



REPORT

OF A

COMMITTEE OF DIRECTORS

OF THE

BANK OF THE UNITED STATES.



BANK UNITED STATES,

Tuesday, Dec. 3d, 1833.

At an adjourned Meeting of the Board of Directors held this evening,

Present, N. Biddle, President,

**Messrs. Willing,
Eyre,
Bevan,
White,
Sergeant,**

**Fisher,
Lippincott,
Chauncey,
Newkirk,
Macalester,**

**Lewis,
Holmes,
Gilpin,
Sullivan,
Wager.**

Mr. Chauncey, from the special committee appointed on the 24th September, presented the following Report, which was read.

Whereupon, Mr. Chauncey moved the following Resolution,—

Resolved, That the said Report with the accompanying Resolution be adopted.

Upon this motion the Yeas and Nays were called for, when it was carried by a vote of 12 to 3 as follows :

Yeas—Messrs. Willing, Eyre, Bevan, White, Sergeant, Fisher, Lippincott, Chauncey, Newkirk, Lewis, Holmes, Biddle; 12.

Nays—Messrs. Gilpin, Sullivan, Wager; 3.

On motion it was Resolved, that 5000 copies of the said Report be printed for the use of the Stockholders of the Bank.

Extract from the minutes,

S. JAUDON, Cashier.

REPORT.

THE Committee to whom was referred on the 24th of September, a paper signed "Andrew Jackson," purporting to have been read to a Cabinet on the 18th, and also another paper signed "H. D. Gilpin, John T. Sullivan, Peter Wager, and Hugh M'Elerry," bearing date August 19th, 1833—with instructions to consider the same, and report to the Board "whether any, and what steps may be necessary on the part of the Board in consequence of the publication of said letter and report," beg leave to state—

That they have carefully examined these papers, and will now proceed to report the result of their reflections in regard to them.

In order, however, to render them more intelligible, it will be proper to recal to the attention of the Board, the actual relation which the Bank has for some years past borne to the Executive.

Since the establishment of the Institution it has devoted itself anxiously and exclusively to the purposes of its creation, the restoration of the currency, the maintenance of the general credit, and the accommodation of the internal and foreign trade of the country. That it has not failed in these objects—that it has indeed realized more than the anticipations of the most sanguine, is attested by all parts of the community. It was in the midst of this career of inoffensive usefulness, when soon after the accession to power of the present Executive, the purpose was distinctly revealed that other duties than those to the country were required—and that it was necessary for the Bank in administering its affairs, to consult the political views of those who had now obtained the ascendancy in the Executive. It is understood that soon after that event a meeting was held in Washington of the principal chiefs, to consider the means of perpetuating their new authority, and the possession of the Bank was among the most prominent objects of the parties assembled. The first open manifestation of this purpose was in June, 1829, when a concerted effort was made by the executive officers to interfere in the election of the Board of Directors at Portsmouth. At the head of this attempt was Mr. Levi Woodbury, now a member of the present Cabinet at Washington, who did not hesitate to avow in a letter to the Secretary of the Treasury, which, though marked "confidential," was subsequently ordered to be published by the Committee of investigation in 1832—that he wished the interference of the Government to remove the President of the Branch at Portsmouth, of whom he says:—

"The new President Jeremiah Mason, is a particular friend of Mr. Webster, and his political character is doubtless well known to you"—and he requests the Secretary of the Treasury "to communicate with some of the Directors of the Mother Bank in favour of such a change.

This letter of Mr. Woodbury was transmitted to the Bank by the Secretary of the Treasury, who stated that "from some expressions in his letter, it may be inferred that it is partly founded on a supposed application of the influence of the Bank, with a view to political effect"—in consequence of which he deemed it his duty to present it to the Bank, "*with the views of the administration in relation to it.*" At the same time, Mr. Isaac Hill, acting as the Comptroller of the Treasury until rejected by the Senate, and now a Senator of the United States, sent a memorial from the members of his political party in the Legislature of New Hampshire, requesting the removal of Mr. Mason. In another communication presented to the Bank, he gave it as his opinion, that no measure short of Mr. Mason's removal would tend "*to reconcile the people of New Hampshire to the Bank,*" and that the "*friends of Gen. Jackson, in New Hampshire, have had but too much reason to complain of the management of the Branch at Portsmouth.*" Finally, the Secretary at War ordered the transfer of the pension fund from the Branch Bank at Portsmouth to another Bank in Concord, an act so obviously in violation of the laws, that it was first resisted by the Bank, and then retracted by the Secretary.

It became then manifest to the Bank, that there was a combined effort to render the Institution subservient to political purposes; and that it was necessary to come to some immediate and distinct understanding of its rights and duties. This was done in the correspondence of the President of the Bank with the Secretary of the Treasury, of which the following passages will indicate the general purport:

"Presuming that we have rightly apprehended your views, and fearful that the silence of the Bank might be hereafter misconstrued into an acquiescence in them, I deem it my duty to state to you in a manner perfectly respectful to your official and personal character, yet so clear as to leave no possibility of misconception, that the Board of Directors of the Bank of the United States, and the Boards of Directors of the Branches of the Bank of the United States, *acknowledge not the slightest responsibility of any description whatsoever to the Secretary of the Treasury touching the political conduct of their officers, that being a subject on which they never consult, and never desire to know the views of any administration.*"

Again:—"Accordingly the Act of Congress simply declares, 'that for the management of the affairs of the said Corporation, there shall be twenty-five Directors.' When these are chosen, the whole administration of the Bank is committed to their exclusive care. *Their responsibility for the management of it is to Congress, and to Congress alone: but no Executive Officer of the Government, from the President of the United States downwards, has the slightest authority to interfere in it; and there can be no more warrant for suggesting the views of the administration to the Bank of the United States than to the Supreme Court of the United States.*"

Finally:—"For the Bank, which has specific duties to perform, and which belongs to the country and not to any party, there is but one

course of honour or of safety. Whenever its duties come in conflict with the spirit of party, it should not compromise with it, nor capitulate to it, but resist it—resist it openly and fearlessly. In this its interest concurs with its duty, for it will be found at last, such is the good sense of the country, that the best mode of satisfying all parties is to disregard them all.”

These extracts reveal the whole secret of the hostility to the Bank of those, who, finding it impossible to bend it to their purposes, have resolved to break it. For this purpose, all the poisoned weapons of political warfare have, for the last four years, been unsparingly and unceasingly employed against the Institution. Thus far their efforts have failed—they have been defeated before Congress, and discountenanced by the community. But now, being relieved from the presence of Congress, and the legal guardian of the public revenue being removed, they have ventured on this last act of violence.

To justify this measure is the purpose of the paper signed, “Andrew Jackson.” Of the paper itself, and of the individual who has signed it, the Committee find it difficult to speak with the plainness by which alone such a document, from such a source, should be described, without wounding their own self-respect, and violating the consideration which all American citizens must feel for the chief magistracy of their country. Subduing, however, their feelings and their language down to that respectful tone which is due to the office—they will proceed to examine the history of this measure, its character and the pretexts offered in palliation of it. Of these in their order—

1st: It would appear from its contents and from other sources of information, that the President had a meeting of what is called the Cabinet, on Wednesday the 18th Sept., and there read this paper. Finding that it made no impression on the majority of persons assembled, the subject was postponed, and in the mean time this document was put into the newspapers. It was obviously published for two reasons. The first was to influence the members of the Cabinet by bringing to bear upon their immediate decision the first public impression excited by misrepresentations, which the objects of them could not refute in time—the second was, by the same excitement, to affect the approaching elections in Pennsylvania, Maryland, and New Jersey. The first design is apparent from the fate which has befallen these counsellors. Whilst something was hoped from their fears, it was expedient to flatter them, keeping in reserve behind these blandishments, the power to punish disobedience. “By the terms of the Charter,” the President says, “the public money is to be deposited in the Bank during the continuance of its Charter, unless the *Secretary of the Treasury* shall otherwise direct.” “Unless, therefore, the *Secretary of the Treasury first acts*, Congress have no power over the subject, and consequently the public money must remain in that institution till the last hour of its existence, unless the *Secretary of the Treasury* shall remove it at an earlier day;” and again, “the power of the *Secretary of the Treasury* over the deposits is *unqualified*.”

Having thus argued the Secretary of the Treasury into an exclusive control of the deposits, the President proceeds to give his reasons why the Secretary should remove them, concluding with this remark—“*Far be it from him to expect or require that any member of the Cabinet should at his request, order, or dictation, perform any act which he believes unlawful, or in his conscience condemns.*” Yet notwithstanding these expressions of humility, the moment the Secretary of the Treasury dares to resist this intrusion into his Department, and refuses to do what “his conscience condemns,” he is immediately dismissed from his office, and denounced in the official Gazette as a “refractory subordinate.” The same official announces to the other two offending ministers, “that however he may regret the difference of opinion,” the President still thinks “that the measure is one upon which the members *may* conscientiously differ “from the President and from each other;” that is to say, that they are not yet to be dismissed for expressing their opinions, the President being appeased by the sacrifice of the most contumacious of the opposition.

Its purpose to influence the elections is attested by the triumphant exultation of the Official Gazette, that—

“We have received intelligence which authorizes the belief, that, “in the late election in Pennsylvania, the Legislature of that State “has undergone a change which will give the Jackson party a majority of two-thirds, and the same result has been accomplished in “Maryland. We learn from sources to be relied on, that the success of the Jackson ticket in some of the Anti-Jackson counties “in Maryland, was secured by the late expositions of the corruptions of the Bank, read by the President to his Cabinet—and we “have no doubt that it had its effect on all the recent elections.”

2d. The indelicacy of the form of these proceedings corresponds well with the substance of them, which is equally in violation of the rights of the Bank and the laws of the country.

The Bank of the United States was chartered by Congress for certain national purposes; and as it was thought expedient to obtain the skill and vigilance of private interest in managing the institution, the citizens generally were invited to unite their private fortunes with the public capital. They did so, and the charter of the Bank is in fact an act of partnership between the Government and the Stockholders, specifying the rights and duties of each party. In the charter of the first Bank of the United States, there was on the part of the Bank no payment of a bonus—no obligation to transfer the public funds—no performance of the duties of the Loan Office—while on the part of the government there was no stipulation to give the use of the deposits. This defect was supplied in the charter of the present Bank by positive agreement. Thus the Bank, in addition to its arduous duty of restoring and sustaining the general currency, agreed by the 15th section, “to give the necessary facilities “for transferring the public funds from place to place within the “United States or the territories thereof, and for distributing the “same in payment of the public creditors, without charging commis-

“ sion, or claiming allowance on account of difference of exchange ;
 “ and shall also do and perform the several and respective duties of
 “ the Commissioners of Loans for the several states, or of any one
 “ or more of them, whenever required by law.”

And again, the 20th section declares—“ That in consideration of
 “ the exclusive privileges and benefits conferred by this act upon the
 “ said Bank, the President, Directors, and Company thereof, shall
 “ pay to the United States out of the corporate funds thereof, the sum
 “ of one million and five hundred thousand dollars.”

Such was the consideration to be given by the Bank. The consi-
 deration to be given by the Government, was “ that the deposits of
 “ the money of the U. States in places in which the said Bank and
 “ Branches thereof may be established, shall be made in said Bank
 “ or Branches thereof, unless the Secretary of the Treasury shall
 “ otherwise order and direct; in which case the Secretary of the Trea-
 “ sury shall immediately lay before Congress, if in session, and if
 “ not, immediately after the commencement of the session, the rea-
 “ sons of such order and direction.”

This contract was deemed so unfavourable to the citizens general-
 ly, that on the opening of the books, the subscription was not filled,
 from a belief that the investment upon such terms could not be ad-
 vantageous—an anticipation too well realized by the fact that the
 stockholders have never yet received the legal rate of interest on the
 principal subscribed. But the only temptation by which they could be
 induced to unite with the Government was, that while on the one hand
 they paid in advance to the Government a million and a half of dol-
 lars, and performed certain stipulated duties, they should have the
 benefit of the deposit of public funds until they were wanted in the
 public disbursements. These were the two essential stipulations—
 nay, they were in fact almost the only ones. This was the opinion
 of the Committee of Finance of the Senate, when on a proposition to
 make the Bank pay for the use of the Deposits, they reported on the
 21st of April, 1828, that “ the 16th section directs that the deposits
 of the money of the United States shall be made in the Bank and its
 branches. *No change can be made therein without a direct violation
 of the charter, which the faith of the nation is bound to sustain. No
 view of that kind could be contemplated by any person, and none, it is
 presumed, has been contemplated*”—and they further declare their
 opinion, that in the bonus and the services rendered by the Bank,
 “ the United States have been amply paid for all the advantages de-
 rived from the deposits of their funds in the Bank and its branches.”
 The same views are expressed in another report of the Committee of
 Finance of the Senate on the 20th of February, 1829. “ The Com-
 “ mittee repeat their opinion that the charter gives to the Bank the
 “ use of the public deposits without any other remuneration, than
 “ such as are distinctly authorised in that instrument—that the ex-
 “ action of any other would, in the opinion of the Committee, be a di-
 “ rect violation of the charter. The 16th section says distinctly,
 “ that the deposits of the money of the United States ‘shall be made
 “ in the Bank of the United States and its Branches.’ This is posi-

“tive and cannot be misunderstood. The 20th section says ‘that in consideration of the exclusive privileges and *benefits* conferred by this act upon the said Bank, the President, Directors, and Company thereof, shall pay to the United States \$1,500,000.’ The Bank was to pay and has paid the million and a half of dollars. For what? For the exclusive privileges and benefits conferred by this act. What are the *benefits*? The Committee can perceive none *except the deposits for which the Bank has actually paid already.*”

The President himself, in his manifesto, is obliged to allow that “the charter to the Bank is to be considered as a contract on the part of the Government—it is not now in the power of Congress to disregard its stipulations—and by the terms of that contract the public money is to be deposited in the Bank during the continuance of its charter, unless the Secretary of the Treasury shall otherwise direct.

