

REPORT
OF THE
COMPTROLLER OF THE CURRENCY
UPON

The condition of the savings banks of the District of Columbia.

FEBRUARY 25, 1873.—Referred to the Committee on Finance and ordered to be printed.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, February 21, 1873.

SIR: The act of January 20, 1873, authorized the Comptroller of the Currency to make an examination of banks organized in the District of Columbia under acts of Congress, and to report to Congress the results of such examination. Immediately upon the passage of this act, Charles A. Meigs, esq., national-bank examiner of New York City, was directed to make an examination of all associations not organized under the provisions of the national-currency act, and I herewith transmit copies of his reports, which have just been completed, as follows:

Report of examination of the Freedmen's Savings and Trust Company.
Report of examination of the Washington City Savings Bank.
Report of examination of the German American Savings Bank.

FREEDMEN'S SAVINGS AND TRUST COMPANY.

The Freedmen's Savings and Trust Company was incorporated by act approved March 6, 1865. Section 5 of this act authorized the investment of the funds of depositors "in the stocks, bonds, and Treasury notes, and other securities of the United States." Section 6 provides "that it shall be the duty of the trustees of the corporation to invest as soon as practicable in the securities named in the next preceding section (section 5) all sums received by them beyond *an available fund* not exceeding one-third of the total amount of deposits with the corporation, at the discretion of the trustees, which available funds may be kept by the trustees to meet current expenses of the corporation, and may by them be left on deposit at interest or otherwise, or in such available form as the trustees may direct." An amendment to the act was passed May 6, 1870, which authorized the loaning of one-half of the deposits "in bonds or notes secured by mortgage on real estate in double the value of the loan," and

also authorized the corporation "to hold and improve the real estate now owned by it in the city of Washington, to wit: the west half of lot No. 3, all of lots 4, 5, 6, and 7, and the south half of lot No. 8, in square 221, as laid out and recorded in the original plat or plan of said city: provided, that said corporation shall not use the principal of any deposits made with it for the purpose of such improvement."

Thirty-three different branches have been established in the different cities of the Union, although there is no express authority for the organization of such branches in the act under which the institution was organized, and deposits to the amount of \$165,374.38 have been invested in lots and buildings occupied by these branches. A large building has also been erected in the city of Washington, a portion of which is occupied by the bank, which, together with the lot upon which the building is erected, and the lots adjoining, has cost \$313,218.26.

The following is a statement of the assets and liabilities of the Freedmen's Savings and Trust Company on January 18, 1873:

Cash in hands of parent bank	\$24, 422 05
Cash in hands of First National Bank, Washington.....	93, 032 25
Cash in hands of branches.....	329, 864 32
Cash in transitu.....	45, 555 00
Short-date remittances in bank for collection.....	28, 436 68
United States bonds—various—at par.....	718, 050 00
Sundry Washington City securities.....	34, 175 63
Approved claims against the board of public works	20, 000 00
Loans secured by real estate, nearly all in the District of Columbia, for periods of ten days to two years.....	1, 794, 478 05
Loans on approved claims on the board of public works	189, 000 00
Loans on chattel mortgage.....	37, 000 00
Loans on stocks, bonds, and personal security.....	250, 653 40
Loans at branches.....	259, 358 40
Real estate and buildings on Pennsylvania avenue	313, 218 26
Real estate on Tenth street, bought in on foreclosure	2, 804 50
Real estate and buildings at branches.....	165, 374 38
Premium on United States bonds, at 114 per cent.....	100, 380 00
Accrued interest on loans.....	77, 929 66
Total	4, 483, 732 58
Liabilities:	
Amount due depositors.....	\$4, 008, 642 34
Amount of cash borrowed.....	460, 000 00
Amount of interest due.....	8, 000 00
Total	4, 476, 642 34
Surplus.....	7, 090 24

From this statement it will be seen that the total amount of deposits at that date was \$4,008,642.34. The bills payable were \$460,000. The bank holds \$718,050 of United States bonds, a portion of which have been pledged as collateral security for its bills payable. The bank also holds Washington City securities and claims against the board of public works amounting to \$54,175.63. Its loans upon real estate, chiefly in the city of Washington, amount to \$1,794,478.05. Loans have also been made upon vouchers of the board of public works amounting to \$189,000; upon chattel mortgage, \$37,000; and upon other collateral and personal security to the amount of \$250,653.40. The security for loans upon real estate is generally estimated to be good for the amount of the loan; but a large portion of these loans have been made upon security not equal to twice the value of the loan, as required by law.

