

Correspondence of the Board of Control, State Bank of Ohio, 1848-1864

Extracts from the Correspondence of  
the Board of Control, State Bank of Ohio  
1848-1864

Federal Deposit Insurance Corporation  
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## INTRODUCTION

The letters included in this collection are those of the executive officers of the Board of Control of the State Bank of Ohio. The Board of Control was the agency charged with supervision of the Branch Banks which constituted the State Bank of Ohio from 1845 to 1865.

Structure of the State Bank of Ohio. It is essential to an understanding of these letters that the meaning of the terms "State Bank" and "Branch Bank" is clear to the reader. The State Bank of Ohio was not a bank; it was the name given the particular banking system established in Ohio in 1845. The Branch Banks which constituted the system were not at all similar to modern branches; they had their own officers and capital, and distributed their earnings to their own stockholders. In other words, the Ohio Branch Banks were independent banks, joined together in a system which was called the State Bank.

One important difference between this and most other banking systems of the period was that the Branch Banks were participants in one of the pioneer bank-obligation insurance plans. That is, the Branch Banks were mutually liable for the circulating banknotes of a failed Branch Bank. In addition, an insurance, or "Safety" fund, was established, from which solvent Branch Banks were to be reimbursed following any payments made on behalf of a failed Branch Bank.

The Board of Control, the supervisory agency, consisted of one representative from each of the Branch Banks. The president and vice-president were chosen by the Board from outside their own number and, along with the secretary, were paid salaries. The entire Board usually met only twice a year, but an Executive Committee, consisting of not less than five members, met more frequently.

Sixteen Branch Banks were included in the State Bank system at the close of 1845, its first year of operation. Peak membership was reached in 1850-51 when there were 41 Branch Banks. For most of the period between 1851 and the termination of the system in 1865, there were 36 Branch Banks. Although there were other banks in operation in Ohio between 1845 and 1865, the Branch Banks were never less than half of the total and, for most years, constituted about two-thirds of all operating Ohio banks, exclusive of private banks. A list of all Branch Banks, with their dates of operation, is provided in the appendix.

Selection and arrangement of letters. Letters were selected from two letterbooks covering the years 1843-1854, and eight letterpress volumes covering the years 1855-1864. These ten volumes include all of the correspondence emanating from the Board

of Control with the exception/that for the first three years (1845-47), which volume is presumed to have been lost, and for several years following 1864, when the participating banks were withdrawing, or had withdrawn, from the system.

The volumes were found among materials deposited in the library of the Ohio State Archaeological and Historical Society at Columbus by the Office of the State Treasurer. They contain a total of perhaps 30,000 letters, but the largest part of these, dealing with routine affairs, are not included here.

Most of the letters were written to the officers of Branch Banks. The officer's title was generally given, but the name of the Branch Bank was rarely shown. While it has been possible to determine the names of the Branch Banks with which most of the recipients of the letters were connected, it will be noted that in a number of instances this could not be done. Letters written by the president and vice-president of the Board of Control deal mainly with policy matters, while those written by the secretary are concerned with the daily business of the banks or the Board. The following men served as officers of the Board of Control:

President:

Gustavus Swan, 1845-54  
John Andrews, 1855-1866

Vice-president:

John Andrews, 1854-1855  
J. R. Finn, 1855-1865 (?)

Secretary:

James T. Claypoole, 1845-1850  
J. J. Janney, 1850-1865.

An effort was made to include all letters which help throw light on Ohio banking history during this period. It should be born in mind, however, that the primary purpose in collecting these letters was to secure information on the insurance system described previously. Thus, letters which are of only routine interest but which touch on some aspect of insurance are included.

The letters have been placed in chronological order and are numbered. Spelling, punctuation and abbreviation are as in the original except in the relatively few cases where alteration was necessary to make the meaning of the writer clear. Notes explaining references which might otherwise be obscure to the reader have been placed after each letter containing such a reference.

Use of letters. The period 1848-64 is one for which there is possibly less information on banking in the various States than is the case with any period before or since. That is because, with the expiration of the charter of the Bank of the United States in 1836, there was little necessity for the Federal government to collect and publish banking materials, while much of the States' material, apart from what has been

destroyed, is still lost in manuscript collections or has not yet been extricated from the mass of material published as State documents during these years. In addition, State supervisory operations, if begun at all, were still new so that publication of banking data and related materials was inadequate for most States.

To enable the reader to make full use of the letters included in this volume, an index has been prepared which treats the letters by subject and by bank name. The reader concerned with general banking history may find the letters dealing with such subjects as the National banking act or the panic of 1857 of particular interest. Letters on these and other subjects are fully indexed.

The distribution of letters by bank name in the index should also be helpful. It should be noted that eleven of the Ohio Branch Banks which received National bank charters are still in operation and letters relating to these banks may be of particular interest. In this connection the reader might consult the table in the appendix which shows the corporate history of all Ohio Branch Banks from 1845 to the present.

Carter H. Golembe

(1) March 27, 1848 - Claypoole to Ebbert, cashier, Portage County Branch Bank: "The Ex. Com. has examined the application . . . for a loan of your S. Fund . . ."

Note: Letters dealing with the investment of the Safety Fund comprise the largest block of letters in the correspondence. While the law required that the Safety Fund be invested in U. S. or Ohio bonds or mortgages, if the bank chose mortgages it submitted the application of the borrower to the Board of Control which, in turn, decided whether the loan should be granted. All of the letters indicate that the Board was exceptionally careful in examining the applications.

(2) March 29, 1848 - Swan to Evans, cashier, Farmers Branch Bank, Ripley: "It has been announced by telegraph that Jas. S. Lake & Co. of N. York have suspended. The large amount of the funds of the Wooster bank in his hands, by last report nearly \$100,000, and the amount also in the hands of his son-in-law Clem, probably \$50,000, has [caused] such serious apprehension here that all our Banks decline receiving Wooster Bank Notes for the present."

Note: Lake was the principal stockholder in the Bank of Wooster, a so-called "Old" bank because its charter, unlike that of most banks chartered earlier in Ohio's history, did not expire in 1844. As indicated, the bank was not a member of the State Bank system. Shortly after the above letter was written the bank failed, with losses to noteholders and depositors of about \$300,000.

(3) April 4, 1848 - Swan to Miller, president, Commercial Branch Bank, Toledo: "I am in receipt of your favor . . . and also of Mr. Munley's announcing his resignation and that Mr. C. R. Phillips has been appointed temporary cashier . . . I regret to learn that other reports are put in circulation unfavorable to your Branch which appear to be varied in form . . . You no doubt have seen in the public prints reports unfavorable to other Branches arising from the failure of our friend Lake and his supposed connections with them. The public may not discriminate between the Bank of Toledo and the Commercial Bank of Toledo and thus from similarity of names unfounded and unjust suspicion may be created . . ."

Note: Both Toledo banks mentioned were Branch Banks, see Appendix. The Toledo Branch Bank (Bank of Toledo) had been under the close supervision of the Board of Control since 1845 because of certain irregularities in its administration.

(4) April 4, 1848 - Swan to Johnson, cashier, Commercial Branch Bank, Toledo: "I am much rejoiced to learn that your Branch would not suffer by the failure of our worthy Mr. J. S. Lake . . ."

(5) April 4, 1848 - Swan to Otis, president, Akron Branch Bank: Swan is concerned that the failure of Lake has also affected Otis' Branch. He asks that a full statement with respect to the bank's assets be sent him.

(6) April 10, 1848 - Swan to Wilson, cashier, Marietta Branch Bank: "The returns are not yet all in. It appears that the Akron Branch has still about \$30,000 in the hands of J. S. Lake & Co. From this you will see that an immense sum has been withdrawn under our order. The Ex. Com. has made an order on that Branch to cease discounting and to seal up and return to this office \$30,000 -- \$10,000 each month . . . Mr. Johnson of the Commercial Toledo informs me that his Branch is entirely secure . . . The Toledo had a small controverted balance in Lake & Co.'s hands. Several other Branches have merely nominal amounts . . . I shall shortly make an examination of the one which has the most difficulties . . ."

(7) April 10, 1848 - Swan to Hamilton, cashier, Akron  Branch Bank: "Enclosed please find order of the Ex. Com. We hope you will find no inconvenience in submitting to it. The losses if any you may sustain arise from too much confidence in our worthy friend Mr. Lake. Should your debt on him be made secure . . . the order will of course be relaxed."

(8) April 14, 1848 - Swan to Tuttle, cashier, Akron  Branch Bank: ". . . the Branches here are pursuing the most rigid course of curtailment at both ends. We are certainly in the midst of a pretty general distrust and alarm, and our Branches are preparing to meet a crisis which they believe is impending. The failure of the Wooster  has contributed to this situation . . ."

Note: See Note following letter of March 29, 1848.

(9) April 18, 1848 - Swan to Miller, president, Commercial Branch Bank, Toledo: ". . . I find less change  in your assets than could be wished. Your total discounts have diminished . . . considerably less than one per cent . . . I discover several of your large borrowers have increased their discounts. I regret to see it. It appears to me some of those gentlemen could not, with even the appearance of . . . prosperity, ask further favors of a bank whose principal fault has been too much liberality to friends, while I can hardly conceive how directors in a Branch already greatly embarrassed could think of increasing discounts so enormously large as to startle whoever looks over them . . . I take leave to say that I think you should do all in your power in common with your associates to make your circulation secure . . . The Branches here do not take Sandusky or Norwalk . . ."

Note: The Bank of Sandusky and the Bank of Norwalk were "Old" banks, (see letter of March 29, 1848 and note). Both failed shortly after the above letter was written.

(10) April 19, 1848 - Swan to Tuttle, cashier, Akron 7 Branch Bank: "You will no doubt see from the public press that several of our Branches are likely to suffer in credit from the failure of the Wooster Bank and their supposed connection with J. S. Lake & Co. . . . There is no difficulty in outliving these charges and implications provided our course shall be pursued. I feel satisfied the Branches should take no notice of these publications. Any attempt at a public refutation would prolong the controversy and provoke future attacks. Of this I have no doubt. But I hope in view of this and many other circumstances your Board will continue to retire the paper of your Branch as fast as possible, as ~~all~~ other Branches are doing, decline for the present discounting until a change shall generally appear in public opinion, which no doubt will be the case in a few weeks. The opponents of banks are busily at work to create public distrust all over the state, not only of the old banks, but with all banks . . ."

(11) May 4, 1848 - Swan to Hamilton, cashier, Akron 7 Branch Bank: "An application has been recently filed for a Branch with \$100,000 capital at Lower Sandusky. Thus you see there is likely to be competition in your district. I have no means whatever of judging upon the prospect of success of either application. I am happy to learn that our State system of banking still retains the public confidence, the failure of the Wooster notwithstanding . . ."

Note: The attempt to start the bank mentioned was not successful.

(12) May 17, 1848 - Swan to Wooley: "You have been appointed by the Ex. Com. to examine the following Branches to wit: F. Ashtabula, Portage Co., Akron, Summit, Union Massillon, Wayne Co., Lorain, Norwalk and Far. Mansfield . . . It is particularly requested that you return with your report in each case an alphabetical schedule of the bills and notes and ascertain by every means in your power the ability and punctuality of the debtors. When bills in or out of the State purport to be drawn for acceptance it is very desirable to know whether the persons have accepted them or agreed to receipt them, in other words whether they are mere Kites or bona fide bills. It has also been suggested that it would be satisfactory to inquire whether names have not been borrowed by the stockholders to procure means to pay stock or to evade the law by becoming indebted in a larger amount than the law authorizes. Circumstances have led to developments showing some of our Branches have embarrassed the independence of their actions by placing their stock with others who have had views very different from the majority of our Board concerning safe banking. It is now significant that a great part of the anxiety and trouble we have experienced from the beginning may be fairly attributed to remote and secret influences of bankrupts and speculators. I hope this struggle is principally over, but yet our vigilance should not be relaxed . . . If our Branches . . . have actual capital, have honest men and competent officers we cannot be in danger from any quarter . . . F. Branch, Mansfield, as appears from their monthly returns, had returned to its stockholders or otherwise disposed of \$990 of its capital stock. You will direct your attention particularly to this fact which is clearly contrary to law, Section 58. From the loss likely to diminish the capital of the stock in the Akron Branch

the Ex. Com. has directed the restrictions which the Branch will hand you and please do advise us as soon as possible whether they are being carried out in good faith. Of course these matters are confidential.

(13) May 17, 1848 - Swan to Miller, president, Commercial Branch Bank, Toledo: ". . . the Branches here are still closed and refuse all paper in the way of discounts. As soon as there is a speck on the horizon we will advise you by telegraph. We think the Clinton Bank will be able to sustain itself unless the disturbance should become general and intense. We have great confidence in the integrity of the gentlemen who control its affairs. We attribute a good deal of the difficulty to Thompson who reports it notes, by way of indicating his opinion, at a large discount . . ."

Note: The "Clinton Bank" was the "Clinton Bank of Columbus," an Old Bank which closed in 1854. Thompson was the publisher of a New York banknote reporter which purported to give the rates at which notes of all banks in the country circulated.

(14) June 6, 1848 - Swan to Otis, president, Akron Branch Bank: ". . . While at Toledo I learned with unfeigned regret of the defalcation of your cashier. I think however that you have much cause to congratulate yourself that the [person] who could make up his mind to purloin any of the funds of the Banks was content with so little . . ."

(15) June 8, 1848 - Swan to Otis, president, Akron Branch Bank: ". . . as a part of your stock is in great danger if not actually lost the Ex. Com. thought it best to have your business so arranged that your circulation should come down to something like double your capital, deducting losses. If this is not the exact letter it is I think the spirit of our charter--but if it is neither I think you will admit it is prudent banking. This however is a matter of opinion which may or may not be well founded . . . Disentangled from influences where the object was speculation, not prudent banking, and being under the sole guidance of your own good sense and careful management, the Akron Branch will soon obtain a proud standing among your associates. . ."

(16) June 8, 1848 - Swan to Lyons, cashier of a Branch Bank: "In pursuance to the order of the Board at its last session you were advised on the 31st day of January last that all Branches organized since the previous May were required to import within 120 days from any place without the State specie equal to ten per cent upon their capital paid in at the time. The same requisition had been made and complied with by all the Branches organized prior to May of last year . . . We respectfully require your Branch to comply with this requisition."

(17) June 12, 1848 - Swan to Wilson, cashier, Marietta Branch Bank: ". . . [The Board of Control] recommended that unless it was supposed best by the Ex. Com. the Branches need not be examined oftener than once a year . . ."

(18) June 16, 1848 - Swan to Quimby, cashier, Wayne County Branch Bank: "By resolution of the Board all the Branches organized have been required to import ten per cent of specie without regard to the amount which might be on hand. The object was to make specie a little more abundant and to form a mixed circulation, not primarily considering it so much necessary for the security of the Banks or the public as a measure of policy for the good of the general system. When a Branch has exclusive of its amount ordered to be imported, sufficient to meet the [requirements] of the Board, it is not expected that it will keep on hand this ten per cent . . . It may be paid out at the counter or disposed of to the best advantage to other Branches which may need it. [You may consider that] importation has been a 'useless expense' . . . but it was deemed by the Board of Control . . . useful to the system and in the end to the individual Branches . . ."

(19) June 22, 1848 - Swan to the auditor, secretary and treasurer of State: "Articles of Association have this day been filed in this office for a Branch Bank named 'The Guernsey Branch of the State Bank of Ohio at Washington' with a capital of one hundred thousand dollars in the seventh district."

(20) June 28, 1848 - Swan to Stewart, cashier, Athens Branch Bank. Letter concerns formation of the Athens Branch Bank.

(21) September 6, 1848 - Swan to Quimby, cashier, Wayne County Branch Bank: "D.W. Dishler, Esq. placed in my hands this morning your confidential communication . . . I deeply regret your loss . . . I have drawn up a circular and recommended Mr. D. to send one to each of the Banks. It is in substance as follows: 'It has come to my knowledge that a larceny has been committed on a box of specie containing about \$11,500 in gold--about \$4,500 American, the rest sovereigns. Should an amount be presented to you sufficient to warrant a well founded presumption of identity, you will please secure the person and advise me.' . . . It would seem to me that as soon as you deem it a prudent course you had better make a full disclosure to the public of the exact loss . . ."

(22) September 6, 1848 - Swan to Wilson, cashier, Marietta Branch Bank: "From inquiries made on me yesterday I presume another Branch is in contemplation in your district. I believe there is exactly stock enough remaining to make one. For my own part I fear if our associated system is much more extended in number, it will become a little cumbersome. My object however in writing is to ask your attention to the 'getting up' that the Board in case of an application may act with due regard to the associated interest as well as the security of the public."

(23) October 5, 1848 - Swan to Espy, cashier, Franklin Branch Bank: "There is a deficiency of specie under the resolution of the Board in your Branch of \$10,416.08 being [an] amount less than thirty per cent on circulation. I note your specie in transitu \$17,012.50 but the resolutions of the Board do not take coin in this situation into the account. This large deficiency must be made up before the expiration of 40 days from its commencement . . . Should the 40 days elapse and the deficit still continue, specie to any amount in transitu will not

prevent the enforcement of the resolutions requiring thirty per cent in specie in vault upon circulation."

(24) October 7, 1848 - Swan to Bradley, cashier, Summit County Branch Bank. Letter similar to October 5th above.

(25) October 7, 1848 - Swan to Miller, president, Toledo Branch Bank: Swan urges Miller to put his Branch in better shape and, at the same time, congratulates him for progress made thus far. He also adds, concerning specie: "You know that the resolution of the Board has left no discretion with the Ex. Com. and justice would appear to demand all to provide the thirty per cent upon circulation. The large payments to which you refer will enable you to do so without serious inconvenience, save what may result and now does result to all, namely, a dead and perhaps unnecessary mass of coin required to be held alone for popular effect . . ."

Note: Apparently the presidents of both Toledo Banks had the same name or, possibly, were the same individual.

(26) October 17, 1848 - Claypoole to Williams, cashier, Delaware County Branch Bank: "We observe by your last monthly report that your specie is . . . less than thirty per cent. The deficiency is a trifling sum and doubtless its occurrence was accidental . . . I write merely to comply with the spirit of the resolution of the Board."

(27) November 16, 1848 - Swan to Atwood, cashier of a Branch Bank. Similar to letters above dealing with deficiency in specie.

(28) December 11, 1848 - Swan to Cornwall, cashier of a Branch Bank: "We shall be obliged without much further delay to call upon your Branch to the amount of safety fund at our credit and invest it in such stocks, U.S. or State of Ohio, as you will designate. We much prefer that Branches make the investment, failing to do so for a great length of time that duty devolves on us . . ."

