

U. S. - House

BANK OF THE UNITED STATES.

MARCH 1, 1833.

Read, and postponed until to-morrow.

Mr. VERPLANCK, from the Committee of Ways and Means, to which the subject had been referred, submitted the following

REPORT AND RESOLUTION:

That among the subjects referred to the Committee of Ways and Means, at an early period of the session, were the transactions of the Bank of the United States in relation to the payment of a portion of the public debt, and the inquiry into the present pecuniary and financial state and management of the institution.

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 having been liquidated so far as it 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.

The committee have examined several of the directors on the subject, as well as upon other points connected with the management of the institution. Their testimony is herewith submitted, and the committee specially refer to the evidence of Mr. Bevan and Mr. Eyre, as explanatory of the history and motives of this transaction.

It is due, however, to the Government, to express the opinion, that, in the arrangement made by the agent in England for the purchase of the three per cent. stock, and the detention of the certificates, (which measures were subsequently disclaimed by the bank,) the institution exceeded its legitimate authority, and had no warrant in the correspondence of the Secretary of the Treasury.

The inquiry into the present condition of the bank, the general character of its business, and the soundness of its capital, is a subject of much greater interest and importance, since it involves not only the question of the safety of the public deposits, but the value of the large amount of stock held by Government, and the still more momentous considerations of the soundness of a large portion of our currency, and the consequent security or insecurity of the domestic exchanges and commerce of the country.

The President, in his message to Congress at the opening of the present session, informed them "that such measures as were within the reach of the Secretary of the Treasury had been taken, to enable him to judge whet"

the public deposits in the Bank of the United States were entirely safe; but, as his limited power might prove insufficient to that object," the President recommended the subject to Congress, as particularly worthy of their investigation.

Since that period, the report of the agent, appointed by Government for this examination, has been communicated to Congress, and referred to this committee. The Committee of Ways and Means have also received from the directors of the bank a report on the principal points of its administration, and its present state, prepared by the exchange committee of the bank, and adopted by the board of directors.

The importance of the statements and results contained in that report, induced the Committee of Ways and Means, in the course of the examination of the directors, composing the exchange committee, to require their attestation, under oath, to the facts and statements of that paper, as distinguished from its opinions and arguments. This was done very fully. The same and other directors, (two of whom had, heretofore, been Government directors, one under the present, and one under two former administrations,) in reply to various interrogatories, stated, as will be seen in the evidence herewith submitted, the means at the command of the board of directors, or any member of it, for distinctly knowing the operations of the several branches, and the character of the paper discounted at them, together with their own opinion, drawn from these sources, of the general safety of such paper.

The Committee of Ways and Means have to regret that the constant and daily pressure of the various duties which have devolved upon them, during this short and laborious session, did not permit a more full examination of the concerns of the institution. If, however, in the entire absence of any evidence, calculated to refute, or in any other way impeach, that which is before the committee, the statements and opinions of the agent selected by the Treasury to examine the condition of the bank; those of several of the present directors, men of character and intelligence, long conversant with accounts and banking business; the official returns of the bank itself, and the report of its principal committee, attested to under oath, if all these can be relied upon as furnishing satisfactory information on the present state and pecuniary means of the institution, the following results will appear:

First. The directors of the bank at Philadelphia, receive from the boards of their branches frequent, regular, and minute returns of the paper discounted by them. These returns, together with the separate correspondence of the cashiers of the several branches, afford such information of all the business of those branches as to enable the board of the mother bank, or any single director who may wish to enquire into it, to ascertain the character of the business of those branches: as, for instance, whether the mass of paper discounted be founded on ordinary commercial transactions, and to be paid from their proceeds when at maturity, or whether any considerable proportion of it consists of what is called *accommodation paper*, or permanent loans in the shape of promissory notes, regularly renewed.

They can know, in like manner, whether the domestic bills of exchange, purchased at the branches, arise out of business transactions, and to be paid when at maturity; or whether they are mere accommodation paper, in another form, to be repeatedly renewed, by drawing and redrawing, between distant offices.

Second. These returns, together with the reports of the boards of the several branches, upon whose character and judgment they place great reliance, form the ground upon which the directors have stated, under oath, their full confidence that the mass of paper discounted by the bank and its branches, detailed as *active debt* in their statement, is safe. On this they believe no serious loss need be apprehended. The dishonored paper held by the bank is stated to be returned as doubtful or suspended paper, and to be estimated, not at its *nominal*, but at its presumed actual value. The real estate of the bank is in like manner valued, not at cost, but on estimates founded on frequently renewed appraisals of the probable market value. They depose that, to the best of their knowledge and belief, the whole amount, with inconsiderable exceptions, if any, of domestic bills of exchange purchased by the bank and its officers, is regular business paper, founded upon the agricultural exports and commercial imports of the country; and that by far the greatest portion (probably nine-tenths) of the notes discounted is of the same character. They also assert, with much confidence, that most of their accommodation notes are well secured, and form in fact the safest investment of the bank.

The inquiries respecting the amount of accommodation paper were made to ascertain the character of the general business transactions of the bank, and not because the committee believed that accommodation paper discounted to a great extent, would necessarily endanger the solidity of any moneyed institution. Such paper may frequently be as safe, and such loans as useful, as any. But it is certain that, when moneyed institutions are in a hollow and unsound state, it commonly arises from the capital having been invested in doubtful paper of this description. The very fact, therefore, of the discounts of a bank being principally applied to the ordinary business paper of an active commercial community, will show that, allowing for only ordinary judgment and integrity in the selection of such paper, nothing short of some general overthrow of mercantile credit will produce material loss.

Third. In general corroboration of their statements on this point, as well as of their opinions of the security of the bank debt, the directors appeal, 1st, to the fact of the great fluctuation of the exchange business, at different periods, at the same points, corresponding with the periods of the shipments of agricultural produce in the west; as, for instance, at Nashville within three months in 1831, from 366,000 dollars to 1,062,000. And, again, at the same place, in 1832, within about a half a year, from 2,760,000 dollars down to 503,000 dollars. 2d, that of the easy reduction, during the last year, of about one-eighth of the whole amount of the bank debt throughout the Union; and especially the amount reduced in the western offices. 3d, to the very small amount of losses which have occurred, for some time past, in those offices; and the facility with which, in addition to the aggregate reduction of loans there, a very considerable proportion of the local debt, on promissory notes, has been converted into the more secure and manageable form of domestic bills of exchange.

If these statements and this evidence can be relied upon, the available and secure resources of the bank amounted, on the first of January last, to eighty millions eight hundred and sixty-five thousand dollars, whilst all the claims against it, for bills, debts, and deposits, including those of the Government, and for the redemption of the public debt, were but 37,800,000 dollars, leaving above forty-three millions as a guarantee to the nation against any

losses. For, as the whole amount of debts, bills, and deposits, must be paid before the stockholders, the whole capital and the surplus must be considered as a pledge for the debts due to individuals and the Government.

As the capital consists of thirty-five millions of dollars, it would appear, from this statement, that the bank had earned and then possessed a surplus of *twenty-two* per cent. above the amount of its capital. Whether that whole surplus could or could not be realized at a final winding up of the bank, is a subject only interesting to the buyers, sellers, and holders of stock; and though it is desirable that the Government should ultimately receive a premium upon the seven millions of stock held by it, still this is but a secondary consideration.

The single point of view in which this surplus is very important to the nation, is in regard to its bearing on the healthy state of the bank, and the consequent safety of the public deposits, and the sound state of the currency. For these objects, it is sufficient to enquire, whether this surplus does or does not afford a sufficient guarantee that the original capital of 35,000,000 dollars is unimpaired.

The whole amount of bills and paper held by the bank on the 1st January last, was \$61,695,000 of which \$5,246,000 is stated to be the local debt of the western States, leaving \$53,749,000 as the debt of the Atlantic commercial cities, and that in the shape of domestic bills between them and the interior. There seems no reason to doubt that the paper of the description last mentioned is of the same general character as that of other city banks managed with ordinary discretion.

Now, it is well known that, in our great cities, business paper is constantly guaranteed by commercial houses of prudence, stability, and wealth, for a *del credere* commission of *two and a half per cent.* On much of the better class of paper, and in some of our northern cities, upon most of it, the charge is much less; but a greater proportion of loss than this ought certainly not to occur in a well managed city bank, where the judgment and information of a board of directors are combined with that of its officers. In point of fact, it is believed that two and a half per cent. on the discounted paper actually exceeds the losses of prudently managed institutions in our cities. But, allowing the loss on the Atlantic and commercial debt to reach four times that amount, say ten per cent., then \$5,370,000 of the surplus would be an ample guarantee against such loss. This would leave about \$2,680,000 as a further surplus, which would meet the loss of about *one-third* of the local western debt, without impairing the original capital of the bank.

Or, in another view of the subject, if the bills of exchange purchased at the western offices be added to the local debt of the western States, then 4,823,000, or ten per cent. on the whole, would more than meet the losses on the remaining notes and bills held by the bank, and due in the maritime States, leaving about three millions two hundred thousand dollars to meet all western losses; which would be above *twenty-five per cent.*, or *one-fourth* of that whole debt in every shape.

The committee do not mean to be understood as asserting their belief that the western debt is more hazardous than that in any other part of the Union. The bank directors express their conviction that it is not so; and the agent appointed by the Treasury does not hesitate to say, "that he considers that debt in a safe and wholesome state, and that a greater amount of loss need not be apprehended from it, than from a similar mass distributed in the cities of the Atlantic frontier;" but this estimate has been made, because the extent

of the western transactions of the bank has been mentioned as one of the subjects peculiarly calling for investigation.

These general views of the situation of the bank, and the consequent safety of its depositors and bill-holders, derive strong confirmation from the fact of the large proportion of the specie in the country which is held by the bank.

It appears, from official documents of unquestionable authority, that the specie actually in the vaults of the Bank of the United States is within *one-tenth* of the amount held by all the other banks in the Union together, whilst its circulation of paper is but *one-fourth* of the aggregate of theirs. In other words, the Bank of the United States has now above nine millions of specie with a circulation of notes to the amount of seventeen millions and a half, whilst the aggregate of all the other banks with specie in their vaults of from ten to eleven millions, have a circulation of sixty-eight millions of bank paper.

If, then, the evidence herewith submitted can be relied upon, which it is for the House to judge of, there can be no doubt of the entire soundness of the whole bank capital, after meeting all demands upon it, either by its bill-holders or the Government; and such is the opinion of the committee, who feel great confidence in the well known character and intelligence of the directors whose testimony supports the facts above stated.

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

BANK UNITED STATES—VIEWS OF THE MINORITY.

MARCH 1, 1833.

Read, and postponed until to-morrow.

Mr. POLK, from the minority of the Committee of Ways and Means, submitted the following

REPORT:

The minority of the Committee of Ways and Means, consisting of three of its members, to whom was referred so much of the message of the President of the United States, of the 4th of December last, as relates to the Bank of the United States, and to whom was also referred the annual report of the Secretary of the Treasury upon the same subject, have had the same under consideration, and, not concurring in the report of the majority, ask leave to report:

That the attention of the committee has been directed chiefly to the transactions of the bank in relation to the proposed payment, by the Government, of a large portion of the public debt, denominated the three per cent. stocks, during the past year, and on the 1st of January, ult., whereby the payment of a portion of that debt has been postponed by the bank beyond the period fixed by the Government for its reimbursement. To ascertain the true state of facts connected with this transaction, the committee deemed it proper to request the Government directors of the bank, and a part of the directors on the part of the stockholders, to attend before them, and give information upon the subject. Several of the directors, both on the part of the Government and of the stockholders, accordingly attended before them, and gave testimony upon the subject. Their testimony is herewith submitted with this report. Sundry letters and documents upon the same subject, numbered from 1 to —, inclusive, are also herewith submitted. From all which the following facts appear: That the bank, as early as the month of October, 1831, gave instructions to its offices, and particularly to those in the western and southwestern portion of the country, to curtail their business, and furnish aid to the principal bank and the eastern offices, to enable the institution to meet the large payments of the public debt which were anticipated during the following year. From the answers received from the offices in the west and southwest, this effort to curtail its discounts seems to have been unsuccessful, as will be more particularly stated in a subsequent part of this report.

Some inquiry has been made into the general condition and management of the institution, but, from the want of means and time, a thorough investigation could not be had upon these points. They content themselves, therefore, with submitting the facts of the case as they are disclosed by

documents, and by the oral testimony of the directors, in relation to the payment of the public debt, adding such particulars upon the other points as they have been able, in the limited period allowed them for the investigation, to collect.

It was anticipated by the bank, at an early period, that the Government would, during the year 1832, draw from it nearly the whole of the public deposits, to be applied in payment of the national debt. On the 24th of December, 1831, in a letter from the cashier of the principal bank to the cashier of the New Orleans branch, it is observed, "that such appears to be the anxiety of the Government for the early extinguishment of the public debt, that we are not likely to have the use of any considerable amount of Treasury balances during the coming year." In letters dated 20th and 21st of January, 1832, to the cashiers of the branches at Cincinnati, Louisville, Pittsburgh, Natchez, Mobile, Nashville, and Washington, is the following declaration: "The rapid redemption of the public debt will probably deprive the Atlantic offices, in a great degree, of the benefit of Government deposits during the whole of the present year." In March negotiations were entered into by the President of the bank and the exchange committee, with the view of procuring a postponement of the payment of a portion of the public debt beyond the period which might be fixed by the Government for the payment, so as to enable the bank to retain possession, and have the use of the public funds which it held on deposit, during the period of postponement. Prior to the 13th of March, a communication was opened by the President of the bank with Thomas W. Ludlow, esq., of New York, the agent for the foreign holders of about \$1,700,000 of the three per cent. stocks, with the view of postponing its payment for one year beyond the time at which its payment might be directed by the Government. In a correspondence commencing on the 13th of March, and ending on the 23d July, and which is herewith submitted, the following proposition was made by the President of the bank in a letter dated 19th of March: "When the three per cent. assumed by foreigners, whom you represent, shall be paid off, the bank will continue to pay the interest at the same rate, for one year from the date of the payment by the Government. At the expiration of that year, if you will give to the bank three months' notice of your wish to receive reimbursement of the principal, either in the whole or in part, the principal shall be so reimbursed. And if the bank will give to you, or to whomsoever may then represent the foreign stockholders in this country, a like notice of three months, of their intention to make reimbursement, either in whole or in part, the agent of such stockholders shall receive such reimbursement, and surrender the certificates." About the same period, a similar negotiation was opened with another representative of about a million of stocks held abroad; but neither was brought to any satisfactory result, for the want of power in the agents of the foreign stockholders, to make such an arrangement. These propositions were concealed from the Government.

On the 24th of March, the acting Secretary of the Treasury informed the President of the bank, that it was proposed to give notice of the purpose of the Government to redeem one-half of the three per cent. stocks, (about six and one-half millions of dollars,) on the first day of the succeeding July, remarking to him, if any objection occurred to him, "either as to the amount or mode of payment," to suggest it. The President immediately visited Washington, and urged the Government to postpone the in-

tended payment for three months; and upon agreeing, on behalf of the bank, to pay the quarter's interest, procured the postponement until the first of the succeeding October. Having failed, as we have seen, to effect a postponement with the agents of foreign holders residing in this country, but, by representations made to the Government, having succeeded in obtaining a postponement until the 1st of October, the bank was temporarily relieved; but, as the period approached for the payment in October, it found it necessary to seek further relief. Between the 1st and 10th of July, the President and the exchange committee determined to open a negotiation in Europe for the postponement, for one year, of the payment of five millions of the three per cent. stocks held abroad; but they carefully concealed their intention from the Government, and there is strong reason to believe, indeed it is certain, that it was concealed also from the Government directors and the board itself. This will be shown more clearly when we come to examine the proof on this point. Gen. Cadwallader, a director of the bank, was requested to undertake the mission. He received his instructions on the 18th July, and sailed for Europe on the 20th. On the 22d August, Gen. Cadwallader closed an arrangement with the house of Baring, Brothers & Co., of London, providing for the purchase or postponement of five millions of the United States' three per cent. stocks for one year, from the first of October, 1832, the Barings retaining possession of the certificates of that purchased, and the stockholders retaining the certificates of that postponed; and, in the event the amounts purchased and postponed should not equal five millions of dollars, then the Barings were to give the bank a credit for the deficiency, upon which the bank might draw. In a letter, dated 22d of August, and received as early as the 1st of October, Gen. Cadwallader informed the President of the bank of the tenor and substance of this agreement; and, in a letter dated 25th August, enclosed the agreement itself. The Barings proceeded under this contract to make purchases of stock on account of the bank, and for the bank, to the amount of \$1,798,597.57, and procured the postponement of \$2,376,481.45, amounting, in all, to \$4,175,079.02, of which they apprised the President of the bank from time to time.

A supplemental agreement was made by Gen. Cadwallader, on the 19th of September, with the Dutch holders of three per cents. who might consent to postpone the payment of their stock, stipulating to pay them, at the close of the period of postponement, at the rate of forty cents per guilder.

On the 15th October, the President of the bank wrote to the Barings, disavowing so much of Gen. Cadwallader's arrangement as provided for the purchase of stocks on account of the bank, on the ground that it was a violation of the bank charter. In the same letter, he proposes, as a substitute for Gen. Cadwallader's arrangement, that all the certificates, both of the stock postponed and purchased, that the portion which the stockholders have consented to postpone "should be passed to their credit on the books of the bank, and continue to bear an interest of three per cent. per annum, payable quarterly, until the 1st of October next, when the principal will be reimbursed;" that "the portion purchased by you, [the Barings,] will, in like manner, go to your credit, when it is paid by the Government. At that time it will be for you to determine whether it shall continue to draw an interest of four per cent., (if that be the rate,) payable quarterly, or whether you would desire immediate payment." In a letter dated 19th October, the President proposes, in case of any difficulty with the stock-

holders who have agreed to postpone their stock, to let them retain the certificates, and adds, "we will endeavor to accomplish the object of the bank without possession of the certificates." In a third letter, dated 31st October, the President urges the surrender of all the certificates, and says: "Should any difficulty occur, it would be agreeable to the bank if you would obviate it, either by causing the certificates to be sent to the bank for immediate reimbursement, or, if necessary, by purchasing the certificates on your own account, in the same manner as was done with those previously purchased, and taking your reimbursement in the mode most agreeable to yourselves."

On the 6th November, the Baring's received the President's letter of the 15th October, but took no immediate steps to comply with his wishes.

On the 14th November, the Baring's received the President's letter of the 19th October, and, in reply, referred him to their agent in the United States, T. W. Ward, of Boston, to make an arrangement relative to the purchased stock, expressing a desire to accommodate the bank.

On the 22d November, the Barings received the President's letter of the 31st October, and, in relation to the deferred stock, say: "We have already mentioned to you that several of the holders of the three per cent. certificates made the retention of them the condition of their postponing reimbursement. There can be but little ground, therefore, to expect that they would now accept less favorable terms, and we cannot express any confidence in an attempt to persuade them to relieve the bank from the engagements we entered into with them on its behalf."

The Barings, however, issued a circular, inviting the holders to surrender the certificates, "engaging to obtain for you" (the holders) "an acknowledgment from the bank, that the amount has been passed to your credit on its books, and will be either held at your disposal or remitted in a bill at the usual time on the 1st of October, 1833, up to which period it engages to remit the interest, as before it was reimbursed. Should you, however, for any reason, prefer an immediate remittance, both of interest accrued and capital, the bank will of course comply on receiving your instructions to that effect." To the stockholders who desire it, the Baring's agreed to give the guarantee of their house for the faithful performance of the mere agreement.

There is no evidence to show what is the nature of the agreement finally made by the bank with the Barings, through their agent Mr. Ward, in relation to the purchased stock; nor is it shown, with precision, to what amount the holders of the deferred stock have agreed to give up their certificates, and receive a credit on the books of the bank, bearing interest until reimbursed in October, 1833. From the letters of the Barings to the bank, dated 29th November, and 6th, 14th, 19th, and 22d December, we collect various items of the deferred stocks, for which the holders have agreed to wait for reimbursement until October, 1833, surrendering the certificates, and taking a credit on the books of the bank, amounting in all to \$1,428,974 54. There appears to be still outstanding of the stocks postponed under Gen. Cadwallader's arrangement \$918,381 98, most of which will probably not be called for until October next; so that the probable amount of those stocks, which will not be paid until that time, exceeds two millions of dollars. But the sum of \$1,428,974 54 is now known to have been definitively postponed until October, 1833, according to the proposition contained in the President's letter to the Barings, of the 15th October last. Although

the Government has probably been released from its responsibility, and in the accounts of the bank with the Treasury the whole amount is represented as paid, yet, to the amount thus postponed, nothing has, in fact, been paid by the bank.

By the monthly statement of the bank of the 1st February, 1833, it appears that there was then standing to the credit of redemption of public debt, assigned by the Government to that object, but not yet applied by the bank, the sum of

\$5,163,075 40

To this add the above sum definitively postponed until October, 1833, but transferred from Government to individual account,

\$1,428,974 54

Giving a total of - - - - - \$6,592,049 90

There was, therefore, an aggregate sum exceeding *six millions five hundred thousand dollars* ordered to be paid in October and January last, which had not been paid by the bank on the 1st of the present month, unless the assumption of \$1,428,974 54 of it, by the bank, be considered a payment to that extent.

Various reasons have been assigned by the bank and its officers for the postponement of the payment of these stocks; and the committee propose, briefly, to examine them.

It appears, from official documents in possession of the committee, that the President of the bank, as early as the 13th March, 1832, after having previously, as we have seen, taken measures to curtail the discounts at the western and southwestern offices, and after having made a fruitless effort to obtain aid from these offices, stated to the board "his views in relation to the probability of the redemption, by the Government, in the course of the present year, of a large portion of the three per cents. of the United States, more than one-half of which he stated to be held by foreigners; the magnitude of whose claims on the bank might, possibly, expose the community to great inconvenience, unless some measures should be adopted for deferring a part of the payment which may be required," &c.

For the postponement from July to October, sought by the President, of the Government, in a letter to the Secretary of the Treasury, dated 29th March, 1832, he gives the following reasons, viz.

"The inconvenience, then, of the proposed measure is, that the repayment of six or seven millions of dollars, more than one-half of which is held in Europe, may create a demand for the remittance of these funds, which would operate injuriously on the community, and, by abridging the facilities which the debtors of the Government are in the habit of receiving from the bank, may endanger the punctual payment of the revenue, as the bank will necessarily be obliged to commence early its preparations for the reimbursement of so large an amount of public debt."

The President, in a postscript to that letter, illustrates his meaning, as follows, viz.

"P. S. As an illustration of the effect of the measure proposed, I may mention that, in the month of February last, the collector of New York, with a laudable anxiety to protect the public revenue, applied to the bank to authorize an extension of loans in that city, in order to assist the debtors to the Government. This was promptly done. This I should desire to do again, as the payments to the Government during the next quarter will probably be very large.

N. B."

In his evidence before the committee of investigation last year, (see documents accompanying the report of the committee, page 530,) the President of the bank adds another reason for this postponement. After referring to the letter of the acting Secretary of the Treasury of the 24th March, 1832, heretofore alluded to, he proceeds to say: "Thus invited by the Government, in a communication marked 'confidential,' to give my opinion on a measure contemplated by the Government, I felt it my duty to express my views of its probable operation." He then adverts to the contents of his letter of 29th March, in reply, and proceeds: "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, and requested nothing. After weighing the circumstances, the Government were desirous of adopting the measure," &c.; and concludes, "Now it will be seen, that in all this, the bank has not had 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."

For the secret mission of Gen. Cadwallader to Europe in July last, and the postponement negotiated there, in a letter to the Secretary of the Treasury, dated 27th October, 1832, the President of the bank adduces reasons similar to those contained in the foregoing extracts, and adds—

"Their inherent difficulty has increased, on the present occasion, by the prevalence of the cholera, which was already in New York and Philadelphia, and seemed destined to pervade the whole country, deranging, in its progress, all the relations of business, and threatening such a general prostration of commerce, as would endanger the punctuality of private engagements, and put to great hazard the public revenue, of which the estimated receipts, from July to January, were about thirteen millions. To those who witnessed its ravages, it was manifest that a continuance of the pestilence, for a few weeks longer, would have thrown into great confusion the pecuniary affairs of the country; and have pressed, with peculiar force, on the public revenue, more especially as the demand on account of the foreign holders of three per cent. at New York and Philadelphia alone, on the 1st of October, would have exceeded five millions of dollars. Under these circumstances, the bank deemed it an imperious duty to avert, as far as possible, the effects of such a calamity, and to husband its means, in order to interpose, if necessary, for the relief of the community. It was determined, therefore, to reserve five millions of dollars for that purpose; and, accordingly, the foreign holders of the three per cent. to that amount, principally represented by the bank as their agent, were invited to leave the fund with the bank for a few months after the payment by the Government, receiving from the bank the same rate of interest."

The reasons given by the exchange committee, in their report to the directory on the 29th of January last, correspond with those given by the President. They also place the negotiation with Mr. Ludlow, in March, 1832, on the ground of preventing the inconvenience which might arise in suddenly withdrawing so much capital from the country. They likewise attribute to the Government the postponement from July to October, remarking, that "The Treasury Department having applied to the bank for its opinion, as to the expediency of making a payment of six millions on the first of July, the opinion was given, that it would be better for the country not to make such a pressure on its resources at that moment; and the payment was postponed, the bank consenting to allow the Government the

quarter's interest during the interval." In relation to the postponement negotiated in Europe, the committee say—"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," &c. "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 revenue 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."

As to the reason given for desiring, on the 13th March, 1832, to defer the payment of an unlimited amount of the three per cents., it would be at all times equally applicable. The sending of money out of the country without any return, especially in large amounts, would unquestionably reduce the value of property, and create commercial embarrassments. But, as in commercial transactions, so in the transfer or payment of stocks, an export is followed by an import, and a reimbursement by a reinvestment. A large portion of the public debt of the United States has always been held by foreigners. It has been paid from time to time without any sensible effect upon the community. That portion held abroad, which remained to be paid, two-thirds in October and one third in January last, was about \$7,800,000. But it must be recollected that these funds do not all leave the country. A portion of them is reinvested in other stocks, and at the same time other funds are introduced. It is not long since the city of Washington borrowed in Holland, and brought into the country, a million of dollars to be invested in canal stocks. A large portion of the New York, Pennsylvania, and Ohio canal stocks have passed into Europe. In the transactions of a few months, disclosed in the report of the investigating committee of last year, (see Bank Report, page 125,) the process is exhibited by which \$1,794,000 of American stocks was sent to England by a single broker. It is understood that the Louisiana loan of last year, amounting to \$7,000,000, was all taken by the house of Baring, Brothers & Co., of London; and we perceive that the President of the bank, in his letter of the 15th October, proposed to pay them the amount of the three per cent. stocks purchased by them for the bank, by funds in New Orleans. While old stocks are paid off to foreigners, new stocks are subscribed for or purchased by them, and it is doubtful whether the aggregate held by them in this country is not now greater than it was two years ago. The Louisiana loan of itself is nearly sufficient to counterbalance the Government three per cents. In addition to these facts, the Government itself, by its successful diplomacy, is bringing large sums of money into the country from Denmark, France, &c. On the whole, it does not appear that the drain of funds, and the commercial embarrassment anticipated from promptly paying off the three per cents., could have taken place; and the apprehension of such serious consequences appears to have been without foundation. The next reason given for seeking the postponement of the proposed payment of about six and an half millions from July to October, viz. the necessity of extending accommodations to the merchants who had duty bonds to pay to the Government, in order to secure the payment of the revenue itself, appears not to have guided the bank in its subsequent course. The monthly statements from the New York branch show very conclusively that the Pre-

sident is mistaken in his illustration, contained in the postscript to his letter of the 29th March, to the Secretary of the Treasury; and that the bank did not, after the indulgence was obtained, extend those accommodations in the commercial cities which he stated to be necessary, and which had been the inducement with the Government to grant the postponement, which the bank asked from July to October. The amount of discounts and bills purchased at the New York branch at the days stated, were as follows, viz. (See Toland's Report, page 16, of December, 1832.)

1832, February	2, -	-	-	-	-	\$ 6,071,613
“ March	7, -	-	-	-	-	5,948,423
“ April	4, -	-	-	-	-	5,769,363
“ May	2, -	-	-	-	-	5,581,684
“ June	6, -	-	-	-	-	5,327,861
“ “	20, -	-	-	-	-	5,174,109
“ July	3, -	-	-	-	-	5,321,419
“ August	1, -	-	-	-	-	5,575,547
“ September	5, -	-	-	-	-	6,222,137
“ October	3, -	-	-	-	-	5,845,155
“ November	7, -	-	-	-	-	6,314,187
“ December	1, -	-	-	-	-	6,046,53c
1833, January	1, -	-	-	-	-	6,170,687

It hence appears that the aggregate of discounts and domestic exchange at New York, instead of being increased in February, was steadily reduced from the 2d of February to the 20th June, to the extent of near \$900,000; that it then rose again, but, on the 1st of December, was still below its amount in February last; and on the 1st of January, was about the same as in the preceding February. Mr. *Eyre*, a director of the bank, and a member of the exchange committee, examined as a witness before the committee, has appended to his testimony a statement including foreign bills purchased, and balances due from city banks, commencing on the 3d of July, and ending on the 3d October. Even this statement shows a diminution of the amounts due to the bank down to the 25th July, and then an increase to the 26th September; but the increase consists almost entirely of an augmentation of the balances due from the city banks, and is not certainly that sort of accommodation to the merchants which was referred to in the President's representations to the Government, when he asked, in behalf of the bank, the postponement from July to October.

If there was but little extension of accommodation to the merchants of New York, there was more to those at Philadelphia. From February, 1832, down to January, 1833, the amount of discounts and domestic bills at the principal bank has been as follows: (See Toland's report, page 16.)

1832, February	2, -	-	-	-	-	\$9,759,832
“ March	1, -	-	-	-	-	8,843,354
“ April	5, -	-	-	-	-	8,080,614
“ May	3, -	-	-	-	-	7,575,163
“ June	7, -	-	-	-	-	7,398,923
“ July	5, -	-	-	-	-	7,230,311
“ August	2, -	-	-	-	-	7,010,793
“ September	6, -	-	-	-	-	7,017,008
“ October	4, -	-	-	-	-	6,562,051
“ November	1, -	-	-	-	-	6,579,912
“ December	1, -	-	-	-	-	6,994,715
1833, January	1, -	-	-	-	-	6,596,945

It appears that, instead of an extension of loans at Philadelphia, there has been a very heavy curtailment, amounting to more than three millions of dollars, within the first nine months; and that the loans at that place on the 1st January last, were more than three millions less than they were a year ago. During this period the discounts on stocks at that place have increased.

At Baltimore there was a curtailment from February to November, of about half a million, and the loans at that branch were, on the 1st January last, less than they were a year ago.

At Boston, from February to June, 1832, there was a curtailment of more than \$700,000, but the debt has since increased so as to exceed its amount a year ago.

On the whole it appears by the statements of the bank, furnished by itself, that no extraordinary accommodations were granted to the community at the points where the revenue is principally collected, in consequence of the indulgence obtained from the Government. On the contrary, during the first part of that indulgence there was a general curtailment, and, at the four commercial cities, the aggregate of accommodations was less on the 1st of January last than it was on the 1st January, 1832, by \$3,185,996. Indeed the testimony taken by the committee clearly proves that, neither at the time the indulgence was granted, nor at any subsequent period during the past year, have the importing merchants needed or received any unusual accommodations. The following question was put by the committee to Joshua Lippincott, esq., a director, viz.

"Has there been, during the past, any pressure generally upon that class of merchants in Philadelphia who secure and pay the duties to the Government upon foreign importations?"

To this he answered, "*None more than usual.*"

To a similar question John T. Sullivan, esq., another director, answered: "I am not aware of any pressure, generally, upon that portion of our citizens. I believe no extended accommodations have been made to them by the bank. The importers, in my opinion, have been borrowers to a very moderate amount."

Manual Eyre, esq., another director, answers:

"I think the pressure was not so heavy on the east as on the west for that time, and forbearing to take from the west, enabled them to pay to the east, &c. I do not recollect whether any increased accommodations were granted to the importing merchants."

It is thus proved by the testimony of the directors, that there was no unusual pressure upon that portion of the community who pay duties to Government, and, by the same testimony, as well as the accounts of the bank, that not only no unusual accommodations were extended to them, but their usual accommodations have been curtailed. To give them increased facilities, and thus enable them to pay their bonds to the Government, was not therefore the object of the bank in asking and procuring a postponement of the public debt. Nor are the other reasons assigned by the President of the bank [see bank document, page 530, '1] for seeking a postponement of the Government; nor his declarations that "he made no application to the Government, nor have I requested any suspension of the payment of the public debt;" and that the measure was "proposed by the Government;" nor his other declaration to the committee of the last year, that "I am not aware that the bank, on the 1st of October last (1831,) or at any other period during more than nine years, in which I have been connected with it as its

presiding officer, has sought or obtained any indulgence from the Government, of any kind, in reference to the payment of the public debt;" nor the declarations of the exchange committee upon the same subject—sustained by the evidence taken by this committee.

Richard Willing, esq., a director, in his testimony says:

"With regard to the payment in July, in consequence of the pressure on the western country, and the difficulty of withdrawing funds from that source, it was desirable to postpone that payment to the 1st of October." "I presume that the postponement to the first of October was *concealed by the Secretary of the Treasury at the solicitation of the bank*, with the view that the bank might not press hard upon its debtors, or upon its accommodations to them, or for which period the bank allowed the Government the interest. "I have no doubt the arrangement was made *at the solicitation of the bank.*"

Mr. Eyre, on being asked whether the object of the President, in visiting Washington in March, 1832, was not to ask Government to postpone the proposed payment of about six and a half millions from July to October, replied, "*I know that was the object of his visit,*" and says, "it was known to me, as a member of the exchange committee."

Asbury Dickens, esq., who, as acting Secretary of the Treasury, wrote the letter of the 24th March, 1832, which brought the President of the bank to Washington, says, in his testimony, "I wrote the letter as mentioned in the interrogatory, and Mr. Biddle came to Washington as therein described. He represented verbally, and similar to those stated in his letter of the 29th March, that it would be desirable to postpone the payment of the three per cents. until another quarter; and I think it was upon my suggestion that he put his representation in the form of a letter. The letter of the 29th March was accordingly written; which, though dated in bank, was written by Mr. Biddle at the Treasury. During the interview with Mr. Biddle, Mr. McLane, the Secretary, came to the department. He had been confined at home by indisposition, and, as well as I recollect, came out for the purpose of seeing Mr. Biddle. *The postponement was again urged by Mr. Biddle*, and upon grounds similar to those urged in his letter. Mr. McLane did not, at that time, however, give any positive answer. I believe it was one or two days before the matter was finally settled, and the consent of Mr. McLane was communicated to Mr. Biddle, through me, verbally, on condition that the bank should pay the quarter's interest which would accrue by the postponement. *The application for the postponement was on the part of the bank, and was granted by the Government, not because of any apprehension of a want of funds to meet the intended payment on the 1st of July then next following.*"

It is clear, then, that the postponement was granted upon the application and urgent solicitation of the bank, and for its accommodation.

On reference to the monthly statements of the bank, for the 1st April and 1st July, 1832, we find that, at the former period, the public deposit in the bank was \$9,513,000, and at the latter, \$9,811,000; being at the time the postponement was sought by the bank; and during the whole intervening period up to July, *three millions* more than the amount proposed to be paid. The Government, therefore, had no motive to propose the postponement.

In his letter of the 24th of March, Mr. Dickens first states the purpose of the Government to pay off, on the 1st of July, "one-half of every certificate" of the three per cents, and then adds, "if any objection occurs to you, either

as to the amount, or as to the mode, of payment, I will thank you to suggest it." He did not ask any opinion as to the *time* of payment, but only as to the expediency of paying so large an amount, or paying the certificates by halves. But the President of the bank availed himself of the occasion to procure from the Government a respite for the bank, which he had previously been secretly, but unsuccessfully, negotiating with the agents of some of the foreign stockholders to obtain, and agreed to pay the interest to the Government, as in his letters of the 13th and 19th of March, to Mr. Ludlow of New York, he had proposed to do to the foreign stockholders, if they would agree to grant the bank a similar indulgence, by agreeing to withhold their certificates, and postpone the payment. It is not probable that the Government would ask, or that the bank would pay, about \$48,000, the quarter's interest, for an arrangement "proposed by the Government," in which the bank "sought nothing and requested nothing."

The reasons assigned by the President of the bank for General Cadwalader's mission to England in July last, and the postponement of five millions of the three per cents. held abroad, for one year beyond the time fixed by the Government for their payment, are divided into three branches:

1st. The desire of the bank to accommodate the importing merchants, who were the debtors of the Government in revenue bonds.

2d. The prevalence of the cholera in New York and Philadelphia at the time the mission was resolved on. And,

3d. An alleged understanding, which, as will hereafter appear, never existed, between the bank and the Treasury Department, by which, in consequence of a possible deficiency of public deposits to meet the payments of the public debt, advertised to be paid on the 1st of October and the 1st January, the bank might be required to make advances on account of the Government.

As to the first, we have already shown that there was no unusual pressure on the importing merchants during the whole year 1832, and that no unusual accommodations were extended to them; but that, on the contrary, there was a considerable curtailment of discounts at the principal points of importation. That reason, therefore, is as little applicable to the postponement negotiated in Europe in August, as to that procured from Government in the preceding March.

In relation to the second reason, based upon the prevalence of the cholera, the President says, "it was *already* in New York and Philadelphia, and seemed destined to pervade the whole country;" and the committee of exchange, in their report, say, "it had already begun its ravages in New York and Philadelphia, with every indication of pervading the whole country." The President says, "to those who witnessed its ravages, it was manifest that a continuance of the pestilence for a few weeks longer would have thrown into great confusion the pecuniary affairs of the country;" and the committee say, "had it continued as it began, and as all the appearances in July warranted the belief of its continuance, there can be no doubt it would have prostrated all commercial credit." By the experience of mankind, the fact is well established, that the visitations of the cholera, at any particular place, are of short duration. Probably no instance can be found in the history of the disease, in Europe or in this country, in which it has raged at the same place during the space of two months. In our own cities, its visits have generally been much shorter. To send to Europe for relief after the disease had appeared, when a return could not possibly be received

until it had passed away, would seem to be an inadequate means of providing against its ravages. In point of fact, during the months of July and August, within which the cholera appeared and disappeared in Philadelphia and New York, the bank accommodations were actually curtailed at these points, in the former city, and not materially extended in the latter; nor did General Cadwallader's arrangement enable the bank to extend its business until the 1st of October—long after the cholera was gone from both cities.

But from the evidence taken by the committee, and from historical data, it appears that, when the mission to England originated, the cholera had not appeared in either Philadelphia or New York.

John McKim, esq., a director, residing at Baltimore, in his testimony states, that, at the meeting of the board of directors, for the purpose of declaring the dividend of July, 1832, "the mission of General Cadwallader was mentioned at the board, but I did not consider the mention of it official. The precise object of his mission I do not think was mentioned. I, however, understood that it had relation to the three per cents."

The meetings of the board to appoint the dividend committees, to which the non-resident directors of the bank are called, are held, the committee are informed, on the Fridays preceding the first Mondays in July and January; and, on this occasion, that Friday came on the 29th of June. It was, therefore, on the 29th of June that Mr. McKim heard the subject of this mission mentioned at the board.

General Cadwallader, in his testimony, says the subject was mentioned to him "between the 1st and 10th of July, and the object explained to be a postponement of the payment of the three per cent. stocks to the extent of about five millions of dollars."

By a report of the board of health in New York, it appears that the first case of cholera in that city occurred on the 2d of July; and, by a similar report of the board of health in Philadelphia, it appears that the disease first broke out in that city on the 15th or 16th of July. As the mission to England had been projected as early as the 29th June, and General Cadwallader had been requested to proceed to Europe before the 10th of July, and the object explained to him, it is obvious that the ravages of the cholera in New York and Philadelphia would not have weighed upon the minds of the President or exchange committee in determining on the mission, or on the amount of payments to be postponed. It is true, on the 18th July, when General Cadwallader's instructions were given, the cholera had made its appearance in both cities; and one set of those instructions commences with saying, "the probability of the spread of the cholera may occasion great embarrassment and distress in the community, makes it expedient for the bank to keep itself in an attitude to afford relief," &c. Nevertheless, it is now evident that the cholera was not the moving cause of this mission; and it is remarkable that it is not mentioned in General Cadwallader's private instructions, although in that document he is told, "we wish the arrangement should, at *all events*, be made."

As to the third reason assigned for the postponement, there seems to be quite as little ground for imputing this mission to a prospect of having to make advances on behalf of the Government. It appears that, in a conversation between the Secretary of the Treasury and the President of the bank, probably about the 1st of July last, the Secretary, calculating his means closely, concluded that he would pay off the whole of the three per cent.

stocks by the close of 1832; but, as, in so close a calculation, it was possible there might be a trifling deficiency of funds to meet the payment, on the day fixed for that purpose, a suggestion was made, that probably the bank would be willing to retain the certificates which it was understood to control, as agent for some of the stockholders, a few days, and until the public deposits should be sufficient to meet them. To this the President assented. Mr. Dickens, the chief clerk of the Treasury Department, who was present during the conversation, gives the following account of it: viz.

“ I think it was suggested by myself, that it might so happen that there would not be funds quite sufficient in the bank on the day on which the debt would be payable, to pay it; and I think I suggested, at the same time, that, in that case, the bank would doubtless be willing to hold back any certificates it might have the control of until funds should come in. There was no formal agreement, to my knowledge, between Mr. McLane and Mr. Biddle upon the subject: it was merely a conversation. *If there had been a probability of a deficiency of funds, the Government would not have issued the notice.*”

It was, therefore, not a probability of deficiency, but a *mere possibility*, which induced the Secretary of the Treasury, in his letter of the 19th of July, after informing the President of his intention to give notice of the paymen's to be made on the 1st of October and January, to add:

“ This has been done with the understanding had between us, that, if it should happen that the public moneys are insufficient to complete those payments, the bank will delay the presentation of any certificates of which it may have the control, until the funds are sufficient to meet them,” &c.

In his reply, dated 26th July, the President of the bank says: “ the bank has taken the necessary steps to obtain the control of a considerable portion of these certificates, and will very cheerfully employ it in such manner as may best suit the convenience of the Government.”

If the President alluded to General Cadwallader's mission, it is evident that he totally misunderstood the object of the Treasury Department: that object was to pay off the whole three per cents. in January, by its own means, if it should possess them; and, if not, the bank was to hold back, for a few days, a part of the certificates which it controlled as agent, until the revenue, which was daily coming into the bank, should be sufficient to meet them.

It is now alleged that the President of the bank here alluded to Gen. Cadwallader's mission. But the result of that mission was not “ to obtain the control of a considerable portion of these certificates;” but, by a formal contract, to leave them in the hands of the Barings, and other stockholders, until October, 1833. The bank could not, therefore, “ employ it in such manner as may best suit the convenience of the Government,” because, unless it wholly disavowed the expected action of its agent, it could not get the control of the certificates, or exercise any power over them, for a whole year. What was the object of the Government? It was to pay off the whole three per cent. stocks in October, 1832, and January, 1833. It was expected, that its own means would be sufficient for the purpose; but, in case there had been a small deficiency, then it was understood that the bank would hold back any certificates it might control to the amount of that deficiency, for a short time, and until the public deposits should be sufficient to meet it. No aid was expected from the bank, but General Cadwallader's arrangement, by detaining the certificates to the amount of four or five mil-

lions in Europe, until October, 1833, was calculated directly to defeat the Government, even in the application of its own means. No one deemed it possible there could be a deficiency to that amount, or a fourth part of it.

It must be remembered that the allusion of the Secretary to the understanding between himself and the bank was contained in a letter dated at Washington, on the 19th July, which would not have reached Philadelphia before the 21st, and was not acknowledged until the 26th. By Mr. McKim's testimony, it appears that Gen. Cadwallader's mission had been projected as early as the 29th of June; had been spoken to, and the object explained, before the 10th July, had received his instructions on the 18th, and sailed for Europe on the 20th. He says himself, in his testimony, "at the time I was appointed to proceed to Europe, no notice had been issued by the Treasury of the intention to pay the three per cents., nor was it then known whether that stock was to be reimbursed in the whole or in part." Is it possible, then, that the object of his mission was to provide against any possible deficiency which might be produced by the reimbursement of that stock? It was not mentioned in either set of Gen. Cadwallader's instructions; nor in the letter of the President of the bank to the Barings introducing him; nor in his letter to Gen. Cadwallader upon receipt of the Secretary's letter of the 19th July; nor in his letter to the Barings, of 15th of October, disavowing and proposing to change the arrangement; nor in his letter to the same, of the 19th and 31st of October; nor in any other letter or paper in this correspondence.

Nor does the President of the bank, in his letter to the Secretary of the Treasury, of 27th October, giving the reasons and results of Gen. Cadwallader's mission to England, make the slightest allusion to any understanding with him, or any probable deficiency in the Treasury, as having been one of the inducements to that measure. On the contrary, he declares that the whole fund of five millions provided by the arrangement with the Barings, was set apart to guard against the contingencies of the cholera. He says, the appearance of that disease made it "the imperious duty" of the bank "to husband its means, in order to interpose, if necessary, for the relief of the community. *It was determined, therefore, to reserve five millions of dollars for that purpose;* and, accordingly, the foreign holders of the three per cents., to that amount, principally represented by the bank as their agent, were invited to leave the fund with the bank a few months, &c.; and, as if he was anxious to convince the Secretary that it was the cholera, and nothing but the cholera, which had produced the contract with the Barings, he says, in conclusion, "that arrangement, as you will perceive, was a precautionary measure to enable the institution to mitigate the severity of a great disaster; and, when the country was happily relieved from it, the means the bank had provided for the occasion, were applied to their appropriate objects." When the bank, as late as the 27th October last, has thus declared, that the fund provided by the mission to Europe was solely intended to guard against the effects of the cholera, and, that danger having passed away, had already been applied to other objects without the slightest regard to the condition of the Treasury, how can it now allege that it was negotiated to meet a probable deficiency of public funds on the first of the succeeding January? The declarations of the President of the bank *then*, and of the exchange committee *now*, are wholly incompatible. Even now the members of the exchange committee, in their evidence, declare that the Government had no interest in this mission.

Mr. Bevan, chairman of the exchange committee, says, "I presume the

Government was not so informed [of Gen. C.'s mission to Europe,] because his mission *was not designed to interfere with any rights or interests of the Government.*" Again: "*as it involved no special interest of the Government, I conceive they had no more right to be consulted in relation to it than any other stockholder.*"

On no other ground can the concealment observed towards the Government be at all palliated. The bank did not consult the Secretary of the Treasury to know whether it would be agreeable to him that the possible deficiency in the Treasury should be guarded against, by postponing the payment of five millions of the three per cents. a whole year. If it had, and he had thought such a postponement necessary, he would undoubtedly have replied, that he would effect it himself, by not giving notice of payment until that time, and would not put the bank to the trouble and expense of sending an agent to Europe to effect the object privately. But the whole matter was concealed from him. So well did the agent understand that concealment was expected, that he requested the Barings not to publish or even print their circular to the stockholders. In his letter of the 25th August, enclosing copies of the contract and the circular, he says, "I requested that the letter should not be published, but specially directed as a private letter, in *manuscript*, and signed by the house," appears not to have been published in Europe, but, by some means, it found its way into the New York papers about the 11th or 12th October. The publication of this paper, contrary to the design of the bank, appears to have given to the Secretary of the Treasury his first information relative to the objects of General Cadwallader's mission to Europe, and led to the explanations contained in the letter of the President, dated 27th October. The account therein given of the arrangement made with, and through the Barings, was, to say the least, imperfect and unsatisfactory. He says, that certain foreign stockholders "*were invited to leave the fund with the bank for a few months after the payment by the Government, receiving from the bank the same rate of interest;*" when, in fact, there was a formal agreement with them, that they should retain their certificates, and not come forward for payment until October, 1833; and General Cadwallader's private instructions show, that he was authorized to allow an interest "as high as four per cent., or even four and a half, including all commissions;" and on the purchased stock, at least, actually did allow four per cent., and a commission of a half per cent.

The President of the bank did, indeed, say, "presuming that it may interest you, I enclose you a copy of the correspondence on the subject of the three per cents.;" yet the correspondence enclosed was only his letter to the Barings, of 17th July, *one set* of General Cadwallader's instructions, dated 18th July; his letters to the Barings, dated 15th and 19th October; and his letter to the cashier of the New York branch, dated 2d October. But the *private* instructions of General Cadwallader, dated 18th July; his letters to the President of the bank, of the 16th, 22d, 25th, and 30th August, and 6th and 14th September, and the letters of the Barings, dated 22d and 30th August, and 6th September, together with the contract itself, most of which are essential to a full understanding of the subject, were withheld. Upon a request of the Secretary, dated 31st October, the President of the bank sent the four papers last referred to, and volunteered a copy of his letter to the Barings, dated 31st October; but none of the other correspondence appears ever to have been communicated to the Treasury Department.

If this affair had been undertaken for the benefit of the Government, in

consequence of an understanding with the Treasury Department, is it credible that its origin, progress, and result, would have been at first so carefully concealed, and afterwards so reluctantly, and at last so imperfectly communicated to the head of that department?

Mr. Dickens states, in his testimony, that "if there had been a probability of a deficiency of funds, the *Government would not have issued the notice.*" In fact there was no deficiency. The accompanying statement of the Treasurer shows, that, on the first October last, after deducting the whole amount set apart for the payment of the public debt advertised for that day, the deposits of public officers and all outstanding warrants, he had left an available balance, subject to draft, of \$3,222,792, and, on the first January, \$730,217. The monthly statements of the bank show an aggregate amount of public funds in bank on the first October, under the heads of Treasurer deposit, deposits of public officers, and redemption of public debt, of \$13,661,193, and on the first January, \$12,752,543.

On the whole, it is impossible to make any thing more plain, than that it was not any probable deficiency in the Treasury which, in any degree, tended to produce General Cadwallader's mission to Europe. In its result, it thwarted the most cherished object of the Treasury Department, which was promptly to apply its means to the payment of public debt; and the bank, to meet this desire of the Treasury, has been engaged, since the 15th October, in undoing the work of its agent. The attempt, therefore, to throw any part of the responsibility of this transaction upon the Secretary of the Treasury is totally unfounded, and most unwarrantable.

As the Treasury Department had no agency in this transaction, the alleged analogy with a case which occurred in 1819 entirely fails. The advance then agreed to be made on the part of the bank, was expressly requested by the Secretary of the Treasury.

If further reasons were wanting to prove that it was neither the cholera nor the Treasury which gave occasion for General Cadwallader's mission to Europe, they may be found in the date of the authority under which it was instituted. The committee of exchange refer for their authority to a resolution adopted on the 13th March, 1832, in the following words, viz.

"Resolved, That the subject of the communication just made by the President, be referred to the committee of exchange, with authority to make, on behalf of the bank, whatever arrangements, with the holders of the three per cent. stocks of the United States, may in their opinion best promote the convenience of the public, and the interests of this institution." The "communication" then "just made," could not have referred to the cholera, for that scourge had not then appeared on the American continent; nor could it have alluded to the understanding with the Secretary of the Treasury, for that occurred long afterwards. Those topics, therefore, constitute no part of the reasons of the board for adopting the resolution, and form no part of the "subject" referred to the exchange committee. The resolution was adopted for other reasons—reasons which, according to the testimony of Mr. Bevan, induced the board to give the committee power "to go to any extent that might be necessary, not five millions alone, but ten millions." The committee did, for those reasons, commence a negotiation forthwith with Mr. Ludlow for the postponement, for one year or more, of about \$1,700,000, and with another individual for about \$1,000,000. Hence it appears that there were reasons for giving authority to postpone ten millions, and that an effort was actually made to postpone near three millions, long before the reasons

now so strenuously urged could have had existence. And did the exchange committee think it right, after having acquired power for one purpose, to exercise it for another, without recurrence to the source of their authority? If the reasons of the board which induced them to confer the power had ceased to exist, did they think it right to exercise it for reasons of their own? We cannot suppose them capable of so thinking or so acting. We must suppose that the resolution was executed with the same motive that it was adopted, and that the cholera and the Treasury had as little to do with its execution as with its adoption.

Indeed the correspondence with Mr. Ludlow, which was commenced on the 13th March, was continued until the 23d July, after General Cadwallader had sailed for Europe; and the arrangement proposed as early as March in the United States, was consummated on the 13th of September, in Europe, by his supplemental agreement with the Dutch stockholders. The propositions interchanged in this correspondence show, that the exchange committee, or the President of the bank, found reasons in executing the resolution of the 13th March, long before the cholera made its appearance, or a possible deficiency in the Treasury was suggested, to such a postponement of payment of a large amount of the three per cent. stocks for an entire year, or such longer period as might be agreeable to the parties, permitting the holders thereof, in the meantime, *to retain their certificates*.

