springfield.....	1,183,180	1,149,040	34,140	
St. Joseph.....	1,229,904	1,207,679	21,225	
Worcester.....	1,385,063	1,078,744	311,319	
Duluth.....	1,171,609	2,228,220		1,056,521
Portland.....	1,226,759	1,165,634	61,125	
Norfolk.....	1,106,421	1,495,617		389,196
Galveston.....	2,529,392	2,190,825	338,567	
Los Angeles.....	641,900	682,370		40,470
Grand Rapids.....	685,404	530,908	154,496	
Lowell.....	658,894	772,915		114,021
Syracuse.....	1,111,148	660,954	450,194	
Wichita.....	578,608	545,538	33,070	
Sioux City.....	836,068	(New).....	836,068	
Richmond.....	1,078,979	1,888,610	90,369	
Topeka.....	296,359	318,571		22,212
Tacoma.....	640,743	(New).....	640,743	
Buffalo.....	2,959,737	(New).....	2,959,737	
Total.....	1,225,122,178	1,079,793,640	158,493,674	13,165,136
	1,079,793,640		13,165,136	
Increase.....	145,328,537		145,328,538	

REPORT OF THE COMPTROLLER OF THE CURRENCY. 73

The following tables show the transactions of the clearing-houses located in forty-three cities for the year ended September 30, 1889, from official returns received from the manager of the New York Clearing-House, comparisons being made with the year ended September 30, 1888, the increase or decrease in the exchanges and balances being indicated :

COMPARATIVE STATEMENT OF THE BALANCES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR YEARS ENDED SEPTEMBER 30, 1889, AND SEPTEMBER 30, 1888.

Clearing-house at—	No. of banks.	Balances for year ended September 30, 1889.	Balances for year ended September 30, 1888.	Comparisons.	
				Increase.	Decrease.
New York.....	64	\$1, 757, 637, 473	\$1, 570, 198, 528	\$187, 438, 945	.....
Boston.....	54	552, 348, 116	502, 980, 813	49, 367, 303	.....
Philadelphia.....	41	328, 464, 139	305, 238, 423	23, 225, 716	.....
Chicago.....	20	330, 511, 467	301, 387, 886	29, 123, 581	.....
St. Louis.....	17	158, 684, 842	141, 142, 096	17, 542, 746	.....
San Francisco.....	17	126, 935, 065	121, 091, 092	5, 843, 973	.....
New Orleans.....	15	60, 275, 059	53, 726, 186	6, 548, 864	.....
Baltimore.....	23	93, 693, 402	89, 604, 272	4, 089, 130	.....
Pittsburgh.....	19	114, 119, 133	99, 552, 128	14, 567, 005	.....
Cincinnati.....	18	86, 537, 800	70, 969, 900	15, 567, 900	.....
Kansas City.....	11	.....	.....	.....	.....
Louisville.....	21	80, 627, 929	67, 619, 594	13, 008, 335	.....
Providence.....	34	81, 245, 600	17, 741, 600	63, 504, 000	.....
Detroit.....	16	29, 527, 432	36, 422, 898	.....	\$6, 895, 466
Milwaukee.....	11	45, 716, 227	34, 537, 980	11, 178, 247	.....
St. Paul.....	14	34, 917, 191	34, 053, 304	863, 887	.....
Minneapolis.....	16	38, 396, 088	32, 514, 595	5, 881, 493	.....
Omaha.....	8	39, 237, 733	27, 423, 673	11, 814, 060	.....
Cleveland.....	11	No record.....	No record.....	.....	.....
Columbus.....	.....	No record.....	No record.....	.....	.....
Denver.....	8	32, 322, 332	15, 640, 765	16, 681, 567	.....
Memphis.....	8	29, 374, 983	24, 012, 189	5, 362, 794	.....
Indianapolis.....	6	22, 207, 382	25, 096, 548	.....	2, 889, 166
Hartford.....	15	28, 667, 376	24, 930, 316	3, 737, 060	.....
New Haven.....	10	15, 434, 104	13, 788, 891	1, 645, 213	.....
Peoria.....	10	19, 531, 156	18, 060, 330	1, 470, 826	.....
Springfield.....	10	19, 797, 964	17, 626, 378	2, 171, 586	.....
St. Joseph.....	7	15, 539, 595	19, 096, 231	.....	3, 556, 636
Worcester.....	8	13, 852, 215	13, 813, 833	38, 382	.....
Duluth.....	7	21, 978, 939	26, 987, 462	.....	5, 008, 523
Portland.....	6	11, 539, 628	10, 145, 041	1, 394, 587	.....
Norfolk.....	6	6, 748, 565	6, 932, 332	.....	183, 767
Galveston.....	7	25, 359, 050	No record.....	25, 359, 050	.....
Los Angeles.....	8	7, 925, 300	10, 572, 388	.....	2, 647, 088
Grand Rapids.....	7	32, 897, 363	30, 896, 978	2, 000, 385	.....
Lowell.....	7	10, 370, 993	10, 079, 280	291, 713	.....
Syracuse.....	9	8, 958, 530	7, 797, 597	1, 160, 933	.....
Wichita.....	8	2, 646, 333	No record.....	2, 646, 333	.....
Sioux City.....	11	5, 774, 532	New.....	5, 774, 532	.....
Richmond.....	6	No record.....	No record.....	.....	.....
Topeka.....	6	.....	New.....	.....	.....
Tacoma.....	7	3, 939, 031	New.....	3, 939, 031	.....
Buffalo.....	12	14, 708, 152	New.....	14, 708, 152	.....
Total.....	.....	4, 308, 448, 210	3, 781, 681, 527	547, 947, 329	21, 180, 646
.....	.....	3, 781, 681, 527	.....	21, 180, 646	.....
Increase.....	.....	526, 766, 683	.....	526, 766, 683	.....