(29) December 20, 1848 - Swan to Claypoole, cashier, Miami County Branch Bank: "A complaint has been made to this office by Governor Vance that your Branch made a discount under the following situations: \$800 was wanted for 60 days. Your officers asked whether it was to be paid East and the reply by the borrower was that it was not. A bill payable East was however demanded with a remark that your Branch could loan all that it had to lend on Bills. This is as near as I can detail the facts represented. Lastly your Branch took pay at the counter taking also exchange. This report, perhaps exaggerated, has no doubt spread far and wide. I should be very happy to receive such statements from your Branch as would enable me to contradict its objectionable points. All I can say to any is what I now say to you that I presume there is some mistake relative to the affair."

Note: By discounting a bill payable in the East a bank was able to secure, in addition to the regular discount, the premiums on eastern exchange. The practice referred to here was common among western banks but one which caused great resentment and was politically unwise.

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(30) January 9, 1849 - Swan to the secretary, auditor and treasurer of State: "An application was this day filed in this office by a banking association in the 3d Banking District for a Branch Bank in Licking County at Newark with a proposed capital of \$100,000."

(31) January 18, 1849 - Swan to Ebbert, cashier, Portage County Branch Bank: "I am well acquainted with the directors of the Clinton and Circleville Banks and believe them gentlemen of strict integrity. Mr. Brooks will give you some special information as to the Clinton. Unless a general disturbance should prevail I should think there was no danger of these Banks, but I wish it strictly understood that my confidence is in the integrity of those interested and not in that minute knowledge of their condition which would enable me to decide. With regard to the Massillon I know nothing. It is reported that a very large amount of its assets are in the hands of an agent in New York who has the Bank within his control. Our Board, very properly in my opinion, thought this was not legitimate banking and prohibited the Branches from intrusting their means to any dangerous extent with agents . . ."

Note: The Bank of Circleville, an Old Bank, closed in 1854.

(32) January 27, 1849 - Swan to Pierce, cashier of a Branch Bank. Pierce had apparently written to ask for information respecting the Bank at Massillon. Swan answers that he has little information except what was already known: that the Bank is controlled by a Mr. Dwight of New York who apparently has made extensive use of the bank in his business ventures. Swan appears quite doubtful that the bank will be able to continue in operation.

(33) February 28, 1849 - Swan to secretary, auditor and treasurer of State: "An application has this day been filed for a Branch of the State Bank of Ohio at Logan in Hocking county with a capital of \$100,000."

(34) February 28, 1849 - Swan to Kilgore, apparently member of the Executive Committee: ". . . Mr. Brooks writes us that he has been informed that the Commercial Branch at Toledo is about entering into navigation and forming an agency in Buffalo. We wish this dangerous project, if such exists, stopped at once . . ."

(35) February 28, 1849 - Swan to Brooks: "You have been appointed by the Executive Committee agent to examine the Commercial Bank at Toledo . . . We deem it not only illegitimate but very dangerous to add to the general business of banking a mercantile speculation . . ."

(36) March 5, 1849 - Swan to Pierce, cashier of a Branch Bank: "Running the risk of perhaps incurring the charge of officious intermeddling, I venture notwithstanding to make a suggestion or two upon facts which have reached me affecting your business and that of the Piqua Branch. I am informed that your Branch has redeemed its notes

by checks on the banks at Cincinnati, allowing a half or some per cent to the broker on transactions. Now I certainly have no right, and claim none whatever, to control the Branches in their mode of business, but I would venture to say that a course of this sort if resorted to and persisted in by the Branches would most effectually in the end, which would not be a great way off, destroy them utterly . . ."

(37) March 10, 1849 - Swan to Williams. Apparently there had been a meeting of the Executive Committee which Williams had not been able to attend: "The main object was to ascertain what it was best to do with our unfortunate Branch at Toledo. Since I wrote to you we have received a long communication from Mr. Brooks by which it appears he has induced Mr. C. H. Miller to resign his office of president and Mr. Bradbury has been appointed. Mr. M. still continues as director. Another Mr. Miller has resigned as director and Mr. Brooks has received a transfer of stock and has been appointed in his place. Mr. B. has received the assurance that all things shall now be conducted as he shall advise . . . We hope for the best."

(38) March 12, 1849 - Swan to Adams, cashier of a Branch Bank: Swan warns that the liability of the directors and stockholders, "not only exceed vastly the limit prescribed by law but are fearfully swelled beyond it amounting only to a fraction of less than two thirds the amount of the entire stock of the Branch . . ."

Note: Loans to stockholders of a Branch Bank could not exceed one-third the capital. Loans to directors could not total more than one-fourth of the amount of stock owned by directors. However, the law provided that these limitations be relaxed somewhat if the indebtedness to the bank included bills of exchange drawn in Ohio and payable outside of the State.

(39) March 13, 1849 - Swan to Smith, cashier of a Branch Bank: "From your last monthly return I notice you have deposited for safe keeping with the City Bank of Columbus \$11,000 of your specie. You will notice in section 8 that the coin shall not only be bona fide the property of the company but must be in actual possession. Under section 55, the coin equal to fifteen percent must be in vault, not the vault of another bank, but in the vault of the Branch. It has been the uniform practice of the Board since the first Branches were organized not to count specie as a basis of circulation unless the same was in the vault of the Branch . . . The Akron Branch was early refused circulation because its coin was not in its vault . . . You are no doubt aware that by resolution of the Board the whole thirty percent on circulation is required to be kept in specie."

Note: The City Bank of Columbus was an Independent Bank, so called because it had been formed under the banking law of 1845 but had exercised the option of remaining outside the State Bank system and posting collateral for the security of its circulating notes.

(40) March 15, 1849 - Swan to Smith, cashier of a Branch Bank: ". . . We notice the purchase of 5,000 Knox Co. bonds by your Branch. Unless these were received in payment of debts, which in your case is hardly to be presumed, [Smith's Branch had just begun operations], it may well be questioned whether the 47th Sec. of the Bank Law may not have been violated. It was evidently intended to prohibit our Banks from speculating in stock and as such is just as it should be. These bonds are stocks for all purposes of banking . . . and will justify an order for the withholding of circulation accordingly . . ."

(41) April 5, 1849 - Swan to Rhodes, cashier, Belmont Branch Bank: ". . . I do not presume that [the liability of your directors and stockholders] swelled as it is, exceeds the limits of the latter clause of the 12th Sec. but I may be permitted to say that this large accommodation, if publicly enough known and it is very apt to get out, will leave an unfavorable impression as to the management of the Branch. It will give confirmation to what is often charged upon banks, that those interested monopolize the means to the exclusion of those without. I would therefore respectfully suggest to your directors whether it would not be a measure of policy to curtail some of their stockholder borrowers, the better to enable the Branch to extend accommodations to the business portions of the community . . . Stockholders should be lenders, not borrowers . . ."

(42) May 10, 1849 - Swan to Swain, cashier, Dayton Branch Bank: Similar to letter of April 5th above.

(43) May 12, 1849 - Swan to McMillen, cashier of a Branch Bank: "We have your report for the past month. As it is generally estimated that the average annual losses will be about two per cent on capital, it has generally been deemed about right to retain at each semi annual dividend at least one per cent and the surplus between that and the two as a contingent fund. This would appear about safe unless some peculiar circumstances such as the payments in of stock, might render a different course necessary. Your surplus after banking for nearly four years appears to be \$671.07 such an amount which could be hardly sufficient to make the best discounts in any bank in the United States equal to their nominal value and certainly less than the discounts received in advance upon loans. It is my private opinion, which I admit to be worth but little, that several of our Branches are too eager to realize profits, but none appear to have gone quite so far as yours. It is perhaps no good policy to divide so much that it would require a close calculation to save the charter under the 42nd Sec. of the Bank Law. While I freely admit that there is no other limitation than found in the above section I think it will be considered that what is lawful is not always expedient . . ."

(44) June 9, 1849 - Swan to Wheelock, cashier of a Branch Bank: "I should suppose that spirit of the law would forbid the appropriation of safety fund faster than it accrues by payment of stock and the receipt of circulating notes. Amongst others, one reason is obvious-- that you are allowed only six per cent in advances upon loans and seven per cent is allowed upon safety fund invested in real estate . . ."

(45) June 9, 1849 - Swan to Slave, cashier of a Branch Bank:  
"By your last month report we notice a deficiency of specie in your Branch . . . We also notice that in your report for April your Branch was deficient . . . Within the forty days it is hoped you will make up the deficiency and so advise us."

Note: See letter of October 5, 1848. The law required that each Branch Bank maintain a specie reserve equal to 30 percent of its circulating notes and that at least half had to consist of coin actually in the vault of the bank. Occasionally the Board of Control would require a higher percentage for this component.

(46) June 11, 1849 - Swan to Bruinard, cashier of a Branch Bank:  
"We have your statement for May and discover a large deficit in specie under the resolutions of the Board . . . Although you have forty days from the time the deficit happened yet in times like the present when specie is in demand for exportation it would appear to me this amount of specie is too small for entire security. The report being evidence of calls for redemption, but it certainly discloses the fact that the circulation thus compulsory retired is immediately put into circulation again . . ."

(47) June 11, 1849 - Swan to Hardy, cashier, Exchange Branch Bank:  
"I have your month report and note the deficiency in specie with your foot reference. Under the circumstances this defect must be winked at. Your Branch has my thanks for prompt compliance in giving aid to an erring and weak sister and you will please also to make acceptable to the Commercial Branch my acknowledgement for their promptness. I have confidence that the Toledo Branch will be in a condition to return to both the specie without much delay. I have written them to do so as soon as they prudently can."

Note: See Note following letter of April 4, 1848.

(48) June 18, 1849 - Swan to Curtis: "It is the wish of Mr. Hubbard and myself that you will proceed as soon as will meet your convenience, and immediately if you can, to the Norwalk Branch and make a thorough examination of its condition. This appears the more necessary as the Bank Commissioners have recently on the application of the Branch permitted its stock to be increased to the amount of \$25,000. From a source entitled to considerable consideration it has been especially made known to Mr. Hubbard and myself that this Branch was not legitimately got up and that in point of fact has proceeded to some extent upon fictitious capital . . . We wish you to take the time necessary to ascertain the following facts from the cashier, and as many of the directors who are to be questioned under oath:

1. Who have taken the additional stock, what amount taken by each person and whether the same or any part has been paid for by loans from the Branch directly or indirectly.
2. We wish you to take an alphabetical schedule of the bills and notes of the Branch and ascertain in like manner under oath their opinion of the ability of the parties to meet the payments promptly, reporting accurately their answers in each case.

3. In the same way ascertain the amount each director is owing to the Branch in his own name or in the name of any other person or persons.

4. In the same manner the specie and currency on hand, the debts due from the Branch, to whom and the amount.

5th. In the same manner whether the stockholders own the stock absolutely . . .

6th. Whether there is any person or persons interested in the Bank . . . or . . . in any way . . . have any control thereof except those who appear by the books of the Branch to be stockholders . . ."

(49) June 30, 1849 - Swan to Jackson, cashier of a Branch Bank: "I regret to learn from a reliable source that your Branch has recently returned for coin to the Xenia Branch a large amount, say 15,000 of their issues. I do not of course claim any right to interfere in such matters, but I deem it of very great importance that the harmony of the Branches not be interrupted in any way and I must say that unless impelled by an absolute necessity I think a run by one Branch on another is particularly calculated to create unpleasant feelings . . . Information has reached this office by way of rumor only that the Xenia Branch is in the habit of discounting domestic bills payable in your city in coin. If these rumors are well founded it is but an indirect way of drawing specie from your bank and necessarily in part from other Branches. If such a practice exists to any great extent or perhaps even in a single instance I should deem it unfair . . . I again repeat that I claim no right whatever officially to interfere with the business of the Branches in such matters and what I have said I fear may be deemed . . . what does not concern me and if this should be the case I most assuredly will not complain."

(50) July 24, 1849 - Swan to Bradbury: "Mr. Brooks having ceased to take further supervision of the affairs of the B. of Toledo, it is my wish and the wish of another member of the Ex. Com., Mr. Hubbard, that you would give particular attention as one of the directors, to its officers, until time shall be given for its full reorganization. It is expected this will not be long . . . I beg you will devote your time . . . to the affairs of the Branch now exclusively confided to you and Mr. Phillips."

(51) August , 1849 - Swan to Miller: ". . . You are perhaps not aware that I am not a member of the Board of Control."

(52) September 21, 1849 - Swan to Wilson, member, Executive Committee: ". . . I have only been at home a few days and have been too much pressed for time to look much into the returns for the past month but learn that the affairs of the Branches indicate prosperity. The Bank of Toledo is slowly recovering. We cannot learn from Mr. Otis anything very satisfactory as to the Summit Co., I still fear that further depredations may be made upon its assets and in the end that the system will suffer further losses. It is thought best to order a sale of the stock of slow debtors in the Akron, according to your report, which I think will be done by the Ex. Com. when they meet."

(53) September 29, 1849 - Swan to Espy, cashier, Franklin Branch Bank: A portion of the safety fund of Espy's Branch was uninvested. Swan warns that the Board will, "withdraw and invest it soon if not done by your directors."

(54) October 15, 1849 - Swan to Atwood, cashier of a Branch Bank: "Within the past six months we have noticed that by the monthly reports of your Branch there has been a deficit of the amount of specie required by the resolutions of the Board. From the conservative character of your Branch and the cheerful acquiescence of its officers in the resolutions of the Board of Control we do not permit ourselves to doubt, although we have no way of exactly ascertaining the fact, that these apparent deficiencies from time to time have been made up within the time allowed for that purpose by the resolutions. But these reports are often made public, must be so quarterly, and are apt to create a belief among the Branches that the system operates unequally and especially so if the deficit Branch appears in a more prosperous condition than others which promptly supply any deficiency. I hope your next report will be such as to silence all murmurs on this subject."

Note: Other letters at or near this date, dealing with a deficiency of specie went to a number of Branches.

(55) December 7, 1849 - Swan to Evans, cashier, Farmers Branch Bank, Ripley. Apparently examiners appointed by the Board of Control charged the bank examined a fee. The fee was not determined by the Board of Control and in this letter Swan answers a complaint that the examiner's charge had been exorbitant: "Now if Mr. W. has charged too much under this situation it is not our fault and if we can be made sensible of it we shall take care that such a thing shall not happen again."

(56) December 13, 1849 - Swan to Odlin. In this letter Swan discusses a proposed arrangement among the banks for the purpose of protecting themselves against brokers. The plan itself is not made clear, either in this letter or in letters to follow, but it apparently was to include all Ohio banks. Swan is sympathetic with the objectives of the arrangement, but it appears that he objects to some details of this particular arrangement:

"[Because of the activities of brokers] banks purchase specie at more than it is relatively worth and sell exchange for less. It is reduced to a certainty that some of the banks of the State have purchased exemption, and their issues are consequently made to perform the business of internal commerce to the exclusion of other institutions which are thus obliged to purchase nearly all the specie and exchange needed . . . I am not ignorant of the consequences or the results of over trading and the existence of a balance against us, but most certainly banks are made to suffer more than would be necessary if brokers had not maintained a system calculated to increase the difficulty, and one from which enormous profits are realized. You of course know well that while our exports of the past year have diminished . . . our imports have remained nearly the

same and although less circulating medium was consequently needed for legitimate purposes we have swelled it upwards of a million of dollars. The usual consequences have followed and must follow. Namely, diminished exports and a spirit of speculation unfavorable to industry and morals. The only safe remedy . . . was to diminish discounts and I recommended this specifically, but the measure did not meet the approbation of the Board . . . I should have been better satisfied if the scheme had been [suggested] by the State Bank and the details carried out by their agents."

(57) December 21, 1849 - Swan to Williams, member, Executive Committee: "Anticipating that our banks generally will be called upon to redeem a larger amount of their issues than has been usual; Mr. Hubbard and myself think it would be right and equal for each of the Branches to retain one and one half per cent upon capital of the notes of the Bank of Toledo, and if that amount should not be secured in the usual way, to exchange other currency with the banks to make the amount . . . If this meets your entire approbation . . . you will please say so . . ."

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(58) January 15, 1850 - Swan to Jackson, cashier, Commercial Branch Bank, Toledo. Warns of a specie deficit.

(59) March 19, 1850 - Swan to Moffitt, an officer of a Branch Bank. Moffitt's Branch had lost a sum of money to thieves and Swan attempts to reassure him by pointing out that the loss can quickly be made up: "After all, no banking system in the United States has afforded so large a net profit as ours . . ."

(60) April 1, 1850 - Swan to Kilgore, president, Jefferson Branch Bank. The Executive Committee has made an arrangement with the Ohio Life Insurance and Trust Company for the redemption of banknotes and the procuring of eastern exchange. This arrangement apparently developed out of that referred to earlier, see letter of December 13, 1849:

"The only difficulty in the way is the want of eastern funds by some of our Branches to make the advance [apparently the plan called for the Branch Banks to maintain minimum deposits of specie or eastern exchange with the Trust Co.] As the most of them have specie this may be obviated should they choose to part with it . . .

"I fear, as you have intimated, that the Licking Co. Branch is too much subsidiary to the brokerage of Mr. Smith . . .

"We think it will be satisfactory to have a thorough examination of the Toledo Branch before our next meeting in order to have some firm action with regard to it . . .

"Mr. Lake, upon a claim which I believe is without any just or legal foundation, has attached its assets in the hands of the Trust Co. . . ."

Note: See letter of December 1, 1851 (Swan to Andrews), and letters following, for additional information on the activities of Smith of the Licking County Branch Bank.

(61) April 5, 1850 - Swan to Gardiner, cashier, Norwalk Branch Bank. The letter indicates marked hostility towards a, "new tax law" passed by the State.

(62) April 17, 1850 - Swan to Skinner, cashier, Guernsey Branch Bank: "I am in receipt of your favor declining to go into the agency on the terms proposed. It is not for me to say whether this is good or bad policy. Your directors of course know their own interest and will pursue it. My principal object in writing was to advise you that you may be prepared that a large amount of your notes will in a few days be returned for redemption and that nothing but specie will be taken."

(63) April 17, 1850 - Swan to Stetson, probably president of the Ohio Life Insurance and Trust Company. Swan notifies Stetson that nineteen Branch Banks have accepted, "the terms of the Ohio Life

Insurance and Trust Co. for redemption of notes", while two Branches, the Lorain Branch Bank and the Guernsey Branch Bank, had refused.

Note: Another letter on April 25th advised that four more Branch Banks had accepted.

(64) April 25, 1850 - Swan to Kilgore, president, Jefferson Branch Bank. A lengthy letter indicating that Swan is quite upset by recent developments. Several of the Branch Banks had participated in the "Zanesville Convention", which adopted resolutions unfavorable to the Board of Control. Also, the agreement with the Trust Co. was not working as well as expected. The main defect was apparently an increase in the demands for exchange: "I presume not half of the amount purchased of the Trust Co., or through it, is wanted for legitimate purposes. The Branches in self defense are . . . crowding each others notes upon the market for exchange . . . All the banks in the agency will be excessively annoyed by this artificial demand for exchange . . ."