It may, however, well be doubted, after reading the annexed testimony, whether the resolution of the 13th March did confer, or was intended to confer, on the exchange committee any authority for the steps taken by them. It appears to have been understood very differently, as well by those who adopted it as by those who acted under it.

Mr. Sullivan, a director, states, that he understood, at the time of its adoption, that the resolution only authorized the exchange committee to negotiate with the agent in this country, of certain foreign stockholders, for anticipating the payment of about \$1,700,000 of stock held by them; and says "the board did not confer the power on the exchange committee to make such an arrangement, as I understood it."

Mr. Willing testified that he understood the resolution as authorizing the committee "to obtain a postponement, *with the consent of the Treasury Department*."

Mr. Bevan, one of the exchange committee, to whom the execution of the resolution was entrusted, testifies that "the object [of the resolution] was, if it should be necessary, to defer the payment [of a portion [of the three per cents.] but not the certificates; the holders of the certificates to surrender them up to the Government, and to take the bank instead of the Government for debtor."

Mr. Eyre, another of the exchange committee, testifies that "the resolution itself gave sufficient authority to the exchange committee to make all the arrangements the committee did make."

Gen. Cadwallader, the agent sent to Europe, proved, by his acts, that he considered it as authorizing the committee to purchase stocks, as well as negotiate for a postponement of payment.

A resolution which was thus understood *five different ways* by those who adopted it, and were entrusted with its execution, must, for any purpose, be considered as very doubtful authority. For the purpose to which it was applied, it could constitute no authority; for the directors of the bank themselves could not rightfully make an arrangement with the public cre-

ditors, the effect of which should be to thwart the policy of the Government, and prevent, for a whole year, the application to the payment of the public debt of the public funds which were in bank, and had been set apart for that purpose.

It is not to be presumed that, in adopting the resolution, the board of directors conceived that they were authorizing, or did in fact authorize, the propositions made by the President of the bank to Mr. Ludlow, or either branch of the arrangement negotiated by General Cadwallader. If the committee were doing no more than the board authorized, why were their proceedings so carefully concealed from the board?

Mr. Cadwallader testifies: "I understood the business to be secret between the President, the committee, and myself, only until the period of its completion."

Mr. Lippincott testifies: "I had no knowledge of the appointment of General Cadwallader." Again: "The directors frequently conversed upon the subject, but what I learned was probably as much from out-door as in-door conversation. As to the date, I think it was about the time of the appearance of the circular of the Barings in a New York paper, which was about the 11th or 12th October: I do not remember that it was spoken of earlier." Again: "It was not officially made known to the board of directors till Tuesday, the 29th of January last."

Mr. Sullivan testifies "that he had no knowledge of Gen. Cadwallader's agency; that he constantly attended the board; and that his arrangement was not submitted to the board, while he was present, until the 29th January ultimo, when the report of the exchange committee was laid before the board of directors."

Mr. Willing, a director, testifies: "I knew nothing of the precise objects of Gen. Cadwallader's mission, till it was suggested to me, out of doors, that it related to the three per cents." Again: "the proceedings of the exchange committee did not come to my knowledge officially until January last."

Mr. Bevan, a director, and member of the exchange committee, testifies, that, "as it respects the board of directors, it was understood, when the matter was referred to the exchange committee, that, as it involved business somewhat of a nature necessary to be kept secret, and, as is usual, it is not expected that such committee report until the conclusion of the business referred to it."

Mr. McElderry, a director; testifies: "I knew nothing of Gen. Cadwallader's mission, or the objects of it, in July last: it was not mentioned at the board at any meeting at which I was present. The first intimation I had of it, was the appearance of the circular of the Barings in the New York papers, upon the subject of deferring the three per cents. held abroad."

On the 27th July, *Mr. Eyre*, from the committee on the offices, being also, as well as the president of the bank, a member of the exchange committee, made a report to the board of directors, in which, after alluding to the fact, that, between this time and the 1st January next, there will be reimbursed upwards of fifteen millions of dollars of the funded debt of the United States, proceeds to state, "that provision for these payments must be made by the bank out of its means, now employed in loans to the community," concealing from the board the fact, that the president and committee of exchange had already sent an agent to Europe to negotiate a postponement of five millions of those payments until October, 1833.

On the 21st September, "the President laid before the board a statement of the amount of the three per cent. stocks of the United States, to be paid off on the 1st October, and explained the situation of the bank and offices in relation thereto, showing the ample resources which have been accumulated to meet the payments, at various points, by means of the policy which has been pursued for some time past," *omitting* to mention that he then had an agent in Europe negotiating the postponement of several million of those very payments for a whole year.

On the 4th October, having received Gen. Cadwallader's letter of the 22d August, setting forth the tenor and substance of the agreement with the Barings, "the President stated to the board, that the committee on the offices, under the authority given them on the 21st ult., in consequence of the strong position which the bank now occupies, had deemed it advisable to modify the instructions to the offices at Lexington, Louisville, St. Louis, Cincinnati, and Pittsburgh, as to allow them to check freely upon the bank, as heretofore, and to extend their purchases in domestic bills;" *concealing* from the board the important fact, that he then had in his possession the substance of an agreement with the Barings for the postponement of the payment of five millions of the public debt, which alone, as he afterwards acknowledges in his letter to the Secretary of the Treasury, of the 27th October, and as the exchange committee repeat in their report, enabled the bank to adopt this relaxation of its policy.

On the 20th November, the non-resident directors having been specially called in to receive information of the proceedings and situation of the bank, "the President explained, in detail, the course of the operations during the past year, and the instructions under which the offices are now acting, accompanied by various statements from the books of the bank, showing the amount of its investments at each point, and their gradual diminution, the amount of its circulation and specie, and the progress made in the payment of the public debt," &c., *concealing* this most important operation, the arrangement with the Barings, and other foreign holders of the public debt, then unrescinded, which had confessedly controlled the course of the bank from the first of the preceding month.

The first information in relation to these transactions, given to any one not of the exchange committee, appears to have been contained in some statement to the committee on the offices, and the non-resident directors, to whom was referred the communication of the President to the board, on the 20th November. Mr. *Willing* says, "the first official information I had was in November, at the meeting of the committee on the offices, and the non-resident directors; but the whole of it was not detailed. It was not till January, upon the receipt of the letter of the chairman of the committee, [of Ways and Means,] at which time I was a member of the committee of exchange, that I became possessed of a full knowledge of the whole transaction."

The committee on the offices, in their report, in November, make no mention to the board of this transaction, and it was not until the report drawn from the exchange committee, by a letter from the chairman of this committee, that any communication on the subject was made to the board of directors. And, at last, the second set of instructions to Gen. Cadwallader, marked private, the letter fixing his compensation, all his letters from Europe to the President of the bank, and all the Barings' letters written since the 6th September, which documents are essential to a full understand-

ing of the whole subject, appear to have been withheld from the board. Why is this, if the committee in all their proceedings, have but executed the resolution of the 13th of March?

From the evidence before them, the committee are compelled to conclude, that the members of the exchange committee, in general, have been as little informed in relation to much of this transaction as the other directors.

In their report, signed Matthew L. Bevan, chairman, it is alleged, that the whole stocks purchased and deferred in Europe, through Gen. Cadwalader's arrangement, have either been paid, or ample means provided for their payment, and now in the hands of the Barings. Messrs. Bevan and Eyre, members of the exchange committee, have testified that the statements contained in this report are true, to the best of their knowledge and belief. Mr. Bevan was asked by the committee whether "the amount of the three per cent., of which certificates have been presented, was paid by means of any new debt contracted by the bank for that purpose?"

He answered, "No, sir, their own funds in the hands of their agents were ample to meet all which the bank or its agents had purchased or deferred." In answer to another question, he says—"the bank has paid out of its own resources all the public stock which has been paid, as per report of exchange committee, and *no part of which have I any knowledge of being finally deferred.* The funds of the bank in the hands of the agent in Europe, were found to be ample to meet all the stock that was contemplated to be deferred, and has since been paid, or directed to be paid, out of those funds in the hands of its agents in Europe; and, as far as I know and believe, *there is not one dollar now due to any body on account of the stock originally contemplated to be deferred.*" Again, he testifies: "I have no knowledge that any of the European holders have consented to defer any part, but am of opinion that the funds in the hands of the Baring's *have been applied to the entire extinguishment of all the certificates which, have been transmitted through their hands to the bank;* and that, so far as the said certificates and powers have been received, they have simply gone to the credit of the Barings against the funds belonging to the bank in their hands."

Mr. Willing, another member of the exchange committee, on being asked whether these certificates were paid off by contracting a new debt in Europe, testifies: "*Not that I know of or believe. The bank does not owe a farthing, I believe, in Europe.*"

Now, the correspondence of the bank with the Barings, a large portion of which was on hand before this testimony was given, or the report of the exchange committee drawn up, clearly shows, that many of the holders of the deferred stock have agreed with the bank or its President to surrender their certificates to the bank without receiving payment, taking, in lieu thereof, a credit for the amount on the books of the bank, bearing interest, and not to be paid to them by the bank until October, 1833. The new debt in Europe, as shown by this correspondence, already amounts to \$1,428,974 54, and will probably be increased to more than two millions. Now, it is impossible that these witnesses could have seen this correspondence, or known any thing of it when they gave their testimony.

In pursuance of the proposition of the President of the bank, contained in his letter to the Barings, of the 15th October, to alter the arrangement in relation to the deferred stock, the Barings issued a circular to the holders, inviting them to forward their certificates, and adding—

"We trust it will not be inconvenient to you to comply with this favor, in which case we shall be glad to receive your certificates, with the necessary power of attorney, upon our giving you the usual letter stating that we have received them for transmission, and engaging to obtain for you an acknowledgment from the bank, that the amount has been passed to your credit on its books, and will be either held at your disposal, or remitted in a bill at the usual time, on the 1st October, 1833, up to which time it engages to remit the interest as before it was reimbursed."

In a letter of 29th November, the Barings, adverting to the circular, and other measures taken by them, proceed to say—

"To such parties as require it, we give the guarantee of our house for the faithful performance of the present agreement, and we likewise assure all, that the letter or document from the bank, stating that the amount of their certificates is carried to their credit, and that interest will be paid them until the reimbursement of the capital, on the 1st October, 1833, shall be delivered to them here free of expense."

In the letter of the 29th November, accompanying the circular, they send the names of stockholders, and the stock then arranged, under this new agreement, amounting to \$20,363 58. On the 14th January last, the cashier acknowledges the receipt of these certificates, and says they are "*passed to their respective credits, as per enclosed acknowledgment.*" He then adds, "*the several certificates, as they are received, will be credited, in like manner, to the respective holders, who will be duly advised separately.*"

On the 6th December, the Barings remitted other certificates, to the amount of \$74,730 31, stating that the holders "*wish their capital to remain with the institution until 1st October, 1833.*" In like manner, remittances have been made by them to the amount of \$1,428,974 54 of the deferred stock, leaving \$918,381 98 not yet heard from.

By the acknowledgment of the cashier, it appears that the terms of this new arrangement, and at least one remittance of certificates in pursuance of it, was received as early as the 14th January last. But it is impossible that it could have been communicated to *Mr. Bevan* or *Mr. Willing*, of the exchange committee. If it had been, they would not have testified so positively that no new debt had been contracted in Europe to pay these certificates; "that there is not one dollar now due to any body on account of the stock originally contemplated to be deferred;" that, "the funds in the hands of the Barings have been applied to the entire extinguishment of all the certificates which have been transmitted through their hands to the bank;" and that "the bank does not owe a farthing in Europe." The fact being clearly established by this correspondence, that a new debt has been created by the bank, we are driven to the conclusion that this correspondence has never been submitted to the exchange committee, and that they are wholly uninformed in relation to this important transaction, though done in their name.

Nor could they have had the slightest knowledge of, and much less seen the letter of the President of the bank to the Barings, dated 15th January, 1833, acknowledging the receipt of their letters of the 6th, 14th, 22d, and 29th November, thanking them for their "zeal and judgment" in arranging the affairs of the bank, and concluding, by observing, "it remains for us only to hope that you may be able to close the arrangement, by transmitting the certificates at an early day," although the President is but a member of the committee, and not its chairman.

Conclusive as this is, there is further evidence that the exchange committee are not consulted in relation to the transactions done in their name.

Mr. Bevan says, in his testimony, "I do most respectfully deny any intention, on the part of the exchange committee, to protract or delay the payment of any portion of the public debt, beyond that directly and expressly agreed with the honorable Secretary of the Treasury, from July to October; and that the contemplated deferment was, that the bank alone should become responsible to the European holders of the three per cent. stocks: and, so far from delaying the presentation of the certificates, they have been hastened by the interference of the agent of the bank in Europe, and will be in possession of the Government earlier than they would otherwise have been."

The President of the bank, in his letter to *Mr. Ludlow*, dated 19th March, 1832, made a proposition, on behalf of the exchange committee, looking to the retention of the certificates by the stockholders, until 1833, or a longer period. This letter could not have been submitted to the exchange committee, or *Mr. Bevan* would have objected to it.

It is not denied that *General Cadwallader* was authorized, in his negotiation, to admit a stipulation for the retention of the certificates by the stockholders, which, as the correspondence with the *Barings* shows, was essential to business, and has never been disavowed; yet this subject could never have been submitted to the exchange committee, or *Mr. Bevan* would have opposed it.

In his letter to the *Barings*, of 19th October, the President proposed, in case of any difficulty, that the certificates should remain in the hands of the stockholders; but this letter could not have been submitted to the exchange committee, or *Mr. Bevan* would have objected to it.

Indeed, *Mr. Bevan's* evidence conclusively proves, that he never approved any part of the first arrangement, and is wholly uninformed as to the second. Although chairman and organ of the committee, its correspondence is not submitted to him, and some of its most important acts are done without consulting him, and much less the other members.

Indeed, it seems that the exchange committee themselves consider the President of the bank as concentrating in his hands their whole power. *Mr. Eyre*, a member of that committee, on being asked why the disavowal of *General Cadwallader's* arrangement was deferred until the 15th October, when his letter, communicating its substance, was received about the first, replied—

"I cannot answer this question further than saying, the first time I saw the letter of *General Cadwallader*, I disavowed it: whether that was immediately on its arrival, or some time afterwards, I cannot now say, as I was frequently absent about that period. *After the President received the agreement from the Barings, he disavowed it, as stated in his letter of the 15th October to the Barings.*"

Hence it would seem that the exchange committee had little to do in making the agreement or disavowing it; and that they have no knowledge of the second agreement, is fully proved by their own testimony.

It is, then, well established, by the evidence, that it was not the accommodation of the importing merchants, nor any probable deficiency in the Treasury, nor the appearance of the cholera, which produced the resolution of the 13th March, the negotiation with *Mr. Ludlow*, the application to the Government for a postponement of the contemplated payment of the

public debt from July to October, the mission to England, the contract with the Barings, and the final arrangement with a portion of the foreign holders of the three per cents., by which they have agreed to take the bank for their debtor, and wait for payment until October, 1833. For the *true* reason for this train of measures, all tending to the same end, we must look to other quarters, and we shall find it in

The Condition of the Bank.

There had been, within a short period, an extension in the business of the Bank of the United States, perhaps unparalleled in the history of banking institutions. The aggregate debt due the bank at the periods named was as follows, viz.

1829, December 31,	-	-	-	-	\$40,216,530.
1830, December 31,	-	-	-	-	42,402,304.
1831, March 31,	-	-	-	-	47,164,101.
June 30,	-	-	-	-	55,143,739.
September 30,	-	-	-	-	57,849,720.
October 31,	-	-	-	-	60,101,373.
December 31,	-	-	-	-	63,026 452.

Here was an extension of loans by the bank, in the year 1831, of \$20,622,148, being an advance of about 50 per cent. upon its accommodation, in a single year. During the same time its circulation had increased \$1,067,838, or about 27 per cent.

Towards the latter part of the year, the bank began to experience a pressure. On the 1st October, the Government having then in bank a deposit of \$9,513,434, advertised its intention to pay off six millions of the public debt on the first of the succeeding January. The bank, on the 7th of that month, issued a circular, requesting all their branches to "throw as early as possible, a large amount of available means into our hands in Philadelphia and New York."

During the balance of the year, the bank was steadily urging this policy on its various branches; and yet, during the months of October, November, and December, the discounts of the institution were extended about *three millions of dollars*.

We have seen that, as early as the 24th December, the bank anticipated that it would not have the use of any considerable amount of Government deposits during the year 1832; and, on the 20th and 21st January, so informed many of its branches. In a letter to the Savannah branch, on the 19th January, it is asserted, that "the state of the money market, combined with the demands of the public creditors," "occasion more pressure upon our resources than is comfortable." In a letter to the Richmond branch, of the same date, it is stated, that "the new orders of the Treasury to pay about one and three quarter millions to the public creditors on the 1st day of April, renders it desirable that New York and Philadelphia, where nine-tenths of that amount is to be redeemed, should continue to be reinforced." In the letters of the 20th and 21st January, to the branches at Cincinnati, Louisville, Pittsburgh, Natchez, Mobile, and Nashville, they are urged to restrict their business, to convert their accommodation loans into domestic bills, to send on reinforcements, and strengthen the principal bank. Throughout the month of February, the branches were urged not to extend but to curtail their discounts; and those in the west were directed so to shape their business, as to throw into the New Orleans branch the means of aiding the principal bank. A letter to the Nashville branch,

dated 14th February, 1832, thus concludes: "I take it for granted that, as the season advances, you will have shortened the terms of your bills on New Orleans, so as to throw into the hands of Mr. Jaudon, (the cashier of that branch,) the means of giving us, in the course of the present half year, those large reinforcements which we shall certainly require from him."

Nevertheless, the business of the bank continued to extend. The aggregate debt due to it was, as we have seen—

In December, 1831,	-	-	-	-	\$63,026,452
And in January, 1832, it was	-	-	-	-	66,293,707
February,	-	-	-	-	67,970,407
March,	-	-	-	-	68,971,777
And in May,	-	-	-	-	70,428,070

There was an increase, in about five months, of more than seven millions, notwithstanding the effort made at curtailment. The aggregate increase in the debt of the bank from October, 1831, to May, 1832, was \$10,326,698; and the aggregate increase in the valley of the Mississippi, was \$10,346,824.

So far, therefore, from deriving "reinforcements" from the western branches, which was so strenuously urged, the institution had become further embarrassed by the extension of their business, while the other branches, taken in the aggregate, were nearly stationary.

The increased and increasing debt in the west, cutting off all supplies from that quarter, was, of itself, sufficient to alarm the bank, and induce it to look to some other resource for the means of meeting the payments of the public debt, expected to be required during the year 1832. It had loaned out the public deposits chiefly in the west, and in March it must have been evident, from the returns received from the branches, that no hope existed of collecting it again by the 1st of July, October, or even January, 1833. Hence, we think, proceeded the resolution of the 13th March, and the immediate negotiation with Mr. Ludlow, not for a postponement until the next October or January, but for a whole year, or longer. Hence, also, the application of the President of the bank to the Government to postpone the proposed payment of six millions, from July to October. That he did not consider this delay as sufficient for the purposes of the bank, is proved by the continuance of the negotiation with Mr. Ludlow, and by General Cadwallader's mission to Europe.

That this was the motive that actuated the directory of the bank in adopting the resolution of the 13th March, and influenced the President in his subsequent application to the Government, is made apparent by the testimony of the directors, taken by this committee.

Mr. Willing testifies that, "with regard to the payment in July, in consequence of the pressure on the western branches, and the difficulty of withdrawing funds from that source, it was desirable to postpone that payment to the 1st October."

Mr. Eyre, on being asked whether there was a heavy pressure on the merchants indebted to the Government, from March, 1832, to January, 1833, replied: "I think the pressure was not so heavy on the east as on the west, and forbearing to take from the west enabled them to pay to the east, &c."

Mr. Sullivan states, in relation to the causes of the mission to Europe, &c., "my impression is, that the postponement was induced by the extended situation of the affairs of the bank, and by the difficulty of collecting the funds, or of reducing the discounts so as to meet the contemplated payment."

In relation to the alleged pressure in Philadelphia, he says: "The greatest pressure, in my opinion, was felt by that class of merchants who do a credit business to the western and other States. It continued during the spring and part of the summer."

Mr. Lippincott says: "one of the reasons why that pressure [on those who purchased from the importers] took place, was, that when the bank learned that the Government intended to make so large a payment of the public debt, the bank refused, in some measure, to discount the paper of the western merchants, not deeming it proper to increase the debt in that section, but, on the contrary, deemed it best to draw the moneys from the west to the Atlantic cities to meet the payment directed by the Government, the certificates of debt being generally presented for payment in those cities."

From the facts thus established by the accounts of the bank, and the testimony of the directors, it appears, that the reason of the board for desiring to postpone the payment of a portion of the public debt, which led to the adoption of the resolution of the 13th March, 1832, and the negotiations instituted under color of its authority, was the extension of the business of the bank, and its inability to collect the public moneys, which it had loaned out to the community, in time to meet the demand of the Government.

The first movement towards postponement was made, as we have already seen, in March, 1832, and must have been predicated on the view then taken of the condition and prospects of the bank. Let us see what it had to provide for, what was its condition at that time, and how far it has acquired the means, out of its own resources, to meet the demands of the Government upon it, for the payments of the public debt down to January, 1833.

On the 1st of March, 1832, of the amount set apart, by the Government, for the payment of the public debt prior to that time, which had not been applied by the bank, was standing on its books, under the head of

Redemption of public debt	-	-	-	-	\$857,613
The Treasurer's deposit on that day was	-	-	-	-	6,520,137

\$7,377,750

As the payment on the 1st January last took the whole public deposit, with the exception of

-	-	-	-	-	730,217
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It is evident that the bank had to provide for refunding the balance of the foregoing sum out of its own means, viz.

-	-	-	-	-	6,647,533
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The resources from which the bank could legitimately derive the means of paying this sum, were, as stated in the minutes of the bank under date of 27th July last, "its means employed in loans to the community," and its other property. Those sources were, on the 1st March, 1832, as follows, viz.

Bills discounted, and domestic bills of exchange	-	-	-	-	\$68,971,777
Foreign bills of exchange	-	-	-	-	91,238
Due from State banks	-	-	-	-	3,752,822
Real estate	-	-	-	-	2,131,359
Mortgages	-	-	-	-	89,873
Notes of State banks	-	-	-	-	2,836,900

\$77,873,669

On the 1st January last, there were outstanding, under these heads, the following amounts, viz.

Bills discounted, and domestic exchange	-	\$61,695,913
Foreign bills of exchange	-	83,392

Due from State banks	-	-	-	3,688,143	
Real estate	-	-	-	1,855,169	
Mortgages	-	-	-	57,919	
Notes of State banks	-	-	-	2,291,655	
					69,672,191
Showing collections from these sources of	-	-	-		\$8,201,478
Upon these collections, however, there have been the following demands, viz.					
Reduction of notes in circulation	-	-	-	\$2,584,844	
Reduction of balances due to State banks	-	-	-	508,379	
Reduction of individual deposites	-	-	-	1,297,082	
Extinguishment of debt due Barings, &c.	-	-	-	1,876,802	
					6,267,107
Leaves	-	-	-	-	\$1,934,371

By this sum, and no more, was the bank more able to pay over its public deposit on the 1st of January last, than it was on the 1st of March, 1832. The amount it had to provide for, out of its own resources, was \$6,647,533 It has provided from those resources only - - - 1,933,371

Leaving unprovided for - - - - - \$4,714,162

That this would be the probable effect of all his exertions at curtailment, was doubtless evident to the President of the bank when the proceedings of March, 1832, were instituted. He did not feel safe without a postponement, until a later period, of a portion of those payments which he expected the Government would require during that year. Hence arose his proposition to the board of the 13th March, their resolution of that day, his negotiation with Mr. Ludlow, and the mission to Europe. Learning, about the 1st October, that his object was attained, and that the bank would not, in consequence of the arrangement with the Barings, be called on for \$5,000,000 of the three per cents., until October, 1833, he recommended a relaxation of the policy of the bank, and stopped the curtailments which had, for some time, been in progress. An examination of its accounts now shows that there was a deficiency in its collection, on the 1st January, nearly equal to the amount postponed in Europe.

How, then, has the bank made up this deficiency, and escaped the embarrassments which were apprehended in March and July, and provided against by the arrangement with the Barings, which became known to it about the 1st October?

It has not, in fact, paid the public debt. We have seen, by the correspondence with the Barings, that more than \$1,400,000 has been arranged in Europe, so as to postpone the payment until October, 1833, which sum will probably be increased to more than \$2,000,000. It had on hand, on the 1st instant, \$5,163,075, to the credit of redemption of the public debt, not yet applied. Why is it that the public creditors have not presented their certificates for payment, we have no proof. As the interest to be paid by the Government ceased on the first of January, it is singular, if the fact be so, that they should let the funds remain in bank without receiving some consideration for their use. It is true, that Mr. Bevan says the reason, in

his opinion, is because "the agents who had the certificates have no power of attorney to receive the money," and it may be because "the holders prefer to let the matter remain as it is, until a favorable opportunity offers of reinvesting the money," which he says "is the case with respect to a large sum of the six per cents., which were due and payable four years ago, and are not called for to the present day." But the only reason here given, which is not a mere matter of opinion, is proved, by the last Treasury report, to be entirely erroneous; for that report shows that the six per cents. have long since been paid.

On the first of the present month, the bank had not applied any portion of the means collected from its own resources to the payment of the public debt.

In March, 1832, it had, in deposit, the following sums of public money, viz.

Redemption of public debt	-	-	-	-	\$857,613
Treasurer's deposit	-	-	-	-	6,520,137
Deposites of public officers	-	-	-	-	1,719,489
					<u>\$9,097,239</u>

On the first of February instant, it had on hand—

Redemption of public debt	-	\$5,163,075
Treasurer's deposit	-	2,735,555
Deposites of public officers	-	1,622,068
		<u>9,520,698</u>

More than in March, 1832, by

\$433,459

The bank has, therefore, appropriated none of its means collected from its debtors since March, 1832, to the payment of the public debt, but has simply applied the public deposit which has since accumulated.

By the monthly statement of the first January last, it appears that the amount of specie then on hand was greater than on the first March, 1832, by

Instead of a debt in Europe, as in March, the bank had a fund in Europe of

Total - - - - - \$2,152,094

3,106,833

\$5,258,927

Whence came the means of raising this fund?

We have already seen that the curtailments of the bank have not been applied to the payment of the public debt. They have, therefore, been invested in specie, or in foreign bills

The funds reserved in consequence of the arrangement with the public creditors in Europe, are

Total - - - - - \$1,933,371

1,428,974

\$3,362,345

Here we have the means by which more than half this sum has been raised, but there is a deficiency of \$1,896,582, for which we are wholly unable to account. The bank has not raised it in collections from its creditors

or sales of its property. It can be accounted for only by supposing that other debts, similar to that arising out of the arrangement in Europe, have been contracted, which are alike unknown to the board of directors and exchange committee, and do not appear in the accounts of the bank. In Mr. Willings' testimony, he stated that a bill on the Barings for a million of dollars had probably been paid for by a draft on New Orleans. While the purchased bill may constitute a part of the fund in the hands of the Barings, the draft on New Orleans may not have been presented and paid in such time as to enter into the same monthly statement, which would account for a million of dollars of this deficiency. It must be by some such transaction as this, or by some private loan or postponement of payment on account of public stocks, that this fund is created, for there is no other source, that we can conceive of, from which it can have been derived.

From these facts it appears, that this increase of specie and fund in Europe, with the exception of less than two millions, is a show of fictitious strength, based on responsibilities incurred by the bank, or rather by its President, which are unknown to its managers, and do not appear in its accounts. The payment of these responsibilities, and of the balance of the public debt remaining unpaid, would leave the institution in a condition much worse than in March, 1832, viz.

Public debt due and unpaid on the 1st instant	\$5,163,075	
Deducting public debt due and unpaid in March, 1832 - - - - -	857,613	
	<hr/>	4,305,462
Funds acquired in Europe, and increase of specie since March, 1832 - - - - -	5,258,927	
Deduct net proceeds of collections since that time - - - - -	1,933,371	
	<hr/>	3,325,556
		<u>\$7,631,018</u>

It hence appears that the bank is in a worse condition, by seven *and a half millions*, than it was in March, 1832, when it is admitted on all hands to have been under pressure. The reason why a more severe pressure is not now felt is, because the bank has so arranged its affairs as to evade making the payments which were required by the Government.

The exchange committee, in their report, for the purpose of exhibiting the sound condition of the bank, set forth a statement of the situation of the institution from the monthly returns of January last. Although some of the liabilities of the bank are entirely omitted in this statement, and particularly the dividend amounting to \$1,225,000, declared a few days after, yet it presents the bank in a condition no more favorable than in the most perilous moment of its existence. In proof of this assertion, we give, in parallel columns, the statement of the committee, and a statement of its situation on the 1st April, 1819. The capital was the same at both periods: at the first period the loans had been reduced \$7,760,793 in the preceding nine months; and, at the latter period, they had been reduced \$8,169,824 in the preceding ten months.

The Claims against the Bank.

	1833.	1819.
Notes in circulation	\$17,459,571	\$6,829,690
The deposits, public and private	13,547,517	,6,147,610
Debt to the holders of funded debt, &c.	6,723,703	
The unclaimed dividends	76,529	
Due in Europe	-	876,648
	<u>\$37,807,322</u>	<u>\$13,853,948</u>
Its resources were—		
Specie	\$8,951,847	\$2,104,720
Notes of State banks	\$2,291,655	
Due by State banks	1,596,252	
	<u>3,887,907</u>	1,749,951
Funds in Europe, and foreign bills of exchange	3,190,225	
Real estate	3,036,241	
Debts due by individuals, viz.		
On notes discounted	43,626,870	
On domestic bills	18,069,043	
	<u>61,695,913</u>	33,480,025
Mortgages, &c.	103,330	
Funded debt	-	7,160,210
	<u>80,865,465</u>	44,494,906
Totals	37,807,322	13,853,948
Bring down claims	-	-
	<u>43,058,143</u>	<u>30,640,958</u>

The committee say "this sum of \$43,058,143 forms a guarantee to the holders of the notes of the bank, and to its depositors, *over and above the whole amount* of their claims."

So this sum of \$30,640,958, formed in April, 1819, a guarantee to the holders of the notes of the bank and to its depositors, *over and above the whole amount of their claims.*

The "guarantee" now exceeds the claims only \$5,250,821, but in 1819 it exceeded the claims \$16,787,010. Who, then, upon the evidence of figures, would doubt the entire solvency and safety of the bank in April, 1819? Yet Mr. Cheves, the President of the bank, on the 6th day of the very month in which this very favorable statement was made, in a letter to Mr. Crawford, Secretary of the Treasury, holds the following language, viz. "The very critical situation of the bank, which is becoming more so every hour, the great interests, both public and private, involved in its fate, and the intimate connection it has with your department, I hope will be a sufficient apology for the frequency of my communications."

And Mr. Crawford, in a letter to Mr. Cheves, of the same date, observes, "It is even doubtful whether it is practicable, with all the exertions which it is in its power to make, to continue specie payments during the year."

Mr. Cheves, in his exposition to the stockholders, in 1822, adverting to the condition of the bank, about the 12th of that month, says: "All the re-

sources of the bank would not have sustained it in this course and mode of business another month—such was the prostrate state of the bank of the nation, which had only twenty-seven months commenced business, with an untraveled capital of twenty-eight millions of dollars.”

It hence appears, that the bank may be very strong in figures and very weak in fact. The embarrassments in 1819 arose from the fact that it could not collect its outstanding debts in time to meet demands against it; and this was the precise cause of the measures taken to postpone the payment of the public debt in 1832.

The managers of the bank, who had created the debt in 1819, were, undoubtedly, just as confident of its soundness and of the solvency of the institution, as are the present directors of the enormous debt they have created within the last two years.

But events showed that the directors of that day were mistaken, and they may prove, with equal certainty, that those of the present day labor under a like mistake. Our confidence in their opinion is the less, from the fact so clearly established, that they have been kept wholly uninformed as to the negotiations of last year vitally affecting the action of the bank, and that they do not now know of a heavy debt in Europe recently contracted with the holders of the United States' three per cent. stocks, and other private arrangements, which give the bank that show of strength which is so confidently exhibited in their report.

In relation to the western debt, as well as the general situation of the institution, the evidence of the directors composing the exchange committee must be considered as subject to explanation. If they know very little of the important operations resulting in a heavy debt in Europe, which were specially intrusted to them by the board during the last year, it is not to be expected that they can know more of the general concerns of the institution, and especially of the condition of the western debt. Indeed, it appears from their own statement, that all their knowledge on the subject is derived from the opinions of others, of the very cashiers and directors who have created the debt. Being parties concerned, their opinions should be received with the proper allowance.

The committee of exchange put down Kentucky, Ohio, Tennessee, and Missouri, as the western States, and represent the sum due to the bank in those States, on the first of January last, at \$13,465,506. By the monthly statement upon which this representation is based, the outstanding claims of the bank, including real estate in those States, appear to be \$16,605,142, exceeding the representation of the committee by more than three millions.

They proceed to say: “The proofs of the general security of this debt are confirmed by a single circumstance which seems entirely decisive; which is the actual payment of such a portion of it as was required from the debtors.” They then set forth the reductions of *local loans* in those States during certain periods, amounting to \$3,532,104 93, as an illustration of their meaning. As the whole debt is made up of local loans and bills of exchange, any statement which shows the reduction in one only, without comprehending the other, is obviously deceptive. Such a statement the committee have given us: for instance, their representation of the debt of the Louisville branch is as follows, viz.

At Louisville, on the 2d of February, 1832,		
The loans were	-	\$ 2,682,629 50
On 12th January, 1833, they were only	-	2,078,906 19
	A diminution of	\$ 603,723 31

We have no statements of the latter dates here given, but from Mr. Toland's report, and the monthly statement for January last, we find the real condition of the debt due at that branch to have been as follows, at the date annexed, viz.

Debt at Louisville, 2d February, 1832, viz.		
Notes discounted,	- - - -	\$ 2,682,629
Domestic bills,	- - - -	1,267,281 49
		Total debt, - \$3,949,910 99
Debt at Louisville, 13th December, 1832, viz.		
Notes discounted,	- - - -	\$ 2,169,823 29
Domestic bills,	- - - -	1,969,411 48
		Total debt, - \$4,139,234 77
	Actual increase of debt,	\$ 189,323 78

Instead of any diminution of the debt at that branch, there was a considerable increase. The debt had changed its character, but was not paid. Those who had notes under discount were pressed for payment, and took up their notes with the bills of exchange discounted by the bank. This is the kind of payment which the committee of exchange think "entirely decisive of the general security of this debt." It appears to us much more like the state of things in 1819, represented by Mr. Cheves to the meeting of the stockholders in 1822, in the following words, viz. "The western offices curtailed their discounted paper, but they purchased what were called *race horse bills*, to a greater amount than their curtailment."

There is a single fact which must, in every mind which has turned its attention to banking operations, cast a doubt over the soundness of the western debt. It is the enormous increase of that debt within the last few years. In the whole valley of the Mississippi, the amounts due the bank at the times stated, were as follows, viz.

January, 1829,	- - - -	\$ 11,075,603
1830,	- - - -	18,308,230
1831,	- - - -	23,279,938
1832,	- - - -	31,285,861
May, 1832,	- - - -	37,506,388

The debt of the western country was thus more than tripled in a little more than three years, and more than doubled in fifteen months; the bank had thrown two and a half millions more than its whole capital into that section of the Union. It is impossible, in the nature of things, that such a sudden and enormous increase of credit in the west should not have led to overtrading, embarrassment, and ultimate bankruptcy, among those who were anticipating wealth from the use of this fictitious capital.

In October, 1831, the bank made an effort to check its branches; and in January following, instructed them to curtail their business. Notwithstanding all its urgency, there was added to the debt in the valley, from October, 1831, to May, 1832, \$10,346,824. In March, 1832, as we learn from the testimony of the directors, the western branches were severely pressed, and to give them relief, measures were adopted to postpone the payment of the public debt. From the month of May, there appears to have been a mode-

rate curtailment in that quarter at some branches, and an increase at others, producing, on the whole, a considerable reduction. But all the exertions of the bank have not affected a reduction to the standard of October, 1831, when the attempt commenced. The debts then were \$27,159,564. On the 1st January last, they were \$30,494,028.

They are, therefore, three millions more than when the first attempt was made to prevent the further expansion of the business of those branches. If, as is proved, the western branches were embarrassed in March, 1832, while they were extending their loans, it would be remarkable if their debtors should be in a better condition during a season of curtailment. If they could not collect so as to aid the principal bank, in March, when the general credit was good, it would be singular if they could do so in November or December, when that credit must be somewhat shaken by a general retrenchment. Accordingly, during the latter part of the season, the western branches have scarcely been able to collect the means of sustaining themselves. To one branch, such was the imminence of its danger, the principal bank sent out a considerable sum in specie to save it. At other branches they have been obliged to take domestic bills, at long dates, in payment for paper sent to them by the principal bank, and other branches, for collection. The proof of the first assertion is found in the testimony of Mr. Lippincott, and the latter appears by letters from the cashiers at Louisville and Nashville. The cashier at Louisville, under date of 18th November, says—“Your letter of 10th instant contains views and suggestions in relation to our business, which do not surprise me. In truth, the increase of our domestic bills induced me to *expect* such a letter as you have written. We have been, and still are, in a situation of peculiar delicacy, and believing it to be not only the desire, but the *interest* of the bank to sustain all houses which are supposed to be solvent, we have found it difficult to attain that object without, for a time, exceeding the point where it would seem prudent otherwise to stop.

“A large proportion of our bills were purchased to enable the parties to meet their obligations sent here for collection. The amount of such collections has been at least *four millions of dollars* in the past year, of which about one-half came from the Bank United States, and the office at New Orleans. There is still upwards of a million of paper now in the office for collection, principally on account of the bank and its branches, which, with our gradual, but regular curtailment of discounts, will, for some time to come, absorb all the means the country can command. We do not hope, therefore, to make any material diminution of our business for several months: it may probably, for a time, be a little increased.

“We have looked with great solicitude on the situation of this country, and the deep stake the bank has in its welfare. Encouraged by the excessive importations at the east, our merchants have been induced to purchase more largely than their own means, or the necessity of the country required. Hence the embarrassment which now exists, and for which nothing but the indulgence of the bank, and *one full year's products of the country, can relieve them.*”

The cashier of the Nashville branch, under date of 21st September, writes—“The unexampled scarcity of money, in both Alabama and this State, and our refraining from doing business wherein money is to be advanced on either note or bill, has compelled us to discount safe bills, at six months, to enable debtors to the Orleans and other offices to meet the paper

deposited with us for collection. In this way have all the bills been paid which were remitted to us for collection from the Orleans and other western offices, since the month of June last. This course of business has, of course, deprived us of 5 to 600,000 of our funds at Orleans, which was intended for the parent bank, but which we had to reserve in that office to meet the bills thus remitted for collection."

Here is conclusive proof that the branch at Louisville was in a critical situation as late as November last; that it could not make collections; that, to save its debtors from immediate bankruptcy, it was even obliged to extend its loans; and that, as well as the branch at Nashville, it was obliged to take bills of exchange in payment of paper sent to it by the principal bank, and other branches, for collection. These collections the cashier states at four millions of dollars, and the Nashville branch was even obliged to draw upon, and absorb a fund of 5 or \$600,000, which it had accumulated at New Orleans for the principal bank. Is it possible that a debt which cannot be collected, or even reduced, can be considered sound?

That the condition of most of the other western branches is but little better, is very probable. A letter from the cashier of the Cincinnati branch, dated 21st November, says—"at present it appears to be impossible" to reduce their discounts.

This committee called for the correspondence with several of the western branches, for the months of August, September, October, and November last; but, at so late a period, that it was not received in time to be referred to in this report. It will doubtless throw much additional light on the subject.

When we consider the great extension of debt in the west, the difficulties of collection preceding March last, the steps to which the bank was driven by the want of funds from that quarter, the impossibility of collecting them at a recent period, the expedient of taking new bills in payment of old bills and notes discounted, all of which have come to light since the report of the Secretary of the Treasury in December, 1831, we do not think that the "ill opinion of the western debt" expressed by him in his last annual report, ought to have been "unexpected."

To illustrate the management of some of the offices, and show how far the anticipations of the principal bank have been realized from them, we select that at Natchez, on the 4th February, 1832. The cashier of the principal bank wrote to the cashier of that branch, as follows, viz.

"The bank is very desirous that you should not extend your line of bills discounted, and that even your operations in domestic exchange should, for the present, be confined within moderate limits, and, as far as possible, be restricted to bills at short terms, say sixty and ninety days; which, as respects your business with New Orleans, will furnish our office there with the means of giving us large reinforcements in the course of the present year."

The latest returns the principal bank could then have had from that branch, were to the 12th January, 1832. On that day, the debt due was as follows, viz.

Notes discounted	-	-	-	-	-	\$901,997 18
Domestic bills	-	-	-	-	-	1,030,811 00
Total debt	-	-	-	-	-	<u>\$1,932,808 18</u>

On the 1st January last, there was due to that branch as follows, viz.

Notes discounted	-	-	-	-	-	\$1,462,958	86
Domestic bills	-	-	-	-	-	2,484,443	05
Total debt	-	-	-	-	-	\$3,947,401	91

It thus appears, that, instead of furnishing "reinforcements" for the principal bank to enable it to pay the public debt, this branch more than doubled its business in less than a year; employing two additional millions of the resources of the institution.

That the Bank of the United States has not the means of ultimately paying all its debts, no one will maintain. Whatever may have been its mismanagement, it is not to be apprehended that its bad debts are equal to its whole capital stock. But its ultimate solvency is not the question for the consideration of the Government. The point to be considered is, whether it has been a prompt and faithful agent of the Treasury; whether it has been able and willing to pay over the public funds deposited in it, upon demand, for the purposes of the Government; and whether it is now, and is likely hereafter to be, in a condition to do so. On this point, men may differ; but the facts disclosed in public documents, and the evidence taken by the committee, give it at least grounds for doubt. The great extension of its loans, particularly in the year 1831 and early in 1832, leave room to doubt whether it could collect its scattered means in time to meet any considerable demand of the Government on its large deposits.

The operations commenced in March last, with the view of postponing the payment of a portion of the public debt for a year or more, although the public deposits were likely to be ample for the purpose, indicate a consciousness on the part of the bank itself, that it would be at least inconvenient to meet the payments.

The fallacious reasons given for the resolution of 13th March, the application to the Government for a postponement from July to October, and for the subsequent arrangement with the Barings, leave room for the inference that the true reason was the weakness of the bank.

The letter of Gen. Cadwallader, communicating the substance of his agreement with the Barings, was received as early as the 1st October, and the President of the bank then knew that the Barings were to purchase stock on account of the bank, in violation of its charter. Instead of promptly disavowing the arrangement, or any part of it, he recommended and procured a change in the policy of the bank in consequence of the information. The whole affair was then a secret from the Government, from the directors, and, it is probable, most of it from the members of the exchange committee themselves. By the publication of the circular of the Barings, in the New York paper of the 11th and 12th of October, the first information was obtained by all parties of this negotiation, and on the 15th of that month the President of the bank disavowed it. The report of the exchange committee mentions the change of policy upon receiving Gen. Cadwallader's letter, and says: "but when the contract itself reached the bank, on the 12th October, and it appeared from the communications of Messrs. Baring, Brothers & Co., to be contemplated that the stock was to be purchased on account of the bank," it was immediately disavowed. And to convey the impression that Gen. Cadwallader's letter of the 22d August, 1832 did not give the same information, an extract from it is ap-

pended, in which he says, "I have drawn up a contract accordingly, of which I do not send you, a copy," &c., *omitting that part of the same letter which stated precisely what the contract was.* Devices of this sort afford reasons to infer, that the disavowal of the contract, more than two weeks after the policy of the Bank had been shaped with a view to its execution, sprang more from the publicity given, and likely to be given to the transaction, than from its violation of the charter. Nor can the mind but doubt the safety of an institution which resorts to such means to conceal the true reasons of its own acts.

In the facts that Gen. Cadwallader's mission and its results were entirely concealed from the board of directors, and that the President, after receiving it, induced the board to change the policy of the whole institution, by urging upon them other reasons than those which influenced him, showing that the entire machinery of the bank is moved by motives unknown to its managers, is good ground to distrust the safety of the institution.

It is well established that the most important business of the bank is done by committees, who, as the President himself states, keep no minutes of their proceedings, although they may involve negotiations for millions, affecting the credit and solvency of the institution, and seldom report until all the good or mischief their acts tend to produce has fallen upon the bank, the Government, and the country. In this there is ground to doubt as to the proper management and ultimate safety of the institution.

When the President of the bank not only induces the board to act for reasons unknown to themselves, but conceals even from the committees acts done in their names, something stronger than doubt almost seizes on the mind. When to the consideration that the committees know little of the proceedings had in their names, is added the fact that every Government director is excluded from even that little, by being excluded from every committee, the Government at least has grounds to doubt whether its interests are safe in such keeping. When a show of the strength of the bank is made, consisting of sums in specie and amounts in exchange, while the debts secretly contracted, which have enabled the bank to accumulate these funds, are concealed even from those who make the exhibition, there is just ground to doubt whether there be soundness in the institution, or proper precaution and responsibility in its management. When, in stating the claims against the bank on the 1st of January, the exchange committee wholly omit the dividend of \$1,225,000, which was payable in a few days, say nothing of the increasing suspended debt which, in September, 1831, excluding the amount charged to the contingent fund, amounted to \$4,398,305 66, of which the President then estimated \$1,851,034 42 to be bad, and make statements palpably deceptive in relation to the western debt, they are the strongest reasons for distrusting the reports made by the bank, and doubting the soundness of its condition.

Nor is it calculated to lessen the doubt, that, in their report, by extracts of such of the letters from the cashier of the New York branch as suit the purpose, they attempt to show that there had been an extension of accommodations at that branch in the month of March, 1832, to a large amount, when, in fact, as the weekly statements show, there was a regular curtailment from week to week, during the whole month, amounting in all to about \$180,000.

Nor will it make a more favorable impression, that, in the same report, they convey the idea that, subsequent to the 1st October, 1832, that branch

had rendered essential service to the merchants who were debtors to the Government by extended accommodations, when, in fact, after having reduced their loans \$1,008,302, during the week commencing September 26th, and ending October 3d, as appears by the statement appended by Mr. Eyre to his testimony, they made a further curtailment during that and the next succeeding month, of more than \$600,000; although, according to their own statement, "the month of October was regarded as a month of great embarrassment," and there were payable to the branch during the two months, from the said banks, \$1,920,000; on account of notes discounted and domestic bills, \$7,084,000; and for revenue to the Government \$3,225,277: making, in all, \$12,229,277.

Nor does the bank recommend itself to our confidence by claiming credit for "concentrating the scattered fragments of revenue at the points of disbursement," when, of \$22,828,224 of public debt required to be paid, the amount payable at Boston, New York, Philadelphia, and Baltimore, from the 1st of January, 1832, to the 1st January, 1833, was \$20,458,748, and the amount of public revenue received at those points from 1st October, 1831, to the 1st January, 1832, was \$31,814,857.

There is ground to doubt the entire safety of the funds in the bank, when the committee of exchange, or the president of the bank, without the knowledge or consent of the board of directors, send envoys abroad on special missions, fix their compensation, and cause it to be paid, and make arrangements requiring heavy sums in commissions and interest, from the funds of the bank, to carry them into execution.

The Government at least has ground to doubt every thing which is favorable to the bank, when attempts are made, without reason or plausible pretence to throw upon the Secretary of the Treasury the responsibility of its own secret, unauthorized, and illegal acts, charging him with the absurdity of using the bank to defeat his own views, and postpone the payment of that debt which he was most anxious to extinguish.

To solve all these just doubts would require time and means which were not at the disposition of this committee. On essential points the testimony of witnesses called before them is imperfect. Nothing short of a personal, impartial, and thorough examination of the books and affairs of the principal bank, and many of its branches, can develop its policy and management, the security of its debt, and the soundness of its condition.

Time is not left for the further action of Congress with a view to more perfect information at the present session. Whether existing facts are sufficient to justify the Executive in taking any step against the bank, authorized by the charter, is a matter for the decision of the proper officers, acting upon their own views and responsibility: an opinion by Congress can make it neither more nor less their duty to act. Whatever, therefore, the opinions of the members of this committee might be as to the justice or policy of any Executive action, they deem it unauthorized and improper to express them officially.

Resolved, That the committee be discharged from the further consideration of the subject.

All which is submitted.

JAMES K. POLK,
M. ALEXANDER,
NATHAN GAITHER,

A minority of the Committee of Ways and Means.

BANK OF THE UNITED STATES.

MARCH 2, 1833.

Mr. POLK, from the minority of the Committee of Ways and Means, submitted the following additional

REPORT:

Since the body of the former report, submitted by the minority of the Committee of Ways and Means, was drawn up, the correspondence with the western offices, which had been called for, has been received, and they ask leave to submit the following additional report in confirmation of the views already submitted in relation to the western debt.

It is to be observed, as stated in the former report, that the exchange committee, in their report, state that, "as soon as it was known that the agent had arrived in England, and that an arrangement of some kind would be accomplished, no time was lost in communicating to the board the fact, that the preparations of the bank were such as to make it practicable to renew the usual facilities to the community. The subject was, therefore, immediately brought to the view of the board, in the manner stated in the following extract from the minutes." These minutes are dated, "Bank of the United States, Sept. 21, 1832," and conclude with authorizing the committee on the offices "to modify the instructions under which the offices of the bank have been acting, at such points, and in such manner, as they may deem most conducive to the interests of the bank." "Instructions were accordingly addressed to such of the western offices as would most sensibly feel the restrictions, authorizing them to resume the purchase of domestic exchange, and draw checks on the bank." As the information "that an arrangement of some kind would be accomplished," in England, did not reach the exchange committee before the 1st October, it was difficult to perceive how it could have had any influence in producing the proceedings on the 21st September. It now appears, by the correspondence with the western branches, that they were not produced by that cause, but by the actual condition of the Lexington office, which the other offices in that quarter were called upon to sustain.

On the 11th September, as appears by the correspondence, the cashier of the Lexington branch wrote to the principal bank as follows, viz. "The disposition, by organized concert, to make a run for specie, seems to be increased. Since the 28th May, we have paid out about \$23,000, and, in the last seven days, \$6,200." "We have been apprised of calls that will be made for about \$25,000, which we are looking for every hour, &c."

On the 18th September, the cashier of the principal bank wrote to the Lexington branch as follows, viz. "Your letter of the 11th instant to the

late acting cashier, has been received; and we have, in consequence, determined to dispatch, by the mail to-morrow, two of our clerks, Samuel Mason, jr., and Edward Whelen, with \$50,000, in United States' gold coin, for your office. This sum, we trust, will put you quite at your ease, at least until you can receive a supply of dollars from New Orleans. In addition to the other offices to which you have written for aid, that at Cincinnati may be resorted to."

On the 14th September, the cashier at Lexington wrote that the demand upon them still continued.

On the 21st, the day on which the proceedings before adverted to took place, the President of the principal bank wrote to the Lexington branch as follows, viz.

BANK OF THE UNITED STATES, *Sept. 21st, 1832.*

DEAR SIR: I received, this morning, your favor of the 14th inst., and, in consequence, have requested the cashier to send, immediately, an additional sum of \$60,000 in gold; which, with the previous remittance of \$50,000, and the aid which I hope you will have received before this time from some of the neighboring offices, will place you at your ease. If, from day to day, as we hear from you, there should seem to be a necessity for a greater supply, it will be forwarded to you. Meanwhile, you will take care, of course, to keep out of the way of any large demands, by confining your receipts to the paper of your own office, and keeping your business within safe limits.

Very respectfully, yours,

N. BIDDLE, *President.*

JOSEPH TOWLER, Esq.,

Cashier Office D. & D., Lexington, Ky.

In addition to these \$110,000, \$10,000 more were furnished from Louisville, \$30,000 from St. Louis, \$25,000 from Natchez, and \$110,000 from New Orleans; making, in all, \$275,000.

This is sufficient, without the aid of the news of the arrangement in Europe, which could not have been received until more than a week afterwards, to account for the proceedings of the 21st September, and the instructions sent to those western branches which were expected to sustain the branch at Lexington.

In relation to the condition of the western debts, the correspondence with the western branches affords evidence, not before the committee when their former report was drawn up, and which goes strongly to confirm the opinions therein expressed.

To Mr. Bevan the following question is propounded, viz. "Of the amount of domestic bills of exchange reported in the monthly statements of the year 1832, do you believe any considerable proportion to be of the character of accommodation paper, to be renewed by drawing and re-drawing between the bank and its branches, or between the several branches?"

Answer. "If any, it must be a very limited amount, because the directors discountenanced and refused, when they knew it to be such, and I presume the same course to be followed, in the branches, which have instructions from the mother bank to guard against that description of paper."