74 REPORT OF THE COMPTROLLER OF THE CURRENCY

COMPARATIVE STATEMENT OF THE EXCHANGES OF THE CLEARING-HOUSES OF THE UNITED STATES FOR YEARS ENDED SEPTEMBER 30, 1889, AND SEPTEMBER 30, 1888.

Clearing-houses at—	No. of banks.	Exchanges for year ended September 30, 1889.	Exchanges for year ended September 30, 1888.	Comparisons.	
				Increase.	Decrease.
New York	64	\$34,796,465,529	\$30,863,686,609	\$3,932,778,920	
Boston	54	4,763,543,730	4,288,878,016	474,665,714	
Philadelphia	41	3,546,854,097	3,155,190,237	391,663,860	
Chicago	20	3,327,108,659	3,089,288,194	237,820,465	
St. Louis	17	952,804,686	886,812,201	65,992,485	
San Francisco	17	848,571,603	823,436,263	25,135,340	
New Orleans	15	488,017,828	450,792,897	37,224,931	
Baltimore	23	643,338,736	614,399,374	28,939,362	
Pittsburgh	19	629,665,173	566,135,994	63,529,179	
Cincinnati	18	553,632,450	518,620,450	35,012,000	
Kansas City	11	450,056,139	382,284,073	67,772,066	
Louisville	21	342,164,731	295,711,094	46,453,637	
Providence	34	256,760,700	248,135,800	8,624,900	
Detroit	16	176,097,171	218,695,351		\$42,598,180
Milwaukee	11	249,199,173	222,609,808	26,589,365	
St. Paul	14	202,076,602	194,026,801	8,049,801	
Minneapolis	16	230,626,745	204,040,477	26,586,268	
Omaha	8	201,250,166	166,007,003	35,243,163	
Cleveland	11	185,773,547	160,430,904	25,342,643	
Columbus		*124,280,611	113,647,539	10,633,072	
Denver	8	206,287,399	127,579,797	78,707,602	
Memphis	8	125,985,832	105,908,056	20,077,776	
Indianapolis	6	99,205,807	99,576,811		371,004
Hartford	15	97,132,017	88,625,091	8,506,926	
New Haven	10	62,460,840	60,704,610	1,756,230	
Peoria	10	77,111,095	67,296,258	9,814,837	
Springfield	10	61,031,898	56,383,130	4,648,768	
St. Joseph	7	67,820,459	69,449,822		1,629,363
Worcester	8	54,868,239	51,286,739	3,581,500	
Duluth	7	89,420,117	113,280,043		23,859,926
Portland	6	53,970,298	50,156,342	3,813,956	
Norfolk	6	43,168,168	44,877,181		1,709,013
Galveston	7	71,865,673	57,165,444	14,700,229	
Los Angeles	8	36,873,242	63,050,981		26,177,739
Grand Rapids	7	32,897,363	31,025,179	1,872,184	
Lowell	7	34,332,319	32,986,992	1,345,327	
Syracuse	9	38,171,027	33,845,318	4,325,709	
Wichita	8	35,110,860	35,628,078		517,218
Sioux City	11	19,175,915	New	19,175,915	
Richmond	6	105,556,028	83,493,221	22,062,807	
Topeka	6	19,578,525	15,738,635	3,839,890	
Tacoma	7	15,720,358	New	15,720,358	
Buffalo	12	78,723,031	New	78,723,031	
Total	619	54,494,754,586	48,750,886,813	5,840,730,216	96,862,443
		48,750,886,813		96,862,443	
Increase		5,743,867,773		5,743,867,773	

* Estimated.