It is then admitted on all hands that this is a contract by which the Bank was to pay a sum of money, and to perform certain services, as a consideration for the use of the Government deposits, which the Government stipulated should remain in the Bank, unless otherwise directed by a particular officer, the Secretary of the Treasury. The purpose of giving this power was obviously to prevent any loss of the revenue, and it was designed exclusively to enable the Secretary to protect the interests of the Government if the Bank became unsafe. This was the opinion of the Secretary of the Treasury, Mr. Crawford, who, in one of his very first communications to the Bank, in March 17, 1817, declared “that, by the charter, the public money deposited in places where the Bank of the United States, or its Branches, are established, *must be deposited in them, except when there are urgent reasons to the contrary.*” This was also the opinion pronounced by the Committee of Finance of the Senate, in their report of the 20th of February, 1829. After citing the 16th section, they say:—

“The Committee see, in the power given to the Secretary, a discreet precaution, and the words they believe convey *only* the idea, that if, at any time, the Secretary shall be of opinion that there will be a danger of loss to the United States, by its money remaining in the vaults of the Bank, he may remove it for safety, and report his reasons to Congress. No other construction can, in the opinion of the Committee, be given to that part of the 16th section.”

This too was the opinion expressed by the President himself in his Message to Congress on the fourth of December, 1832, in which he recommends an inquiry, in order to allay “the apprehension that it is no longer a *safe* depository of the money of the people;” and in the same Message he adds:

“Such measures as are within the reach of the Secretary of the Treasury, have been taken to enable him to judge *whether the public deposits in that institution may be regarded as entirely safe*; but as his limited power may prove inadequate to this object, *I recommend*

the subject to the attention of Congress, under the firm belief that it is worthy of serious investigation."

And the Secretary of the Treasury in his report to the same Congress, in 1832, mentions certain things which "have suggested an inquiry into the security of the Bank as the depository of the public funds."

The subject of the safety of the deposits was thus an object of inquiry by the Secretary of the Treasury, and by Congress—and what was the result? The Agent of the Treasury, after a full investigation, reported as follows:

"Thus far I consider my report as complying with that part of your letter directing the investigation 'so as to ascertain the security of the public money, and the solvency of the Bank,' neither of which in my opinion, admit of a doubt."

The House of Representatives, after an investigation by the Committee of Ways and Means, resolved by a vote of more than two-thirds,

"That the Government deposits may, in the opinion of the House be safely continued in the Bank of the United States."

From these it is apparent that, in the opinion of the President, the Secretary of the Treasury, and the Committee of Finance, the question of removing the deposits was a question merely of their safety:

That the Government, through its proper channels, inquired into their safety:

And that through all these channels their safety was made manifest, and so declared by the highest authority.

But supposing this to be less evident than it is—supposing that causes other than the safety of the public funds would justify their removal from the Bank after it has paid a full equivalent for them, still one thing is manifest:

That the Secretary of the Treasury, and the Secretary of the Treasury alone, has the power to remove them—that officer being specially designated to perform that specific duty—and the President of the United States being, by the clearest implication, forbidden to interfere.

The whole structure of the Treasury shows, that the design of Congress was to make the Secretary as independent as possible of the President. The other Secretaries are merely executive officers; but the Secretary of the Treasury, the guardian of the public revenue, comes into more immediate sympathy with the representatives of the people who pay that revenue; and although according to the general scheme of appointment he is nominated by the President to the Senate, yet he is in fact the officer of Congress, not the officer of the President. Thus:

By the act of Congress, of 1789, it was provided, that

"There shall be an *Executive* Department, to be denominated the Department of War; and there shall be a principal officer therein to be called the Secretary for the Department of War, who shall perform

and execute such duties as shall from time to time be enjoined on, or entrusted to, him by the President of the United States.”

By the same act it was provided, that

“There shall be an *Executive Department*, to be denominated the Department of Foreign Affairs, [afterwards changed by the act of September 15, 1789, to the Department of State] *with the same provisions as to the principal officer.*”

By the act of 30th of April, 1798, it was declared, that

“There shall be an *Executive Department*, under the denomination of the Department of the Navy, the chief officer of which shall be called the Secretary of the Navy, whose duty it shall be to *execute such orders as he shall receive from the President of the United States.*

The bill introduced into the Congress of 1789, provided for the establishment of the three Departments—those of War, State and Treasury—under the name of *Executive Departments*. But Congress made a distinction between them. On the 2d of July, 1789, as the Journals of Congress show, “An engrossed bill ‘for establishing an *Executive Department*, to be denominated the *Treasury Department*,’ was read the third time, and the blanks therein filled up.

“Resolved, That the said bill do pass, and the title be an *Act to establish the Treasury Department.*”

The same distinction pervades the whole organization of the several Departments. The Secretary of the Navy, of State, and of War, are to execute the orders of the President—but the Secretary of the Treasury is not enjoined to execute the orders of the President. Not a single word is there of performing the orders of the President. On the contrary, the act of Congress declares, that it shall be his duty “to make report and give *information to either Branch of the Legislature, in person or in writing*, (as he may be required) respecting all matters referred to him by the Senate or House of Representatives, or which shall appertain to his office.” And the act of May 10th, 1800, directs him to make his annual report, not to the President, but to Congress.

This independence of the Secretary of the Treasury—if it be true in general—is more especially true in regard to the Bank. It was in fact the leading principle in organizing the Bank, that the President should be excluded from all control of it. The question which most divided the House of Representatives was whether there should be any Government Directors at all—and although this was finally adopted, yet its tendency to create an executive influence over the Bank was qualified by two restrictions—first, that no more than three Directors should be appointed from any one State—and second, that the President of the Bank should not be, as was originally designed by the Secretary of the Treasury, chosen from among the Government Directors. Accordingly, by the charter, the Secretary of the Treasury is every thing—the President comparatively nothing. The Secretary has the exclusive supervision of all the relations of the Bank with the Government. Thus:

By the 15th article of the 11th section, the Officer at the head of the Treasury Department of the United States, shall be furnished from

time to time, as often as he may require, not exceeding once a week, with statements of the amount of the capital stock, &c. &c.

By the 15th section, "Whenever required by the Secretary of the Treasury, the said Corporation shall give the necessary facilities for transferring the public funds," &c. &c.

By the 16th section, the deposits of the money of the United States shall be made in the Bank and its Branches, "unless the Secretary of the Treasury shall at any time otherwise order and direct."

All these the Secretary may do—but from the beginning of the charter to the end of it, there is not one single power over the administration of the Bank assigned to the President, except in the last section, where it is declared that, "whenever any Committee of Congress shall find and report, or the President of the United States *shall have reason to believe, that the charter has been violated*, it may be lawful for Congress to direct, or the President to order, a *scire facias* to be sued out of the Circuit Court for the District of Pennsylvania, calling upon the Corporation to show cause wherefore the charter hereby granted shall not be declared forfeited." The whole function then delegated to the President is a power, concurrently with a Committee of Congress, to issue a *scire facias*, by which the Court is to try whether his belief that the Bank has violated its charter is well founded. Yet this slender authority is made the pretext for usurping the whole power of the Secretary, and for doing that which the Secretary alone was authorized to do, and which he the President was not merely not authorized to do, but substantially prohibited from doing.

For it is manifest that this removal of the deposits is not made by the order of the Secretary of the Treasury. It is a perversion of language so to describe it. On the contrary, the reverse is openly avowed. The Secretary of the Treasury refused to remove them, believing, as his published letter declares, that the removal was "unnecessary, unwise, *vindicative*, arbitrary and unjust." He was then dismissed because he would not remove them, and another was appointed because he would remove them. Now this is a palpable violation of the charter. The Bank and Congress agree upon certain terms, which no one can change but a particular officer; who, although necessarily nominated to the Senate by the President, was designated by the Bank and Congress as the umpire between them. Both Congress and the Bank have a right to the free, and honest, and impartial judgment of that Officer, whoever he may be—the Bank, because the removal may injure its interests—the Congress, because the removal may greatly incommode and distress their constituents. In this case they are deprived of it by the unlawful interference of the President, who "assumes the responsibility," which, being interpreted, means, usurps the power of the Secretary. To make this usurpation more evident, his own language contradicts the very power, which he asserts:

"The power of the Secretary, says he, over the deposits, is *unqualified*."

"The President cannot refrain from pressing upon the Secretary of

“*the Treasury* his view of the considerations which impel to immediate action.”

And yet these phrases have scarcely escaped him, when he ends by declaring that he “begs his cabinet to consider the proposed measure *as his own.*” “*Its responsibility is assumed,*” &c. &c.

Finally, it was announced in the Official Gazette, that “*We know the fact,* that if Mr. Van Buren and every personal friend of the President, had united in recommending that the deposits should not be removed, *the President would have taken measures to remove them notwithstanding.*”

The Bank then, has a right to complain:

1st. That after paying amply for the use of the deposits, they have been suddenly drawn from it.

2d. That this has been done without the slightest suspicion of their insecurity, the only ground on which the removal could be justifiable—and,

3d. That it has been done, not by the officer to whose judgment it had agreed to submit, but by another officer who had not the slightest right to interfere.

But the wrong done to the pecuniary interests of the Bank, sinks into entire insignificance when compared with the deeper injury inflicted on the country by this usurpation of all the powers of the Government.

By the act of Congress chartering the Bank, certain specified powers in regard to it are delegated to particular officers.

By the 16th section, and by the 15th rule of the 11th section, the Secretary of the Treasury has a constant supervision of its affairs, and the power of placing the public revenue elsewhere, subject to an immediate and direct responsibility to Congress.

By the 22d section, Congress itself has the power of investigation, to ascertain if there be sufficient ground to justify an appeal to the courts of the United States, to try if it has violated its charter.

Finally, by the same section, whenever the President of the United States shall have “reason to believe that the charter has been violated,” he “may order a scire facias to be sued out of the Circuit Court of the District of Pennsylvania, calling on the said Corporation to show cause wherefore the charter hereby granted shall not be declared forfeited.”

This is the whole power of the President in relation to the Bank. He may, if he thinks that the charter has been violated, bring the Bank before the court for trial. Now, in this manifesto, he distinctly declares that the Bank has acted “in direct violation of one of the most important provisions of the charter.” If so, it was his duty to issue the scire facias—to appeal to the Courts and Juries. That was the only legitimate action which belonged to him. But a judicial investigation of his charges is precisely what he dreaded. The more summary and illegal invasion of the powers of others, seems to have more attraction than the legitimate exercise of his own. And, making himself accuser and judge—disregarding the vote of Congress, the authority of the Courts and Juries, and the exclusive power of the Se-

cretary of the Treasury, he substitutes at once his own arbitrary will. Certainly since the foundation of this Government, nothing has ever been done which more deeply wounds the spirit of our free institutions. It, in fact, resolves itself into this—that whenever the laws prescribe certain duties to an officer, if that officer, acting under the sanctions of his official oath and his private character, refuses to violate that law, the President of the United States may dismiss him and appoint another; and if he too should prove to be a “refractory subordinate,” to continue his removals until he at last discovers in the descending scale of degradation some irresponsible individual fit to be the tool of his designs. Unhappily, there are never wanting men who will think as their superiors wish them to think—men who regard more the compensation than the duties of their office—men to whom daily bread is sufficient consolation for daily shame.

The present state of this question is a fearful illustration of the danger of it. At this moment the whole revenue of this country, is at the disposal—the absolute, uncontrolled disposal—of the President of the United States. The laws declare that the public funds shall be placed in the Bank of the United States, unless the Secretary of the Treasury forbids it. The Secretary of the Treasury will not forbid it. The President dismisses him and appoints somebody who will. So the laws declare that no money shall be drawn from the Treasury, except on warrants for appropriations made by law. If the Treasurer refuses to draw his warrant for any disbursement, the President may dismiss him and appoint some more flexible agent, who will not hesitate to gratify his patron. The text is in the official Gazette, announcing the fate of the dismissed Secretary to all who follow him. “The Agent cannot *conscientiously* perform the service and refuses to co-operate, and *desires* to remain to thwart the President’s measures. To put an end to this difficulty between the head and the hands of the Executive Department, the Constitution arms the Chief Magistrate with authority to remove the refractory subordinate.” The theory thus avowed, and the recent practice under it, convert the whole free institutions of this country into the mere absolute will of a single individual. They break down all the restraints which the framers of the Government hoped they had imposed on arbitrary power, and place the whole revenue of the United States in the hands of the President.

The power, too, is asserted in a tone fitter for the East, than for any country claiming to be governed by laws. The President declares that, “*in his opinion, the near approach of the termination of the charter, and the public considerations heretofore mentioned, are of themselves amply sufficient to justify the removal of the deposits, without reference to the conduct of the Bank, or their safety in its keeping.*”

The only “public considerations heretofore mentioned,” are his own re-election, and his belief that the charter would not be renewed. So that the President here avows that although the last Congress passed a bill rechartering this very Bank—although the same Congress, a few months ago, at his own invitation, declared that the public deposits might be safely continued in this Bank—although a new Congress,

many of whose members are chosen by the people since his own election, is about to meet in ninety days, and will continue in existence for two years—although at the end of those two years a new Congress, fresh from the people, will meet before the charter expires—yet notwithstanding all this, he, the President declares, on his own responsibility, that the deposits shall be removed; no matter whether the conduct of the Bank has been good or bad, and no matter whether the deposits are safe or unsafe; and, accordingly he dismisses the officer who refuses to remove them, and appoints another who will remove them.

At this moment the process of evading the law is in full practice.

By the Constitution of the United States, (Sec. 9,) “no money shall be drawn from the Treasury but in consequence of an appropriation made by law.”