(65) July 5, 1850 - Swan to Stein: "You can judge of the order of the Board commanding the Branches to withdraw from the Cincinnati agency quite as well or better than I can. To my mind, however, it leaves nothing to discretion . . . I am free to say that I think the views published by the Jefferson Branch and adopted at the Zanesville Convention were not founded upon the correct interpretation of the organic law. I think the charter compels the Branches to keep a specie fund at a place of their location for the redemption of their notes and to redeem them there, but does not prohibit a redemption elsewhere, either by one Branch or the whole. I have abstained from giving my views of the policy of this agency, either as it was originally created by a portion of the Branches, or afterwards by nearly a unanymous vote of the Board, or its revocation at our last meeting. I may be allowed to say, taking the whole into consideration, it has not been in very good taste . . ."

(66) July 23, 1850 - Swan to Wilson, member, Executive Committee: ". . . A proposition has been submitted for the purchase of the Summit Co. This should be attended to . . ."

(67) July 31, 1850 - Swan to Williams, member, Executive Committee: "I have this day received a letter from Mr. Wilson declining, under the present circumstances for which I blame him not, meeting us at the time appointed. With this was enclosed a letter from Mr. Brooks to the effect that some of the officers of the Union Branch, Massillon, were purchasing stock and paying for it out of the vault of the bank; that the stockholders directly and indirectly owe for stock. Mr. Wilson appeared to wish to be advised to go to Massillon and see into the business. You may recollect he is a stockholder in that Branch. I have by telegraph directed him to go . . ."

(68) August 2, 1850 - Swan to Sill, president, Summit County Branch Bank: "There is no distinct proposition for the purchase of the Summit Co. Branch . . . It was not contemplated to make a requisition upon the Branches to supply the deficiency in the stock of the Summit Co. until a sale should be effected. Indeed, the amount necessarily depended upon that, and the time of payment by the Branches would enter into the terms of the sale . . ."

(69) August 30, 1850 - Swan to Hubbard, cashier, Farmers Branch Bank, Ashtabula: "Information has reached this office from a source entitled to respect that the Exchange Branch, amongst others, in violation of the orders of the Board of Control, had not withdrawn from what is usually called the Cincinnati Agency . . . It is deemed of the greatest importance to the success, or even safety, of our system that the orders of the Board should be strictly complied with by the Branches. I have no power to correct such an evil if it exists, but I should feel it my duty to urge upon the Ex. Com and the Board to use all the power vested in them for that purpose."

(70) September 2, 1850 - Swan to Wilson, member, Executive Committee: "I duly received the interrogatories and answers . . . as far as I can see all things [at Massillon] are going on safely. I received by mail a letter from H. Dwight, Jr. . . . requesting an extension of time for the sale of stocks . . .

" . . . Our Branches are exceedingly jealous of each other and . . . no slight danger exists of actual hostility . . . I am informed that those Branches who apprehended the most danger from the agency are about calling a convention . . . [because of] . . . the baseless hypothesis that the Branches are secretly returning their notes to the Trust Co. that coin may be drawn. I feel quite content that there is no just grounds for the belief, but I have reason to apprehend bad consequences from the supposition. On the other hand, not a few Branches are confident, with perhaps a little reason in fact, that others are uniting with brokers and foreign institutions to harass their associates . . . I think the sooner the Ex. Com. can come together the better. It is possible yet they can derive some measures to . . . avert hostility, so disgraceful among brothers . . ."

(71) September 3, 1850 - Swan to Odlin, president, Dayton Branch Bank: ". . . I learn with deep regret that a good deal of excitement prevails in some of our eastern and northeast Branches on account of calls for large amounts of specie . . . They infer . . . that the amounts are increased by the aid of the interior Branches and those particularly of Cincinnati . . . This inference has no better foundation that I can learn than the fact that calls are made and the amounts returned. I hear that four Branches . . . had redeemed, within perhaps sixty days, \$116,000 . . ."

(72) September 5, 1850 - Series of letters from Swan to those Branches which had allowed portions of their safety funds to remain uninvested for more than three months. He urges that investment be made as soon as possible.

(73) September 7, 1850 - Swan to Kilgore, president, Jefferson Branch Bank: "Since the Board met a difficulty has occurred with the Union Branch at Massillon. A very large portion of the stock, a controlling amount, has been contracted for by Mr. Dwight of New York and the Branch was about passing into his hands. The Ex. Com. took prompt steps to prevent this and ordered a large part of the stock held

for Mr. D's benefit to be transferred to such stockholders as would meet the approbation of the Ex. Com.. I am furnished with a list of the proposed transferees in part and my object is to obtain from you a knowledge of their character and standing which will be held strictly confidential . . ."

(74) September 9, 1850 - Swan to Andrews, member, Board of Control. Swan is apparently having a great deal of difficulty in getting the Branches to withdraw from the Cincinnati Agency. Many of the Branches interpreted the resolution of the Board ordering them to withdraw as permitting them to exercise discretion. Swan suspects that the misunderstanding was deliberate in a number of cases.

(75) September 16, 1850 - Swan to Dougherty, cashier, Hocking Valley Branch Bank: "I believe now nearly all the Branches have complied with the order of the Board requiring them to withdraw from the agency. I think you are mistaken in supposing any of the Branches have aided others in injuring yours . . ."

(76) October 17, 1850 - Swan to Ebbert, cashier, Portage County Branch Bank: "We know from your returns for the month of September the total liability of your stockholders . . . Unless some portion of this amount is as debtors of bona fide bills of exchange drawn in this State and payable out of State, this amount exceeds what is allowed by the 23rd section of the bank law . . ."

Note: See Note following letter of March 12, 1849.

(77) October 17, 1850 - Swan to Hubbard, cashier, Farmers Branch Bank, Ashtabula. Similar to letter of October 17th above.

(78) October 17, 1850 - Swan to Brown, cashier, Harrison Branch Bank. Similar to letter of October 17th above.

(79) October 27, 1850 - Swan to Gardiner, cashier, Norwalk Branch Bank. Encloses a copy of the following resolution: "That the one per cent set apart for the benefit of the Toledo Branch of the State Bank of Ohio each dividend day shall be in lieu of any amount required by the Board of Control to be set apart as a contingency fund."

(80) October 30, 1850 - Swan to Wilson, member, Executive Committee: ". . . I received this morning from Bliss here a verbal communication from Mr. Sill that our terms as to the transfer of the Summit Co. Branch were accepted . . ."

(81) November 2, 1850 - Swan to Andrews, member, Board of Control: "I received and answered your telegraph dispatch on yesterday. Mr. Sill and associates had made propositions to purchase the Summit Co. Branch stock at the price, or rather loss, proposed by the Board. The Ex. Com. agreed to the arrangement, stipulating that sixty per cent should be advanced by the Branches on the \$75,000 to be used in retiring circulation of that Branch and if the new stockholders, subject to the order of the Board, elected to stop at sixty per cent, then the whole amount to be retired should be \$80,000; but if the stockholders

preferred paying in more than sixty per cent, than the Branches should also pay in a corresponding amount upon the \$75,000 and the reduction of circulation should stop accordingly. The Summit Co. Branch was also to advance for losses on account of the Toledo equally with others, according to stock. Mr. Sill and associates were the only persons who submitted propositions."

(82) November 7, 1850 - Swan to Smith, cashier of a Branch Bank: "I note that you have placed \$930 to the credit of the Board to meet losses by the Toledo Branch. This appears to be on the amount of stock actually paid in . . . To comply with the terms of the resolutions as we understand them it will require \$70 more."

(83) November 14, 1850 - Swan to Officer, cashier, Logan Branch Bank: "I . . . notice your objections to the resolutions of the Board as to the mode of assessing the losses of the Toledo Branch upon associates. I may be permitted to remark that your delegate, Colonel Madeira, who was thoroughly acquainted with all the circumstances and views, expressed entire satisfaction with the resolutions . . . I may add that the Toledo might have been treated as if it had committed an act of insolvency and then the section of the law, 26, to which you refer would apply in the contribution. But such, for the best of reasons, was deemed a very impolitic course and would have no doubt led to a much greater loss than the Branches will now be subjected to. I need not remind you that this would also have brought an irreparable discredit upon the system. It was therefore deemed best to take this Branch from the stockholders and endeavor to manage the affairs and ultimately to make up all the losses, which we hope may be done. This one per cent is rather therefore as a loan to that Branch than a contribution. I can also state that it is the belief of all that this Branch had no real capital at first and the whole losses may be dated from the beginning . . ."

Note: Although the Branch Banks were mutually liable for the notes of a failed Branch Bank, they were not required, by law, to render financial aid prior to failure.

(84) November 27, 1850 - Swan to Cornwall, cashier of a Branch Bank: "In accordance with the resolutions of the Board passed at the last session . . . your Board will please cease paying out its notes of circulation or making any new loans until the deficiency in coin and eastern deposits shall be made up . . ."

(85) December 5, 1850 - Swan to Wilson, member, Executive Committee: "I regret to inform you that there has been considerable excitement arising out of the fact, well ascertained, that the Athens Branch the past week purchased of Messrs. \_\_\_ and \_\_\_ \$16,000 in specie, in part with currency. While this specie remained in this place the agent of those gentlemen called upon the Branches here for about \$3,000 in specie which leaves the presumption that a part of their issues came from the agent of the Athens Branch. This proceeding is not only impolitic but a violation of the resolutions of the Board passed at the last session, although it is highly probable that the directors of the Athens Branch had no knowledge of the existence of these resolutions . . ."

(86) December 7, 1850 - Swan to Sill: "I have delayed answering you . . . with the expectation that we might have a quorum of the Ex. Com., whose action appears to be necessary before a transfer of stock can be made. The resolution [which Sill had apparently requested] reads as follows: 'Resolved: That the Ex. Com. procure a transfer of the stock in the Summit Co. Branch to E. N. Sill and his associates . . .'"

(87) December 14, 1850 - Swan to Sill: "please find a copy of the resolutions of the Ex. Com. passed this day relative to the transfer of the stock of the Summit Co. Branch which we hope will be satisfactory. Not knowing in whose hands the residue of the stock is, except the amount in that of Mr. Otis . . . it is impossible to render any aid to fill the amount proposed by you and associates to be taken and to be transferred to others. It is certain the Board contemplated the entire transfer of the stock from the present holders. There appears to be awarded to you and associates \$98,000 and to others \$2,000, the aggregate being the entire stock. Whatever aid can be rendered by the Ex. Com. in the fulfillment of the orders of the Board will be cheerfully afforded. I shall, sofar as the stocks held in trust by me . . . [are concerned], immediately execute a power to Mr. Bradley, cashier . . ."

(88) December 21, 1850 - Swan to Bliss, [new] cashier, Toledo Branch Bank: "In obedience to the orders of the Board at November sessions, 1850 you have enclosed forty drafts . . . being one per cent upon the capital of each Branch, excluding Toledo, dated December 19, 1850, and amounting to \$47,700. This is, at best, a bitter pill for our honest Branches, and I hope as you cause them to be presented you will require their payment in a manner that shall be as agreeable as possible under the circumstances . . ."

"I learn that all the stock of the Toledo Branch has not yet been transferred . . ."

(89) December 27, 1850 - Swan to Bliss, cashier, Toledo Branch Bank: "On the 21st I enclosed to you drafts on the Branches amounting to \$47,700 . . . This amount is to be carried to Profit & Loss and applied exclusively . . . to the reduction of circulation. You will of course only use it for that special purpose and as your notes return you will seal them up until the amount is withdrawn, to wit \$47,700. Perhaps it might be well, and probably it was contemplated by the resolution, that each Branch should pay these drafts in your notes, and when all the payments shall be made a list be furnished containing the dates of the several payments, that the Ex. Com. may rightfully adjust the interest should that be necessary.

"I learn with deep regret that some of the discounts made under your administration are renewed from time to time to keep up appearances. I hope this is not so. For heavens sake let us know at once if further misfortunes have reached us . . ."

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(90) January 4, 1851 - Swan to Johnson, cashier, Commercial Branch Bank, Toledo: "From information received at this office entitled to consideration . . . it is charged that you are in the habit of lending the security of your Branch by way of endorsement to bills for a very large amount drawn by individuals. Amongst others mentioned are the bills of Johnson on Heally and Johnson to a large amount which have been put into the market and offered for discount with your endorsement as cashier. It is represented that this paper thus enforced has tended to injure the credit of your Branch, not only without but within the sphere of our system . . . I certainly need not say to you that the practice of a Branch of endorsing individual paper, or even its own except for collection, is a very bad . . . one for a bank . . . I hope you will see the propriety of ceasing the practice at once . . ."

(91) January 11, 1851 - Swan to Dougherty, cashier, Hocking Valley Branch Bank. Swan criticizes the large amount of overdue paper included in the bank's assets. He intimates that the Bank will probably not be permitted to pay a dividend.

(92) January 15, 1851 - Swan to Binns, cashier, Mt. Pleasant Branch Bank: "The two committees [from the State Bank of Ohio and the State Bank of Indiana] met and with unanimity agreed to recommend to their respective Boards in substance:

"1. That no Branch should purchase specie or exchange off brokers who made it a business of returning notes for coin.

"2. That Branches should import specie from the Atlantic or northern and southern cities.

"3. That the Branches should sell exchange for their own issues at the costs and risk of transportation from the point to the place where drawn upon.

"The committee of Indiana, however, attached a condition to the effect that these resolutions should only be obligatory when the banks in Cincinnati, especially the Trust Co., shall agree to be bound by them.

"It has been expected that the Indiana banks would have before this made a satisfactory arrangement with the Cincinnati banks by which the three resolutions would become an absolute recommendation to the respective Boards. I am not yet advised that such an arrangement has been made."

Note: The State Bank of Indiana and the State Bank of Ohio were similar institutions and frequently cooperated with each other on matters of common interest. The "Trust Co." referred to was the Ohio Life Insurance and Trust Company of Cincinnati, which was not in the State Bank system but which was, at the time, the largest bank in the State.

(93) February 13, 1851 - Swan to Lawrence, cashier, Bank of Circleville: "Information has reached this office that the Circleville Bank has furnished one or more brokers with cash or means for the purpose and with the understanding of having such brokers not return the notes of said bank. I am instructed to say to your bank that unless satisfactory information shall be furnished that such is not the case, or that such cash or means has been withdrawn, the Ex. Com. will feel it their duty to communicate the fact to the Branches in order that they may not put in circulation any of the notes of your bank, but return them . . ."

Note: The Bank of Circleville was an "Old Bank" which closed in 1854.

(94) March 7, 1851 - Swan to Finn, cashier of a Branch Bank: "From your monthly returns we regret to see that two of your directors are still delinquent in the payment of their stock according to the resolutions of the Board of Control . . . Such neglect of the law and orders of the Board is peculiarly in bad taste . . ."

(95) March 16, 1851 - Swan to Morrison, president, Bank of Indiana. Swan wants to know whether the resolutions described in the letter of January 15th above are in force so far as the State Bank of Indiana is concerned.

(96) March 17, 1851 - Swan to Kinney, cashier, Portsmouth Branch Bank. Swan notes that Bliss, of the Toledo Branch Bank, has informed him that the Portsmouth Branch Bank has not as yet honored the drafts on it equal to one per cent of its capital: "I confess it is bad enough to pay for the misfortunes of associates, harder still to advance on account of their frauds, but still it is just that all should contribute equally."

(97) April 2, 1851 - Swan to Lawrence, cashier, Bank of Circleville: "I am directed to say to you that the Ex. Com. expects your Bank will withdraw loans and deposits as they fall due from brokers and that you will decline making others as contemplated by the resolutions of the Board, a copy of which was sent you, and that you will have the goodness of advising this office of the facts by the first of May next. We beg you not to consider this measure one of aggression or hostility, but of self protection, not only to our system but to all the banks, and indeed we look for cooperation in so important a work from all our institutions."

Note: See Note following letter of February 13, 1851.

(98) April 2, 1851 - Swan to Moodie, cashier, City Bank of Columbus: "Information has reached this office that the City Bank has aided by loan or otherwise a broker at the north and a firm of this city with the understanding that those persons should not only return for redemption the issues of your Bank, but with a view that said brokers should return the notes of Branches on other banks for coin. I am directed to say that if correct, which we hope is not the case, it will become the duty of the Ex. Com. to enforce the resolution, a copy of which has been sent to your bank . . ."

Note: See Note following letter of March 13, 1849.

(99) April 15, 1851 - Swan to Ramsey, cashier of a Branch Bank. Letter deals with recent tax law passed by the legislature, which Swan feels is a "clear violation of the Constitution of the United States . . ." Apparently the tax was on the capital accounts of banks, since Swan notes that some of the Branches, "have proposed to place their capital and surplus on the tax list after having divided down the surplus to the minimum allowed by the Board of Control . . ."

(100) April 17, 1851 - Swan to Williams, member, Executive Committee: "Please find enclosed proceedings fully concurred in by Mr. Hubbard and self and which we hope also will meet your approbation. Several of the Branches are asking with apparent anxiety what it is best to do with the recently passed act to tax banks and they appear to look for some action on the part of the Ex. Com. After a great deal of deliberation and perplexities Mr. H. and self have deemed it prudent, under all the circumstances, to recommend what is enclosed. Allow me to suggest some of the reasons which have led us to the plan now submitted:

1. We. think it best to set off the six per cent on dividends that we may insist . . . upon our charter rights.
2. We recommend a dividend of all profits because thereby in the worst event we save the tax the present year thereon.
3. We suppose it prudent to make out a list of capital, so that in case it should hereafter be thought best to agree to the law no penalty will attach.

"We recommend a resolution of the directors and a protest . . ."

(101) April 19, 1851 - Swan to Stow, probably member of the State legislature: ". . . in our organic law I would suggest a few [amendments] which would in my opinion be beneficial:

- "1. No Branch should be granted except at the discretion of the Bank Commissioners.
- "2. It would undoubtedly be better for all if we had fewer Branches and larger capitals.
- "3. The Board of Control, in case a large number of Branches should be allowed, should consist of representatives of Banking Districts instead of one from each Branch.

"So far as I know, practical experience has not developed the . . . necessity for further alterations. We have forty one Branches and our Board generally consists of about forty members . . ."

(102) April 29, 1851 - Swan to Kilgore, president, Jefferson Branch Bank. Letter indicates that in November of 1850 the Branches had been required to furnish funds equal to one per cent of capital to the Summit County Branch Bank. The assessments in the case of the Bank of Toledo began in May of 1850 and were to be one per cent on capital on each dividend day until three per cent was reached.

(103) June 5, 1851 - Swan to Jewett, cashier, Muskingum Branch Bank: "I was strongly impressed with the opinion that the Board, some two years ago, had passed a resolution recommending to the Branches to take security of the cashier, teller, etc. but upon diligent search by the secretary none such can be found upon the records. I should think, however, that the by-laws of any bank should require such security."