Mr. Eyre was asked: "Is there any amount of the bills of exchange discounted or purchased by the bank, which consist of accommodation paper, produced by drawing and re-drawing?"

Answer. "I know of none. Such paper is not countenanced by the bank."

To Mr. Lippincott the following was propounded, viz. "Of the amount of domestic bills of exchange, reported in the monthly statements of the years 1831-'32, do you believe any considerable proportion to be of the character of accommodation paper, to be renewed by drawing and re-drawing between the bank and its branches, or between the several branches?"

Answer. "I do not recollect of any."

Mr. Lippincott was also asked: "Have the Directors of the bank the means of detecting any habitual practice of drawing and re-drawing, just referred to, if it should exist between the branches when carried to any extent?"

Answer. "They have, by means of the periodical returns of the branches to the mother bank of the business done at those branches, respectively."

Of Mr. Eyre and Mr. Bevan similar questions were asked, and each gave similar replies.

The testimony of two members of the exchange committee, one of whom was also chairman of the committee on the offices, is before the House, and we take the following extract from their report, to wit:

"In further illustration of the character of the western debts, the returns show that the total amount of domestic bills of exchange, purchased at the western offices, from the 1st of July, 1831, to the 31st of December, 1832, is

	\$16,397,094 93
On which the amount protested and unpaid is - - -	13,863 36
Of which the estimate of probable loss is - - -	1,500 00

But as some portion of this may be still running to maturity, and its fate undecided, it should be remarked that the whole of this estimated loss of \$1,500 arose out of the purchases during the year ending on the 1st of July, 1832,—

Which amounted to - - - - -	\$10,137,722 22
On which the total amount protested and remaining unpaid, is only - - - - -	13,863 36
The total losses only - - - - -	1,500 00

The cause of a loss so little proportioned to the amount of the investment is to be found in the fact, that the exchange transactions, of the western States grow out of the actual business, the actual shipments of the produce to the place of its exportation furnishing to the bank the triple security of the personal responsibility of the shipper, the property which he exports, and, again, the personal liability of the merchant who receives it at the place of exportation. As an illustration of this, the following statement of the exchange operations of the bank at Nashville may furnish an interesting example.

1831. October, \$366,512 63.	When the few bills remaining out of drafts on shipments of the previous crop had not yet run to maturity.
1831. Dec'r, 1,062,094 84.	When the shipment of the new crop had commenced, and the planters and ginners had begun to draw on their correspondents.

1832. April, 2,759,754 93. When the crop may be considered to have all been shipped and drawn upon, and of course the amount of bills at the highest point.
1832. October, 503,234 90. When the bills drawn upon the shipments of the last crop had mostly matured.
1833. Jan. 9th, 2,049,612 02. The shipments of the present crop having progressed to some extent, the amount of bills is naturally swelled in proportion."

4. The branch which the exchange committee has selected to show the sound condition of this debt, we select, to show its actual condition.

On the 10th day of November last, the following letter was addressed to the President of the Nashville branch, viz.

BANK OF THE UNITED STATES,

November 10, 1832.

DEAR SIR: You will receive, through the cashier's department, notice of the appointment of George W. Gibbs and H. M. Rutledge, esquires, as members of your board. These gentlemen have long been known to us by reputation, and I am sure will make useful and agreeable associates in the administration of the office.

Allow me to ask your attention to my letter of the 27th of July last, in which I communicated the wish of the board that you would abstain from the purchase of domestic bills, except in reduction of pre-existing debts to the bank. At the period when my letter reached you, your amount of domestic bills was about 500,000. Your statement of the 24th ultimo, the latest which has reached us, shows that amount to be upwards of one million of dollars, being an increase of more than \$ 500,000, and making an actual purchase of bills to the amount of eight hundred thousand dollars since the middle of August. We are aware that many bills have returned upon this office which it was necessary to take up by redrafts, but still the amount exceeds much what had been anticipated by the board; and now, that this source of demand must have ceased, I cannot too strongly invite your adherence to the instruction contained in my letter of the 27th of July, as the receipt of your notes occasioned by these purchases may become very inconvenient to the bank. As the season advances, too, it would be desirable to shorten the term of all the bills which you are under the necessity of purchasing, to a period not exceeding four months.

Very respectfully yours,

N. BIDDLE, *President.*

JOSIAH NICHOL, Esq.

President Office D. and D., Nashville, Tenn.

By this letter, it will be perceived that it was known to the bank at Philadelphia that *many bills had returned upon the Nashville office which it was necessary to take up by redrafts.* This letter called out an explanation from the President of the Nashville branch, dated 22d November, which was followed by another dated the 24th. A note at the end of the first says, "we will not be able to get the debts due this office paid—indeed, if any, it will be a small part: the means are not in the country."

In other respects, the contents of the two are almost precisely alike, and we here give that of the 24th entire, viz.

OFFICE BANK UNITED STATES,

Nashville, 24th November, 1832.

DEAR SIR: On the 22d instant, I did myself this pleasure, acknowledging the receipt of yours of the 10th instant; but as the mail was just about closing when I wrote, perhaps it did not explain to your satisfaction the reasons why our domestic bill account was so large, but, my dear sir, when you are informed of the debts that those bills are intended to liquidate, you will be of opinion that we have not exceeded very far, in that respect, the parent bank; and the offices at New York, Baltimore, Washington, Richmond, Pittsburgh, Cincinnati, Louisville, and Lexington, have been and still continue the practice of discounting bills and notes made payable at this office, and forwarding them here for collection. This has been done this season, to, I would say, three times the amount of any previous year; and, to add to our difficulties last season, we had a very short crop of cotton, so that our own drafts, predicated on the crop and payable at New Orleans, could not be paid out of the crop; in consequence of which, drafts to a very large amount have been drawn by the commission merchants of New Orleans on their friends here, and made payable at this office. Those drafts could not be met when due, at this office, by the payment of cash on account of its scarcity; and no other means could be resorted to but drafts again on New Orleans, which our directory thought right to purchase. Supposing that your letter of the 27th of July permitted or authorized the protecting of paper discounted at the parent bank and offices, as it certainly would, if sent back, have occasioned a great many failures, if all or a large portion of the above notes and drafts had been sent back under protest to the banks at Philadelphia, New York, Baltimore, Washington, Richmond, Pittsburgh, Cincinnati, Louisville, Lexington, and New Orleans, which would have been the case, had we not pursued the above plan. And bills payable six months after date, is as short a time as ought to be taken, if we wish to serve all parties, as you are well apprised that those bills must be paid, if at all, out of the crop; and only a very small part can be in cash before May or June. Be assured, sir, that we are as well convinced as you are that too many bills are offered and purchased, amounting to more than the present crop of cotton and tobacco will pay—I mean before all those papers are taken up. I am certain that one half of the collection paper received here since August for payment, have not been taken up as yet. Our cashier will make a statement to you showing how it stands.

As far as we have yet purchased bills this season, it was to protect and pay the above collection notes and bills. Cash we have not given for bills, except small balances might be over after taking up the paper intended. I am also satisfied that, adding our cash purchases and bills, we received for our own notes discounted (together) since the 1st September last, would not amount, in the whole, to more than one hundred and fifty thousand dollars; so that if we have erred, it was to save the parent bank and offices. Your letter of the 10th inst., was this day laid before the directors, requesting an answer to the several parts of it. A committee of three have been appointed to draft such answer, viz, F. B. Fogg, James P. Clark, and Thomas H. Fletcher. They will report next Wednesday: it will be forwarded to you when made up.

I am, dear sir, very respectfully,

Your obedient servant,

J. NICHOL, *President.*

N. BIDDLE, Esq.

This was followed on the 26th by the promised explanation of the cashier, which was of the same import. We content ourselves with taking the following extract, viz.

"The following exhibits the amount collected here for the parent bank and offices from the 1st September last to this date, which, with small exceptions, *have been paid through our bill operations, viz.*

Bank United States	-	-	-	-	-	\$147,473
Office New York	-	-	-	-	-	31,365
Baltimore	-	-	-	-	-	7,607
Washington	-	-	-	-	-	2,460
Richmond	-	-	-	-	-	42,112
Fayetteville	-	-	-	-	-	276
New Orleans	-	-	-	-	-	746,893
Natchez	-	-	-	-	-	3,150
St. Louis	-	-	-	-	-	722
Louisville	-	-	-	-	-	51,595
Lexington	-	-	-	-	-	24,902
Cincinnati	-	-	-	-	-	10,001
Pittsburgh	-	-	-	-	-	28,521
Boston	-	-	-	-	-	350
						<hr/>
						\$1,097,427
						<hr/>

"In Alabama we have about \$30,000 loaned in eleven notes, \$20,000 of which will be turned into bills when they mature. All are of the first character for safety. There are some thousands of dollars of bills from Orleans and other offices yet to mature, which can only be met through our bill operations."

The subject was submitted to the board of directors of the bank, who adopted unanimously the following resolution, viz.

"*Resolved*, That, for the very satisfactory reasons assigned in the letters of the President and Cashier of this office addressed to the President and Cashier of the parent bank—one dated the 22d November, 1832, the other the 26th November, 1832—that this board recommend it to the parent board to permit this office to continue its purchases of domestic bills at six months date until the 1st day of March next."

Notwithstanding the confidence of the directors of the parent bank, that little, or none, of the debt based on domestic bills of exchange was in the nature of accommodation paper, to be renewed by drawing and redrawing, we have here conclusive proof that a large amount of the debt to the Nashville branch is precisely of that description. Some of it, as the President of the branch states, had already been drawn for *three times*, and he anticipates that it will again come back from New Orleans. By the monthly statements of the 1st November and 1st December, it appears that the whole amount of domestic bills at Nashville, on the 17th October, was \$895,228 30, and on the 7th November, \$1,245,510. The cashier states that nearly the whole purchases made in September, October, and November, amounting to \$1,097,427, were redrafts: and he says there are some thousands of dollars of bills from Orleans and the offices, which can be met only in the same way. The President of the branch, in his letter of the 24th, says that the bills already offered and purchased were more than the present crop of cotton and tobacco will pay.

Yet, as the committee of exchange state, the amount of those bills had increased on the 9th of January, 1833, to \$2,049,612 02. From the statements of the Cashier and President of the bank, there cannot be a doubt that a large amount of this whole debt is redrafts!

We have here the reason why there are so few protests in the west.

It is with all this evidence, in the bank, that the committee of exchange inform us, "the exchange transactions of the western States grow out of the actual business, the actual shipments of produce to the place of exportation, &c.," and give, as an illustration, the small amount of bills at the Nashville branch in October, 1831, and 1832, and the large amounts in December, 1831, April, 1832, and January, 1833. If they had examined this evidence, they would have seen that the reason of all this is, that, at the periods of the lowest depression, the *racers* were at the other end of the course. The bills at New Orleans, at the times stated, were as follows, viz.

1831, November 7th,	-	-	-	\$1,766,828 68
1832, June 25th,	-	-	-	7,031,968 07
" October 29th,	-	-	-	2,501,840 58

In the fall and first part of the winter, they start from Nashville and other western offices to New Orleans, and in the spring and early part of the summer they start back again.

As the amount sinks in Nashville, it rises in New Orleans; and as it sinks in New Orleans, it rises in Nashville. The bills on New Orleans, discounted last September, October, and November, were at six months, so that they will be falling due in March, April, and May next, at which time the bill account at New Orleans will rise, and that at Nashville sink. Bills on Nashville will be discounted to pay the bills *from* Nashville, and again these bills will be paid by new bills on New Orleans.

There is no reason to suppose that the bill business at the other western branches is any better than at Nashville. That it is no better at Louisville, is shown by the cashier of that branch, written in November last, and already adverted to in the body of this report.

The whole amount of domestic bills under discount in the valley of the Mississippi, in November last, as shown by the monthly statements at the close of that month, was \$10,112,106 37. Upon the supposition that it is all in the same condition as the bill debt at Nashville, at least *seven* out of the *ten* millions is secured by paper called *race-horse bills*, which is running from branch to branch, waiting for crops to be raised to meet them, and running the drawers with interest, exchange, commissions for endorsement and acceptance, and other expenses.

In our opinion, no system of banking operations could be invented more desolating and fatal to the trading and planting community of the west than this extension of bank credits, and overtrading in domestic exchange.

The facts now disclosed throw an additional light upon the other branch of the western debt. To a great extent, the same parties which are engaged in this extensive business of drawing and redrawing are undoubtedly principals and securities in the notes discounted. From the letters of the cashiers at Cincinnati, Louisville, and Nashville, it appears to be as difficult to collect this debt, as that based upon bills.

It is proper that we should add, in conclusion, that we cannot suppose the directors called before us, or the exchange committee in their report, could have been fully apprised of the facts disclosed in this correspondence, which is herewith submitted.

JAMES K. POLK,
NATHAN GAITHER,
MARK ALEXANDER.

TESTIMONY OF DIRECTORS.

COMMITTEE OF WAYS AND MEANS, *January 31, 1833.*

General Thomas Cadwallader, of Philadelphia, was sworn, examined, and testified as follows:

No. 1. Question by Mr. Polk. Were you a director of the Bank of the United States during the years 1831 and 1832?

Answer. I was a director in 1831 and in 1832, until the month of July, when I left the United States for Europe.

No. 2. Question by Mr. Polk. Were you appointed the agent of the bank, during the last year, to negotiate a loan in London, or the postponement of the presentation of the certificates of the United States' three per cent. stocks for payment at the bank; which stocks the Government, on the 19th of July last, gave notice would be paid, two-thirds on the 1st of October last, and one-third on the 1st of the present month? (January.)

Answer. At the time I was appointed to proceed to Europe, no notice had been issued by the Treasury of the intention to pay off the three per cents., nor was it then known whether that stock was to be reimbursed in the whole or in part. During the last spring, the precise time not being within my recollection, the President of the bank communicated to the board of directors that the Government intended to pay off the three per cents. stock on the 1st of October; whether the whole amount, or a portion thereof, not being then ascertained. He adverted to the difficulties and embarrassments to the commercial community in general, especially to the customers of the bank, and to persons indebted to the Government on bonds for duties, by the intended payment, and intimated that it would be prudent and proper for the bank to make provision to meet that payment in such mode as might tend to mitigate the pressure. Such arrangements failing, usually, within the province of the committee of exchange, a resolution was passed by the board, giving to that committee power to make such arrangements as they might deem requisite in relation to the object. Never having been a member of that committee, I know nothing of its arrangements, further than this, that, in the month of July, I think between the 1st and the 10th, I was requested by the committee, through the President of the bank, to proceed to Europe for the purpose of endeavoring to make arrangements with the foreign holders of the three per cents. stock for the postponement of the reimbursement of a portion of the amount held by them, to the extent of about five millions of dollars, under the expectation that they would be disposed to continue the amount of loans held by them, respectively, at the same rate of interest. I agreed to undertake the agency, and to leave Philadelphia for Liverpool in the packet of the 20th of July. Before Mr. Biddle's application to me, the cholera had made its appearance within the United States, and I think a few cases had appeared in New York; at any rate, the disease was in progress in our direction, and had already excited considerable alarm. The instructions from the President of the bank, in relation to my mission, were received on the 18th of July, bearing that date; and I sailed on the morning of the 20th.

No. 3. Question by Mr. Polk. Was the fact of your going to London, as the agent of the bank, authorized by, or known to, the board of directors previous to your sailing?

Answer. The board of directors having delegated to the committee of exchange full authority in relation to the objects of my voyage, I am not

aware that the other members of the board had any particular information on the subject. My intended voyage, however, I believe was known to them all: and it was known that the business on which I was to embark was connected with the affairs of the bank.

No. 4. Question by Mr. Verplanck. Was the meeting of the board of directors, at which the exchange committee were empowered to act on this subject, a regular meeting, a quorum being present?

Answer. I have not looked at the minutes of the board lately, but presume the resolution was passed at one of the regular meetings; a quorum, of course, being present.

No. 5. Question by Mr. Verplanck. What is the number and powers of the exchange committee?

Answer. The number of the committee is three—the President being, ex officio, an additional member of all standing committees. The powers of the committee extend, generally, to arrangements respecting domestic and foreign exchange, and to the financial operations of the institution. To that committee, generally, has been confided the business of the bank, connected with arrangements for its larger operations. (See February 4, for further answer to this interrogatory.)

No. 6. Question by Mr. Polk. Was a loan, or the postponement of the three per cents. to the amount of 5,000,000, the subject of consideration before the board of directors at the time at which you state the authority to the exchange committee was delegated to them; and was that committee empowered by the board to effect the loan or postponement abroad, which you subsequently made with Baring, Brothers, and Company; and did that arrangement ever receive the sanction of the board of directors?

Answer. I have no particular recollection whether the postponement of the three per cents. was a subject discussed at the board when the authority was given to the exchange committee; nor do I exactly remember whether I was present at that meeting, or not. Not having been a member of the board of directors since July, I have no information as to any communications to the board in relation to my arrangements with Baring, Brothers, & Co., or as to any proceedings of the board thereon.

FEBRUARY 4, 1833.

General Cadwallader, in continuation.

Gen. Cadwallader asked and obtained permission of the committee to add to the answer given yesterday, to the 5th interrogatory, the following:

“The discounts done by that committee, [the exchange committee,] in the recess of the board, are always entered on the discount book, and laid before the board at its succeeding meeting; all matters also, specially committed to that committee, are reported to the board at their completion.”

No. 7. Question by Mr. Polk. Please state whether you had any other instructions, either verbal or written, other than those contained in a letter signed by N. Biddle, of the 18th of July, 1832, addressed to you, a copy of which is contained in page 6 of the documents of the House of Representatives of the present session of Congress, numbered 9; and, if so, state what those instructions were.

Answer. I had several conversations, incidentally, with the President of the bank in relation to the arrangements to be made abroad, but have no recollection of any suggestion that is not embraced in the instructions. A private letter, I think of the same date of the instructions, was handed to me

in reference to my compensation, and some other details: that letter I have at my lodgings, and it will be left with the committee.

No. 8. Question by Mr. Polk. Did the contract entered into by you, as agent of the bank, with Barings, Brothers, & Co., under date of the 22d August last, embrace such an arrangement as you were authorized and instructed to make?

Answer. In part; on my arrival in London on the 19th August, I found, at my first conference with Messrs. Baring, Brothers, & Co., that there would be an uncertainty as to the amount of the stock that would be deferred in conformity with an inquiry intended to be made by that house, of the disposition of the stockholders in relation to the postponement of the payment of the amounts respectively held by them. The amount might be large or it might be small; and it was important to the bank, and to the objects of my mission, that it should be known by the 1st of October in Philadelphia, the amount of stock that would be held back. The object was, as has been before stated, to extend the accommodation to the sum of about \$5,000,000, and Messrs. Barings were unwilling to agree to make up any difference that might arise, in case a small quantity of the stock only should be arranged for. Not being able to await the result of the circular to be issued by Messrs. Baring, one of the gentlemen of the house suggested that the house might find opportunities of buying up the stock when it could be got at fair prices; and feeling assured that, between these two modes of operation, a considerable amount of the stock could be secured, they would be willing then to make up any deficiency in the five millions. The purchase of the stock by Messrs. Baring had not been adverted to in my instructions, or in any conversation with my constituents at home; and, it not striking me that such purchase by Messrs. Baring would involve any question touching the chartered powers of the institution, I agreed to authorize such purchases by them, at prices not exceeding ninety-one per cent., as the only means of effecting, in due season, the main purposes of my voyage. An agreement was accordingly signed with Messrs. Baring, Brothers, & Co., on the 22d of August last, as exhibited in the Document No. 9 of the House of Representatives, page 12; and my report thereof, as I understood verbally from the President of the bank, reached him on the 1st of October.

I have learned since my return that, on receiving the first account from Messrs. Baring of their purchases, as far as they had then gone, it was deemed expedient to disavow that part of the arrangement. A letter from the President of the bank to Messrs. Barings, of the 15th October, page 6, Document No. 9, explains the reasons and manner of that disavowal.

No. 9. Question by Mr. Polk. Did you, at the time of making the contract with Messrs. Baring, Brothers, & Co., consider or believe that you had exceeded the authority delegated to you?

Answer. It did not then strike me that I had exceeded my authority.

No. 10. Question by Mr. Polk. Can you state at what date the bank received the first information of your arrangement with the Barings, Brothers, & Co.?

Answer. I have before mentioned that the verbal information given me by the President was, that my report of the contract was received by the bank on the 1st of October, and I have no reason to believe that any earlier intimation than mine could have been received from any other source, as I wrote by the packet, the mail for which was to depart, I believe, the next.

No. 11. Question by Mr. Polk. Has your report of the arrangement communicated by you to the President, as you have stated, and received by

him, as he informed you, on the 1st of October, ever been communicated to the board of directors?

Answer. I have no information whatever on that subject.

No. 12. Question by Mr. Polk. Was it intended at the time of your appointment to make this negotiation in London, that the fact should ever have been made known to the Government, the board of directors, or the public? Or was your mission intended to be secret, known only to yourself, the President of the bank, and the exchange committee?

Answer. No intimation was ever given to me of any desire or idea of concealment from the Government, the board of directors, or the public, of any arrangement that might be effected in Europe, after the business should be completed; nor would I have condescended to have undertaken a secret agency, the results of which, at the proper time, might not have been disclosed to the world. I understood the business to be secret between the President, the committee, and myself, only until the period of its completion.

No. 13. Question by Mr. Polk. Was the Government or the board, at the time of your appointment, notified that such an arrangement was in progress; and has the arrangement since made been yet officially communicated by the bank to either, or both?

Answer. I have no information that will enable me to answer either of the points in this question.

No. 14. Question by Mr. Polk. Can you state the aggregate amount of the three per cents. purchased under your contract by Baring, Brothers, & Co., for account of the bank, and what the amount arranged by the foreign holders for postponement?

Answer. I believe that in the whole, purchases and deferred, the amount was about three millions when I left London; but I must leave this question to be more definitely answered by the exchange committee, who are now in Washington, my own recollection upon it being altogether loose.

15. Question by Mr. Polk. Was it the understanding of the parties to the contract made by you with Messrs. Baring, Brothers, & Co. that the certificates of the three per cents. purchased by them for account of the bank, that the cost was to be placed to the debit of the bank, and the certificates remain with Messrs. Baring, Brothers, & Co. as security for the payment, by the bank, to them of the price paid for them?

Answer. The agreement states that the certificates of the stock so purchased were to remain with Messrs. Baring, Brothers, & Co. I have learned, however, that those certificates have been lately forwarded and received at the bank: if the whole have not already arrived they are on the way. The certificates were left with Messrs. Baring, Brothers, & Co., as it appeared to be rather their desire, at the time, to retain them: nothing was said, however, about security.

No. 16. Question by Mr. Polk. On what principle was the limit of 91 per cent. fixed in your contract with Messrs. Baring, Brothers, & Co.; and did not the rate of exchange, at the time of your departure from Philadelphia, leave a considerable profit to the bank on the purchase at that rate?

Answer. The price was fixed upon a calculation founded on the average rate of exchange for some time preceding, so as to secure the bank from probable loss.

No. 17. Question by Mr. Polk. By whom are the exchange and other committees of the bank appointed?

Answer. The exchange committee, and all other committees, are appoint-

ed by the President. The committee on the state of the bank, only, is appointed by ballot.

No. 18. Question by Mr. Polk. What number of proxies do you now represent, exclusively, or jointly with others?

Answer. I represent, exclusively, rather upwards of two hundred votes. I do not recollect that my name is united with others in any proxies.

No. 19. Question by Mr. Polk. Will you please state what was your compensation for your mission, and by whom authorized, and by whom paid?

Answer. The amount of my compensation was five thousand dollars; authorized, I presume, by the exchange committee, and paid by the second assistant cashier.

FEBRUARY 2, 1833.

Joshua Lippincott affirmed, and examined as follows:

1. Question by Mr. Polk. Were you a director of the bank of the United States during the last year, on the part of the United States; and are you now a director chosen by the stockholders?

Answer. I was a director during the last year, appointed by the President. I am now a director appointed by the stockholders.

2. Question by Mr. Polk. Had you any knowledge, in your official character as a director, in July last, of the appointment of T. Cadwallader as agent to negotiate for the bank a postponement of the payment of the three per cent. stocks of the United States held abroad, and a loan for the bank to the amount of five millions of dollars?

Answer. I had no knowledge of the appointment of Mr. Cadwallader.

3. Question by Mr. Verplanck. Had you any knowledge of the powers given to the exchange committee by the board in relation to that negotiation.

Answer. I had no such knowledge.

4. Question by Mr. Ingersoll. Were you present at the board of directors at the time the following proceedings and resolutions of the board of directors of the bank were had? viz.

“BANK UNITED STATES, March 13, 1832.

The President submitted to the board his views in relation to the probability of the redemption by the Government, in the course of the present year, of a large portion of the three per cents. of the United States, more than one half of which stocks he stated to be held by foreigners, the magnitude of whose claims upon this bank might possibly expose the community to great inconvenience, unless some measure should be adopted for deferring a part of the payments that may be required; and suggested the expediency of empowering a committee of this board to enter for that purpose into such arrangements with the holders of that stock, as might combine the interests of the bank with those of the public.

“Whereupon it was, on motion,

“Resolved, That the subject of the communication just made by the President be referred to the committee of exchange, with authority to make, on behalf of this bank, whatever arrangements with the holders of the three per cent. stocks of the United States, may, in their opinion, best promote the convenience of the public, and the interest of this institution.

“Extract from the minutes.

“W. McILVAINE, Cashier.”

Answer I was not present; I was in the country.

5. Question by Mr. Alexander. When did you first hear of the passage of the resolution of the 13th March, 1832?

Answer. I can't recollect dates; it must have been a considerable time after I heard of it; it was after General Cadwallader had sailed for Europe.

6. Question by Mr. Verplanck. What opportunities and means have the Government directors of knowing the proceedings of the board, or the operations of the exchange or any other committees?

Answer. They have precisely the same opportunities as the other directors: there is no distinction between the directors chosen by the Government and those chosen by the stockholders. The directors have access to all the books and minutes of the bank, with the exception of those of the exchange-committee, if that committee keep any. It is not the habit of the exchange committee to make report of their proceedings pending a subject on which they may be acting: they report when the transaction is closed.

7. Question by Mr. Polk. Has the fact of the appointment of Mr. Cadwallader as agent of the bank, and the arrangement made by him with Baring, Brothers & Co., ever been officially made known to the board of directors? If so, when, and by whom?

Answer. It was not officially made known to the board of directors till Tuesday, the 29th of January last.

8. Question by Mr. Ingersoll. You speak of being *officially* informed: were you previously informed in frequent conversation, or otherwise, with members of the exchange committee, or the President, of Mr. Cadwallader's mission? and, if so, how early was the information?

Answer. I don't recollect to have conversed with the exchange committee or the President upon the subject. Not being desirous of interfering with the duties of the exchange committee, I thought it improper to address to them any inquiries upon the subject. The directors frequently conversed upon the subject, but what I learned was probably as much from out-door as in-door conversation. As to the date, I think it about the time of the appearance of the circular of the Barings in a New York paper, which was about the 11th or 12th of October. I do not remember that it was spoken of earlier.

9. Question by Mr. Ingersoll. Were the proceedings of the board of directors, referring the subject of the three per cents. to the exchange committee, read at a subsequent meeting of the board when you were present?

Answer. Yes, they were the next meeting after their adoption; but I do not recollect to have attended to the reading of the minutes.

10. Question by Mr. Verplanck. How do the operations of the exchange committee come officially to the knowledge of the board?

Answer. By report in writing, which is inserted in the minutes. Their loans appear on the regular discount book, having a distinctive mark as having been done by the committee.

11. Question by Mr. Polk. When and from whom did you first derive a knowledge of the contract entered into by Mr. Cadwallader with the Barings, under date of the 22d August last?

Answer. I have already responded to this interrogatory, in my answer to question which is numbered eight.

12. Question by Mr. Polk. Had you any knowledge, at the time, of the letter signed N. Biddle, to Baring, Brothers & Co., dated October 15, 1832, (Doc. No. 9, Ho. of Reps.) disavowing the authority of Mr. Cadwallader to make the arrangement he did with Baring, Brothers & Co.; or of the sub-

sequent letters written by the same to Baring, Brothers & Co., dated the 19th and 31st of October, 1832, (same document?)

Answer. I did not know any thing about this letter at the time of its date, nor of those of the 19th and 31st of October. No communication of them was made to the board at the time, according to the best of my recollection.

13. Question by Mr. Polk. Please state whether you were present at a general meeting of the board of directors on the 20th November, 1832; whether the foreign directors were not called together on that day; the object of the meeting; and whether the board on that occasion were informed of the agency to London, the postponement or purchase of the three per cents. on account of the bank, of the contract made by the agent with Baring, Brothers & Co., of the subsequent disavowal of the authority of the agent to make it; and was any communication of any kind made to the board in relation either to the agency of Mr. Cadwallader, or to the contract with Messrs. Baring, Brothers & Co.?

Answer. I was present at the meeting on the 20th November, 1832; the directors not residing in Philadelphia were called at that meeting. The object of that meeting was to consider the propriety of instructing the branches to continue their business in its usual course. According to my recollection, the board was not informed on that day of the agency to London. The board may have been informed of the postponement or purchase of the three per cent. stocks on account of the bank; but I cannot recollect it distinctly. I don't recollect any information being given to that meeting of the contract made by General Cadwallader, or of the disavowal of his authority to make it. I don't recollect that any information of any kind was given to the board at that meeting, either in relation to the agency of Mr. Cadwallader or to the contract which he made.

14. Question by Mr. Polk. Have you any knowledge of any arrangement made by the bank for the postponement of the payment of any part of the three per cents., other than the arrangement made in London by the agent? If so, state the amount postponed, when the arrangement was made, and by, and with whom.

Answer. I have heard of no other arrangement for the postponement of the three per cent. stocks, except that contained in the report of the exchange committee, dated the 29th January, to which I have referred in an answer to a previous interrogatory.

15. Question by Mr. Polk. Are any of the Government directors placed on any one of the committees since the last election of directors in January last?

Answer. No; there was but two Government directors, till within a few days past, residing in Philadelphia.

16. Question by Mr. Polk. By whom are the committees of the bank appointed?

Answer. By the President, with the exception of one—the committee on the state of the bank. That committee is elected by the directors.

17. Question by Mr. Polk. Under the present system, do the committees transact the greater proportion of the business of the bank; and are not the Government directors, by their exclusion from these committees, virtually excluded from a participation in, and a knowledge of, much of the important business and transactions of the bank?

Answer. No, they do not; the regular business of the bank is transacted by the board. Any important or unusual communications are referred to committees, who always make report to the board, where the report is

acted upon. The Government directors have not heretofore been excluded from committees, but have, I believe, participated in all the business of the bank. There has not been any marked discrimination, to my knowledge, at any time, between directors of the Government and of the individual stockholders, in the formation of committees. The committees are not sufficiently numerous to include the whole board of directors. Generally, such are placed on a committee, as, from particular knowledge, or business, seem more appropriately fitted to act upon the subject. With respect to the exchange committee, the Government directors must, in common with other directors, be excluded from a knowledge of the business of that committee, till the business has been consummated, and their report laid before the board of directors.

FEBRUARY 4, 1833.

Mr. Lippincott in continuation.

Question by Mr. Polk. Has there been, during the past year, any pressure, generally, upon that class of merchants, in Philadelphia, who secure and pay the duties to the Government upon foreign importations?

Answer. None more than usual.

Question by Mr. Polk. Has the bank granted any extraordinary facilities to that class of merchants during the past year?

Answer. I don't know that they have, beyond what has been usually granted to that class of merchants. They have granted the usual accommodations.

Question by Mr. Polk. Has there been any extraordinary pressure upon the mercantile classes in Philadelphia, other than those who pay the duties to the Government, during the past year. If so, state upon what class did it fall principally; when it was most severe, and when did it abate?

Answer. I believe the class which most overtraded itself were those who deal in dry goods; I mean those who purchase from the importers. There has been no very extraordinary pressure upon them. One of the reasons why that pressure took place was, that; when the bank learned that the Government intended to make so large a payment of the public debt, the bank ceased, in some measure, to discount the paper of the western merchants, not deeming it proper to increase the debt in that section; but, on the contrary, deemed it best to draw the moneys from the west to the Atlantic cities, to meet the payment directed by the Government—the certificates of the debt being, generally, presented for payment in those cities.

Question by Mr. Polk. Have any of the western branches, within the last six months, been in such a condition that it became necessary to send them relief from Philadelphia, or any other place, in specie funds?

Answer. The bank understood that an attempt would be made to make a run upon one of the western branches; and, in order to enable the branch to sustain itself in such an event, a considerable amount in specie was sent out to it. This was confined to a single branch. A similar attempt was made on one of the southern branches, and provided against in the same way.

Question by Mr. Polk. Has the bank, for more than a year past, been pressing the western branches to curtail their loans and discounts; and have they succeeded in effecting it?

Answer. No. I believe they have not been, for more than a year past,

pressing the western branches to curtail their discounts. Where they have limited the common discounts, they have extended the business in bills and drafts.

Question by Mr. Ingersoll. Have large sums in notes and drafts, discounted at Philadelphia, payable at the western branches, been returned protested for non-payment within the last twelve months?

Answer. Not to a large amount.

Question by Mr. Verplanck. Had you any reason, during your service as a Government director, to doubt whether the mass of the bills, stated in the monthly statement to be discounted at the bank and its branches on personal security, was, in general, safe?

Answer. I believed them safe as such transactions usually are in the best regulated banks of the country. I have been a Government director two years, and a director on the part of the stockholders for many years.

Question by Mr. Verplanck. Of the bills discounted on personal security, is there, to your personal knowledge, any large amount of what is commonly called "accommodation paper" discounted, with an understanding for a renewal for any length of time?

Answer. The general practice has been to give a preference to what is called "business paper;" and I believe, for the amount of the capital, there has been less amount of accommodation paper than is usual in banks.

Question by Mr. Verplanck. Of the amount of domestic bills of exchange reported in the monthly statements of the years 1831-1832, do you believe any considerable proportion to be of the character of accommodation paper, to be renewed by drawing and redrawing between the bank and its branches, or between the several branches?

Answer. I do not recollect of any.

Question by Mr. Verplanck. Have the directors of the bank the means of detecting any habitual practice of drawing and redrawing, just referred to, if it should exist between the branches, when carried to any extent?

Answer. They have, by means of the periodical returns of the branches to the mother bank of the business done at those branches, respectively.

Question by Mr. Verplanck. Would those returns also include such information, relating to bills discounted on personal security, as would enable the directors of the mother bank to detect any large regular accommodations at the branches?

Answer. Yes. The branches make regular returns of what is called pay-lists, on which is stated the name of the drawer and endorser, on every note that is discounted. An examination of this list would enable one to detect the practice referred to: it would, however, be a matter of labor to make the examination. Any director, on suspicion of such transaction, could ascertain the fact: the returns are open to the inspection of any director.

Question by Mr. Verplanck. On what is founded the estimate of the value of real estate and banking houses, which appear in the monthly statements?

Answer. On frequent appraisements or valuations, made from time to time; but whether the changes of value are entered on the books of the bank, I cannot positively say.

FEBRUARY 5, 1833.

John T. Sullivan sworn, and examined as follows:

1. Question by Mr. Polk. Were you a director of the Bank of the Unit-

Question by Mr. Polk. Was the letter of N. Biddle, of the 29th March,

ed States, appointed by the Government, during the last and the present year?

Answer. I was, and am.

2. Question by Mr. Polk. Did you regularly attend the board of directors on discount days, during the past year?

Answer. I received my commission in January, 1832. I attended all the meetings of the board to which I was invited, and all regular meetings, from that time to last December, when I came to Washington on private business, never omitting a day.

Question by Mr. Polk. Had you any knowledge, in your official character as a director, in July last, of the appointment of Thomas Cadwallader, as agent of the bank, to negotiate for the bank a postponement of the payment of the three per cent. stocks of the United States held abroad, or a loan for the bank to the amount of five millions of dollars?

Answer. I have not. No such proposition had been submitted to the board at any time. Mr. Cadwallader's name was never mentioned at the board, and I was ignorant that he had gone abroad. I had no idea that the credits which I observed on the books, that the bank held in Europe, was obtained by a loan. I had supposed it to result from bills actually purchased.

Question by Mr. Verplanck. You state that you had no idea that the credits which the Bank held in Europe was obtained by a loan, but supposed it the result of bills actually purchased. Do you know whether they were not actually the result of bills purchased?

Answer. I do not know by what means, or from what sources, that credit was placed there.

Question by Mr. Polk. When and from whom did you first derive a knowledge that an agent had been sent to London, and of the contract entered into with Baring, Brothers & Co., of the date 22d August last?

Answer. So far as I can recollect, the first official intimation I had of the appointment was derived from the correspondence between the Secretary of the Treasury and the President of the bank, in relation to the arrangement made by the bank with the Messrs. Baring, Brothers & Co., laid before Congress shortly after the meeting of the present session of Congress. No communication having been made to the board, I believe the first intimation I had of Mr. Cadwallader's intention to go abroad was from the Hon. Campbell P. White. I believe that was about a day or so before his departure. The character of Mr. Cadwallader's mission was not communicated to me by Mr. White, nor did I know what it was. The departure of Mr. Cadwallader was, I think, generally known: his business was not. I had not the most distant knowledge of the character of his business. Seeing the circular of the Barings, some time afterwards, in a New York paper, stating that they had the authority of the bank to make arrangements in relation to the three per cents., I inferred that Mr. Cadwallader might have had some agency from the bank to make an arrangement with Messrs. Barings, though I had no knowledge that any such agency had been conferred upon him by the bank. Nor did I suppose that he could be authorized, officially, not having the sanction of the board of directors.

Question by Mr. Polk. Has the fact of the appointment of Mr. Cadwallader, and of the arrangement made by him with Messrs. Baring, Brothers & Co., ever been, officially, made known to the board of directors? If so, when, and by whom? and has that arrangement ever received the sanction of the board?

Answer. Never, during the time I was at the board, until the 29th of January (ult.) when the report of the exchange committee was laid before the board of directors. That report, on the 29th ult., received the sanction of a majority of the board of directors.

Question by Mr. Ingersoll. Were you at the meeting of the board of directors, when the following proceedings took place in reference to the three per cents., viz.

Resolution of March 13, 1832.

BANK OF THE UNITED STATES,

March 13, 1832.

The President submitted to the board his views in relation to the probability of the redemption by the Government, in the course of the present year, of a large portion of the three per cents. of the United States; more than one half of which stock he stated to be held by foreigners, the magnitude of whose claims upon this bank might possibly expose the community to great inconvenience, unless some measures should be adopted for deferring a part of the payments that may be required, and suggested the expediency of empowering a committee of this board to enter, for that purpose, into such arrangements with the holders of that stock, as might combine the interests of the bank with those of the public.

Whereupon it was, on motion,

Resolved, That the subject of the communication just made by the President be referred to the committee of exchange, with authority to make, on behalf of this bank, whatever arrangements with the holders of the three per cent. stock of the United States, may, in their opinion, best promote the convenience of the public, and the interests of this institution.

Extract from the minutes.

W. McILVAINE, *Cashier.*

Answer. I was.

Question by Mr. Polk. When the proceedings of the bank, of the 13th March, 1832, to which your attention has just been called, took place, do you know whether the postponement, or purchase of the amount of five millions of the three per cents. was discussed by the board; or do you believe there was any intention to confer, or that the board did, in fact, confer the extraordinary power on the exchange committee to make such an arrangement?

Answer. Not a syllable was uttered in regard to an arrangement to the amount of five millions. I do not know the intention of the mover of the resolution, but the board did not confer the power on the exchange committee to make such an arrangement, as is referred to in the interrogatory, as I understood it.

Question by Mr. Ingersoll. You say that not a syllable was uttered on the subject of the postponement of that payment; what then do you make of the following proceedings, adopted at that time, viz.

“The President submitted to the board his views in relation to the probability of the redemption by the Government, in the course of the present year, of a large portion of the three per cents. of the United States, more than one half of which stock he stated to be held by foreigners; the magnitude of whose claims upon the bank might possibly expose the community

to great inconvenience, unless some measures should be adopted for deferring *a part of the payments* that may be required, and suggested the expediency of empowering a committee of this board to enter, for that purpose, into such arrangements with the holders of said stock, as might combine the interests of the bank with those of the public."

Answer. So far as my memory serves, the President, as is customary with him on various occasions, remarked upon the state of the bank, and with regard to the large amount of the public debt to be paid within the course of the present year. He observed that the agent or agents on foreign account, in New York, had the control of a million and seven or eight hundred thousand dollars (about this sum) of the public debt, and he thought it was desirable to make some arrangement with the agent. I am not absolutely certain, but I am under an impression, that he suggested the propriety of authorizing the exchange committee to make arrangements in relation to the amount of which these agents had the control. My understanding was, that the business of that committee would be to anticipate the general payment, by discounting to the amount of the certificates, or making any other arrangement, by bills or otherwise, in the interval; that was, between that period (13th March) and the time fixed by the Government for the redemption of the debt.

Question by Mr. Ingersoll. Am I then to understand you as saying, that you supposed the committee were empowered to *anticipate* the payments, instead of *deferring* them?

Answer. Yes. The preamble to the resolution of the 13th of March, 1832, was not submitted in writing—the subject was introduced, orally, by the President, and, as far as my recollection serves me, had no reference to *deferring* the payment of the public debt: nor did it contain, so far as I recollect, the word *deferring*. I concurred in the adoption of the resolution, because I conceived its operation to be temporary. Had I supposed that it contemplated deferring the payment of the public debt, I should have opposed, and voted against it. When the report of the exchange committee was submitted to the board on Tuesday last, on hearing the proceedings of the 13th of March read, I then observed to the board that the word *deferred* was not introduced into the proceedings of that day, and requested that the book of minutes should be produced. On reading the minutes, I found the word *deferred* in the preamble. The usual practice has been for the President to communicate any matters relating to the bank, orally, and recommending the course to be pursued. This being done, some gentleman, generally a member of the exchange committee, or committee on the offices, moves that the subject be referred to a committee. I do not know how much of the proceedings the cashier records at the time. He is the keeper of the minutes. My impression is, he makes rough minutes at the time, and subsequently reduces them to form.

FEBRUARY 6, 1833.

Mr. Sullivan, in continuation.

Question by Mr. Ingersoll. Are the proceedings of each meeting read at the subsequent meeting?

Answer. I believe they are.

Question by Mr. Alexander. Do the members of the board generally attend to the reading of the minutes?

Answer. The reading of the minutes is rather a matter of form, and I do not, myself, generally attend particularly to their reading; other gentlemen may. The minutes can, at any time, be seen, at the call of any member of the board.

Question by Mr. Polk. Had you any knowledge, at the time, of the letter written by N. Biddle to Baring, Brothers & Co., dated 15th October last, disavowing the authority of Mr. Cadwallader to make the arrangement with Baring, Brothers & Co., or of the subsequent letters written by the same, dated the 19th and 21st October?

Answer. I had no such knowledge. The subject was not before the board.

Question by Mr. Polk. Please state whether you were present at the board on the 20th November last; whether the non-resident directors were called together on that day; the object of the meeting; and whether the board were, on that occasion, informed of the agency of Mr. Cadwallader to London; the postponement or purchase of the three per cents. on account of the bank, of the contract made with B. B. & Co., or of the subsequent disavowal of the authority of the agent to make it; and was any communication of any kind made to the board in relation to the subject?

Answer. I was present at that meeting; the non-resident directors were invited to assemble on that day. There was no reference to the mission of Mr. Cadwallader, nor was there any to the arrangement with the Messrs. Barings in relation to the three per cents., submitted, on that occasion, to the board. When the propriety of inviting the non-resident directors was suggested by the President, as called for by the peculiar state of the bank, and for the purpose of recommending a course for the future operation of the bank, I remarked, at the time, that I could not see the utility of inviting gentlemen to direct the operations of the bank, who must necessarily be comparatively ignorant of the state of the bank, and its general operations. When the suggestions were made by the President, at that meeting, (that is the 20th November,) a motion was made to refer the subject communicated to the non-resident directors, and the Committee on the Offices. When the reference was made, I expected that the committee would have called an extra meeting of the board to receive their report before they dispersed. It was not done. The report was made after the non-resident directors left Philadelphia.

Question by Mr. Polk. Have you any knowledge of any arrangement made by the bank, or any committee or officer thereof, for the postponement of the payment of any portion of the three per cents., other than the arrangement made in London by the agent? If so, state the amount; when the arrangement was made; and by and with whom?

Answer. I have no such knowledge.

Question by Mr. Verplanck. Have you any reason to believe that any such arrangement has been made?

Answer. I have no reason for such belief. There is no circumstance to warrant me to believe the fact, nor can I believe that which I do not know.

Question by Mr. Polk. When Mr. Biddle came to Washington in March, 1832, to make application to the Government to postpone the intended payment of a portion of the three per cents., from the 1st July to the 1st October, was the object of his visit to Washington known to the board of directors, or authorized by them?

Answer. The board knew nothing of it. It was not submitted to the board.

1832, addressed to the Secretary of the Treasury upon that subject, known to, or authorized by the board?

Answer. I believe not.

Question by Mr. Verplanck. From your knowledge of the business of the bank, what do you presume to have been the inducement for making the arrangement for postponing the payment of the three per cents.?

Answer. I do not consider that the bank authorized the arrangement. I cannot give you the inducement of others; I can give you my own impressions. My impression is, that the postponement was induced by the extended situation of the affairs of the bank, and by the difficulty of collecting the funds, or of reducing the discounts so as to meet the contemplated payment.

Question by Mr. Verplanck. Do you know how much of the three per cents. have now been paid?

Answer. During the past month, statements of various amounts have been received from Europe; and were submitted by the President to the board. I think, from the last information I received, the amount was between two and three millions remaining unpaid.

Question by Mr. Verplanck. How is the present payment of the three per cents., with the exception of the small proportion remaining unpaid, consistent with your view, that the extended situation of the affairs of the bank, and the difficulty of collecting the funds, or of reducing the discounts so as to meet the contemplated payments, made this postponement desirable?

Answer. In my answer to a previous question upon this branch of enquiry, I gave my own opinions; and, in confirmation of those opinions, I now refer to the report of the committee on the offices of the 27th July last, in which the following statement is made:

“The Government having now announced that, between this time and the 1st of January next, there will be reimbursed upwards of fifteen millions of dollars of the funded debt of the United States, as the provisions for these payments must be made by the bank out of its means now employed in loans to the community, it is an object of great anxiety to draw these means in such manner as may press, with the least possible inconvenience, upon the debtors of the bank and the country at large.”

To the first part of this interrogatory, I answer, that I do not know how much of the public debt remains unpaid, nor do I know whether the portion that has been paid, or any part of it, was met by a loan in Europe, or whether any sums were actually remitted to meet it. To the second part of the interrogatory, my previous answer had reference to the state of the bank in July last. (See end of this testimony for a statement made by Mr. Sullivan in further answer to this question.)

Question by Mr. Verplanck. Has the situation of the bank, in regard to its extension of loans, and the power of reducing its discounts, altered since that period, so as to make the payment of the three per cents. more easy to the bank or the dealers with it?

Answer. There has been a considerable reduction of the discounts of the bank in the Atlantic cities, as the monthly statements will show. The effect of the arrangements in Europe, and their extent and character, I am not acquainted with.

FEBRUARY 7, 1833.

Mr. Sullivan, in continuation.

Question by Mr. Ingersoll. After notice had been given of the intended payment of any portion of the public debt, is it not the common practice of

the bank to anticipate the payments to such holders of certificates as may present them before the day of payment, deducting the interest for the time anticipated?

Answer. I do not know what the common practice of the bank has been, not having been a director before the year 1832. I believe that the resolution of the 13th of March was intended for that purpose: that was my understanding of it.

Question by Mr. Ingersoll. Was Mr. Biddle a director on the part of the Government during the past year, and for several years preceding?

Answer. It is difficult to say whether he was a director, on the part of the Government, during the past year, or on the part of the stockholders, having been appointed by the one, and elected by the other.

Question by Mr. Gaither. Were the Government deposits ample to meet the payments of the debt advertised to be redeemed in July, October, and January, at those respective days?

Answer. I believe they were.

Question by Mr. Gaither. Was the report of the exchange committee submitted to the board of directors on the 29th January last, adopted unanimously? and, if not, what took place in the board?

Answer. Tuesday the 29th, being discount day, a motion prevailed that the board adjourn to meet that evening at 7 o'clock, to receive the report of the exchange committee. The board met accordingly, and a report was presented by Mr. Bevan. The report having been read by the President, a motion was made, requesting the President to transmit a copy thereof to the honorable the chairman of the Committee of Ways and Means. It was moved by Mr. Gilpin, who is a Government director, that the report lie on the table: this motion was seconded by myself. I objected to the adoption of the resolution, and was in favor of a postponement, because the report did not, in my opinion, present a correct view of the causes which led to the deferring of the payment of the public debt. In one part, we are, by this report, led to believe that the authority to send an agent to Europe was derived from the resolution of March, 1832; and, if my memory be correct from hearing the paper read, the necessity of the measure was, in part, produced by the introduction of the cholera. Mr. Gilpin and myself objected, because the paper had not been submitted to us a sufficient length of time for examination. The yeas and nays were called for by me on the motion to lay the report on the table, and Mr. Gilpin and myself only voted in the affirmative. I stated that the exchange committee, who had had the subject under their charge during the past year, without ever having made any report of their proceedings, could scarcely expect the board to adopt a report about which they were totally ignorant, and asked or enquired what advantage the gentlemen could expect from a vote of those who were totally ignorant of the subject submitted to them; and requested that, as this was the offspring of the exchange committee exclusively, they should assume the responsibility of it, and present it as theirs. The question was then taken on the adoption of the resolution, as transmitted to the committee, and it was carried in the affirmative. We had no further opportunity of looking into the report after its adoption.

Question by Mr. Ingersoll. You say that in one part of the report we are led to believe that the authority to send an agent to Europe is derived from the resolution of March 13, 1832: is any different authority set up in a different part of the report?

Answer. I do not recollect, at present, of any.

Question by Mr. Polk. Are the Government directors excluded from the exchange and other committees of the bank, since the last election of directors, which took place about the first of January of the present year?

Answer. They are.

Question by Mr. Verplanck. What do you mean by being excluded from the committees of the bank?

Answer. No Government director has been appointed on either of the committees.

Question by Mr. Gaither. How, or by whom are those committees appointed?

Answer. The exchange committee and the committee on the offices are appointed by the President; the committee on the state of the bank, by the board of directors.

Question by Mr. Verplanck. Are there not other directors who are, also, not on committees?

Answer. I believe all those residing in Philadelphia are members of some committee. I believe Mr. Chauncey, who is not generally in the habit of attending the board, is not; I believe all the others are.

Question by Mr. Gaither. Do three Government directors reside in Philadelphia?

Answer. Yes, sir.

Question by Mr. Polk. Under the present system, do the committees, and especially the exchange committee, transact a great proportion of the business of the bank; and are not the Government directors, by being excluded from being members of these committees, virtually excluded from a participation in, and a knowledge of, much of the business and transactions of the bank; and do these committees regularly report to the board of directors at each regular meeting?

Answer. The exchange committee has transacted very extensive operations: it necessarily follows, that Government directors, being excluded, can have no knowledge of the transactions of the exchange committee, who are not in the habit of making regular reports of all their proceedings.

Question by Mr. Polk. Does the exchange committee discount notes during the interval between discount days? If so, state whether the rules and regulations authorize it, and whether that committee report regularly to the next succeeding meeting of the board such discounts, and all other transactions which have taken place in the interval.

Answer. The exchange committee make discounts during the interval of discount days. I do not know under what rule or regulation. I believe the exchange committee, formerly made no discounts—recently they have; I do not recollect to have seen any authority for it, but I presume there must be. The discounts are generally entered upon the book, and the book placed on the discount table, near the President's desk. There are other functions of that committee, such as the purchase and sale of exchange, which they do not report to the board.

Question by Mr. Polk. Has there, during the past year, been any extraordinary pressure upon that class of merchants in Philadelphia, who secure and pay the duties to the Government upon foreign importations? if so, have any extended accommodations been made to them by the bank?

Answer. I am not aware of any pressure, generally, upon that portion of our citizens. I believe no extended accommodations have been made to them

by the bank. The importers, in my opinion, have been borrowers to a very moderate amount.

Question by Mr. Polk. Has there been any extraordinary pressure upon the mercantile classes, generally, in Philadelphia; other than the importers, during the past year? If so, upon what class, when was it most severe, and when did it abate? and were any extended accommodations afforded to them by the bank?

Answer. There was. The greatest pressure, in my opinion, was felt by that class of merchants who do a credit business to the western and other States. It continued during the spring and part of the summer; I believe the policy of the bank was, rather to reduce than to increase its discounts. The monthly statements will show a gradual and general reduction in the discounts of the bank—I mean of the bank at Philadelphia.

FEBRUARY 8, 1833.

Mr. Sullivan, in continuation.