By the act of Sept. 1, 1789, establishing the Treasury Department, the Secretary of the Treasury is authorized to “grant all warrants for moneys to be issued from the Treasury *in pursuance of appropriations by law;*” and the same act further declares, that it shall be the duty of the Treasurer to receive and keep the moneys of the United States and to disburse the same, upon warrants drawn by the Secretary of the Treasury, *countersigned by the Comptroller*, recorded by the Register, and *not otherwise.*”

But there has been a usage of transferring funds from one branch of the Bank of the U. S. to another, or one State Bank to another, when the public service required disbursements at remote places. This *transfer draft*, intended to require an actual transfer, has been converted into a mere check—a warrant in fact, though not in form—and has been applied to the purpose of taking the funds out of the place to which they are assigned by law, and *transferring* them to the opposite side of the street. As it was never presumed that such a power would be thus abused, the transfer draft has fewer checks than the warrant for disbursement, the signature of the Comptroller, who is the law officer of the Treasury not being usual; and accordingly by a strange anomaly, although the Treasurer’s warrant to pay one hundred dollars to an honest creditor of the Government must go through a great variety of forms, the transfer draft for a million has fewer formalities. By means of these transfer drafts, as will be seen by the annexed correspondence, large sums of money have been withdrawn from the Bank of the United States, and placed in State Banks in the same city, without the slightest reference to the public disbursements—and no less than two millions three hundred thousand dollars of the public revenue have been placed at the discretion of the officers of the State Banks by transfer drafts privately issued, and without the notice to the Bank of the United States, which the Treasury had promised to give, and had hitherto always given of similar demands on the Bank.

The Committee willingly leave to the Congress of the United States the assertion of their own constitutional power, and the vindication of the principles of our Government, against the most violent assault they have ever yet encountered; and will now confine themselves to the

more limited purpose of showing that the reasons assigned for this measure are as unfounded as the object itself is illegal.

The main purpose in fact of this manifesto, appears to be to prove that the Bank was unfriendly to his own election, and he endeavours to trace this opposition to him and his measures,

1st. In the application to Congress for a renewal of the Charter.

2d. In the extension of the loans of the Bank in 1831 and 1832.

3d. In the claim for damages on the French Bill.

4th. In the circulation of documents vindicating the Bank from the imputations which had been cast upon it.

All these assertions it is proposed briefly to disprove.

1st. He first complains that the Bank applied to Congress for a decision in regard to its charter. He says "that there are strong reasons for believing that the motive of the Bank for asking for a recharter at that session, was to make it a leading question in the election of a President of the United States the ensuing November, and all steps were deemed necessary to procure from the people a reversal of the President's decision;" and again—"the object avowed by many of the advocates of the Bank was to put the President to the test;" and moreover, "it was to compel the President to take his stand that the question was brought forward at that particular time." Now the fact is that so far from prematurely hastening a discussion on the part of the Bank, it was *he himself who brought this very question before Congress*, and rendered its discussion inevitable. Thus,

In his Message of December 8, 1829, he said

"The Charter of the Bank of the United States expires in 1836, and its Stockholders will most probably apply for a renewal of their privileges. In order to avoid the evils resulting from precipitancy in a measure involving such important principles and such deep pecuniary interests, I feel that *I cannot, in justice to the parties interested, too soon present* it to the deliberate consideration of the Legislature and the people."

In his Message of December 11th, 1830, he says

"The importance of the principles involved in the inquiry whether it be proper to re-charter the Bank of the United States, requires that *I should again* call the attention of Congress to the subject."

In his Message of December 6, 1831, he says,

"Entertaining the opinions heretofore expressed in relation to the Bank of the United States, as at present organized, I felt it my duty, in my former Messages frankly to disclose them, in order that the attention of the legislature and the people should be *seasonably directed* to that important subject, and that it might be considered and finally disposed of in a manner best calculated to promote the ends of the Constitution, and subserve the public interest. Having thus conscientiously discharged a constitutional duty, I deem it proper, *on this occasion*, without a more particular reference to the views of the subject then expressed, to *leave it at present to the investigation of an enlightened people and their representatives.*"

It was under these distinct and repeated invitations by the Presi-

dent himself, that the Bank felt itself obliged not to decline his call upon Congress, and accordingly the subject was brought before that body.

Both Houses of Congress passed the bill renewing the charter. This result was unexpected to him, and although he had declared in the Message just quoted, that he meant to "leave it at present to the investigation of an enlightened people and their representatives"—yet the moment the enlightened people and their representatives differed from him in opinion, he treated them just as he has recently done the conscience of the Secretary of the Treasury. He refused his signature to the bill on the 14th of July, 1832, declaring that "had the executive been called upon to furnish the project of such an institution, the duty would have been cheerfully performed." As however no such call was made he concluded that "*as the charter had yet four years to run, and as a renewal now was not necessary to the successful prosecution of its business, it was to have been expected*" &c. &c.

Here then the President begins in 1829, when the Bank had nearly *seven years to run*, by telling Congress that to avoid precipitancy he could *not too soon* present the subject of the re-charter to their consideration. The next year, when the Bank had nearly *six years to run*, he repeated to Congress that the importance of the subject of the re-charter required that he *should again* call the attention of Congress to it. The next year when the Bank had *five years to run*, he reiterated to Congress that he thought the attention of Congress should be *seasonably* directed to this important subject—and then when Congress at his request proceeded to consider it and renewed the charter, he sent it back with a declaration, that as the charter had *yet four years to run*, there was no necessity for being in haste about it.

And now in the face of all these testimonials of his urging Congress, year after year, to decide the question, as they decided against him, he asserts that the Bank must have brought it before Congress to defeat his election.

His second proof is scarcely less extraordinary. He says that in order to carry the election against him "although the charter was approaching its termination, and the Bank was aware that it was the intention of the Government to use the public deposit as fast as it accrued in the payment of the public debt, yet did it extend its loans from January 1831, to May 1832, from \$42,402,304 24 to \$70,428,070 72, being an increase of \$28,025,766 48 in sixteen months. It is confidently believed that the leading object of this immense extension of its loans was to bring as large a portion of the people as possible under its power and influence."

The errors here are as follows:—

1st. That the fact in regard to the increase of the loans is misstated—and that the motives of them are wholly perverted.

The truth is, that the loans at the periods mentioned stood thus:—

	January, 1831.	May 1832.
Loans to Individuals	\$33,575,403 43	\$47,375,078 20
Loan to Government	8,674,681 06	
Domestic Bills	10,456,653 90	23,052,972 52
	<u>\$52,706,738 39</u>	<u>\$70,428,050 72</u>
		52,706,738 39
		<u>\$17,721,312 33</u>

Baring, Brs. & Co. Cr. 2,387,331 19 Dr. 1,878,122 29.

From this it is manifest that between those two periods the Bank had received from Government the reimbursement of

		\$8,674,681 06
It had drawn for its foreign funds	\$2,387,331 19	
And drawn on its foreign correspondents for an additional sum of	1,878,122 29	
Making a total of	<u> </u>	4,265,453 48
Thus furnishing additional means of discounting to the amount of		<u>\$12,940,134 54</u>
Yet its actual loans—its actual discounts, were increased only		5,124,993 71

The Domestic Bills of Exchange purchased for the transferring of the funds of the Government or of individuals, make a separate and independent business, dependant on the demand for the interior commerce of the country. But taking the increase of those bills into consideration, it will be seen that the increase of loans is

	\$5,124,993 71
And the increase of Bills of Exchange	12,596,318 62
Making a total increase of	<u>\$17,721,312 33</u>

instead of 23 millions as asserted by the signer of the paper. That is to say, in the year 1831, there being a most active foreign and interior trade, requiring unusual facilities for its operations, the Bank having received from the Government the reimbursement of its loan to Government, amounting to more than eight millions; and having called in its funds in Europe, and employed its credit there to the amount of four millions, possessing thus additional means of loaning, to the amount of nearly thirteen millions, actually increased its loans to the amount of seventeen millions, making in fact a mere increase of its investments not equal to five millions, of which increase the new Branch Bank of Natchez, established within that period, alone contributed nearly three millions.

There are several circumstances which make this mis-statement peculiarly improper. He reproaches the Bank with this increase, although "the Bank was aware of the intention of the Government to

use the public deposit as fast as it accrued, in the payment of the public debt." Now the fact is, that this public deposit was used as we have just seen, in *paying off the public debt owned by the Bank itself*—so that instead of increasing its loans in such a way as to interfere with the payment of the public debt to others, this very public debt was actually paid to the Bank itself, and furnished the very means of increasing the loans.

What makes it still worse is, that this very *public debt was in fact paid to the Bank on the solicitation of the Treasury itself, before the Bank was bound to receive it.* On the 29th day of September, 1831, the Secretary wrote to the President of the Bank—

"The offer made by you this day, on behalf of the Bank of the United States, for the immediate reimbursement at par of the following stocks received by that institution, is accepted, viz:

91,188 92 of 4½ per cents of 26th May, 1824.

3,260,475 99 of 4½ per cents of 24th May, 1824.

§3,351,664 91

"The department *fully appreciates the disposition which the Board of Directors have manifested by this arrangement, to co-operate in the accomplishment of its desire for the discharge of the public debt as early as the means of the Treasury will permit.*"

It has been thus seen, first, that the actual amount of increased investment was less by ten millions than is here asserted—second, that the public debt which the Bank is charged with not preparing to pay, was actually paid to the Bank itself, and not merely paid to the Bank, but paid before it was due, in order to accommodate the Government. In regard to this increase, too, the points of comparison are wholly fallacious. From the nature of the business of the country, the loans are necessarily larger in May than January, because the southern crop, with all its business, enlarges the Spring operations of the Bank—and no more just result can be had by comparing May and January, than by comparing the thermometers of the two seasons. The true comparisons must be between January and January or between May and May. Now the fact is, that the increase from May to May of the successive years is comparatively small. The loans at these successive periods were as follows:—

	To Individuals.	To Government.	Total.
May, 1827,	33,118,707 46	17,764,359 05	50,883,066 51
„ 1828,	37,353,717 92	17,474,111 43	54,827,829 35
„ 1829,	42,894,587 90	15,007,472 13	57,902,060 03
„ 1830,	43,206,694 12	10,892,530 90	54,099,225 02
„ 1831,	53,582,067 75	5,674,681 06	59,256,748 81
„ 1832,	70,428,070 72	paid off.	70,428,070 72
„ 1833,	64,519,900 73	„	64,519,900 73
Nov. 1833,	57,210,604 38	„	57,210,604 38

From which it appears that this enlargement was gradual—that it occurred when the wants of the country required the aid of this expansive power, so valuable in the Institution, and that the increase has subsided when no longer required.

Supposing all this, however, to have been exactly as it has been stated, that is, supposing this increase of loans to have been twenty-eight millions, what does it prove? Why that the Bank enlarged its business to meet the commercial wants of the country, and when those wants were supplied, the business of the Bank of course subsided. But the President can ascribe this increase to no other cause than his own election. Accordingly, he says that the Bank, in January, 1831, began to prepare for his election, which was to take place nearly two years afterwards, by lending 28 millions. It is somewhat hostile to this theory, that this whole increase had reached its height in May, 1832. Now, in December, 1831, the Secretary of the Treasury, with the full approbation of the President, had spoken in the most favorable terms of the Bank, and he did not sign his veto message against it until July, 1832, up to which period, it was doubtful whether he would veto it, and of course it was unknown whether the Bank would have the least reason to be opposed to his election—and these whole 28 millions might have been uselessly lavished: so that the Bank increased its loans while it had no interest in his election, and did not increase them when he supposes it had. Truly this mode of “bringing as large a portion of the people under its power and influence,” seems singularly ill-timed.

3d. In recurrence to his own election, he next proceeds to declare that “whatever may be the opinion of others, the President considers his re-election as a decision of the people against the Bank.” Now, it is difficult for any one to believe this, since it is notorious that many of the most decided friends of the Bank were his zealous supporters. Thus Pennsylvania was the most efficient of them all; yet that same Pennsylvania, with extraordinary unanimity, in February, 1831, passed the following resolution:

“That the constitution of the United States authorizes, and near half a century’s experience sanctions, a Bank of the United States, as necessary and proper to regulate the value of money, and prevent paper currency of unequal and depreciated value.”

And again, with equal unanimity in February, 1832, the following:—

“That the Senators from this State in the Congress of the United States be instructed, and the Representatives requested, to use their exertions to obtain a renewal of the charter of the Bank of the United States during the present session of Congress, with such alterations (if any be necessary) as may secure the rights of the States.”

Such a belief, moreover, is opposed by his own declaration in the Veto Message, that “a new Congress, elected in the midst of such discussion, and furnishing an equal representation of the people according to the last census, will bear to the Capitol the verdict of public opinion, and, I doubt not, bring this question to a satisfactory result.”

Now, that Congress to which he referred the decision of the ques-

tion, had not yet assembled. In some parts of the country the members had not been even elected at the time of signing this manifesto; and yet, he now asserts, that he "considers it as conclusively settled that the charter of the Bank of the United States will not be renewed, and he has no reasonable ground to believe that any substitute will be established. Being bound to regulate his course by the laws as they exist, and not to anticipate the *interference* of the Legislative power for the purpose of framing new systems, it is proper *for him seasonably* to consider the means by which the services rendered by the Bank of the United States, are to be performed after its charter shall expire." This seems to involve an inconsistency. There was a Congress about to meet in ninety days, to which very Congress he had referred the question of the Bank. There was a new Congress to meet in December, 1835, before the expiration of the charter. Yet does he now declare that, since the people elected him and he was opposed to the Bank, he revokes all he said about the Congress of 1833, disregards the Congress of 1835, and chooses to consider it settled without any "interference of the Legislative power."