(104) August 12, 1851 - Swan to Rhodes, cashier, Belmont Branch Bank: "I notice from your monthly statement for June that your specie, under our orders twenty per cent on circulation, was a little deficient . . . I am aware that brokers, who somehow or other know our rules, make it a point to call immediately preceding the day of making our monthly reports with a view of obtaining better terms, yet . . . the deficiency should be made up as soon as possible."

(105) August 28, 1851 - Swan to all Branch Banks: "In accordance with the contract made with the stockholders of the Summit Co. Branch . . . you will please retain in your vault and return to this office . . . in the notes of said Branch the sum of -- and in case your Branch cannot procure and return a sufficient amount . . . at the time above specified, then you will return the same in currency, being the residue of the proportion of your Branch to make up the sum of \$75,000 to the Summit Co. Branch as assessed by me in conformity with the order of the Board."

(106) August 30, 1851 - Swan to Rowe, cashier of a Branch Bank: "I concur with you fully in the opinion that it has become necessary for the virtuous part of the community to make some extraordinary efforts to rid themselves of thousands who are now preying upon them with impunity. The perfection to which counterfeiting is brought is most alarming and leading to distrust in our paper medium . . ."

(107) September 6, 1851 - Swan to Johnson, cashier, Commercial Branch Bank, Toledo. Swan warns of a deficiency in specie and cites the same reasons as given in the letter of August 12th above.

(108) September 8, 1851 - Swan to Quimby, cashier, Wayne County Branch Bank: "I have received your monthly statement . . . and notice with some surprise that the stock of your Branch is not fully paid . . . It is possible that you may have forgotton . . . a resolution of the Board passed at May session 1850 requiring all the Branches 'to pay ten per cent on the first Monday of September next and ten per cent every ninety days thereafter until the whole amount of stock is paid up.' . . ."

(109) September 10, 1851 - Swan to bank examiners. The following list of questions and instructions was attached to letters of this date:

- "1. Ascertain by count or weight . . . the amount of specie on hand.
- "2. Compare bills and notes with books . . .
- "3. Ascertain and report overdue paper and on the oaths of the president and cashier the real cash value thereof.
- "4. Interrogate the officers under oath as to what amount the directors and stockholders directly or indirectly are indebted to the Branch and whether the terms and conditions of the loans are more favorable than to customers in general.
- "5. Ascertain what agent the Branch employs in or out of the State and what is the principle or main object of employing him or them.

"6. Whether any of the stock of the Branch, other than what appears upon the books, is held in trust or is incumbered in any way . . .

"7. Whether debts due the Bank deemed not sure and collectable in whole or in part, and which have been past due for six months or more, have been carried to Profit & Loss.

"8. Ascertain by interrogatories to the cashiers and other officers what per cent upon the capital, or the amount in gross in addition to what has heretofore been carried to Profit & Loss, in their judgment will be loss on the present debts due the Branch.

"9. Whether the Branch is in the habit of discounting or purchasing bills or exchange payable at another place than the place of such discount or purchase and if so what is the premium or exchange usually taken . . .

"10. Has the Branch in any case renewed bills or notes with the sole view of diminishing the overdue list.

"11. Has the Branch knowingly suffered any individual or individuals to overdraw his or their deposit account and if so whom and to what amount.

"12. Does the Branch make loans to brokers or others whose business is in whole or in part to return notes of the Branches for redemption.

"You will please give in your report your opinion as to the manner of keeping the books . . . and whether they are attended to as to daily detect errors, and whether there is promptness or negligence in answering letters of business. You will also ascertain and report the amount of specie drawn from the Branch since the last meeting of the Board, the sources from which the Branches mainly supply themselves with specie and the expense of procuring it.

"The agent is not limited in his investigations to the particular points enumerated but is to use his own discretion . . . to the fullest extent."

(110) September 18, 1851 - Swan to Kinney, cashier, Portsmouth Branch Bank: "I am advised by letter . . . that the Portsmouth Branch has failed to pay one per cent upon the capital ordered to be advanced to the Toledo Branch. My draft on you was sent to that Branch in pursuance to the order of the Board December 19, 1850, for \$1,000 . . . let me assure you that when any Branch shall feel itself authorized to disregard the orders of the Board and do it, our system is at an end and the sooner we wind up the better it will be for all."

(111) September 18, 1851 - Swan to Atwood, cashier, Chillicothe Branch Bank: ". . . Mr. B. advises you decline payment [of the draft for the benefit of the Toledo Branch Bank]. I regret this for many reasons. It is . . . a non-compliance with the order of the Board, and this with the largest Branch in the system is a precedent which I very much regret to have established."

Apparently Atwood's action was in protest to the method of assessment, i.e., on capital.

(112) September 29, 1851 - Swan to Kinney, cashier, Portsmouth Branch Bank: ". . . I supposed the letter of Mr. B. referred to the last draft of one per cent on your Branch, but it appears to have alluded to the one per cent required of the Branches previously in the shape of a loan to the Toledo Branch. These orders have long since been complied with by every Branch except Portsmouth. The whole, you may recollect, that is two per cent upon capital, was ordered by the Board to be taken in the stock of that Bank. Therefore, if I now rightly apprehend the matter your Branch must advance one per cent, or \$1,000.

(113) September 30, 1851 - Swan to Andrews, member, Board of Control: "It must be well known to every practical reflecting banker that frauds can be perpetrated by officers, especially cashiers, which are difficult, often impossible, to detect until great losses may be sustained. These can for a time elude the scrutiny of the most vigilant Board of Directors, and much more easily one who occasionally visits a Bank for the purpose of examination . . ."

(114) October 2, 1851 - Swan to Bliss, cashier, Toledo Branch Bank. Informs Bliss that news has arrived that a judgment against the Toledo Branch Bank of almost \$20,000 has been given in a New York court to J. S. Lake.

(115) October 9, 1851 - Swan to Atwood, cashier, Chillicothe Branch Bank. Swan thanks Atwood for paying the required sum (see letter of September 18, 1851 above). "I wish it most distinctly understood . . . that when a Branch becomes insolvent that each Branch is only bound to contribute in proportion to the circulation to which its capital entitles it. The impossibility of applying this rule in the present case was probably one reason why capital instead of circulation was taken . . ."

Swan goes on to claim that although the charter requires assessments in case of known losses in proportion to circulation, "the obviously correct interpretation of this is to ascertain the amount of capital actually paid in, for this most certainly, and not the capital assumed, is to furnish the basis of contribution upon an ascertained loss . . ."

(116) October 11, 1851 - Swan to Swain, cashier, Dayton Branch Bank. The liability of the bank's stockholders, while within the limits set by the charter, are "very apt to create a belief that the Branch rather favors those interested . . ."

(117) October 29, 1851 - Swan to Kinney, cashier, Portsmouth Branch Bank. Kinney had not replied to Swan's letter dealing with a draft in favor of the Toledo Branch Bank. Swan threatens to bring the matter to the attention of the Board.

(118) November 4, 1851 - Swan to Johnson, probably stockholder of Toledo Branch Bank: "I have your very satisfactory letter . . . showing the earnings of the Toledo Branch. Considering all things, it is far better than I anticipated . . . I notice your proposition to

invest the net profits in Safety Fund. It has occurred to me that it would be better to appropriate the amount to the reduction of circulation . . ."

(119) November 8, 1851 - Swan to Lyons, cashier of a Branch Bank: ". . . We notice with no alarm but some regret the very large amount of past due paper in your Branch . . ."

(120) November 24, 1851 - Telegram, Swan to Otis, member, Executive Committee: "Go to Newark today. Mr. Hubbard is already gone."

Note: This was apparently sent upon receipt of the news that a large defalcation had been discovered at the Licking County Branch Bank, Newark.

(121) December 1, 1851 - Swan to Andrews, member, Executive Committee: "Mr. Hubbard has returned from Newark and made a verbal report. He represents the discounts generally in the Branch of a secondary class, probably the gleanings and refuse of Mr. S. office. Mr. S. confessed himself liable for some of the most worthless and took them up to the amount of about \$17,000 and gave his note for the same, secured, as Mr. H. believes, fully upon real estate. Mr. S. also transferred to the Branch his entire stock, \$30,000 to be sold to meet any of his liabilities. He resigned, or rather ceased to be, a director, having ceased to be a stockholder. It is the opinion of Mr. H. that the losses will not exceed a year's business. This is better than I anticipated three weeks ago . . . If the Branch is saved without loss to associates it is more than I expected . . ."

Note: The cashier of the Licking County Branch Bank at Newark, a Mr. Smith, had also operated a private banking business.

(122) December 1, 1851 - Swan to Skinner, cashier, Guernsey Branch Bank. Advises that he seek customers closer to home: "It is obvious enough that distant borrowers do not feel the obligation of being punctual . . ."

(123) December 4, 1851 - Swan to Officer, cashier, Logan Branch Bank. Officer's bank had refused to pay draft on it in favor of Summit County Branch Bank. Apparently this was one of the drafts made in reorganizing the latter bank. Swan is "much mortified."

(124) December 4, 1851 - Swan to Andrews, member, Executive Committee: ". . . Smith resigned and I believe all was done that could be done to secure the Branch. We took up \$17,000 of worthless paper and [he] gave his own note and mortgage. We assigned all his stock in the Branch, \$37,200 and his official bond is secured by real estate to the amount of \$20,000 . . ."

"The apparent liabilities of the Branch besides the circulation was only a few thousand dollars to depositors and \$16,000 time drafts. Specie a little over \$41,000 . . ."

" . . . the depositors [of Smith's private bank], many of them utterly ruined, were highly exasperated . . . because the Branch had succeeded in securing Smith's liabilities. There had been some indication of violence . . . He has undoubtedly endorsed as cashier a large amount of his own bills. These we have directed the Branch not to pay. How much the Branch may be rightly responsible for, time alone can disclose. The Branch is directed not to discount, or pay out any of its notes . . ."

Note: See letters of November 24 and December 1, 1851, and notes following.

(125) December 4, 1851 - Swan to Hubbard, member, Executive Committee: ". . . They [Smith's depositors] now think the Branch should pay all this other liabilities, his notes of bond, for instance . . ."

Note: See letters of November 24 and December 1, 1851, and notes following.

(126) December 6, 1851 - Telegram, Swan to Kilgore, member, Executive Committee: "The object of the meeting is to make orders about Licking Co. We have none and they may be necessary."

Note: See letters of November 24 and December 1, 1851, and notes following.

(127) December 6, 1851 - Swan to Blythe, new cashier, Licking County Branch Bank: "I was happy to learn yesterday that you had quietly resumed business . . . I believe I mentioned in my last that . . . in pursuance of . . . the By-laws . . . it would be proper for you to send to this office all the notes of your Branch as you redeem them . . ."

Note: See letters of November 24 and December 1, 1851, and notes following.

(128) December 11, 1851 - Swan to Wilson, cashier, Marietta Branch Bank and member, Executive Committee. Slightly more optimistic letter as to possibility of Licking County Branch Bank surviving. Adds that the Executive Committee has ordered:

"1. That no paper of the Branch shall be re-issued.

"2. That no new discounts shall be made.

"3. That all renewals shall be with the concurrence of at least three directors."

Note: See letters of November 24 and December 1, 1851, and notes following.

(129) December 15, 1851 - Swan to Elliott, president, Licking County Branch Bank: "We are happy to learn . . . that your directors were strictly adhering to what . . . is necessary . . . namely, not to recognize any drafts of Smith and endorsed by him as Cashier, and we go further and think that should any time draft of his as cashier appear, other than those which appear by your books to have been issued by the Branch . . . not to be recognized or paid . . ."

"We also advise that since eastern funds might be attached by N. Y. creditors of Smith . . . the funds be transferred to other Branches and thereafter eastern business be conducted through their office."

Note: See letters of November 24 and December 1, 1851, and notes following.

(130) December 15, 1851 - Swan to Hurxthal, cashier, Union Branch Bank. Notifies Hurxthal that specie is deficient and that, "it must immediately be made good."

Similar letters were sent to seven other Branch Banks.

(131) December 18, 1851 - Swan to Officer, cashier, Logan Branch Bank. Officer's bank still protests the basis on which assessment for benefit of Summit County Branch Bank was levied. It has paid only the assessment it feels is required and Swan threatens to bring the whole matter before the Board of Control.

(132) December 26, 1851 - Swan to Elliott, president, Licking County Branch Bank: "Your friends have succeeded in providing the means necessary to meet your present engagements \$3,000. We hope there will be no further occasion for credit . . ."

Note: See letters of November 24 and December 1, 1851 and notes following.

(133) December 29, 1851 - Swan to Kilgore, member, Executive Committee: ". . . I had before understood that the Lafayette Bank had some of Smith's drafts endorsed as Cashier. We have directed the Licking Co. Branch to refuse payment but of course every holder . . . will endeavor to make it believed the transaction was not Smith's but the Branch's. Should the amount be very large and the Branch liable, of course we must, for the security of the Branches, put them into liquidation . . ."

Note: See letters of November 24 and December 1, 1851 and notes following.

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(134) January 3, 1852 - Swan to Johnson, cashier, Commercial Branch Bank, Toledo: "A letter of Mr. Hubbard, Cash. of the Farmers Branch Ashtabula, is before me, complaining with apparent justice, that several of the Branches have made loans, and yours amongst the rest, to a broker in Cleveland . . . who not only employs the capital thus obtained to harass that Branch, but is also using the most unjustifiable means to discredit that and some other Branches. If it is true . . . I think it but just that you should require payment and thus diminish his power . . ."

Same letter was sent to three other Branch Banks.

(135) January 22, 1852 - Swan to Andrews, member, Executive Committee. Now estimates entire loss at Licking County Branch Bank, as a consequence of Smith's defalcations, will be between \$50,000 and \$75,000.

Note: See letters of November 24 and December 1, 1851 and notes following.

(136) January 23, 1852 - Swan to Hubbard, cashier, Farmers Branch Bank, Ashtabula. Letter concerns new bank taxes being considered by legislature: "Judging what is to come from the past, I have long been of the opinion that we shall be harassed to death by those who desire to make political capital by persecuting us . . ."

(137) January 31, 1852 - Swan to Otis, president, Akron Branch Bank. Warns that plan Otis has for circulating out-of-State currency is illegal and dangerous.

(138) February 6, 1852 - Swan to Moffett, an officer of a Branch Bank. Bitterly attacks bank tax law now under consideration by legislature.

Note: The law finally passed, on April 13, 1852, required all banks of issue to, "make returns under oath of the average amount of their notes and bills discounted or purchased, on which any profit was earned; also of the average amount of all their other moneys, effects or dues, which were loaned or otherwise used with a view to profit. On these amounts they were than to be taxed at the same rate which individual property paid." --Huntington, A History of Banking and Currency in Ohio before the Civil War (Columbus: 1915) pp. 459-60.

This act was bitterly fought by the banks and, in 1854 was declared unconstitutional by the U. S. Supreme Court in so far as it applied to Branch Banks and Independent Banks.

(139) February 16, 1852 - Swan to Buckingham. Buckingham is interested in purchasing Licking County Branch Bank, and Swan states that it would be very desirable if such an arrangement could be effected but warns that the bank may have to be liquidated if certain claims against it are permitted by the courts.

(140) February 26, 1852 - Swan to Elliott, president, Licking County Branch Bank: "I learn your specie is running down by calls for the redemption of your notes . . . I see your debtors are exceedingly negligent . . ."

Note: See letters of November 24 and December 1, 1851 and notes following.

(141) March 10, 1852 - Swan to Blythe, cashier, Licking County Branch Bank. Indicates run on bank is continuing.

Note: See letters of November 24 and December 1, 1851 and notes following.

(142) March 15, 1852 - Swan to Blythe, cashier, Licking County Branch Bank: ". . . Your situation is too critical to admit of delay. I would recommend that you send to be sold at N. York by express all your silver except what may be necessary for change . . . I have hoped and still hope that your stockholders will succeed in interesting Mr. Buckingham and friends in your institution . . ."

Note: See letters of November 24 and December 1, 1851 and notes following.

(143) March 15, 1852 - Swan to all Branch Banks: ". . . I have this day valued upon your Branch in favor of Licking Co. in pursuance of [a resolution of the Executive Committee] for the sum of  $\frac{1}{4}$  per cent of circulation] in specie which I hope will be presently met. We entertain the hope that this unfortunate Branch may be soon in a condition to refund the amount and interest."

Note: See letters of November 24 and December 1, 1851 and notes following.

(144) March 27, 1852 - Swan to Jewett, cashier, Muskingum Branch Bank. Apparently Jewett's Branch is protesting the assessment (see above), or at least wants an explanation: "These advancements are explicitly to be limited to the redemption of notes, which are to be returned to this office and hence, in the worst event, the Branches will be in no worse condition than they would be if the Branch goes in the hands of a receiver.

"The advantages of this course would be . . . the prospect of saving the Branch, for we think that the debtors will be more likely to pay so long as there shall be any prospect of its resuming business . . . [Also] the Ext. Com., after much reflection, came to the conclusion . . . that the time is inauspicious for the failure of one of our Branches . . ."

(145) April 1, 1852 - Swan to Elliott, president, Licking County Branch Bank: "Information has reached this office in a confidential way that some of your irresponsible and designing citizens are laying plans to procure the control of the Licking County Branch and with this view are purchasing out some of the stockholders . . . We wish you to defer all transfer of stock until we are advised of the persons into whose hands it is to be committed . . . [we] cannot sanction the withdrawal of the present directors."

Note: See letters of November 24 and December 1, 1851 and notes following.

(146) April 3, 1852 - Swan to Jewett, cashier, Muskingum Branch Bank. Jewett again protests the assessment made for the benefit of the Licking County Branch Bank. Swan restates the position of the Executive Committee in somewhat stronger terms than in his letter of March 27, 1852: "It was . . . believed that the loss of the whole advancement, a calamity which was not contemplated, would be a less disaster to our confederation than a failure of a Branch . . . Such an incident was only wanted to carry out oppression to the utmost extremity . . ."

(147) April 3, 1852 - Swan to Dougherty, cashier, Hocking Valley Branch Bank. Dougherty protests the "power in the Ex. Com. to make [the assessment for the Licking County Branch Bank] and the impolicy of it. Whatever force there may be in the power, most assuredly the latter is inadmissible or our whole system would run into irretrievable ruin . . ."

Apparently Dougherty feels the bank should be placed in receivership.

(148) April 9, 1852 - Swan to Blythe, cashier, Licking County Branch Bank. Encloses copy of a resolution of the Executive Committee relating to bank. Resolution is not given but, from discussion in letter, appears to have somewhat relaxed the stringent prohibition placed on the business of the bank.

Note: See letter of December 11, 1851.

(149) April 9, 1852 - Swan to Elliott, president, Licking County Branch Bank. Letter similar to that above. Urges, in addition, that specie advances of Branch Banks be returned as soon as possible. Also, "We should be very glad if you and some others interested would join with some of your responsible and independent and honest citizens and make some proposition to the next Board upon what terms you would take the Branch, off hand, fill up the stock and go on . . ."