It is claimed that the loans upon vouchers of the board of public

works, upon chattel mortgage, and upon personal security are authorized by section 6 of the act above quoted. Many of the securities upon which these loans are made are believed to be worth the amount of the loan. The value of other securities is not known, and other additional loans seem to have been made upon the security of promissory notes rather than upon the collateral security held by the bank.

Only a small portion of these investments can be considered "available" for the purpose of raising money in the market to meet the unexpected calls of depositors, and it is believed that it was not the intention of the act of incorporation to authorize investments of this character. The officers and trustees of the institution have violated the act under which it was organized by establishing branches in the different cities of the Union by purchasing real estate, and erecting buildings, by loaning money upon real estate of less than one-half of the value of the loan, by loaning money upon collateral security not immediately available for the payment of deposits, and by borrowing money.

The rate of interest offered to depositors for some time past has been six per cent., and it is believed that the undesirable loans held by the bank have been made, to a large extent, from the desire of the trustees to invest as speedily as possible the funds of depositors at high rates of interest. Section 6 of the act under which the bank was organized should be amended so as to prevent investments being made except upon securities of well-known marketable values. The branches of the bank, if they are to be continued should also be authorized by act of Congress, and the rate of interest to be offered to depositors should also be limited by law, and the bank required to accumulate a surplus to provide against future losses. The act under which the institution was organized was evidently drawn without sufficient consideration, and it is suggested that a new organization act be passed and the present law repealed. With proper legislation and necessary restrictions the bank would be able to correct the mistakes already made, to retrieve its present and prospective losses, and be enabled to continue a business of great usefulness to the class of depositors for whose benefit the institution was organized.

WASHINGTON CITY SAVINGS BANK.

The Washington City Savings Bank was authorized under the special act of Congress passed March 8, 1864. The following is a statement of its assets and liabilities on January 20, 1873:

Resources:

Cash in the office.....	\$61,219 21
Cash with Jay Cooke & Co., New York.....	31,429 73
Cash with Hawes & Macy, New York.....	3,935 42
Cash with Hawes & Macy, gold account, New York.....	986 80
Cash with Lockwood & Co., New York.....	1,040 15
Cash with National Currency Bank, New York.....	719 00
Cash with City National Bank, Baltimore.....	4,583 97
Cash with Hooper, Reese & Co.....	3,486 24
Cash with Union National Bank, Philadelphia.....	1,237 23
Cash with Union Banking Company, Philadelphia.....	22,560 20
United States bonds, various par.....	255,950 00
Loans on United States bonds.....	15,000 00
Loan on real estate security.....	176,260 92
Loan on stocks, bonds, personal securities.....	180,271 89
Investments in Northern Pacific Railroad 7 $\frac{3}{4}$ per cent. bonds \$10,000 at par.....	9,903 90
Investments in Central Pacific Railroad 6 per cent. gold bonds, \$20,000 at par.....	20,576 25
Investments in Union Pacific Railroad 6 per cent. gold bonds, \$35,000 at par.....	31,911 25

Investments in Orange and Alexandria Railroad 7 per cent. bonds.....	\$1,000 00
Investments in City of Saint Louis 6 per cent. bonds, \$1,000.....	878 84
Investments in Washington City 6 per cent 10-year bonds.....	34,100 00
Investments in Washington City 7, 5 and 3 year bonds.....	57,650 00
Investments in Washington City Market 10 per cent. bonds.....	16,900 00
City paying scrip, water stock, &c.....	7,643 88
Young Men's Christian Association 6 per cent. stocks.....	600 00
Land-warrants, 4,093 acres.....	5,040 67
Corporation claims audited, 10 per cent.....	16,720 03
Corporation claims, sewers, paving, &c.....	33,794 00
Real estate taken for debt.....	3,150 00
Revenue-stamps.....	432 05
Exchange account.....	37,794 32
Expense account.....	12,780 35
Sundry book-accounts.....	11,886 66

Total resources.....	<u>1,061,442 96</u>
----------------------	---------------------

Liabilities:

Amount due depositors.....	\$1,000,197 97
Amount certificates deposit.....	11,612 47
Interest account.....	33,177 12
Sundry accounts.....	16,455 40
	<u>1,061,442 96</u>

The business of the bank has been conducted for some years past by Mr. John A. Ruff, who is the treasurer, and only responsible person connected with the association. No other person or persons have any financial interest in the institution. The business is conducted as a private banking-house without any regard whatever to the special act under which it was organized. I recommend, therefore, that the charter be repealed, to take effect at such future time as Congress may direct.