From the foregoing tables it will be seen that the exchanges in New York City during the past year amounted to about 64 per cent. of the whole sum, and the balances in that city to nearly 41 per cent. of the total balances.

A table will be found on p. 139 of the Appendix, compiled from returns made to the clearing-house by the national banks in New York City, exhibiting the movement of their reserve, weekly, during October, for the last thirteen years.

STATE, SAVINGS, PRIVATE BANKS, LOAN AND TRUST COMPANIES.

The annual report issued by this Bureau in 1873 contained, in compliance with the fourth provision of the act of February 19, of that year, the first general information relative to the condition of banking institutions, other than national, given from this office. Official returns were received that year from only eight States and the District of Columbia. The aggregate surplus and undivided profits, and deposits of all mutual savings-banks, loan and trust companies, and the Freedman's Savings Bank and Trust Company, with its branches, were \$31,348,189 and \$669,329,917 respectively; the State banks and stock savings-banks had an aggregate capital of \$42,705,834, surplus and undivided profits of \$12,137,400, and deposits of \$110,754,034.

Through the courtesy of the authorities of thirty States and Territories where returns of this nature are required, the Comptroller has secured all the information received by them relative to banking institutions operating under State and Territorial authority. This information, generally transmitted in a form to show aggregate results, though in a few instances in detailed reports as made to the executive officers, exhibits the condition of 2,187 incorporated institutions and 635 private banking concerns—2,822 in all. The returns of the 2,187 corporations officially obtained comprise statements of condition of 1,353 commercial banks operated under State charters, aggregate capital \$145,899,089, surplus and undivided profits \$59,714,907, deposits, \$473,484,147; of 64 loan and trust companies, capital \$32,162,600, surplus and undivided profits \$29,957,630, deposits 253,187,987; and of 770 savings-banks, of which 604 report no capital, and 166 report capital aggregating \$17,305,538. The aggregate surplus and undivided profits of the 770 savings-banks is \$136,161,333, and their aggregate deposits amount to \$1,320,344,592. Six hundred and thirty-five private banks report capital to the amount of \$15,542,062, surplus and undivided profits of \$3,635,307, and deposits of \$29,347,035.

In order to obtain as complete information as possible relative to banks not subjected to State or Territorial supervision, the names and addresses of over 5,000 banks and bankers were secured, and to each was mailed a circular letter, inclosing a blank form, requesting a report of condition as of date June 30, 1889. The request was complied with by over 2,400 banks and bankers. Subsequently about one-half of the banks so responding were found to be included in those reported officially by executive officers, so that the number from which returns are classified as unofficial is 1,142, comprising 689 private banks and 453 incorporated institutions. These 1,142 institutions are located in States and Territories in which reports are not required to be made to local authorities, or to be published, and consist of 318 commercial banks, having an aggregate capital of \$20,752,493, surplus and undivided profits of \$5,126,130, and deposits of \$33,600,334; 56 loan and trust com-

76 REPORT OF THE COMPTROLLER OF THE CURRENCY.

panies with capital of \$27,283,337, surplus and undivided profits of \$8,825,484, and deposits of \$46,424,912; 79 savings-banks, of which 46 report capital amounting to \$6,006,310. The aggregate surplus and undivided profits of the 79 savings-banks is \$10,909,428, and their aggregate deposits amount to \$124,046,733. The 689 private banks report capital to the amount of \$22,496,628, surplus and undivided profits \$8,186,799, and deposits \$53,836,683.

A comparison of these returns with those of last year will show an increase of 602 institutions reporting officially, a decrease of 165 reporting unofficially, a net gain of 437. The returns indicate an increase of about 11 per cent. in the number of institutions reporting, and nearly 9 per cent. in aggregate assets. Since the Comptroller's last report it is known that at least 337 banks have been organized with a capital exceeding \$17,000,000.