(150) April 12, 1852 - Swan to Andrews, member, Executive Committee. Letter notifies Andrews that he is appointed to examine Licking County Branch Bank. The primary purpose was, "to ascertain as nearly as possible the cash value of the assets and the amount for which the Branch is liable on account of the frauds of its former Cashier . . ."

Note: See letters of November 24 and December 1, 1851 and notes following.

(151) April 16, 1852 - Swan to Hunt, president of a Branch Bank. Letter deals with the bank tax law recently passed by the Ohio legislature: ". . . probably about one third [of the Branch Banks] will go into liquidation and the residue contest the binding force of the law . . ."

Note: See letter of February 6, 1852 and note following.

(152) April 19, 1852 - Swan to Andrews, member, Executive Committee. Apparently Andrews' examination had revealed that the Licking County Branch Bank would have to be placed in receivership: "We had but a choice of evils [i.e., to assess the Branch Banks or to close the Licking County Branch Bank], we may have selected the wrong one.

"Our position has been one of intense anxiety . . . as the real condition of that Branch becomes more and more developed. The evidence of [the cashier's] frauds is daily increasing . . ."

Remainder of letter deals with tax law. Swan obviously prefers to see the banks close in order that, "public opinion upon the subject can be informed". Litigation, he claims, will only, "provoke further hostility . . . my hope is that some 8 or 10 of the Branches will voluntarily close business . . ."

Note: See letters of November 24 and December 1, 1851, and of February 6, 1852 and notes following.

(153) April 21, 1852 - Swan to Gardiner, cashier, Norwalk Branch Bank: "I have deemed it a duty to remind those Branches whose undivided profits appear less than the amount of Bills and notes overdue 6 months to Resolution no. 16 . . . lest it might be overlooked and the penalty incurred . . ."

Neither resolution nor penalty is given, although a portion is understandable from the above. Similar letters went to a number of other Branch Banks at this date.

(154) April 27, 1852 - Swan to Andrews, member, Executive Committee: ". . . I [received] the news of the Licking Co. Branch . . . a most deplorable condition . . . We have probably lost something by sustaining the Branch . . ."

Note: See letter of March 15, 1852, to all Branch Banks.

(155) May 22, 1852 - Swan to Blythe, cashier, Licking County Branch Bank: Swan desires that the sums advanced by the Branch Banks be immediately repaid and encloses the form of the draft to be used by Blythe.

Note: See letter of March 15, 1852, to all Branch Banks.

(156) May 25, 1852 - Swan to Jewett, cashier, Muskingum Branch Bank: "The machinery is now being placed in motion to provide for the liquidation of the Licking Co. Branch Bank."

(157) May 25, 1852 - Swan to Dougherty, cashier, Hocking Valley Branch Bank: "As the insolvency of the Licking Co. Branch is anticipated at no very distant time /your bank has tentatively been selected as redemption agent/ . . ."

Note: The Licking County Branch Bank was the first of the Branch Banks to be placed in receivership. In such cases the law required that the Board of Control select a solvent Branch Bank to redeem the notes of the failed bank, the necessary funds being secured from assessments levied on all of the participating banks.

(158) May 26, 1852 - Swan to two Branch Banks. Indicating that they had not as yet paid the first assessment for Licking County Branch Bank.

(159) May 29, 1852 - Swan to Otis, member, Board of Control. Before positive action can be taken in case of Licking County Branch Bank, the bank must commit an act of insolvency, i.e., must fail to redeem a note in specie. This, Swan indicates, will soon happen.

(160) May 29, 1852 - Swan to Jewett, cashier, Muskingum Branch Bank. There is a suggestion in this letter that the total call for redemption of Licking County Branch Bank notes is \$22,270. However, this may have been the total of the first assessment, made to sustain Branch. The latter seems more likely.

(161) May 29, 1852 - Swan to Dougherty, cashier, Hocking Valley Branch Bank. Swan asks that bank pay interest on funds deposited with it for redemption of Licking County Branch Bank notes.

Note: See letter of May 25, 1852 to Dougherty and note following.

(162) May 31, 1852 - Swan to Wilson, member, Executive Committee: ". . . several of the Branches have [already] made the advance [for redemption of Licking County notes], either in coin or eastern exchange. I also obtained in coin the balance of the Safety Fund unappropriated by the Licking Co., amount of \$2,700 . . ."

(163) May 31, 1852 - Swan to Evans, cashier, Farmers Branch Bank, Ripley. Evans' Branch refuses to pay latest requisition on the technical, and correct, ground that the Licking County Branch Bank has not yet committed an act of insolvency. Swan answers him that the money will be used only for redemption of notes, "after that Branch shall have committed an act of insolvency."

(164) June 2, 1852 - Telegram, Swan to Odlin: "I have just been informed the Licking Co. Branch has stopped. Come on."

(165) June 3, 1852 - Swan to Espy, cashier, Franklin Branch Bank, Columbus. Acknowledges receipt of \$781.25, "to redeem Licking Co. Branch notes."

Same date, \$500 from Belmont Branch Bank. Other letters indicate similar amounts.

(166) June 4, 1852 - Swan to Dougherty, cashier, Hocking Valley Branch Bank. Again urges that as redemption bank it should at least pay "about 3 per cent" on sums deposited with it. States that the "actual circulation of the Licking County Branch amounts to about \$134,000 and should the Ex. Com. order the Branches to withdraw from circulation the notes secured by them, it will be a long time before all the advancement by the Branches will be wanted . . ."

Note: See letter of May 25, 1852 and note following.

(167) June 7, 1852 - Swan to Evans, cashier, Farmers Branch Bank, Ripley. The action of the Board of Control in "anticipating the event act of insolvency of Licking County Branch Bank", which all knew must take place, met my decided approbation. Had not a fund been provided beforehand the delay would have led to uneasiness on the part of the noteholders . . . almost certainly there would have been a depreciation in value of the notes, and an injury consequently to us all! . . ."

(168) June 7, 1852 - Swan to Jewett, cashier, Muskingum Branch Bank. Notifies Jewett of appointment as receiver of Licking County Branch Bank.

(169) June 7, 1852 - Swan to all Branch Banks. Encloses copy of resolution of Executive Committee (resolution not shown): "if strictly complied with, there will be no immediate necessity, if at all, to call upon the Branches for a further advancement in coin to redeem the notes of the Licking County Branch."

(170) June 7, 1852 - Swan to numerous individuals: "The Licking Co. Branch being in course of liquidation it becomes necessary to collect the Safety Fund loaned by said Branch without delay. Your bond and mortgage for \_\_\_\_\_ besides interest can be paid at this office."

Note: See letter of March 27, 1848 and note following.

(171) June 7, 1852 - Swan to Crawford, cashier, Athens Branch Bank: "We addressed you on the 24th past enclosing a copy of the Resolution of the Board of Control. To comply with the requisition your Branch will advance \$1,000 for \$500 of which you will receive an equal amount of Licking Co. Branch notes which are in this office under seal as directed. I suppose it inconvenient to remit specie and therefore will accept for both your sight check on New York if you prefer it."

Note: See letter of May 25, 1852 and note following.

(172) June 16, 1852 - Swan to Draper Welch & Co. Swan informs the engravers that notes will no longer be required for the Licking County Branch Bank and the Franklin Branch Bank of Cincinnati.

Note: Circulating banknotes, the most important Branch Bank obligations, were prepared by private engravers, under the direction of the Board of Control. The Franklin Branch Bank had voluntarily converted to a private bank shortly before the above date.

(173) June 18, 1852 - Swan to Skinner, cashier, Guernsey Branch Bank: "I have received your favor of the 16th with enclosure, your check to the Ohio Life Insurance and Trust Co., N. York for \$500, for which you have the same in the notes of the Licking Co. Branch sealed and ready for your order. This amount was in aid of the Licking Co. before its insolvency, the former one received was since that event, the first under the orders of the Ex. Com the last, which was the one received in specie of your Branch, under the order of the Board."

Note: See letter of May 25, 1852 and note following.

(174) June 18, 1852 - Swan to Winigarnet. Swan notifies Winigarnet that he must collect the Safety Fund of the Licking County Branch Bank as fast as possible, "to prevent the necessity for further advancements by the Branches . . ." He offers Winigarnet a short time in which to secure the necessary sum.

Note: See letter of March 27, 1848 and note following.

(175) July 3, 1852 - Swan to Jewett, receiver, Licking County Branch Bank. \$30,000 had been deposited with the Exchange Bank to redeem the notes of the Licking County Branch Bank. This consisted of advances by the Branches plus sums realized thus far from the failed bank's Safety Fund. More than \$11,000 had been redeemed and Swan urges Jewett to secure cash and place it in the Exchange Branch Bank so that no further assessments will have to be made.

(176) August 13, 1852 - Swan to Jewett, receiver, Licking County Branch Bank: ". . . I ascertained when at Newark that the course of business was about thus: Bills were sent to Smith [as a private banker] for discount; he generally took off one or more percent per month, and then procured the same to be discounted in the Branch by the discount committee, composed of himself and Mr. \_\_\_\_\_ . . ."

Note: By "course of business," Swan refers to the period prior to failure of the bank.

(177) August 23, 1852 - Swan to each member of the Board of Control: "Below is a copy of a Resolution of the Ex. Com. passed this day. I shall be happy to have your opinion as soon as convenient . . ."

'Resolved: That the President . . . ascertain whether it is deemed best in view of the cheapness and abundance of money to enforce the orders of the Board at last session directing a withdrawal of circulation and an increase of specie basis.'

(178) September 4, 1852 - Swan to Tallman, member, Board of Control: "We hardly deem the reason assigned by you for declining the duties asked by the Ex. Com. sufficient. With a view to the thorough examination of the Branches we selected those whose experience of business we supposed best qualified them to perform the duties. We have no doubt but [that it is] more or less [an] inconvenience . . ."

Note: The "duties" referred to were to make the regular examination of one of the Branch Banks.

(179) September 6, 1852 - Swan to McMillin, cashier of a Branch Bank: "A majority of the members of the Board of Control appear to be in favor of the revision of the orders of the last session requiring a withdrawal of circulation and an increase of specie basis . . ."

Note: See letter of August 23, 1852.

(180) September 13, 1852 - Swan to Jewett, receiver, Licking County Branch Bank: "The suspension of the orders of the Board relative to the withdrawal of circulation has produced a rush for notes which for several days past has prevented me from transacting any other business . . ."

(181) October 4, 1852 - Swan to Espy, cashier, Farmers Branch Bank, Columbus. Orders that the uninvested portion of Safety Fund be invested.

Note: See letter of March 27, 1848 and note following.

(182) November 3, 1852 - Janney to Wright. Apologizes for the burden created by collection of Licking County Branch Bank Safety Fund but points out that notes must be redeemed and burden should not be thrown on other Branches.

Note: See letter of March 27, 1848 and note following.

(183) December 21, 1852 - Janney to Bliss, cashier, Toledo Branch Bank: ". . . I would call your attention to the resolution adopted at the last meeting of the Board requiring the Branches to pay over to the Secretary one half of one per cent on their circulation . . ."

1853

(184) January 13, 1853 - Swan to Jewett, cashier, Muskingum Branch Bank: "We notice from your monthly statement of November that the liability of several of your debtors exceed forty percent of your capital . . ."

(185) January 19, 1853 - Janney to Finn, cashier, of a Branch Bank. Janney is, and apparently always has been, a member of the Board of Control, according to this letter.

(186) January 26, 1853 - Swan to Andrews, member, Executive Committee. Swan mentions suit in which Piqua Branch Bank is defendant, designed to test legality of 1852 tax law. Apparently he thinks result is doubtful, and even if favorable, the "moral atmosphere" of the State is poor.

Note: See letter of February 6, 1852 and note following.

(187) February 8, 1853 - Swan to Sherwood, new receiver, Licking County Branch Bank. \$32,226 of the failed bank's notes had been thus far redeemed.

(188) April 3, 1853 - Swan to Moffitt, director of a Branch Bank: ". . . If the legislature is determined to distroy our Banks it is my belief that disregarding the constitution and good policy they will carry out their determination in defiance of the judiciary . . . I am led greatly to fear [that the legislature is] sustained by a majority of the people . . ."

(189) May 6, 1853 - Swan to Sherwood, receiver, Licking County Branch Bank: ". . . thus far the redemption of the Licking Co. Branch notes has been exclusively made by the contributions of the other Branches and from the Safety Fund of that Branch, with the exception of a very small amount of assets . . ."

(190) May 10, 1853 - Swan to Curtis, president, Knox County Branch Bank. A special examination of the bank had just been ordered because the last examination had shown "the Books of your Branch . . . in a state which must very soon lead to confusion, perhaps very great loss . . ."

(191) May 19, 1853 - Swan to Sherwood, receiver, Licking County Branch Bank. Letter contain following breakdown of payments made for redemption of Licking County Branch Bank notes:

|   |                 |
|---|-----------------|
| 1) Branch assessments   | \$22,270        |
| 2) Safety Fund (Licking Co. Branch Bank) collected  | 20,468          |
| 3) First requisition of Athens, Guernsey, Mt. Pleasant and Muskingum Branches, \$500 each | 2,000           |
| 4) Miscellaneous  | 813             |
|   | <u>\$45,551</u> |

(192) June 25, 1853 - Swan to Hardy, cashier, Commercial Branch Bank. Notes a deficiency in specie reserve revealed by latest report. Similar letters were sent to 12 other Branch Banks.

(193) June 30, 1853 - Janney to Jewett, cashier, Muskingum Branch Bank. Notifies him that deposits with brokers or individuals (in the East apparently) "are not receivable as basis for circulation . . ."

(194) July 6, 1853 - Janney to Quimby, cashier, Wayne County Branch Bank: "You will perceive by reference to the resolution adopted at the last meeting of the Board that the assessment for the benefit of the Licking Co. Branch was "one quarter of one percent on the amount of circulation to which each Branch is entitled."

(195) August 9, 1853 - Swan to Griswold & Peine: ". . . You are of course aware that the President of the Board has no power to compromise claims of insolvent Branches. This rests with the receiver . . ."

(196) August 26, 1853 - Letters of this date indicate that the Executive Committee had appointed counsel to assist those appointed by the Branch Banks, particularly Piqua, to carry the case involving the 1852 tax law before the U. S. Supreme Court.

Note: See letter of February 6, 1852 and note following.

(197) September 5, 1853 - Swan to Hunt, probably director of a Branch Bank: ". . . There is no resolution of the Board directly prohibiting those who have the control of a Branch from doing business of Brokers, but the Ex. Com. in two instances . . . deemed such a course improper and this view of the subject appeared to meet the approbation of the Board of Control . . ."

(198) December 5, 1853 - Swan to Scott, cashier, Piqua Branch Bank. Letter concerns question of whether deposits in New York with certain "individual brokers" should be counted as part of specie reserve. In essence, the question was whether the Board could designate depositories.

(199) December 22, 1853 - Swan to Binns, cashier, Mt. Pleasant Branch Bank. Letter notes a deficiency in specie reserve. Similar letters sent to 5 other Branch Banks.

(200) December 30, 1853 - Swan to Wilson, cashier, Marietta Branch Bank: "[Specie equal to] 20 per cent of coin on circulation I understood is still required, and enough to make up the 30 per cent in some Bank in New York etc. My understanding was and is that deposits with an individual or individuals in those cities are not deemed a compliance . . . So far as I know, not the least misgiving is entertained for your private depositors in Philadelphia . . ."

(201) December 30, 1853 - Swan to Officer, cashier, Logan Branch Bank. Asks that hereafter in his weekly report the names of firms with which eastern deposits are left be furnished.

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(202) January 2, 1854 - Swan to Powers, cashier, Delaware County Branch Bank. Notes a deficiency in specie reserve.

Similar letter sent to one other Branch Bank.

(203) January 12, 1854 - Swan to Wilson, member, Executive Committee. Notification of meeting of Executive Committee, "for the purpose of settling some difficulties under the last clause of 55 Sec. of the Bank Law . . . If the Branches are the sole judges of the responsibility of their private depositees and deposits made with such are a basis for circulation . . . I wish it so declared in specific terms, or . . . if these depositees shall be considered as sufficient until the Board or Ex. Com. shall deem them 'irresponsible and not of established credit' I wish that also to be decided . . ."

Note: The clause in question reads: "Actual deposits with any solvent bank or banker of established credit in the cities of New York, Boston, Philadelphia, or Baltimore, subject to be drawn against at sight, payable in gold and silver coin, shall be deemed equivalent to gold and silver coin [i.e., specie], whenever these terms are used in this act.

(204) January 14, 1854 - Swan to Wilson, member, Executive Committee. Letter deals with matter of eastern depositories: ". . . nothing short of omnipotent power appears sufficient to preserve harmony between the opposing forces of the Board and the Branches . . ."

He also refers to recent bank examinations, stating, ". . . I feel not a little uneasy that our Branches permit their time drafts to be put into market at the ruinous rates, or indeed at all, and I hope . . . you will furnish us with the names of such Branches . . ."

Note: See letter and note immediately above.

(205) January 23, 1854 - Swan to Espy, cashier, Franklin Branch Bank, Columbus. Notes a deficiency in specie reserve.

Similar letters sent to two other Branch Banks. Also, it is noted that 20 percent in specie in vault is required at this time.

(206) February 6, 1854 - Swan to Comstock, cashier, Summit County Branch Bank. Notes a deficiency in specie reserve of trifling amount, adding, "the last resolution of the Board makes it my duty to ask you to cease discounting, paying out your notes or in any manner increasing your liabilities until the required ratio of coin and equivalent is restored . . ."

(207) February 22, 1854 - Swan to Nye, cashier, Ross County Branch Bank. Notes a deficiency in specie reserve. Letters to two other Branch Banks on same subject.

(208) March 6, 1854 - Swan to Gardiner, cashier, Norwalk Branch Bank. Notes a deficiency in specie reserve. Invokes order of Board, cited in letter of February 6, 1854 above.

(209) April 7, 1854 - Swan to Wilson, member, Executive Committee:  
". . . our State is becoming flooded with the issues of the new Indiana banks, some of which, it is found, have been got up without capital and possibly with fraudulent purposes. These banks are taking from us coin, Eastern exchange and specie and substituting their own notes . . . I also learn with deep regret that some gentlemen interested in our banks . . . are engaging in these speculations . . . something must be done, and speedily, to correct the evil . . . I must confess I tremble at the probable result of this kind of banking and am very much at a loss to know which course it is best for us to pursue."

Note: The "new Indiana banks" were Free Banks, established under an Indiana law of May 28, 1852. In 1854 about 90 banks, some of which were fraudulently operated, were in operation.

(210) April 19, 1854 - Swan to Fracka, cashier, Guernsey Branch Bank. Notes a deficiency in specie reserve.

(211) April 26, 1854 - Swan to Wood, new cashier, Toledo Branch Bank: ". . . I am happy to notice the affair of Dr. \_\_\_\_\_ brought to a close without material loss to the Branch and without his public exposure, the tendency of which would have been . . . to leave a very ugly stain on his character . . ."