Question by Mr. Polk. Has the bank at Philadelphia, during the year 1832, thrown out considerable amounts of good commercial paper, offered by importing and other merchants, for discount; and have not other persons received large loans and discounts upon stock and other securities during the same period?

Answer. The bank has thrown out a very considerable amount of such paper during the period of 1832; considerable amounts have been loaned during the same period upon stocks and other securities to persons other than those mentioned in the first part of the interrogatory.

Question by Mr. Verplanck. Are not loans upon the security of good stocks considered as safer investments than ordinary business paper, and preferred by banks as such?

Answer. Some banks are not in the habit of granting large loans upon stocks, believing that the interests of the bank and the community are better promoted by confining themselves chiefly to the accommodation of their commercial customers. I believe, also, that banks in general, in Philadelphia, are not in the habit of making large loans upon stocks, or to those operating in stocks at a period of commercial pressure or embarrassment. When banks have funds unemployed after accommodating their commercial customers, I believe they generally are willing to make discounts on the security of stocks.

Question by Mr. Verplanck. Has the bank any general rule as to the rate at which stocks shall be received as security?

Answer. I do not know of any rule. I have no doubt there is, but I have no knowledge of it. A considerable portion of those stock loans are made by the exchange committee, and are not submitted to the board, in the first instance. The books in which they are contained is laid on the table at the next meeting of the board.

Question by Mr. Wilde. Was the interest on the loan on stocks the same as the interest on commercial loans?

Answer. I do not know. I believe it was.

Question by Mr. Polk. Have any editors of newspapers received accommodations in loans or renewals during the year 1832, without furnishing the description of security which would be required of merchants, and, in some instances, whilst they stood charged as overdrawers, or were under protest?

Mr. Ingersoll objected to this question on the ground of its enlarging the inquiry beyond the subjects referred to the committee.

The putting of this question, was then, at the instance of Mr. Verplanck, postponed for the present.

Question by Mr. Verplanck. Has not the bank at this time considerable funds in the hands of its agents in England and France, and do you think that the bank has now any large debt due abroad?

Answer. The management of the exchange operations of the bank having been under the direction of the exchange committee, whose proceedings have not generally been submitted to the board, I am not acquainted with the actual amount of the credit of the bank in Europe, excepting as presented by the statements of the general account of the bank laid on the table on discount days. That amount I suppose the committee have before them in the monthly statements. The President recently, in his communications to the board, referred to the stocks postponed or arranged, (he did not explain what he meant by these terms;) and my understanding was, that stocks postponed by agreement, were those of which the certificates could not be obtained. What I understood by the term arranged, had reference to a negotiation which the bank might have made—the creditors taking the responsibility of the bank or its agent for the ultimate payment instead of the Government.

Question by Mr. Verplanck. Have you any, and what evidence to induce you to believe that such an arrangement has been made, and is now in force?

Answer. I can tell the committee what induces me to believe such an arrangement has been made, but I have no evidence. The reasons I have for coming to that conclusion are, that the large balances which now appear to the credit of the bank at home and abroad, were not, in my opinion, derived, exclusively, from the regular income of the bank, or the curtailments of the discounts.

FEBRUARY 9, 1833.

John McKim, jr., sworn, and testified as follows:

Question by Mr. Verplanck. Were you a director of the Bank of the United States during the last year?

Answer. I was.

Question by Mr. Verplanck. What do you know respecting the arrangements respecting the United States' three per cent. stocks?

Answer. I reside in Baltimore. At the meeting of the directors on the 20th day of November last, the President stated to the board what had been done in relation to the arrangement for the three per cents. He read the letters that had passed between himself and the Secretary of the Treasury. He stated that he expected the principal part of the certificates would be in the month of January; and I believe they are now all in excepting about nine hundred thousand dollars. I was present at the meeting of the board in July last, called for the purpose of declaring the dividend. The mission of Gen'l Cadwallader was then mentioned at the board, but I did not consider the mention of it as official: the precise object of his mission, I do not think, was mentioned; no particulars were mentioned. I however understood that it had relation to the three per cents. The subject was casually mentioned, but was not brought before the board for their sanction or of-

cial action at that time. Some transactions are considered as secret or confidential till they are finished or consummated: this has been usual in all the banks I have been concerned with. When such things are finished, the directors are then informed of them by the President. Under the administration of Mr. Cheves, he communicated to the board that the Government were about to order the redemption of a portion of the public debt, and that there would not be funds to do it; that some thing must be done by the bank to assist the Government in raising the money. There was a secret committee appointed by the President on the subject, but not while I was present: I have however seen it on the records of the bank. Mr. Cadwallader was then sent to Europe on a mission relative to the affairs; and he received his instructions from this committee. His mission, and the object of it, was kept secret till he had accomplished the purposes for which he was sent, when it was communicated to the board by Mr. Cheves. Mr. Cadwallader, on the occasion of which I am speaking, (this is under the Presidency of Mr. Cheves,) effected a loan with the Messrs. Barings; which loan was advanced by the bank to the Government.

Question by Mr. Gaither. Was the late mission of Mr. Cadwallader superinduced by the necessities of the Government, as in the case of the mission of the same gentleman during the Presidency of Mr. Cheves, to which you have just referred in your answer to the last question?

Answer. I do not know that the late mission of Mr. Cadwallader was occasioned by the necessities of the Government, or that the necessities of the Government had any thing to do with it.

Question by Mr. Verplanck. You state that you understand that the three per cents., except about nine hundred thousand dollars, have been received. Was this amount of debt paid by the funds of the bank, without contracting any new debt abroad?

Answer. To the best of my knowledge, it has been paid without contracting any new debt abroad. My opinion is, that there was money enough in the hands of the Barings, and that there are yet funds in their hands.

Question by Mr. Verplanck. Has or has not the bank, at this time, considerable funds in the hands of its agents in England and France; and do you think that the bank has now any large debts due abroad?

Answer. The bank has funds in the hands of its agents in England. I know of no large debts owing by the bank abroad.

Question by Mr. Verplanck. It has been suggested that an arrangement for a new loan has been effected in England, with a view to the redemption of the three per cents. Have you any reason to believe that such is the case?

Answer. I have no knowledge of any such arrangement, and do not believe that any such arrangement has been made.

Question by Mr. Verplanck. Have you any reason to doubt whether the mass of the bills discounted at the bank and its branches, on personal security, is in general safe?

Answer. I do not know further than Baltimore is concerned: there, I believe, such bills are in general safe. My residence at Baltimore, and the infrequency of my attendance at the board in Philadelphia, is the reason why I cannot give an answer generally to this question.

Question by Mr. Gaither. Was there, during the last year, at Baltimore, any unusual pressure on that class of merchants who usually pay the Government duties on importations?

Answer. Not that I know of.

FEBRUARY 11, 1833.

Richard Willing sworn, and examined as follows:

Question by Mr. Verplanck. Are you a director of the Bank of the United States, and how long have you been a director?

Answer. I am a director, and this is the ninth year of my service. I have always been a director on the part of the stockholders.

Question by Mr. Verplanck. What do you know respecting the arrangement of the United States' three per cent. stocks?

Answer. I was not a member of the exchange committee last year, but am now a member of that committee. At a meeting of the board in March last, Mr. Biddle, the President of the bank, notified the board that it was the intention of the Government to redeem the three per cents., and suggested that it might be necessary for the bank to make arrangements to be prepared for that occurrence. The board passed the resolution, which you have seen published in the proceedings, giving authority to the exchange committee to adopt measures to meet the contemplated redemption. The President of the bank is, *ex officio*, a member of that committee, and its president. I knew nothing of the precise objects of Gen. Cadwallader's mission, till it was suggested to me out of doors that it related to three per cents. A meeting of the board was held in November last, at which the non-resident directors were invited to attend. Mr. McElderry, of Baltimore, a Government director, desired to know what had been done with respect to the three per cents., and said that he had heard the bank had interposed obstructions to their coming out from Europe. The letter book was then produced, and the correspondence upon the subject was read. Mr. McElderry, and Mr. Campbell, another Government director, then said that they had understood the matter differently. The proceedings of the exchange committee, upon the subject, did not come to my knowledge, officially, till January last. The proceedings of the exchange committee, on matters such as this, are not reported till the completion of the business referred to the committee. In the interim, the other members of the board of directors do not know more of the nature of the operations than other persons.

Question by Mr. Gaither. Was the Government funds in deposit in the bank, ample to meet the intended payment of the public debt on the 1st July and October last?

Answer. I don't know: but I suppose if all the revenue bonds, on deposit, falling due within the period, had been paid, the funds would have been sufficient, but there was great doubt whether these bonds, falling due between July and October, would be paid, on account of the prevalence of the cholera. With regard to the payment falling due in July, I presume the cholera did not operate. With regard to the payment in July, in consequence of the pressure on the western branches, and the difficulty of withdrawing funds from that source, it was desirable to postpone that payment to the 1st of October.

Question by Mr. Ingersoll. Did you distinctly understand the proceedings of the board of the 13th March, as authorizing the exchange committee to defer, or postpone, if necessary, a part of the three per cents.?

Answer. Undoubtedly; to obtain a postponement, with the consent of the Treasury Department.

Question by Mr. Gaither. Did you understand the necessity of that postponement to arise from the inability of the Government to make the redemption at the intended time?

Answer. No, sir; nor did it arise from the inability of the bank to comply to the fullest extent, but it would have occasioned a heavy pressure on the western branches, already oppressed, and unable to pay promptly, but they are now in a better situation than they have been since the establishment of the institution.

Question by Mr. Ingersoll. After notice of the intended payment of any portion of the public debt, is it not a common practice of the bank to advance the money to the holders of the certificates, before the pay day, deducting the interest?

Answer. Invariably, sir, when the six per cents. were ordered to be paid off: the bank did not take the six per cent., but took five or five and a half.

Question by Mr. Alexander. When did you first know of, or learn the arrangement between General Cadwallader and the Messrs. Barings?

Answer. The first official information I had was in November, at the meeting of the committee on the offices, and the non-resident directors, but then the whole of it was not detailed. It was not till January, upon the receipt of the letter of the chairman of the committee, at which time I was a member of the committee of exchange, that I became possessed of a full knowledge of the whole transaction.

Question by Mr. Verplanck. Have you any knowledge of any arrangement made by the bank, or any committee, or officer thereof, for the postponement of any portion of three per cents., other than the arrangement made in London? If so, state the amount, when the arrangement was made, and by whom, and with whom.

Answer. I know of none, nor do I believe there is any. I think such an arrangement could not be made without my knowing it.

Question by Mr. Verplanck. Was the amount of the three per cents., of which certificates have been presented, paid by means of any new debt contracted by the bank in relation thereto?

Answer. Not that I know of, or believe.

Question by Mr. Verplanck. Has the bank now any large amount of funds in Europe in the hands of its agents in Europe, or does it owe any large amount of debt there?

Answer. The bank now has in Europe, and on the way to Europe, funds to nearly the amount of five millions of dollars, less the amount of the three per cents., purchased and postponed by the Messrs. Barings. The bank does not owe a farthing, I believe, in Europe.

Question by Mr. Polk. By Mr. Cadwallader's contract with the Barings, the bank obtained a loan of five million of dollars, a part of which was to consist of three per cent. stock deferred or purchased, and for the balance of the five millions the bank was authorized to draw upon the Barings. Will you state whether this loan, or the amount thus advanced by the Barings to the bank, in stocks, purchased and deferred, is now a subsisting debt against the bank, or has it been paid by the bank? If so, when, in what manner, and out of what means?

Answer. I consider the bank as not indebted a cent to the Barings. The one million seven hundred and odd thousands purchased by the Barings, and charged to the bank, is covered by the balance of upwards of \$3,000,000 in the hands of the Barings, and the \$1,800,000 remitted to the Barings and Hottinguer and Co., since the first of February instant. These two sums, I consider would more than cover the claims of the Barings against the bank. The balance in the hands of the Barings, to the credit of the bank; a bill for

a million, purchased of Mr. Ward, and a bill purchased from the Secretary of the Treasury, of about eight hundred thousand dollars, constituted the means by which the bank reimbursed the Barings.

Question by Mr. Polk. How and out of what means was the bill purchased from Mr. Ward and others, constituting the remittances to Europe, paid for by the bank, or were they purchased by bills drawn by the bank on its branches, which have not yet arrived at maturity, and have not yet been paid?

Answer. I don't know, but I suppose it was by a draft, at sight, upon New Orleans. What I have stated upon this subject is derived partly from my own impressions, and what I have heard from others.

FEBRUARY 12, 1833.

Matthew L. Bevan sworn, and examined as follows:

Question by Mr. Verplanck. Are you a director of the Bank of the United States, and how long have you been a director?

Answer. I am a director of the Bank of the United States, and this is the sixth year of my service. I am a director on the part of the stockholders.

Question by Mr. Verplanck. Are you now, and were you last year, a member of the exchange committee?

Answer. Yes, sir.

Question by Mr. Verplanck. What do you know respecting the arrangement of the United States' three per cent. stock?

Answer. I am fully advised of all the arrangements in relation to that matter, having been present when the incipient measures were taken in relation to it. I think it was about the 13th March that the first action of the board, in reference to the three per cents., was taken; and it was deemed advisable to adopt some measures in relation to the payment of the public debt, consisting principally of three per cents., which, it was understood, the Government meant to pay off in the current year; so that the withdrawal of such a large amount of funds might affect the community in the least possible manner. It was at this meeting of the board, that is, the 13th of March, full power and authority was given to the exchange committee to adopt such measures in reference to said payment as would prevent a great shock upon the commercial community of the country. In pursuance of that authority, and the objects committed to the exchange committee by the board, they made the arrangements in relation to deferring the payment of a portion of the said three per cent. stocks. It was not, however, until the early part of July, that the committee thought it proper to depute an agent to proceed to Europe, to endeavor to make an arrangement; and that, in consequence of an alarm pervading our city, and, indeed, most of the cities on the sea-board, from the ravages of the cholera, which mainly induced the committee to enter into that negotiation; fearing a continuance of the cholera, together with the large abstraction of funds, might produce great commercial distress. General Cadwallader sailed, I think, in the latter part of July, for Liverpool, with a view of complying with instructions, which are already published, to effect a deferment with the European stockholders of the three per cents., not exceeding five millions. He did succeed by Messrs. Barings purchasing, I think, about \$1,700,000, and deferring about \$2,600,000, as nearly as I can recollect, without having the precise amount about me. Finding, in October, that the cholera was passing away

without affecting so destructively, as was at first apprehended, that there would be no necessity, either for the convenience of the bank, or the entire accommodation of the community, they had instructed their agents that the bank desired to have an immediate settlement for all the certificates which had been purchased or deferred: acting upon that, the agents of the bank have been sending the certificates forward with all the despatch in their power, as this deponent believes; so that, at the present time, he presumes there is less than one million of the deferred stocks outstanding; and which he presumes will all be in and paid within the present month.

Question by Mr. Polk. Was the object of the proceedings of the 13th March, to which you have referred, and which appear published in the public documents, submitted to the board orally by the President, or in writing; and, if orally, by whom, and when were they reduced to writing?

Answer. They were orally submitted by the President, and reduced to writing by the cashier, on the minutes of the proceedings of the board on that day.

Question by Mr. Polk. At that meeting of the board, of the 13th March, was a loan or postponement of the three per cents., to the amount of five millions, discussed before the board of directors; and was the committee of exchange directed or authorized by the board to effect such loan or postponement with the holders abroad; or did the proceedings have reference to anticipating the payment of about \$1,800,000, with the agent or agents of foreign holders residing in New York? and, if the latter, state the propositions made by the bank to said agents; when made, and what was done in relation thereto.

Answer. There was no particular discussion, but there was a full statement made by the President of what might be deemed necessary; upon which the whole subject, both as to anticipating any portion, or deferring any portion, as the committee might, in a sound discretion, believe to be for the public good, was referred to the exchange committee; and so full and distinct is my recollection, that there was no doubt on my own mind, as one of the exchange committee, of the fullness of the powers given to the committee, which induced the action in relation to that matter; and which is now before the public and this committee. The committee were fully authorized to do all they have done, both in anticipating and deferring, either with the local or foreign holders. It had no exclusive or particular reference to the payment of \$1,800,000 held by an agent in New York for a foreign house; and, if that were mentioned at all, it was only incidental. There was some correspondence, I think, in relation to the subject with the agent in New York; and, if my recollection serves me, nothing was done with that agent towards anticipating or deferring any portion of which he had the control. I think the proposition was to defer the portion of which it was presumed Mr. Ludlow, of New York, the agent of foreign holders, would have the control; but nothing was done with that agent, that is, I have no recollection of it. I have no distinct recollection of dates, but I think the proposition was made soon after the 13th March. The correspondence upon this branch is doubtless at the bank.

Question by Mr. Polk. You state that, according to your understanding of the proceedings of the 13th March, the exchange committee was authorized to do all they have done in relation to the three per cents.: will you state whether your recollection be distinct, that any proposition was made or considered by the board at that meeting, which went to authorize a loan of five millions for the bank, or a postponement of three per cents. to that amount?

Answer. Yes, sir, to go to any extent that should be necessary—not five millions alone, but ten millions, if it had been necessary to go to that amount—though there was not that amount: yet, I mention it merely to show the entire authority delegated to the committee by the resolution of the board.

Question by Mr. Verplanck. Has any arrangement been made by the bank or the exchange committee for the postponement of any portion of the three per cents., other than those in London? If so, state the amount, with whom, and when made.

Answer. I have no recollection of any. If there had been any, I think I have the means of knowing. I am pretty certain there was not. The reason why a portion of the debt in this country appears to remain unpaid is, in my opinion, that the agents who hold the certificates have no power of attorney to receive the money upon the certificates which they hold. There may be another reason, which is this, that the holders prefer to let the matter remain as it is until a favorable opportunity offers of re-investing the money. This is the case with respect to a large sum of the six per cents., which were due and payable four years ago. They are uncalled for to the present day.

Question by Mr. Verplanck. Was the amount of the three per cents., of which certificates have been presented, paid by means of any new debt, contracted by the bank for that purpose?

Answer. No, sir; their own funds, in the hands of their agents, were ample to meet all which the bank or its agents had purchased or deferred.

Question by Mr. Verplanck. Has the bank now any large amount of funds in Europe, or in the hands of its agents in Europe; or does it owe any large amount of debt there?

Answer. It owes no debt whatever abroad: on the contrary, has at least a million of dollars to its credit, over and above all the three per cents. purchased or deferred.

Question by Mr. Verplanck. The Committee of Ways and Means have received from the bank a report of the committee of exchange, to which your name is signed as chairman, and which is now exhibited to you, marked (Aa.) Are the facts therein stated, to the best of your knowledge and belief, correctly stated?

Answer. Yes, sir; to the best of my knowledge and belief they are correctly stated. If there be any error of fact, I will endeavor to ascertain it, and point it out to the committee hereafter.

FEBRUARY 14, 1833.

Mr. Bevan, in continuation.

In further answer to the last interrogatory propounded yesterday, I beg leave to state that, in the manuscript report, to which reference is made, the losses at the branch in Lexington is stated at \$27,711 87. There is an error in copying; it should be \$36,486 87, making the aggregate of losses at the western branches \$68,918 09, instead of \$60,143 09, stated in the manuscript report.

Question by Mr. Gaither. What are the duties of the exchange committee, and does that committee report regularly to the board of directors all their transactions?

Answer. The duties of the exchange committee are, to purchase bills both foreign and domestic, and, in the absence of the board, they are authorized to discount domestic bills on any part of the United States. They

report, on the books, all their doings daily. The aggregate of foreign bills are entered in the general account of the bank, which is always open to the inspection of every director, so that the board can see at any time what the exchange committee are doing, by an examination of the debit and credit on the books. In relation to foreign bills, the *details* of the operations of the committee do not appear, but the aggregate of each day's purchase or sale only is entered. The reason of this is, that, to expose these details, might produce competition, which would be injurious to the interests of the bank, and, it is believed, would not be beneficial to the community. The domestic bills are entered daily in detail,—the drawer, endorser, and payer, the amount, when and where due, are all entered, with the discount and all particulars.

Question by Mr. Gaither. You say in your report, an entirely new element is introduced into our money system by the extinguishment of the public debt. Will you please state what this new element is?

Answer. The reason, first, that I assign, is the fact that it is new in the experience of governments to pay off their entire public debt, and a radical change is thereby produced in systems which generally pervade the permanency of public credit—this also, consequently, produces a new action in the dissemination of funds of large amount heretofore known only theoretically.

Question by Mr. Alexander. Have you any prescribed rules regulating the conduct of the exchange committee?

Answer. There is none that I recollect defined, other than those which men, feeling an interest in the bank and in the public good, would be governed by.

Question by Mr. Gaither. Was it not the object of the resolution of the 13th March to postpone the payment of a portion of the three per cent. stocks beyond the period which might be fixed upon by the Government for their payment?

Answer. Yes, sir; the object was, if it should be necessary, to defer the payment of a portion, but not to defer the certificates—the holders of the certificates to surrender them up to the Government, and to take the bank instead of the Government for the debt. This operation was of course to be by the consent of the holders of the certificates.

Question by Mr. Gaither. Had the Government expressed or intimated a wish or desire that the bank should make such an arrangement?

Answer. According to my understanding, the Government had doubts of having a sufficiency of funds to meet the entire payment, and that it would be agreeable to it, that the bank would hold back such certificates as it might have the control of, to meet any such contingency; for confirmation of which, I would respectfully refer the committee to a letter of the Hon. the Secretary of the Treasury, of the 19th July, 1832, directed to Nicholas Biddle, President of the Bank of the United States.

Question by Mr. Alexander. Was the mission of Mr. Cadwallader made in pursuance of the request contained in that letter, and the object therein expressed?

Answer. The mission of General Cadwallader was mainly owing to that understanding of the wish of the Government, and to enable the bank more effectually to sustain the credit of the community, under the circumstances referred to in a previous part of this testimony.

Question by Mr. Gaither. Was not the Government wholly uninformed of this proceeding?

Answer. I do not know personally whether the Government was or was not informed of it. I presume the Government was not so informed,

because his mission was not designed to interfere with any of the rights or interests of the Government.

Question by Mr. Gaither. Did any portion of the community solicit this step from the bank?

Answer. Only by a general application for more extended accommodation, which the bank was always disposed to extend, as far as its own safety and what it deemed the interest of the community, demanded.

Question by Mr. Gaither. Had the cholera then made its appearance in the United States?

Answer. It had. It was in New York, and had just at that period appeared in Philadelphia, though in this latter city a few isolated cases had occurred at the time, but great consternation prevailed.

Question by Mr. Gaither. At what time did the exchange committee determine to send General Cadwallader to England?

Answer. It was a very few days only before he sailed.

Question by Mr. Gaither. Was not this course suggested by the President of the bank, and by him only?

Answer. I do not distinctly recollect whether the President first suggested it or not, but it was agreed to by the committee unanimously. There seemed to be but one feeling in all the members of the committee of the propriety of the course.

Question by Mr. Gaither. In your report you say that, in the mean time the Treasury Department applied to *the bank* for its opinion as to the expediency of making a payment of six millions on the 1st July, &c. What do you mean here by "the bank?"

Answer. I think, since I have had the honor to be a director of that bank, and to be a member of the exchange committee, it has been the invariable practice of the Treasury Department to consult the bank, when the Government was about to pay off any portion of the public debt, to see how far the intention of the Government could be carried out without affecting the general interest and credit of the community—having a paternal regard for those great interests, and so to regulate it as not to affect their ultimate design in giving the bank all necessary time so to shape its accommodations as to have the least possible injurious effect.

Question by Mr. Gaither. It was declared, in your report of the 27th of July, that the bank must obtain means to meet the contemplated payment, by the Government, during the year, of more than \$15,000,000, from the means then employed in its active business. It appears that its whole reduction of loans since May last does not exceed \$9,000,000, and the actual command of available funds, applicable to any object, does not exceed two millions. In what manner has the bank provided for the deficiency?

(The witness here stated that he had no distinct recollection as to the facts as set forth in this interrogatory, and requested that the report alluded to might be handed to him. The report not being at hand, the answer was waived for the time, and the interrogatory was not, subsequently, pressed or referred to.)

Question by Mr. Gaither. Was the opinion of the board of directors ever asked or taken with respect to Gen'l Cadwallader's mission. If so, in what manner, or in what shape?

Answer. I have answered with respect to the facts involved in this interrogatory, in the answer I have given to an interrogatory put to me in a previous part of this examination.

Question by Mr. Gaither. The Acting Secretary of the Treasury, in his letter to N. Biddle, esq., marked "confidential," dated 24th March, 1832, says, "if any objection occurs to you, either as to the amount, or as to the mode of payment, I will thank you to suggest it." Do you understand that it was the opinion of the bank, or of Mr. Biddle, that was solicited?

Answer. I think it was Mr. Biddle's opinion that was solicited.

Question by Mr. Gaither. Do you understand that the Acting Secretary wanted the opinion or the advice of the bank, or of Mr. Biddle, in reference to the management of the Treasury Department; or that the possible objections referred to belonged exclusively to the bank?

Answer. I can only say that it would be presumption in me to answer in relation to Mr. Dickens' views. I have no idea there was any design in Mr. Biddle or the bank interfering in the proper duties of the Treasury Department. The opinion solicited by the Acting Secretary was solely in regard to the effect which the measure would have on the accommodation of the public.

Question by Mr. Gaither. Had the Treasury, in fact, any objections to the proposed payment on the 1st July, 1832, so far as you know, other than those raised by Mr. Biddle or the bank?

Answer. I presume that the postponement, to the 1st October, was conceded by the Secretary of the Treasury, at the solicitation of the bank, with a view that the bank might not press hard upon its debtors, or lessen its accommodation to them, and for which period the bank allowed the Government the interest.

Question by Mr. Gaither. In your report, you set forth the means accumulated to meet the payment of the public debt, on the 1st October last, in Philadelphia, New York, and Europe, at \$8,462,000, when the debt to be paid was \$8,634,988 37, and say, in that State, the bank, had it consulted only its own interest, would have been perfectly passive, since it was perfectly at ease. You then advert to the communication with the Treasury in July, and the prevalence of the cholera at that time, as the reasons for the mission of Gen. Cadwallader to Europe, and his arrangement with the Baring's. Will you please to explain how the condition of the bank in October could have been known so as to influence its policy in the preceding July?

Answer. By the measures early adopted in reference to those payments, in concentrating its means to points where payments were to be made, it was found, by the 1st of October, that their means were deemed ample without distressing their debtors by further curtailments.

Question by Mr. Gaither. Did not the proceedings of the board of directors, on the 21st September and 4th October last, authorize a relaxation in the policy, and authorize certain offices to check freely on the bank, as heretofore, have their origin in a knowledge of the arrangement having been made by Gen. Cadwallader in London?

Answer. I believe not; I have no distinct recollection that, as early as the 21st September, any communication had been received from Gen. Cadwallader. The change in the arrangements of the bank arose entirely from the previous preparation, and from all alarms from the cholera having then subsided. Information of the arrangement made by Gen'l Cadwallader was received, I think, some time in October.

Question by Mr. Verplanck. Is there, to your knowledge, any large proportion of the bills discounted by the bank on personal security, of the kind commonly called accommodation paper, which is done with a view to a renewal for any length of time?

Answer. No; there is some accommodation paper, but it is at the pleasure of the bank: there is no stipulation for a renewal. The branches have always been instructed to avoid giving such accommodation. I do not believe that the amount of such paper is ten per cent., on the amount of paper discounted by the bank and its branches; and what there is of such paper, as far as my knowledge goes, is among the paper of the best description which the bank holds.

Question by Mr. Verplanck. Of the amount of domestic bills of exchange, reported in the monthly statements of the year 1832, do you believe any considerable proportion to be of the character of accommodation paper, to be renewed by drawing and redrawing between the bank and its branches, or between the several branches?

Answer. If any, it must be of a very limited amount, because the directors discountenance and refuse, when they knew it to be such; and I presume the same course to be followed in the branches, which have instructions from the mother bank to guard against that description of paper.

Question by Mr. Verplanck. What means have the directors of the bank, at Philadelphia, to detect the practice of drawing and redrawing just referred to, if it should exist, between the branches, when carried to any extent?

Answer. By comparing the regular statements furnished by the branches, of all their dealings in exchanges. These statements are open to the inspection of any director who may choose to ask for, or examine them, as indeed are all the books of the banks—the private accounts of individuals only excepted.

Question by Mr. Verplanck. Are the returns for the branches to the mother bank of such a nature as to enable the directors, or any one of them, to form a correct judgment of the character of the discounts of the several branches; as, for instance, whether any large amounts of the discounts at any one branch consisted of accommodation paper regularly renewed?

Answer. Yer, sir; a director may ascertain that, if he will take the time to investigate the different returns, and compare them, he can ascertain what is accommodation paper, and what portion is business paper, or nearly so. I have, with others, made such examination of the returns for branches, for the purpose of ascertaining the nature and character of many debts that have excited suspicion, from which enquiries have gone to the branches from the mother bank, requesting a particular examination into such debts as were deemed too high.

Question by Mr. Ingersoll. Are not loans on good stock security considered as among the safest transactions of the bank?

Answer. Yes, sir; and it is always desirable to get them to any extent, when the funds of the bank will admit of it without encroaching upon the usual accommodations and facilities to the regular customers of the bank.

Question by Mr. Alexander. You state that the exchange committee has the power to grant discounts; by which I suppose you mean business and accommodation paper?

Answer. The board have delegated by resolutions, repeatedly, authority to the exchange committee to discount in the absence of the board, business paper and domestic bills of exchange; but the committee only exercise the power so far as discounting domestic bills, and on stock, and such business paper as may be thought necessary to secure a doubtful debt due the bank.

Question by Mr. Alexander. Are the rules or by-laws, No. 12 and 16, which are in the words following, now in force: "Article 12. There shall be at least one discount day in each week, when the directors shall be assem-

bled; a majority of the members shall be required to form a quorum, except for the purpose of settling discounts, for which five shall constitute a quorum; and no bill or note shall be discounted, the unexpired term of which exceeds sixty days."

"Article 13. Upon each application for discount, every director who may be present shall be held to give his opinion for or against the same; and no discount shall be made without the consent of three-fourths of the directors present; and all notes and bills discounted shall be entered in a book to be called "*the credit book*," in such manner as to discover to the board, at one view, on each discount day, the amount which any person is discounting, or is indebted to the office, either as payer or endorser." If these rules be in force, how do you reconcile such discounts as you have mentioned by the committee of exchange with them?

Answer. Because they are all submitted to the board, and there is no discount done which is not submitted to the board at the subsequent day for their concurrence.

Question by Mr. Verplanck. On what is founded the estimate of the value of the real estate and banking houses, which appear in the monthly statements?

Answer. The estimates are always revised previous to a dividend, and the actual value at the time is the amount which is carried into the account.

Question by Mr. Verplanck. Have you any reason to doubt whether the mass of the bills, reported in the monthly statements, as discounted at the bank and its branches, on personal security, is good paper?

Answer. I have no doubt whatever that it is good paper, relying, as I do, upon the judgment and prudence of the directors of the branches. The cashiers of the branches are somewhat executive officers of the mother bank, and they are very particular in their reports to the bank upon this subject; and, previous to the declaring of a dividend, a committee is appointed at each branch to investigate the business, who scrutinize the debts, and report upon their character to their respective boards; and, upon these reports, the estimates are founded.

FEBRUARY 14, 1833.

Mr. Bevan, in continuation.

Question by Mr. Polk. On the 24th March, 1832, the acting Secretary of the Treasury notified the President of the bank of the intended payment by the Government, on the 1st of July following, of one-half of the three per cents. Did not Mr. Biddle, immediately upon receiving this information, come to Washington, and solicit the Government to postpone this intended payment from 1st July to 1st October?

Answer. Mr. Biddle came to Washington some time in the latter end of March, and an arrangement was made with the Government to postpone the payment to the 1st October, the bank agreeing to allow the Government the interest. I have no doubt the arrangement was made at the solicitation of the bank, because I recollect well it was a subject of conversation that a payment, at so short a notice, might produce serious distress upon the commercial and trading community.

Question by Mr. Polk. Was this application to the Government for postponement known to, or authorized by, the board of directors; or was it known only to the President and the exchange committee?

Answer. I think it was known to the board, and a suggestion made by

the President as to the propriety of the measure, though no formal vote, that I recollect, was taken upon it.

Question by Mr. Polk. At what time was that suggestion made by the President?

Answer. It was subsequent to the 13th of March: I do not recollect the precise day.

Question by Mr. Polk. What rendered this postponement so desirable to the bank at that time, as to induce the President to agree, as he did, to pay the quarter's interest in consideration that the Government would agree to the postponement?

Answer. The reason that operated on my mind, and the mind of the board, as far as I understand it, was, that, about that period, there was an immense drain of specie going to Europe; and a very heavy press and demand for money, which seemed to render it necessary to sustain the community, by extending the usual accommodation to the commercial and trading community, and not for any advantage or necessities on account of the bank itself.

Question by Mr. Polk. Did the appearance of the cholera, at that time, constitute any part of the reason, which rendered it necessary on the part of the bank to ask the postponement?

Answer. No, sir: The reason, simply, for the postponement, has already been stated in answer to a previous interrogatory.

Question by Mr. Polk. On the 1st July, were not the Government funds in deposit in the bank ample to meet the intended payment on that day, if no postponement had been made?

Answer. Not having examined the public account, I am unable to say what was the precise balance to the credit of the United States on that day, though I have no doubt of the fact; otherwise, I think the Government would not have asked, nor would the bank have paid, interest on the amount.

Question by Mr. Polk. You state that the postponement was desired by the bank to enable it to extend to the trading community the usual accommodations. Will you state whether, subsequently to that period to the end of the year, there was any extraordinary pressure on the mercantile community, especially upon the merchants owing duties upon foreign imports; and was there any extended accommodations to them, or were their accommodations curtailed?

Answer. There had been a very heavy press upon the community, which continued with more or less severity up to the beginning of October, and which was relieved by this arrangement with the Government, and other measures adopted by the bank, and I verily believe the Treasury was saved from heavy losses, which would have occurred if these measures had not been adopted and pursued. The accommodations were not curtailed, but extended as far as the bank could possibly do so, to preserve a sound state of currency. During this period, many of the State banks, particularly those in the city of New York, were large debtors to the bank of the United States; and, if the bank had called upon them to pay up their debts, there is no calculating the consequences, both as to the debtors to the Government and the debtors to the bank. It was believed that, if the bank had required immediate payment of the balances due it, there must have been a commercial distress produced thereby unparalleled in the history of the commercial credit of this country; and on those balances which were suffered to lie, the bank received no interest whatever up to the present day, as

is known to me, so that, in fact, the State banks had quite as much of the advantage of the public deposits, at that period, as the Bank of the United States under that state of things.

Question by Mr. Polk. Were not the loans to the community, between the 1st August and the 1st October, curtailed, and was not the curtailment principally at the principal bank at Philadelphia, and at the offices at New York, Boston, and Baltimore? and, if there was a curtailment, to what amount?

Answer. I think there was no systematic curtailment, but there was a diminution of the loans growing out of the resources of the bank, by the regular payment of a portion of its debts, but to what extent I do not recollect. The principal cause was the interposition of the bank in checking the exportation of specie, by purchasing bills themselves at a high rate, and selling them, as was done to a considerable extent, at ten per cent., thereby taking away all alarm, and restoring confidence in the commercial community.

Question by Mr. Polk. It appears by the report of the committee on the offices of the 27th July, 1832, that provision for the payment of the public debt would have to be made by the bank, out of its means then employed in loans to the community; it also appears that, on the 21st September, 1832, the President announced to the board the ample resources which had been accumulated to meet the payment by means of the policy which had been pursued for some time past; and a relaxation of the policy of curtailment was recommended and adopted. You have stated, in a previous answer, it had curtailed its loans to some extent: will you please state whether a part of the means which authorized and induced a relaxation of this policy, was not the arrangement made by Gen. Cadwallader in Europe, whereby the bank obtained the control of the amount of the three per cents. purchased or deferred by the Barings?

Answer. No, sir; it was entirely separate and distinct, having no knowledge of any proceedings of Gen. Cadwallader in relation to the objects of his mission.

Question by Mr. Polk. On what day did the bank receive Gen. Cadwallader's letter of the 22d August, or on what day did the bank receive the first information of the contract made by him with the Barings, and of its tenor and substance?

Answer. I do not recollect the day when the first advices from Gen. Cadwallader in relation to his proceedings, were received at the bank, but think it must have been some time early in October.

Question by Mr. Polk. At what date was the letter of the Messrs. Barings, of the 30th August, received by the bank or its President?

Answer. I have no recollection of the precise day, but think it was, also, early in October.

Question by Mr. Polk. State whether the exchange committee had any other information, and at what date of the contract, or its tenor and substance made by Gen. Cadwallader with the Barings, other than what is contained in the report of the bank to this committee?

Answer. I know of none other.

Question by Mr. Polk. Had the President or the exchange committee any intention to disavow General Cadwallader's authority to make the contract he did until after the appearance, in the New York papers, of the 11th or 12th of October last, of the circular of the Barings to the foreign holders of the United States' three 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. I never did see myself the notice referred to in the New York papers, but I 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, having been made under a misapprehension.

Question by Mr. Polk. Had the board of directors any knowledge of Mr. Biddle's letter of the 15th October to Messrs. Barings, disavowing the authority of General Cadwalader to make the contract which he had made, or of the alteration in its terms which was proposed by the President to the Barings in that letter?

Answer. I think the board had no knowledge of that letter, because it was the appropriate business of the exchange committee, delegated by the board to them; and, of course, they made no report until the consummation of the whole business.

Question by Mr. Polk. Was not the original appointment of General Cadwalader, and the whole arrangement made by him with Messrs. Barings, intended by the President and the exchange committee, to be kept a secret from the board of directors and from the Government?

Answer. As it involved no special interest of the Government, I conceived they had no more right to be consulted in relation to it than any other stockholder of the bank; and, as respects the board of directors, it was understood when the matter was referred to the exchange committee, that it involved business somewhat of a nature necessary to be kept secret; and, as is usual, it is not expected that such committee report until the conclusion of the business referred to it.

Question by Mr. Polk. Do you conceive that the Government had no interest in being informed of an arrangement intended to be made by the bank, whereby it would be prevented, and that by the interposition of the bank, from paying off its public debt at the time fixed by the Treasury for that purpose, and when the Government had deposited in the bank ample means for that purpose?

Answer. I do, most respectfully, deny any intention on the part of the exchange committee to protract or delay the payment of any portion of the public debt beyond that directly and expressly agreed with the Hon. the Secretary of the Treasury, from July to October, and that the contemplated deferment was that the bank should alone become responsible to the European holders of the three per cent. stock; and, so far from delaying the presentation of the certificates, they have been hastened by the interference of the agents of the bank in Europe, and will be in possession of the Government earlier than they would otherwise have been.

Question by Mr. Polk. If the bank was in a condition to pay out the public deposits in redemption of the public debt, why did it become necessary to send an agent abroad to procure, according to General Cadwalader's instructions, a postponement or deferment of the presentation of the certificates held abroad to the amount of five millions, for six, nine, or twelve months, beyond the period which the Government should fix for the payment?

Answer. The mission of General Cadwalader arose from no inability on the part of the bank to make any payments directed on the part of the Government, but solely, as I have before stated, from a desire to sustain the currency and commercial credit of the community, which [it was thought

would be deeply affected by the withdrawal of such large funds as would be due to European holders of the stock, and which, without the deferment, as contemplated by the bank, would, as I believe, have seriously affected the great interests of the country; for, without the additional payment of the three per cents. in Europe, there was already a drain of specie from the country to an alarming extent.

FEBRUARY 15, 1833.

Mr. Bevan, in continuation.

Question by Mr. Polk. Will you please state where the bank has obtained the means to pay off the amount of the public debt, to wit, between \$11,000,000 and \$12,000,000, alleged, in the report of the exchange committee, to have been paid, and particularly whether it has not, in fact, been effected, in part or in whole, by arrangements with the creditors or holders of the certificates, by which they have agreed to give up the certificates to the bank, and to receive the money from the bank at a future day?

Answer. The bank has paid out of its own resources all of the public stock which has been paid, as per the report of the exchange committee, and no part of which have I any knowledge of being finally deferred. The funds of the bank in the hands of their agents in Europe were found to be ample to meet all the stock that was contemplated to be deferred, and has since been paid, or directed to be paid, out of these funds in the hands of its agents in Europe; and, as far as I know and believe, there is not one dollar now due to any body on account of the stock originally contemplated to be deferred.

Question by Mr. Polk. State whether the certificates arrived, and arriving from England, are sent to the bank upon the conditions proposed by the bank in the letter of Mr. Biddle, of the 15th of October, disavowing General Cadwalader's authority; and, if so, upon which of the conditions stated in that letter, in whole or in part?

Answer. As it was left optional, by Mr. Biddle's letter of the 15th October, in them to choose their mode of reimbursement, no advices have, to my knowledge, been received from them in reply to that letter; at least none that I at present recollect.

Question by Mr. Polk. You state it was left optional with the Barings, by Mr. Biddle's letter of the 15th October, to choose their mode of reimbursement upon one or other of the conditions contained in that letter, and that no advices have been received from them which condition they have elected—will you state whether a part, or the whole, of the certificates which have been received have not been accompanied with powers of attorney to the bank authorizing it to receive payment for them, and surrender the certificates to the Government? Have the bank received payment accordingly as the agent of the foreign holders; and, if so, is the amount so received placed to the credit of said holders on the books of the bank, and is not the bank liable to them for the same?

Answer. I have no knowledge that any of the European holders have consented to defer any part, but am of opinion that the funds in the hands of the Barings have been applied to the entire extinguishment of all the certificates which have been transmitted through their hands to the bank; and that so far as the said certificates and the powers of attorney have been received, they have simply gone to the credit of the Barings against the funds belonging to the bank in their hands.

Question by Mr. Polk. If these certificates have been paid by the bank, and placed to the credit of the Barings against the funds of the bank in their hands, how does it happen that the balance of the funds of the bank in their hands remained undiminished, according to the monthly statement, on the 1st of January, or at the present time; or are those balances, in fact, diminished?

Answer. The balances in their hands will have been reduced by their debiting the bank for all the certificates they have paid by direction of the bank, and which will be evidenced when their account current is made up to the 1st of January; which account has not yet been received, as I believe.

Question by Mr. Polk. Does the bank owe to the Barings, or to any other person, for any portion of the three per cent. certificates which have been received, paid by the Government at the bank, and surrendered to the Government?

Answer. The bank, to my knowledge, does not owe to Barings, or to any other person in Europe, one dollar beyond the means in the hands of their agents in Europe.

Question by Mr. Verplanck. At the period referred to in a previous question, "when the balance of the funds referred to in the hands of the Barings remained undiminished," was, or was not, the bank still charged in the monthly statements of the same date with the sum for the redemption of the public debt covering the amount of the three per cents. arranged or purchased abroad?

Answer. Yes, sir; the bank was still charged: as the certificates were received and paid, the balance last charged will be diminished on the books of the bank; and, of course, the succeeding monthly statement will exhibit the diminution.

Question by Mr. Alexander. You state in your report, that, by the month of October last, that the bank had means fully adequate to discharge the whole amount of the funded debt payable at that period—from what sources was this accumulation of money derived?

Answer. They were acquired from the various resources of the bank, voluntary payment of loans, which were concentrated at the points where the public debt was to be paid.

Question by Mr. Alexander. The report states that there is an actual reduction of debt of three millions five hundred and thirty-two thousand one hundred and four dollars and ninety-three cents, in the five western offices in ten months, which was reinvested for remittance in bills of exchange—were not these bills discounted in the ordinary way of business, or what was the course of operation?

Answer. They were purchased or discounted in the ordinary way, I have no doubt.

Question by Mr. Alexander. How then does this actual reduction appear, if reinvested in bills of exchange?

Answer. It appears by the monthly statement in those offices, that the local debt had been reduced or changed into domestic bills, which is esteemed the most desirable and flexible debts of the bank.

Question by Mr. Polk. What compensation, and what amount for expenses, was paid to General Cadwalader for his mission, and by whose authority? Did the board of directors sanction or authorize it?

Answer. I think the compensation was five thousand dollars, which was paid him by an order of the exchange committee, under the powers be-

lieved to be delegated to that committee by the board, and which was revised and approved by the committee on the state of the bank, and which was also open to the inspection of every member of the board of directors. The compensation was not paid till General Cadwalader returned.

Question by Mr. Gaither. Please state whether the bank had a correspondence with the Barings, or any other foreign house or houses, in relation to making a loan prior to the departure of General Cadwalader—say between the 1st April and the 20th July?

Answer. None, that I have any knowledge of, except the correspondence, heretofore referred to, with Mr. Ludlow, of New York.

FEBRUARY 16, 1833.

Manuel Eyre, sworn, and examined as follows:

Question by Mr. Verplanck. Are you a director of the Bank of the United States? and, if so, how long have you been a director of the bank?

Answer. I was elected a director at the original organization of the bank, and have continued a director, with intermissions, till the present time. I am now a director on the part of the stockholders. During my service, I have repeatedly been a director on the part of the Government.

Question by Mr. Verplanck. Are you now, and were you last year, a member of the exchange committee?

Answer. I am now, and I was last year, a member of the exchange committee.

Question by Mr. Verplanck. The Committee of Ways and Means have received from the bank a report of the committee of exchange, of which you are a member, and which is now exhibited to you, marked (Aa.) Are the *facts* and *statements* therein exhibited correctly stated and exhibited, to the best of your knowledge and belief?

Answer. I believe them to be so.

Question by Mr. Verplanck. What do you know respecting the arrangement by the Bank of the United States of the three per cent. stock?

Answer. The facts stated in that report, relative to these stocks, I believe to be correctly stated. The motives which actuated the committee of exchange, in my own mind, were to benefit the Government of the United States and the mercantile community, that every facility might be granted which the circumstances of the country in our opinion required, arising from the alarm from the cholera. The bank itself was fully adequate to all the payments, in my opinion, which could arise from any balances due the Government. From July to October, the Bank of the United States gave an enlarged and increased accommodation to the banks in New York, a more particular view of which may be seen from an examination of the paper which I now hold in my hand, and which I will leave with the committee. This paper exhibits the weekly returns of the branch in New York to the mother bank, commencing on the 3d July, and ending on the 3d of October. It was handed to me by the cashier of the Bank of the United States, at my request, shortly before I left Philadelphia to come to this city, merely for my own information. This exhibit I believe to be correct.

(Bb.)

OFFICE BANK UNITED STATES, NEW YORK.

1832.	Discounts, p. security.	Domestic bills purchased.	Foreign bills purchased.	Due from city banks.	Totals.
July 3 -	4,735,484 09	585,935 96	357,431 95	592,077 90	6,270,929 90
" 11 -	4,744,523 54	564,742 06	366,184 59	629,516 11	6,304,966 30
" 18 -	4,867,823 26	569,374 38	265,147 31	446,274 74	6,148,624 69
" 25 -	4,992,629 55	575,454 54	199,941 65	344,131 62	6,112,157 16
Aug. 1 -	5,023,201 49	552,346 47	69,232 18	580,634 95	6,225,415 09
" 8 -	4,982,732 16	502,484 90	20,000 00	899,557 40	6,404,774 46
" 15 -	5,016,572 27	479,002 85	-	1,140,747 38	6,636,322 50
" 22 -	5,119,345 47	506,227 23	-	1,408,722 43	7,034,295 13
" 29 -	5,536,767 51	498,202 91	-	1,555,352 88	7,590,323 30
Sept. 5 -	5,672,585 02	549,552 32	-	1,704,919 01	7,927,056 35
" 12 -	5,921,120 20	596,484 24	-	1,587,661 34	8,105,265 78
" 19 -	5,967,124 10	643,161 70	-	1,684,209 24	8,294,495 04
" 26 -	5,956,389 47	688,384 11	-	1,922,903 36	8,567,677 94
Oct. 3 -	5,087,236 21	757,919 90	-	1,714,219 04	7,559,375 15

It was my firm belief that, if the Bank of the United States had not granted these accommodations to the banks in the city of New York, and extended its business in the purchase of bills and making discounts at the time the cholera was in New York, the merchants would not have been enabled to have met their engagements, and have paid their bonds for duties due the Government.

Question by Mr. Polk. On the 24th March, 1832, the acting Secretary of the Treasury notified the President of the bank of the intended payment by the Government, on the 1st July following, of one half of the three per cents. Did not Mr. Biddle, immediately upon receiving this information, come to Washington, and solicit the Government to postpone the intended payment from July to October?

Answer. I know that Mr. Biddle came to Washington soon after. I don't know that he made any solicitation of the Government, as mentioned in the interrogatory. I refer the committee to Mr. Biddle's letter to the Secretary of the Treasury, of the 29th March, 1832, in further answer to this question. I saw the letters of the collector of New York, soliciting further indulgence towards the merchants who had bonds to pay, referred to in Mr. Biddle's letter of the 29th March.

Question by Mr. Polk. When Mr. Biddle left Philadelphia for Washington, did you not know that the object of his visit was to ask of the Government the postponement of the intended payment from July to October?

Answer. I knew that that was the object of his visit; I understood that he brought letters to this city from some members of the committee of Congress then sitting in Philadelphia to investigate the affairs of the bank upon this subject.

Question by Mr. Polk. Can you state whether his visit to Washington, and the application to the Government for postponement, was, at the time, known to, or authorized by, the board of directors?

Answer. I do not recollect whether it was communicated to the board or not: it was known to me, as a member of the exchange committee.

Question by Mr. Polk. Did the appearance of the cholera in the coun-

try, at that time, constitute any part of the reason which rendered it necessary for the bank to ask the postponement?

Answer. Not at that time; but it was thought that, although the bank was fully adequate to the payment of the stock, it was promoting the interest of the commercial community who had bonds to pay, and it was promoting the interest of the Government also. Exchanges on England at that time being against this country, specie was going off in considerable quantities.

Question by Mr. Polk. If the bank was ready to meet the intended payment on the 1st July, what rendered the postponement so desirable to the institution as to induce the President to agree, as he did, to pay the quarter's interest, if the Government would agree to the postponement?

Answer. Because a great part of that debt was owned in Europe, and it would have the effect still further to increase the balance of exchange against us, and the bank could use the money to advantage, and pay the Government the interest beside, thereby creating no pressure upon the State banks in New York.

Question by Mr. Polk. Was there, from the 1st March, 1832, to 1st January, 1833, any extraordinary pressure on that class of merchants in the Atlantic cities who were indebted to the Government? and, if so, were any extended accommodations afforded to them by the bank?

Answer. I think the pressure was not as heavy on the east as on the west, at that time; and forbearing to take from the west enabled them to pay to the east, which otherwise could not have been done to the same extent. I do not recollect whether any increased accommodations were granted, at the time referred to, to the importing merchants. I think there was an accommodation granted by the free purchase of exchange, particularly foreign exchange.

Question by Mr. Polk. On the 1st July, were not the Government funds on deposit ample to meet the intended payment on that day?

Answer. I do not recollect, at this moment, whether the funds on deposit were ample for the purpose mentioned. A reference to the monthly bank statement will show.

Question by Mr. Polk. At the meeting of the board of directors on the 13th March, was a loan or postponement of the United States' three per cents. held abroad, to the amount of five millions of dollars, considered of, by, or discussed before, the board of directors? and did the board on that occasion authorize the exchange committee to effect such loan or postponement?

Answer. I should say that the resolution itself gave sufficient authority to the exchange committee to make all the arrangements the committee did make. They have made no loan whatever, to my knowledge; the bank had funds in Europe to meet all its engagements, besides a standing credit of upwards of two millions. So far as I can recollect, the postponement was mentioned or discussed at the board on that day. It is so long since, that I cannot pretend to speak positively. The record of the proceedings on the 13th March was read at the next meeting of the board, and was sanctioned.

Question by Mr. Polk. At what date did the President or exchange committee receive the first information of the contract made by General Cadwalader with the Barings, and of its tenor and substance?

Answer. I cannot tell the *exact* date. I think it was about the 1st October.

Question by Mr. Polk. Had the President and the exchange committee any intention to disavow General Cadwalader's authority to make the contract he did, until the appearance in the New York papers, about the 11th or 12th of October last, of the circular of the Barings to the foreign holders, informing them that they had the authority of the bank to negotiate a purchase or postponement?

Answer. I can say yes, positively; I recollect it perfectly well. When I first read the letter, I said it was not proper, and disavowed it.

Question by Mr. Polk. Why then was the disavowal postponed until Mr. Biddle's letter of the 15th of October?

Answer. I cannot answer this question further than saying, that the first time I saw the letter of General Cadwalader I disavowed it. Whether that was immediately on its arrival, or some time afterwards, I cannot now say, as I was frequently absent about that period. After the President received the agreement from the Barings, he disavowed it, as is stated in his letter of the 15th October to the Barings.