The next head of complaint is the postponement of a portion of the three per cents. by the Government in April, 1832; and of another portion by the Bank in December, 1832. Now, it is very remarkable that both these subjects were fully examined—the first by the Committee of Investigation of 1832, and the second by the Committee of Ways and Means of 1833—and both reports *are in decided contradiction to the assertions of the President*. For instance, he complains of the first postponement, which he imputes to the Bank, whereas the Committee of Investigation themselves declare, "*they are fully of opinion that the Bank neither sought for nor requested a postponement of the payment by the Government.*" He complains of the second postponement, yet the Committee of Ways and Means report, that the nominal postponement had, in fact, closed the payment sooner than if no postponement had been made; and that "this question seems no longer to present any important or practical object of inquiry, or to *call for or admit of any action of Congress upon it.*"

This would seem to be perfectly satisfactory; yet, lest the revival of these charges may mislead the unsuspecting, it may be well to refute them again, as they have been often refuted before; and first of the postponement in October. He says of it:

"Conscious that at the end of that quarter the Bank would not be able to pay over the deposits, and that further indulgence was not to be expected of the Government, an agent was despatched to England secretly, to negotiate with the holders of the public debt in Europe, and induce them by the offer of an equal or higher interest than that paid by the Government, to hold back their claims for one year, during which the Bank expected thus to retain the use of \$5,000,000 of public money, which the Government should set apart for the payment of that debt. The agent made an arrangement on terms, in part, which were in direct violation of the charter of the Bank; and

when some incidents connected with this secret negotiation accidentally came to the knowledge of the public and the Government, then and not before so much of it as was palpably in violation of the charter was disavowed!"

If there be any one matter in regard to which the Bank is more beneficial than any other matter, it is precisely this agency in paying off the public debt; and if there be any cases in the course of that agency more useful than any other cases, they are precisely these two cases which are here made the subjects of reproach.

The whole collection of the revenue is based on the system, that funds are never accumulated in the Treasury for a long period, but are principally lent out to the community, and only called for as they are needed for the public service. Whenever, therefore, large payments are made by the Government, as it is necessary to withdraw from the use of the community considerable sums, this process requires some delicacy in recalling from distant parts of the United States as much as may answer the immediate exigency, yet not enough to press disadvantageously on the community. This is the especial function of the Bank. How well it has succeeded may be inferred from the testimonials of the successive Secretaries of the Treasury. Thus, Mr. Rush, in his Treasury Report of the 13th of December, 1828, says:

"In this manner, heavy payments of the debt are in effect, made gradually, instead of the whole mass being thrown at once upon the money market, which might produce injurious shocks. *So prudently in this and other respects does the Bank aid the operation of paying off the debt, that the community hardly has a consciousness that it is going on.*"

And Mr. Ingham, in like manner, on the 11th of July, 1829, says:

"I take the occasion to express the great satisfaction of the Treasury Department at the manner in which the President and Directors of the parent Bank have discharged their trusts in all their immediate relations to the Government, so far as their transactions have come under my notice, and especially in the facilities afforded in transferring the funds of the Government, *and in the preparation for the heavy payment of the public debt, on the first instant, which has been effected by means of the prudent arrangements of your Board*, at a time of severe depression on all the productive employments of the country, without causing any sensible additions to the pressure, or even visible effect upon the ordinary operations of the State Banks."

Finally, the President himself, in his Message to Congress of December, 1829, says:

"It was apprehended that the withdrawal of so large a sum from the Banks in which it was deposited, at a time of unusual pressure on the money market, might cause much injury to the interests dependent on bank accommodations. But this evil was wholly averted by an early anticipation of it at the Treasury, *aided by the judicious arrangements of the officers of the Bank of the United States.*"

It had thus become the habitual policy of the Bank at the approach of any large payment, to begin its preparations for a long period in

advance, so as to collect its resources gradually, and to distribute its disbursements over as wide a sphere as possible.

In the year 1832, the country was heavily indebted to Europe for the large importations of the year 1831; and it was particularly desirable to give to the community leisure to pay that debt out of their annual earnings, and to prevent any addition to the foreign demand in 1832. Now there were more than twenty-five millions and a half of the principal and interest of that debt payable in the year 1832—from Dec. 31, 1831, to Jan. 1, 1833—of which more than fifteen millions were to be paid in nine months, and between eight and nine of it to foreigners. The Bank was fully prepared to make the first payment on the 1st of October, 1832.

The State Banks of Philadelphia, New York

and Boston, owed to this Bank,	- - - -	\$2,280,000
Its specie at these places alone was	- - - -	3,200,000
Its funds in Europe were	- - - -	2,982,000

Making of cash in hand, or its equivalents,	- - - -	\$8,462,000
With an open credit in Europe, on which to draw, for	- - - -	2,500,000

Besides not less than twenty millions of debts, to be used for this purpose—while the whole public debt to be paid on the first of October, was \$8,634,988 37.

In this state the Bank, had it considered only its own interest, would have been perfectly passive, since it was perfectly at ease. But it had other and higher interests to consult. From the communication with the Treasury in July, it was probable that the funds of the Government might be insufficient to pay the debt advertised to be paid—and that even if these funds were adequate, the operation would exhaust all the means of the Government, and require that the community should repay the whole amount of the public funds distributed among them. It was further manifest that the ability of the Government to meet its engagements, depended entirely on the punctual payment of the revenue in the commercial cities, from July to January, which was estimated at about twelve millions of dollars.

That resource was threatened with the greatest danger by the appearance of the Cholera, which had already begun its ravages in New York and Philadelphia, with every indication of pervading the whole country. Had it continued as it began, and all the appearances in July warranted the belief of its continuance, there can be no doubt it would have prostrated all commercial credit, and seriously endangered the public revenue, as in New York and Philadelphia alone, the demand on account of the foreign three per cents was about five millions.

The Bank, therefore, made an arrangement with the foreign owners of this stock, to the amount of \$4,175,373 92 to leave their money in the country for another year, the Bank assuming to pay the interest instead of the Government. Having settled this, the Bank resumed its usual facilities of business to the community. Of the whole four millions postponed, the interest on them has ceased, and at this moment the only certificates not yet actually returned, are those in the name of two persons, amounting to \$42,375 94 and it is remarkable,

that while of the whole amount of \$4,175,373 92 purchased and postponed, there remain unpaid only two owners, holding \$42,375 94;* the amount of the unpostponed threes still outstanding is five or ten times as much. So that in fact as was anticipated in the report of the Committee of Ways and Means, the postponement has actually hastened its payment.

All these things were fully explained by the Committee of Ways and Means, to whom that part of the President's Message was referred, and that Committee accordingly reported as follows:—

“The arrangement made by the Bank for a temporary postponement, with the consent of the holders of the payment of five millions of the three per cent. debt, being now substantially closed by the surrender to the Government, of the certificates of stock, except for a small amount, and the whole debt itself, as far as respects the Government, at an earlier period than it is probable it would otherwise have been, this question *seems no longer to present any important or practical object of inquiry, or to call for, or admit any action of Congress upon it.*”

This ought to be satisfactory, yet is the subject now revived with the addition of two distinct errors in point of fact. The first is that the Bank “was conscious that at the end of the quarter it would not be able to pay over the deposits”—whereas the state of the Bank, as above explained, proved its entire ability to make this payment, and that its interposition was exclusively dictated by the desire to avert an additional trouble at a season of pestilence. The second is, that the part of the arrangement made with the agent of the Bank was not disavowed until “some incidents connected with this secret negotiation, accidentally came to the knowledge of the public and the Government.” The fact is, that as soon as that part of the arrangement which seemed to conflict with the charter, was received, the determination was made to decline executing it before any publication of any sort was seen or known in regard to it.

The evidence of this is so clear and so short, that it deserves to be cited as an example of the general inaccuracy of this manifesto. The Committee of Exchange, in their report to Congress of January 29, 1833, declare as follows:

“But when the contract itself reached the Bank, on the 12th of October, and it appeared from the communication of Messrs. Baring, Brothers & Co., that the stock was to be purchased on account of the Bank, they were immediately instructed, on the 15th of October, that the Bank had no authority to become owners of the stock,” &c. &c.

When two of the members of that Committee were examined on oath before the Committee of Ways and Means, they confirmed the statement as follows:

Question. Had the President or Exchange Committee, any intention to disavow General Cadwalader's authority to make the contract he did, until after the appearance in the New York papers of the 11th or 12th October last, of the circular of the Barings to the foreign

* December 9, 1833. Now only one person holding \$20,975 94.

holders of the U. S. 3 per cent. stocks, announcing to them, that they had the authority of the Bank to purchase or negotiate a postponement of the stocks held by them.

Answer of Mr. Manuel Eyre. I can say yes positively. I recollect it perfectly well. When I first read this letter, I said it was not proper and disavowed it.

Answer of Mr. Matthew L. Bevan. I never did see myself, the notice referred to in the New York papers, but well recollect the moment the letter was received giving information of the proceedings in relation to that negotiation, the President of the Bank, with the approbation of the Exchange Committee, immediately wrote, disavowing the nature of that arrangement, it having been made under a misapprehension."

The complaint in regard to the postponement by the Government in April, 1832, is of the same character. He says, that "after this negotiation had commenced, the Secretary of the Treasury informed the Bank that it was his intention to pay off one-half of the three per cents on the first of the succeeding July, which amounted to about \$6,500,000. The President of the Bank, although the Committee of investigation was then looking into its affairs at Philadelphia, came immediately to Washington, and upon representing that the Bank was desirous of accommodating the importing merchants at New York, (which it failed to do) and undertaking to pay the interest itself, procured the consent of the Secretary, after consultation with the President, to postpone the payment until the succeeding first of October."

The impression here intended to be conveyed is, that the President of the Bank, in order to relieve the Institution from a demand which it could not sustain, asked an indulgence which was conceded by the Government. Now the truth is, that the Government wished to make the postponement, but could not do it without the aid of the Bank. Mr. M'Duffie, Chairman of the Committee of Ways and Means, and Mr. Cambreleng, Chairman of the Committee of Commerce, who were then members of the Committee of Investigation at Philadelphia, wrote letters to the Secretary of the Treasury dissuading the Government from making the payment. The only difficulty in doing it was, that the Commissioners of the Sinking Fund had no authority to postpone the payment, as they would be obliged to pay the quarter's interest during the three month's delay—and this difficulty was removed by the President of the Bank, who agreed to pay the interest as the money would remain in the hands of the Bank. *The letters just mentioned were accordingly submitted to the President, who never saw the Secretary of the Treasury on the subject, as that gentleman was sick, and who himself decided on the postponement after seeing the recommendation of Mr. M'Duffie and Mr. Cambreleng.* Much stress is also laid on the visit of the President of the Bank to Washington, while the Committee of Investigation were in Philadelphia. The truth was, the letter of the acting Secretary was received so immediately before the period fixed for issuing the notice of payment, that if any thing were to be done at all, it was to be

done only by personal communication with the Secretary, as there was no time for correspondence. The gentlemen of the Committee were aware of his going, and two of its members wrote letters to promote his object. Besides, his leaving the Committee of Investigation in full possession of the Bank and all its papers, so far from being a subject of reproach or suspicion, is the surest mark of his entire reliance that there was nothing in the concerns of the Bank which they might not examine at leisure during his absence, and was the best proof of his confidence in them as well as himself. The whole subject was before the Committee of Investigation of 1832, and *that Committee acknowledged*, as will be seen from the following extract from their report, *that this postponement was not the work of the Bank.* The Committee say—

“They made a call upon the President of the Bank for the correspondence in relation to the postponement of that payment, in the following words: “Will you please give a copy of the correspondence connected with your application in March last, requesting a suspension by the Government of the payment of a portion of its debt intended to have been made on the first of July next, or a statement of the arrangement made in relation to that subject.” Which correspondence was communicated by the President of the Bank with the following remarks:

“I have made no application to the Government, nor have I requested any suspension of the payment of any portion of the public debt.

“The inquiry, I suppose, relates to this circumstance; ‘I received a letter from the acting Secretary of the Treasury, dated the 24th March, 1832, informing me that Government was about to issue a notice on the 1st of April, of their intention to pay, on the 1st of July next, one-half of the three per cent. stock, and to do it by paying to each stockholder one-half of the amount of his certificate.’” He added,

‘If any objection occurs to you either as to the amount or mode of payment, I will thank you to suggest it.’

“Thus invited by the Government in a communication marked ‘confidential,’ to give my opinions on a measure contemplated by the Government, I felt it my duty to express my views of its probable operation: in my reply therefore, dated 29th of March, I stated ‘that so far as the Bank is concerned, no objection occurs to me, it being sufficient that the Government has the necessary amount of funds in the Bank to make the contemplated payments.’ I then proceeded to observe, that in the present situation of the commercial community, and with a very large amount of revenue, (amounting to nine millions,) to be paid before the 1st of July, the debtors of the Government would require all the forbearance and all the aid that could be given them; and that the payment proposed, by creating a demand for the remittance of several millions of dollars to European stockholders, would tend to diminish the usual facilities afforded to the debtors of the Government, and might endanger the punctual

payment of the revenue. For this reason I thought it for the interest of the Government, to postpone the payment till the next quarter. I further stated, that the plan of paying to each stockholder only one-half of his loan, would not be so acceptable as if his whole loan were repaid at once.

“Having thus performed my duty in giving the opinion asked, I left it, of course, to the Government to decide. On the part of the Bank, I sought nothing, I requested nothing. After weighing the circumstances, the Government were desirous of adopting the measure, but the difficulty I understood to be this, that the sinking fund would lose the quarter’s interest, from July to October, of the sum intended to be paid in July; and that the Government did not feel itself justified in making the postponement unless that interest could be saved, but that it would be made, provided the Bank would make the sinking fund whole on the 1st of October. To this I said, that as the Bank would have the use of the fund, during the three months, it would consent to save the sinking fund harmless, by paying the three months interest itself; as the matter stands.

“Now, it will be seen, that the Bank, in all this, has had not the least agency, except to offer its opinion, when it was asked, in regard to a measure proposed by the Government; and then to offer its aid in carrying that measure into operation.” “The Committee are fully of opinion that though the Bank neither “sought” for, nor “requested” a postponement of the payment by the Government, as stated in the declaration of the President, yet if such postponement had not been made, the Bank would not, on the 1st of July, have possessed the ability to have met the demand, without causing a scene of great distress in the commercial community.”