(212) April 29, 1854 - Swan to all Branch Banks: "I have this day valued on your Branch in favor of the Exchange, which is the redeeming Branch off.  $\frac{1}{4}$  of 1 percent of circulation/ to which your Branch is by its capital entitled . . ."

Swan notes that the Exchange Branch Bank had already redeemed \$11,000 in notes of the Licking County Branch Bank, above the amount deposited for redemption purposes.

(213) May 5, 1854 - Swan to Scott, cashier, Chillicothe Branch Bank: "There is an order of the Board that the notes of the Licking Co. Branch shall be retained by the Branches, or deposited, sealed, with the Board of Control . . . to suffer these notes to be put into circulation would unquestionably make matters worse . . . as the consequence would most certainly be their immediate return for redemption, taking with them home others which might stay . . ."

(214) May 23, 1854 - Swan to all Branch Banks. Letter tells of arrival of telegram notifying him that the Piqua Branch Bank had won its case before the U. S. Supreme Court, i.e., the bank tax law of 1852

Note: See letter of February 6, 1852 and note following.

(215) June 14, 1854 - Swan to Dougherty, cashier, Hocking Valley Branch Bank. Notes a deficiency in specie reserve. Requires weekly reports until correct ratio is attained. Similar letters were sent to Miami County Branch Bank and the Norwalk Branch Bank.

(216) July 7, 1854 - Janney to Conahan, cashier, Merchants & Traders Branch Bank: ". . . by reference to the resolution establishing your agency, the Branches are to 'contribute two percent on the circulation to which each Branch is entitled in coin, sight exchange on New York or in foreign currency making such currency equal to Eastern exchange in Cincinnati.' The amounts are not payable in New York but at your counter, and if in currency, at the difference between that and eastern exchange."

Note: The agency referred to was apparently designed to furnish the Branch Banks with eastern exchange at moderate rates. Exorbitant charges for such exchange by private bankers had long plagued the Branch Banks and the problem was not finally solved until establishment of the Bank of the Ohio Valley in 1858.

(217) August 28, 1854 - Janney to Hubbard, cashier, Farmers Branch Bank, Ashtabula: ". . . I know very little about the agency. Most of the Branches from which I hear make no complaint . . ."

Note: See note immediately above.

(218) September 15, 1854 - Swan to Crawford, cashier, Athens Branch Bank. Notes a deficiency in specie reserve, and orders weekly reports until ratio is restored. Same letter was sent to the Mad River Valley, Ross County and Summit County Branch Banks.

Letters to Hocking Valley, Logan and Norwalk Branch Banks same except that, in addition, new circulating notes delivered to them were not to be put into circulation.

(219) October 7, 1854 - Swan to Gardiner, cashier, Norwalk Branch Bank: ". . . I notice your very great reduction of liabilities the past year, a wise measure . . . and one which it might have been well for the other Branches to have taken in view of what sooner or later must inevitably take place, that is, commercial difficulties as well as others arising from all sorts of speculation. But the unusual pressure upon the banks of this State has, as I think, mainly been owing to the influx of western paper, the treating of it as of par value with ours, when . . . the difference was at least one, or perhaps nearer three percent . . . This sort of paper has not come amongst us in the course of a regular business, but has been forced here and being thus depreciated, upon the principles of a well known law . . . was rapidly banishing our own currency from circulation . . ."

Note: Swan is apparently referring to notes issued by the Indiana Free Banks. See letter of April 7, 1854 and note following.

(220) November 8, 1854 - Swan to all Branch Banks. Assesses each bank 1/4 of 1 percent of circulation for redemption of Licking County Branch Bank notes.

(221) November 15, 1854 - Swan to Hardy, cashier, Commercial Branch Bank: "Please receive checks or drafts on the different Branches to the amount of \$42,022.50. It is the distinct understanding that the amount is to save the Akron and the specie and eastern funds you redeem is not to be parted with unless you retain an equal amount of the issues of that Branch. The currency is for the purpose of paying the depositors and it is hoped that not a large portion of it will be needed for the purpose . . ."

The assessment in this case was apparently \$2,000/bank with the promise that, if it was lost then a pro-rated assessment would be made and each \$2,000 payment returned.

Note: The Akron Branch Bank was the first of three Banks to suffer severely from a brief depression which began at about this time. The others were the Merchants and Traders and the Commercial Branch Bank of Toledo.

(222) November 15, 1854 - Swan to all Branch Banks: "We are advised that a requisition of one-half percent on the Branches, one half in coin and one half in currency is immediately necessary to sustain the Akron Branch through the present crisis. We have by order of the Ex. Com., drawn on you for that amount in favor of the Commercial Branch Cleveland. Perhaps [one half] in your own notes might be well."

Note: See letter of November 15, 1854 and note following.

(223) November 16, 1854 - Swan to Wolcott: "Upon full consultation of the Ex. Com we have unanimously come to the conclusion that unless Mr. McMillen will immediately resign and you will accept the presidency, that no further aid will be afforded the Akron Branch . . ."

Another letter to Wolcott, same date, suggests, if depositors panic and a run develops, stopping the payment of deposits for a few days, but note redemptions must be maintained.

Note: See letter of November 15, 1854 and note following.

(224) November 25, 1854 - Andrews to Parsons. Wolcott has just been appointed receiver of the Akron Branch Bank and Andrews is "gratified to know that this insolvent institution is now in honest and efficient hands and hope that the Branch and the public may sustain no loss."

(225) November 27, 1854 - Andrews to Perry, receiver, Merchants and Traders Branch Bank. The Xenia Branch Bank was appointed redeeming bank for the M & T. Most of the letter deals with agency funds, i.e., fund held by M & T which has been deposited by the Branch Bank so that the M & T could maintain an "agency department". Andrews hopes that this fund can be swiftly converted to cash.

Note: See letter of November 15, 1854 and note following.

(226) November 28, 1854 - Andrews to Bacon: "We telegraphed you this morning to go immediately to Toledo and act with Mr. Waite, who has been appointed receiver of the Commercial Bank of Toledo . . . You will urge upon him the absolute necessity of his consenting . . . in order to have the assets of the Bank in the legal possession and control of some one."

Further advises that a complete list of assets be secured, "in order that we may know what assessment to make [upon the Branch Banks]."

Note: See letter of November 15, 1854 and note following.

(227) November 29, 1854 - Andrews to Wilson, cashier, Marietta Branch Bank. Warns that liabilities of directors exceeds amount permitted by charter.

Similar letters were sent to the Logan Branch Bank and Farmers Branch Bank of Mansfield.

(228) November 30, 1854 - Andrews to Odlin, president, Dayton Branch Bank: ". . . in view of the fact that the Ex. Com. may direct the collection of a part of the Safety Fund of each Branch in order to remunerate them for the contributions redeeming the notes of failing Branches, it is desirable at this time to encourage payments of Safety Fund loans . . ."

Note: See letter of March 27, 1848 and note following.

(229) December 1, 1854 - Janney to Willhouse: "Owing to the failure of the Akron Bank it becomes necessary to collect the Safety Fund loan of it. You will therefore please pay your several loans amounting in the aggregate to \$15,450. You will please make payment at this office."

Note: See letter of March 27, 1848 and note following.

(230) December 1, 1854 - Andrews to Kelly. The State Treasurer had a substantial deposit in the Commercial Branch Bank of Toledo and, on its failure, threatened to forbid the county treasurers to receive the notes of suspended Branch Banks. Andrews describes his successful attempt to persuade the Treasurer to change his mind, adding: "He feels very sore, however, about his deposit . . . and thinks we ought to secure it to the State in some way, if we wish to prevent a great noise on the part of the hards . . ."

Note: By "hards" Andrews is referring to that wing of the democratic party which advocated the abolition of banknotes and the circulation in its place of gold and silver coin, i.e., "hard money". Legislators of this persuasion were, for the most part, bitter foes of the State Bank system.

(231) December 1, 1854 - Andrews to Kinney, cashier, Portsmouth Branch Bank: ". . . We are now free, I hope and believe, from dis-honest banks, and I assure you that if the remainder of our banks weather the storms successfully, our system is better and safer than ever . . ."

(232) December 1, 1854 - Andrews to Gardiner, cashier, Norwalk Branch Bank. This letter, and letter to Comstock, cashier, Summit County Branch Bank, indicates that both Toledo banks had failed or at least that the Toledo Branch Bank was in imminent danger of failing. Both of the cashiers were asked if their bank would serve as redemption agents for the two Toledo Branch Banks.

Note: Only the Commercial Branch Bank of Toledo failed.

(233) December 1, 1854 - Janney to Evans, cashier Farmers Branch Bank, Ripley. Janney explains the increased assessment for expenses by pointing out that the Board had appropriated \$10,000 to pay the two lawyers who had successfully carried the Piqua case to the U. S. Supreme Court.

Note: See letter of February 6, 1852 and note following.

(234) December 4, 1854 - Swan to Jones, cashier of a Branch Bank. Points out that his (Jones') deposit in the Akron Branch Bank cannot immediately be paid: "the assets are first applied to the redemption of the notes and after that to the payment of deposits . . . We fear the officers have perpetrated extensive frauds . . ."

(235) December 4, 1854 - Swan to Wood, cashier, Toledo Branch Bank: "Dr. Andrews, now in charge of the office, is absent . . ."

Note: Suggests that shakeup had occurred in Board of Control as consequence of three failures within one month.

(236) December 8, 1854 - Series of letters from Janney similar to that of December 1, 1854 to Willhouse except that they concern Safety Fund of Mechanics and Traders Branch Bank.

(237) December 12, 1854 - Janney to Trader, cashier, Xenia Branch Bank: "Presuming the amount paid in by the Receiver of the Mechanics and Traders Branch is sufficient to redeem the notes of that Branch some time to come, you will please return to me the \$20,000 Eastern exchange furnished you on the 24th ult. It was taken from the clearing office fund which is rather low."

(238) December 15, 1854 - Andrews to Young & Martin, receivers, Commercial Branch Bank, Toledo. Asks for a statement of assets so that assessment rate can be determined.

(239) December 15, 1854 - Andrews to Wolcott, receiver, Akron Branch Bank. Before making assessment, wants to know how much has already been paid by Branches, "in order to equalize" the next assessment.

Note: See letter of November 15, 1854 and note following.

(240) December 15, 1854 - Andrews to Handy, cashier, Commercial Branch Bank, Cleveland. Indicates that an assessment may not be necessary in the case of the Mechanics and Traders' failure. However, \$20,000 had been temporarily advanced.

(241) December 15, 1854 - Andrews to Hurxthal, cashier, Union Branch Bank. One of a series of letters billing certain banks for sums in accordance with resolution of the Board of Control that, "advances made by the Branches to the Akron Branch prior to the suspension are to be equalized . . ."

Note: See letter of December 15, 1854, Andrews to Wolcott.

(242) December 20, 1854 - Series of letters from Andrews, now listed as vice president, to Perry, receiver, Mechanics and Traders Branch Bank, of which following is typical:

"The Ross County Branch of the State Bank of Ohio, at Chillicothe has deposited in this office its bond with satisfactory security, to the amount of \_\_\_\_\_ and is entitled to secure its deposit with the Agency department of said Bank under the arrangement for that purpose.

Note: See letter of July 7, 1854 and note following.

(243) December 22, 1854 - Andrews to Hubbard, cashier, Farmers Branch Bank, Ashtabula. Several Branch Banks had been attempting to offset indebtedness of failing Branch Banks against assessments for redemption of notes. Andrews encloses copy of resolution of the Executive Committee, forbidding this action.

(244) December 23, 1854 - Letter from Janney stating Andrews was elected new president, November 21, 1854.

(245) December 26, 1854 - Janney to all Branch Banks: ". . . there is now for sale at this office belonging to failing Branches \$24,365 Ohio Stocks."

Note: Reference is to State bonds, which at that time were referred to as "stock". The bonds had apparently previously constituted part of the failed banks' safety funds.

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(246) January 1, 1855 - Janney to Finn, cashier of a Branch Bank. 1/4 of 1 percent on circulation has been assessed for redemption of notes of Commercial Branch Bank, Toledo. Letter encloses drafts for such, which totaled \$19,162.35.

(247) January 5, 1855 - Janney to Hardy, cashier, Exchange Branch Bank, Cleveland. Same assessment as in letter of January 1 above (1/4 of 1% equals \$19,162.35) had been made for Akron Branch Bank. Funds sent to Hardy to be used to "open an account at the Redeeming Branch and to which the balance in your hands at present advance in aid of the Akron Branch will be transferred as soon as it is reported here."

(248) January 5, 1855 - Andrews to Comstock, cashier, Summit County Branch Bank: "In looking over the list of your bills . . . I observe two bills . . . which have but one name to them. The bills may be perfectly good for all I know, but the order of our Board is to require 'at least two respectable names' on every bill or note discounted . . . the rule is good and should be observed in all cases . . ."

(249) January 6, 1855 - Andrews to Ebbert, cashier, Portage County Branch Bank: ". . . I feel concerned to think that so large a proportion of your paper is due and unpaid. Yourself and Directors should devote yourselves most assiduously to the duty of putting this paper in better shape. You should reduce your circulation to at least \$100,000, make no new loans except to aid in payment of existing debts; in a word do everything in your power to better the condition of the Bank."

(250) Undated notice signed by Janney, possibly January 6, 1855:- "Notice is hereby given that money has been procured and placed in the Lorain Bank at Elyria to redeem the notes of the Commercial Bank of Toledo."

(251) January 8, 1855 - Andrews to Wood, cashier, Toledo Branch Bank: "Your favor of the 5th Inst. is received. We had hoped, before this, to have effected a sale of the State Bonds belonging to the Safety Fund of the Bank of Toledo to some of the Branches, but have not succeeded. They will be forwarded today to . . . Directors along with instructions to . . . place the proceeds to your account, and in the mean time to honor your drafts . . . I hope in the mean time you may succeed in missing any funds . . . [routed] through the Receiver of the Coml. Branch . . ."

Note: The Toledo Branch Bank had been in financial difficulty for some time as indicated, for example, by letter of November 14, 1850 and by following letter. In the final sentence Andrews possibly meant that notes of the Toledo Branch Bank might be returned for redemption under the mistaken impression that it, rather than the Commercial Branch Bank of Toledo, had failed.

(252) January 8 (?), 1855 - Andrews to Scott, cashier, Chillicothe Branch Bank: "You have made a deposit with the Lorain Br. to secure the Toledo Branch notes. The failure of the Com. Toledo has locked up \$25,000 of the funds of the Toledo and whether it will be permitted or obliged to commit an action of insolvency is not yet decided. The charter is thought by some worth keeping. Akron and Com. Toledo are not redeemed . . ."

Note: The law defined an act of insolvency as the failure of a Branch Bank to redeem on demand any note issued by it.

(253) January 8, 1855 - Andrews to McCulloch, cashier, Fort Wayne Branch Bank, State Bank of Indiana: "Yours of the 4th Inst. to G. Swan, President, is received. You are aware, I presume, that in November last the Akron Branch of the State Bank of Ohio became insolvent, since which time its affairs have been in the hands of \_\_\_\_\_ as Receiver to whom please see for information on the subject of your letter . . ."

(254) January 8, 1855 - Andrews to Judge Barker, president, Norwalk Branch Bank: "Mr. \_\_\_\_\_ explained to me fully the condition of your Bank, stating in detail the character of the bills Receivable. The explanation is satisfactory to me, and I am of the opinion that you have as small a portion of bad and doubtful, as well as of slow paper, as you could expect under the times that we are passing through. Your liabilities are very greatly reduced, and the Bank is in a situation to take advantage of a change in business matters.

"As a stockholder, and as connected with the duties of this office, I feel entirely satisfied that it is for the interest of the Bank to retain Mr. \_\_\_\_\_'s services as a Director and Cashier. I have no disposition in either capacity to dictate to your Board -- but such are my own views, and I volunteer this expression of them. I would suggest that the \$20,000 of stock transferred to the Bank had better remain as it is until an opportunity offers of disposing of it for money . . ."

(255) January 9, 1855 - Andrews to a New York firm. Letter concerns State Bonds deposited with the Safety Fund by the Akron Branch Bank, the Commercial Branch Bank of Toledo and the Bank of Toledo. ". . . I wish the stock sold to the best advantage without delays and the proceeds of them belonging to each Branch separately stated. You will place the proceeds of stock belonging to the Safety Fund of Akron Bank to the credit of the Commercial Bank of Cleveland; that of the Commercial Toledo to the credit of the Lorain Bank at Elyria; and that belonging to the Bank of Toledo to its own credit, advising the Cashiers of the respective Banks thereof, and also advising this office . . ."

Note: The two first named banks had failed and the banks to whose credit the proceeds were to be deposited were redemption banks. See note following letter of May 25, 1852.

(256) January 11, 1855 - Andrews to Finn, cashier of a Branch Bank: "I advise that you do not urge the Union Massillon, for immediate payment of the requisition made on her for redeeming the notes of the Toledo Coml.. She needs a little indulgence but I hope nothing more."

(257) January 12, 1855 - Andrews to Hurxthal, cashier, Union Branch Bank, Massillon: "I have advised [a number of the Branch Banks (see above letter)] not to press you for the payment of . . . requisitions made on the Union to redeem the notes of Akron and Coml. Toledo. As soon, however, as your Bank is in a condition to pay this without endangering its own position you will please address those Banks that you are prepared to pay. It is not intended to have any unnecessary delay in this matter . . ."

(258) January 12, 1855 - Andrews to Dougherty, cashier, Hocking Valley Branch Bank: "Nothing has been done since the meeting of the Board of Control to secure the Branches for their advances to the Akron Br. prior to its failure. From present indications I fear there will be no assets left . . . from which any security can be had. At the time those advances were nearly . . . \$100,000. R.R. Stock held by the Bank was deposited in this office to secure the Branches for their advances. By the subsequent insolvency of the Bank this stock, is I suppose, vested in the Board of Control as part of the assets of the Bank and the proceeds may be applicable to all future redemptions of the notes of the Bank.

"If on a full investigation of the assets of the Bank the Board of Control should deem it for the interest and future security of the Branches they may order to be delivered to each Branch notes of the Akron Bank equal to and as security for the advances. But unless there should be a surplus of assets after the redeeming of the circulation no advantage would result from this course.

"I have instructed the Branches from which the advances were made . . . to keep the account of their advances entirely distinct from the account of contract made after the failure of the Branch. All the Branches have contributed in like proportion to these advances.

"You are aware of the circumstances under which these advances were made, the object being to sustain the Branch during a state of general alarm, when the failure of this Branch would have, in all probability, carried several others with it . . ."

Note: Branch Banks which paid assessments used for redemption of circulating notes of a failed bank were given, by law, a preferred position as creditors when the bank was liquidated. However, assessments paid prior to failure, in an effort to sustain a bank rather than redeem its notes, merely left the paying banks in the same position as other creditors.