GERMAN AMERICAN SAVINGS BANK.

The German American Savings Bank was authorized under "An act to provide for the creation of corporations in the District of Columbia, by general law," approved May 5, 1870; a subsequent act, approved June 17, 1870, providing that savings banks may be organized within the District of Columbia under the provisions of section four of the act above quoted. It commenced business on November 6, 1872.

General statement of the German American Savings Bank of Washington City, February 3, 1873.

Assets:

United States bonds.....	\$13,650 00
Washington City 7.30 bonds.....	4,100 00
Loans on real estate.....	19,637 48
Loans on personal security, stocks, &c.....	30,349 98
Demand-loans on United States bonds, and bank stock.....	11,000 00
Premium account, furniture, expenses, &c.....	7,497 30
Cash in the office.....	20,681 79
Cash in National Metropolitan, Washington.....	5,702 45
Cash in German American Bank, New York.....	15,491 45
Cash in other banks, Baltimore.....	359 12

Total resources.....	<u>128,469 57</u>
----------------------	-------------------

Liabilities:

Capital stock paid in.....	\$15,000 00
Business deposits.....	56,357 77
Ordinary deposits, savings.....	56,019 32
Interest and exchange.....	1,092 48
	<u>128,469 57</u>

The nominal capital of this association is \$50,000, only \$15,000 of which has been paid in. It has deposits to the amount of \$112,000, due to three hundred and fifty-six different depositors. The business seems to have been carefully and prudently managed for the three months since its organization, and is conducted for the profit and benefit of the share-holders. Two or three certificates have been filed in the office of the register of deeds of the District of Columbia, as provided by the general incorporation act, for the purpose of perfecting the organization of similar associations. It was not originally intended that savings banks should be organized under the general incorporation act, and it does not contain the proper provisions required for the organization of such institutions. Savings banks should be established and managed wholly for the benefit of depositors; and if such institutions are permitted to be organized and to conduct business under this act of Congress, in competition with each other upon a nominal capital, with authority to offer high rates of interest upon current accounts, as well as upon savings deposits, the final result will be the loss of the funds of the depositors by investments in loans upon doubtful securities.

I recommend that the portion of the act of June 17, 1870, authorizing the organization of savings banks under the general incorporation act be repealed. The recommendation of the repeal of all laws in reference to savings banks in the District of Columbia, and the passage of a general law requiring frequent publication of reports, and other necessary restrictions contained in my annual report, is repeated.

The National Savings Bank of Washington having been examined during the past year, it was not considered necessary to make an additional examination at the present time.

The Bank of Washington was chartered by Congress by act approved February 15, 1811, which act has been subsequently amended by the following acts: Act of May 4, 1820; March 2, 1821; February 9, 1836; July 2, 1836; May 31, 1838; July 3, 1840; August 25, 1841. The charter expired July 4, 1844, since which time its business has been conducted by a board of trustees, under the same name and title, which trustees were elected at a general meeting of share-holders held June 29, 1844. Vacancies in the board of trustees were subsequently filled by two of the surviving trustees, by virtue of a decree in equity, No. 1461, dated February 2, 1869, made by the supreme court of the District of Columbia. The examiner called upon the officers of this association for the purpose of making an examination, but was informed that the business was conducted as a private banking-house. Accordingly no examination was made, but, at my request, the Solicitor of the Treasury is examining the different acts of Congress in reference to this institution, in order to ascertain whether or not its business is being conducted under authority of these acts.

I have the honor to be, very respectfully,

JOHN JAY KNOX,
Comptroller.

Hon. SCHUYLER COLFAX,
President of the Senate.

WASHINGTON CITY, February 5, 1873.

SIR: In accordance with your instructions I have just completed an examination of the affairs of the "Freedmen's Savings and Trust Company" of this city, and respectfully report as follows:

On the 27th January, 1865, the following gentlemen met at the National American Exchange Bank, New York, and after listening to the remarks of the Rev. John Watson Alvord, who had, during the late war, entered Savannah, Georgia, simultaneously with General Sherman's army, became inspector of schools and finances, under General O. O. Howard, and afterward general superintendent of schools for freedmen throughout all the States lately in rebellion, measures were at once adopted to found the Freedmen's Savings and Trust Company, for the charter of which a bill was then pending in Congress, and was passed March 3, 1865:

Present: Peter Cooper, William C. Bryant, Hiram Barney, Charles Collins, Thomas Denny, Walter S. Griffith, William Allen, Abraham Baldwin, A. S. Barnes, S. B. Caldwell, R. R. Graves, A. S. Hatch, Walter S. Hatch, E. A. Lambert, W. G. Lambert, Roe Lockwood, R. H. Manning, R. W. Ropes, H. H. Wallace, George Whipple, Albert Woodruff, John W. Alvord.