The next evidence adduced of the Bank’s opposition to him, is its claims for damages. Of this he gives the following account:

“The Bank became the purchaser of a bill drawn by our Government on that of France for about 900,000 dollars, being the first instalment of the French indemnity. The purchase money was left in the use of the Bank, being simply added to the Treasury deposit. The Bank sold the Bill in England, and the holder sent it to France for collection, and arrangements not having been made by the French Government for its payment, it was taken up by the agents of the Bank in Paris, with the funds of the Bank in their hands. Under these circumstances it has, through its organs, openly assailed the credit of the Government, and has actually made and persists in a demand of fifteen per cent. or \$158,842 77 as damages, when no damage, or none beyond some trifling expense has in fact been sustained, and when the Bank had in its own possession on deposit, several millions of the public money which it was then using for its own profit. Is a fiscal agent to the Government, which thus seeks to enrich itself at the expense of the public, worthy of further trust?”

First. *It is not correct to state that the Bank was the “fiscal agent” of the Government in this matter. On the contrary, the fiscal agency*

of the Bank was offered without any charge to the Government, and declined. The Bank did not wish to purchase this Bill at all, but proposed to collect it, paying the money only after it had been received by the agents of the Bank in France. Thus when the Secretary of the Treasury wrote to the Bank about this bill, the President of the Bank in his answer dated November 5, 1832, said

“The Bank has already in Paris a larger sum than it has any immediate use for, yet it is not indisposed to increase it because it may hereafter have occasion for the funds, and because it is believed that if the terms can be made acceptable, the purchase of the whole by the Bank, would be the best operation for the Government;”—and again in the same letter—

“In regard to the rate, you are the most competent judge of its fitness, and I will merely add, that the Bank not wanting funds in Paris, and believing that they will be lower hereafter, would not make a similar purchase from any other quarter, and is influenced exclusively by the belief that any other arrangement would be less advantageous to the Treasury.”

So in his letter of the 11th of February, 1833, “The purchase of the bill is *not in the least desirable to the Bank*, nor would the rate now allowed be given to any other drawer than the Government, for we shall send by the same conveyance which carries your bill, a large amount of bills purchased at 5.45, being nearly $1\frac{1}{2}$ per cent. less than the price actually given to the Treasury.”

The Bank then did not wish to purchase the bill. But the Bank offered its agency to collect it on the following terms, on the 5th November, 1832.

“Should you prefer not fixing a rate at present, but to take the chances of a higher rate hereafter, the Bank on receiving your bill, would place the amount of it to the credit of the Government on the 2d of March, at the current rate of exchange of the best bills on that day in Philadelphia.”

Here then was a distinct proposal to collect the bill just as the Bank collects bills for individuals, so that if the bill had, in Nov. 1832, been sent to the Bank, it would have been forwarded to Europe; and if on the 2d of Feb. 1833, when it was payable in Paris, it had not been paid, the Bank would have been apprised of that fact, and would not have made the payment on the 2d of March, and the whole transaction would have been closed. This course, however, the Government did not adopt—but after considering the offers for the bill made from other quarters, decided to sell it to the Bank.

Secondly. It is not the fact that this money “was left in the use of the Bank, being simply added to the Treasury Deposits.”

Suppose that it had been, it would not in the slightest degree affect the question of damages. When a party sells a bill, and is paid for it, that is, has the funds placed to his credit to be drawn whenever he chooses without further notice, the party is as much paid—the fund belongs as little to the Bank—as if the party had actually withdrawn the whole sum in specie. But not only was the fund in this case drawn

from the general resources of the Bank, and placed to the credit of the Treasury, but immediately after that was done Congress passed a law to lend the money, and the Secretary of the Treasury issued a notice that this money was to be forthwith lent out to capitalists, that is to say to be immediately withdrawn. The credit given to the Treasurer was on the 11th of February, 1833. The notice of the Secretary dated the 6th of March, offered to lend out this money after the 20th of March—of course the Bank could make no use of it—on the contrary, as it would probably be withdrawn immediately, it became not merely useless as a deposit, but required the Bank to shape its loans to others, so as to provide for the immediate payment.

Nor is this all. Not only was this sum passed to the credit of the Treasurer—not only was the early withdrawal of it from the Bank announced by the Secretary, *but the identical proceeds of this identical French bill, were a tually used by the Government for the payment of its ordinary expenses.*

The account of the Treasurer at the Bank stood thus:—

February 11,	-	-	-	-	\$717,264	22
18,	-	-	-	-	1,735,460	40
(in consequence of the payment for the French bill,)						
February 25,	-	-	-	-	\$1,842,658	14
March 4,	-	-	-	-	1,620,699	89
11,	-	-	-	-	1,551,627	97
18,	-	-	-	-	1,560,783	63
25,	-	-	-	-	1,496,907	43
30,	-	-	-	-	1,052,862	10
April 8,	-	-	-	-	1,082,560	88
15,	-	-	-	-	918,816	61
22,	-	-	-	-	746,613	61
29,	-	-	-	-	826,070	90
May 6,	-	-	-	-	814,046	61
13,	-	-	-	-	774,630	47
20,	-	-	-	-	431,560	43

When the money was repaid.

It will thus be seen, that there was at the credit of the Treasurer on the 18th of February, the sum of \$1,735,460 40, of which \$903,565 89 were the proceeds of the French bill, and as in the month of April there was to his credit only \$746,613 61, the difference between these two sums, that is to say \$156,952 28 had been drawn for out of that fund of \$903,565 89.

Accordingly when the Treasurer came to repay the money, he had not enough of it remaining—but was obliged to draw on funds elsewhere, so that in acknowledging the receipt of his draft on the 11th of May, 1833, the Cashier of the Bank added,

“Your transfer check for \$700,000 on the office of the Bank of the United States at New York will appear at the credit of your account this day, *and will thus prevent the overdraft which the charge now advised would otherwise have occasioned.*”

In the United States then the Bank had paid the amount of the bill in its least convenient form. But when it was protested in Paris the agents of the Bank finding a bill with its name upon it protested, came forward and paid it on account of the Bank—so that the Bank had actually paid for this bill twice over—once in Philadelphia and once in Paris—that is, it had of course a credit for the proceeds of the sale of the bill in London, but its actual disbursements on account of the bill were upwards of \$1,800,000.

What makes the case stronger is this—that on the 22d of March, the day when the protested bill came back to the Bank, the whole amount at the credit of the Treasury throughout the whole U. States, with the exception of the Danish indemnity money, was \$1,827,048 88 cts. Now the Bank had advanced \$903,565 89 in Philadelphia, and \$921,590 18 in Paris, making \$1,825,156 07, so that although it had credit in England for the bill sold there, the Bank had actually advanced on account of this bill a sum equal within less than two thousand dollars, of the whole funds of the Government in the Bank.

When the bill returned protested, the Bank, as the endorser, called upon the Government to pay the principal and the damages. It did this as a matter of course. It did it as a matter of the clearest duty to the Government, because if the Government had any right at all to draw the bill, it had a right to make France pay the damages for its breach of contract, and it had no mode of claiming against France, unless in the first instance it paid the damages to the Bank, which it might the more readily do, as being one-fifth partner of the Bank, its own share of the \$158,000 would be \$31,600.

But whether the French Government pays these damages or not, it is manifest that the American Government must pay them—and this upon the simple principles, not of equity, but of ordinary honesty.

From the foundation of the Government to the present day, whenever the Government has purchased a bill from a private citizen, and that bill has from whatever cause returned protested, no matter how hard the case may be, no matter what circumstances of excuse or mitigation may be offered by the citizen, no matter whether damages were actually sustained or not, the Government has rigorously enforced its claim for damages. It has not merely forced a solvent merchant to pay, but has insisted that its claim for damages should have its legal precedence over all the just rights of the other creditors of an insolvent; and now when the case is changed, when the Government sells its own bill to its own citizens, and that bill returns protested, with what propriety, nay with what pretensions to common honesty, can the Government presume to deny the same justice to its own citizens. The books of the Treasury are crowded with cases of damages exacted by the Government from American citizens—and one is now selected merely from its peculiar aptness to the present occasion.

Some years ago, Mr. Stephen Girard sold to the Treasury four bills, two of which returned protested owing to the insolvency of his correspondent in London; when the two others became due they were paid for the honour of Mr. Girard by the Messrs. Barings, who also agreed to pay the two first in London, as of the day on which they were payable. Mr. Girard applied to Congress for exoneration from the claim of twenty per cent. damages, alleging—

“That from the said sum of £22,500 sterling, due on the 18th August last, being passed by Sir Francis Baring & Co., to the credit of the Secretary of the Treasury of the United States, ‘as on the day the same became due’ *no real loss or damage can accrue to the United States* from the said bills being returned under protest.”

Congress rejected the claim, and Mr. Girard paid the damages of twenty per cent.

On that occasion, the Committee of Claims called on the Secretary of the Treasury, Mr. Gallatin, and in his answer, which makes part of their report, he says that he had rejected Mr. Girard’s claim for four reasons, of which the two most essential are:

“1st. Because, considering the large amount of bills (more than two millions of dollars,) annually purchased on account of Government, *it appeared absolutely necessary never to give up the damages whenever a legal right to them had accrued, and because that right has in every instance, without regard to persons or circumstances, been enforced.*

“2d. Because, if abandoned in this instance and for that reason, every drawer who was solvent might by *making a remittance to the bankers in Europe, after bills protested for non-payment had been returned to the Treasury,* induce them to make a similar offer, and *evade the payment of damages.*

The lapse of years at last reversed the state of the parties. Mr. Girard becomes the largest stockholder in a corporation called the Bank of the United States, and he and his partners, in the course of their business, purchase a bill from this same officer, the Secretary of the Treasury, which comes back protested after having been twice paid for. Mr. Girard’s heirs and his associates apply to the Secretary—not even for the same amount which Mr. Girard formerly paid—not for twenty per cent. the damages in Pennsylvania—but for fifteen per cent. the damages in Washington; and the only answer vouchsafed by the Treasury Department is, that the claim “*has no foundation in law or equity*”—to which the President now adds, that it is an attempt to “*impair the credit of the Government, and tarnish the honour of the country.*” Such a course tends to an utter confusion of all ideas of justice; nor is it a thing tolerable by the American people, that an individual shall go among the citizens purchasing bills and exacting damages, and when his own bill, sold to these same citizens, returns protested, he shall wrap himself up in his official immunity, and refuse to do to his fellow-citizens what he has compelled them to do to him.

But supposing all this to be directly the reverse of what it really is—supposing the claim to be questionable instead of being equitable,

is there any thing in it which can at all justify this denunciation of the Bank? Here is a claim made by certain American citizens for damages on a bill of exchange, which they have purchased of the Government. The question is a legal one. The judicial tribunals are to decide it. Yet while the Bank is quietly waiting the action of the laws, the President of the United States pre-judges the question—denounces the Bank for having presumed to make the claim—and gives that to the country as a reason why he should instantly remove a Secretary of the Treasury, in order to subject the whole public revenue of the United States to his own disposal.

In further illustration of the opposition of the Bank to his election, he next proceeds to treat of certain acts of the Board of Directors.—The announcement of these is prefaced by remarks on the magnitude and importance of the facts, their recent disclosure and their great enormity; and the whole is concluded by a complaint of the “hundreds of thousands and even millions” which may be employed in subverting the liberties of the country and in disparaging the Executive. How little foundation in fact there is for all this will be readily seen by examining the allegations in the order in which they are presented.

First. He says, that “although the charter and the rules of the Bank both declare that ‘not less than seven directors’ shall be necessary to the transaction of business, yet the most important business, even that of granting discounts to any extent, is entrusted to a committee of five members who do not report to the Board.”

Now, the charter does not require seven directors to make discounts.

Nor do the rules of the Bank require seven directors.

Nor is it true that any committee of five have this power to discount.

Nor does any committee discount without reporting to the Board.

The charter says that “not less than seven directors shall constitute a Board for the transaction of business.” But the business of the Board is not exclusively nor primarily to make loans:—its business is to govern the whole Institution. If the charter required seven Directors to make a discount, it would have said so of the Boards of Directors of the Branches, whose more exclusive business it is to discount. But it places no such restriction on the Branches, where by far the greater discounts are made. The business of the Board is to prescribe how the details of the operations of the Bank are to be made—it may delegate a portion of its power of making loans to Committees; for in truth to require a Board of seven Directors to meet before any bill could be discounted, would entirely destroy the most useful operations of the Bank—and accordingly the Exchange Committee meet every day for the purchase of bills, and their purchases are submitted to the Board at their next meeting. It would be supposed from the manner in which it is stated, that this was some recent innovation. So far from it, the discounting of bills of exchange was formerly done by a smaller number than at present. On the 13th of February, 1821, during the administration of Mr.

Cheves, and before the time of the present officers, a rule was adopted that—

“In the absence of the Exchange Committee, the President and Cashier shall be authorized to purchase exchange which may be offered for sale, if an immediate answer be desired, and report such purchases to the Exchange Committee at its next meeting thereafter.”

Thus giving the power here complained of to only a single Director of the Bank. Yet no one ever imagined that it was a violation of the charter. In truth it is a power exercised very generally by the officers of Banks throughout the United States.

The second is—“To cut off all means of communication with the Government in relation to its most important acts, at the commencement of the present year, not one of the Government Directors was placed on any one Committee. And although, since, by an unusual remodelling of those bodies some of those Directors have been placed on some of the Committees, they are yet entirely excluded from the Committee of Exchange, through which the greatest and most objectionable loans have been made.”