Question by Mr. Polk. State whether the certificates of the three per cents. arrived and arriving from abroad, are sent upon the conditions proposed by the bank in Mr. Biddle's letter of the 15th October? and, if so, upon which of those conditions, in whole or in part?

Answer. I am unable to say, as there may be different contracts with different people, according to circumstances; but I believe the Government will receive the certificates much sooner than it would have received them under ordinary circumstances.

Question by Mr. Polk. Has the bank paid the amount of the certificates received? or has it, as the agent of the foreign holders, received reimbursement for them, surrendered the certificates to the Government, and entered the amount thus received as agent, to the credit of the foreign holders, on the books of the bank? and, if so, does not the bank owe such amount to the foreign holders?

Answer. As it regards \$1,700,000, the certificates have been paid by funds in the hands of the Barings, and the certificates surrendered to the Government. As it regards the balance, I do not know, as the certificates have been principally forwarded since I left Philadelphia for this city, but suppose that, whenever the foreign holders have been willing to receive the money, it has been paid by the Barings out of funds belonging to the bank, the remittances having been lately very heavy to the Barings.

Question by Mr. Polk. Out of what resources have the bank obtained the means to pay off the amount of the public debt, alleged, in the report of the exchange committee to this committee, to have been paid? Has it been by diminishing its loans to the community, or has it not, in part, been effected by an arrangement with the public creditors, in which they have agreed to give up the certificates to be surrendered to the Government, and to receive the money from the bank at a future day?

Answer. Solely upon its own resources, founded upon the public receipts. In elucidation of the true condition of the bank, compared with other banks, I herewith present a statement which I have myself prepared from authentic public documents; by which it will be seen that the Bank of the United States is, and has for some time been, stronger than any other bank of the country, and as strong as any bank ought to be. (This statement is marked C C., and will be printed in this place.)

(Cc.)

BANK STATEMENT—1833.

Banks in Pennsylvania.	Capital.	Circulation.	Specie.
County banks - - - - -	3,795,253	4,583,160	930,611
City banks - - - - -	10,720,105	4,639,344	1,728,340
Total for Pennsylvania - - - - -	14,515,358	9,222,504	2,658,951
Banks of New York - - - - -	20,175,800	12,215,926	1,792,372
Banks of Massachusetts - - - - -	24,520,200	7,122,856	902,205
The whole number of banks in all the United States, (as stated in the report made to the New York Legislature, 31st January, 1833,) are 373, with 75 branches, having in all a capital of - - - - -	159,500,000	86,000,000	20,000,000
From which deduct the Bank United States and branches - - - - -	35,000,000	17,667,444	9,046,050
Leaving for all the State banks and their branches - - - - -	124,500,000	68,332,556	10,953,950
Bank of England's statement, made by Parliament in February, 1832, it appears— - - - -	Sterling. £14,553,000	Sterling. £18,051,710	Sterling. £5,293,150
• The pound sterling at five dollars - - - - -	\$72,765,000	90,258,550	26,465,780

It will be observed that the Bank of England has a circulation of eighteen millions sterling, with only about five millions sterling in specie. The Bank of the United States, with the circulation of about seventeen millions, has upwards of nine millions in its vaults. The Parliament of Great Britain represents the Bank of England to be in the most flourishing condition. The executive officers of our Government express doubts as to the solvency of the Bank of the United States.

Question by Mr. Gaither. Was you a director while Mr. Cheves was President of the bank?

Answer. Yes, I was, sir.

Question by Mr. Gaither. Was not all the business done by the board of directors under his administration?

Answer. The business was done upon the same plan in which it is now conducted—the same committees existed; but the business was not so extended as it is at this time, as the statements of the bank will show.

Question by Mr. Gaither. Were loans or discounts ever made or granted, to your knowledge, while he was President, excepting by the board of directors?

Answer. I do not recollect. I was sick for about two years of Mr. Cheves' administration, and not a member of the board, and cannot therefore speak positively upon this point.

Question by Mr. Verplanck. Have the directors of the mother bank full means of knowing the general character of the notes and bills discounted at the branches; and, if so, from your knowledge of the present state of the bank, do you believe the mass of the active debt at the branches to be good.

Answer. From the respectability of the presidents, cashiers, and board of directors of the offices, and the information we constantly receive from them, we are enabled to form a tolerably correct opinion of the solvency

of almost every trading man in the neighborhood of the branches. We have periodical statements from the offices, which show the whole transactions of the branches in detail. From all these sources, we receive such information as enables me to give it as my opinion that the paper now discounted at the branches is as sound and good paper as in any other institution in the community.

Question by Mr. Verplanck. Does any large portion of the discounts at the bank and branches consist of accommodation paper?

Answer. I do not think larger than usual in well conducted city banks; and what is of that character, I consider generally of a good character.

Question by Mr. Verplanck. Is there any account of the bills of exchange discounted or purchased by the bank, which consist of accommodation paper, produced by drawing and re-drawing?

Answer. I know of none. Such paper is not countenanced by the bank. As an illustration of the operation of exchanges, which show that such is not the case, I refer the committee to the following exhibit of the operations of the office at Nashville:

NASHVILLE OFFICE.

1830,	September, domestic bills discounted	-	-	162,908
	October, - - - - -	-	-	220,355
1831,	April, - - - - -	-	-	2,300,898
	October, - - - - -	-	-	366,512
	December, - - - - -	-	-	1,062,094
1832,	April, - - - - -	-	-	2,759,754
	October, - - - - -	-	-	503,234
1833,	January, - - - - -	-	-	2,049,612

FEBRUARY 19, 1833.

Asbury Dickens, sworn and examined, as follows:

Question by Mr. Polk. Did you, as the acting Secretary of the Treasury, on the 24th March last, address a letter to the President of the Bank of the United States, apprising the bank of the intention of the Government to pay off one half of the three per cent. stocks on the 1st July; and did Mr. Biddle, immediately upon receiving your letter, come to Washington, and urge the Government to postpone the intended payment from 1st July, to 1st October. Please state all that occurred upon that subject?

Answer. I wrote the letter mentioned in the interrogatory, and Mr. Biddle came to Washington as is therein described. He represented verbally, and upon grounds similar to those stated in his letter of the 29th of March, that it would be desirable to postpone the payments of the three per cents. for another quarter; and I think it was upon my suggestion that he put his representation in the form of a letter. His letter of the 29th of March was accordingly written, which, though dated at the bank, was written by Mr. Biddle at the Treasury. During the interview with Mr. Biddle, Mr. McLane, the Secretary, came to the department: he had been confined at his house from indisposition; and, as well as I recollect, he came out for the purpose of seeing Mr. Biddle. The postponement was again urged by Mr. Biddle, and upon grounds similar to those presented in his letter. Mr. McLane, however, did not at that time give any positive answer. I believe it was one or two days before the matter was finally settled; and the

consent of Mr. McLane was communicated to Mr. Biddle, through me, verbally, on condition that the bank should pay the quarter's interest which would accrue by the postponement. The application for postponement was on the part of the bank, and was granted by the Government, not because of any apprehension of a want of funds to meet the intended payment on the 1st of July, then next following.

Question by Mr. Polk. Was there any apprehension at the Treasury in July last, when the Government gave notice of the intended payments in October and January, that there would be any deficiency of funds in the hands of the bank to meet them; and state what occurred with the President of the bank in your presence upon the subject?

Answer. I think it was suggested by myself, that it might happen that there might not be funds quite sufficient in the bank, on the day on which the debt would be payable, to pay it; and I think I suggested at the same time, that, in that case, the bank would doubtless be willing to hold back any certificates it might have the control of, until the funds should come in. There was no formal agreement, to my knowledge, between Mr. McLane and Mr. Biddle, upon the subject; it was merely conversation. If there had been a probability of a deficiency of funds, the Government would not have issued the notice. I believe there were funds in the bank sufficient to redeem the debt on the days appointed for its redemption. On this point, however, exact information may be had by referring to the books of the Treasury.

Question by Mr. Ingersoll. If all the appropriations for the service of the last and preceding years had been paid, would there have been sufficient to have cancelled the three per cents. during the last year?

Answer. There would not; but, after satisfying all the appropriations, that were called for, there was enough. The entire appropriations for a year are never called for within the year.

Question by Mr. Ingersoll. Am I then to understand you as saying that it was intended to pay the three per cents. in part, with moneys that had been previously appropriated by Congress to other objects?

Answer. Not more than to pay for other objects, out of moneys appropriated to the sinking fund. All the appropriations do, in point of fact, stand on the same footing, but in point of principle it has been contended that the appropriations for the sinking fund, to the amount of ten millions, annually, are entitled to a preference.

Question by Mr. Ingersoll. During the past year, there was sixteen millions instead of ten, paid. Has it ever been contended that the payments beyond ten millions, in any year, have a preference over the ordinary appropriations of Congress?

Answer. I should think they would not be entitled to any such preference.

Question by Mr. Ingersoll. If the pensions granted by Congress by act of June last, to revolutionary soldiers, had been paid, could you have paid off the three per cents. also?

Answer. No payments of revolutionary pensions were deferred, to my knowledge. I can only state that no demand was made of any kind, for which there were not ample funds.

Question by Mr. Ingersoll. The Secretary of War estimates the sum of four millions as necessary to meet the provisions of the pension act of

7th June, 1832, for the first year. .If that sum had been actually paid, could you have paid the whole of the three per cents.?

Answer. From my recollection of the state of the Treasury on the 1st January last, I do not think that an additional payment of four millions for any object would have been made; but I am not aware of any estimate of the Secretary of War for that amount, as payable in 1832.

Question by Mr. Ingersoll. In the estimate of the Secretary of the Treasury, of about 5½ millions of unsatisfied appropriations, is the pension money, which will be payable under the act of June last, included?

Answer. If, by pension money, the four millions alluded to in the former question are meant, they are not included; they are embraced in estimates for 1833, in which year, according to the estimate of the Secretary of War, they will be payable.

Hugh McEldery sworn, and testified as follows:

Question by Mr. Polk. Are you a director of the Bank of the United States, appointed by the Government, and were you a director during the last year? If so, state what knowledge you had, if any, in July last, of the mission of General Cadwalader to Europe, to make an arrangement in regard to the three per cent. stocks held abroad; and if you had no knowledge of the mission, and of the objects of it, at the time, state when it came to your knowledge, and how.

Answer. I reside in Baltimore. I am a Government director of the Bank of the United States, and was also during the last year. I knew nothing of General Cadwalader's mission, or the objects of it, in July last. It was not mentioned at the board at any meeting at which I was present. The first intimation I had of it, was the appearance of the circular of the Barings in the newspapers, upon the subject of deferring the three per cents. held abroad.

Question by Mr. Verplanck. Were you a member of the committee on the state of the bank, appointed in November last? and, if so, did you concur in the report of that committee, as made November 23, 1832?

Answer. Yes, sir. I was a member of that committee, and I concurred in that report, as made. I suggested to the committee, before the report was made, other matters in relation to some large loans which I did not conceive to be well secured, and thought they should be put under curtailment, and other and additional security required. The answer of the President, and other members of the committee, was, that this was not the time for the transaction of such business. The committee was together a very short time; no documents were examined; but they were referred to in the statement of the President to the committee. Any member could have examined them if he had chosen. At the meeting of the committee, the President made a statement of the condition of the bank, and the report was made in accordance with it.

FEBRUARY 21, 1833.

Mr. John T. Sullivan appeared before the committee, and presented the following paper, as containing an exhibit of, and reference to, the documents upon which was founded his answer to the following interrogatory:

“Question by Mr. Verplanck. Has the situation of the bank, in regard to its extension of loans, and the power of reducing its discounts, altered since that period, so as to make the payment of the three per cents. more easy to the bank, or the dealers with it?”

And asked leave to amend his answer to said interrogatory, by adding the same thereto. The committee decided against his request, but ordered the same to be appended to the testimony taken in the case.

Mr. Sullivan's further Answer.

I further refer to the letters of the cashier, dated January 19th, 1832, (Bank Report, pages 516, 17,) to the cashier of the office at Savannah, in which will be found the following directions: "To the New York office you are considerably indebted, and we shall be glad to see you not only reducing that debt, but so shaping your business as to give additional reinforcements to that point of the establishment, when the state of the money market, combined with the demands of the public creditors, to whom a further payment of one and three quarter millions is to be made on the first day of April, occasions more pressure on our resources than is comfortable."

Another letter of the same date, to the cashier of the Charleston office, contains the following instructions: "We should be glad if you could gently reduce your discount line, which appears to be too much extended, and thereby throw a large amount of available resources into our hands, and into those of the office at New York. The pressure upon our resources at both points, arising from the state of the money market, combined with the heavy payments we have been making to public creditors, and are still to make on the first of April, to the extent of one and three quarter millions, renders it desirable that you should give your business, if possible, such a direction as to afford us all the assistance in your power."

I would also refer to the resolution of the board of directors, under date of 27th April, 1832, in which instructions are given to the "*several officers*" to use their best endeavors to bring their business within such limits, as to enable them to assist in placing the parent bank in a state of preparation to meet the views of the Government, as to the intended reduction of the public debt."

A letter from Mr. McIlvaine, dated Philadelphia, February 4th, 1832, to Mr. Benson, cashier of the office at Cincinnati, states: "Your business is larger, by about a *million* of dollars, than it was last year at this season, and the *circulation connected with it must press uncomfortably upon the institution in this quarter*, unless you take early means for restricting your loans."

Mr. Benson, cashier of the office at Cincinnati, under date of November 21st, 1832, says, "Our board are struggling to keep down the discount line, and we hope to be able to do so soon, *but at present it appears to be impossible.*"

The cashier of the Louisville office, on the 18th November, 1832, states, "That they do not hope to make any material diminution in their business for several months: *it may probably, for a time, be a little increased.*"

It would seem reasonable to conclude, that if "*the payment of one and three quarter millions*, to be made on the first day of April, occasioned more pressure on the resources of the bank than was comfortable," a further payment of 8,000,000 of dollars, on the first of October, was calculated to press with more severity.

This will appear more obvious from the proceedings of the board on the 27th of July, 1832, where we find that "*the provisions* for these payments (15,000,000) must be made by the bank out of its means now employed in loans to the community."

These proceedings of the board of directors—the instructions to the branches, urging them “to give *additional reinforcements*,” “and assist the parent bank,” by “affording all the assistance in their power;” and the answers from those offices, “that at *present it appears to be impossible* to reduce *their discount line*,” “that it may probably for a time be increased;” would seem to corroborate the opinion I have expressed, that the postponement of the public debt was produced by the extended operations of the bank, and by the difficulty of reducing its loans to the extent, and within the period designated by the Government for the payment of the three per cents.

A—1.

BANK OF THE UNITED STATES,

February 21, 1833.

SIR: I had, this morning, the honor of receiving your letter of the 18th instant, requesting, for the Committee of Ways and Means, “a copy of the correspondence which took place in March or April last, between the Bank of the United States and Mr. Ludlow of New York, or any other agent of the foreign holders of the United States’ three per cents., with a view to defer the payment beyond the period which the Government might fix for the reimbursement, and also copies of any proposition made to them by the bank upon the subject of the three per cents., and their reply.”

I have accordingly the honor of enclosing copies of all the correspondence with Mr. Ludlow, as well that in March and April, as at a subsequent period. It consists of letters from the President of the bank to Mr. Ludlow, dated March 13th and 19th, July 9th, 18th, and 23d, and of letters of Mr. Ludlow to the President of the bank, dated March 16th, April 5th, July 14th and 21st, 1832.

This is the only correspondence which took place on the subject, the communication with the other agent, alluded to in the report of the committee of exchange, being personal.

Very respectfully, yours,

N. BIDDLE, *Pres.*

HON. G. C. VERPLANCK,

Ch'n Co'lee Ways and Means, Washington.

A—2.

BANK OF THE UNITED STATES,

March 13, 1832.

DEAR SIR: I this day submitted to the board the subject of our conversation, when I had the pleasure of seeing you, and have received from them the necessary authority to act in regard to it. I shall, therefore, be happy to confer with you about it.

My present impression is this, that if your constituents wish it, when the time arrives for the payment of their stock by the Government, the bank will engage to let it remain for a year, and pay the same interest, three per cent., which they have hitherto received. If this arrangement is satisfactory to

you and them, we can at once conclude it, whenever you feel authorized to consent to it. You will have the goodness to consider this proposal as communicated for your own private information.

With great respect, yours,

N. BIDDLE, *Prest.*

J. W. LUDLOW, Esq., *New York.*

A—3.

NEW YORK, *March 16, 1832.*

DEAR SIR: I duly received your letter of the 13th instant. I should like to add to the proposition you have made, that, when the three per cents. are paid off, the same shall be retained by the bank at the same rate of interest for a period beyond two or three years, with the right, on my part, to call in part or the whole of the amount, on giving three months' notice.

The stock is in the name of trustees, and belongs to different persons, who may give directions at different times respecting their proportion. The arrangement I propose will probably be more satisfactory to the holders of this stock, and I should suppose would be equally so to the bank.

Yours, very respectfully,

THOS. W. LUDLOW.

N. BIDDLE, Esq.

A—4.

BANK OF THE UNITED STATES,

March 19, 1832.

DEAR SIR: In reply to your favor of the 16th instant, I have the pleasure to inform you that the bank is disposed to make the following arrangement. When the three per cents. owned by foreigners, whom you represent, shall be paid off, the bank will continue to pay the interest at the same rate for one year from the date of the payment by the Government. At the expiration of that year, if you will give to the bank three months' notice of your wish to receive reimbursement of the principal, either in whole or in part, the principal shall be so reimbursed. And if the bank will give to you, or to whomsoever may then represent the foreign stockholders in this country, a like notice of three months of their intention to make reimbursement either in whole or in part, the agent of the said stockholders shall receive such reimbursement, and surrender the certificates of stock. This arrangement seems to combine the advantages of a certain investment for some time, and an option of continuing it longer; and I hope, therefore, that it may be acceptable to you and to your friends.

Very respectfully, yours,

N. BIDDLE, *Prest.*

T. W. LUDLOW, Esq., *New York.*

A—5.

PHILADELPHIA, *April 5, 1832.*

DEAR SIR: I have submitted to my friends in Europe the terms on which the United States' Bank will postpone the payment of the United States' three per cents. held by them, viz. to allow them the same interest for one

year after the time when they are directed to be paid off by the Government; after the expiration of the year, either party to pay or receive, on giving three months' notice—the interest to continue until the notice expires.

I propose to alter these terms as follows: that the bank, after the three per cents. are directed to be paid off by the Government, allow the same rate of interest until the principal is paid. That three months' notice shall be given to the bank for the payment of the whole or part of the stock, as it may be called for, and that the bank retain the right, on giving me the same notice, to pay off the whole or part of the said stock, the interest on which shall cease at the expiration of the notice. These terms, I think, will be more acceptable to my friends, and I will submit them if authorized by you.

Yours, respectfully,

THOS. W. LUDLOW.

N. BIDDLE, Esq.

A—6.

BANK UNITED STATES,

July 9th, 1832.

DEAR SIR: On my return from Washington, a few days ago, Mr. McIlvaine mentioned that you had been in Philadelphia, and spoke of the arrangement which was contemplated in regard to the foreign holders of the three per cents. whom you represent.

As the payment of these, in whole or in part, will take place on the 1st of October next, I shall be happy to know the views of your constituents, so as to ascertain the probability of our coming to some arrangement mutually acceptable to them and to the bank.

With great respect, yours,

N. BIDDLE, *President.*

T. W. LUDLOW, Esq., *New York.*

A—7.

MOUNT FORDHAM,

West Chester County, July 14th, 1832.

DEAR SIR: Your favor of the 9th inst. is received. I immediately submitted the proposition to postpone the payment of the United States' three per cents. for one year, (at the same rate of interest) to the parties interested; but as the stock is not to be paid off by the Government till October next, they have taken until then to determine what course they will pursue in order to have the money remitted to the best advantage. I expect by that time to receive the certificates and powers of attorney, but I am afraid that it will not before be in my power to come to any definite arrangement with the bank on the subject. If I should previously receive instructions to enable me to do so, I will immediately let you know.

From the correspondence I have already had, I believe that the holders of the largest part of the three per cents. under my direction, would like to make an arrangement to have the money in this country for several years at three per cent., in consideration of having the same remitted to them at par, at the end or at any time during the term.

I should like to have your opinion whether a proposition of this kind would be agreeable to the bank, that is, would they keep from a million to a million and a half at three per cent. until 1836, or for a longer or shorter period, and remit it to Amsterdam at par, at the expiration, or at any time within the term of years for which they received it; the interest to cease when the money is remitted. It appears to me that the bank, in the course of several years, would find opportunities of placing the money in Amsterdam at par without loss, and perhaps to a profit.

Any communication from you on this subject will be strictly confidential. I am not at present prepared to make any proposition, and do not ask for any thing which would commit the bank hereafter, but merely wish to ascertain if the object of the parties, to have the money paid to them at par would, through the bank, be likely to be carried into effect.

I am at present at a country place about two miles from the city, and will thank you to direct to me, West Farms, West Chester county, N. Y.

I am, very respectfully, your obedient servant,

THOS. W. LUDLOW.

N. BIDDLE, Esq., *Philadelphia.*

A—8.

BANK OF THE UNITED STATES,

July 18, 1832.

DEAR SIR: I have had the pleasure of receiving your favor of the 14th instant. My impression is, that the bank would not be indisposed to continue the loan at its present interest for a year, or perhaps two; reserving the option of paying it at any intermediate time at Amsterdam, at par. At least, the circumstance of the payment at par might not present an insuperable difficulty. To arrange this, however, it would be necessary to come to some early understanding on the subject, as the temptation to make the arrangement at all, is to fix precisely the extent of its preparations for October next. If, therefore, you feel authorized to make such an arrangement, I shall be happy to hear from you.

In the mean time, I remain,

Very respectfully,
Yours, &c.

N. BIDDLE, *President.*

T W. LUDLOW, Esq.

West Farms, Westchester co., N. Y.

A—9.

MOUNT FORDHAM, *July 21, 1832.*

DEAR SIR: Yours of the 18th instant was received yesterday. The holders of the United States' three per cents. have not anticipated that any arrangement could be made before they were paid off by the Government. They have, therefore, not as yet sent me such instructions as would authorize me to continue the loan on terms which I believe would be acceptable to them, as well as to the bank. I have given them all the information in

my power, and will again advise that these terms may *perhaps* be acceded to by the bank. When I receive their orders, I will immediately let you know, which is all that can be done.

I have been waiting since the 1st, for the official notice of the payment in October, and am surprised that it has not yet appeared.

It may cause some delay on the other side; and if you can give me any information about it, you will much oblige me.

Very respectfully,

Yours,

THOMAS W. LUDLOW.

N. BIDDLE, Esq.

Philadelphia.

A—10.

BANK OF THE UNITED STATES,

July 23, 1832.

DEAR SIR: I had this morning the pleasure of receiving your favor of the 21st instant. As your retirement from New York may place you out of the current of information, it will interest you to know that the Secretary has just given notice of his intention to pay off *two-thirds of each certificate* on the 1st of October, and *one-third* on the 1st of January.

This presents the subject under an aspect different from that under which we have hitherto regarded it, when the full payment was anticipated on the 1st of October next. I shall, however, be happy to hear from you whenever you receive your instructions from your foreign constituents. In the mean time, I remain,

Very respectfully, your's,

N. BIDDLE, *President.*

THOS. W. LUDLOW, Esq.

West Farms, Westchester county, New York.

B.

BANK OF THE UNITED STATES,

February 11, 1833.

SIR: I had the honor of receiving, on the afternoon of Saturday, the 9th instant, your letter of the 7th instant, requesting certain documents, which I immediately caused to be prepared, and now enclose. You request,

1st. "Mr. Cadwalader's original letter, (or a certified copy thereof,) accompanying the contract of the 22d of August, 1832, with Messrs. Baring, Brothers and Co."

I send that original letter, marked A, being a letter from Thomas Cadwalader to the President of the bank, dated the 25th of August, 1832.

2d. "The originals, or certified copies, of all other letters written by Mr. Cadwalader, while in Europe, to the President of the bank, or any of its officers."

I send the originals of all that correspondence, marked B, consisting of, 1st. Original letter, No 1, from T. Cadwalader to the President of the bank, dated Liverpool, 16th August, 1832.

- 2d. Original letter, No. 2, from T. Cadwalader to the President of the bank, dated London, 22d August, 1832.
- 3d. Original letter, No. 3, from T. Cadwalader to the President of the bank, dated London, 25th August, 1832, with copy of contract and circular.
- 4th. Original letter, No. 4, from T. Cadwalader to the President of the bank, dated London, 30th August, 1832.
- 5th. Original letter, No. 5, from T. Cadwalader to the President of the bank, dated London, 6th September, 1832.
- 6th. Original letter, No. 6, from T. Cadwalader to the President of the bank, dated London, 14th September, 1832, with copy of agreement with Dutch holders.
- 3d. "All the correspondence of Mr. Cadwalader with Messrs. Baring, Brothers and Co."

There is no such correspondence known to the bank.

4th. "All the correspondence between the Messrs. Barings and the bank, on the subject of the United States' three per cents."

I send all that correspondence, marked C, consisting of letters from Messrs. Baring, Brothers and Co. to the bank.

1. B. B. & Co. to N. Biddle, President, dated London, August 22d, 1832
2. Do do do do 30th, "
3. Do do do do Sept'r 6th, "
4. Do do do do 14th, "
5. Do do do do 22d, "
6. Do do do do 29th, "
7. Do do do do Oct'r 6th, "
8. Do do do do 13th, "
9. Do do do do 22d, "
10. Do do do do 30th, "
11. Do do do do Nov'r 6th, "
12. Do do do do 14th, "
13. Do do do do 22d, "
14. Do do do do 29th, "
15. Do do do do 29th, "
16. Do do do do Dec'r 6th, "
17. Do do do do 14th, "
18. Do do do do 19th, "
19. Do do do do 22d, "

Letters from N. Biddle, President, to Messrs. Baring, Brothers and Co., marked D.

1. Letter, dated Bank U. States, July 17th, 1832.
2. Do do do Oct. 15th, "
3. Do do do 19th, "
4. Do do do 31st, "
5. Do do do Jan. 15th, 1833.

Letters from S. Jaudon, cashier, to Messrs. Baring, Brothers and Co., marked E.

1. Letter, dated Bank U. States, January 14th, 1833.
2. Extract from letter, dated Bank U. States, January 14th, 1833.
3. Letter, do do do 22d, "
4. Do do do do 31st, "
5. Extract from a letter, do do do February 7th, "

5th. "Copies of the minutes of the exchange committee from the 1st of March, 1832, to the 1st of February, 1833, in relation to the arrangements for the payment of the public debt; or a postponement of a portion thereof with Baring, Brothers, and Co., or others."

Neither the exchange committee, nor any other committee of the bank has ever kept any minutes.

I have the honor to be,

Very respectfully, your's,

N. BIDDLE, *President.*

Honorable G. C. VERPLANCK,

Chairman Committee of Ways and Means,

Washington, D. C.

B—1.

LIVERPOOL, 16th August, 1832.

MY DEAR SIR: I have just landed; and as soon as I get my baggage from the custom-house, shall set out for London.

Faithfully, your's,

T. CADWALADER.

N. BIDDLE, Esq.

President Bank U. S.

B—2.

LONDON, 22d August, 1832.

MY DEAR SIR: I did not get my baggage on shore, and clear of the custom-house, till late on the afternoon of the 16th instant, and I reached this city on Sunday morning the 19th instant. On the 20th, I had a conference with the acting members of the house of Messrs. Baring, Brothers & Co., (Messrs. Mildmay & Bates;) and, after sundry discussions on that day and yesterday, the heads of an agreement were framed, and approved of by the other members of the house, to be put into shape, and to be signed to-day. I have drawn up the contract accordingly, of which I do not send you a copy, as there may be some alteration in form or verbiage, and the hours of business are so late and short in this great city, that it is not probable a transcript can be made in time for this mail. The contract is, in substance—

1st. That Messrs. Baring, Brothers & Co. will at once issue a circular to the holders of the three per cents., inviting them to retain their stocks until October, 1833—the bank continuing the payment of the same rate of interest quarterly to that time, and then paying off the principal.

2d. That they will buy up the three per cents. on the best terms, here and in Holland, at not over 91 per cent. (equal to $7\frac{1}{2}$ per cent. exchange, which I consider a safe limit,) debiting the bank with the cost in a separate account, and at such interest as they may pay*—the certificates to remain with them.

3d. If the amount so bought, and retained by the holders, in compliance with the circular, be less than five millions of dollars, the bank to have the

* Money is now very abundant.

right of drawing for the deficiency, or any part of it, on Baring, Brothers & Co.—the interest on such deficiency to be charged as in the general account. The Barings to charge a commission of one half per cent. on the amount of the transaction: a less commission, as they very frankly stated, would not induce them to incur responsibilities, the results of which, as to the extent of funds which they may be called upon to supply, must be evidently so uncertain.

I will, in my next letter, explain why the reimbursement was fixed in one entire payment, instead of being spread into payments at different times; and I will also, in sending the agreement, explain as may be requisite. I need hardly say that this arrangement leaves the bank its full power of using the extra credit, if wanted, as heretofore.

Your letter of 23d July was handed to me as I entered Messrs. Barings' counting-house, before my first conference; on the morning of the 20th, and, in handing them the Treasury notice, I availed myself of your suggestions in relation to the subdivision of the payments, so far as might not affect the object then in my view, as to spreading the periods of our own reimbursements. On this latter point, I may now say that the same reasons stated in your letter operated so strongly, that I preferred that the circular inviting the postponement should fix *one time* for the entire payment, inasmuch as I felt assured that the payment by instalments, or fractions, would diminish the inducement to postpone.

I write in haste. The hours of business are short, and the distances so magnificent that one half of the day is passed in travel. The letter also must be copied, and a duplicate, if practicable, got ready; as my letters are mailed before I quit *the city*—my residence being six miles from that Pandemonium.

I can say nothing of projects and points proposed and rejected. The shortness of time did not induce me to give up, or to yield in any one matter; and I should not so promptly have closed the bargain, had I not considered it, under all its aspects, a good one. Should my constituents so regard it, I shall be most happy.

Always yours, with the greatest respect and regard,
T. CADWALADER.

N. BIDDLE, Esq.

President of the Bank of the United States.

B—3.

LONDON, 25th August, 1832.

MY DEAR SIR: Referring you to my letter, No. 2, of which a copy is enclosed, I now send you a copy of the contract with Messrs. Baring, Brothers & Co., dated the 22d instant, and adverted to in that letter; and also a copy of their circular to the foreign holders of the three per cent. stock. I requested that the latter should not be published, but specially addressed, as a private letter, *in manuscript*, and signed by the house. It seemed to me necessary to allude to the authority from the bank, lest it might be liable to misapprehensions; and, in fact, the Barings considered it necessary that their authority should be declared. Under these views, I hope the committee will see nothing objectionable in the form of the circular.

In looking over my letter, No. 2, I do not find that any further comments on, or explanations of, the contract are necessary. I have before remarked on the half per cent. commission. The Barings think it a *very low one*, and so do I. You will observe that it is their only inducement for holding in reserve, in fact, five millions of dollars; and it is therefore to be clearly understood, that the commission operates on the whole of that sum, whether the bank *goes the whole*, (to use an expression, now perhaps classical,) or not.

As matters stood when I left the United States, I see nothing in the features of the contract but what would be favorable, and even beneficial to the bank; and I have only to hope that the cholera, or other causes, may not derange the business of the country, so as to give to the bargain another aspect.

Very respectfully and faithfully yours,
T. CADWALADER.

N. BIDDLE, Esq.
President of the Bank U. S.

(Copy.)

Messrs. Baring, Brothers & Co. of London, and Thomas Cadwalader, of Philadelphia, in behalf of the Bank of the United States, agree as follows, viz.

For a commission of one half per cent. on the amount, the said Baring, Brothers & Co. agree,

1st. To invite the holders of the three per cent. stocks of the United States to retain their stock until October, A. D. one thousand eight hundred and thirty-three; the bank engaging to pay the interest quarterly until that time.

2d. To buy up the said three per cent. stocks on the best terms at which they can be obtained, both here and in Holland, at prices not exceeding ninety-one per cent., or as much higher as the running quarterly interest, in case of need. The cost of which stocks to be placed to the debit of the Bank of the United States, in a separate account, chargeable with whatever rate of interest Messrs. Baring, Brothers & Co. may be compelled to pay.* The certificates of stock, so purchased, to remain with Messrs. Baring, Brothers & Co.

3d. In case the amount of stock so purchased, and the amount that may be retained by the holders as above, should, together, be less than the sum of five millions of dollars, then Messrs. Baring, Brothers & Co. agree to make up the deficiency, in case the bank should find it desirable to draw for such deficiency, or any part thereof. On which sum or deficiency, Messrs. Baring, Brothers & Co. to charge the same interest as in their general account with the bank. The whole advances to be reimbursed by the Bank of the United States, in October, A. D. one thousand eight hundred and thirty-three.

* Expected to be four per cent.

Witness the hands of the said parties, at the city of London, this twenty-second day of August, A. D. one thousand eight hundred and thirty-two.

BARING, BROTHERS & Co.
T. CADWALADER,

for the Bank of the U. S.

Signed in presence of us,
JAMES STEWART RINGER,
FRAS. WM. GENTRY.

(Circular.)

The foregoing notice will apprise you of the periods at which the \$ — three per cents. American stock, standing in your name, will be paid off, and the interest thereon cease. Should you, however, be desirous to postpone the time of reimbursement, we have the authority of the Bank of the United States to engage that it will continue to pay the interest as heretofore, up to the 1st of October, 1833, when the whole of your capital will be reimbursed to you, or your attorney, on delivery of the necessary documents; provided you intimate to us, in writing, your wish to avail of this arrangement, on or before the 10th of September next, and engage, moreover, not to effect sale of your stock in the interim.

BARING, BROTHERS & Co.

LONDON, 22d August, 1832.

B—4.

LONDON, 30th August, 1832.

MY DEAR SIR: You will receive, with this, my letter of the 25th instant, (No. 3.)

I have requested Messrs. Barings to report to you, *directly*, their operations in the purchases of three per cents, and contracts with the holders of stock as to postponement; giving you names, numbers of certificates, &c., so that you may designate such as are not to be paid off. These lists are to be sent to you by each packet. You will see by their communications, of this date, how far they have operated. Of course, they have as yet heard nothing from Holland.

As to the purchases of 3's, reported from time to time, the bank may perhaps find it convenient to reimburse Messrs. Barings; and the extraordinary fall in exchange, of which we are just advised by our last letters from home, would enable you to close advantageously. The advances for the purchases here, will stand at an interest of about four per cent.

Yours most truly,

And respectfully,

T. CADWALADER.

N. BIDDLE, Esq.

President of the Bank of the U. S.

B—5.

LONDON, *September 6, 1832.*

MY DEAR SIR: In my letter No. 4. (of 30th August,) I intimated that you might perhaps find it convenient to take advantage of the fall, in exchange to reimburse Messrs. Barings for their advances in the purchases of three per cent. stock. Our last advices from home show exchange to be again at 8½, and in demand. And I find, moreover, that Messrs. Barings are making arrangements for borrowing the cost of the stock for the period at which it is to be reimbursed. There will *then* be no difficulty in spreading out the payments, as may best suit the bank, by extending the times for portions of the money, if required. The purchases amount now to about one million and a half; and the agreements to postpone to about the same amount, together three millions, as will be particularly reported to-day by Messrs. Barings; and half a million more of the latter may be reckoned upon with certainty; the stock being held by the Canton of Berne, (in Switzerland,) and not disposed of. Thus half is already secured, and the reply which has been received from Messrs. Hope & Co., shows that they have the power of operation in Holland. Borrowing for the period during which the loan is required, Messrs. Barings will not be able to obtain the money on more favorable terms than four per cent. per annum. It is true, that commercial paper is now discountable here at a lower rate; but I have satisfied myself that all the great capitalists, as well as the Barings themselves, in the employment of their money, would make the same distinction as has been made by the lenders in this instance. So far, it has been necessary for me to keep in constant communion with *Bishopsgate Street*, as matters have been daily occurring on which our friends there are desirous of consulting with me. In a week or ten days more, every thing will be in such a train, that no further watching will be called for on my part: thus allowing a month in England *on the business of the bank*. I shall then disengage myself from my servitorship, and proceed to Paris for a fortnight, *pour de' sennuyer*; returning probably in the Havre Packet of the 10th October.

I remain, my dear sir,

Yours with the greatest respect and regard,

T. CADWALADER.

N. BIDDLE, Esq.

President of the Bank of the U. S.

B—6.

LONDON, *14th September, 1832.*

MY DEAR SIR: My last letter (No. 5.) of the 6th instant, was altered at Messrs. Barings compting house, as to the amount of stock secured and bought—Mr. Bates having made a mistake in a number furnished to me; but, from my omitting to make a corresponding change in the part of the letter immediately following, a discrepancy appears. It is corrected in the accompanying duplicate.

Learning from Messrs. Barings that Messrs. Hope & Co. had suggested a difficulty as to their successful operation in Holland, unless the bank would engage to reimburse at the exchange of forty cents per guilder; according to a proposal stated to have been made by the bank to Mr. Ludlow of New York, and seeing no objection to such an engagement, the rate being a safe

one, and the exchange or value of the guilder, with us, being almost unvarying as a coin in silver, compared with the dollar; and the Barings stating that there would be nothing done in Holland unless under such an arrangement, which they urgently recommended, I gave the engagement on the part of the bank of which a copy is enclosed. It is qualified, as you will observe, so as to accord with the terms of the arrangement proposed by the bank to Mr. Ludlow as the representative of a large portion of the Dutch holders; and which are more acceptable to the views of that cautious people, whose habitual doubts and difficulties render them less formidable rivals in business to their neighbors, than with their immense power of capital they would otherwise be found.

The purposes of my mission being now closed, as you will receive the results of the doings in Holland through Messrs. Barings, it is my intention to cross from Brighton to Dieppe on the 18th instant, and, after frolicking in Paris for a brief space, we shall return in the Havre packet, to sail on the 10th of October.

Yours always, with the greatest respect and regard,

T. CADWALADER.

N. BIDDLE, Esq.

President of the Bank of the United States.

(Copy.)

I hereby engage, on the part of the Bank of the United States, that such holders of the three per cent. stock of the United States, as may agree with Messrs. Hope & Co. of Amsterdam, to postpone the period of reimbursement till the 1st day of October, A. D. 1833, shall receive back the amount of their certificates, respectively, at the rate of exchange of forty cents per guilder, according to the terms of a late proposal made by the bank to T. W. Ludlow of New York.

Signed at London, this thirteenth day of September, A. D. one thousand eight hundred and thirty-two.

T. CADWALADER,

Agent for the Bank of the United States.

Witness:

THOMAS BARING.

C-1.

LONDON, *August 22, 1832.*

SIR: We have had the honor of receiving, from the hands of Mr. Cadwalader, the letter with which you favored us on the 18th ultimo, and in which you referred us to that gentleman for the particulars of an arrangement the institution was desirous of entering into, in regard to the reimbursement of the United States' three per cent. stock.

You will, no doubt, learn from Mr. Cadwalader that no time has been lost in coming to an understanding with us as to the mode in which your views could be carried into effect, and the result of our communications with him has been a contract, of which, as he will, no doubt, send you a copy, it

is not necessary that we should say more than that we trust the board will perceive in it the evidence of the earnest desire we, at all times, feel to put all our transactions with them on the same easy and liberal footing.

We trust you will excuse our observing that we conceive no question can now arise as to any extension of the ordinary credit which we hold at the disposal of the bank, as the liability to be called upon for large advances for the above operation, either in the shape of drafts or purchases of stock, makes it absolutely necessary that that limit should be strictly attended to.

We have only to add that we feel much flattered by this further proof of our possessing the confidence of the institution; and have the honor to be,
Sir, your most obedient servants,

BARING, BROTHERS & CO.

N. BIDDLE, Esq. *President of the U. S. Bank, Philadelphia.*

C—2.

LONDON, 30th August, 1832.

SIR: In consequence of the personal communications we have received from Gen. Cadwalader, we beg leave to inform you that we have secured and paid for the following parcels of United States' three per cent. stock, viz.

20,000	}	at 90
100,000		
25,000	}	“ “
25,000		
21,000	}	“ 90½
80,000		

\$271,000

and we have also made the following purchases, to be delivered immediately, viz.

10,000	}	at 90½
27,400		
66,037 25		
100,000	}	“ 90½
200,000		
200,000		
20,000		

\$623,437 25

to be delivered before 6th September.

We enclose a list of proprietors of United States' three per cent. stock, who have consented to postpone the receipt of their principal till 1st October 1833, the amount of their stock, collectively, being \$342,646 68.

As we are not acquainted with the manner in which the institution may desire to have these transactions managed, we have adopted the course of addressing you on the subject, that you may dispose of the accounts, &c. as you may deem expedient.

We have the honor to be,

Sir, your most obedient servants,

BARING, BROTHERS & CO.

N. BIDDLE, Esq. *President of the Bank U. States, Philadelphia.*

C-3.

LONDON, 6th September, 1832.

SIR: We confirm what we had the honor to write to you on the 30th ult., and now annex a list of other proprietors of United States' three per cent. stock, who wish to postpone the reimbursement of capital till 1st October, 1833, making a total, with those already advised, of \$1,609,707 42 purchases of the United States' three per cent. stock on account of the institution. We conclude it may be more convenient to you to have the whole purchases up to the present date presented to the eye at one view, and we, therefore, inclose a detailed list, showing the total amount to be

-	-	\$1,051,251 31
and purchased, but not yet delivered	-	384,994 05

We remain, sir,

Your obedient servants.

P. S. Since our above, we have purchased \$38,581 97 United States' three per cents., at 90½.

N. BIDDLE, Esq., Philadelphia.

C-4.

14th September, 1832.

SIR: We confirm what we had the pleasure to write to you under date of 6th instant, as preceding copy. We now inclose duplicate of the statement furnished in our last, and also a separate list, showing the deliveries and purchases of United States' three per cent. stock, which have taken place since that period, amounting to

\$459,972 64	to which are to be added	
50,000	advanced 6 inst. but not yet delivered.	
9,600	}	
49,996 62		purchased since 6th instant, and included in the above \$459,972 64.
24,800		
2,000		

We have to advise that \$2,500 in the name of A. Boucheret and others is to have the reimbursement of capital postponed till the 1st October, 1833.

We have the honor to be, sir,

Your most obedient servants,

BARING, BROTHERS & CO.

C-5.

22d September, 1832.

SIR: Confirming what we had the honor to write to you under date 14th instant, we have now to enclose a list showing the deliveries since that period to be \$65,300 United States' three per cent. stock, and the reimbursement of the following is to be postponed till the 1st October, 1833:

\$1000 United States' three per cents., in the name of Hester Watson.

5000 " " " " " " Jaqueline Susanne,
Rillist Necker.

We have the honor to be,

Sir, your most obedient servants,

BARING, BROTHERS, & CO.

C—6.

LONDON, 29th September, 1832.

SIR: We had the honor to write to you on the 22d instant, and have now to enclose a list showing the deliveries since that period to be \$92,433 33 United States' three per cent. stock.

We remain, sir,

Your obedient servants.

C—7.

6th October, 1832.

SIR: Referring to our respects of 29th ultimo, we have now the honor to enclose a list showing the purchases since that period of \$34,200 United States' three per cent. stock, on account of the institution.

We are, respectfully,

Your most obedient servants,

BARING, BROTHERS & CO.

P. S. Holders of United States' three per cents. in Holland, to the amount of \$672,398 60, have consented to postpone the reimbursement till October next. Particulars in our next.

C—8.

13th October, 1832.

SIR: With reference to our respects of 6th inst., we have now the honor to enclose a list showing the purchases since that period to be \$25,500 United States' three per cent. stock, on account of the institution. We likewise enclose a list of proprietors of United States' three per cent. stock, residing in Holland, who postpone the reimbursement of capital till the 1st October, 1833, the aggregate amount being \$672,465 27.

We are respectfully, sir,

Your most obedient servants,

BARING, BROTHERS & CO.

N. BIDDLE, Esq., Philadelphia.

C—9.

LONDON, 22d October, 1832.

SIR: With reference to our respects of 13th instant, we enclose a list showing the purchases since that period of \$15,133 33, United States' three per cent. stock, on account of the institution.

We remain, sir,

Your obedient servants,

B. B. & Co.

C—10.

30th October, 1832.

SIR: With reference to our respects of the 22d instant, we now enclose a list showing the purchase since our last of \$54,806 96 United States' three per

cents. on account of the institution; and, as the season is now approaching when we cannot calculate, with any certainty, when our advices may arrive out, we shall suspend all further operations on the special account, in order that no doubt may exist on the 1st January as to reimbursement of the principal to be remitted or retained.

We have the honor to be, sir,

Your most obedient servants,

BARING, BROTHERS & CO.

The following desires to have the reimbursement postponed till the 1st October, 1833, \$46,888 76, name of Joseph Green.

8,900

“ R. R. Hall.

B. B. & Co.

C—11.

LONDON, *November 6, 1832.*

SIR: We have the honor of acknowledging your letter of the 15th, referring to a transaction entered into by our house with Mr. Cadwalader, one of your board, during his recent visit to Europe. Having only this morning, however, received your communication, and the subject being one which cannot hastily be disposed of, we must beg your indulgence in postponing our reply to it, in detail, till we have had an opportunity of giving it fuller consideration.

We cannot, however, refrain from expressing the satisfaction it gives us to find that our exertions in this business meet with your approval, and, though the gentleman appointed by the bank to arrange it seems to have overlooked some important considerations, you may rely upon our endeavoring, as far as we are concerned, to prevent their causing inconvenience to the institution; but it must not be lost sight of that we are not the only parties here interested in the contract, and, though that part of it in which we are immediately concerned might be satisfactorily arranged, we will freely confess to you that we have no hope of coming to any other arrangement with the holders of three per cents. who have deferred their repayment, than that which is contained in the first article of the contract above alluded to.

As we shall so soon have the honor of addressing you again, we shall now only add that we regret very much the objections which offer themselves to an operation undertaken by us with the view of facilitating the arrangements of the institution; and subscribe ourselves,

Very truly, your obedient servants,

BARING, BROTHERS & CO.

N. BIDDLE, Esq.

President of the United States' Bank, Philadelphia.

C—12.

LONDON, *November 14, 1832.*

SIR: We have the honor of enclosing “duplicates” of the few lines we addressed to you on the 6th inst. which will, we trust, have left no doubt in your minds of our earnest desire to adapt ourselves, as much as in our power, to the change in our arrangements on the subject of the three per cents., suggested in your letter of the 15th ultimo. We are sorry, however,

now to have to state, what you will be not unprepared for after the receipt of our reply of 6th instant, that, though we have been almost incessantly occupied since that day in an attempt to devise some plan to carry into effect your suggestions, we are unable to put them in any shape, as far as the public is concerned, that would not, either to the holders of the certificates, or to us as agents of the bank, be so objectionable as to put their adoption quite out of the question.

When your representative first opened to us the business which brought him to England, we frankly told him that his calculations as to the benefit to be derived from it, in consequence of the low rate of interest then ruling in London, were quite erroneous, and that it would not, for that as well as other reasons, suit us to undertake it on our own account; and though we had every wish to realize the views of the institution, the low rate of interest the stock bore, made us so very doubtful of the holders accepting the terms he proposed, that we had much rather not have undertaken it in the manner we afterwards did, if we had only consulted our own feelings, looking at it as a simple question of advantage to ourselves. However, even then we felt the absolute necessity of allowing the certificates to remain in London, or in the hands of the proprietors; and you will see that, in drawing up the contract, special attention was paid to that engagement, but not till after General Cadwalader had had the question fairly brought under his consideration, and had stated that no objection existed to it. We had subsequently an opportunity of ascertaining that we had not incorrectly judged the feeling of the stockholders, for some of those inscribed for the largest sums, made their assent contingent upon their being allowed to retain their certificates. We trust we have said enough to convince you that it would be impossible for us, after what we have stated, to propose any other arrangement than that which is at present in force with the holders of three per cents. here and in Holland, (of which you have received the list;) and we need hardly add that it is of great importance that the same regularity should be attended to in the remittance of their dividends as heretofore. As to that part of the contract which concerns ourselves, we are quite prepared to modify it so as not to infringe the charter, but of course it cannot be expected that we should do so to the material injury of ourselves. Indeed, we cannot but acknowledge that there is breathed throughout your letter a spirit in accordance with that remark. We have thought, however, that the comparative advantage of our mode of arranging the matter, or another, would be best discussed *viva voce* with our agent; and we therefore put him in possession of the facts of the case by this opportunity, and request him, as soon after the receipt of our letter as is practicable, to proceed to Philadelphia for the purpose of putting himself in communication with you on the subject, not doubting that he may be able to arrange it to your satisfaction.

We have the honor to be, sir,

Your obedient servants,

BARING, BROTHERS & CO.

N. BIDDLE, Esq.

President of the United States' Bank, Philadelphia.

C-13.

LONDON, November 22, 1832.

SIR: We beg leave to refer you to the letter which we had the honor of addressing to you on the 14th instant, subsequently to which we have re-

ceived your lines of the 19th and 31st ultimo, the latter only by the packet arrived this morning, and, therefore, too recently to have been able to give the subject of it the further consideration which your representation of the case demands. The tenor of your letter of the 19th, had led us to hope that our instructions to our agent would have enabled him to put this business on a footing, if not perfectly satisfactory to the bank, at least not attended with any serious inconvenience.

We have already mentioned to you that several holders of the three per cent. certificates made the retention of them the condition of their postponing reimbursement. There can be little ground, therefore, to expect that they would now accept less favorable terms, and we cannot express any confidence in our attempt to persuade them to relieve the bank from the engagement we entered into with them on its behalf.

We will not conceal from you, that, for the above and other reasons which present themselves, involving the confidence of the public in the high standing of the institution, and which it is our constant desire to do nothing to impair, we still entertain a hope that you will be able to come to some understanding with the Treasury Department, that may supersede the necessity of your obtaining possession of the certificates before the period stipulated in the contract, though you may rely upon our omitting nothing which suggests itself to us, to arrange the business in the manner you point out.

We have the honor to be, sir,
Your obedient servants,
BARING, BROTHERS & Co.

N. BIDDLE, Esq.,
President of the U. S. Bank, Philadelphia.

C—14.

LONDON, *November 29, 1832.*

SIR: We have the honor to refer to the annexed copy of our last private respects of 22d instant, and to a separate letter from us, which carries the form of our letter addressed to the different stockholders, who have consented to the postponement of the reimbursement of the United States' three per cents. to induce them to agree to the arrangement now proposed, and, at the same time, the certificates and powers of those who have already consented.

These documents we shall transmit to you in the same mode as soon as we receive them, but, from the fact of many of the parties being in the country and abroad, and of others requiring time for consideration before they agreed to the change of plan, it will only be gradually that we shall be enabled to forward them.

To such parties as require it, we give the guarantee of our house for the faithful performance of the present agreement; and we likewise assure all that the letter or document from the bank, stating that the amount of their certificates is carried to their credit, and that interest will be paid thereon until the reimbursement of the capital on 1st October, 1833, shall be delivered to them here free of expense. We have likewise promised to those who may not wish the remittance of their money at the time of reimbursement, that the bank will pay it over in Philadelphia to their order free of any charges, and without the expense of a power of attorney, or any other document than a letter.

We have thus done all in our power to comply with your wishes, and we trust that our object will be successfully attained; for, as soon as we learned that the matter was of importance both to the bank and to the Government, we waived all scruples as to the inconvenience of reverting before the public to the former arrangement, and have only considered the most expeditious mode of meeting your views.

We may, indeed, conscientiously add, that, throughout the course of these arrangements, we have been actuated less by interested motives than by an anxious wish to co-operate with the institution over which you preside, in preventing any shock to the monetary system of the United States, which might have resulted from the simultaneous payment and remittance of the large portion of the Government stock held by foreigners.

We have the honor to be,

With great respect, sir,

Your obedient servants,

BARING, BROTHERS & Co.

N. BIDDLE, Esq.,

President of the U. S. Bank, Philadelphia.

C—15.

LONDON, *November 29, 1832.*

SIR: In consequence of your communication, that the arrangement for postponing the reimbursement of the United States' three per cent. stock till October, 1833, cannot be carried into effect without the surrender of the certificates to the Treasury to be cancelled, we addressed a circular on the subject to our constituents, of which you will find a copy enclosed for your information. Hitherto, we have only received the assent of the following parties to the new arrangement, and we now enclose their certificates, viz.

No. 2,552-3	-	\$ 8,000	} In one power from J. C. Shum.
" 2,554-5	-	6,000	
" 2,556	-	2,000	
" 2,557	-	2,363 58	
		<u>\$ 18,363 58</u>	
No. 2,846	-	\$ 2,800 00	} In one power from E. C. Hooton.