William A. Booth, esq., of New York, was the first president, and J. W. Alvord the corresponding secretary, who was authorized to open branches throughout the Southern States.

April 4, 1865, opened an office in New York. June 3, 1865, opened an office in Norfolk, Virginia. July 11, 1865, the first deposit was received at the Washington branch office.

In 1867 the parent bank removed to Washington City, corner Nineteenth street and Pennsylvania avenue, and December 7, 1871, again removed to the present location on President Square, Pennsylvania avenue.

The degree of A. M. was conferred upon the Rev. J. W. Alvord by Yale College, and he is now the president of the institution, having devoted himself to its service from its inception.

They have an inspector and assistant, whose duty it is to examine frequently the parent institution and all the branches, with no other duties.

The branches receive deposits, remit to the parent bank less an amount sufficient to meet ordinary fluctuations in their deposits, draw drafts on other branches, mainly for the accommodation of depositors, and generally for the reason that there are no national banks in the places where such drafts are required by the business community. This portion of their business is a matter of very small profit, and is mainly incidental to the main question of getting deposits.

As national banks are established this bill-drawing is mainly confined to transfers of funds required by the depositors.

The branches have had authority in some cases to make local loans or temporary investments of funds, but this system was abandoned in October, 1872, and all loans or investments are now passed upon by the parent bank, with a few trifling exceptions.

As the magnitude of the deposits will warrant, this power will pass to local boards of trustees who can be intrusted with this vital power.

The only branches that draw any amount of domestic exchange, at a profit, are at Jacksonville, Beaufort, South Carolina, Natchez, and Vicksburgh.

The Shreveport, Louisiana, branch draws only for the postmaster at that place.

The branches have local loans at this time as follows:

Memphis, Tennessee, \$19,983.16, on county warrants, trust-deeds of real estate, &c.

Vicksburgh, Mississippi, \$25,909 on city bonds, State and city warrants, real estate, &c.

New Orleans, \$3,250 on United States bonds and city bonds.

Jacksonville, Florida, \$55,749.11 on city real estate, personal, &c.

Beaufort, South Carolina, \$153,658.60 on various securities.

The branches own the lot and building in which they are doing business as follows:

Charleston, South Carolina, house and lot	\$12,000 00
Vicksburgh, Mississippi, house and lot	20,000 00
Jacksonville, Florida, house and lot	39,000 00
Nashville, Tennessee, house and lot	27,479 70
Chattanooga, Tennessee, lot	1,200 00
Tallahassee, Florida, lot	4,578 08
Memphis, Tennessee, lot	6,517 25
Baltimore, Maryland, house and lot	16,642 04
Baltimore, Maryland, house and lot bought in on pre-loans	2,500 00
Beaufort, South Carolina, house and lot	6,000 00
Furniture, safes, and fixtures at branches cost two years ago—no charges since then to this account	31,457 31
	<hr/>
	165,374 38
The officers' estimate of present values	192,500 00
	<hr/>

The Washington branch has what are called "business" or mercantile accounts to the extent of about \$50,000 of credit balances scattered among three hundred depositors, on a small percentage of which interest at the rate of 4 per cent. is allowed. Many of these accounts are those of "freedmen" who are otherwise depositors with the bank, and arise in this way:

A. borrows \$500 on his house and lot to pay debts; the \$500 is placed to his credit among these "business" accounts, and he checks it out at his convenience, often covering a space of several months.

Of about 70,000 depositors now having open accounts with the bank and branches, from 80 to 90 per cent. are "freedmen."

The amounts now on deposit with the various branches are as follows:

Washington, District of Columbia	\$718,956 52
Wilmington, North Carolina	42,059 12
Vicksburgh, Mississippi	147,027 94
Tallahassee, Florida	36,593 56
Saint Louis, Missouri	73,172 88
Shreveport, Louisiana	37,195 66
Savannah, Georgia	145,971 78
Richmond, Virginia	163,194 02
Raleigh, North Carolina	22,176 64
Philadelphia, Pennsylvania	101,647 51
Norfolk, Virginia	126,148 15
New York	412,978 25
New Orleans, Louisiana	223,115 94
New Berne, North Carolina	58,482 16
Nashville, Tennessee	110,026 18
Natchez, Mississippi	54,698 53
Montgomery, Alabama	25,486 34
Mobile, Alabama	100,905 06
Memphis, Tennessee	145,617 82
Macon, Georgia	43,999 87
Lynchburgh, Virginia	17,624 19
Louisville, Kentucky	138,659 83
Little Rock, Arkansas	21,605 90