There are two things remarkable in this paragraph—first, the strangeness of the confession; and next, the fallacy of the statement. It is here asserted that not to have the Government Directors on Committees is to “cut off all means of communication with the Government in relation to its most important acts;” that is to say, that the confidential opinions and the unreserved expressions used by their colleagues on a Committee are to be communicated to the Government. It is precisely this fact, thus officially announced, which would make these Directors unsafe depositories of the confidence of their colleagues. “At the commencement of the present year,” he proceeds, “not one of the Government Directors was placed on any one Committee.” Now of these Directors, who could then be appointed, there were but two residents of Philadelphia—the third not having yet been appointed. Why these two Directors, one of whom had just come, for the first time, into a banking institution, were not named on the Committees, in the place of old and valued Directors, it would be more invidious than difficult to decide; but that there was no studied exclusion was obvious from the fact that at the very next quarterly appointment, two out of the three Government Directors were placed on Committees. Nor is there any foundation for the assertion that an “unusual remodelling” of these Committees has taken place. On the contrary, the Committees were appointed quarterly, as they have for years been appointed, and not the slightest remodelling of them, usual or unusual, has taken place. As to the Exchange Committees, who are charged with the arrangement of the Foreign and Domestic Exchanges of the Bank, requiring commercial experience and knowledge of the business and the credit of individuals, those who are presumed most qualified are most naturally chosen. These Directors have no claim to the slightest distinction above their colleagues, and they must take their chance with the other members in the formation of Committees.

In truth, men will choose their associates on committees, as in every thing else, from confidence in their capacity or their personal qualities; and not to be chosen to places of trust implies only that others are more trusted.

The third is—"It has long been known that the President of the Bank, by his single will, originates and executes many of the most important measures connected with the management of the credit of the Bank; and that the Committee, as well as the Board of Directors, are left in entire ignorance of many acts done, and correspondence carried on in their names and apparently under their authority."

An assertion so general can only be met by as general a denial; at the same time, the Committee deem it their duty to declare, that this allegation, so positively made, as of a known and acknowledged fact, while it charges the Board of Directors with dereliction of their duty, and a surrender of their trust, does the greatest and most flagrant wrong to the officer who presides over this Institution. This officer has devoted eleven years of the best portion of his life, and all his time and all his talents during that period, to the service of the Bank: he has, at all times, consulted freely with the Directors, and has never sought to make his "single will" the law of the Bank. The proofs of the ability and integrity of his administration, are to be read in the prosperity and strength of the Institution; in the reiterated approbation of the stockholders; and in the unwavering confidence of the successive Boards of Directors, who have been the witnesses of his labors. And the Committee confidently believe that such proofs can never be obliterated by such sweeping declarations, let them emanate from what source they may.

The fourth is in the following passage:

"The expenditures purporting to have been made under authority of these resolutions, during the years 1831 and 1832, were about 80,000 dollars."

This, too, is another mis-statement. The expenditures purporting to be made under these resolutions during the years 1831 and 1832 were, as will be explained in this report, exactly \$48,287 90.

The fifth is, "That publications have been prepared and extensively circulated containing the grossest invectives against the officers of the Government; and the money which belongs to the stockholders and to the public, has been freely applied in efforts to degrade, in public estimation, those who were supposed to be instrumental in resisting the wishes of this grasping and dangerous Institution."

"The fact has been recently disclosed, that an unlimited discretion has been, and is now, vested in the President of the Bank to expend its funds in payment for preparing and circulating articles, and purchasing pamphlets and newspapers, calculated by their contents to operate on elections and secure a renewal of its charter."

Here are two mistakes: It is not true that any "publications have been prepared and extensively circulated containing the grossest invectives against the officers of the Government." Nor is it true that any power is vested in the President "for preparing and circulating articles, and purchasing pamphlets and newspapers, calcu-

lated by their contents to operate on elections and secure a renewal of its charter." No such power is given, and no such power is exercised.

The power actually given which has been exercised, and will continue to be exercised, is for the defence of the Bank against the calumnies with which for four years, the institution has been pursued.

The sixth is,

"The fact that the Bank controls, and in some cases substantially owns—and by its money supports, some of the leading presses of the country, is now more clearly understood."

This whole allegation is denied.

The Bank does not now control, and never did control any press whatever—the Bank does not own, and never did own any press—the Bank does not now support, nor did it ever support, by its money, any press. Created for the purpose of giving aid to every branch of industry, it has not presumed to proscribe the conductors of the press from their share of the accommodation due to their capital and industry. Of the extent and the security of these loans the Directors claim the exclusive privilege of judging.

The course of this inquiry has now brought the Committee to the second paper referred to them by the Board signed by the Government Directors. It appears from their report that the President of the United States addressed a letter to them, "directing them to examine and report upon the expense account of the Bank of the United States for the last two years," and particularly "that portion which embraced expenditures calculated to operate on the election"—which examination they state "undoubtedly presents circumstances which in our opinion warrant the belief you have been led to entertain." This assertion of a right in the President of the United States to inquire into the expenses of the Bank, with a view to ascertain whether any money was expended which might directly or indirectly interfere with his own personal election, is alike novel and untenable. His authority, as we have seen, is limited to the power of issuing a *scire facias*. But in no part of the charter of the Bank, in no law of this country is there found any power in the President to interfere in the internal concerns of the institution, or to direct secret investigations. But that which they regard with surprise and regret is, that these Directors, having such a commission to execute from the President, never communicated the fact to their colleagues nor to the Officers of the Bank; and while these Officers were giving to them the freest and most unreserved access to all the books and papers of the Bank, and while their colleagues were sitting in perfect confidence by their sides, neither those Officers nor the Directors had the remotest suspicion of this official investigation into their conduct, begun nearly two months before under orders of the President—until they read it in the newspapers. When at the meeting of the Board, after its publication, the subject was introduced, one of the Government Directors in effect acknowledged that they had purposely concealed their object, lest if their colleagues had been aware of it, they would not have permitted it. What the Committee

deem therefore a subject of just complaint, is the want of candour in thus trying their colleagues, without apprising them that they were on trial, or giving them any chance of knowing or answering the charges made against them by the President.

The report itself bears manifest evidence of the haste with which it was prepared. Thus "we proceeded," say they, "to look into such of the vouchers on which they are founded as we had time and opportunity to do." They state that they would have sent copies of these vouchers, but, "the *time and labour* necessary for this mode would have prevented our resorting to it at present." When the truth is, that a few hours of tranquil industry would have enabled them to copy every word of these vouchers.

Again they say, "we were obliged to depend on our *own partial inquiries*." The errors of this hasty and partial enquiry the Committee will now proceed to notice.

1st. The first impression attempted to be made is that, whatever is here stated are discoveries of things hitherto concealed, and which now see the light in consequence of their exertions. Thus they speak of the expenditures "*discovered by us*," and of their "*investigations*," that they requested a particular statement from the Board, which "request was not complied with," and that they were "obliged to depend on their own partial inquiries." And, finally, they say with an air of despondency "we must infer from the course pursued by the Board when our resolutions were submitted to them, that a more exact statement can only be obtained by an agent directly authorised by the Executive." Nothing can be more erroneous than such an impression. No one concealed—no one desired to conceal—no one could conceal this whole matter. The resolutions of the Board were on the minutes—the expenses under them were all recorded in a book, the vouchers all referred to by number in that book; and all of them—minutes—expense book and vouchers were always to be seen and examined by the Directors,—so that the whole process of discovery was to ask for the books and vouchers, and to receive them. In the same spirit, they remark that, "the expense account, as made up in the book which was submitted to us, contained very little information relative to the *particulars* of this expenditure, and we were obliged, in order to obtain them, to *resort to an inspection of the vouchers*." What did these Directors expect in an expense book? This book contains the name of the party, the sum paid, and the number of the voucher which supports it; and the voucher is at hand to verify it. If they meant that each item of each account should be copied into this expense book, they mean that which no expense account ever did contain, or ever ought to contain; and the objection shows only the spirit in which the inquiry was conducted.

2d. Another effort is to make it appear that these expenditures were exclusively at the Bank in Philadelphia, leaving of course the inference open, that the expenditures at the Branches might be in the same proportion. "All expenditures of this kind, say the Committee, introduced into the expense account, and discovered by us, we found to be, so far as regards the *institution in this city*, embraced under the head of stationary and printing."

Now the truth is, that these expenses were not confined to Philadelphia, but embraced all the United States. The expense book showed, and the vouchers proved, that these expenditures were made in various and remote parts of the Union—a fact too apparent to escape immediate observation.

3d. The next misrepresentation is this. After quoting the resolutions, they proceed—“*In pursuance, it is presumed, of these resolutions, the item of stationary and printing was increased, during the first half of the year 1831, to the enormous sum of \$29,979 92.*”

Now it appears on the very face of the expense account, that the increase to this *enormous* sum, so far from having been occasioned by these resolutions, was caused by the purchase of large quantities of paper and engravings for bank notes, and by the supply of common stationary for the Bank.

The enormous sum in question was	\$29,979 92
This consisted of the following items—	
Common Stationary,	\$1080 32
Printing blank forms and rules,	443 76
Books,	267 68
Newspapers,	179 91
Engraving bank notes,	4178 37
Paper,	300 00
Silk for making paper,	2886 67
Sheeting for do.	1421 94
Silks for do.	2121 64
Silks for do.	788 13
Subscription to the Coffee House,	10 00
	<hr/>
	\$13,678 42
Printing and circulating Mr. Gal-	
latin's book on Banking,	\$3941 23
Do. Smith and M'Duffie,	2512 06
Reviews and Address to legislatures,	
and miscellaneous items,	9848 21
	<hr/>
	\$16,301 50
	<hr/>
	\$29,979 92

So that this *enormous* increase was occasioned in a great degree by having a new set of bank notes prepared and engraved, amounting to \$11,696 75—and moreover, nearly one half of this enormous increase has no relation to the expenses to which it is meant to ascribe it.

4th. The next is, that among the expenditures noted, is one of \$1447 75, for printing “agreeably to order and letter from John Sergeant, Esq.” The gratuitous introduction of the name of this gentleman is obviously designed to connect his agency with some political purpose. But there is not the slightest foundation for it.

The fact itself was known to the Committee of Investigation in 1832, and although urged to make the same use of it as is now attempted, they had too much sense of justice to employ it. The truth is this. Early in the year 1831, while Mr. Sergeant was a member of the Board of Directors, he received a letter from Mr. Wilson,

a respectable printer, in Steubenville, proposing to reprint the reports of Messrs. Smith and M'Duffie, about the Bank. Mr. Sergeant presented the letter to the officer of the Bank, who was charged by the Board with the multiplication of these reports, and was requested by him to apprise Mr. Wilson, that he might print a certain number of copies. He did so. In sending his account, as he had not communicated with any officer of the Bank, he referred to his authority to do the work, as having come through Mr. Sergeant, and thus the receipt stands. So that the whole agency of Mr. Sergeant was to answer an application to him as a Director, from a printer, to print some reports of committees of Congress, and other documents on the concerns of the Bank.

5th. The next is, the effort to make it appear that all the expenses reported, had been made to influence public elections. This is not expressly asserted, but it is so stated as inevitably to convey that impression. Thus they say, "We deemed it expedient at present to confine our investigations to that portion which *embraced expenditures calculated to operate on the elections. All expenditures of this kind, introduced into the expense account and discovered by us, we found to be, so far as regards the Institution in this city, embraced under the head of stationary and printing. To it, therefore, we chiefly directed,*" &c. &c.

Then follows a list of expenses all of which it is intended to represent as calculated to influence elections. Thus in the case just cited, they proclaim the enormous sum of \$29,979 92, which they presume to have been expended in pursuance of the resolutions, and of course as having a bearing on elections. Now we have just seen, that of this whole \$29,000, more than \$13,000 were for bank notes and miscellaneous stationary; that \$3,941 23 was for Mr. Gallatin's book on currency, which could have no possible connection with elections; that \$2,500 were for reprinting Mr. M'Duffie's and General Smith's reports, which Congress itself had reprinted in unusual numbers, and that of the whole remaining sum of \$10,000 for miscellaneous expenses, none could be spent on elections, from the simple fact that in this first half year of 1831, no elections of any kind in which the Bank could, by any possibility, have an interest, were impending for eighteen months to come, or even in remote agitation; yet this report would convey, to the majority of readers, the belief that the whole of the \$29,000 were lavished upon elections.

But the most signal error is reserved for the last.

They say "it appears by the expense account of the Bank for the years 1831 and 1832, that upwards of \$80,000 were expended and charged under the head of stationary and printing during that period, and that a large *proportion* of this was paid to the proprietors of newspapers and periodical journals; and for the printing, distribution and postage of immense numbers of pamphlets and newspapers," &c. Now it is true that the expense of printing and stationary for those two years was upwards of \$80,000, but by using the vague phrases of a "*large proportion*" and "*immense numbers,*" the impression conveyed to the mind is, that the whole, or nearly the

whole, of this amount must have been disbursed for the object to which the President objects; and accordingly the President, in his paper, states in so many words, that "the expenditures purporting to have been made under authority of these resolutions, during the years 1831 and 1832, were about \$80,000," and thus the mis-statement insinuated in the report, becomes declared in the manifesto.

Now these Directors must have perceived that of these \$80,000,	
There were paid for making and printing bank notes	\$24,591 96
For printing blank forms and other necessary papers,	1,848 08
For books and stationary,	6,053 88
For various miscellaneous expenses,	653 25

Making a total of	\$33,593 76
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So that at once more than thirty-three thousand dollars of the eighty thousand are shown to have no connection whatever with the matter of this reproach.

It is moreover to be observed that the Committee of investigation of 1832, examined the subject—had this very expense book before them—remark in their report the increase of the expense of printing, but it may be presumed that neither they, nor any other authority, till now, thought such a subject worthy of being pursued.

Having thus exposed the errors of this report, the Committee will briefly state the facts in regard to these disbursements.

The course adopted by the Bank has been simple, plain, and avowed. It is this:

The Bank of the United States, like every other Bank, derives much of its advantages from its credit, and its general reputation for solvency; and the Directors are, therefore, bound by official as well as personal considerations to remove unfounded prejudices, and to repel injurious calumnies on the Institution entrusted to their care.

Soon after the first message to Congress, issued by the signer of the present paper, it became necessary to counteract the schemes for the destruction of the Bank by the diffusion of intelligence among the people. Accordingly, the following resolutions have been adopted by the Board.

On the 30th of November, 1830, "The President submitted to the Board a copy of an article on Banks and Currency, just published in the American Quarterly Review of this city, containing a favourable notice of this Institution, and suggested the expediency of making the views of the author more extensively known to the public than they can be by means of the subscription list—whereupon it was on motion,

"Resolved, That the President be authorized to take such measures in regard to the circulation of the contents of the said article, either in the whole or in part, as he may deem most for the interest of the Bank."