You will observe by our circular, that we engage to obtain from the bank an acknowledgment to each individual stockholder, that the amount of his stock has been placed on the books of the bank, to be held at his disposal or remitted in a bill at the usual time, on the 1st of October, 1833; up to which period the institution is to engage to remit to us the interest as if the stock was not redeemed. We must, therefore, beg the favor of you to furnish us with an engagement to this effect, addressed to the above individuals and to all others, separately, whose stock we may hereafter send out, to be delivered over by us to each party as their security; and it is, of course, understood that such instructions as we, on behalf of the proprietors, or the proprietors themselves may give as to the disposition of their capital in the bank books, are to be complied with without the form of a power, or any other expense. It

will, of course, occur to you, that, but for the original arrangements assented to by such of our constituents, whose names have been furnished, they would have sent out their certificates in due season, or otherwise have disposed of them so as to avoid any loss of interest; and they will, under the altered circumstances of the case, have to claim interest from the bank till the day of remittance for their principal, should events prevent their acceding to the proposition of surrendering their certificates. This we know will happen in some cases of trust, &c.; and, even to-day, we sent out to the cashier some stock, in the name of Collins, for a remittance per appointment, the party having assented to the original proposition by which the certificates were to be retained here.

We remain, sir,

Your most obedient servants,

BARING, BROTHERS & Co.

N. BIDDLE, Esq.,

President U. S. Bank, Philadelphia.

(Circular.)

LONDON, _____, 1832.

We beg to refer you to our circular of the 22d August last respecting your dividends United States' three per cent. stock; and, also, to acquaint you that we have just received a letter from the President of the bank, stating that it will be requisite, in order to complete the arrangements for postponing the reimbursement of your stock, (as the bank cannot otherwise settle its accounts with the Treasury Department,) that your certificate should be sent out for the purpose of being cancelled.

We trust it will not be inconvenient to you to comply with this form, in which case we shall be glad to receive your certificates with the necessary power of attorney, upon our giving you the usual letter stating that we have received them for transmission, and engaging to obtain for you an acknowledgment from the bank that the amount has been passed to your credit on its books, and will be either held at your disposal or remitted in a bill at the usual time, on the 1st October, 1833; up to which period, it engages to remit the interest as before it was reimbursed. Should you, however, for any reason, prefer an immediate remittance, both of interest accrued and capital, the bank will of course comply on receiving your instructions to that effect.

We are your obedient servants,

BARING, BROTHERS & Co.

C—16.

LONDON, *December 6, 1832.*

SIR: We beg leave to confirm what we had the pleasure to write to you under date of the 29th ultimo in original and duplicate; and, with reference thereto, we have now to enclose the following further certificates of United States' three per cent. stock on behalf of parties who wish their capital to remain with the institution until 1st October, 1833, viz.

No. 13,571-2	-	\$ 4,000 00	} In one power from Lady Mary Cunyngham.
" 13,573-6	-	4,000 00	
" 3,997-8	-	4,000 00	
" 6,649	-	5,000 05	
" 2,244	-	4,494 60	
		<u>\$ 21,494 65</u>	
No. 548	-	\$ 4,000 00	} In one power from Richard R. Hall.
" 549	-	3,000 00	
" 550	-	1,000 00	
		<u>\$ 8,900 00</u>	
No. 4,266	-	\$ 1,135 67	} In one power from James Gosselin.
" 1,493	-	2,399 99	
		<u>\$ 3,535 66</u>	
No. 810-2	-	\$ 15,000 00	} In one power from Henry S. Montague.
" 2,778	-	10,000 00	
		<u>\$ 25,000 00</u>	
No. 10,044	-	\$ 4,000 00	} In one power from Wm. Meeking.
" 10,045	-	3,800 00	
		<u>\$ 7,800 00</u>	
No. 5,007-8	-	\$ 4,000 00	} In one power from John Lepine.
" 5,009-12	-	4,000 00	
		<u>\$ 8,000 00</u>	

And we shall be glad to receive a separate acknowledgment, addressed to each of these individuals, to be delivered according to our engagement.

We are respectfully, sir,

Your most obedient servants,

BARING, BROTHERS & Co.

N. BIDDLE, Esq., *Pres. U. S. Bank.*

C-17.

LONDON, December 14, 1832.

SIR: With reference to our respects of the 6th instant, we now enclose certificates of United States' three per cent. stock, viz

No. 11,355-6	-	\$ 10,000 00	} In one power from Jos. Greene.
" 11,612-4	-	15,000 00	
" 11,590	-	4,923 29	
" 11,615	-	3,094 42	
" 11,923	-	4,400 00	
" 11,931	-	1,000 00	
" 12,276	-	1,439 13	
" 893	-	3,615 81	
" 1,005	-	2,000 00	
		<u>\$ 46,888 76</u>	

No.	1,374-6	-	\$15,000 00	} In one power from H. R. Hartley.
"	1,377-9	-	12,000 00	
"	1,380	-	2,246 32	
"	1,381-2	-	20,000 00	
"	1,383-4	-	6,000 00	
"	1,385	-	1,417 52	
			<u>\$ 56,663 84</u>	
No.	2,996	-	\$ 5,412 83	} In one power from H. Collins, jr.
No.	1,169	-	\$ 2,888 00	
No.	395	-	\$ 19,818 76	} In one power from Robert Ormston.
"	396	-	17,000 00	
"	397	-	6,000 00	
"	804	-	5,000 00	
"	805	-	5,000 00	
"	806	-	3,000 00	
"	968	-	5,000 00	
"	969	-	5,000 00	
"	970	-	5,000 00	
"	1,171	-	6,112 00	
			<u>\$ 76,930 76</u>	
No.	3,684-8	-	\$ 20,000 00	} In one power from Lord King.
"	3,689	-	2,449 17	
"	4,674-7	-	12,000 00	
"	4,678-9	-	4,000 00	
"	4,680-2	-	3,000 00	
"	4,704-5	-	6,000 00	
"	4,706-7	-	4,000 00	
"	4,708-10	-	3,000 00	
"	4,711	-	1,229 56	
"	6,406	-	2,900 00	
"	6,457	-	1,500 00	
"	6,578	-	1,506 43	
"	6,610	-	1,537 82	
"	6,678	-	1,624 00	
"	6,713	-	1,630 00	
"	6,759	-	1,652 53	
"	6,795	-	1,790 00	
"	1,830	-	1,830 00	
"	6,873	-	1,830 00	
"	6,903	-	1,834 86	
"	6,939	-	1,919 71	
"	6,968	-	2,009 57	
"	7,007	-	2,159 55	
"	7,026	-	2,303 70	
"	7,053	-	1,959 39	
"	7,105	-	1,624 97	

"	7,176	-	1,701 18	} In one power from Lord King.
"	2,231	-	1,840 00	
"	7,249	-	1,800 00	
"	7,252	-	1,766 36	
"	7,390	-	1,836 67	
"	7,494	-	1,802 44	
"	7,561	-	1,863 04	
"	22	-	1,835 00	
"	59	-	1,637 70	
"	67	-	1,789 65	
"	104	-	3,348 27	
"	139	-	2,486 74	
"	170	-	3,100 94	
"	207	-	3,153 88	
"	246	-	3,388 50	
"	275	-	3,474 80	
"	314	-	3,661 27	
"	336	-	3,647 09	
			<hr/>	
			\$ 131,420 39	

The whole to remain till October, 1833, and we request the required acknowledgments for each of the parties. We further beg to enclose 37 powers of attorney of United States' three per cent., amounting to \$482,731 93, as per list received from our friends Hope & Co., from Amsterdam, and forwarded at their request. The certificates will go forward by next packet.

We are, sir,

Your most obedient servants,

BARING, BROTHERS & Co.

N. BIDDLE, Esq.

President of the U. S. Bank, Philadelphia.

C—18.

LONDON, 19th December, 1832.

SIR: With reference to our respects of the 14th instant, we now beg leave to enclose the certificates and orders therein referred to for \$482,731 93 United States' three per cent. stock, in the names of Van Staphorst and others, as per enclosed list. The powers of this went in our last, and you will be pleased to correspond on the subject with our friends Messrs. Hope & Co., of Amsterdam, the object being to have the capital collected, and remain with the institution, till October next, under the proposed conditions, and the needful acknowledgment to them.

We debit the institution £13 Os. 6d., notarial enregistering of the certificates, &c. from Messrs. Hope & Co.

Since our second circular regarding the postponement of the United

States' three per cent., the following parcels have been sold, and forwarded for encashment through other parties, viz.

\$27,000 00, name of Davies Gilbert,

\$18,009 24, " James Basin;

in consequence of which you will be pleased to pay the interest from 1st January, three per cent. per annum on the day of encashment to our agent Mr. T. W. Ward, who will apply for the same.

We remain, sir,

Your most obedient servants,

BARING, BROTHERS & Co.

N. BIDDLE, Esq.,

President of the U. S. Bank, Philadelphia.

C—19.

LONDON, 22d December, 1832.

SIR: We confirm our respects of the 19th instant, and now beg leave to enclose certificates of United States' three per cent. stock.

No. 101	\$20,000 00
123	120,48 00
109	37,977 52
105	16,816 03
115	2,000 00
133	5,400 00
136	12,000 00
146	7,035 65
226	316 64
81	11,400 00
100	55,506 90
14,052	6,800 00
14,063	2,400 00
14,062	12,000 00
14,056	25,000 00
14,068	60,000 00
14,050	32,249 88
14,067	50,000 00
99	6,300 00
98	5,100 00
53	25,800 00
65	23,182 71
84	66,666 67
88	4,000 00

In one power of attorney from R. N. De Walleville and others, in favor of Louis de Jenner, whose power of substitution will very shortly be forwarded to you.

\$500,000 00

No. 2,705-7	\$15,000 00
2,708	4,000 00
2,709-10	6,000 00
2,711	1,144 14
2,714	4,000 00

In one power from N. T. Hill.

\$30,144 14

Principal to be collected, and to remain with the institution till October, 833, and we request the required acknowledgment for each of the parties.

We have the honor to be, sir,

Your most obedient servants,

BARING; BROTHERS & Co.

N. BIDDLE, Esq.

D—1.

BANK UNITED STATES, July 17, 1832.

GENTLEMEN: Being desirous of making some arrangements in regard to the reimbursement of the three per cent. stocks of the United States, and the time is too short to allow of prolonged correspondence, we have requested Thomas Cadwalader, esquire, to confer with you on the subject. Mr. Cadwalader has been long and still is a director of the bank, enjoying its entire confidence, and is personally well known to you. I will therefore merely refer you to him for particulars; and remain,

Very respectfully, yours,

N. BIDDLE, President.

Messrs. BARING, BROTHERS & Co.,
London.

D—2.

BANK OF THE UNITED STATES,

October 15, 1832.

GENTLEMEN: I have had the pleasure of receiving your esteemed favors of the 22d and 30th of August and 6th ultimo. I have been placed, by Mr. Cadwalader, in possession of the contract between him and your house, on the 22d of August last.

The care and attention which you have been good enough to exhibit on this occasion, furnish a new evidence of the zeal to promote the interest of the bank which has uniformly characterized your house, and which has always been fully appreciated.

As you remark in your letter of the 30th of August, that you wish to have the accounts disposed of as the bank may deem expedient, I take the earliest opportunity of inviting your attention to one part of the arrangement, with which it will be impracticable for the bank to comply.

When the institution was chartered, at the close of the last war, the Government had a large debt which it proposed to pay or to purchase up out of the surplus revenue; and in order to prevent any competition in these purchases, the charter expressly declares that the bank "shall not be at liberty to purchase any public debt whatsoever." The object of this provision would certainly not be counteracted by the present operation, since the Government has actually advertised the payment of the stock, which is thus, in fact, no longer an object of purchase by the sinking fund. This circumstance, it probably was, which induced Mr. Cadwalader to regard the purchase of public debt, so situated, as not conflicting with the provisions of the charter. When, however, the stock was purchased in August and September last, it was still a subsisting debt. One third of it will so continue until the first of January

next, and even were the case less clear than it seems, the institution is, both from inclination and duty, disposed to give the most rigorous construction to its own powers. I am under the necessity, therefore, of apprising you that the bank cannot consider, as purchased on its account, the three per cent. stock reported by you in your favors of the 30th of August and 6th ultimo, amounting to \$1,474,827 33. And I have now to propose for your consideration the following substitute for that arrangement, which will, I trust, be mutually agreeable to both parties.

1st. It will be necessary to transmit, without delay, the whole of the certificates, with powers of reimbursement, so that, in the first instance, the bank may receive payment for the owners. Without such payment, the bank is not in actual possession of the funds, which will not be passed to its credit until paid to the stockholders. This seems to be of immediate urgency, and I therefore request your immediate attention to it.

2d. When the stock is thus reimbursed to the stockholders, the portion which they have consented to postpone will be passed to their credit on the books of the bank, and continue to bear an interest of three per cent. per annum, payable quarterly, until the 1st of October next, when the principal will be reimbursed. If it be necessary, on the delivery to you of the certificates with powers of reimbursement, to substitute some other certificate on your part, as was done in the case of the Louisiana debt by you, you are hereby authorized to give to the parties a certificate for an amount equal to what they respectively surrender to you.

3d. The portion purchased by you will, in like manner, go to your credit when paid by the Government. At that time, it will be for you to determine whether it shall continue to draw an interest of four per cent., (if that be the rate,) payable quarterly, or whether you would desire immediate payment. If your arrangements with others make it necessary or expedient for you to continue the loan to the bank for that period, we shall, with great cheerfulness, acquiesce in your views. If, however, it should be as consistent with your interest to receive reimbursement, the bank will be ready and willing to make it immediately. I mention this because it may perhaps be convenient for you to provide funds in New Orleans for the instalments of the loan to the Union Bank; in which event, you may consider the whole amount of your purchases of three per cents., or any portion of it, as immediately applicable to that object.

The wish to postpone the payment of some portion of the fifteen millions, reimbursable between the 1st of October and the 1st of January, arose from the appearance of the cholera, which threatened to throw the business of the country into great confusion, and imposed on the bank the duty of keeping itself in an attitude of great strength, so as to interpose, if necessary, to relieve the community. The calamity having passed with less injury to the mercantile classes than was anticipated, the bank will not be called upon for any extraordinary effort, and would be content to pay at once the whole amount now in your hands. This would have the further recommendation that it would relieve you from the payment of interest on the balance, which is probably equal to your purchases.

In either event, whether you wish to take immediate reimbursement, or continue the loan, it is presumed that the terms of the purchases will, under this change of the arrangement, be favorable to your interest, which we are always anxious to promote. Should it, however, happen that any pecuniary loss shall be sustained by you in consequence of these purchases, the bank.

will, of course, make an ample indemnity for it. The commission stipulated upon the whole sum will not be in any degree affected by this change, but will continue as originally determined between Mr. Cadwalader and yourselves. You will readily believe that nothing but an imperious sense of duty would induce the institution to propose these changes in the arrangement, and we must rely on your habitual courtesy to excuse any additional trouble which they may occasion.

With great respect, yours,
N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co., *London.*

D—3.

[*Annexed to the duplicate of the above letter.*]

BANK OF THE UNITED STATES,

October 19, 1832.

GENTLEMEN: The above is a copy of my respects of the 15th instant, since which I have had the pleasure of receiving, this morning, your favor of the 14th ultimo.

To what I had the honor of writing on the 15th instant, the only addition which it seems necessary to make, is this: The bank, in order to close the account with the Government, is anxious to obtain the certificates. It is, however, possible that some of the holders who have agreed to the postponement, may prefer retaining their certificates until the period of final reimbursement. The bank is very unwilling to give, either to these stockholders or to yourselves, any unnecessary trouble; and should you find any reluctance on this score, you will please not to urge it, but leave the certificates in the hands of the stockholders, and we will endeavor to accomplish the object of the bank without possession of the certificates. Those for the stock purchased by yourselves, we shall be happy to receive by an early opportunity.

With great respect, yours,
N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co., *London.*

BANK UNITED STATES, *October 31, 1832.*

GENTLEMEN: My last respects were of the 19th instant: since then we have understood that the Treasury Department is desirous of closing the accounts of the foreign holders of three per cents., a circumstance which increases our own anxiety to receive the certificates without delay, and induces me to request that you will have the goodness to give every facility to the transmission of them.

In regard to those purchased by yourselves, there can, we presume, be no difficulty; and as to those stockholders with whom you have agreed to postpone the payments, you will find, we trust, no indisposition to make the arrangement, suggested in my letter of the 15th instant, for the delivery of their certificates. Should, however, any difficulty occur, it would be

agreeable to the bank if you could obviate it, either by causing the certificates to be sent to the bank for immediate reimbursement, or, if necessary, by purchasing the certificates on your own account, in the same manner as was done with those previously purchased, and taking your reimbursement in the mode most agreeable to yourselves. The whole subject is committed to your good judgment, with the respects of

Your obedient servant,
N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co.,
London.

D—5.

BANK OF THE UNITED STATES,
January 15, 1833.

GENTLEMEN: Since my last respects of the 31st of October, we have waited with much interest to learn the progress which you had been able to make in carrying into execution the request contained in it. Of this we have been duly informed by your favors of the 6th, 14th, 22d, and 29th of November last, and by the personal communications of Mr. Ward, the agent of your house.

The course which you have pursued in respect to the whole negotiation is entirely satisfactory in every respect, and justifies all our anticipations from the zeal and judgment habitually displayed by you in all the concerns confided to you by the bank. It remains for us only to hope that you may be able to close the arrangement by transmitting the certificates at an early day.

With great respect, yours,
N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co.,
London.

E—1.

BANK OF THE UNITED STATES,
January 14, 1833.

GENTLEMEN: Herewith you will please find a list of those holders of United States' three per cent. stock, who have consented to postpone the receipt of the principal thereof until the 1st of October next, the bank paying the interest thereon quarterly until that time, agreeably to the terms of your circular of the 14th November. The agents of the holders of part of the amount separated in the list, and amounting to \$672,465 27, have already received the interest upon one-third of this sum. The balance of interest due the 1st instant on the whole sum deferred, amounting, as per accompanying list, to \$2,376,481 45, is therefore £16,142 45, the equivalent of which I now remit in the enclosed bill on yourselves, No. 3,332, for £3,332 3s. 2d. sterling, exchange being nine per cent.

The certificates of John Caspar Shum, amounting to \$18,368 58, and of Edward C. Hooton amounting to \$2,800, are at hand, the principal received, and the amounts passed to their respective credits, as per enclosed

acknowledgments. The several certificates as they are received will be credited, in like manner, to the respective holders, who will be duly advised, separately.

I am, very respectfully,
Your obedient servant,
S. JAUDON, *Cashier.*

Messrs. BARING, BROTHERS & Co.,
London.

E—2.

Extract of a letter, dated

BANK UNITED STATES,

January 14, 1833.

We have also received from Thomas W. Ward, esquire, various certificates of United States' funded three per cent. stock, with power to receive the principal, and remit the same to you, per appoint; and have received the following sums for those powers at hand, to which we have added the interest due on the one-third reimbursable on the 1st instant in our hands. To this list we have also added the certificates in the name of Henry J. and Philip Collins, whose names we remark do not appear on the postponed list as intimated in your letter of the 29th of November.

Received on account of the following persons:

Nathaniel Cosens	-	-	-	-	\$15,119 07
S. C. Jervoice	-	-	-	\$20,000	
Interest	-	-	-	50	
					20,050 00
Anne Rushout	-	-	-	44,437 21	
Interest	-	-	-	208 96	
					44,646 17
General J. Ramsay	-	-	-	30,477 55	
Interest	-	-	-	76 19	
					30,553 74
James Ewing	-	-	-	-	299,594 05
Van Staphorst et al.	-	-	-	-	9,600 00
Hendrickson et al.	-	-	-	-	34,581 97
G. Nutges et al.	-	-	-	-	28,800 00
Rev. J. Phillips	-	-	-	4,400	
Interest	-	-	-	11	
					4,411 00
Henry J. and Philip Collins	-	-	-	10,000 84	
Interest	-	-	-	25 00	
					10,025 84
Making	-	-	-	-	\$497,381 84

Which, at the exchange of nine per cent., you will please receive in the enclosed bill on yourselves, No. 3,338, for £102,670 11s. 3d. sterling.

I am, very respectfully, &c.
S. JAUDON, *Cashier.*

Messrs. BARING, BROTHERS & Co.,
London.

E-3.

BANK UNITED STATES,

January 22, 1833.

GENTLEMEN: I refer to the annexed copy of my respects of the 14th instant, and have this day received through Thomas W. Ward, esq., powers for the receipt of the following sums of United States' three per cent. stock, viz.

Rev. Sir Samuel Clarke Jervoice	-	-	-	\$66,037 35
Honorable Anne Rushout	-	-	-	39,147 22
Henry Bland and R. Smithson	-	-	-	51,529 53
Gaspard de la Rive Bossier	-	-	-	21,000 00
Gerard Nutges et al.	-	-	-	7,400 00
Do.	-	-	-	12,000 00
Do.	-	-	-	8,000 00
Jacob C. Martin	-	-	-	1,100 00
Johannes H. A. S. Van Lenschoten	-	-	-	17,000 00
Baron Jacob A. T. Van Amerigan	-	-	-	5,800 00
Ann P. Upham	-	-	-	10,000 00
John H. Tutton	-	-	-	27,400 00
Anne Rushout	-	-	-	5,000 00
Geret Nutges et al.	-	-	-	8,700 00
Together amounting to	-	-	-	<u>\$280,114 10</u>

The equivalent of which you will please find in the enclosed bill on yourselves for £57,821 14s. 4d. sterling, exchange being nine per cent.

I am, very respectfully,

Your obedient servant,

S. JAUDON, *Cashier.*

Messrs. BARING, BROTHERS & Co.,
London.

E-4.

BANK OF THE UNITED STATES,

January 31, 1833.

GENTLEMEN: I had this pleasure on the 23d instant, and am since in receipt of your esteemed favor, dated the 6th ultimo, covering various certificates of United States' three per cent. stock for remittance, per appoint.

I have received on account of Francis Squire	-	-	-	\$10,111 09
Do.	do.	Robert and J. Ansell	-	6,500 00

Making together - - - - \$16,611 09

For which you will please find bill of the bank on yourselves, No. 3,361, for £3,248 17s. 11d. sterling, exchange being nine per cent.

I have received from Thomas W. Ward certificates and powers for the following names:

Andrew Christain Oortman	-	-	-	\$11,200 00
G. Nutges et al.	-	-	-	147,766 66
N. J. R. Van Staphorst	-	-	-	3,600 00
R. Hanson et al.	-	-	-	10,000 00

J. C. W. Vanschlottén	-	-	-	-	\$17,000 00
G. J. Jonchew et al.	-	-	-	-	17,000 00
Andrew Service and John Ferguson	-	-	-	-	10,000 00
John Gray	-	-	-	-	5,500 00
Christopher Wilson	-	-	-	-	50,000 00
John Abraham Droop	-	-	-	-	2,000 00
Jane Haneage	-	-	-	-	7,406 96

Amounting to - - - - - \$281,473 62
 For which you will please find enclosed our bill on yourselves, No. 3,362, for £58,102 7s. sterling.

In your letter to the President of the 6th ultimo, there were various certificates of three per cents. of parties who wish their capital to remain with the bank, the principal of which has been received and placed to their respective credits, as follows, viz.

Lady Mary Cunyngham	-	-	-	-	\$21,494 65
Richard Robus Hall	-	-	-	-	8,900 00
James Goselin	-	-	-	-	3,535 66
Henry S. Montagu	-	-	-	-	25,000 00
John Lepine	-	-	-	-	8,000 00
William Meeking	-	-	-	-	7,800 00

And we also send separate acknowledgments for each.

I am, very respectfully,

Your obedient servant,

S. JAUDON, *Cashier.*

Messrs. BARING, BROTHERS & Co.,
London.

E—5.

Extracts from a letter, dated

BANK OF THE UNITED STATES,

February 7, 1833.

GENTLEMEN: Confirming my respects of the 31st ult., a copy of which precedes, I now beg leave to acknowledge the receipt of your esteemed favors, dated 8th, 14th, (duplicate) 19th, and 22d of December, and also those addressed to the President, of the same date; and we do the needful with their several enclosures.

I have received reimbursement of the following three per cents.

On account of Dorothy Bayley and R. Ayrey,	-	-	\$15,532 27
And added thereto 37 days' interest at three per cent. per annum,	-	-	47 89

Making	<u>\$15,580 16</u>
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- For which please find our bill No. 3,364, for £3,216 1 9 sterling.

Received on account of J. S. R. Necker,	-	-	\$5,000 00
Thirty-seven days' interest,	-	-	15 42

<u>\$5,015 42</u>

For which please find our bill, No. 3,369, for £1,035 5 10 sterling.

* * * * I have also received the principal of the three per cents. in the name of Nathaniel T. Still, amounting to \$30,144 14, which is placed to his credit, as per enclosed acknowledgment. We wait for powers from R. N. De Watteville and others.

I have received from Thomas W. Ward, esq. power and certificates for \$280,000, in the name of James Ewing, of United States' three per cents., and enclose, as the equivalent, our bill No. 3,367, for £78,440 7 9. Exchange on all the above at nine per cent.

I am, very respectfully,

Your obedient servant,

S. JAUDON, *Cashier.*

Messrs. BARING, BROTHERS & Co., *London.*

BANK OF THE UNITED STATES,

July 18, 1832.

DEAR SIR: The committee of exchange who were authorized by the board, to make arrangements for the payment of the three per cents. of the United States, are desirous of negotiating with the holders of some of these stocks, who reside in Europe; and as their distance, and the early day at which the stocks are reimbursable, will not allow of a prolonged correspondence with them, the committee have requested you to negotiate with them in person. For this purpose, you will proceed to Europe, and execute the enclosed instructions.

For your services, the committee will reimburse the personal expenses of yourself and any member of your family whom the state of your health may render it agreeable to have with you, and allow the sum of five thousand dollars as a compensation.

Very respectfully,

Yours,

N. BIDDLE, *President.*

THOMAS CADWALADER, Esq.
Philadelphia.

BANK OF THE UNITED STATES,

July 18, 1832.

[*Private.*]

DEAR SIR: In addition to what I have written to you under this date I wish to add a few remarks:

1st. You are authorized to stipulate for the payment of the principal of the postponed stock, either in the United States or, in Amsterdam, at *par*. The first would be preferable; but if you find the authority to repay at Amsterdam can be usefully employed in the course of the negotiation, you will exercise it.

2d. Although we calculate on the continuation of the loan at three per cent., till, as the object is one of public interest, the bank would prefer making

a temporary sacrifice, rather than fail in the accomplishment of the object, and, accordingly, you are authorized to go as high as an interest of four per cent., or even 4½, including all commissions which you may be obliged to pay.

3d. In regard to these commissions, if it is thought advisable to use the intervention of any mercantile house, we would naturally expect the employment of our old and valued friends Messrs. Baring, Brothers & Co. In that event, we should willingly pay a commission of a quarter per cent., or, if necessary, even half per cent. on the amount of the loan deferred.

These ample limits are the evidences rather of our entire confidence in you, than of what we expect it may be necessary to give; and, accordingly, while we wish that the arrangement should at all events be made, we rely on your good judgment to make it on the most economical terms.

It remains only to wish you a pleasant voyage; and to assure you that I am,

Very truly,
Yours,

N. BIDDLE, *President.*

THOMAS CADWALADER, Esq.
Philadelphia.

TREASURY DEPARTMENT,

22d February, 1833.

SIR: In compliance with the request contained in your letter of the 19th instant, I have the honor to transmit a statement, by the Treasurer, showing the state of his account with the Bank of the United States and its offices on the 1st of October, and first of January last; and a statement by the Register, showing the amount of public debt paid, or payable, since October, 1831; the amount of the same which stood on the books of the loan offices at Boston, New York, Philadelphia, and Baltimore, and the amount of public revenue received at those places since that time.

I have the honor to be,

Very respectfully,

Your obedient servant,

LOUIS McLANE,
Secretary of the Treasury.

Hon. G. C. VERPLANCK,
Ch. Com. of Ways and Means,
Ho. Reps. U. S.

STATEMENT showing the situation of the Treasurer's account with the Bank of the United States on the 1st of October, 1832, and the 1st of January, 1833, including the transactions of those days.

	Amount on deposit at the credit of the Treasurer, in the bank and its branches at the times stated.	Amount for which warrants had issued, but which had not been presented at bank and paid.	Net amount subject to draft, after deducting the warrants so outstanding.
First October, 1832, -	\$3,715,390 14	\$492,598 00	\$3,222,792 14
First January, 1833, -	2,157,724 40	1,427,506 60	730,217 80

TREASURY OF THE UNITED STATES,

February 21, 1833.

JOHN CAMPBELL, *Treasurer U. S.*

STATEMENT of the Public Debt paid since the 1st October, 1831, and of the amount payable at the Loan Offices, Boston, New York, Philadelphia, and Baltimore, and also, of the amount of revenue collected and paid at each of those places, during the periods which elapsed between each payment of the debt.

Time when payable, per public notice.	Amount of debt payable.	Amount payable at	Amount of revenue collected and paid in.
1st January, 1832	\$5,908,809 22	Boston \$901,074 81 N. York 1,677,598 90 Philadel. 2,652,232 49 Baltimore 139,381 23	From Oct. 1 to Dec. 31, 1831 \$718,000 00 4,184,182 10 861,787 17 253,573 11
1st April, 1832 -	1,739,524 01	Boston 626,741 35 New York 83,809 26 Philadel'a 420,186 36 Baltimore 57,988 35	From Jan. 1 to Mar. 31, 1832 789,000 00 3,864,850 02 853,929 08 354,228 55
1st October, 1832	8,634,988 37	Boston 810,157 39 N. York 3,482,531 16 Philadel. 3,227,469 18 Baltimore 282,715 72	From April 1 to Sep. 30, 1832 2,220,500 00 9,050,471 23 1,799,444 09 472,015 49
1st January, 1833	6,544,902 42	Boston 861,267 57 N. York 2,186,729 62 Pennsylv. 2,813,654 74 Baltimore 235,111 07	From Oct. 1 to Dec. 31, 1832 716,500 00 4,022,348 08 848,561 70 305,466 78
	\$22,828,224 02	\$20,458,748 40	\$31,314,857 40

TREASURY DEPARTMENT,

Register's Office, February 22, 1833.

T. L. SMITH, *Register.*

BANK OF THE UNITED STATES,

February 25, 1833.

SIR: I had the honor of receiving, on Saturday evening, the 23d instant, your letter of the 21st instant, postmarked the 23d instant, and have this morning directed the transmission of the correspondence to which it relates. Enclosed you have the correspondence with the office at Lexington, and a statement of the specie sent there; that with the other offices which you have named, could not be in readiness for this mail, but will be transmitted to-morrow.

I have the honor to be,

Very respectfully, yours,

N. BIDDLE, *President.*

Honorable G. C. VERPLANCK,

*Chairman Committee of Ways and Means,**Washington, D. C.*

OFFICE BANK UNITED STATES,

Lexington, August 8, 1832.

SIR: Your letters of the 31st ultimo are to hand yesterday: the instructions therein contained we will carry into execution forthwith. As some of the customers of this office have no accommodations other than the convenience of having their drafts cashed for proceeds sales of stock and produce, may we not be permitted to continue such facilities to a limited amount?

We will explain and do all in our power to render the execution of this order as little objectionable to the country as we can: with the reasonable part of the community we have no doubt of succeeding. I wrote to you on the 4th instant for information, which I presume is answered by these letters.

I am, sir, respectfully,

Your obedient servant,

JNO. TILFORD, *Prest.*N. BIDDLE, Esq., *Prest.*

OFFICE BANK UNITED STATES,

Lexington, August 11, 1832.

SIR: Our friends here are of opinion that some explanation of the causes which have made it necessary for the bank so materially to change its business, should be given to the public through the proper channel.

It is indeed most unfortunate, but true it is, that every step taken by the bank, although in the ordinary routine of its business, is at once charged by its opponents (constituting a large and powerful party,) as having connection with the politics of the day. The present partial suspension of its operations is attributed, by the opponents of the bank, to a desire of influencing the election in November, and may probably be the means of exciting much prejudice against the institution, unless counteracted by a plain statement of the reasons which have rendered such a step proper.

If you concur with me in opinion, an article on the subject could be prepared and published here or in Philadelphia, as you may think most proper.

Very respectfully,

Your obedient servant,

JNO. TILFORD, *Prest.*N. BIDDLE, Esq., *Prest.*

OFFICE BANK UNITED STATES,

Lexington, September 11, 1832.

SIR: Enclosed you have a copy of a letter forwarded by me to J. Saul, assistant cashier, New Orleans. The disposition, by organized concert, to make a run for specie seems to be on the increase. Since the 28th May, we have paid out about \$23,000; and, in the last seven days, \$6,200.

I enclose you a copy of a resolution passed at a public meeting in Montgomery county, which, together with an extract from the Kentucky Gazette, sent you some days since, will explain the state of feeling now existing here, and which no doubt will be kept up by every possible means, for political effect, for several weeks to come. We have been apprized of calls that will be made for about \$25,000, which we are looking for every hour; and the application at the counter in small sums is almost constant. Under these circumstances, every thing within our power will be done to guard against accident.

In addition to Mr. Saul, I have also written to the cashier at Natchez and at St. Louis to send me, without delay, \$25,000 each, if their situation will justify it; and have taken means to have from Louisville, forthwith, the amount which Mr. Shippen can spare me.

I am, sir, very respectfully, &c.

JOS. TOWLER, *Cashier.*

J. COWPERTHWAIT, Esq., *Acting Cashier.*

"Resolved, That, as a party, we will throw no obstacle in the way of the present bank winding up its concerns and bringing its affairs to an issue, happily to both creditor and debtor; but, in case of an interference on the part of the bank in our elections, we advise our friends, not only in this State, but throughout the Union, to form associations for the purpose of cashing all the United States' paper that may fall in their hands."

OFFICE BANK UNITED STATES,

Lexington, September 15, 1832.

SIR: An agent from the General Postoffice has been here with three checks, drawn by the Postoffice Department on this office, (in all about \$200) and paid upon forged endorsements. He wished me to aid him in discovering the perpetrators of the fraud, and I accordingly gave him all the assistance in my power. He was instructed to return the checks, to be entered to the credit of the department, which I was informed should be done so soon as he returned them. Two of them were sent to me by Mr. Benson, the other by a house in Louisville. The entering of them to the credit of the department is, I presume, consistent with the practice of the bank.

Very respectfully, &c.

JOS. TOWLER, *Cashier.*

JOS. COWPERTHWAIT, Esq.

Acting Cashier.

BANK UNITED STATES, Sept. 18, 1832.

SIR: Your letter of the 11th inst. to the late acting cashier, has been received, and we have, in consequence, determined to despatch, by the mail

to-morrow, two of our clerks, Samuel Mason, jr. and Edward Whelen, with fifty thousand dollars United States' gold coin for your office. This sum, we trust, will put you quite at your ease, at least until you can receive a supply of dollars from New Orleans. In addition to the other offices to which you have written for aid, that at Cincinnati may be resorted to. My only apprehension is, that the river may be so low as to retard, very much, remittances from St. Louis and New Orleans. In that case, you had better write that further assistance from here is desirable, and it shall be sent. The best mode for checking any demand upon you for specie is, to pay it out to all applicants with the utmost readiness and cheerfulness, and if any fears should have been excited by such newspaper paragraphs as you allude to, they will soon be quieted. It will be prudent, at the same time, so to shape the business of the office, as to prevent, as far as possible, the accumulation of a heavy sum in unfriendly hands.

You will, of course, not use the gold coins unless it becomes absolutely necessary.

I am, &c.,

S. JAUDON, *Cashier.*

JOSEPH TOWLER, *Cash'r Off. B'k U. S. at Lexington*

OFFICE BANK UNITED STATES,

Lexington, September 25, 1832.

SIR: Yours of the 18th is received. Since mine of the 11th instant, I have received from Mr. Shippen, in specie, \$10,000, and expect from him an equal amount. Advice has just reached me, that \$30,000 has been received by Mr. Shippen, from St. Louis, for this office. Mr. Benson also writes me that \$25 or 50,000 can be forwarded from that office at any moment. At present, I am under the impression there is no necessity for any further supply, though it is probable, under the present state of excitement, (altogether for political purposes,) there may be a continued demand for several weeks.

The suggestions you make have been acted on, and specie paid out with the utmost cheerfulness. No alarm has been felt, but every precaution taken to be ready for any demand that could possibly be made.

I am, sir, very respectfully, &c.

JOS. TOWLER, *Cashier.*

S. JAUDON, *Esq., Cashier.*

BANK UNITED STATES,

September 21, 1832.

SIR: In order still further to strengthen you in specie, we have determined to despatch by the mail to-morrow, a further sum of \$60,000, in American gold coin. This, with the \$50,000 sent you a few days since, must, we think, place you beyond the reach of alarm. It will be advisable for you to exchange a part of the gold with the office at Louisville or Cincinnati for silver. Independently of the greater value of the gold, it is an object to retain an article which we can transport so readily from place to

place. With a view to decreasing the demand upon you, it may be well to refuse to receive, on deposit, the notes of any other office than your own, as well as the notes of all distant State banks. You may also find it useful to absorb your own issues by checking freely upon this bank and the offices at New Orleans and New York; thus transferring the demand to our strongest points. Indeed, as a general practice, I was about to write to you, we should, in reference to checks, think it better for you to furnish them at all times, at a small premium, rather than oblige those who wish to remit to the Atlantic cities to transport bank notes. The latter become as direct a charge upon us as the former; and, by the system of checks, the public is much better accommodated, the profits of the office are increased, and the risk of returning your notes to you avoided.

I am, &c.

S. JAUDON, *Cashier.*

Jos. TOWLER, Esq.,
Cashier Off. B'k U. S. Lexington.

OFFICE BANK UNITED STATES,

September 28, 1832.

SIR: Yours of the 21st is received. We feel ourselves, to-day, entirely beyond the reach of any alarm, as we shall have \$110,000 independently of the amount this day received from Philadelphia. We have always received the notes of the Bank of the United States and all its branches on deposit, and paid the specie for them as our own; and, from the present aspect of things, the President concurs with me in the opinion that it would be injurious to make any change in our usual practice, which, however, will be done in conformity to your suggestions, whenever circumstances may require it as a matter of protection.

I have refrained from checking for large amounts in pursuance to previous instructions, and, for some time past, have not given any, but for quite small sums. The course you now recommend, of checking freely, will give great facility to our operations, and much satisfaction to our customers.

The commercial class of the community, including also all our depositors, have nothing to do with the demand for specie. The largest demand yet made, was on the day before yesterday, by a man from Richmond, (about 30 miles from here,) of \$2,640. He had, on a slip of paper, about 25 different sums set down from \$30 to \$300, the aggregate of which was the amount he drew, showing plainly that it was a neighborhood collection.

We shall, this evening, remove our cash to the new vault, and commence operations in the new banking room in the morning. The securing our money in a vault again, will relieve me from an anxiety and responsibility which I hope never to incur again.

I am, very respectfully,

JOS. TOWLER, *Cashier.*

S. JAUDON, Esq., *Cashier.*

BANK OF THE UNITED STATES,

October 3, 1832.

[*Confidential.*]

SIR: I am pleased to find, by your letter of the 25th ultimo, that you then felt fully prepared for any demand that could probably be made upon

your vaults. The sums on their way to you will, therefore, place you an attitude of great strength. Taking your own specie at \$70,000, and adding \$20,000 from Louisville, \$30,000 from St. Louis, \$100,000 from New Orleans, to which sum I have directed Mr. Saul to increase the shipment, and the \$110,000 sent from here in gold, you will have an aggregate of \$330,000. Another \$100,000 could be supplied, in case of emergency, by Louisville and Cincinnati. No combination among the enemies of the bank is likely to be formed which can command your notes to such an amount. It is not, however, by any means certain that the blow is levelled against your office only. Indeed we have reason to believe that a scheme is on foot for discrediting the bank, if possible, by concentrating demands at its most unguarded point. Your office, therefore, has probably only been named, first, under an idea that it was the weakest: as soon, therefore, as it is found that you are amply prepared, some other point will be selected. Your office, then, and those at Louisville, St. Louis, and Cincinnati, must stand ready to assist and support each other at any moment. Your united strength is so great that no combination need be feared; and we do not think it at all necessary to increase any further your specie funds. It will, however, be prudent to place the \$110,000 in gold at Louisville, as being the most central point, and that from which it can most readily be despatched by land or water. You will please, therefore, exchange the whole of it with Mr. Shippen, as soon as you prudently can, for silver. I have not named the office at Nashville, supposing it not probable that it can require support; but if it should, it will of course be given by you. A heavy demand made at one office will almost render it certain that another cannot be soon made elsewhere.

I am, &c.

S. JAUDON, *Cashier.*

P. S. The checks of the Postoffice Department, which were paid by you upon forged endorsements, as stated in your letter of 15th ultimo, were very properly credited to the department. The loss, if the bank is in fault, must fall upon ourselves.

S. J., *Cashier.*

Jos. TOWLER, Esq.,

Cashier Office U. S. B., Lexington.

OFFICE BANK UNITED STATES,

[*Private.*]

Lexington, October 12, 1832.

SIR: Yours of the 3d instant is received. We have now on hand in specie (including \$10,000 from Louisville, \$30,000 from St. Louis,) \$104,000, and expect to receive in a few days from Natchez \$25,000, making in all \$129,000. This will make our vault amply strong enough to meet any demand that can be made here. As soon as I am advised of the arrival of the specie from Natchez at Louisville, I shall send down for it, and take that opportunity to remit the gold, deeming it unnecessary, under present prospects, to make any exchange with that office for silver; and, upon the arrival of the amount from New Orleans, I shall request Mr. Shippen to retain that also at Louis-

ville. I am of opinion that \$100,000 will be entirely sufficient to retain here; and that the safety of all will be best insured by the deposite at Louisville.

The demand at the counter is decreasing, and I hope will continue to do so. Only \$3,400 have been sunk since the 1st instant. Our opponents have found that they could not alarm the commercial community, nor, indeed, the wealthy of any class; and even their expected coup de grace of the Harrodsburgh Convention has been a nullity; nor do I apprehend any revived effect from the efforts which are now making to give their address an extensive circulation throughout the State.

We have it from high authority, (from a gentleman who said "he knew the fact,") that the demand was got up on our office in pursuance of instructions from Washington.

A circumstance took place here this week which shows, in a strong light, the bias of partisan feelings. Our practice has always been, when counterfeit notes on the Bank United States and branches are offered at the counter, to cross them, or to stamp them "counterfeit." A suit was brought against one of our officers to recover damages on a note thus crossed. The magistrate (a Jackson man) gave judgment for the amount of the note, \$5; an appeal was taken to the county court, and, after an examination and discussion, the judgment was affirmed by two magistrates, (both Jackson men.) The other magistrate on the bench, disagreeing to the judgment, very properly observing that he could not consent to give damages where it was obvious no damage had been sustained. The judgment was final, and of course we must pay the money. The practice of crossing them will, however, be continued, unless a different course is suggested by you; and should another suit be instituted to recover damages for such "a serious injury," the trial shall be had before men whose judgments and perceptions of right and wrong are not entirely merged in party feeling.

I am, very respectfully, &c.

JOS. TOWLER, *Cashier.*

S. JAUDON, Esq., *Cashier.*

OFFICE BANK UNITED STATES,

Lexington, October 27, 1832.

SIR: Will you please forward a copy of the instructions to the President of this office, together with the resolutions of the mother board, in relation to the proposed arrangement with Mr. R. Wickliffe as to the lands mortgaged by Messrs. Smith and Buchannan? The originals were handed to Mr. Wickliffe, and mislaid.

Messrs. J. W. Hunt and others have received a letter from Mr. White of your board, advising them that a claim made for deficiencies, paid by them on subscription received as commissioners in 1816. had been allowed, and have called on me in relation thereto. I have not been advised on this subject.

I am, very respectfully, &c.

JOS. TOWLER, *Cashier.*

S. JAUDON, Esq., *Cashier.*

BANK OF THE UNITED STATES,

November 7, 1832.

SIR: Your favor of the 27th ultimo is received; and I now forward another copy of the resolution adopted by our board, on the 1st of June, in relation to an arrangement with Mr. Wickliffe. The letter to your President, which transmitted the former copy, merely requested that no further delay should take place in settling this business, if it could be avoided.

I send, also, herewith, a copy of a resolution, passed on the 12th ultimo, authorizing the payment of the claim of the commissioners for receiving subscriptions to the stock of this bank at Lexington, which you will please make, and charge the amount to the bank.

Your "private" favors of the 12th and 24th were duly received. Your position is now too strong to cause the least apprehension; and you will, in Mr. Shippen, at all times, find a disposition to give prompt and efficient support.

The decision in regard to the counterfeit note crossed at your office, was, indeed, most extraordinary. If it could be sustained, the result would be, that we must give up a practice adopted with a view to protect the public from fraud, or make all counterfeit notes as available as the genuine. The subject has been taken into consideration, but no decision has yet been made. In the mean time, continue the former practice; the moral sense of the community, we think, must be too much shocked by such a decision as your county court gave, to suffer it to stand. Is there no way in which the question, if again raised, could be brought before the United States' Court?

I am, &c.

S. JAUDON, *Cashier*.

JOSEPH TOWLER, Esq.

Cashier Office Bank U. States, Lexington.

OFFICE BANK UNITED STATES,

Lexington, November 20, 1832.

SIR: Your's of the 7th instant is received. On consultation, it is thought advisable to take no farther steps as to the decision on the subject of crossing counterfeit notes. If a second case should be instituted, I have every hope that the same court will give a different decision; and, if necessary, an agreed case can be submitted to our State Superior Courts, if not to the Federal Court, on a note of larger amount, say \$50 or \$100.

Under the present state of affairs, I cannot but deem it matter of much gratification in viewing the situation of this office, both as to its debt and circulation. Our aggregate debt, active and inactive, is now \$330,000 less than it was this day twelve months, and our circulation is considerably reduced. Our board of directors have consulted the interest and safety of the institution, and have only extended facilities for small loans, and at short dates, to sustain business men, and have kept a steady eye to the great point of reducing all large discounts, and requiring additional security—a policy which I have no doubt will meet with entire approbation.

Very respectfully, &c.

JOS. TOWLER, *Cashier*.S. JAUDON, Esq., *Cashier*.

OFFICE BANK UNITED STATES,

Lexington, September 14, 1832.[*Private.*]

SIR: In conversation with some of the delegates who were at the Harrodsburg Convention, on Monday last, I learn that a lengthy and labored address and resolutions were unanimously adopted; the object of which is, to produce upon the public mind, that the institution is entirely insolvent, and unable to redeem its notes. The materials are chiefly taken from Clayton's report. Our demand for specie is now constant, and the drain from \$1,000 to 1,500 per day; and what further effect the above proceedings are to have as to increasing the demand, time will soon develop. A copy of the proceedings at Harrodsburg shall be forwarded as soon as I can obtain it.

I am, sir, very respectfully,

Your obedient servant,

JOS. TOWLER, *Cashier.*N. BIDDLE, Esq., *President.*

BANK OF THE UNITED STATES,

September 29, 1832.

DEAR SIR: The preparation for the payments of the public debt on the 1st of next month, being completed, the board have taken the earliest opportunity of authorizing you to resume the purchase of domestic bills, founded on the real business of the country, and not having more than four months to run from the time of purchase. As the engagements of the bank for the 1st of January are still heavy, the board are not anxious, for the sake of the bank, that you should extend your business; but have adopted this measure in the hope that it might be the means of averting any inconvenience from your citizens for the want of the facilities hitherto afforded at this season. You will also consider yourselves as authorized to draw checks on the bank as heretofore.

Very respectfully, your's,

N. BIDDLE, *President.*

JOHN TILFORD, Esq.

President Off. D. & D. Lexington, Ky.

OFFICE BANK UNITED STATES,

Lexington, November 3, 1832.

SIR: I think it my duty to inform you that, within the last two days, a most shameful attempt has been made to induce the public to believe that the officers of this branch were influenced by political considerations in making loans. The directors made a statement to the public, a copy of which I enclose, which I believe has been effectual to put down this slander. Knowing, as I do, your anxious desire that the bank should keep entirely aloof from any thing of a party kind, it affords me great pleasure to say that your wishes on this subject have been most strictly adhered to. The attack emanated from gentlemen whose standing in society seemed to require of us an answer; but for this, we should not have noticed them. This branch, from its isolated situation, appears to have been the one in the west

selected for political vengeance. The run for specie, in the last few weeks, has been equal to about fifty thousand dollars, and yet continues at the rate of about one thousand dollars per day.

In no case, however, has this demand been made by the regular customers of the bank; but, in a community like this, where such heavy loss from a depreciated currency has been severely felt, it is impossible to prevent the alarm from extending widely, where attacks from the public press are daily made to produce a conviction that the institution is insolvent.

We have, in order to accommodate the public, paid specie for the notes of the bank, and all its branches. The course of things in this country has only had the effect of preventing this branch from doing as much good to the country as they otherwise might have done, and curtailed our semi-annual dividend; for, instead of bills on the east being furnished as heretofore, we have required the specie to be sent us from below. I trust we shall soon have some quiet; our *stump* orators will have done, and the country assume its usual business habits.

Respectfully, your obedient servant,

JNO. TILFORD, *President.*

N. BIDDLE, *President.*

From the Lexington Observer and Reporter.

TO THE PUBLIC.—In answer to the statements of Mr. Wm. Thomas Buckner and David Thomas, as given in an extra issued from the office of the Kentucky Gazette, the following statement of the facts upon which their testimony is founded, is respectfully submitted:

Applications were made, as stated, by many individuals for large sums, (of \$1,000, and upwards,) which were rejected by the board; but the applicants were informed (Mr. David Thomas amongst the rest) that if smaller sums were asked for, they could probably be had. At the next meeting of the board, the application for \$400 was made, as stated by Mr. Thomas, and the amount obtained. This was also the case with many others, who had reduced their notes to sums of from \$250 to \$500.

The board of directors has consisted, for several years, of gentlemen of both political parties; and, in acting upon applications for loans, nothing has ever been required but that the parties should be known to them, or else recommended to be not only good for the amount asked, but also punctual in their engagements. Politics was no part of their business; they met as directors of the bank, and as such discharged their duty to the bank and to the public.

The charge attempted to be made, is, that the board required that the politics of the party applying should be known to them, and that if they belonged to the Jackson party, their applications were rejected. In this state of the case, what proof can be offered to the public of the utter falsity of such a charge? Certainly the best evidence is the testimony of those members of the board who are themselves supporters of the present administration; and, under this impression, the following correspondence is offered to the public, together with the corresponding statements of Mr. Robert J. Ward, Mr. Joseph Bruen, and Mr. Benj. Taylor, who are known as supporters of Gen. Jackson.

NORTH MIDDLETOWN, *October 16, 1832.*

DEAR SIR: A gentleman, by the name of David Thomas, is making a statement here in relation to a transaction he had with the bank at Lexington a few days since, which I took upon myself flatly to contradict. It is this: that he applied, with good endorsers, well recommended, for \$1,000 on his own account, and for the same amount for Lewis Wilson, equally well endorsed and recommended, but failed to get any money, because the recommendation omitted saying that they were Clay men; that he was informed by a gentleman, (perhaps Trumbo,) who had a note discounted the same day, that no money could be had without such a recommendation, as it was intended that no loans would be made to the Jackson party; that he returned home and obtained such a recommendation for himself or Wilson, (or both, I am not certain,) and that he again applied and obtained the money, and was requested by the bank to keep the matter a secret. This, in substance, is the charge which is making a great noise here against the bank, and operating very unfavorable to our prospects. Can you, consistent with your duty, give me a history of this matter, in order that I can meet it properly?

Thomas's certificate has been taken by a Jackson man, and will, I expect, be published.

The mail is waiting. In great haste, respectfully your friend,
L. N. LINDSAY.

Major TILFORD.

LEXINGTON, *October 18, 1832.*

DEAR SIR: Yours of the 16th instant is received. In relation to the statement made by Mr. Thomas, or any body else, that the board of directors of the office here, are influenced, in granting accommodations, by the political character of the applicants, I can only give it an unqualified denial. The board of directors is composed of gentlemen of both the leading political parties, and all letters in regard to loans are read before them; and I am confident that every member of the board will bear testimony to the entire impartiality which *now*, and at all times, has characterized its proceedings.

I annex a statement in relation to this subject, which has been furnished me by Mr. Joseph Bruen, a member of the board, and himself a Jackson man.

Your's, respectfully,

JNO. TILFORD.

N. L. LINDSAY, Esq.

I concur fully in the foregoing statement of Maj. Tilford, in regard to the impartiality which has always governed the board of directors of the Bank of the United States in this city since I have been a member of the board.

JOS. BRUEN.

A copy—J. TOWLER, *Cashier.*

The undersigned, members of the board of directors of the branch bank located at Lexington, have seen a publication emanating from the pen of

Mr. Wm. T. Buckner, of Bourbon county, so utterly at variance with truth, that they consider it their duty to come forward and pronounce its charges false in every respect. The board have invariably consulted, as far as consistent with the security of the bank, the great interests of the trading community, without regard to persons or political parties. The farmer, the mechanic, the trader, and the merchant, the rich and the poor, have all participated in the receipt of loans from the institution.