Lexington, Kentucky	\$38,350 83
Jacksonville, Florida	107,056 02
Columbia, Tennessee	18,490 73
Huntsville, Alabama	44,681 66
Columbus, Mississippi	15,332 60
Charleston, South Carolina	324,770 15
Beaufort, South Carolina	66,714 15
Baltimore, Maryland	280,183 49
Augusta, Georgia	94,645 19
Atlanta, Georgia	24,452 66
Alexandria, Virginia	25,921 01
Total deposits	<u>4,008,642 34</u>

As the banking-house and lots in Washington City is an important item of their assets, I submit the following description of same :

Front on Pennsylvania avenue, or President Square, 187 feet, by 136 feet on Fifteen-and-a-half street, and contains 23,132 square feet of land. The building is 62 feet on Pennsylvania avenue by 111 feet in depth; four stories and Mansard roof, or fifth story; above grade of avenue; *fire-proof*; front of "Seneca" freestone, the remainder of brick, built with reference to being ultimately capable of forming a part of a large hotel that will cover the entire property, and in an elegant and substantial manner.

The bank and the Washington branch occupy one-half of the ground floor only, and the balance is now leased at an annual rental of \$21,500, and that portion now so occupied would command an annual rental of about \$4,500; or, say, an annual rental for the whole property of \$26,000.

About two-thirds of the land is improved, and the location is one of the most valuable and commanding in the city of Washington, rapidly advancing in value.

The land and buildings at the nine branches are of a character adapted to the business, are based upon an unusual line of deposits, seem to have been judiciously adapted to the best interests of the institution, and are said to be improving in market-value.

Application for loans on real estate or other securities are placed before the finance committee, and are passed upon by them.

Examinations of real estate offered as security for loans, as to its estimated value, are made by the executive officers in person, and are very frequently followed by written opinions of real-estate agents conversant with market-values, such as Messrs. Kilbourn & Latta, Fitch & Fox, &c.

Up to a very recent period the institution was subject to a constant outlay, far beyond the immediate profits on the deposits, as a necessary consequence of the cost of the establishment of branches, &c., and it is at the present time only so far established as to begin to show a profit on the business.

Temporary loans of money were procured by the institution during the *run* upon them of October and November last, secured by a pledge of their United States bonds, "currency sixes," to the amount of \$460,000, in preference to selling said or other securities or disturbing loans in the "available fund" drawing interest at the rate of 10 per cent., and the wisdom of this measure is justified by the recent large advance in the market value of these securities.

They have paid off \$160,000 of said loans since January 18, 1873, the date of this examination, and the amount now unpaid, February 4, 1873, is \$300,000.

The payment of the \$160,000 was the result of a rapid increase in

their deposit line, and the conversion of other available matter into cash.

The first twenty days of January, 1873, show an increase to the amount of about \$90,000.

There is a deficiency in the accounts of the Beaufort, South Carolina, branch to the amount of about \$16,400, which is now in course of investigation by the inspector.

Improvements in the manner of keeping the records are being adopted, which when completed will enable them to compare favorably in this respect with some of the oldest established financial institutions among us.

The question of the establishment of "branches" does not seem to have been provided for by the charter, while the spirit of the charter, which seems to have been intended to bring about the moral elevation of the freedman, four millions in number, would seem to imply the necessity of such an arrangement in order to reach him where he lives; and in no other way could this intention have been carried out, and such appears to have been the views of the gentlemen who founded the institution, and they number among them some of the first philanthropists and business men of our nation.

The question of the improvement of their lands in Washington City seems to be clearly a violation of their charter, and is submitted without further comment.

The funds of the institution are loaned in sums of \$50 to \$50,000, and these loans are widely spread as to location and diversified as to character. The majority of the security for the loans upon real estate is located in the District of Columbia.

Many of the loans are of a character that should not appear upon the records of a savings bank, and will finally result in some loss to the institution, but the probable amount of such ultimate loss it is very difficult to determine at this time.

A more full inquiry as to values in certain cases is now in process, the result of which will be communicated in due course.