As much interest attaches to the operations of the savings-banks of the country, a special effort has been made to collect and tabulate all obtainable information relative thereto. The abstract p. 220, shows returns, official and unofficial, from mutual and stock savings-banks, separated and aggregated, the average amount due each depositor in each class by States, the average of all by classes, and the average of all banks combined.

In 1888 reports were received from 801 savings-banks, of which 628 were mutual institutions; this year 849 reported, of which 637 are mutual. Of the latter number all but 17 are located in the New England States and in New York, New Jersey, Pennsylvania, Delaware, and Maryland. Information relative to the rates of interest paid is not sufficiently complete and accurate to permit of a statement giving the exact average rate, but it is probably about 4 per cent., the figures given showing that the rates range between 3 and 5 per cent.

It might be interesting to compare the earnings of the mutual savings-banks with those of savings-banks having capital stock, but it has been impossible to ascertain the earnings of the latter, owing to the fact that few institutions report dividends paid and interest allowed depositors. The benefit to depositors in each class, however, appears to be about the same.

In the Appendix tables will be found, showing by States and Territories, the condition of these banks as obtained from official sources, and from banks direct, classified as unofficial returns; aggregate resources and liabilities of each class, and from both sources; comparative statements of condition of State banks, 1872 to 1889; loan and trust companies, 1884-1885 to 1888-1889; savings-banks, 1884-1885 to 1888-1889; growth of savings-banks, as shown by deposits, by States, 1849-1850 to 1888-1889; and deposits in savings-banks, number of depositors, and average amount due each, by States, in 1887-1888 and 1888-1889.

REPORT OF THE COMPTROLLER OF THE CURRENCY. 77

The following tables present summaries of this information :

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS, ORGANIZED UNDER STATE AND TERRITORIAL LAWS. (FROM OFFICIAL SOURCES.)

	State banks.	Loan and trust companies.	Savings-banks.	Private banks.	Total.
	1,353 banks.	64 banks.	770 banks.	635 banks.	2,822 banks.
RESOURCES.					
Loans on real estate	\$29,208,798	\$25,380,657	\$537,785,441	\$2,173,163	\$594,548,059
Loans on collateral security other than real estate	88,322,957	153,211,063	139,005,092	6,725,254	387,264,366
Other loans and discounts	343,631,070	42,346,139	68,320,288	25,731,267	480,028,764
Overdrafts	2,628,792	20,971	801,489	722,659	4,171,911
United States bonds	2,980,922	26,564,689	144,441,587	125,278	174,110,476
State, county, and municipal bonds	320,250	3,323,567	250,758,198	390	254,402,315
Railroad bonds and stocks	144,500	8,887,196	78,984,566	.....	88,016,262
Bank stocks	3,400	428,185	41,821,693	.....	42,253,278
Other stocks and bonds	31,783,929	23,752,980	98,352,605	1,267,919	155,157,433
Due from other banks and bankers	71,270,490	19,282,168	57,806,070	6,044,922	154,403,650
Real estate, furniture, and fixtures	22,034,544	9,516,861	26,364,893	3,792,267	61,708,565
Current expenses and taxes paid	1,672,676	161,103	260,812	279,326	2,373,917
Cash and cash items	126,530,764	19,854,529	23,047,399	4,810,039	174,242,731
Other resources	8,699,912	4,965,290	10,691,842	1,081,493	25,438,537
Total	729,231,004	337,693,398	1,478,441,975	52,753,887	2,598,120,264
LIABILITIES.					
Capital stock	145,890,089	32,162,600	17,305,538	15,542,062	210,909,289
Surplus fund	44,938,615	20,877,998	117,864,651	2,816,752	186,498,016
Other undivided profits	14,776,202	9,079,632	18,296,682	818,555	42,971,161
Debenture bonds outstanding .....	.....	5,298,950	.....	.....	5,298,950
State-bank notes outstanding	120,139	.....	.....	.....	120,139
Dividends unpaid	621,018	213,945	5,642	10,302	850,907
Individual deposits	473,484,147	253,187,987	16,607,386	29,347,035	772,626,555
Savings deposits .....	.....	.....	1,303,737,206	.....	1,303,737,206
State, county, and municipal deposits	139,425	.....	274,460	.....	413,894
Deposits of State, county, and municipal disbursing officers	669,227	.....	103,532	.....	772,759
Due to other banks and bankers	40,912,502	2,612,026	917,863	1,414,907	45,857,298
Other liabilities	7,670,550	14,260,260	3,329,006	2,804,274	28,064,090
Total	729,231,004	337,693,398	1,478,441,975	52,753,887	2,598,120,264

78 REPORT OF THE COMPTROLLER OF THE CURRENCY.

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS. (FROM UNOFFICIAL SOURCES.)