E. WARFIELD.
M. KENNEDY.
B. W. DUDLEY.
JOHN BRAND.
F. DEWEES.

October 25, 1832.

LEXINGTON, October 23, 1832.

GENTLEMEN: I have, to my surprise, seen in the Kentucky Gazette Extra, of this date, a publication charging the Branch Bank of the United at this place with partiality and favoritism in the transaction of its business with the country, for political purposes. I will therefore only remark, that I have been conversant with the business and the general transactions of the bank for several years past, having been in the habit of recommending to it those who made application for accommodations from Fleming county, in which I live, as well as for many individuals residing in the counties of Bath, Nicholas, Mason, and Lewis; and I have no hesitation in declaring, so far as my knowledge and observation has extended, that nothing like party politics or political feeling has ever entered into the deliberations of the board of directors; but, on the contrary, their transactions with the country have been marked with liberality and the strictest impartiality; and the general business of the institution has been conducted on broad and liberal principles, and in such a manner as has given general satisfaction to all parties. I will add further, that there can be no doubt but the Jackson men themselves, of Fleming and the adjoining counties, (many of whom, alike with others, have been liberally accommodated by the bank,) would, if necessary, cheerfully come forward and bear honorable testimony to the impartial and liberal course of the bank in the transaction of its business with them. Indeed, it is a matter of general notoriety, in my section of country, that the bank has conducted its business with strict impartiality.

Respectfully,

JAMES ALEXANDER,
of the firm of Alexander & Stockton.

To the PRESIDENT AND DIRECTORS
of the Br. Bank of the U. States in Lexington.

GEORGETOWN, October 24, 1832.

DEAR SIR: Your favor of to-day was handed me a few moments since, informing me that charges had been made against the United States' Branch Bank in Lexington, of partiality in making their loans.

I have been a director during the present year, and have no hesitation in declaring that I have never known an instance where the political opinions of the applicant had the remotest influence upon the directory in granting or refusing a loan.

On the contrary, I have believed, and always so stated, that the board of directors were entirely impartial; and that loans were invariably made or refused entirely with reference to the responsibility of the parties applying, and the situation of the bank at the time, and without any reference whatever to the political opinions of the applicants.

Very respectfully,

Your most obedient servant,

ROBERT J. WARD.

J. TILFORD, Esq.

FAYETTE COUNTY, *October 25, 1832.*

DEAR SIR: Absence from home accounts for the delay in answering your note of yesterday.

The imputation attempted to be cast on the directors of the branch of the Bank of the United States at Lexington, of partiality in their loans, growing out of plitical preferences, so far as I know or *believe*, is utterly without foundation.

Perhaps no member of the board, (yourself excepted,) has been more punctual in attendance, for nearly three years, than I have been. There has been no occurrence in the board, when I have been present, that furnishes the slightest foundation for such charge. The greater part of the time, there have been two other directors in the board that support the reelection of Gen. Jackson; probably there have not been three discount days within that time that there was not at least one Jackson member present in the board.

The imputation of partiality cannot be made without implicating as deeply that portion of the board as the other.

It is my belief, the only consideration that has influenced each member of the board, in deciding on applications for loans, has been satisfactory assurance of the punctuality of the applicant and his securities, without regard to the political party with which he was associated.

Respectfully,

Your obedient servant,

BEN. TAYLOR.

Major JOHN TILFORD,

President of the Br. Bank, Lexington.

POSTSCRIPT.

LEXINGTON, *October 31, 1832.*

An extra Kentucky Gazette was issued on the 30th instant, stating that it was authorized to state that the Jackson members of the board of directors of the United States' Branch Bank in this city, were absent when D. Thomas and Z. Wilson's notes were offered for discount.

We are authorized by the directors of the bank to state, that it can be proved in a court of justice that one or more of the Jackson members of the board WERE present when the above mentioned notes were offered.

We are also authorized by the directors to state, that the reason why

Gabriel J. Morton's bill of exchange was not discounted was, because he then had from the institution between THREE and FOUR THOUSAND DOLLARS, and this sum was deemed his fair proportion; and that he was distinctly so informed.

A denial of this statement is challenged. It can also be proved in a court of justice, and that too by the Jackson directors.

From the Paris Citizen Extra, October 29.

We have received the following letter from Col. Lindsay, with the enclosure, by which it appears that Mr. Buckner's letter to the editor of the Kentucky Gazette was so *altered* as to change its meaning. Was it not designedly done?

October 29, 1832.

DEAR SIR: In the Kentucky Gazette Extra of the 23d instant, in the postscript of a letter written by Mr. W. Tho. Buckner, I am implicated as being engaged in preparing a false statement in relation to the partiality charged upon the United States' Bank at Lexington, in making their loans.

The enclosed letter upon that subject has been received by a friend of Mr. Buckner, who has politely furnished me with a copy, exonerating me entirely from all censure; and which I deem it due to the parties as well as the public, to publish.

Respectfully,

N. L. LINDSAY.

Mr. LYLE.

October 26, 1832.

DEAR SIR: I have seen the Kentucky Gazette, containing the letters I addressed to Mr. Trotter, on the subject of the partial course pursued by the officers of the bank in making the loans. I feel mortified that the postscript to my letter, of the 23d instant, HAS NOT BEEN ACCURATELY STATED: THE ERROR CHANGES THE MEANING ESSENTIALLY OR ENTIRELY; but I feel confident that it has been an error on the part of the printer, and not of the editor. The following is the hasty postscript written to a letter I had prepared, under the impression that the statement was represented as coming from me, which Mr. Thomas stated in his note to me.

P. S. On going to Middletown, and being informed by whose agency the statement to Mr. Thomas, which he has contradicted, was prepared, I am induced to believe that the statement presented to him, which is different in its whole tenor from the one I have thought proper to publish, might have been so prepared without design on the part of those concerned in it. The explanation satisfied me that the gentlemen who procured the contradiction were under the impression that the statement contradicted was the one intended to be given to the public as coming from Thomas, and, therefore, it is due to honor and justice to say it was prepared without design.

I have thought proper to say this much to you, because I have no desire to wound the feelings of any man; and, but for the belief that an attempt was made to injure my character, by obtaining a certificate giving the lie to what I had represented as coming from Thomas, I should not have used expressions which were used in my letter of the 20th.

W. THO. BUCKNER.

Mr. N. TALIAFERRO, N. Middletown.

BANK UNITED STATES,

February 25, 1833.

Remittances in specie to office Bank United States at Lexington.
1832.

September	19,	From Bank United States, in gold	\$50,000	
	22,	do do do	60,000	\$110,000
	18,	Office Louisville, silver	-	10,000
	15,	" St. Louis, do	-	30,000
	26,	" Natchez, do	-	25,000
October	4,	" New Orleans, do	-	30,000
	24,	" do do		70,000
				\$275,000

S. JAUDON, *Cashier.*

BANK UNITED STATES,

February 26, 1833.

SIR: I had yesterday the honor of forwarding to you the correspondence of the bank with the office at Lexington, in compliance with the request contained in your letter of the 21st instant: I now transmit, enclosed, the correspondence with the offices of Louisville, Cincinnati, and Nashville.

I have the honor to be,

Very respectfully, yours,

N. BIDDLE, *Pres't.*

The Hon. G. C. VERPLANCK,

Chairman Committee of Ways and Means, Washington.

BANK UNITED STATES,

September 29, 1832.

DEAR SIR: The preparations for the payment of the public debt on the 1st of next month, being now completed, the board have taken the earliest opportunity of examining into the practicability of modifying the instructions, contained in my letter to you of the 27th of July, and I have now the pleasure of communicating to you their views, as follows:

1st. After the receipt of this letter, you will be at liberty to draw checks on the bank as formerly.

2d. You may resume the purchase of domestic bills, especially on the Atlantic cities and New Orleans, giving particular attention to the purchase of such bills only as grow out of real business, and do not exceed four months to run, from the time of purchase. The bank has still many heavy engagements for the 1st of January next, and does not therefore desire any considerable extension of these purchases; but authorizes the resumption of them in reference exclusively to the convenience of its customers, and the community near you.

3d. It is especially desired that these operations in exchange should be made to assist in the reduction of your local discount line. The amount of your local discounts is at present beyond what the bank would wish it to be, and they prefer a gradual and gentle reduction of it. This purpose can be more readily accomplished by the conversion of it into domestic bills, than in any other manner; and I would invite the particular attention of the board to it as furnishing the easiest means of reducing the debt of the office to the bank, which is now very considerable.

Hoping that you may find in these measures the advantages we anticipate from them, their execution is left to the good judgment of your board.

Very respectfully, yours,

N. BIDDLE, *Pres.*

W. H. POPE, Esq.,

Pres. Office Discount and Deposit, Louisville, Ky.

[CONFIDENTIAL.]

BANK OF THE UNITED STATES,

October 3, 1832.

SIR: The movements which have recently taken place at Lexington, will naturally have put you on your guard at your office. We have good reason to believe that a combined effort is meditated by the opponents of the bank, to bring a heavier demand against it at some point than it is supposed it will be able to meet, and so discredit the institution. That office will of course be selected which is deemed weakest, and probably it is for this reason that the office at Lexington seems to have been threatened. It will soon be known that Lexington has been strengthened, and therefore it will cease to be a point of attack: we have sent to the office there \$110,000 in gold; \$100,000 have been ordered from New Orleans; and \$30,000 from St. Louis have no doubt reached it, together with \$20,000 from your office: the position of Lexington, therefore, we consider entirely satisfactory. An order has been sent to New Orleans to ship \$50,000 to St. Louis. Your office and that at Cincinnati are considered sufficiently strong: if however you think otherwise, write at once to New Orleans. When the sums ordered from New Orleans arrive, the offices at Louisville, Lexington, Cincinnati, and St. Louis, will have, together, about \$920,000 in specie; add to this the specie at Nashville, which exceeds \$200,000, and we have an amount which puts us beyond the reach of any combination that we believe it possible to form for the purpose of annoyance. It will then be necessary only to be vigilant, and to be prepared to render prompt assistance at any point where the blow may be struck. With a view to this, I have instructed Mr. Towler to exchange with you the \$110,000 of gold for silver, as it is better that so portable an article as gold should be kept at the most central point. If it were known that more than a million in specie could be concentrated in the course of a week at any one of the five offices, it is probable that the attempt of our enemies would be abandoned, and it would not be a matter of surprise if all should yet pass quietly off. Nevertheless, we are warned, from a quarter entitled to respect, that we are menaced, and you are therefore apprized to be ready.

It has been our wish, for some time, to give your office the latitude in its exchange operations which is extended in the President's late letter. It now becomes necessary, however, to caution you to use it with the utmost discretion, so as not to let the relief which we wish to give to your mercantile and planting interests, become a source of direct demands upon your office. Indeed, you will see the propriety of so shaping the whole business of the office until the storm passes by, that your position may not be weakened. No checks should be drawn but upon our strongest points; say upon this bank, and the offices at New York and New Orleans.

It will be a matter, too, requiring the exercise of your best discretion, whether notes of other offices should be received by you at present. We should not wish to do any thing that would injure the general circulation of all our issues, but your own safety is the first thing to be regarded.

I am, &c.

S. JAUDON, *Cash.*

EDWARD SHIPPEN, *Esq., Cashier*
Office Bank U. S. Louisville.

OFFICE BANK UNITED STATES,
Louisville, October 19, 1832.

DEAR SIR: Your confidential letter of the 3d instant has been received. In answer, I beg leave to refer you to a private letter I recently enclosed to Mr. Biddle, in a letter on the subject of our new board. The opinions expressed on the subject of the dreaded combination remain unaltered. I should be greatly surprised if the combined efforts of the party in this State could draw from the bank 50,000 dollars. They might exceed that sum, but it would then come back as fast as they could demand more. We feel most entirely easy, and if we were now reduced to 50,000 dollars in specie, I should not feel any serious uneasiness as to the consequence. This may be mistaken confidence, but when we consider the pressing demand for money in every part of the west, the little aid that such a combination could derive from banks, brokers, and capitalists, of which we have none of any consequence, and the natural disinclination which the prudent and pence-saving planter would have to join such a league, or to trust his money to their unholy keeping, I cannot for one moment believe we have any thing to fear. The administrators of the General Government have been charged with almost every crime—how truly, I know not; but it is scarcely possible their aid could be given directly or indirectly for such an object. The chief of one of the departments, I believe, has every disposition to inflict an injury, particularly on the Lexington branch, which has committed the deadly sin of dispensing too many favors to him. I presume he has not much in his power without the aid of the Treasury, and there is surely too much honor there for apprehension.

The demand on the Lexington office, I am told, is only a few hundred dollars per day. The most ignorant part of the community are imposed upon by representations of the insolvency of the bank, and they take in their small claims of 10, 20, and 50 dollars for specie, which is put into circulation, and will shortly find its way back again to the bank.

On two or three occasions we have been compelled, for want of notes, to refuse to pay any thing but silver. The consequence was, that the notes of the bank instantly commanded $\frac{1}{2}$ to 1 per cent. premium. Should any combination be detected for annoyance in this neighborhood, we think of stopping the issue of any notes, either our own or of other offices, *and to pay out nothing but silver*. The effect must be the same as on former occasions, and would effectually turn into ridicule the efforts of our enemies to discredit the paper. If the Lexington office would try the experiment, the payment of 10,000 dollars in specie would turn the current.

The silver from Natchez (\$25,000) has arrived here, and will be forwarded to Lexington in a few days. Mr. Towler has said nothing about the gold which you directed should be sent here in exchange for silver.

I am, &c.

EDWARD SHIPPEN, *Cash.*

SAMUEL JAUDON, Esq., *Cashier*
Bank U. States, Philadelphia.

BANK UNITED STATES,
November 10, 1832.

DEAR SIR: I transmit, enclosed, a list of directors of your office for the ensuing year, elected at yesterday's meeting of our board.

The periods of the elections having now gone by, and the bank being at liberty to adopt that course of policy which its own interest requires, without being subject to an imputation of acting for political effect, we are about to make a special review of our whole business, that we may give it such a direction as circumstances appear to require. In the mean time it occurs to me that it is right to say that the increase in the business of your office is not favorably regarded. We are willing to help the west in realizing its crop, but we want the proceeds to be applied, in part at least, to the payment of debts due to us. If your line of notes discounted were falling rapidly, we should not object to the increase in your bills of exchange. We should wish, too, to see your bills payable at more available points than the western offices; and, with a view to our future instructions, I should be glad to receive from you an explanation of the business upon which bills drawn upon St. Louis, Natchez, Nashville, Lexington, Cincinnati, Pittsburgh, and Wheeling, are founded, and how far the purchase of such bills could be restricted without producing injurious consequences. The last instructions given to your office respecting the purchase of domestic bills, authorized the course which you have pursued, but the amount has exceeded our expectations.

I wish you also to give me the names of the State banks with which you correspond, and particularly of those whose notes you receive on deposit, with a statement of the nature and value of their accounts. The policy of receiving any distant State bank paper on deposit, is a point to be discussed.

Your favor of the 19th ultimo was duly received, and gave us much satisfaction. That an attack upon one of our western offices, encouraged from a nameless quarter, and based upon funds to be furnished from the Atlantic States, was meditated, we have good reason to believe, and that it has been abandoned in consequence of our movements. We wished to place all our

offices in such an attitude as to prevent their business from being in any way affected by the slightest apprehension. We are happy in having yourself to look to, as we do, in every thing touching our western interests generally, and your influence and advice we know will be appreciated by your neighboring offices.

I am, &c.

S. JAUDON, *Cash.*

EDWARD SHIPPEN, *Esq. Cashier*
Office Bank U. States, Louisville.

OFFICE BANK UNITED STATES,
Louisville, November 18, 1832.

DEAR SIR: Your letter of the 10th instant contains views and suggestions in relation to our business, which do not surprise me: the increase of our domestic bills induced me to *expect* such a letter as you have written. We have been, and still are, in a situation of peculiar delicacy; and believing it to be not only the desire, but the *interest* of the bank to sustain all houses which are supposed to be solvent, we have found it difficult to attain that object without, for a time, exceeding the point where it would have seemed prudent otherwise to stop.

A large proportion of our bills were purchased to enable the parties to meet their obligations sent here for *collection*: the amount of such collections has been at least *four millions of dollars* in the past year, of which about one half came from the Bank of the United States and the office at New Orleans. The greater part of that debt was created by the purchase of merchandise, groceries, &c., which had to be resold here on time, for negotiable notes, which could not, under existing rules, be discounted; and a part (groceries particularly) have been shipped to Cincinnati, Lexington, Wheeling, and Pittsburgh, thus forming the foundation of many of the bills on those places.

By a hasty estimate, the bills collected for the office at New Orleans, amount, for the past twelve months, to upwards of \$1,300,000, and a large amount is still on hand coming to maturity. These, I presume, were principally for groceries, and will give some idea of the amount annually sold here. The consumption of this place and neighborhood is of course not very large. The residue must therefore be sold to the towns in the western country: add to this, lead, tobacco, and cotton, in large quantities sent up the river; pork, whiskey, and flour shipped to St. Louis; dry goods, groceries, bagging, bale rope, flour, and pork, shipped to Mississippi; and the bills on those points will be in a great measure accounted for.

Louisville has become the great mart for the western States. Some gentlemen undertook, about a year since, an estimate of imports and exports, derived from the *books* of our merchants and dealers: the aggregate was upwards of thirteen millions during the preceding year, and since that time it has been greatly increased. This you will see forms a large field for exchange operations, particularly as we have no competition. I do not mean to say all our bills have a real business origin: we are doubtless often imposed upon by fictitious transactions; but I believe not to a greater extent than such institutions are always liable to. The first order to curtail our operations was received on the 1st of February; since that time our "bills

discounted" have been reduced more than half a million; more than *three millions* of collection paper has been provided for, and a considerable sum of money has recently been advanced in the flour transactions of the country, but the aggregate of our business now stands nearly where it did in February. In prospective, our situation is this: our bills are rapidly maturing, but the large pork business now commencing, and the tobacco and hemp exports after that, will, if sustained, require nearly all those funds. There is still upwards of a million of paper now in the office for collection, principally on account of the bank and its branches, which, with our gradual and regular curtailment of discounts, will, for some time to come, absorb all the means the country can command. We do not hope, therefore, to make any material diminution of our business for several months: it may probably, for a time, be a little increased.

We have looked, with great solicitude, on the situation of this country, and the deep stake the bank has in its welfare. Encouraged by the excessive importations at the east, our merchants have been induced to purchase more largely than their own means or the necessity of the country required: hence the embarrassment which now exists, and from which nothing but the indulgence of the bank, and the aid of one full year's products of the country, can relieve them. It seems to me all important that every solvent person should be sustained: their purchases have lately been, and will continue to be, much more limited. The produce business promises well, and, if encouraged, will afford infinite relief; and a few months of prudent operations will place us beyond danger, and leave the people in moderate but easy circumstances.

These are the views which have governed our movements, and eight months' experience convinces us it is the only means of extrication. We of course look only on a very limited sphere, forming but a speck in the great commercial atmosphere, to which your attention is directed. We do not ask to be made an exception to any general rule, but only that you will give us as much latitude as circumstances will justify. The chief capital of the west is the products of its soil; to that source we must look for payment, and a proper encouragement of its exports not only tends to its being fully and speedily realized, but places the proceeds in the hands of the bank in proportion as its facilities are given.

I assure you we will do all that circumstances will justify, and if we do not meet your wishes promptly, the heavy load of collection paper, with which we are burdened will, I hope, be viewed as some extenuation.

The State banks with which we correspond are as follows, viz. the Commercial Bank of Cincinnati; Bank of Chillicothe, Ohio; Bank of Marietta, Ohio; Farmers and Mechanics' Bank of Steubenville; Lancaster, Ohio, Bank; Branch Bank of Virginia, at Charleston; Northwestern Bank of Virginia, at Wheeling; Bank of Pittsburgh; Monongahela Bank, Brownsville, Pennsylvania; Evan Poultney's Bank, Baltimore; Girard's Bank, Philadelphia; Hartford Bank, Connecticut; Phenix Bank, New York. With these banks we have no other business than to collect for them; except the Northwest Bank of Virginia; at Wheeling, which acts as our agent in collecting bills payable there.

All the others are a tax upon us without any benefit whatever. Their balances are generally required in specie, or are transferred to the offices

of the bank in their vicinity. They have all the profit of the transactions, which, by the facilities afforded them, withdraw so much from the Bank of the United States. The Commercial Bank of Cincinnati, the Bank of Pittsburgh, and the Girard Bank, are particularly disservicable in that way. We do not receive the notes of any of those banks, nor indeed of any bank except the Bank of the United States and its branches. This regulation excludes all other notes from circulation, and it meets the entire approbation of our citizens.

I am, &c.

EDWARD SHIPPEN, *Cash.*

SAMUEL JAUDON, Esq., *Cashier.*

BANK OF THE UNITED STATES,

November 10, 1832.

DEAR SIR: By the list of directors transmitted from the cashier's department, you will perceive that we have adopted the views presented in your letter of the 29th September. We mean to make no change in the past practice of the bank in regard to political divisions in the community.

Have the goodness to say to Mr. Pope that we understand it to be his own wish not to continue in the presidency, and that the selection of Mr. Jacob does not, in the least, imply any want of entire confidence in him; the best evidence of which is our wish to prolong his connexion with the bank for a fourth year, the only example which, I believe, has ever occurred of a similar arrangement.

Very truly, your's,

N. BIDDLE, *President.*

EDWARD SHIPPEN, Esq.

Cashier Off. D. & D., Louisville, Ky.

BANK OF THE UNITED STATES,

September 29, 1832.

DEAR SIR: The preparations for the payment of the public debt on the 1st of next month, being now completed, the board have taken the earliest opportunity of examining into the practicability of modifying the instructions contained in my letter to you of the 27th of July. And I have now the pleasure of communicating to you their views, as follows.

1st. After the receipt of this letter, you will be at liberty to draw checks on the bank as formerly.

2d. You may resume the purchase of domestic bills, especially on the Atlantic cities and New Orleans, giving particular attention to the purchase of bills only as grow out of real business, and do not exceed four months to run from the time of purchase. The bank has still many heavy engagements for the 1st of January next, and does not, therefore, desire any considerable extension of these purchases; but authorizes the resumption of them in reference, exclusively, to the convenience of its customers, and the community near you.

3d. It is especially desired that these operations in exchange should be

made to assist in the reduction of your local discount line. The amount of your local discount is, at present, beyond what the bank would wish it to be, and they prefer a gradual and gentle reduction of it. This purpose can be more readily accomplished by the conversion of it into domestic bills than in any other manner; and I would invite the particular attention of the board to it, as furnishing the easiest means of reducing the debt of the office to the bank, which is now very considerable.

Hoping that you may find in these measures the advantages we anticipate from them, their execution is left to the good judgment of your board.

Very respectfully, your's,

N. BIDDLE, *President.*

JAMES REYNOLDS, *Esq.*

President Off. D. & D., Cincinnati, Ohio.

[*Confidential.*]

BANK OF THE UNITED STATES,

October 3, 1832.

SIR: The recent application which you have had from the office at Lexington for a supply of specie, will have apprised you of the anticipated demand upon its vaults. Arrangements have been made here to furnish that office with an ample amount; but it is by no means certain that an attempt to discredit the bank will be made at that point only. On the contrary, we have reason to believe that a scheme is on foot among the enemies of the bank for accumulating demands upon it at all unguarded points; and that, in particular, that office will be selected which is supposed to be weakest. It will soon be known that the office at Lexington has been greatly strengthened, and we may therefore expect that some other will be selected for the main attack. It is therefore necessary that the western offices should all be on their guard, and that each should be prepared, at any moment, to support the others. The amount of specie at your office, and those of Lexington, Louisville, and St. Louis, are so great, that no further measures to increase it are deemed necessary. It has, however, been thought proper to transfer the sum of \$110,000 in gold, which we had sent to Lexington, to the office at Louisville, as being a more central point, and one from which it can be more readily despatched in any direction. The knowledge of our preparation may, and probably will, put an end to the attempts alluded to; but it is well that you should be aware of them, that you may so shape the business of your office as not to favor any unfriendly design.

You will, of course, abstain from drawing any *large* checks, and probably it may be better to say any checks at all, upon any other points than those at which the bank is strongest, say on the bank itself, and the offices of New York, Boston, and New Orleans. You will also judge how far it may be proper to refuse the notes of any other office than your own. And, in reference to the instructions recently given by the President, allowing an extension of the exchange business of your office, you will be careful so to act under them, as not to expose your office to greater demands upon it for specie. We have been anxious to extend this sort of relief to your merchants, and have authorized the purchase of bills based upon actual pro-

duce operations, at as early periods as the situation of the bank would allow. No idea, however, was entertained a few days ago that, by any possibility, this relief to the community might be made to act against the credit of the bank. We do not change the instructions now, but merely require you to act cautiously under it. It is our wish that an extension of exchange operations may be made to accomplish a reduction of notes discounted. The Commercial Bank of Cincinnati, last season, bought a large amount of bills on New Orleans. If your office can get this business, the Commercial Bank would have to employ its funds in discounting city paper. This is more peculiarly its business as a local bank, while the exchange business properly belongs to your office as a part of the national bank. The capital which the Commercial Bank employs in buying bills might be used in discounting a part of the city notes which are now offered to you. Cannot this object be effected? A reduction in your rates of purchase would probably render the exchange business no longer profitable to that bank; and we know well that our offices can afford to purchase at lower rates than State banks.

I am, &c.

S. JAUDON, *Cashier.*

P. BENSON, Esq.

Cashier Off. Bank, U. States, Cincinnati.

[*Confidential.*]

OFFICE BANK UNITED STATES,

Cincinnati, November 21, 1832.

SIR: I have been prevented from replying to your favor of the 3d ultimo (marked confidential,) by severe indisposition, and the necessity of devoting all the time my strength allowed to the current business of the office, which was in danger of suffering from the absence of several clerks, who were ill at home.

We have always felt strong enough to resist any attempt to embarrass us here, and I wrote to the cashier of the Lexington office, that we could afford him a good deal of assistance, if necessary. We do not know, however, the strength of the combination that was, or still may be, intended, and will continue to be cautious. We still receive in payment and on deposit, a great deal of paper of banks east of the mountains, particularly of Philadelphia, Baltimore, and Virginia, which I have for some time hought of refusing. We charge discount for taking it, but it does not add to our strength, and is not available for a long time. We commenced taking it at a discount, with a belief that it would place our paper on so much higher ground, that it would be always brought out in preference. But the State bank paper appears to come out faster than ever. Our discount line does not go down as fast, I am afraid, as the parent board wish. The truth is, we have had a most disastrous fall. The cholera raged here so violently from the beginning of October until within a few days, that the business of the place has been thrown into a confusion that it will not recover from for some time. Our board are struggling to get it down, and we hope to be able to do so soon, but at present it appears to be impossible. As fast as good bills of exchange are offered, to be applied to discounted notes, they are purchased. Further than that, we do not feel authorized to

go under our instructions; and until we can get funds from our income, we are refusing first rate bills, as we do not feel authorized to increase the total amount of our discounts. The Commercial Bank is not interfering with us. I believe we could control the whole exchange business, but the bills offered now are for new operations principally, and we cannot at present get them applied as we wish. The demand for money for the winter operations in produce, as well as for eastern acceptances, is enormous, and we shall have a severe struggle for some time to resist it. In the mean time, you may rest assured we will do all we can. Our board are anxious to comply with the wishes of the parent board, and, I think, determined to do so. If we can gradually, as I think we can, transfer a large amount from our discount line to domestic bills, we can easily keep it there. By the close of the winter, I hope we shall exhibit a statement much improved in this respect.

I am, &c.

P. BENSON, *Cashier.*

S. JAUDON, *Esq.*

Cashier. Bank U. S., Philadelphia.

OFFICE BANK UNITED STATES,

Nashville, October 21, 1832.

SIR: As your official situation in the office at New Orleans enables you to understand the operations of this office much better than your predecessor in the parent bank, I will merely state, that the past season, or twelve months, affords a full and fair development of my favorite course of banking operations, adapted to the localities of country which necessarily has to rely on the productions of the soil for payment, once a year, of its bank engagements; and, notwithstanding the severe disappointments we have met with, occasioned by the unlooked for frost of the 25th October last, and the consequent curtailment, by redrafts on our customers, of the means we had created at the Orleans office to liquidate all balances against us, I am still an advocate for a continuance of the same course of policy, and to the same extent, provided the parent bank and other offices will sustain us in that course by a continuance of that forbearance heretofore practised in relation to the balances against us; *or rather*, if the parent shall allow *all the offices* to draw upon us, through her, for the balances against us from time to time, and receive from us whatever means we can create at the other offices, which will nearly or quite balance the account once a year, then we can furnish a desirable profit and loss account each year.

I ask the arrangement of the parent bank liquidating all our balances in the way just mentioned, because of the difficulty I encounter in making satisfactory remittances to the New York office, from whence I have been uniformly pressed to draw on New Orleans for the balances in its favor, and which I have as uniformly, except in two instances, declined; because I well know my drafts on New Orleans, in favor of the New York office, was considered very inconvenient to the former, as we from the conversation I had with you on that subject, when I had the pleasure of seeing you here, as from letters requesting me to forbear as much as possible from drawing

in favor of the latter office. Without such a request, I was disposed, and so acted, to make our large business as easy as possible to that office, because of the great trouble and labor which that business occasioned it, and, with that view, I drew upon it altogether in favor of the parent bank, with only two or three, or at most four or five, exceptions in favor of New York and some of our western offices, in the whole range of our operations, from the commencement. Our checks in favor of individuals were always very convenient to that office. For the New York office, I reserved the funds created at Natchez, Mobile, Savannah, and Charleston, thinking that, as much cotton was shipped from these points, that the offices thereat would have it in their power to make very satisfactory remittances in payment of my drafts; but in that expectation I have been disappointed, as drafts on the Natchez office do not suit at all. My last remittance on Mobile was not at all liked; the same in regard to Savannah and Charleston, received without much, but some, complaint, still urging me to draw on New Orleans. This I could not with justice do, because I had set that fund apart, exclusively, for the parent bank. To obviate such difficulties, and to me unpleasantries in business, is my reason for soliciting the parent bank to adopt the plan I have above mentioned, of liquidating our balances; and this I the more confidently press, because our profits are larger than any other in the family, on the same capital, except the Orleans office.

Have the goodness to give these matters your serious reflection, and present your practical views thereon to the parent board.

For the last two seasons, my attention has been steadily applied to the lessening our note business, by a substitution of bills to the amount of such reduction; but in this I have not been as successful as I could wish, because it is the interest of the merchants to counteract this policy; and therefore it is, that we neither get as large an amount in bills, or payment in money, as we had a right to expect at the originating of each operation. I am decidedly in favor of our bill operations, as being the most profitable, and by far the safest: of the truth of which, our operations in Alabama, for the three last seasons, is positive proof. The whole of our business within that State, for the two last seasons, has been wound up within the season, without any other difficulty than such redrafts as the loss of crop necessarily produced; but all such operations are solvent.

The unexampled scarcity of money in both Alabama and this State, and our refraining from doing business wherein money is to be advanced on either note or bill, has compelled us to discount safe bills at six months advance, to enable debtors to the Orleans and other offices to meet the paper deposited with us for collection. In this way have all the bills been paid which were remitted to us for collection from the Orleans and other western offices since the month of June last. This course of business has, of course, deprived us of five to six hundred thousand dollars of our funds at Orleans, which was intended for the parent bank, but which we had to reserve in that office to meet the bills thus remitted for collection. However, we will have that amount ready for the parent in the spring. This operation has swelled our domestic bill account very much, without lessening the debts due to this office very sensibly as yet; but in the course of the months of November and December next, we will get, as I hope and confidently expect, a pretty large amount towards the payment of notes now under discount.

It is reported here, with much confidence, that the Louisville office has received instructions to discount *bills* for money. If this be true, then allow me, with becoming and due respect, to solicit similar instructions to this office; for I assure you, that no portion of the Union contains a more suffering population, for lack of a circulating medium, than does that portion of which this office is the focus; and one of the evils produced by that distress, is the chartering a local bank in this State, by the Legislature, now in session; which charter you will find in the Banner of yesterday, which I have addressed to you.

The friends of that measure calculate on raising, with great ease, from capitalists to the eastward, particularly in Boston, the whole amount of the bonds to be issued by the State under that law. The law passed, contrary to my calculation, and, from the present scarcity of money, is likely to become so great a favorite with the people at large, as to fill the subscription for the purpose of getting it organized; and then, if subscribers cannot pay the second and other instalments, the board of directors will, as I believe, follow up the former customs of this State, on similar occasions, by discounting the stockholders' paper in some way or other, so as to get the bank in operation, when discounts will be granted with such a lavish hand as to fill every debtor's pockets with their notes. The sequel of the fifth year's operation of that bank, should it go into operation, will produce a state of things, and of distress, that none of its friends now dream of. My experience in the former local banks of this State enables me to foresee the consequences that will inevitably result from the operations of such a bank.

My health continues good, although my present duties are so arduous; for the best arrangement I could make, after Mr. Vanwyck's departure, was to assume his duties myself until his return. The task is severe, but yet I get on with safety, and every duty executed within each twenty-four hours. I offer the subject-matter of this communication as an apology for its enormous length. I could not, in an honest discharge of duty, say less.

Most respectfully,

Your obedient servant,

J. SOMMERVILLE, *Cashier.*

S. JAUDON, Esq.,

Cashier Bank United States.

BANK OF THE UNITED STATES,

November 7, 1832.

DEAR SIR: I duly received your interesting letter of the 21st ultimo, which I had been for some time expecting in consequence of your private notes of the 28th September.

The policy to be pursued, in the management of the general business of your office in future, has been a subject of frequent discussion; but no positive instructions have yet been given, as I wished your views to be laid before our board. This will be done at its next meeting, so that you will hear from the President or myself, very soon, what is decided upon. In the mean time, I can only say that the course you have been pursuing unde

the instructions already given, has been entirely satisfactory; and that in our directions to other offices, we have adhered to a system which tends in the most easy, safe, and certain preparation, for what appears inevitable—the winding up of our affairs.

In reference to such an event, we do not look upon the establishment of State banks as a matter to be deprecated by us; and, in granting any charters, we cannot but hope that the local Legislatures will remember the lessons of experience, and impose such restrictions and penalties upon directors and stockholders as will prevent a recurrence of the evils of an unsound currency.

I enclose the resolutions adopted by our board on the 2d instant, giving your board a discretionary power in relation to the debt of _____, and in regard to the repair of houses.

I am, &c.,
S. JAUDON, *Cashier.*

JOHN SOMMERVILLE, Esq.,
Cashier, Nashville.

BANK OF THE UNITED STATES,

November 10, 1832.

DEAR SIR: At yesterday's meeting of the board, the two vacancies in the board of your office were filled, as you will find by the enclosed extract from our minutes.

We regret to see your line of bills of exchange advancing so rapidly, with so trifling a reduction of your bills discounted. The funds derived from the sale of bills, we hoped would be applied in diminution of discounted notes. Your distant borrowers, too, particularly those in Alabama, we think might now be referred to the new branch of the State Bank, and if another branch should be established, it would be well to consider the propriety of returning to the former rule of requiring a resident name on all discounted notes. What proportion of your discounts is in the names of non-residents alone? and what propriety will there be in continuing to discount for them? It is a satisfaction to find that so large a proportion of your bills is upon points where funds are always useful: we wish you to persevere in this, and not waste your means upon less available bills. The terms at which you purchased, should be shortened, and four months should be made the maximum.

What State bank paper do you receive on deposit? if any, what is on distant banks, what is the object in receiving it, and how are settlements made? The state of your office, on the 24th ultimo, exhibited a considerable sum on hand, under the general title of "State banks."

I am, &c.,
S. JAUDON, *Cashier.*

J. SOMMERVILLE, Esq.,
Cashier Office B. U. S., Nashville.

OFFICE BANK UNITED STATES,

Nashville, November 22, 1832.

DEAR SIR: Yours of the 10th instant is duly received, noticing the ap-

pointments made by your board of directors, of G. W. Gibbs and H. M. Rutledge, esqs., as directors of this office for the present year.

I am really sorry that our purchase of domestic bills should be displeasing to you; but, my dear sir, when you are informed of the situation of the debts that those bills are intended to liquidate; you will be of opinion that we have not erred very far in that respect; the parent bank, as well as the offices at New York, Baltimore, Washington, Pittsburgh, Cincinnati, Louisville, Lexington, and Richmond, have been in the habit of discounting bills and notes made payable at this office, and forwarding them here for collection. This has been done this season to a much larger amount than in any previous year, and last season we had a very short crop of cotton and tobacco, so that the bills we purchased ourselves, and payable at New Orleans, could not be met; in consequence of which, drafts, to a very large amount, have been drawn, by the commission merchants of New Orleans, on their friends in this country, and made payable at this office. Those drafts, as well as the notes and drafts as above, could not be met by the payment of cash, as that article is not to be had. It certainly is scarcer than I have known it for five years, and no other way was, or could be practicable, to liquidate those debts, but by drafts on New Orleans; and as all the above paper, if not taken up, must, of necessity, be sent back to Philadelphia, Baltimore, Washington, Richmond, Pittsburgh, Cincinnati, Louisville, Lexington, and New Orleans, we preferred discounting good domestic bills for those debts payable six months after date, as a shorter time would not have answered any purpose, as payment must be made out of the cotton and tobacco crops, and those articles are never available, except a small part, before the months of May or June. If those drafts and notes had been permitted to return to the cities from whence forwarded, the consequence might have been very serious, as protests, in all those cases, would have a tendency to prostrate some of the most respectable merchants in the different cities; and, by taking those bills, our directors were of opinion that they were strictly adhering to the instructions in yours of the 27th of July.

Be assured, sir, that we are as well convinced as you are, that too many bills are offered and purchased, amounting to a great deal more than the present poor crop of cotton and tobacco will net, and that is occasioned entirely by the paper sent to this office for collection; and, as a proof of what I say, I am sure that we have not purchased bills for money and for payment of debts due to this office added together, since the 1st of September last, to a greater amount than one hundred and fifty thousand dollars, so that there is little room for complaints of too many bills purchased on our own account. If we have erred, it was to serve the bank and offices.

On Saturday your letter will be laid before the directors, to take their opinion on the reduction of time on bills purchased.

I am, sir, very respectfully,

Your most obedient servant,

J. NICHOL, *President.*

N. BIDDLE, Esq.

We will not be able to get the debts due this office paid; indeed, if any, it will be a small part: the means are not in the country.

OFFICE BANK OF THE UNITED STATES,

Nashville, November 26, 1832.

SIR: Your letters of the 7th and 10th inst. came duly to hand; the first on the 20th and the other on the 23d instant. They were submitted to the board immediately on the receipt of each.

The first was cheering and satisfactory to a board and officers who were exercising their best endeavors to carry into effect the views of the parent board, communicated in the letter of the President of the parent institution of the 27th July last, as faithfully as the unforeseen loss of last year's crop, and the unexampled scarcity of money, would permit, and in a way to promote the best interests of the parent bank, of this and the other offices that were collecting vast sums through its operations. These pleasant feelings were, on Saturday last, changed to those of deep regret, by the implied disapprobation conveyed in the latter of the course we pursued in discounting bills to so large an amount, as exhibited by our statement of the 24th ultimo, with so small a diminution of our line of discounted notes, whence an impression seems to have been created that we were disregarding the rule prescribed to us in the above letter of the 27th February last, when, in fact, every means within our control were used to carry the provisions of that rule into full effect. And, in discharge of this duty, the exchange committee have, on all occasions, refused to discount bills that they knew at the time would draw money from the office; and so scrupulously has this rule been executed, that bills of very short dates, and of undoubted character, drawn and offered by persons we were desirous to accommodate, were rejected.

The great increase in the line of our domestic bill transactions, without a corresponding reduction of our line of discounted notes, appears to be disapproved of; but this dissatisfaction will assuredly give way to sentiments of approval under the following explanation:

The increase complained of, has been produced by our protection from inevitable protest of the vast amount of paper discounted at the Orleans and other offices, with a considerable addition at the parent bank, and sent here for collection; and to pay which, by bank facilities, we have, in every case, insisted upon a bill on some quarter, as being the most certain channel to insure punctuality, and the speediest way of a final extinguishment of the debt. In general cases of paper sent here for collection, which we had reason to believe was not discounted by either the parent bank or the office forwarding it, we have refused to discount the bill offered for its payment, considering such transactions as infringing our rule, *not to advance money on either note or bill*. And, by a rigid adherence to this rule, in conformity to the rule prescribed to us in the President's letter of the 27th July last, many bills and notes were suffered to return under protest for non-payment, the payers and acceptors not having it in their power to make any other provision at the moment to protect their credit, the town and country being, as I may say, literally drained of its money.

The reason why so small an amount of our line of discounted notes have been turned into bills, is, that such portion of our debtors as have a fair prospect of shipping more produce than will pay the balances against them for the operations of the last season, occasioned by the unexpected loss of crop, are unwilling to draw at a date that will subject them to the expensive and much to be deprecated act of redrawing again; and, as too many, with ho-

nest intentions and faithful exertions, would not be able to get their crops to market and sold in time to meet the bills that would mature before the latter part of May and June; and as the situation of the country is such as to present but one choice only, that of granting the time asked for on a bill with the additional security of a letter of credit, or of protesting, and waiting a much longer time for payment of the note, and, in numerous cases, under such circumstances, be obliged to await the tardy course of the law. Under such circumstances, and on mature reflection, under the difficulties of another unfavorable crop, without money to supply the deficiency, and frequent discussions on the subject, the board considered it a faithful discharge of the important responsibilities confided to it, to renew the notes maturing within the last and the present month, and, when these shall again mature, to insist upon payment, either by bill or otherwise; and, in the event of failure to pay, to sue the debtor, unless in such cases as justice would dictate the propriety of further indulgence. In this case, under all circumstances described, it is my firm and honest conviction, and expressed under the high responsibility of my station, that the best interests of the parent bank, of this office, and of the offices collecting through it, have been prevented, and will still be further prevented by a continuance of the same course of operations to the end of the present season, say 1st of March. Be assured that no other disposition prevails here than that of conforming to the rules which the parent board may, from time to time, prescribe for the conducting of the affairs of this office as strictly as the situation of the country and of our debtors will permit, so as to promote the collection of the debts of the office in as short a time as possible, taking all things into view.

For a clearer and more intelligent view of the subject of your letter of the 10th instant, I enclose a hasty statement of our collections for the parent bank and offices from the 1st of September last, which I have prepared on the spur of the occasion, a small portion only of which has been paid otherwise than through our bill operations.

Our Alabama has, in my opinion, been by far the safest and most profitable business done by this office; for we have not met with a positive loss in that quarter from the commencement of our business to this day, and have only one transaction of \$1,579 that is in jeopardy, which originated in 1828, in a bill on J. G. Banks and Brothers.

The redrawing of the last season, produced by the failure in the crops in that quarter, is not greater in proportion to the amount of bills we purchased from them, than is the proportion redrawn for on our customers in Tennessee; and of the Tennesseans, the Alabamians have a great advantage this season in their more abundant crops, and thereby possess a more flattering prospect of being able to meet their engagements of this season with greater punctuality than their brethren of this State.

There will be no branch of the Bank of the State of Alabama in operation in North Alabama, where our customers in that State reside, short of March or April next, as I am informed. A loss of the business we have done in that State would be sincerely regretted by me, on account of its magnitude, safety, and profitableness.

In respect to city endorsers, where they are offered, it is well, provided they add strength to the paper; and where we have such, I am, and always have been, opposed to letting them off on renewals of the paper, however

weak such endorsement may be, unless a stronger one could be obtained in its stead; but Nashville has as much weight of its own of this nature as its citizens can bear. Our board has always practiced much caution in granting loans to persons at a distance, rejecting all such paper as some one of the members of the board could not recommend, or be supported by the recommendation of others, of whom the board, or some one of the members, had such a knowledge as would entitle the recommendation to confidence; but with all this caution, as must be expected in all institutions of the kind, we have met with very unexpected disappointments, when we consider the office perfectly safe; and yet our disappointments, upon the whole, of this kind, amongst our distant customers, are but few. Notwithstanding these disappointments in our distant business, thereby meaning beyond the limits of the country we live in, I hesitate not to recommend to the parent board to permit the board here to persevere to the end of this season in the course hitherto pursued in relation to our distant customers, as their cautious mode of proceeding in such cases will preserve the office from any serious injury or risk that would not occur with a resident endorser.

The State bank notes, under the head of "sundries," in the statement of the 21st, consists of notes of the State of Alabama, received on Government account, from the receiver of public moneys at Huntsville \$44,000 Virginia, Orleans, and some Atlantic city notes, with our defaced notes and drafts, mingled in them by Mr. Vanwyck - - 24,089

\$68,089

By an arrangement with Mr. Poe, of the Mobile office, I send the Alabama paper which I may receive at any time from the receiver of public moneys, for Government account, to him, via New Orleans office, and, on its receipt, he gives this office an absolute credit therefor. This enables me to create a fund for the New York office in relief of the Orleans officer, on which I would otherwise be compelled to draw, to the dissatisfaction of that office. Sometimes my checks on Mobile are complained of at New York, as not suiting so well as checks on the Orleans office. The funds to be remitted to Mobile and Orleans have been on hand a long time, waiting for the running of the steamboat. To these points, I can make no remittances from June to the following January.

The notes of the local banks of Virginia, except those at Winchester in that State, have always been in such good credit here as to induce me to continue to take them in small amounts in payments to the office, and from good depositors. These notes I send to the Washington, Richmond, and Norfolk offices, which creates a fund that has been very useful to me in liquidating the balances against us at Baltimore. This paper has been thus received and remitted under a persuasion, on my part, that it was in unison with the policy of the parent bank for its offices to conciliate the good will of State institutions, where that could be attained without any other risk than that of transmission; and, in this case, I considered, as Mr. Cowperthwait did in my receipt and similar use of Alabama paper received on Government account, that the advantage I derived from the use of the remittance of the Virginia notes was worth the risk of transmission.

Such notes of the banks of the Atlantic cities as we are sufficient judges of, are also received; such, however, seldom appear here. The notes of the local banks at Orleans we also receive, as well as Natchez notes in a few instances, in payments, or where a good depositor has a small amount received with our paper. These I exchanged with the Orleans office until that at Natchez was put into operation, to which I now send them via New Orleans, the small amounts received in the way above described. Yeatman, Woods & Co's. post notes are not received, except now and then a few small notes happen to be in a deposite, which are taken by them in our exchanges; but since Mr. Vanwyck's departure, in the execution of the teller's duties, I have, in every case, refused them.

On the subject of continuing the practice just described in relation to notes of distant banks, I will thank you for your opinion, as well as to the course I had better pursue in relation to the notes to be issued by the branches of the new State Bank which is about to be established in this place, under a charter passed the last session of the State Legislature. Much difficulty will attend exchanges with them, and your experience with the local banks and their branches in Louisiana renders you the most competent judge in such matters.

Our circulation of late has been much increased by my payments for Government account in the removal of the Indians and the surveyor's department, for a large portion of which I received Treasury warrants on the New York office, which was very acceptable. I also give our paper in exchange for larger notes of other offices, thereby to create an useful fund for remittances to offices at which we are constantly indebted. This also adds some to our circulation.

The following exhibits the amount collected here for the parent bank and offices from the 1st September last to this date, which, with small exceptions, have been paid through our bill operations, viz.

Bank United States	\$147,473
Office New York	31,365
Baltimore	7,607
Washington	2,460
Richmond	42,112
Fayetteville	276
New Orleans	746,893
Natchez	3,150
St. Louis	722
Louisville	51,595
Lexington	24,902
Cincinnati	10,001
Pittsburgh	28,521
Boston	350
	<hr/>
	\$1,097,427

In Alabama we have about \$30,000 loaned in eleven notes, \$20,000 of which will be turned into bills when they mature: all are of the first character for safety. There are some thousands of dollars of bills from Orleans

and other offices yet to mature, which can only be met through our bill operations. What portion of our own debts may be turned into bills, I cannot now form a satisfactory estimate, not less perhaps than \$400,000.

You ask "what proportion of our discounts is on the names of non-residents alone, and what propriety will there be in continuing to discount for them?" The first part of this inquiry I cannot now answer so minutely as I wish; therefore I must defer doing so until I report my quarterly summary, with the semi-annual statement of the office. To the latter part of the inquiry, I respectfully and unhesitatingly state, that the course pursued by the board in so general a diffusion of its discounts is, for the sphere of which this office is the focus, the safest and the best that could have been adopted for the mutual interest of the parent bank and the country, on account of the greater safety of the debts arising from the greater number of persons engaged in their payments, and the consequent larger amount of real estate which would be thus added to the increased amount of personal security which would also be thus pledged, as it were, for payment of so many different sums to the bank. And, further, in cases of unexpected losses, the amount would not be so great nor so numerous as if the discounts were confined to the citizens of Nashville, and the immediate surrounding country and towns. Experience has shown, that, in the propriety of this course of policy, there is no mistake, as our heaviest and only losses, as I may with propriety say, there being but one exception of \$1,579 out of our distant business, have occurred in Nashville and the adjacent county of Sumner, which, in our business, may fairly be considered as within the vicinity of the office. The course pursued by the board, in its general diffusion of discounts, has always commanded my approbation, as thereby it extended its immense benefits to the doors of every section of the country, and thus affording the strongest practical proofs of the incalculable importance of the operations of the Bank of the United States through its unrivalled machinery in the improvement of the wealth, happiness, and general welfare of the country, in every particular; passing through every grade of society, from the wealthiest, in regular gradation, to the poorest man in the country; and in this none are so much or more benefitted than the poorest and middling classes of our country, and, above all, the agriculturists of every rank and denomination; combining, at the same time, with such important results, that of the greater security for the debts of the institution in the way before described; and I feel fully persuaded that, if the parent board had set here, they would, under all circumstances, have operated precisely in the same way that this board has.

On your generous indulgence, I repose for a pardon for so lengthy a communication. Your inquiries were few, and communicated in a few words, but the subject-matter embraced by them required long paragraphs in answer, and my limited capacity could not comprise what was necessary to be said in fewer words. I pray you to accept a tender of the sincere regard of, sir, your most obedient servant,

JNO. SOMMERVILLE, *Cash.*

P. S. Allow me to ask of your candor, with your intimate knowledge of the commission houses in New Orleans who possess the business of this country, if it was not safer, in the highest degree, for us to secure so many parties to the vast debt of \$746,892 drawn at that point, as our course of

policy in this particular has been, than to have suffered the various bills, by an opposite course of policy, to return upon the first drawers and endorsers in New Orleans? The consequences will not bear contemplation.

J. JAUDON, Esq., *Cashier*
of the *Bank of the United States.*

OFFICE BANK U. STATES,
Nashville, 28th November, 1832.

SIR: At a meeting of the board at this office, on the 24th instant, when were present, Josiah Nichol, President, and Robert Farquharson, George Crockett, and Thomas H. Fletcher, Francis B. Fogg, James Woods, Joseph Vaulx, James Bell, and James P. Clark, directors.

The letters of the President of the parent bank and of yourself, of the 10th instant, were submitted to the board, as well as the answer of our President, of the 22d instant, to the letter addressed to him. After due consideration of the subjects therein presented to the board, Mr. Fogg offered the following resolution; which was unanimously adopted, viz.

Resolved, That the board approve of the views and statements contained in the above mentioned letter of the President of this office, and believe the same are correct, and contain a proper explanation of the course pursued by this office in relation to its general discounts.

Resolved, That a committee be appointed to draw up resolutions upon the subject of shortening the term of bills to be purchased, stating the practicability of transacting business upon bills at four months, and the effect such a course would have upon the interests of the bank, and that said resolutions be considered on Wednesday next.

Messrs. Fogg, Fletcher, and Clark, were appointed to compose that committee, to whose inspection the cashier was required to submit his reply to your letter above mentioned, so soon as the same should be prepared: which was done; and, at the meeting of the board to-day, the said committee recommended the adoption of the following resolution, viz.

Resolved, That, for the very satisfactory reasons assigned in the letters of the President and Cashier of this office, addressed to the President and Cashier of the parent bank, the one dated the 22d of November, 1832, the other, the 26th November, 1832, that this board recommends it to the parent board to permit this office to continue its purchases of domestic bills at six months' date, until the 1st day of March next.

Which resolution was passed unanimously, there being present Josiah Nichol, President, G. Crockett, J. Woods, Thomas H. Fletcher, F. B. Fogg, J. P. Clark, J. Vaulx, and J. Bell, directors.

I remain, most respectfully,

Your obedient servant,

JNO. SOMMERVILLE,

Cashier.

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

A a.

BANK OF THE U. STATES,
January 29, 1833.

SIR: I am instructed by the board of directors to transmit to you a copy of a report this day made to them by the committee to whom your letter of the 10th instant was referred.