The business of the institution has risen so rapidly from the most trifling deposits of \$1 to \$5, gathered up by the executive officers from the hands of the freedmen all over the Southern States, at *personal interviews* during many tours throughout the South made for the purpose of calling their attention to the question of savings, to its present proportions of \$4,000,000, that errors of judgment have occurred in investments which are not likely to be repeated, with the light of past experience to guide them in the future.

The executive officers are, in my opinion, men of the most undoubted integrity of character, devoted to the best interests of the institution, working for small compensations, and have educated themselves to the practical knowledge of the business of a savings bank to a degree that promises a prosperous future for the institution.

I would respectfully suggest the repeal of all the present laws under which savings banks of the District of Columbia are now doing business, and which admit by inference, if not directly, of such wide departures from the line of safety in the pursuit of undue profit in the use of the sacred funds committed to their charge as have passed under my observation in my present examination of all the savings banks of the city of Washington.

Then enact a "general savings-bank act" which shall define very clearly the character of the property on which such banks shall advance money, limiting them sharply to loans or investments in United States securities;

real estate of double the amount of loans ; State, city, town, and county bonds, having reference more to *safety* than *profit* ; such frequent and full reports to Congress or the Comptroller of the Currency of their actual condition—examinations, annually at least, by experts—as shall tend to check all departures from a sound legitimate business career, and such wise liberality and encouragement to this “Freedmen’s Savings and Trust Company” as shall tend to perpetuate an institution which has already done so much to elevate and educate the freedmen.

One result of the working of this last-named institution, of incalculable importance to the future welfare of our country, has already appeared.

In hundreds of cases the freedmen, through the influence of this institution, have been taught habits of thrift, which have resulted in their becoming the owners of small patches of land, and it is needless to describe the elevation of the man which this simple fact at once produces.

The destinies of any nation are safe in the hands of a people who are the owners of the soil.

I submit herewith a detailed schedule of the assets and liabilities, of loans and investments, of cash and deposits at all the branches ;

A list of all salaries for year 1872 ;

A list of all other expenses for year 1872 ;

A list of all funds in transitu ;

A copy of the charter and by-laws, and sundry documents relative to the business of the branches.

All of which is respectfully submitted.

CHAS. A. MEIGS,

National-Bank Examiner of New York.

Hon. JOHN JAY KNOX,

Comptroller of the Currency, Washington City.

Classification of assets of the Freedmen’s Savings and Trust Company, January 18, 1873.

Assets:	
Cash in hands of parent bank	\$24,422 05
Cash in hands of First National Bank, Washington	93,032 25
Cash in hands of branches	329,864 32
Cash in transitu	45,555 00
Short-date remittances in bank for collection	28,436 68
United States bonds, various, at par	718,050 00
Sundry Washington City securities	34,175 63
Approved claims against board of public works	20,000 00
Loans secured by real estate, nearly all in the District of Columbia, for periods of ten days to two years	1,794,478 05
Loans on approved claims on board of public works	189,000 00
Loans on chattel mortgage	37,000 00
Loans on stocks, bonds, and personal security	250,653 40
Loans at branches	259,358 40
Real estate and buildings on Pennsylvania avenue	313,218 26
Real estate on Tenth street bought in on foreclosure	2,804 50
Real estate and buildings at branches	165,374 38
Premium on United States bonds at 114 per cent	100,380 00
Accrued interest on loans	77,929 66
Total	4,483,732 58
Liabilities:	
Amount due depositors	\$4,008,642 34
Amount of cash borrowed	460,000 00
Amount of interest due	8,000 00
	4,476,642 34
Surplus	7,090 24

WASHINGTON, *February 5, 1873.*

SIR: In accordance with your instructions, I have examined the affairs of the German American Savings Bank, of Washington City, and respectfully report as follows:

This institution was established under acts of Congress of May 5, 1870, and of June 17, 1870, to which I beg to refer. They commenced business November 6, 1872, and now have a deposit line of \$112,000 due to three hundred and fifty-six different depositors. Their nominal capital is \$50,000, of which \$15,000 has been paid in in cash, and provision made for the payment of the balance on or before the 24th September, 1874.

I consider it to be a remarkably well and carefully managed institution, and its progress has been very rapid during the brief period of its existence, having been opened for business November 6, 1872. Their loans and investments are of a very safe and conservative character, although in several cases they are of such a promiscuous and banking nature, not provided for in the acts under which they are doing business, as are more fully referred to in my report upon the "Washington City Savings Bank," involving the prerogatives of the national bank, such as discounting promissory notes, and loaning money upon the pledge of promiscuous securities.