(259) January 16, 1855 - Andrews to Otis: "At a meeting of the Ex. Comt. held on the 12th Inst. among others the following action was had. That it appears that the Portage County Branch at Revenna reports in its January statement an amount of past due paper equal to \$101,191,09. It was therefore ordered that Mr. Otis be appointed Agent to examine said Br. at his earliest convenience, particularly in reference to the character and security of its past due paper.

"The Comt. have entire confidence in the integrity of Br. Officers and Directors but they think they need counsel, advise and perhaps encouragement. As it is a dangerous principle to allow circulation, or to attempt to [increase] it when so large a proportion of assest is inactive if not unsafe [circulation should be reduced]."

(260) January 17, 1855 - Janney to Gardiner, cashier, Norwalk Branch Bank. The bank had taken in payment of a note an equal amount of its own capital stock (\$20,000): ". . . It was ordered that said Norwalk Bank be required to return to the office of the Board of Control that part of its circulation represented by this amount of its capital viz \$30,000 -- this being an excess of stock of over \$10,000."

Note: The amount of circulation permitted a Branch Bank was fixed by law at a certain multiple of its capital stock, depending upon the amount of capital stock.

(261) January 18, 1855 - Janney to Crawford, cashier, Athens Branch Bank: "At the Ex. Comm. meeting held on the 11th Inst. it was ordered: that for the present, no future investments of Safety Fund are made in Bonds and Mortgages and that all future investments of this Fund be made in United States or Ohio Stocks. At a meeting of said committee held on the 12 day of December last G. Swan formally resigned presidency of this Board and all communications intended for that office will hereafter be addressed to John Andrews, Vice Prest."

Note: See letter of March 27, 1848 and note following.

(262) January 18, 1855 - Andrews to cashier of a Branch Bank: "Your report of January 15th exhibited a deficiency of coins below the amount required by the 55 Sec. of the Charter. Whilst this deficiency continues you will of course conduct the business of the Bank in conformity with the requirements provided in said Section.

"I hope that by withholding all discounts for a time your means will soon accumulate sufficiently to warrant the resuming of active business."

(263) January 19, 1855 - Andrews to Perry, receiver, Mechanics & Traders Branch Bank: "Your favor of the 18th Inst. is received. I venture no opinion on the legal questions made. I consider them in very safe hands for the protection of our interests. In fact I suppose it would be difficult to find any judicial decisions in all respects applicable to questions arising under the act creating the State Bank of Ohio. Its Charter differs from any other in existence -- the legal questions arising in cases of insolvency, when the assets of the insolvent pass into the hands of its associates, they being guarantors of its circulation are I suppose of a novel character . . ."

(264) January 20, 1855 - Janney to Dougherty, cashier, Hocking Valley Branch Bank: "I did not advertise any redemption of the notes of the Toledo Br. It was the Commercial Toledo. The failure of the latter locked up . . . about \$25,000 of the funds of the former, and it now has but very little funds left, and if the Br. returns its notes here it must soon suspend, which it has never yet done. It is a question as to whether the Charter is worth saving, and until that is determined, it is deemed best not to receive its notes in the Clearing office."

(265) January 20, 1855 - ". . . The necessity for calling in the loans of the M and T Bank was unexpected to all parties. But it exists. The funds are needed to redeem the notes of the Bank and pay its other liabilities and while we would say to you that we wish your loan paid and soon as practicable we have no desire to . . . harass anyone or put them to unnecessary expense."

(266) January 25, 1855 - Andrews to Mayo, cashier, Miami County Branch Bank. The Board of Control had ordered the Branch Bank to reduce its circulation, which order had not yet been complied with: ". . . it is important at all times that each member of our association should promptly comply with any order of the Board deemed necessary for the safety of the system but it is especially so at a time when the Branches feel sensibly the demands made upon them to sustain the credit of the system . . ."

(267) January 27, 1855 - Andrews to cashier of a Branch Bank: Similar to above.

(268) January 27, 1855 - Andrews to Hubbard, cashier, Farmers Branch Bank, Ashtabula: ". . . I have invested the part of your safety fund as follows -- viz -- in Ohio domestic bonds [there follows a list of bonds which are identified as "part of Safety Fund of Akron Branch"] and was drawn on you in favor of [Cashier Akron Branch Bank] to redeem circ. of the Akron Branch . . ."

(269) January 27, 1855 - Andrews to Couglon, cashier, bank in New Bedford, Massachusetts. The president of the Union Branch Bank of Massillon was bankrupt. This letter was to assure Couglon that the Branch Bank was nevertheless sound.

(270) January 29, 1855 - Andrews to president of a Branch Bank. Major part of letter concerns the tax law of 1852 which was objected to by the Branch Banks. Andrews outlines the position of the Board of Control and indicates to what extent Branch Banks were obliged to comply with the law. He then goes on to say: "I am pleased to be able to inform you that the present prospect is that the Branches will lose little if anything by the failing Branches. No assessment has been made for the M and T and none will be required. There is now about \$70,000 in the hands of the Lorain Br. to take up circ. of the Coml. Toledo, with every reason to expect ample assets for its circulation, although they may not be realized in time to meet, it but hope they may. As to Akron there is more doubt -- the assets are sufficient but a large part of them will be involved in doubtful litigation."

(271) January 29, 1855 - Janney to Binns, cashier, Mt. Pleasant Branch Bank: "The amount of notes returned to the Clearing office since the meeting of the Board has been quite large, \$10,000 to \$18,000 per week. The resolution referred to excepts the notes from such plates as have been successfully counterfeited, which includes nearly all of the old notes . . ."

(272) Series of items, not letters, probably dated end of January, 1855, dealing with various topics: "It will probably be time enough to consider whether int. shall be allowed on deposits after the Notes of the Branch are redeemed. However impolitic it may be for a Branch to allow interest on deposits I suppose such an argument lawful and lawful arguments should be carried into effect."

(273) January 30, 1855 - Andrews to Mayo, cashier, Miami County Branch Bank. The letter indicates that the Board of Control had, at some prior time, ordered the bank to reduce its circulation: ". . . Permit me to make another suggestion. Nothing was further from the wish or intention of [the Board of Control] than a desire to cripple or embarrass your Bank. They found it with a large portion of its means locked up in real estate, R.R. bonds and doubtful paper, as they considered it. They wished to impress upon your Board the necessity of converting these into cash means. Your circulation was thus reduced \$40,000 if I rightly remember. Now if your Board should convert \$50,000 of its real estate into cash within 4 mos. . . . you are entitled to all your circ. . . ."

"The desire of the Board is not to oppress any Branch but to try and improve its condition and with your hearty concurrence I hope your Bank will now be relieved from any further reduction of its circulation."

"Your loans seem to be too much connected with the M and D R.R. Co. and what you want is a larger proportion of active commercial paper."

(274) February 1, 1855 - circular letter from Andrews to all Branch Banks. Requests that each Branch withhold, for a limited time, notes of the Union Branch Bank of Massillon equal to one and one-half percent of the circulation of each Branch. The Union Branch Bank was clearly in a shaky condition on this date.

(275) February 10, 1855 - Andrews to Hood & Co. Indicates that the Branch Banks will not suffer any loss as a consequence of the failure of the Bank of Toledo.

Note: The Toledo Branch Bank apparently closed at about this time but was reorganized later in the year.

(276) February 12, 1855 - Andrews to Delancy, apparently an agent of the Board. Defends prior action of the Board in refusing to permit investment of the Safety Fund in anything but U. S. or Ohio bonds. Indicates that the Board may possibly reconsider its decision at a later date.

(277) February 28, 1855 - Andrews to Perry, receiver, Merchants and Traders Branch Bank. Concerns case before the U. S. Supreme Court in which M and T Branch Bank was a party.

(278) February 28, 1855 - Andrews to Brooks, president, Union Branch Bank. Apologizes for withholding circulation from Bank, which had apparently been in difficulty: "I had no thought of taking the management of its affairs into the hands of the Board of Control, or of interfering with those in charge of it . . . I am happy to inform you that I think our Branches are all increasing in strength daily."

(279) March 5, 1855 - Andrews to Mayo, cashier, Miami County Branch Bank. Urges sale of real estate, even if at a sacrifice.

(280) Letter of March 23, 1855 indicates that Andrews is now president of the State Bank of Ohio.

(281) March 23, 1855 - Andrews to Finn. Finn is appointed agent to examine Miami County Branch Bank, Merchants Branch Bank at Cleveland, and Portage County Branch Bank. Andrews points out several weak spots in the case of each bank. For example, "The condition of the Portage Co. Bank excites uneasiness on account of the very large amount of its past due paper. This, and the general condition of its bills receivable you will carefully examine. Particularly as to the invest. ? business . . ."

(282) March 23, 1855 - Andrews to Quimby. Typical of appointment of a Branch Bank examiner: "At a meeting of the Ex. Comt. this day you was appointed an Agent to examine, prior to the next meeting of the Board of Control, the Union Bank, Massillon; the Knox County Bank; and the Hocking Valley Bank. You are requested to examine carefully the character, security and probable prompt payment of the bills Receivable of each of these Banks, a list of which you will return with your report, with marginal remarks. You will also carefully examine their books and accounts and reports, not only as to their accuracy, but as to the time when their accounts, general and individual, can be settled. It is desirable also to know whether either of these Banks has any arrangements, either through the Bank, or their officers, in official or private capacities, to procure and maintain in circulation the notes of other Banks in or out of the State; and if so the nature of such arrangements, the security given, and whether any of the assets of the Bank are hypothicated or pledged to secure the same.

"You will not confine your examinations to the points indicated, but make them full and thorough so as to present a true and actual condition of the Bank."

(283) April 5, 1855 - Janney to Handy, cashier, Commercial Branch Bank, Cleveland. Notice of another assessment on the Branch Banks to redeem notes of the Akron Branch. The assessment was one-fourth of one percent of their respective circulations.

(284) April 20, 1855 - Janney to Colby, cashier, Farmers Branch Bank, Mansfield. Encloses resolution of Board of Control passed upon receipt of report of examination. Report indicates that a substantial volume of the loans were doubtful: "Ordered: that the Directors of the Farmers Bank of Mansfield be prohibited of making any dividend on profit on the First Monday of May next, nor until the further order of the Board of Control or the Executive Committee.

"That they be required to charge up to Profit and Loss whatever debts are actually lost.

"That the Directors be required to reduce their own liabilities and those of other stockholders within the limit required by the Organic Law forthwith."

(285) April 20, 1855 - Janney to Ebbert, cashier, Portage County Branch Bank. Encloses resolution of Board of Control prohibiting the next dividend payment.

(286) April 20, 1855 - Janney to Mayo, cashier, Miami County Branch Bank. Same as April 20, above.

(287) April 23, 1855 - Andrews to Wood, cashier, Toledo Branch Bank. Requests opinion, "as to how long the Bank can continue its existence in its present shape without being forced to commit an act of insolvency, and what amount of aid from the other Branches would be required to obviate such an occurrence within the next six months . . ."

Note: An "act of insolvency" was failure to redeem one of its own banknotes on demand in gold or silver.

(288) May 16, 1855 - Andrews to ?: "Our general rule is, in the case of a failure of a Branch, to require the immediate collection of the Safety Fund. In the case of the M and T Branch, Cinct. the collection from other assets of the Bank have been in advance of the redemptions of its circ't." Evidently letter was written to one who had borrowed from the Safety Fund of a failed bank. Andrews points out that the mortgage held by the receivers is subject to payment on demand as a consequence of the failure of the bank. However, he intimates that if interest is paid and if the mortgage is regularly reduced, no call will be made.

(289) May 19, 1855 - Andrews to Coleman, president, Miami County Branch Bank. Warns the bank that it holds too much real estate and doubtful loans.

(290) May 24, 1855 - Andrews to Wright & Co. Apparently Wright had not been able to secure immediate payment for notes they held of a failed Branch Bank. "It is the design and duty of the Board of Control to have funds always on hand with the Redeeming Branch -- but when notes are returned more rapidly than expected, a slight interval may occur after we are advised, before funds can reach the Redeeming Branch."

(291) May 28, 1855 - Andrews to Wood, cashier, Toledo Branch Bank. Bank still in difficulty, as indicated in previous letters. Evidently Board was attempting to secure new capital and reorganize it. "I am authorized to make assessments on the Branches when needed, but desire to avoid this if possible . . ."

(292) May 30, 1855 - Andrews to Handy, cashier, Commercial Branch Bank of Cleveland: "The Board of Control having . . . authorized requisitions from the Branches to redeem the circl. of Akron and Coml. Toledo I have not felt at liberty to withhold the same. I feel as if the known fact that the circl. of an insolvent Branch would always be promptly taken up is of much more value to our system than anything that would be gained by delay. It was this fact . . . that sustained general confidence through the late [depression] . . ."

(293) May 31, 1855 - On this date letters were written by Janney to a number of the Branch Banks which had drawn the criticism of the Board of Control at a meeting several days earlier. Each letter contained a copy of the resolution pertaining to the particular branch, as follows:

Hocking Valley Branch Bank: "Required to sell its real estate in payment of debt, or cease making dividends of . . . earnings, unless with the consent of the Executive Committee."

Portage County Branch Bank: "Prohibited from making dividends until its Stock and surplus fund respectively be fully restored."

Union Branch Bank of Massillon: "Refrain from making any dividends of earnings until the surplus profits amount to a sufficient sum over and above bad and doubtful notes and bills discounted, and bad assets . . ."

Knox County Branch Bank: "Discontinue the practice of allowing over-drafts . . . in returning their liability of Directors and Stockholders, in their monthly statements, include all such indebtedness as principals and sureties of any firm in which said Stockholders or Directors are parties."

Farmers Branch Bank, Mansfield: ". . . required to withhold its May dividends . . ."

Norwalk Branch Bank: ". . . recommending that the bills and notes ascertained to be bad charged over to profit and loss . . ."

Miami County Branch Bank: Same as Portage County Branch Bank.

Union Branch Bank of Massillon: Same as above.

(294) June 9, 1855 - Letter indicates that the cashiers of the Branches held monthly meetings.

(295) June 11, 1855 - Series of letters from Andrews calling on various interested individuals to submit propositions to the Board of Control for the purchase and reorganization of the Toledo Branch Bank.

(296) June 18, 1855 - Andrews to Hurxthal, cashier, Union Branch Bank: ". . . Your coin and equivalent being on the 12th Inst. below the amount of 20 percent on the circulation, you will see by reference to Sec. 55 of the Charter that under such circumstances you are prohibited from paying out any more of your notes, or making any new loans or discounts, until the required proportions are restored; and that to do any such prohibited action would be a violation of the Charter of the Bank . . ."

(297) June 21, 1855 - Andrews to Perry, receiver, Merchants and Traders Branch Bank, Cincinnati: "I have submitted a proposition to the Xenia Branch, or rather a final proposition as to terms on which their redemption of c. shall be kept for the M and T Bank. If they do not accord to it, or something near it, it will become necessary to reduce the balance in their hands very considerably. In the meantime I wish you to make no further deposits to their credit until this question is disposed of, and I also desire you to open a correspondence immediately with Ludlow, Cashr. of the O.L.I. & T. Co. and ascertain the best terms on which he will keep your acct. as Receiver. That Institution allows all the Branches int. at the rate of 5 per ct. per. ann. on their current accts. This is more than they would be willing to pay, probably, on any new acct.; but as you are one of the family, you may reasonably and equitably claim that no discrimination should be made against a sister even if an unfortunate one . . ."

(298) June 22, 1855 - Indicates that reorganization of the Toledo Branch Bank had started.

(299) June 23, 1855 - Andrews to Perry, receiver, Merchants and Traders Branch Bank, Cincinnati. States that of a total circulation of \$92,381 at the time of failure, only \$38,181 of the circulation of the M and T Branch Bank had been redeemed. Apparently the remainder had not yet been submitted by holders.

(300) June 29, 1855 - Janney to Trader, cashier, Xenia Branch Bank: "Application for loans of Safety Fund on bonds and mortgages will be received."

Note: See letter of February 12, 1855.

(301) June 30, 1855 - Andrews to Martin, one of the new owners of the Toledo Branch Bank. Andrews was anxious that the Bank resume business as soon as possible. As a consequence of a bumper harvest, Andrews expected that business in Toledo would be large and predicted a "decided improvement in our real estate in and about your place."

(302) June 31, 1855 - Andrews to Comstock, cashier, Summit County Branch Bank: "Your branch holds no stock in the Toledo Branch but you have made contributions in its aid and you will please execute a release for them in accordance with the form sent you."

(303) July 6, 1855 - Andrews to Phillips, cashier, Harrison County Branch Bank: "There was transferred to each Branch, several years ago, a certain number of shares of stock of the Bank of Toledo -- and doubtless to your Bank also. Your Bank, as most of them had done, had probably charged up its contributions to the Bank of Toledo to Profit and Loss, and took no account of the stock, as it was really of no value. But I think you will find the stock filed away among your records. However this may be, I wish you to execute and forward the power of Atty. to Mr. Martin without delay. It only informs him to transfer any Stock outstanding in the name of your Bank, on its books; and if the books of the Bank of Toledo show none, the power will be

only useless. This sale differs from that of the Summit Co. Bk. in this; that in that case the Board transferred all the assets and liabilities and paid them for assuming them; in this case we retain the assets and liabilities, and the purchasers pay us for the stock. The parties are very responsible. A Branch is needed at Toledo, and the sale is considered a good one. We wish to have it closed as soon as possible."

(304) July 7, 1855 - Andrews to Evans, cashier, Farmers Branch Bank, Ripley. Evans protested the action of the Board of Control in carrying to the U. S. Supreme Court an appeal to the decision of Ohio's highest court. The case involved the right of the State to tax branch banks and the decision against the State Bank had been reversed by the Supreme Court.

(305) July 10, 1855 - Janney to Kilgore, president, Jefferson Branch Bank. Stock of the Toledo Branch Bank had been transferred to the other Branches as a "lien of a like amount advanced by the Branches respectively in aid of the Toledo Branch. That Branch being entirely bankrupt, its stock is of course not only worthless, but carries with it a liability for the outstanding circulation. This liability your Bank has been released from."

Note: See letter of July 6, 1855.

(306) July 23, 1855 - Andrews to the president and directors of the Toledo Branch Bank: "The report of J. R. Finn Esqr., the Examiner appointed to ascertain the facts, having shown a compliance on your part with the terms of the contract of June 20th for the purchase of the major part of the stock of the Bank of Toledo, you are hereby authorized to resume the regular business of Banking under the provisions of your Charter."

(307) July 24, 1855 - Andrews to Binns, cashier, Mt. Pleasant Branch Bank. Directors of Mt. Pleasant Branch Bank doubted that any bank could be operated in Toledo. Andrews tries to reassure them.

(308) August 6, 1855 - Two letters from Janney indicating that notes of the Commercial Branch Bank of Toledo, the Licking County Branch Bank and the Akron Branch Bank were still being presented for redemption.