I have the honor to be,

Very respectfully, yours,

N. BIDDLE, *President*

Honorable G. C. VERPLANCK,
Chairman of the Committee Ways and Means,
Washington, D. C.

The Committee of Exchange, to whom was referred on the 15th instant, a letter from the honorable G. C. Verplanck, chairman of the Committee of Ways and Means of the House of Representatives of the United States, dated the 10th instant, apprising the board of directors that the Committee of Ways and Means intended, as early as possible after the 14th instant, to consider the several subjects touching the Bank of the United States referred to them by the House of Representatives, and requesting any information which the board of directors may think it important to communicate, report:

That, having requested the cashier of the bank to visit Washington for the purpose of learning the particular objects of inquiry, and having ascertained that they related to the late arrangement in regard to the three per cents., the condition of the debts in the western States, and the general situation and solvency of the institution, submit for consideration the following statements and views on these several subjects:

The three per cents.

One of the most important objects in the administration of the bank, is to preserve the currency and credit of the country in a state of the greatest possible uniformity. The vibrations of business, and the usual irregularities of trade, in so extensive a territory, require constant care to preserve that uniformity in a system of currency so complicated as ours. But in addition to these causes of fluctuation, an entirely new element is introduced into our moneyed system by the extinguishment of the public debt. No country has ever yet paid off its debt, no country, therefore, has had to contend with the inconvenience of accumulating, in the first instance, large amounts of revenue, and then throwing suddenly back upon the community those masses of capital. To do this without any sensible derangement of the business of the community, is a work of much labor. When the Government directs that, on a given day, a certain number of millions, lying scattered over the whole interior, shall be paid at a few places on the Atlantic, as there is never a previous accumulation of funds lying in the vaults of the bank, but they are distributed in loans over the whole Union, it becomes necessary to concenter them at the places of payment; and the difficulty lies in thus withdrawing from the community only what

may be necessary, and for as short a period as possible. The success of the bank in these operations has attracted the attention of the officers of the Treasury who witnessed them. Thus, Mr. Rush, in his Treasury report of the 13th December, 1828, says:

“In conclusion, the mode of its agency in large payments of the principal of the debt, is not to be overlooked. By its arrangement for them, it avoids the inconvenience of too great an accumulation of money in the vaults of deposit used by the Government, and the vacuum that would succeed its too sudden distribution. It does this by anticipating, as the periods of payment approach, the disbursement of a considerable portion of the stock in the form of discounts in favor of those who are to be paid off, thereby enabling them to employ their capital as opportunity may offer beforehand. 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.”

So, too, Mr. Ingham, in his letter to the bank of the 11th of July, 1829, already published, 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 preparations for the heavy payment of the public debt on the 1st 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 addition to the pressure, or even visible effect upon the ordinary operations of the State banks.”

And the President of the United States, in his message to Congress of December, 1829, says:

“The payment on account of the public debt, made on the 1st of July last, was eight millions seven hundred and fifteen thousand four hundred and sixty-two dollars and eighty-seven cents. 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 in the money market, might cause much injury to the interests dependant on the 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 part of the settled 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 means gradually, and to distribute its disbursements over as wide a space as possible.

The year 1832 presented a case of peculiar delicacy in regard not merely to the amount of debt redeemable, but to the situation of the country which was to pay it.

1. The situation of the country was this. It was one of those commercial moments incident to all free and active nations: the importations of the year 1831 were unusually heavy, owing principally to the state of Europe,

and the close of that year found the country much indebted to Europe. The actual and inevitable corrective was to import less the next season, and, in the interval, to assist in the diffusion of these importations, and to facilitate their gradual consumption, until the new crop furnished new means for paying for them. It was therefore specially desirable that, during the year 1832, as little extraordinary claim as possible should be made upon our citizens; the importations of 1831 having made the exchanges unfavorable to the United States, and the great object of the bank was to prevent any addition to the foreign demand until the fall of 1832.

In this state of things, the payments on account of the funded debt in the year 1832 were to be, for principal and interest, \$18,080,057 46: of this, \$1,739,524 01 of principal had been paid on the 1st of January.

There remained of principal of \$15,236,595 56; of which between eight and nine millions were owned by Europeans, thus adding to the commercial claims that amount of extraneous demand on account of the public debt.

On this occasion, the board of directors thought it necessary to begin early to make their arrangements, and accordingly the following proceedings took place.

BANK OF THE UNITED STATES, March 13, 1832.

At a meeting of the board of directors held this day, the following gentlemen present, viz. N. Biddle, President, Messrs. Sullivan, Bohlen, Pratt, Neff, Coleman, Platt, Willing, Bevan, Eyre, White, and Henry.

The President submitted to the board his views in relation to the probability of the redemption by the Government, in the course of the present year, of a large portion of the three per cents. of the United States, more than one-half of which stock he stated to be held by foreigners, the magnitude of whose claims upon this bank might possibly expose the community to great inconvenience, unless some measures should be adopted for deferring a part of the payments that may be required, and suggested the expediency of empowering a committee of this board to enter, for that purpose, into such arrangements with the holders of said stock as might combine the interests of the bank with those of the public.

Whereupon, it was, on motion,

Resolved, That the subject of the communication just made by the President be referred to the committee of exchange, with authority to make, on behalf of the bank, whatever arrangements with the holders of the three per cent. stock of the United States may, in their opinion, best promote the convenience of the public and the interests of this institution.

This reference to the committee was considered specially appropriate, because the payment of the foreign stockholders was connected with the foreign exchanges, and because to this committee had always been referred all the large moneyed operations of the bank requiring confidential and prompt action.

It has been for a series of years the uniform practice of the bank to refer such negotiations to some small committee, and since the permanent organization of the exchange committee, that has been selected for such objects. Thus:

Extract from the minutes of the Bank United States, Aug. 27, 1819.

Present, Langdon Cheves, President; Messrs. Biddle, Fisher, Sergeant, Lippincott, Coulter, Lisle, Colhoun, Connelly, Lamot, Dugan, Schott, Toland, and Potter.

The following among other resolutions was adopted.

1. That a select committee of three members be appointed, who, together with the President, shall be authorized to effect a loan for a sum not exceeding three millions for a period not exceeding three years, and that they be authorized to pledge a sum not exceeding three and a half millions of five per cent. stock belonging to the bank to secure the said loan.

The committee was appointed, consisting of Messrs. Biddle, Fisher, and Sergeant, with Mr. Cheves, by whom Mr. Cadwalader was sent to Europe, and made with Messrs. Barings the loan.

BANK OF THE UNITED STATES, 16th July, 1822.

Present, Langdon Cheves, Messrs. Willing, Cope, Flemming, Coxe, Lippincott, Whitney, and Brugiere.

On motion,

Resolved, That the subject of remitting the balance of the loan due in Holland, directly or indirectly, be referred to the foreign exchange committee, with authority to take the necessary measures.

BANK OF THE UNITED STATES, 29th April, 1823.

Present, N. Biddle, President; Messrs. Dupont, Fisher, Cope, Pratt, Willing, Coulter, Lippincott, Coxe, Whitney, and Henry.

Mr. Cope, from the committee on foreign exchange, reports the following resolution, which was adopted.

Resolved, That the President and cashier are hereby authorized, in conjunction with the exchange committee, to make such arrangements as they may judge expedient with regard to the account of the bank with Messrs. Baring, Brothers & Co., of London.

BANK OF THE UNITED STATES, July 22, 1823.

Present, N. Biddle, Messrs. Dupont, Fisher, Cope, Pratt, Coulter, Bohlen, Whitney, Cadwalader, and Willing.

The committee of foreign exchange, in conjunction with the President and cashier of the bank, were authorized to dispose of the five franc pieces on hand belonging to the bank, at such rates as they may think for the interest of the institution.

BANK UNITED STATES, December 2, 1823.

Present, N. Biddle, Messrs. Connelly, Dupont, Cope, Pratt, Lippincott, Bohlen, Coxe, Whitney, Willing, and Henry.

Mr. Cope, from the committee on exchange, offered the following resolution, which was read and adopted.

Resolved, That the executive officers of the bank, in conjunction with the exchange committee, be, and they are hereby authorized to operate in exchange, by the sale of bills of this bank or of bills drawn upon it, in such manner as they may deem most for the interest of the institution.

BANK UNITED STATES, March 30, 1824.

Present, N. Biddle, Messrs. Eyre, Cadwalader, Henry, Brown, Bohlen, Willing, Wetherill, and Evans.

The President communicated to the board the opinion of the counsel of the bank on the subject of the sale of bank stock which has been hypothecated to the bank, and forfeited.

Whereupon, on motion,

Resolved, That the committee on foreign exchange be authorized to make such disposition of the forfeited bank stock as they may deem expedient.

BANK UNITED STATES, *April 23, 1824.*

Present, N. Biddle, Messrs. Dupont, Eyre, Bohlen, Henry, Whitney, Lippincott, Clapier, Beck, Brown, Evans, Willing, and Potter.

On motion,

Resolved, That the committee on foreign exchange be authorized, with the officers of the bank, to negotiate for the sale of Spanish dollars.

BANK UNITED STATES, *November 27, 1824.*

Present, N. Biddle, Messrs. Eyre, McKim, Whitney, Willing, Cadwader, Henry, Clapier, Wetherill, Brown, Evans, Colt, and Verplanck.

On motion,

Resolved, That the committee on exchange be authorized to adopt such measures as they may deem expedient in relation to the loan of five millions.

BANK UNITED STATES, *January 6, 1826.*

Present, N. Biddle, Messrs. Dupont, Eyre, Beck, Brown, Evans, Wier, Cox, Bohlen, Pratt, and McIlvaine.

On motion of Mr. Eyre,

Resolved, That the exchange committee be authorized to dispose of so much of the United States' and bank stock as may seem to them for the interest of the bank.

BANK UNITED STATES, *January 16, 1827.*

Present, N. Biddle, Messrs. Cope, Weir, Fisher, Bohlen, Pratt, Cadwader, Willing, Toland, A. White, Bevan, and Hemphill.

On motion of Mr. Toland,

Resolved, That the committee of exchange be authorized to negotiate with the Government of the United States for the whole or any part of the sum which it proposes to borrow, on such terms as they may deem most for the interest of the bank.

BANK UNITED STATES, *March 27, 1827.*

Present, N. Biddle, Messrs. Cope, Fisher, Bohlen, Pratt, Willing, Toland, A. White, and Hemphill.

On motion,

Resolved, That the committee of exchange be authorized to make whatever arrangements they may deem most for the interest of the bank in regard to discounts upon certificates of funded debt of the United States that may become payable on the 1st of July next, at a rate different from that of the ordinary discounts.

Thus appointed in the accustomed manner, by a large meeting of the board, to execute this important trust, the committee immediately commenced, by negotiating with the agent of a numerous body of European stockholders who owned \$1,700,000 of the three per cents., and another who represented nearly one million of dollars. With neither of these, however, could any arrangement be effected, the parties especially represented by the former preferring to wait till the period of actual reimbursement, before they decided on the disposal of their funds. In the mean time, the Treasury Department having applied to the bank for its opinion as to the expediency of making a payment of six millions on the 1st of July, the opinion given was, that it would be better for the country not to make such a pressure on its resources at that moment, and the payment was postponed, the bank consenting to allow the Government the quarter's interest during the interval. From that period, the whole operations of the bank were directed to the gradual withdrawal of all the surplus means of the institution from the points where they could be spared, and the accumulation of them in the Northern Atlantic cities where the payments were to be made, and also in Europe, so as to provide the means of payment there to the foreign stockholders who might desire the transmission of them to their respective homes. The result of these preparations was, that, by the month of October, the bank had concentrated at these points means fully adequate to pay the whole amount of funded debt payable at that period, without the slightest inconvenience to itself. On that day, the State banks of Philadelphia, New York, and Boston, owed to the bank - \$2,280,000
 It had paid off all its foreign debt, amounting, in May, to
 \$1,878,000, and had in Europe a balance of - - - 2,982,000
 Its specie at these places amounted to - - - 3,200,000

Making of cash means - - - - - \$8,462,000
 besides large sums falling due in those places, remitted from all the distant points, and local loans immediately available in October and November, to the amount of many millions—while the amount of the public debt reimbursable in October, was \$8,634,988 37. In this state, the bank, had it consulted 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 country. Had it continued as it began, and as 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 condition of the Treasury is seen in the letter of the Secretary of the Treasury to the President of the bank, dated July 19, 1832, as follows:

“TREASURY DEPARTMENT,

19th July, 1832.

“SIR: It was not until to-day that I have been able to ascertain the amount of the appropriations made at the last session of Congress; and therefore I have not been able to decide before now upon the amount of the three per cents., to be redeemed on the 1st of October. I find, as was supposed when you were here, that we shall be able to pay off about two-thirds at that time. A notice will accordingly be given in to-morrow's paper for the payment of that amount on the 1st of October, and the remaining one-third on the 1st of January. This has been done with the understanding had between us, that, if it should happen that the public moneys are insufficient to complete those payments, the bank will delay the presentation of any certificates of which it may have the control, until the funds are sufficient to meet them, the interest to be paid by the United States during the interval. You will be pleased to indicate such transfers of funds as may be desirable, preparatory to the proposed payments.”

“I am, &c.

LOUIS McLANE,
Secretary of the Treasury.

“N. BIDDLE, Esq.,
President Bank U. States, Philadelphia.”

To which the following answer was given.

BANK OF THE UNITED STATES,

July 26, 1832.

“SIR: I have had the honor of receiving your letter of the 19th instant, apprising me of your intention to reimburse two-thirds of the three per cents. on the 1st of October, and the remaining third on the 1st of January. You further state that this course has been adopted with the understanding had between us, that, if it should happen that the public moneys are insufficient to complete those payments, the bank will delay the presentation of any certificates of which it may have the control, until the funds are sufficient to meet them.”

“The bank has taken the necessary steps to obtain the control of a considerable portion of these certificates, and will very cheerfully employ it in such a manner as may best suit the convenience of the Government.”

“I have the honor to be,

Very respectfully, yours,
N. BIDDLE, *Pres.*

“HONORABLE LOUIS McLANE,
Secretary of the Treasury, Washington, D. C.”

This letter of the Secretary communicated the facts previously understood by the committee, of the probable exhaustion, and possible deficiency of the

public funds, and confirmed them in the expediency of the measure which they had adopted.

It rendered it still more probable that the bank might be called upon to make advances for the Government analogous to that which took place in the year 1820, at the time when the Louisiana loan held in Europe was reimbursable. On that occasion, the following proceedings occurred, as detailed in the minutes.

“BANK UNITED STATES,

10th October, 1820.

“Present, Langdon Cheves, President; Messrs. Eyre, Rundell, Lippincott, Willing, Astley, Wetherill, Kuhn, Weir, and Potter.

“The President laid before the board a private correspondence between him and Edward Jones, esq., chief clerk of the Treasury Department, in which that officer states that the Treasury will not have the means of paying the balance of the Louisiana stock redeemable on the 21st instant, and requests to know whether the bank can advance the amount to the holders of the stock or their agents, in such manner as to save the public credit, and to satisfy holders.

“Whereupon, the bank agreed to advance \$1,500,000 to the stockholders, and withhold the stock until the Government had the funds to pay it. The proposed division of the payments between the months of October and January, announced in the letter of the Secretary of the Treasury, was therefore communicated to the agent as a circumstance that would facilitate his negotiation with the foreign stockholders, with this remark: “The subdivision, by weakening the expected pressure on the 1st of October, makes the bank less anxious about that event; but, in the present state of the country, while the whole moneyed concerns of the community are threatened with confusion by the spread of the pestilence, the bank is so desirous of keeping itself in an attitude of great strength, to interpose, if necessary, for the relief of the sufferers, that it is content to submit to any merely pecuniary sacrifice to secure that object. The notice of the Secretary of the Treasury will therefore make no difference in your instructions, as they are so shaped as to provide for this contingency, by making the postponement to a certain term after the payment that may occur.”

It was with a full view of all these circumstances, the commercial state of the country, the prevalence of the cholera, and the probability of some advance to Government, that the committee, having ascertained that the agents of the foreign stockholders were not empowered to make any arrangements, resolved to transfer the negotiation to Europe, and accordingly they requested the same gentleman who had made a similar arrangement in the year 1819, to proceed to England for that purpose. His instructions, with the correspondence with Messrs. Baring, Brothers & Co., which followed, are annexed to this report. It was the expectation of the committee, that a postponement of a few months, until the cholera had subsided, would have been sufficient, but, as the foreign stockholders might be unwilling to make a loan for a less time than twelve months, authority for that purpose was given.

On hearing of the arrival of the agent in Europe, and the certainty of an arrangement for the postponement of a portion of the foreign debt, the preparations of the bank were so advanced as to justify an extension of increased facilities to the community, as will be subsequently detailed. But when the

contract itself reached the bank on the 12th of October, and it appeared from the communications of Messrs. Baring Brothers & Co., to be contemplated 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, and that it was necessary, in order to close the accounts of the Government, that the certificates should be actually in possession; and they were requested to reimburse themselves, if desirable, out of the funds of the bank, and to transmit all the certificates. This is accordingly now in progress, the successive arrivals from England bringing portions of them.

The whole amount purchased was	-	-	-	\$1,798,597 57
The whole amount agreed to be deferred	-	-	-	2,376,481 45
				<hr/>
Making an aggregate of	-	-	-	4,175,079 02
For which certificates are already received to amount of				1,524,446 46
				<hr/>
Leaving	-	-	-	\$2,650,632 56
				<hr/> <hr/>

The progress which has been made in the payment of the whole public debt, with the actual preparations of the bank to meet the remainder, will be seen in the following statement:

The total payments of principal to be made in October and January, are	-	-	-	\$15,236,595 50
Of which are distributed among the smaller loan offices, and all paid there except some small sums fully provided for				1,262,885 00
				<hr/>
Leaving at the loan offices of Boston, New York, Philadelphia, and Baltimore	-	-	-	\$13,973,710 50
				<hr/>
Of these \$13,973,710 50, the domestic and foreign stock has been paid, except what was not called for, amounting to				\$1,011,639 00
Of the purchased and deferred foreign stock, amounting to	-	-	-	\$4,175,000 00
Certificates have been received to the amount of	-	-	-	1,524,000 00
				<hr/>
Leaving outstanding	-	-	-	2,651,000 00
				<hr/>
Making the total of foreign and domestic, for which certificates have not been returned	-	-	-	\$3,662,639 00
Certificates received	-	-	-	11,573,956 50
				<hr/>
				\$15,236,595 50
				<hr/> <hr/>

The preparation for the payment of these is as follows:

The outstanding foreign and domestic stock not included in the arrangement of the bank, is	-	-	-	\$1,011,639 00
Add at the smaller offices yet unpaid	-	-	-	221,750 00
				<hr/>
				\$1,233,389 00

For which the bank has, at Boston, New York, Philadelphia, and Baltimore, debts from the city banks to the amount of	\$939,000 00
And specie	4,264,686 89
	5,203,626 89
Making	5,203,626 89
The amount of purchased and deferred stock, for which certificates have not yet been received, is \$2,651,000; but as certificates to the amount of \$380,000 have not yet been payable for want of powers of attorney, the amount of the purchased and deferred stock yet unpaid, is	\$3,031,000 00
To pay this, the bank has in the hands of its foreign correspondents, at the present rate at which it would be drawn for	3,250,000 00

The general result is, that the whole of the fifteen millions are paid or provided for, and will be finally extinguished without causing the slightest inconvenience, and without in the least deranging the business of the community. What is, moreover, equally remarkable and satisfactory, is, that by breaking the force of this foreign demand, and assuming it by the bank, the exchanges with England and France, instead of being forced up to rates at which inconvenient shipments of specie might have been made, have, from the month of July last, kept uniformly at rates not above the actual par of exchange between this country and Europe.

It has been already stated that the design of the arrangement in Europe was to prevent any pressure on the community. The cessation of the cholera made that pressure less severe, but, under any circumstances, the accumulation of so large a sum might disturb some of the branches of industry; and accordingly, as soon as it was known that the agent had arrived in England, and that an arrangement of some kind would be accomplished, no time was lost in communicating to the board the fact, that the preparations of the bank were such as to make it practicable to resume the usual facilities to the community. The subject was therefore immediately brought to the view of the board in the manner stated in the following extract from the minutes:

BANK OF THE UNITED STATES,

September 21, 1832.

Present. N. Biddle, President; Messrs. Lippincott, Bohlen, Neff, Willing, Bevan, Sullivan, Pratt, Platt, Eyre, White, and Henry.

The President laid before the board a statement of the amount of the three per cents. of the United States to be paid off on the 1st of October, and explained the situation of the bank and offices in relation thereto, showing the ample resources which have been accumulated to meet the payment at various points by means of the policy which has been pursued for some time past. He suggested also to the board the propriety of considering, now that the bank occupies so favorable a position, whether some relaxation in that policy might not be advantageously made.

Whereupon it was, on motion,

Resolved, That the committee on the offices be authorized to modify the instructions under which the offices of the bank have been acting, at such points and in such manner as they may deem most conducive to the interests

of the bank. Instructions were accordingly addressed to such of the western offices as would most sensibly feel the instructions, authorizing them to resume the purchase of domestic exchange, and draw checks on the bank. In the same spirit, similar instructions were given to the office at New York, the situation of which presents the best illustration of the measure in question. On the 29th of September, 1832, the State banks were indebted to the office at New York \$1,920,000, and the sums falling due and payable at the office, for October and November, were, of domestic bills, \$2,670,000, and of local discounts, \$4,414,000—making an aggregate of more than \$7,000,000. The sums actually payable to the Government in the months of October and November for revenue, were \$3,225,277 85 cents. But while the State banks were in debt to the office, it was impossible for them to discount freely, while the office itself, with an impending demand of several millions, a great portion of which was payable to foreigners, was obliged to husband its resources for these payments. The month of October was therefore regarded as a month of great embarrassment. Fortunately, the arrival of the intelligence of the arrangement came in time to enable the bank to avert it by the following instruction:

BANK OF THE UNITED STATES,

October 2, 1832.

DEAR SIR: The preparations for the payment of the public debt on the 1st instant are so ample that no inconvenience is apprehended from them at the bank or any of its offices; and, after all the immediate demands on that account are discharged at your office, it will still, in all probability, be very largely a creditor of the State banks in the city. This state of things naturally presents for consideration the course which the office should pursue towards them and towards the community. In the present condition of the exchanges with Europe, there will probably be no demand for specie, and it would therefore be unnecessary to call upon the State banks for payment in that form of their balances, that being a measure to be avoided, unless to replace what may be taken from the office should any demand be made upon it. But, while the balances continue thus heavily against the State banks, they will be unable or unwilling to do much business, and the office will therefore have an opportunity of giving to the community such facilities as these State banks have it no longer in their power to furnish. A large portion of the debt from them to the office may thus be absorbed in good paper, payable on or about the first of January next, when another payment on account of the public debt will be made.

I therefore take the earliest opportunity, after ascertaining the probable demands against the bank on account of these payments, to submit to the consideration of the board the expediency of employing a portion of the surplus funds, now in the form of balances from the State banks, in the discount of such paper as may give facilities to the business of the city. The funds will be thus usefully and profitably employed until they are wanted, and a great accumulation of bank balances be prevented.

Very respectfully, yours,

N. BIDDLE, *President.*

ISAAC LAWRENCE, Esq.

Prest. Off. Dis. and Dep. New York.

The President of the office answered as follows, in his letter of the 4th of October, 1832.

Your letter had the desired effect of inducing the board to increase our discounts on good paper, payable about the 1st of January, and on different stocks payable about the same time. This will enable us to aid the community, reduce the balances due the city banks, and be profitable to the institution.

I am, &c.

ISAAC LAWRENCE, *President.*

And the cashier wrote as follows, October 3d, 1832:

“Our offering to-day was \$750,000; our receipts \$295,000; and discounts, including \$170,000 on three per cents., and \$135,000 on other stocks, \$551,000. The banks are in our debt \$1,540,000; and we have paid, of the three per cents., \$1,100,000, or about that amount.”

The committee have entered into this explanation, in order to show the operations of the measure confided to them in all its details. On reflecting upon the whole course of it, with all the information which subsequent events have supplied, they are entirely satisfied that the measure has been highly beneficial to the community as well as to the Government; and that, so far from protracting the settlement of the accounts of the Government, they will, in fact, be brought to an earlier termination than if the arrangement had not been made.

The Western Debts.

In the report of the Secretary of the Treasury, of the 5th December, 1832, he enumerates, among the causes which made him anxious about the security of the bank as a depository of the public funds, “the great amount of the bank’s transactions, especially in its western branches,” and a special agent was sent to examine the operations of the bank in the western States, as being objects of particular uneasiness.

This ill opinion of the western debts was unexpected, because, in his report of the last year, the Secretary, in enumerating the merits of the bank, was pleased to say, “to these may be added the knowledge the present bank has acquired of the business, and the *wants of the various portions of this extensive country, which, being the result of time and experience, is an advantage it must necessarily possess over any new institution.*”

In the course of this year, the debt in the western States has been considerably diminished; and the judgment which has declared that the loans of last year were deserving of praise, it was presumed would have exempted from censure the smaller loans of the present year. The effect of such a declaration, not on the bank, but upon the character and credit of the country generally, and more especially upon our western fellow citizens, is deeply to be regretted, since it may inflict upon them a lasting injury.

The western country is blessed with a fertile soil adapted to every variety of culture, and with an intelligent and industrious people, who need nothing, except the assistance of pecuniary capital, for the full development of their

resources. Knowing this, the bank has willingly devoted a large share of its means to the use of that part of the Union. Believing that the commercial credit of the country is the common property of the Union, it has endeavored, on all occasions, to sustain the reputation of the State institutions, and to aid the State Governments in their efforts to attract the investment of foreign capital. Of the seventeen millions of loans made by the State of Pennsylvania, nearly the whole is furnished from Europe. The loans of Ohio and New York are similarly situated; and at this moment the States of Alabama, Tennessee, Ohio, and Indiana, are endeavoring, either by the direct responsibility of the State Governments, or through the agency of banking institutions, to procure the use of foreign capital. At such a moment, a declaration by what is presumed to be the highest financial authority in the Union, that the Bank of the United States is an unsafe depository of the public funds, and that this insecurity arises mainly from its loans in the western States, is calculated to destroy the confidence of European capitalists, and to impair the credit of the western States, and the western banks. As the common friend of the solvent State institutions, and to a certain extent identified with the general credit of the country, to the Bank of the United States it especially belongs to remove so injurious an impression, and to bear a willing testimony to the ability and the punctuality of its fellow-citizens in the western States, in the course of its connexion with whom the bank has met with few losses, and who have uniformly displayed an honorable punctuality in their engagements. The desire to render them justice induces the committee to enter into some details in regard to the debts of the bank in the western States.

Places.	Loans.	Bills of Exchange.	Totals.
Kentucky, Lexington -	\$916,230 40	\$840,426 54	\$1,761,656 94
Do Louisville -	2,165,656 49	1,969,411 48	4,135,067 97
Ohio, Cincinnati -	2,830,821 92	542,332 89	3,373,154 81
Tennessee, Nashville -	1,767,179 17	1,787,466 00	3,554,645 17
Missouri, St. Louis -	566,361 24	74,620 48	640,981 72
	\$8,246,249 22	\$5,219,257 39	\$13,465,506 61

These loans have been made by boards of directors selected, in their respective residencies, with great care, and composed of the most respectable inhabitants of the neighborhood. They act under a feeling of strong and habitual responsibility, and they are required to make a semi-annual report of the situation of the debts, in a form which cannot fail to secure it a deliberate examination.

In regard to these, the returns from the offices, respectively, on the first of December last, contain the following certificates:

“The undersigned hereby certify, that they have carefully examined, in detail, the lists of suspended debt and real estate at this office, and are of opinion that the *classification* of the debts, the estimated *probable loss* of

principal on each debt of the *doubtful and bad* classes throughout the list, with the *estimated present value of the real estate*, are all correctly made as therein stated. That the *explanatory remarks* opposite to each debt will give an abstract of the measures which have been pursued within the last six months for its recovery or security, and that the *recapitulation* exhibits in the aggregate (including the losses chargeable to the contingent fund) all the losses at present known or apprehended on the *inactive* debt at this office; and that of the *active* or current debt growing to maturity, \$ is considered doubtful, and upon which we apprehend there will be ultimately a probable loss of dollars

Cashier.

President.

} Committee.

OFFICE BANK U. STATES, 18,

The latest returns thus certified, of the losses at these several offices, on the above debt are as follows:

Lexington	-	-	-	\$ 27,711 87
Louisville	-	-	-	7,734 38
Cincinnati	-	-	-	16,952 59
Nashville	-	-	-	7,744 25
St. Louis	-	-	-	no loss

 \$ 60,143 09

The proofs of the general security of this debt are confirmed by a single circumstance which seems entirely decisive—which is the actual payment of such a portion of it as was required from the debtors. For example, on an average of ten months past, the local loans in Kentucky, Ohio, Missouri, and Tennessee, have actually been paid to the amount of \$ 3,532,104 93 out of a sum of \$ 11,257,862 18. Thus the bank had lent in Tennessee, at the branch in Nashville, on the 12th of October, 1831, \$ 3,137,870 73 By January 2d, 1833, it had been reduced to -° - 1,640,071 20

A diminution of - - - - - \$ 1,497,799 53

At Louisville on the 2d February, 1832, the

loans were - - - - - \$ 2,682,629 50

On 12th January, 1833, they were only - 2,078,906 19

 603,723 31

At Lexington they were, on the 16th July,

1832 - - - - - \$ 1,333,530 66

And on the 12th January, 1833 - - - 773,865 37

 559,665 29

At Cincinnati on 19th June, 1832 - \$ 3,366,068 00

On 10th January, 1833 - - - - - 2,675,701 80

 690,366 20

At St. Louis on the 18th June, 1832 - \$ 737,763 09

On 7th January, 1833 - - - - - 557,212 69

 \$ 180,550 40

Making an actual reduction of the debt of - - - \$ 3,532,104 93

which is an actual diminution of about one-third of the original debt within an average time of ten months, which was re-invested for remittance in bills of exchange. These comparisons are made from the highest points at which the loans were within the course of fifteen months, so as to show the greatest reduction. The reduction of these same offices, calculating it from January, 1832, to January, 1833, was \$ 2,138,065 47, while, during the same period, the domestic bills had increased \$ 657,004 58, making an actual reduction of investments of all kinds, amounting to \$ 1,481,061 09, or nearly a million and a half.

In further illustration of the character of the western debts, the returns show that the total amount of domestic bills of exchange purchased at the western offices from the 1st of July, 1831, to the 31st of December, 1832, is - - - - - \$ 16,397,094 93
 On which the amount protested and unpaid is - - - 13,863 37
 Of which the estimate of probable loss is - - - 1,500 00
 But as some portion of this may be still running to maturity, and its fate undecided, it should be remarked that the whole of this estimated loss of \$ 1,500 arose out of the purchases during the year ending on the 1st of July, 1832, which amounted to - - - - - \$ 10,137,722 22
 On which the whole amount protested and remaining unpaid is - - - - - 13,863 36
 The total losses only - - - - - 1,500 00

The cause of a loss, so little proportioned to the amount of the investment, is to be found in the fact that the exchange transactions of the western States grow out of the actual business, the actual shipments of the produce to the place of its exportation furnishing to the bank the triple security of the personal responsibility of the shipper, the property which he exports, and again the personal liability of the merchant who receives it at the place of exportation. As an illustration of this, the following statement of the exchange operations of the bank at Nashville may furnish an interesting example—

1831, October, \$ 366,512 63—When the few bills remaining out of drafts on shipments of the previous crop had not yet run to maturity.

1831, Decem'r, 1,062,094 84—When the shipment of the new crop had commenced, and the planters and gingers had begun to draw on their correspondents.

1832, April, 2,759,754 93—When the crop may be considered to have all been shipped, and drawn upon, and of course the amount of bills at the highest point.

1832, October, 503,234 90—When the bills drawn upon the shipment of the last crop had mostly matured.

1833, January, 2,049,612 02—The shipments of the present crop having progressed to some extent, the amount of bills is naturally swelled in proportion.

In respect to the ultimate security of the present debt in the western States, there is a case of a branch actually closed, from which some estimate

may be collected for the future. In the year 1821, the branch at Cincinnati was closed with a debt of \$2,528,350 39. A large estimate of probable losses was made, amounting to \$851,000, but, by judicious or fortunate management, this debt has been so secured by mortgage and judgments, and by compromising on real estate, that no loss is now anticipated.

In confirmation of these statements, the committee add the report of the agent of the Government itself. In the month of November, 1832, the Secretary of the Treasury deputed Henry Toland, esq., of Philadelphia, to make an examination of the State of the bank, adding, "you are requested to direct your attention particularly to the state of the debt due to the western branches, and from persons in the western country generally, and, in ascertaining its amount, to inquire what amount of the domestic bills of exchange is due in the western country, and generally how the western debt is secured."

Mr. Toland was eminently qualified for this task, as being a man of business, familiar with the operations of the bank of which he was formerly a director, and long engaged in trade with the western country. His report concludes with the following emphatic language:

"Placing reliance on the cashiers of the different offices, and the respectable gentlemen composing their different directions, and comparing the amount of business and profits, and adding thereto my own knowledge of the general business of the western country, I do not hesitate to say that I consider the debt in a safe and wholesome state, and that a greater amount of loss need not be apprehended from it than from a similar mass distributed in the cities of the Atlantic frontier."

In this opinion of Mr. Toland, the committee, from their own experience and observation, entirely concur.

The safety of the Public Deposites.

The security of the public deposits may perhaps be inferred from the explanations already given, but it may not be superfluous to suggest some considerations which may relieve all solicitude on that subject.

1st. From the establishment of the bank to the present day, it has been the depository of about 440 millions of dollars of public revenue. The safety with which they have been kept and transferred throughout the United States, is attested by all the Secretaries of the Treasury. By Mr. Crawford, who, on the 4th of December, 1818, in reply to an inquiry from a committee of Congress, says: "In reply to the specific enquiries which you make, I have the honor to state that the bank has correctly discharged the duties of commissioners of loans, and agents for the payment of military pensions, as far as it has been required by law." It has promptly transmitted the public money wherever, and whenever, it has been required to perform that service. It is presumed that the facilities expected from it, in the collection of duties, have been furnished, as no information has been received at the department that such facilities have been withheld.

By Mr. Rush, who in his report of the 13th of December, 1828, says:

"In faithful obedience to the conditions of its charter, and aided by its branches, it has afforded the necessary facilities for transferring the public moneys from place to place, concentrating them at the points required. In this manner, all payments on account of the public debt, whether for interest or principal; all on account of pensions; all for the civil list; for the ar-

my, for the navy, or whatever other purpose wanted in any part of the Union, have been perpetually met. The bank is also the depository with its branches for the public moneys from whatever sources of revenue received, aiding, too, in their collection, thereby giving safety to the keeping, as well as promptitude and certainty to the disbursement of the public treasure. It receives the paper of the State banks, paid on public account, in the interior, as well as elsewhere, and by placing it to the credit of the United States as cash, renders it available wherever the public service may require."

"By Mr. Ingham, who in a published letter declares of the bank, that it enables the Government to transmit its funds from one extremity of the Union to another, without cost, without risk, without pressure upon the section from which they are withdrawn, and with a despatch which is more like magic than reality."

And the present Secretary of the Treasury, in his report of the 5th of December, 1831, remarks, it must be admitted, however, that the good management of the present bank, the accommodation it has given to the Government, and the practical benefits it has rendered the community, whether it may, or may not have accomplished all that was expected from it, and the advantages of its present condition, are circumstances in its favor entitled to great weight, and give it strong claims upon the consideration of Congress to any future legislation on the subject. Moreover, in his report to Congress at the present session, he declares that no loss had ever been sustained by the Government on its deposits with the Bank of the United States.

The simple facts thus emphatically vouched, that, out of 440 millions of Government deposits taken in all kinds of bank paper, and in all parts of the United States, during a period of sixteen years, not one dollar of loss has been sustained; that, during that whole period, it has faithfully performed all its duties to the Government, and never, on any occasion, failed to meet its engagements, may be accepted as presumptions in favor of its solvency.

2d. The general situation of the bank may afford similar assurances. The bank has a capital of 35 millions, all paid; it has more than one-fourth of that capital actually in gold and silver in its vaults; it has due to it from individuals in the United States upwards of 60 millions of debts, and a balance exceeding three millions in Europe; it has real estate which is estimated at three millions of dollars; and, in the opinion of the committee, there never was any period since its establishment when it was in a more prosperous condition than at the present moment.

This will be seen in further detail by the following condensed table from the last monthly statement of the bank and its offices and agencies.

The claims against the bank, are,

Its notes in circulation, - - - - -	\$17,459,571 79
The deposits, public and private, - - - - -	13,547,517 95
The debt to the holders of the funded debt of the United States, for principal and interest, - - - - -	6,723,703 16
The unclaimed dividends, - - - - -	76,529 84
Amounting to - - - - -	\$37,807,322 74

Its resources are,		
Specie, - - - - -		\$8,951,847 60
Notes of State banks, - - - - -	\$2,291,655 04	
Balances due by State banks, - - - - -	1,596,252 08	
		3,887,907 12
Funds in Europe, and foreign bills of exchange, - - - - -		3,190,225 43
Real estate, including banking houses, - - - - -		3,036,241 52
Debts due by individuals, viz.		
On notes discounted, - - - - -	\$43,626,870 32	
On domestic bills of exchange, - - - - -	18,069,043 25	
		61,695,913 57
Mortgages, &c., - - - - -		103,330 75
		80,865,465 99
From which deduct the claims as above, - - - - -		37,807,322 74
		\$43,058,143 25

This sum of \$43,058,143 25 forms a guarantee to the holders of the notes of the bank, and to its depositors, *over and above the whole amount of their claims*. It is applicable, in the first instance, and before one dollar of it can be appropriated in any other way, to the payment of any deficiency which might, by any possibility, arise from the 37 millions first destined for the payment of notes and deposits. The whole of it must be absolutely lost before there can be a question whether the holders of the notes of the bank, and public and private depositors, are in danger of sustaining any loss. After these claimants are satisfied, and not until then, the stockholders who own its 35 millions of capital may divide the balance amongst them.

They therefore conclude this part of the subject by expressing their entire conviction of the accuracy of the opinion expressed by Mr. Toland, the confidential agent of the Government, who says: "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 can, in my opinion, admit of a doubt."

All of which is respectfully submitted.

MATTHEW L. BEVAN, *Chairman*.

BANK UNITED STATES,
July 17, 1832.

GENTLEMEN: Being desirous of making some arrangement in regard to the reimbursement of the three per cent. stocks of the United States, and the time being too short to allow of a prolonged correspondence, we have requested Th. Cadwalader, esquire, to confer with you on the subject. Mr. Cadwalader has been long, and still is, a director of the bank, enjoying its entire confidence, and is personally well known to you. I will therefore merely refer you to him for particulars; and remain,

Very respectfully, yours,

N. BIDDLE, *Prest.*

Messrs. BARING, BROTHERS & Co., *London*.

BANK UNITED STATES,
July 18, 1832.

DEAR SIR: The probability that the spread of the cholera may occasion great embarrassment and distress in the community, makes it expedient for the bank to keep itself in an attitude to afford relief should its interposition be necessary; and also to mitigate the pressure which the reimbursement of the three per cent. stock, held by foreigners, may produce in October next. The whole amount of this foreign stock is about \$7,800,000, of which the bank is desirous of postponing the payment of about \$5,000,000. You will perceive from the statement accompanying this letter, that the bank is the agent of Messrs. Baring, Brothers & Co. for upwards of three millions. For the postponement of that amount, with an additional sum of two millions belonging to residents in Europe, you are authorized to make an arrangement on the following terms:

1st. As to the time. It is not yet positively decided when the whole of the threes will be paid, and the proposed arrangement must therefore refer to that contingency, and be so modified as to fix a certain time after the period of redemption named by the Treasury. You may make this postponement for six, nine, or twelve months, after that period, and endeavor to preserve such an option as to time, as may enable the bank to diffuse the payment over as wide a period as possible of the term.

d. As to the rate of interest. We presume, of course, that there will be no difficulty in continuing the loan at its present rate of three per cent. without any further charge. Should you, however, find it more advantageous, instead of making the arrangements personally with the stockholders themselves, to employ the agency of any mercantile house to effect the object, you are authorized to allow a reasonable commission for their trouble. As you have already concluded, very satisfactorily, a similar arrangement some years ago, and our personal interviews have made you very familiar with the whole subject, I will only add, that

I am, very truly, &c.

N. BIDDLE, *Pres.*

THOMAS CADWALADER, Esq., *Philadelphia.*

BANK UNITED STATES,
October 19, 1832.

GENTLEMEN: The above is a copy of my respects of the 15th instant, since which I have had the pleasure of receiving, this morning, your favor of the 14th ultimo. To what I had the honor of writing on the 15th instant, the only addition which it seems necessary to make, is this: the bank, in order to close the account with the Government, is anxious to obtain the certificates. It is, however, possible that some of the holders who have agreed to the postponement may prefer retaining the certificates till the period of final reimbursement. The bank is very unwilling to give either to these stockholders or to yourselves any unnecessary trouble; and, should you find any reluctance on this score, you will please not to urge it, but leave the certificates in the hands of the stockholders, and we will endeavor to accomplish the object of the bank without possession of the certificates. Those

for the stock purchased by yourselves, we shall be happy to receive by an early opportunity.

With great respect, yours,

N. BIDDLE, *Pres't.*

Messrs. BARING, BROTHERS & Co., *London.*

LONDON, *August 22, 1832.*

SIR: We have had the honor of receiving, from the hands of Mr. Cadwalader, the letter with which you favored us on the 18th ultimo, and in which you refer us to that gentleman for the particulars of an arrangement the institution was desirous of entering into in regard to the reimbursement of the United States' three per cent. stock. You will, no doubt, learn from Mr. Cadwalader that no time has been lost in coming to an understanding with us as to the mode in which your views could be carried into effect; and the result of our communications with him has been a contract, of which, as he will no doubt send you a copy, it is not necessary we should say more than that we trust the board will perceive in it evidence of that earnest we at all times feel to put all our transactions with them on the same easy and liberal footing.

We trust you will excuse our observing that we conceive no question can now arise as to any extension of the ordinary credit which we hold at the disposal of the bank, as the liability to be called upon for large advances for the above operation, either in the shape of drafts or purchases of stock, makes it absolutely necessary that the limit should be strictly attended to.

We have only to add, that we feel much flattered at this further proof of our possessing the confidence of the institution; and have the honor to be, sir, your obedient servants,

BARING, BROTHERS & Co.

N. BIDDLE, *Esq.*

Pres't U. S. Bank, Philadelphia.

LONDON, *August 30, 1832.*

SIR: In consequence of the personal communications we have received from General Cadwalader, we beg leave to inform you that we have secured and paid for the following parcels of United States' three per cent. stock,

viz.	20,000	} at 90.
	100,000	
	25,000	
	25,000	
	21,000	at 90½.
	80,000	at 91.

\$271,000

And we have also made the following purchases, to be delivered immediately,

viz.	10,000	} at 90½.
	27,400	
	66,037 25	
	100,000	} at 90½.
	200,000	
	200,000	
	20,000	

\$623,437 25—to be delivered before the 6th September.

We enclose a list of proprietors of United States' three per cent. stock, who have consented to postpone the receipt of their principal till 1st October, 1833, the amount of their stock being, collectively, \$342,646 68. As we are not acquainted with the manner in which the institution may desire to have these transactions managed, we have adopted the course of addressing you on the subject, that you may dispose of the accounts, &c. as you may deem expedient.

We have the honor to be, your most obedient servants,

BARING, BROTHERS & Co.

N. BIDDLE, Esq.

Pres't Bank U. S., Philadelphia.

LONDON, *September 6, 1832.*

SIR: We confirm what we had the honor to write to you on the 30th ult., and now annex a list of other proprietors of United States' three per cent. stock, who wish to postpone the reimbursement of capital till October, 1833, making a total, with those already advised, of \$1,609,707 42 purchases of the United States' three per cent. stock on account of the institution. We conclude it may be more convenient to you to have the whole purchases up to the present date presented to the eye at one view; and we therefore enclose a detailed list, showing the total amount to be

-	\$1,051,251 31
And purchases, but not yet delivered	- 364,995 05

We remain, sir, your obedient servants,

B. B. & Co.

N. BIDDLE, Esq., *Philadelphia.*

Messrs. Baring, Brothers & Co., of London, and Thomas Cadwalader, of Philadelphia, on behalf of the Bank of the United States, agree, as follows, viz. for a commission of one-half per cent. on the amount, and the said Baring, Brothers & Co. agree:

1st. To invite the holders of the three per cent. stock of the United States to retain their stock until October, A. D. one thousand eight hundred and thirty-three, the bank engaging to pay the interest quarterly until that time.

2d. To buy up the said three per cent. stocks on the best terms at which they can be obtained, both here and in Holland, at prices not exceeding ninety-one per cent., or as much higher as the running quarterly interest, in case of need: the cost of which stocks to be placed to the debit of the Bank of the United States, in a separate account, chargeable with whatever rate of

interest Messrs. Baring, Brothers & Co. may be compelled to pay. The certificates of stock so purchased to remain with Messrs. Baring, Brothers & Co.

3d. In case the amount of stocks so purchased, and the amount that may be retained by the holders, as above, should, together, be less than the sum of five millions of dollars, then Messrs. Baring, Brothers & Co. agree to make up the deficiency, in case the bank should find it desirable to draw for such deficiency, or any part thereof, on which sum or deficiency Messrs. Baring, Brothers & Co. to charge the same interest as in their general account with the bank. The whole advances to be reimbursed by the Bank of the United States in October, A. D. one thousand eight hundred and thirty-three.

Witness the hands of the said parties, at the city of London, the 22d day of August, A. D. one thousand eight hundred and thirty two.

BARING, BROTHERS & Co.
T. CADWALADER.

Signed in presence of us,

JAMES STEWART RANGER.
FRAS. WM. GENTRY.

BANK OF THE UNITED STATES,

October 31, 1832.

GENTLEMEN: My last respects were of the 19th instant: since then we have understood that the Treasury Department is desirous of closing the accounts of the foreign holders of the three per cents, a circumstance which increases our own anxiety to receive the certificates without delay, and induces me to request that you will have the goodness to give every facility to the transmission of them.

In regard to those purchased by yourselves, there can, we presume, be no difficulty; and as to those stockholders with whom you have agreed to postpone the payment, you will find, we trust, no indisposition to make the arrangements suggested in my letter of the 15th instant for the delivery of their certificates. Should, however, any difficulty occur, it would be agreeable to the bank if you could obviate it, either by causing the certificates to be sent to the bank for immediate reimbursement, or, if necessary, by purchasing the certificates on your own account, in the same manner as was done with those previously purchased, and taking your reimbursement in the mode most agreeable to yourselves. The whole subject is committed to your good judgment; with the respects of

Your obedient servant,

N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co., *London.*

PHILADELPHIA, *July 23d, 1832.*

DEAR SIR: The day after you left Philadelphia, I received a communication from the Secretary of the Treasury, apprising me of his intention of paying off two-thirds of the three per cents. on the first of October, and the remaining third on the first of January next. The mail of to-day has brought the official notice to that effect; a copy of which is enclosed.

I hasten to give you the earliest information on the subject, as it will have an important bearing upon the negotiation with which you are charged. The first effect of it will be, that, as the foreign stockholders will receive, not the whole of their payment, but only two-thirds of it, they will not be able to make as satisfactory an investment as they otherwise would, being obliged to divide it into two separate investments, and of course they will be more disposed to make an arrangement by which they may receive their interest on the two-thirds, until the remaining third is paid, so as to make an investment of the whole.

The subdivision, by weakening the expected pressure on the first of October, makes the bank less anxious about the event. But, in the present state of the country, while the whole moneyed concerns of the community are threatened with confusion by the spread of the pestilence, the bank is so desirous of keeping itself in an attitude of great strength, to interpose, if necessary, for the relief of the sufferers, that it is content to submit to any merely pecuniary sacrifice to secure that object. The notice of the Secretary of the Treasury will therefore make no difference in your instructions, as they are so shaped as to provide for this contingency, by making the postponement to a certain term after the payment, whenever that may occur.

Very truly, yours,

N. BIDDLE, *President.*

THOMAS CADWALADER, Esq., *London.*

BANK OF THE UNITED STATES,

October 15, 1832.

GENTLEMEN: I have had the pleasure of receiving your esteemed favors of the 22d and 30th of August, and 6th ultimo, and have been placed, by Mr. Cadwalader, in possession of the contract between him and your house, on the 22d of August last.

The care and attention which you have been good enough to exhibit on this occasion, furnish a new evidence of the zeal to promote the interest of the bank which has uniformly characterized your house, and which has always been fully appreciated.

As you remark in your letter of the 30th of August that you wish to have the account disposed of as the bank may deem expedient, I take the earliest opportunity of inviting your attention to one part of the arrangement, with which it will be impracticable for the bank to comply.

When the institution was chartered at the close of the last war, the Government had a large debt which it proposed to pay or purchase up out of the surplus revenue; and, in order to prevent any competition in these purchases, the charter expressly declares that the bank shall not be at liberty to purchase any public debt whatsoever. The object of this provision would certainly not be counteracted by the present operation, since Government has actually advertised the payment of the stock, which is thus, in fact, no longer an object of purchase by the sinking fund. This circumstance it probably was which induced Mr. Cadwalader to regard the purchase of public debt so situated as not conflicting with the provisions of the charter. When, however, the stock was purchased in August and September last, it was still a subsisting debt—one-third of it will so continue until the 1st of January next. And even were the case less clear than it seems, the insti-

tution is, both from inclination and duty, disposed to give the most rigorous construction of its own powers. I am under the necessity, therefore, of ap-
prising you that the bank cannot consider as purchased on its account, the
three per cent. stock reported by you in your favors of the 30th of August
and 6th ultimo, amounting to \$1,474,827 33; and I have now to propose
for your consideration the following substitute for that arrangement; which
will, I trust, be mutually agreeable to both parties.

1st. It will be necessary to transmit, without delay, the whole of the certi-
ficates with powers of reimbursement, so that, in the first instance, the bank may
receive payment for the owners. Without such payment, the bank is not
in actual possession of the funds, which will not be passed to its credit until
paid to the stockholders. This seems to be of immediate urgency, and I
therefore request your immediate attention to it.

2d. When the stock is thus reimbursed to the stockholders, the portion
which they have consented to postpone will be passed to their credit on
the books of the bank, and continue to bear an interest of three per cent.
per annum, payable quarterly, until the 1st of October next, when the
principal will be reimbursed. If it be necessary, on the delivery to you of
the certificates, with powers of reimbursement, to substitute some other certi-
ficate on your part, as was done in case of the Louisiana debt by you, you
are hereby authorized to give to the parties a certificate for an amount equal
to what they respectively surrender to you.

3d. The portion purchased by you will, in like manner, go to your credit
when paid by the Government. At that time it will be for you to deter-
mine whether it shall continue to draw an interest of four per cent, (if that
be the rate,) payable quarterly, or whether you would desire immediate
payment. If your arrangements with others make it necessary or expedi-
ent for you to continue the loan to the bank for that period, we shall, with
great cheerfulness, acquiesce in your views. If, however, it should be as
consistent with your interest to receive reimbursement, the bank will be
ready and willing to make it immediately. I mention this, because it may
perhaps be convenient for you to provide funds in New Orleans for the in-
stalments of the loan to the Union Bank, in which event, you may consider
the whole amount of your purchases of three per cents., or any portion of
it, as immediately applicable to that object.

The wish to postpone the payment of some portion of the fifteen millions,
reimbursable between the 1st October and the 1st of January, arose from
the appearance of the cholera, which threatened to throw the business of the
country into great confusion, and imposed on the bank the duty of keep-
ing itself in an attitude of great strength, so as to interpose, if necessary, to
relieve the community. The calamity having passed with less injury to
the mercantile classes than was anticipated, the bank will not be called upon
for any extraordinary effort, and would be content to pay at once the whole
amount now in your hands. This would have the further recommendation,
that it would relieve you from the payment of interest on the balance, which is
probably equal to your purchases.

In either event, whether you wish to take immediate reimbursement, or
continue the loan, it is presumed that the terms of the purchases will, under
this change of the arrangement, be favorable to your interest, which we are
always anxious to promote. Should it, however, happen that any pecuniary
loss shall be sustained by you in consequence of these purchases, the bank
will, of course, make an ample indemnity for it. The commission sti-

pulated upon the whole sum will not be in any degree affected by this change, but will continue as originally determined between Mr. Cadwalader and yourselves. You will readily believe that nothing but an imperious sense of duty would induce the institution to propose these changes in the arrangement; and we must rely upon your habitual courtesy to excuse any additional trouble which they may occasion.

With great respect, your's,

N. BIDDLE, *President.*

Messrs. BARING, BROTHERS & Co.

London.