	State banks.	Loan and trust companies.	Savings-banks.	Private banks.	Total.
	318 banks.	56 banks.	79 banks.	689 banks.	1,142 banks.
RESOURCES.					
Loans on real estate.....	\$1,919,571	\$27,968,388	\$29,587,703	\$6,213,572	\$65,689,234
Loans on collateral security other than real estate.....	9,260,235	40,398,991	21,811,061	10,396,466	81,866,753
Other loans and discounts.....	32,992,757	2,145,129	6,231,300	39,749,267	81,118,453
Overdrafts.....	444,932	62,986	11,722	1,010,554	1,530,194
United States bonds.....	70,800	630,512	14,482,043	1,296,259	16,479,614
State, county, and municipal bonds.....	663,552	442,180	29,381,266	814,383	31,301,381
Railroad bonds and stocks.....	175,922	10,465,202	22,458,815	470,627	33,570,566
Bank stocks.....	307,268	309,127	441,961	514,770	1,573,126
Other stocks and bonds.....	1,925,349	1,923,379	3,466,814	1,948,904	9,264,446
Due from other banks and bankers.....	8,548,890	5,801,872	3,728,506	13,708,251	31,787,519
Real estate, furniture, and fixtures.....	3,220,893	4,938,545	3,287,679	5,682,111	17,129,228
Current expenses and taxes paid.....	354,124	276,915	333,112	536,503	1,500,654
Cash and cash items.....	6,679,400	5,381,997	6,881,133	7,101,827	26,044,357
Other resources.....	240,916	2,829,862	2,067,125	763,956	5,901,859
Total.....	66,804,609	103,575,085	144,170,240	90,207,450	404,757,384
LIABILITIES.					
Capital stock.....	20,752,493	27,283,337	6,006,310	22,496,628	76,538,768
Surplus fund.....	3,091,849	4,705,907	9,360,882	5,449,764	22,608,402
Other undivided profits.....	2,034,281	4,119,577	1,548,546	2,737,035	10,439,439
Debenture bonds outstanding.....		11,603,862			11,603,862
State-bank notes outstanding.....	22				22
Dividends unpaid.....	141,820	58,036	39,054	57,024	295,934
Individual deposits.....	33,600,334	46,424,912	2,553,590	53,836,683	136,415,519
Savings deposits.....			121,493,143		121,493,143
State, county, and municipal deposits.....	323,943	24,533	46,763	693,969	1,089,208
Deposits of State, county, and municipal disbursing officers.....	72,002	16,318	3,777	563,025	655,122
Due to other banks and bankers.....	2,254,529	401,546	74,460	2,017,453	4,747,988
Other liabilities.....	4,533,336	8,937,057	3,043,715	2,355,869	18,869,977
Total.....	66,804,609	103,575,085	144,170,240	90,207,450	404,757,384

REPORT OF THE COMPTROLLER OF THE CURRENCY. 79

AGGREGATE RESOURCES, LIABILITIES, AND CONDITION OF ALL STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS AND PRIVATE BANKS.