This institution is another illustration of the faulty wording of the acts under which they are doing business, and of the necessity of further and more sharply-defined legislation touching savings banks, having in view, first, the most perfect security of the sacred savings fund; and, secondly, the due protection of the rights and privileges of the national banks.

Through the action of the savings banks, under the present various laws, very much of jealousy has arisen on the part of the national banks, at what they consider an undue invasion of their rights and privileges in the pursuit of a legitimate banking business, which they are especially authorized and privileged to conduct; and as a result of the interference of the savings bank, the national banking act is brought into contempt among business men, and the nation is thereby injured in a vital point.

The poor and ignorant classes, having an intuitive idea of the insecurity of a bank as a place of deposit for their hard-earned and trifling savings, and which idea is justified by the frightful losses which the loose system of banking which has in years past existed in our land has brought about, in seeking for a safe place for these savings, are struck with the splendid signs over the doors of a "savings bank," and blindly intrust their money to the care of this sacred sign; and the receivers of these deposits thereby are enabled to accumulate an enormous cash capital on which to carry on a promiscuous speculative banking business, to the great profit of the individual owners of the savings bank, the possible jeopardy of the sacred savings of the toiling masses, and, in the event of loss, by failure of the institution whose sign has defrauded him out of his money. The character of the government or administration that will suffer such things to be is at once brought into contempt with the masses, who are the power and the glory of all lands.

I will not apologize for the lengthy remarks I have made upon this subject, for the reason that the force of the above ideas has been impressed upon me by the state of affairs I find to be existing in the savings banks of the District of Columbia, by the frightful abuses of the name of savings bank which have of late been developed in my native city, New York; and, finally, for the reason that an examiner is required, in the execution of his duties, to make such suggestions as the

practical working of the institution examined may occur to him in the course of his investigation.

I submit herewith—

A general statement of resources and liabilities.

A detailed statement of the loans and character of the collaterals for same.

A detailed statement of the manner and times of payment of subscription to the capital stock, and names of the original subscribers.

A printed copy of certificate of incorporation and by-laws.

All of which is respectfully submitted.

CHAS. A. MEIGS,

National Bank Examiner, New York.

HON. JOHN JAY KNOX,

Comptroller of the Currency.

General statement of the German American Savings Bank of Washington City, February 3, 1873.

United States bonds.....	\$13,650 00
Washington City 7 $\frac{3}{4}$ % bonds.....	4,100 00
Loans on real estate.....	19,637 48
Loans on personal security, stocks, &c.....	30,349 98
Demand-loans on United States bonds and bank stock.....	11,000 00
Premium account, furniture, expenses, &c.....	7,497 30
Cash in the office.....	20,681 79
Cash in National Metropolitan Bank, Washington.....	5,702 45
Cash in German American Bank, New York.....	15,491 45
Cash in other banks, Baltimore.....	359 12
Total resources.....	128,469 57

Liabilities:

Capital stock paid in.....	\$15,000 00
Business deposits.....	56,357 77
Ordinary deposits, savings.....	56,019 32
Interest and exchange.....	1,092 48
Total.....	128,469 57

Subscriptions to the capital stock of the German American Savings Bank.

Capital, \$50,000—500 shares at \$100 each. Five dollars per share to be paid in by October 1, 1872. The remainder shall be paid in as the trustees shall determine, as follows:

One-half the total capital shall be paid in by September 24, 1873; and the remainder by the 24th September, 1874. All payments shall be made *in cash* to the president or cashier.

First installment paid October 1, 1872.....	\$2,500
Second installment paid November 1, 1872.....	5,000
Third installment paid December 5, 1872.....	5,000
Fourth installment paid January 15, 1873.....	2,500
Total paid in.....	15,000

Names of subscribers to the capital stock.

	Shares.		Shares.
R. B. Donaldson	40	Casper Kneessi.....	30
Henry Frane.....	40	John L. Voght.....	40
Christian Ruppert	40	Frederick Stutz.....	40
Anton Eberly.....	40	George Emmert.....	40
William F. Mattingly	30	L. H. Schneider.....	40
Alfred Schieckling.....	10	Charles Walton.....	10
George P. Schaffer.....	20		
John Hitz.....	40	Total.....	500
C. E. Prentiss.....	40		

WASHINGTON CITY, *February 5, 1873.*

SIR : In accordance with your instructions, I have made an examination of the affairs of Washington City Savings Bank, as of January 29, 1873, and respectfully report as follows :

This institution was formed under a special act of Congress, passed March 8, 1864, to which I beg to refer. The charter recites that "it shall not hold at the same time more than \$1,000 of any one depositor, other than a religious or charitable corporation." All such sums may be invested in the stock of any bank incorporated by Congress, or may be loaned on interest to any such bank, or may be loaned on bonds or notes, with collateral security of the stock of such banks at not more than 90 per centum of its par value, or they may be invested in the public funds of the United States, of the several States, or loaned on a pledge of any of said funds, or invested in loans on mortgages of real estate," &c., &c.