On the 11th of March, 1831, "The President stated to the Board, that in consequence of the general desire expressed by the Directors at one of their meetings of the last year, subsequent to the adjournment of Congress, and a verbal understanding with the Board,

measures had been taken by him in the course of that year, for printing numerous copies of the Reports of General Smith and Mr. M'Duffie, on the subject of this Bank, and for widely disseminating their contents through the United States; and that he had since, by virtue of the authority given him by a resolution of this Board, adopted on the 30th day of November last, caused a large edition of Mr. Gallatin's Essay on Banks and Currency, to be published and circulated in like manner, at the expense of the Bank. He suggested, at the same time, the expediency and propriety of extending still more widely a knowledge of the concerns of this Institution, by means of the republication of other valuable articles, which had issued from the daily and periodical press.

"Whereupon, it was, on motion,

"Resolved, That the President is hereby authorised to cause to be prepared and circulated, such documents and papers as *may communicate to the people information in regard to the nature and operations of the Bank.*"

And finally on the 16th of August, 1833, the following resolution:

"Resolved, That the Board have confidence in the wisdom and integrity of the President, and in the propriety of the resolutions of the 30th of November, 1830, and 11th of March, 1831—and entertain a full conviction of the necessity of a renewed attention to the objects of the resolutions; and that the President be authorised and requested to continue his exertions for the promotion of said objects."

The resolutions of 1830 and 1831, were passed openly and unanimously by the Board, the two Government Directors who attended concurring in them; and they have been carried into effect without the least reserve or secrecy. The form of the resolution was the same as that adopted on a kindred subject—the arrest of counterfeiters—a short time previous, on the 25th of October, 1830.

"Resolved, That the President of this Bank be authorized to take whatever measures he may think proper for the discovery and arrest of counterfeiters of the notes and drafts, and to incur such expenses from time to time in effecting that object as he may deem useful or necessary."

The expenses incurred, as stated in the expense account, in executing these resolutions, from December 1829, when the first assault was made on the Bank by the President, to the present time, running through the years 1829, 1830, 1831, 1832 and 1833, amount to \$58,265 05, making an average for the last four years of \$14,583 76 a year.

During that period, the total expenses under the head of printing and stationary, amounted to	\$105,057 73
Of which, the proportion for the defence of the Bank	
was	\$58,265 04
And for the miscellaneous expenses of books and stationary,	46,792 69
	<hr/> \$105,057 73

This will be seen more perspicuously in the following statement:

	Printing and circulating Reports to Congress.	Speeches in Congress, and other miscellane- ous publications.	Books and Stationary.
1830,	\$5,085 67	\$ 2,291 47	\$ 6,704 33
1831,	2,650 97	19,057 56	21,496 26
1832,	4,395 63	22,183 74	12,098 57
1833,		2,600	6,493 53
	\$12,132 27	\$46,132 77	\$46,792 69

So, that the general result is, that within four years past the Bank has been obliged to incur an expense of \$58,000 to defend itself against injurious misrepresentations.

This has been done with regret that it should be necessary, but with the strongest conviction of its propriety, and without the slightest wish either to disavow or to conceal it. On the contrary, the Bank asserts its clear right to defend itself equally against those who circulate false statements, and those who circulate false notes. Its sole object, in either case, is self-defence. It cannot suffer itself to be calumniated down, and the interests confided to its care sacrificed by falsehoods. A war of unexampled violence has been waged against the Bank. The Institution defends itself. Its assailants are what are called politicians; and when statements which they cannot answer, are presented to the country, they reproach the Bank with interfering in politics. As these assaults, too, are made at the period of public elections, the answers of the Bank must of course follow at the same time;—and thus, because these politicians assail the Bank on the eve of elections, unless the Institution stands mute, it is charged with interfering in politics, and influencing elections. The Bank has never interfered in the slightest degree in politics, and never influenced or sought to influence elections; but it will not be deterred by the menaces or clamors of politicians, from executing its duty in defending itself. Of the time and manner and degree and expense connected with this service, the Board of Directors claim to be the sole and exclusive judges. Whether the defence is too costly, is for the Stockholders, whose interests are sustained by it, to decide; but certainly, the assailants themselves have no right to complain of the expenses they have occasioned. Their own duty in the full proportion which may be needed for defending the Institution entrusted to them, the Board of Directors will cheerfully and zealously perform.

The Committee conclude this examination by offering, as the result of their reflections, the following resolution:—

Resolved, That the removal of the public funds from the Bank of the United States, under the circumstances, and in the manner in which it has been effected, is a violation of the contract between the Government and the Bank—and that the President be instructed to present a memorial to Congress, requesting that redress should be afforded for the wrong which has been done to the Institution.

APPENDIX.

BANK UNITED STATES,
NOVEMBER 5, 1833.

SIR,

Permit me to ask your particular attention to a draft for \$500,000, in favor of the Cashier of the Girard Bank, which has been brought into your account transmitted by this day's mail.

The uniform practice has been for the Treasurer to transmit to the Bank a weekly statement of the drafts drawn by him on the Bank and its Offices. This statement in its terms purports to be, and has always been deemed to be, a complete list of all the drafts on the Bank,—so well understood was this, that when an omission was brought to your notice by my predecessor, you answered on the 15th August 1829, explaining that the omission was accidental, and adding "I now beg leave to enclose a statement of the transfers referred to, and will cause you to be properly notified of such as may be directed hereafter." Nevertheless, a draft for \$100,000 on the Office of this Bank in Baltimore in favor of the Union Bank of Maryland, and a draft on this Bank, also in favor of the Union Bank of Maryland, for a like sum of \$100,000, of which drafts no mention was made in the lists transmitted to the Bank, have been presented and paid.—On Saturday the 2d inst. this draft for \$500,000 in favor of the Cashier of the Girard Bank, was presented, although since the date of this draft nearly a month had elapsed, and we have received from you five lists of drafts in which this was not mentioned, yet it has been paid from a desire to do all honor to any thing which bears your signature. But the appearance in succession of these large drafts without being notified in your lists which embrace the minutest sums, makes it necessary for the security of the Bank, to receive your instructions in regard to them. Will you therefore have the goodness to inform me whether it is your desire that these lists shall serve as a guide to the Bank, to be treated as letters of advice of the drafts, and forming a security against the payment of those not recognized by you, or whether you authorise the payment of drafts bearing your signature, although you do not advise the Bank of their having been issued? I am, &c.

S. JAUDON, *Cashier.*

JOHN CAMPBELL, Esq., *Treasurer of the United States, Washington.*

TREASURY OF THE UNITED STATES,
NOVEMBER 8th, 1833.

SIR,

I have received your letter of the 5th inst. calling my attention to the fact of certain Treasury drafts having been paid at the Bank of the United States and its Office at Baltimore, the issuing of which had not been notified to the Bank in the weekly statement.

The general practice in the Office of furnishing to the Bank, at the close of each week, a statement of the drafts and warrants on it and its Offices, issued during the week, is readily acknowledged, a practice which I found in operation when I entered the Treasury, and adopted by the department, I presume, as a mere matter of convenience to the Bank in settling its account with its branches, and with this Office, and not of *security* to the Bank as you have sup-

posed. Desirous to afford every facility to the Bank in its transactions with this Office, which it had received from my predecessor, I had no hesitation in saying, upon being informed that the transfer drafts had been omitted in the weekly statements, that the former practice should be continued. The drafts in question however were not of the usual kind, and did not properly belong to the usual weekly statement. They were issued by direction of the Secretary of the Treasury, to be used in the event of certain contingencies, upon failure of which they were to be returned to the Treasury and cancelled. Had they been inserted in the Weekly Statement, they would have led at once to a deduction from the Treasurer's account, when it was hoped and expected that the occasion might not arise for presenting them for payment. Upon presenting them for this purpose, the Banks, in whose favour they were drawn, were instructed to give immediate notice to this office, in order that they might be inserted in the weekly statements. This you will find was accordingly done, by referring to the statement of the 12th ultimo. At what time the practice of furnishing the weekly statements originated, I am not able to say, but the only use which appeared to be made of them was to enable the Bank to keep up its aggregate account, with the Treasurer and the Branches as before stated. That they could not have been intended "to serve as letters of advice of the drafts, or as forming a security to the Bank, against those not recognised by the Treasurer," is evident from the fact (among others) that the drafts reported in it, being issued on any day in the week, and the statement not sent until the close of the business on Saturday, must in most cases have been presented and paid before the statement came to hand. It was nevertheless not intended to take the Bank by surprise. The holders as I understand were requested to apprise the Bank of their having contingent drafts upon it, and have in fact been in communication with the Bank on the subject. From this statement you will readily perceive, that there was no disposition to withhold from the Bank any information that had been usual, or was considered necessary for the convenience of the Bank. The information was not considered necessary as notice to the Bank at the time the drafts were issued, and the office had provided the means, and was in the course of furnishing the information in time to answer the only purpose for which it was believed to have been used. The only drafts now out, of the contingent character above stated, and which have not been introduced into the weekly statements, are three drafts for \$500,000 each, on the Branch in New York in favour of the Bank of America, Mechanics Bank and the Manhattan Company, all of York. In the course of next week, I shall be able to inform you whether they are intended to be used, or to be returned to this office. If they are presented by the proper officer of the respective Banks above stated, they will, I hope be honoured, and if they are returned I shall immediately advise you of it. The occasion which was supposed to make drafts of this description proper having now passed, I am instructed by the Secretary of the Treasury to inform you, that no drafts will be issued but such as are intended to be presented and paid. These will be included in the weekly statements as usual. Whether the drafts which may be presented are genuine or not, or payment demanded by the person lawfully authorized to receive it, you must on all occasions as heretofore decide for yourself, on your own responsibility. I am, very respectfully sir, your obedient servant,

JOHN CAMPBELL, Treasurer United States.

S. JAUDON, Esq., Cashier Bank United States.

BANK OF THE UNITED STATES,
NOVEMBER 15th, 1833.

SIR,

I have had the pleasure of receiving your letter of the 8th instant, in which you inform me that the drafts were issued by you without the accustomed notice to the Bank, because they "were not of the usual kind," and

were "issued by the direction of the Secretary of the Treasury, to be used in "the event of certain contingencies."

Without feeling myself disposed or authorized to say any thing as to the general character of these drafts, I am constrained to recur to the subject for the purpose of apprising you that such drafts are so entirely at variance with the present instructions of the Treasury, that it has become necessary, as well for the Treasury as for the Bank, either to discontinue the practice of drawing without notice, or else to make the instructions conform to it.

In my letter of the 5th instant I brought to your notice the fact of the omission of the drafts on the weekly statements, because the drafts being drawn on distant parts of the establishment, could only be known to the Bank at Philadelphia by your weekly statements, and because the suppression from these weekly lists of drafts outstanding for many weeks seem to require that some explanation should be requested. Your reply that it was not necessary to notice these as a matter of security to the Bank, because the drafts drawn in the course of the week might be presented before the list sent at the end of the week could reach the Bank, is undoubtedly true. The weekly lists are for the general information of the Bank, but you are perfectly aware that, in order to supply this very defect in the weekly statements, and for the very express purpose of giving a notice cotemporaneous with the draft itself, you furnish a *daily list* to the Bank, and to every Branch drawn upon, of the drafts drawn upon them respectively *on that day*, and this with the avowed specified object of guarding the Bank against frauds. Your circular and "confidential" letter to the Cashier of the Bank, and to the Cashiers of all the Branches, is in these words:—

" *Treasury of the United States, June 23d, 1829.*

" SIR,

"In compliance with instructions of the Secretary of the Treasury under date of the 22d instant, I have the honour to inform you that a *daily list*, to commence with the 26th instant, will be transmitted to you by this office of the warrants that may be directed *during the day* to your institution for payment. *It is believed that this measure is calculated to prevent frauds upon the Banks; and as a precaution against its falling into improper hands*, the list will not be accompanied by any letter or explanatory remark, but will merely contain the number of the warrant, whether on account of the Treasury, War, or Navy Department, the name of the party in whose favour it is drawn, and the amount. I am, very respectfully, your obedient servant,

(Signed)

JOHN CAMPBELL,
Treasurer of the United States."

You will readily perceive that according to this letter the Treasury, in order to prevent frauds upon the Bank, gives a daily list of drafts daily drawn, and for fear this very daily list might be perverted, it was framed in a particular manner, so as not to be intelligible if it fell into improper hands.

The officers to whom this letter was addressed naturally presumed that this, daily and confidentially communicated, was to serve as a guide and check on the drafts themselves, and the Treasury was apprised that no drafts should be paid unless they were on these lists. Of this fact the files of the Treasury furnish this illustration. The Cashier of the Branch at New York wrote to the Secretary of the Treasury on the 12th of April, 1830.

"I beg leave to call your attention to the advice of drafts from the Treasury "on this Branch. The following were presented some days since, and payment "refused for want of advice, viz:

" War: 586,	John Riddle	\$170
" " 585,	do.	7,577 56
" " 587,	do.	752 12
" " 588,	do.	1,016

" All those advised on the 7th and 8th instant are without the names of the

"parties to whom they were given, and no discrimination as to army or navy. I shall in future refuse to pay in every case where advice is not given.

I have the honour to be, your obedient servant, M. ROBINSON, Cashier.

"Hon. S. D. INGHAM, *Secretary of the Treasury, Washington.*"

This letter was referred to you by the Secretary, and in your answer, dated the 17th of April, 1830, you say—"Your refusal to pay the warrants is considered quite proper. The inconvenience which the parties may have incurred from it is indeed much to be regretted, but a payment without advice would be upon the responsibility of the Bank."