	Official.	Unofficial.	Total.
	2,822 banks.	1,142 banks.	3,964 banks.
RESOURCES.			
Loans on real estate.....	\$594,548,059	\$65,689,234	\$660,237,293
Loans on collateral security other than real estate.....	387,264,366	81,866,753	469,131,119
Other loans and discounts.....	480,028,764	81,118,453	561,147,217
Overdrafts.....	4,171,911	1,530,194	5,702,105
United States bonds.....	174,110,476	16,479,614	190,590,090
State, county, and municipal bonds.....	254,402,315	31,301,381	285,703,696
Railroad bonds and stocks.....	88,016,262	33,570,566	121,586,828
Bank stocks.....	42,253,278	1,573,126	43,826,404
Other stocks and bonds.....	155,157,433	9,264,446	164,421,879
Due from other banks and bankers.....	154,403,650	31,787,519	186,191,169
Real estate, furniture, and fixtures.....	61,708,565	17,129,228	78,837,793
Current expenses and taxes paid.....	2,373,917	1,500,654	3,874,571
Cash and cash items.....	174,242,731	26,044,377	200,287,088
Other resources.....	25,438,537	5,901,859	31,340,396
Total.....	2,598,120,264	404,757,384	3,002,877,648
LIABILITIES.			
Capital stock.....	210,909,289	76,538,768	287,448,057
Surplus fund.....	186,498,016	22,608,402	209,106,418
Other undivided profits.....	42,971,161	10,439,439	53,410,600
Debenture bonds outstanding.....	5,298,850	11,603,862	16,902,812
State bank notes outstanding.....	120,139	22	120,161
Dividends unpaid.....	850,907	295,934	1,146,841
Individual deposits.....	772,626,555	136,415,519	909,042,074
Savings deposits.....	1,303,737,206	121,493,143	1,425,230,349
State, county, and municipal deposits.....	413,894	1,089,208	1,503,102
Deposits of State, county, and municipal disbursing officers.....	772,759	655,122	1,427,881
Due to other banks and bankers.....	45,837,298	4,747,988	50,605,286
Other liabilities.....	28,064,090	18,869,977	46,934,067
Total.....	2,598,120,264	404,757,384	3,002,877,648

80 REPORT OF THE COMPTROLLER OF THE CURRENCY.

NUMBER, CAPITAL, STOCK, SURPLUS AND UNDIVIDED PROFITS, AND DEPOSITS OF ALL STATE BANKS, LOAN AND TRUST COMPANIES, AND SAVINGS (MUTUAL AND STOCK) AND PRIVATE BANKS, 1888-'89.

OFFICIAL.

Classes.	No. banks.	Capital.	Surplus and undivided profits.	Deposits.
State banks.....	1353	\$145,899,089	\$59,714,907	\$473,484,147
Loan and trust companies.....	64	32,162,600	29,957,630	253,187,987
Savings-banks (mutual).....	604		129,139,330	1,166,134,245
Savings-banks (stock).....	166	17,305,538	7,022,003	154,210,347
Private banks.....	635	15,542,062	3,635,907	29,347,035
Total.....	2822	210,909,289	229,469,177	2,076,363,761

UNOFFICIAL.

Classes.	No. banks.	Capital.	Surplus and undivided profits.	Deposits.
State banks.....	318	\$20,752,493	\$5,126,130	\$33,600,334
Loan and trust companies.....	56	27,283,337	8,825,484	46,424,912
Savings-banks (mutual).....	33		8,852,948	104,252,768
Savings-banks (stock).....	46	6,006,310	2,056,480	19,793,965
Private banks.....	689	22,496,628	8,186,799	53,836,683
Total.....	1,142	76,538,768	33,047,841	257,908,662

OFFICIAL AND UNOFFICIAL.

Classes.	No. banks.	Capital.	Surplus and undivided profits.	Deposits.
State banks.....	1,671	\$136,651,582	\$64,841,037	\$507,084,481
Loan and trust companies.....	120	59,445,937	38,783,114	299,612,899
Savings-banks (mutual).....	637		137,992,278	1,270,387,013
Savings-banks (stock).....	212	23,311,848	9,078,483	174,004,312
Private banks.....	1,324	38,038,690	11,822,106	83,183,718
Total.....	3,964	287,448,057	262,517,018	2,334,272,423

A table in the Appendix, page 208, shows, by States and Territories, the estimated population of each on June 1, 1889, and the aggregate capital, surplus, undivided profits, and individual deposits of national and State banks, loan and trust companies, and savings and private banks in the United States, at date of reports of the various classes nearest thereto, the average of these per capita, and the per-capita average of such resources in each class of banks, from which it appears that the estimated population of the United States was 64,403,000, and total banking funds \$5,201,671,790, an average of \$80.77. The per-capita averages of such resources in each class of banks are: National banks, \$35.98; State banks, \$11.47; loan and trust companies, \$6.18; savings-banks, \$25.07, and private banks, \$2.07.

The distribution of the circulating medium of the country, as shown by the cash holdings of the national, State, private banks, and savings institutions, on or about the close of the fiscal year ended June 30, 1889, is exhibited in the table following. The total cash on hand in the 3,964 institutions reporting officially and unofficially is \$200,287,088,

REPORT OF THE COMPTROLLER OF THE CURRENCY. 81

of which \$27,340,167 is assumed to be gold, that amount including \$20,349,799 held by the California banks, \$1,514,318 silver coin, \$38,534,576 legal tenders, national-bank notes, and coin certificates, \$17,835,227 specie, and \$115,062,737 representing cash, not classified.