Section 8 of the act provides for annual reports, with details of the amounts invested in accordance with above-named provision, and then goes on to enumerate among the kind of securities so invested in "loans on personal securities," &c., &c.

This institution was formerly the banking-house of Barron, McKelden & Co., and more recently Barron & Co., bankers and brokers, doing a promiscuous banking and brokerage business, which business was transferred to the books of the new institution under the name of The Washington City Savings Bank, and such business has been since continued by the surviving partner of the house of Barron & Co., Mr. John A. Ruff, who is to-day the treasurer and only owner of the Washington City Savings Bank. He informs me that no other person or persons have any financial interest in the institution, and that it is run for his sole use and benefit.

The charter provides that no larger sum than \$1,000 shall be received or held at one time from any one depositor. Constant and daily breaches of this law appear upon the books of the institution.

The charter provides for the restriction of loans or investments to certain specified securities. Constant and daily breaches of this law appear upon the books of the institution.

The charter provides for annual reports in which the character of the securities invested in shall be clearly specified. This provision has not been carried out in such annual reports as I have been enabled to obtain.

The institution is, in fact, a well-organized and safely, carefully, and profitably conducted private banking and brokerage establishment, under the guise of a savings bank, and I would respectfully suggest that it be required to quit the sacred name under which it is doing busi-

ness and assume a title more in accordance with the character of the business now being conducted by it.

I submit a copy of the trial-balance of the bank January 29, 1873; a classified list of resources; annual report to Congress April 1, 1872.

All of which is respectfully submitted.

CHAS. A. MEIGS,
National Bank Examiner, New York.

HON. JOHN JAY KNOX,
Comptroller of the Currency.

Classification of loans and investments of the Washington City Savings Bank.

Resources :

Cash in the office.....	\$61, 219 21
Cash with Jay Cooke & Co., New York.....	31, 429 73
Cash with Hawes & Macy, New York.....	3, 935 42
Cash with Hawes & Macy, gold account, New York.....	986 80
Cash with Lockwood & Co., New York.....	1, 040 15
Cash with the National Currency Bank, New York.....	719 00
Cash with City National Bank, Baltimore.....	4, 583 97
Cash with Hooper, Reese & Co.....	3, 486 24
Cash with Union National Bank, Philadelphia.....	1, 237 23
Cash with Union Banking Company, Philadelphia.....	22, 560 20
United States bonds, various, par.....	255, 950 00
Loans on United States bonds.....	15, 000 00
Loans on real-estate security.....	176, 260 92
Loans on stocks, bonds, personal securities.....	180, 271 89
Investments in Northern Pacific Railroad 7½ per cent. bonds, \$10,000 at par.....	9, 903 90
Investments in Central Pacific Railroad 6 per cent. gold bonds, \$20,000 at par.....	20, 576 25
Investments in Union Pacific Railroad 6 per cent. gold bonds, \$35,000 at par.....	31, 911 25
Investments in Orange and Alexandria Railroad 7 per cent. bonds....	1, 000 00
Investments in city of Saint Louis 6 per cent. bonds, \$1,000.....	878 84
Washington City 6 per cent 10-year bonds.....	34, 100 00
Washington City 7½ per cent. 5 and 3 year bonds.....	57, 650 00
Washington Market 10 per cent. bonds.....	16, 900 00
City paving scrip, water stock, &c.....	7, 643 88
Young Men's Christian Association 6 per cent. stock.....	600 00
Land-warrants, 4,003 acres.....	5, 040 67
Corporation claims, audited, 10 per cent.....	16, 720 03
Corporation claims, sewers, paving, &c.....	33, 794 00
Real estate taken for debt.....	3, 150 00
Revenue-stamps.....	432 05
Exchange account.....	37, 794 32
Expense account.....	12, 780 35
Sundry book-accounts.....	11, 886 68
Total resources.....	<u><u>1, 061, 442 96</u></u>

Liabilities :

Amount due depositors.....	\$1, 000, 197 97
Amount certificates deposit.....	11, 612 47
Amount interest account.....	33, 177 12
Amount sundry accounts.....	16, 455 40
Total.....	<u><u>1, 061, 442 96</u></u>