You cannot fail to perceive the embarrassment to which the relations between the Treasury and the Bank are now subjected—and the example of the Branch at New York is worthy of special attention. You have been sending to that Branch a daily list professing to give a description of every draft drawn upon the Branch on that day. The Cashier receives this and confides in it. He has already refused to pay drafts not on that list and the Treasury has directed him to refuse in future. Yet it now appears that while his daily list contains the most trifling sums, there are drawn upon him three checks of \$500,000, each without any, the least notice of them on either the daily list or the weekly list. The consequence is that had they been presented a week ago, the payment of them would necessarily have been refused and the Treasury draft have been dishonoured in consequence of the Treasury instructions. They would be dishonoured now, but that in order to give every facility to the business of the Treasury, the Cashier was by me apprised of them and authorized to pay them after the receipt of your letter. You further state that "the holders of the drafts were requested to apprise the Bank of their having contingent drafts upon it—and have in fact been in communication with the Bank upon the subject;" and you add, that "from this statement you will readily perceive that there was no disposition to withhold from the Bank any information that had been usual, or was considered necessary for the convenience of the Bank."

I am perfectly satisfied that you would never consent to any thing calculated to mislead or to deceive the Bank, and yet you cannot, I think, fail to perceive to how many difficulties this statement is exposed. You observe that "there was no disposition to withhold from the Bank any information that had been usual." Yet the weekly lists were usual—the daily lists were not only usual—but were declared by the Treasury itself indispensable. Yet these were withheld. You further remark that the holders of the drafts were requested to apprise the Bank of their existence. If so, the Treasury must have thought it necessary that the Bank should be informed of it, and the question naturally occurs, why should not that information have been given in the usual and regular way, rather than leave it to the uncertain compliance with a request by the holder of the drafts, for it appears by the report of the Cashier of the Branch in New York, that he has received no notice of the existence of these outstanding drafts except through me.

I am the less surprised at their omission, since even with the disposition which you have yourself manifested to communicate accurate information to the Bank, one of these very drafts seems to have escaped your own notice. Thus in your letter of the 8th inst. you state that "the only drafts now out of the contingent character above stated, and which have not been introduced into the weekly statements, are three drafts for \$500,000 each on the Branch, in New York." Now on the 4th inst. a draft for \$100,000 on the Branch in Baltimore was paid, bearing date the 4th of October. Of this draft no advice has ever yet been received from you in the weekly list. Allow me then to repeat my request that if these daily and weekly statements are to be continued, they may be rendered, what they profess to be—accurate accounts on which the Bank may rely in the arrangements of its business.

Very respectfully, your obedient servant,

S. JAUDON, Cashier.

JOHN CAMPBELL, Esq., Treasurer United States, Washington.

TREASURY OF THE UNITED STATES,
 NOVEMBER 25, 1833.

SIR,

Your letter of the 15th instant, in reply to mine of the 8th, in relation to certain Transfer Drafts, which were issued, as I had informed you, in compliance with the instructions of the Secretary of the Treasury, I received in due time.

A desire that the transactions of this Office with the Bank may be correctly understood, and that certain communications of mine to which your letter has had reference, may be more fully explained, which I perceive have been entirely misapprehended, induce me to trouble you with this reply. You inform me that "such drafts are so entirely at variance with the *present instructions* of the Treasury, that it has become necessary, as well for the Treasury as for the Bank, either to discontinue the practice of drawing without notice, or else "to make the instructions conform to it:" and you refer me to a letter of mine of the 23d of June, 1829, communicating certain instructions of the Secretary of the Treasury, requiring daily lists of the WARRANTS directed to the Bank for payment during the day, as the instructions of the Treasury which have not been complied with by not furnishing a list of certain TRANSFER DRAFTS. A reference to those instructions cannot fail to disclose to you that you have entirely misunderstood them. What are they? They are that "a daily list will be transmitted to you by this office, of the WARRANTS that may be directed during the day to your Institution for payment." Nothing is said in these instructions of furnishing a daily list of TRANSFER DRAFTS:

It surely is not necessary for me to point out to you the manifest difference between a warrant with the Treasurer's order, annexed to it, directed to the Bank for payment of money out of the Treasury, and a transfer draft issued by the order of the Secretary to transfer public funds from one Bank to another. There never have been *any instructions* from the Treasury requiring me to furnish daily lists of *transfer drafts*, they never have been included in a *single instance*, in the daily lists of *warrants*, that have been directed during the day for payment.

The Transfer Drafts are included in the weekly statements, not to guard the Bank against frauds, as you have supposed, but for the purpose of general information in regulating the Treasurer's aggregate account with the Bank and its branches. You proceed to state however, that I must be "perfectly aware that to supply this defect in the weekly statement, and for the *express purpose* of giving a notice contemporaneous with the draft itself, a daily list is furnished to the Bank and every Branch drawn on, of the drafts drawn upon them respectively on that day, and that with the avowed specified purpose of guarding the Bank against frauds." How can the daily list of *warrants* be intended for such a purpose in relation to transfer drafts, when the transfer drafts are never included in it, and when no daily lists of transfer drafts have ever been furnished?

The drafts alluded to were not included in the usual weekly statements, for the reasons stated in my last letter. It was not known certainly whether they would be presented and paid, or returned to the Department and cancelled. It was therefore thought the most correct course not to include them in the amount drawn for during the week by this office, until it was known they were to be paid: and the holders were directed to give the proper information to the Treasury, if the drafts were intended to be used. If they had been included in the amount drawn for during the week, and not paid, an erroneous exhibition of the Treasurer's Account would have been the consequence.

It was satisfactorily shown in my letter of the 8th, that the practice of furnishing *weekly reports* to the Bank, of the drafts drawn on it and its Branches during the week, being anterior to my entrance into the Treasury, was continued as a matter of convenience to the Bank, for general information, and not

as required by any Treasury instructions, and that the mode in which the contingent drafts were intended to be reported in these statements, was suitable to the character and object of these statements. The question therefore now remaining, seems only to be, whether it was usual, or was required by the Treasury instructions, for the Treasurer to give daily or contemporaneous notice of the Transfer Drafts to the Bank or Branches on which they were drawn.

To this question the negative can be confidently affirmed—

In the circular letter from this office of 23d June 1829, written by direction of the Secretary of the Treasury, and quoted by you at length, the Banks are informed, that a daily list will be “transmitted to them of the *Warrants that may be directed to them during the day for payment,*” which list to prevent its being used in case it should fall into improper hands, “will merely contain the number of the warrant, whether on account of the Treasury, War, or Navy Department, the name of the party in whose favour it is drawn, and “the amount.” It was on Warrants designated as War Warrants that the Branch at New York refused to make payment without advice, and not Transfer Drafts, and the refusal to pay the warrant, I of course approved, as the notice in such case was required by the regulations of the Treasury. If any doubt remained upon this subject, the history of these Warrants will sufficiently shew the practice of the office in this respect, and the perfect understanding of it on the part of the Branch Bank at New York, for on the day that the Cashier refused to pay the warrant for want of notice, he paid Transfer Draft No. 94 for \$200,000, without notice, and three days after Transfer Draft No. 96 for 100,000 dollars without notice.

I need scarce add that the failure to report draft No. 547, for 100,000 dollars, on the Baltimore Office, in the Statement of the 9th inst., was an omission of the Clerk. It was nevertheless not “outstanding” at the time my letter was written, having been paid on the 4th, and doubtless immediately reported to you.

The charter of the Bank of the United States has given to the Secretary of the Treasury the sole power of ordering *transfers* of the public funds from *place to place*, for the convenience of the public service, and he of course must judge of their necessity and legality. It would therefore be out of place in me to offer any observations as to the character of the drafts to which some allusion has been made. He is responsible to the nation for the proper exercise of this power, and of course cannot be controlled in it by any officer of the Treasury or of the Bank, as I conceive. The charter of the Bank provides “that *whenever required by the Secretary of the Treasury*, the said corporation shall “give the necessary facilities for transferring the public funds from *place to place* within the United States or the Territories thereof, and for distributing the same in payment of the public creditors.” The form in which this power, thus confided to the Secretary, is to be carried into effect, he has prescribed in his instructions to the Bank of May 28th, 1829, and were accordingly communicated to all the Banks in which there were public funds. These instructions are as follow:

“When transfers are to be made of public funds from one bank to another, “the Treasurer will issue a transfer draft upon the bank on which the funds “may be at his credit in favor of the Bank to which they are to be transferred, “for the amount required, stating that it is to be placed to his credit in such “Bank. This draft will be recorded by the Register, who will authenticate “the record by his signature upon the draft, and will finally receive the *written sanction of the Secretary of the Treasury.*”

The Transfer Draft signed by the Treasurer, Register and Secretary in pursuance of these instructions, is the form prescribed by the Secretary for carrying into effect the power confided to his discretion of ordering transfers of the public funds from place to place. It was adopted to give authenticity to the order, and to enable the Treasurer to render an accurate account of the state

of the public funds in the Bank and its Branches, and not in consequence of *his having any discretion or control over the subject*. He has therefore rigidly and strictly conformed to all the instructions given by the Secretary of the Treasury on this subject, and whenever he shall direct that daily notices of *Transfer Drafts* as well as of *Warrants*, shall be transmitted to the Banks by this Office, those instructions shall with great pleasure be complied with on my part, but until such instructions are given, the practice of this Office will be continued as heretofore.

When disbursements of money are to be made out of the Treasury, the law has pointed out the duties of the Treasurer. Such disbursements are to be made alone upon the Warrant of the Secretary of the Treasury, countersigned by the Comptroller, and recorded and authenticated by the signature of the Register; and by the regulations of the Treasury of the 28th of May, 1829, which were also communicated to all the Banks in which there were public deposits, the Treasurer is required to write *his order* for the payment of the money upon the Warrant. And by another regulation the Treasurer is required to transmit to the Bank a *daily list* of the *Warrants* thus directed during the day to the Bank for payment. These regulations have been, and will continue to be uniformly complied with.

I am very respectfully, sir, your obedient servant,
JOHN CAMPBELL,
Treasurer of the United States.

S. JAUDON, Esq.
Cashier of the Bank of the United States,
Philadelphia.

BANK OF THE UNITED STATES,
DECEMBER 9th, 1833.

SIR,

My absence from Philadelphia when your favor of the 25th ult. reached there, and much occupation since my return, have prevented an early reply to it. This I shall now make as briefly as possible. You account for the omission to give daily notice of what you have called the "Contingent Drafts," for \$2,300,000, by saying that you had agreed to give notice only of warrants, and not of transfer drafts. Now it cannot fail I think to occur to you, that these "Contingent Drafts" are not in their nature at all Transfer Drafts in the sense hitherto understood, but are in fact mere warrants.

The Transfer Drafts, as you justly state, arise under that provision of the Charter which obliges the Bank, whenever required by the Secretary of the Treasury, to give the *necessary facilities for transferring the public funds from place to place*, within the United States or the territories thereof, and for distributing the same in payment of the public creditors, *without charging commissions or claiming allowance on account of difference of exchange*. Accordingly the Transfer Draft was designed to direct the Bank to make transfers. Its very name imports it—its very words order it. It runs:

"Pay to ——— or order \$——— to be placed to my credit in that ——— [office or Bank," as the case may be] that is, it directs the Bank to place a credit in favor of the Treasurer in such another place—whether it be a Branch of this Bank, or a State Bank.

The Contingent Draft, although it is in the same form as the Transfer Draft, has not one of its qualities. It is called a Transfer Draft—yet it directs nothing to be transferred—it is issued under a provision that the Bank shall transfer the public money from place to place, without charging for the rate of exchange, yet it is issued in favor of a Bank in the same place, not distant one hundred yards, and where no difference of exchange was possible. The arrangement of 1819, stipulates that a certain time shall be allowed for making transfers from place to place. But this Contingent Draft is immediate and pe-

remptory, and admits of no delay. How nearly it resembles the ordinary warrant may be seen from their respective forms. The warrant runs thus:

“Pay to A. B. or order, out of the appropriation named in the margin
\$ _____”

This Transfer Draft runs:

“Pay to A. B. Cashier of _____ or order \$ _____ to be placed to my credit in that Bank.”

This Transfer Draft like the Warrant is endorsed in blank just as an ordinary check—it is in point of fact neither more nor less than a warrant at sight. The very name of a Contingent Draft is a financial novelty—and so far as is intelligible in this case, it describes an order for two millions three hundred thousand dollars on the Bank, not merely without notice of its existence—but with the strongest presumption against its existence, and dependent for its immediate presentation on contingencies which the Bank did not know, and the Treasury could not control. Thus you state that the holders of these drafts, “were directed to give the proper information to the Treasury if the drafts were intended to be used,” yet in fact the holders could not themselves know whether they meant to present them an hour before the actual presentation. What I ventured therefore to state was, that while you professed to give notice, of all the smallest demands on the Bank, you avoid giving notice of demands for between two and three millions of dollars, of precisely the same character, and the existence of which it was far more necessary for the Bank to know. But supposing all this to be exactly as you view it—supposing this Transfer Draft not to be in fact a warrant, and therefore not necessarily to be included in the daily list, one thing becomes inevitable. If this Transfer Draft is not a warrant, it cannot be denied that it is a Transfer Draft. Then, if it be not a warrant which must be put on the daily list, it must be a draft to be put on the weekly list. Now it was not put upon either. Neither the daily list which you sent for the purpose of protecting the Bank against frauds, nor the weekly list, which you considered as a matter of convenience to the Bank for general information, and on which you have always placed the Transfer Drafts, contained any notice whatever of these drafts. If it be true that you never put a Transfer Draft on the daily list, it is equally true, that until now you have never designedly omitted one from the weekly list. So that by whatever names the drafts on the lists be called, the result is the same—that orders from the Treasury for the immediate payment by the Bank, of two millions, three hundred thousand dollars, have been issued without the habitual notice which has heretofore been always given of similar demands upon the Bank. Having thus for the sake of a clear understanding between the Bank and the Treasury, re-stated my views of the subject, I will only add, that I am, very respectfully, your obedient, humble servant,

S. JAUDON, Cashier.

J. CAMPBELL, Esq., Treasurer of the United States, Washington, D. C.