STATEMENT SHOWING THE AMOUNT OF GOLD, SILVER, ETC., HELD BY NATIONAL BANKS ON JULY 12, 1889, AND OTHER BANKING INSTITUTIONS ON OR ABOUT THE SAME DATE.

Classification.	National banks.	Other (1894) banking institutions.	Total.
Gold coin	\$73,907,610	\$27,340,167	\$101,247,777
Gold certificates	69,517,790		69,517,790
Gold certificates, (clearing-house)	8,744,000		8,744,000
Silver, dollars	6,786,730	} 1,514,381	12,796,793
Silver, fractional	4,495,682		
Silver certificates	12,452,057		12,452,057
National-bank notes	24,761,487	} *38,534,576	160,752,895
Legal-tender notes	97,456,832		
Fractional currency	719,274		719,274
Specie, not classified		17,835,227	17,835,227
Cash, not classified		115,062,737	115,062,737
Total	298,841,462	200,287,088	499,128,550

* And coin certificates.

CONCLUSION.

In concluding this report the Comptroller desires to say that he has purposely avoided the discussion of the various plans which have been suggested for substituting other securities for United States bonds as a basis for circulation, and has confined himself to the presentation of those changes in the law which will be generally accepted as practicable, and which will be most likely to meet favorable consideration by Congress.

That such substitution may be safely made is considered practicable by many who are regarded as authority upon banking questions. That an acceptable plan will eventually be evolved from the necessities of the situation is probable. But the consideration of propositions looking to the adoption of untried measures involves a delay which is fraught with danger to the national banking system in its present exigency. The adoption of the amendments proposed in this report will meet present urgent necessities and afford an opportunity for mature deliberation before adopting more radical measures.

On October 31, last, the bonded debt of the United States was \$838,521,712, of which amount \$647,288,850 becomes payable in 1907. During the eighteen years which must expire before these bonds mature, many changes in present conditions are likely to take place which will afford relief to the national banks. The receipts of the Government will no doubt be brought nearer in amount to its necessary expenditures, and the present rapid payment of the public debt arrested. It is even possible that the Government may become a borrower within the period named, for we can hardly expect that it will escape the complications which are incident to national existence even under the most favorable conditions. In any event it is highly probable that some modification will be made as to the rate of interest now paid by the Government upon its bonds so as to bring their par and market value nearer to equality and render it unnecessary for the banks to carry such heavy premium accounts.

9460 CUR—6*

82 REPORT OF THE COMPTROLLER OF THE CURRENCY.

It is assumed by the Comptroller that a large majority of the people of the United States are opposed to the substitution of long-date bonds for the existing issues, and that any extension of the time when the interest-bearing debt is to become payable would meet with disfavor. It is practicable, however, to reduce the interest on the debt by a process which would work a saving to the Government and not extend the time when the bonds could be called in for payment.

The present purchases by the Government for the sinking-fund of 4 per cent. bonds net 2.16 per cent. per annum, which represents, substantially, the rate at which the Government can now borrow upon twenty-year bonds. New bonds could be issued in all respects like the 4 per cents now outstanding, except in the rate of interest which could be reduced to $2\frac{1}{4}$ per cent. These new bonds could be exchanged for fours, by paying the holder the present value, at 4 per cent., of the difference in interest between $2\frac{1}{4}$ per cent. and 4 per cent., for the period intervening between the date of exchange and the maturity of the bonds.

This is a plan which has many able advocates and seems to me to be advantageous to both the Government and the bond-holders. It would furnish a basis for national-bank circulation much more acceptable than the present bonds. The Government now realizes but 2.16 per cent. annual interest on bond-purchases, while, under the plan proposed, it would save 4 per cent. upon the prepayments. This subject, however, will undoubtedly be fully discussed in the report of the Secretary of the Treasury, and is noticed here, briefly, only by reason of its connection with national bank-note circulation.

The Comptroller can not close his report without expressing his high appreciation of the integrity, loyalty, and efficiency of the officers and clerks with whom he has been associated in the conduct of the affairs of the Bureau. He desires especially to gratefully acknowledge the valuable services rendered in the compilation of the statistical matter included in this report.

EDWARD S. LACEY,
Comptroller of the Currency.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.