(309) August 15, 1855 - Janney to Evans, cashier, Farmers Branch Bank, Ripley: "At a meeting of the Ex. Com. held on the 19th day of June.

[Resolved] that the Secretary advise the Branch that a definite reply as to their determination to pay their proportion of the expenses of litigating the tax question in the Supreme Court of the United States is requested and that so long as said Branch refuses to pay said proportion of expenses, the Secretary be instructed to deliver no new notes for circulation to said Branch. I forwarded you at the time the first clause of the above order, but omitted the second for the reason that situations might do away with its necessity."

(310) August 28, 1855 - Andrews to Perkins, ? Branch Bank: ". . . As the uniform practice of this office has heretofore been to allow the Branches of the State Bank of Ohio to make up their 'Safety fund' by setting apart a portion of the capital of the Bank to be thus invested I do not feel at liberty to 'direct' you differently. At the same time I am free to say that I have never felt entirely satisfied with this method of making up the fund. It may be legal, but I think it is not expedient and the Board of Control has for two or three years past given attention to the subject of requiring each Branch to provide and keep on hand in addition to its capital a sum equal to its Safety Fund. I hope to see this effected in every instance in a short time. In the case of the Bank of Toledo I concur entirely with the advice of Mr. Otis. I would advise that the Safety Fund be provided independently of the funds of the Bank . . ."

(311) August 30, 1855 - Janney to Hubbard, cashier, Farmers Branch Bank, Ashtabula: "The Prest. has no means of purchasing the stock unless he goes into the market, which so small an amt. as yours would hardly warrant.

"I know not when the Examiner will 'be on you' but suppose he will come at a time when you do not expect him, perhaps 'like a thief in the night.' Therefore 'be ye ready.'"

Note: The practice of the Board of Control was to have each Branch Bank examined annually and no notice was given of the time of examination.

(312) August 31, 1855 - Janney to cashiers of two Branch Banks: "Yours of \_\_\_\_\_ date is recd. with ragged five dollar bill enclosed for which I return you a good one. Did you notice that the ragged one was on the Athens Branch before it was washed?"

"The amount of your notes burnt on the 23d was \$7,646 -- the amt. recd. from the Clearing Office by Mr. Coleman was \$5,043 which I believe corresponds with your act. The error, we suppose, must be in your omission to charge us with \$29 of your own notes."

Note: Letters such as these made up the largest part of correspondence emanating from the Board of Control. As indicated, the Board arranged for the exchange of new notes for mutilated notes, supervised the destruction (burning) of the mutilated notes, and served as a clearing house for notes issued by the various participating banks.

(313) September 4, 1855 - Letter from Andrews. States that J. R. Finn had been appointed Vice President and would sign all notes of smaller denominations than \$5.

(314) September 4, 1855 - Janney to Kinney, cashier, Portsmouth Branch Bank: "Yours of the 1st is recd. with accompanying acs. current. It is impossible to compare it with our books, for the reason that you have not entered the amt. of your own notes returned in the Clearing Office as they were reported to you but when they were burnt and we cannot tell where they came from then. You have also got the account against the Clearing Office and against me mixed. Can you give us any date at which our books correspond? . . ."

"I will suggest that you may avoid difficulty by opening an account with the Clearing Office to which you should charge all mutilated notes on other Branches sent by you and chks. for balances due, and credit all your own notes as posted and chks. recd. from it and nothing else."

Note: See letter of August 31, 1855 and note following.

(315) September 8, 1855 - Letter from Andrews: "The 'safety Fund' of the M and T Bank of Cinct. is not as you suppose immediately available. It may require time to collect it . . ."

(316) October 9, 1855 - Janney to Hubbard, cashier, Farmers Branch Bank, Ashtabula: "I do not know whether Mr. Finn [as Vice President, Finn apparently conducted most bank examinations] will visit you before the meeting or not. He is engaged for this week and I cannot know from him as to his movements.

"I had no intention of being impertinent or anything of the sort in my former note. Absence from home has prevented an earlier letter."

Note: See letter of August 30, 1855 and note following.

(317) October 11, 1855 - Andrews to Kilgore, president, Jefferson Branch Bank. A long letter regarding Bank of Toledo in which Andrews also makes some comments on the current political situation: "From the probable result of our late election I think we may look forward to some reconstruction of our banking institutions in Ohio this winter. Cinctc. more than all the rest of the state requires a wise, prudent, but efficient system of some kind. Why not organize a Branch of the State Bank with a capital of at least two millions . . . This would inspire confidence and give character to the system whilst such a Branch at Cinct. could be made the financial agent of all the Branches in the West . . . our system would have a power . . . and a character which it has never yet enjoyed . . ."

Note: Salmon P. Chase, a republican, took office in January of 1856. Andrews is probably referring to his election, which was considered favorably by the banks.

Two Branch Banks previously located in Cincinnati were no longer in operation at this date. The Franklin had converted to a private bank and the Merchants and Traders had failed.

(318) October 18, 1855 - Series of letters from Andrews, calling for latest reports from receivers of failed Branch Banks. Letters were sent to Akron Branch Bank, Merchants and Traders Branch Bank, Commercial Branch Bank of Toledo and the Licking County Branch Bank.

(319) October 24, 1855 - Andrews to Hubbard, cashier, Farmers Branch Bank, Ashtabula: "The question of charging up your past due paper to P. and L. . . . depends upon a judicial decision as to the validity of most of it, and not on its security if invalid. Security and validity, rests in the judgement of our Directors. It is desirable of course to have a 'clear statement', but still . . . nothing in our Charter or by-laws . . . enjoins giving up such paper as your Austin debt until it is ascertained to be lost. But if charged and recovered it could come back into your contingency fund.

"As you can make a dividend without 'impairing your Capital' even after deducting this paper, I see nothing to prevent your doing it, although to pass the dividend would certainly put you into a more desirable shape . . ."

(320) October 24, 1855 - Series of letters from Andrews notifying Branch Banks of action taken by the Executive Committee at a recent meeting:

Miami County Branch Bank: "That said Bank be prohibited from making any dividends in November next, the Committee being of the opinion that after deducting its losses, bad and suspended debts, the making of any dividends would impair its Capital Stock."

Farmers Branch Bank of Mansfield: "That said Branch be recommended to make no dividends in November next and that it be prohibited from making any greater dividend at that time than 4 percent, the Committee being of the opinion that the making of any greater dividend than 4 percent, after deducting its losses, bad and suspended debts would impair its Capital Stock."

Union Branch Bank of Massillon. Similar to Miami letter.

Wayne County Branch Bank. Similar to Miami letter.

Summit County Branch Bank. Similar to Miami letter.

Portage County Branch Bank. Similar to Miami letter.

Farmers Branch Bank of Salem. Similar to Miami letter.

Norwalk Branch Bank. Similar to Miami letter.

(321) November 14, 1855 - Andrews to Ullman, cashier of a Branch Bank. Upon a request for information on the soundness of the Ohio Life Insurance and Trust Company, Andrews commented: "I am not in possession of any information in regard to the use made by the O.L.I. and T. Co. of the funds deposited with them in N. York. My information is that they do not purchase or deal in stocks, but make short loans to individuals taking stock as collateral. The safety of such loans depends of course on the character of the securities. Of this I know nothing but suppose they are very careful. The capital of the Trust Company, as you know, amounts to \$2,000,000 invested in loans secured by real estate in Ohio. This gives her a basis of security greater than that of any other Bank in N. York . . ."

Note: The Ohio Life Insurance and Trust Company was Ohio's largest bank but was not a part of the State Bank system. Its New York agency held the deposits of many Ohio banks, hence the inquiry above.

(322) November 24, 1855 - Andrews comments on political affairs as they related to the Branch Banks: "I am well aware that the proclivities of our people are all in favor of popular sovereignty -- squatter sovereignty -- and the omnipotence of popular opinion. But I still trust the Supreme Court of the U. S. is untainted with this heresy. But I am well aware that if the politicians who have carried on their warfare against banking for the last four years in Ohio had been sustained at the recent election it would have been claimed as a decision of the People in their favor on all these questions. And I doubt if any power -- including that of the Supreme Court of the U. S. -- could have stayed the current . . . I have always maintained that the true policy of our Banks was to stand aloof from all political influences, to mend our own business, keep strong, be always ready to meet every engagement and defy every hostile attack -- to ask no favors -- offer no inducements -- and when it becomes unprofitable to carry on our business, to do as any other businessman would in like circumstances, close it up and go at something else."

(323) November 28, 1855 - Andrews to Sherwood, receiver, Licking County Branch Bank. Letter indicates Andrews was desirous of terminating liquidations as rapidly as possible.

(324) December 17, 1855 - Letter from Andrews: "As requested by your letter of the 13 Inst. I have sent you a copy of the Charter of the State Bank of Ohio. You will observe that the act provides for the establishment of two entirely distinct systems of Banking -- the one designated as the State Bank of Ohio and the other as Independent Banking Companies. When the bill was before the Legislature each system had its advocates; and the act took its present form as the result of a compromise. Each system continues to have its advocates, and both seem to work satisfactorily when well managed. The disturbing feature between them is in the nature of the security furnished for their circulation. That of the Independent Banks, being Ohio and U. S. Stocks, affords ultimate security without doubt; that of the State Bank being mutually liable for each others circulation secures immediate redemption. Such a system as that of the State Bank of Ohio can only be made successful when it is made general. In its practical working this system has in Ohio almost entirely superseded the 'Independent' Banks."

(325) December 18, 1855 - Letter from Andrews commenting on the action of the directors of one of the Branch Banks: "The Directors -- good men -- attended to their duties -- and by passing two dividends, and increasing their surplus up to \$13,200 -- they feel, and I think so too, that they have enough to cover bad debts -- having also charged up some in the last year . . ."

(326) December 22, 1855 - Andrews to Gardiner, cashier, Norwalk Branch Bank: "There is no subject connected with the organization of the Branches of the State Bank of Ohio in which the Board of Control feels so deep an interest as that of the character, responsibility and employments of the principal Stockholders, Directors and officers of the Branches . . ."

(327) December 29, 1855 - Series of letters from the secretary to Branch Banks, apparently remitting proceeds from investment of the Safety Fund. Typical of such letters was the following: "I enclose J. Andrews, Prest. on A. P. Edgerton Agt. in N. Y. for \$143.34 int. due your branch on safety fund Jan. 1, prox."

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(328) January 7, 1856 - Andrews to Nash, Gallipolis: "Undoubtedly it was a great oversight in forming the Charter of the State Bank of Ohio that a minimum as well as a maximum was not fixed for the Capital of Banks in Hamilton County, assume not less than \$500,000 nor over a million. This is the great defect of our system. Sometimes the practical illustration of an absurd thing will start a train of rational reflection in an insane individual. Perhaps we may witness the same results in an insane public."

Note: In order to prevent a concentration of banking in certain areas of the State the 1845 law divided the State into districts and set maximums for the number of banks and the amount of banking capital in each such district.

(329) January 31, 1856 - Andrews to Geraghty, cashier, Hocking Valley Branch Bank, Lancaster: "I notice by your last monthly statement that there is still a large amount of your Safety fund uninvested . . . I shall feel it to be my duty, under the by-laws of the Board, to invest the amount in Ohio Stock within the next sixty days, unless it shall be invested in bond and mortgage securities within that time."

(330) February 1, 1856 - Letter from Janney enclosing drafts on the Branch Banks for one-tenth of one percent of their circulation. The drafts were sent to the Branch Bank redeeming the notes of the Commercial Branch Bank of Toledo.

(331) February 2, 1856 - Andrews to Perry, receiver, Merchants & Traders Branch Bank: "I am glad to learn that the circulation of the M & T is fully provided for. This is doing very well . . . I hope you will realize your expectations, or perhaps rather your desire, to be able to make a dividend to general creditors in the Spring. I can see no reason now for delaying the collection of the Safety fund as fast as practicable. So long as you was in advance to the Redeeming Branches, and we should receive much less interest on a deposit with them, than on the fund invested, it was for the interest of all parties not to urge the payment of the Safety fund. But the circulation being provided for, it is doubtless due to the general creditors, and they have a right to expect it at our hands . . ."

(332) February 15, 1856 - Andrews to Martin and Young, receivers, Commercial Branch Bank of Toledo. States that the redemption fund for the Commercial Branch Bank of Toledo is exhausted. Andrews will draw upon the Branch Banks and in the meantime hopes that the receivers can secure a sufficient amount to cover these advances.

(333) February 21, 1856 - Andrews to Geraghty, cashier, Hocking Valley Branch Bank: "In looking over the examiner's report of the condition of your Bank, I note one matter to which I wish to call your particular attention. It is to the overdrafts; amounting to the sum of \$3,734.96. I am fully aware of the manner in which such irregularities creep into a Bank. A customer of the Bank -- perhaps a Director or a Stockholder and sometimes even a President wished to overdraw his acct. for a small sum, for a day or two. The Cashier knows them to be perfectly good, and feels perhaps that it is not only right, but his duty, to accommodate them. He concedes the privilege -- and once granted how can he arrest it. Subsequently, at the very time when he feels it to be his duty to refuse, he cannot do so without giving offense. So also, . . . another feels that he has the same right . . .

"For his own sake then, and to relieve himself of all responsibility in this matter, a cashier should adopt and adhere to this uniform rule: to allow no account to be overdrawn -- and to make it the duty of his Teller to see that this rule is observed . . ."

(334) February 22, 1856 - Andrews to Perry, receiver, Merchants & Traders Branch Bank: "I congratulate you on the accomplishment of this part of your labors; for, bad as the assets of a broken Bank usually are, it is surely something to be able to say that enough has been realized to take up the circulation of the Bank without calling upon others to make advances or asking the public to delay a moment . . ."

(335) March 5, 1856 - Andrews to Alfred Kelley. This is a rather long letter concerning a variety of matters, several of which are notes here:

"The Franklin Cinct. is in the process of a voluntary closing up of its affairs by Stockholders.";

"It is believed that all the liabilities of [Commercial Branch Bank of Toledo], except to its stockholders, will be paid in full from its assets. But some time will be required for this purpose, as a large portion of the assets consist of Real Estate . . ."

(336) March 26, 1856 - Andrews to Gardiner, cashier, Norwalk Branch Bank: "The Executive Committee having, at its session held this day, directed an inquiry to be made, touching the extent of recent transfers of Stock in the Bank of Norwalk, as well as to other matters of interest connected therewith . . ."

(337) March 27, 1856 - Andrews to Otis, member, Executive Committee: ". . . a meeting of the Comt. was held. I laid before the Comt. information as to the recent purchase of stock in the Norwalk Branch to a large amt. & its hypothecation by the purchaser, the object seeming to be to obtain control of the Bank for other purposes than . . . investment of capital. The cashier has opposed the movement, and by my direction has refused to allow further transfer. The Comt. directed an immediate examination into the facts . . ."

(338) April 1, 1856 - Andrews to Gardiner, cashier, Norwalk Branch Bank: "I herewith furnish you with a copy of the proceedings of the Executive Committee in relation to the recent transfers of stock in the Bank of Norwalk. When we consider the relations of the branches of the State Bank of Ohio to each other; their mutual liabilities to the public; the losses which they have sustained, in money and reputation, from the condition of some who have had the management of Branches, it will be seen and felt that it is not without good reason that the Board of Control have attempted to guard the System from the dangers of the transfers of a branch into new hands, without their approbation. For this purpose the amendatory act of 1848 confers ample powers . . ."

Note: In 1848 the legislature had given the Board of Control the power to close any Branch Bank which failed to obey its orders.

(339) April 3, 1856 - Andrews to Finn, vice-president, Board of Control: "On Monday I received your report of the special examination at Norwalk, which comprised all the information desired. On the same day it was submitted to the Comt. and prompt and decided measures were adopted to prevent a change in the management of the Bank without the consent of the Comt.. All hypothecated stock is required to be sold to bona fide purchasers within two months, who shall hold the same 'without pledge for money borrowed or debts owing' and who shall be approved by the Comt. . . ."

(340) April 4, 1856 - Andrews to Stetron, (possibly president of the Ohio Life Insurance & Trust Company): "As I consider it in accordance with your own wishes, as well as my duty, to furnish you with any information in the possession of this office in regard to any apparent improper delay in the adjustment of the accts. of the Branches with your office in New York, I will state that the report of the Examiner of the Piqua Branch, made on the 31st of March last, states, in reference to the periods at which the accts. of the Branch with other Banks have been adjusted;

'Ohio Life and Tr. Co. N. York, Dec. 4th, 1855. The latter [account] was examined in due season and certain discrepancies advised of by the cashier of the Branch about the 19th of January following, but no reason has been received from the Trust Co.. Cashier . . . has again (recently) advised Mr. Ludlow on this subject.'

"The report of the examination of the Mad River Valley Branch, made on the 19th of March last, states that 'Accounts current with correspondents seem to have received prompt attention except in regard to one account, that of the Ohio Life and Trust Co. which has for some cause been permitted to remain unexamined for two or three years. This is a subject which will receive prompt attention.' . . . in the last instance the fault may have been mainly that of the Cashier of the branch, but not wholly, as I consider any officer of a Bank derelict in duty who permits an account to remain unadjusted for so long a period as that states.

"You will doubtless concur with me in considering this subject of such importance as to require a particular vigilance on the part of all connected with the administration of monied institutions; and I assure you of the cooperation of those connected with this office in applying proper corrections to all such omissions of duty."

Note: See letter of November 14, 1855.

(341) April 8, 1856 - Andrews to Foote, cashier, Merchants Branch Bank. The total liability of directors of the Branch Bank exceeded one-third the amount of their stock at the time of the last examination. Andrews warns Foote that this is a violation of the charter and intimates that unless the situation is corrected the Executive Committee will refuse to allow the Branch Bank to declare a dividend.

(342) April 12, 1856 - Andrews to Ebbert, cashier, Portage County Branch Bank. Congratulates the Branch on the improvement of its condition, "but it is quite apparent that it will require a long time for the Bank to work through its difficulty so as to be authorized to make a dividend without impairing its Capital, which the charter prohibits, and which the Ex. Comt. would prohibit, if the charter did not . . ."

(343) April 23, 1856 - Andrews to Handy, cashier, Commercial Branch Bank, Cleveland: ". . . I am aware that the returns are unusually active upon the banks at this time; and am desirous of avoiding calls upon them for contributions to the failed branches until after the May meeting if possible. With hard rubbing I think we have passed the shallows of the Com. Toledo, but if you find it cannot be done with Akron it would be better to make requisitions. The circl. is not so much reduced that we should avoid all reasonable cause of complaint in taking up the residue . . ."

Note: The Commercial Branch Bank of Cleveland was redeeming the notes of a failed Branch Bank, probably the Akron Branch Bank.

(344) April 26, 1856 - Andrews to Harding, cashier (?), Xenia Branch Bank: ". . . in view of the considerable amount of doubtful debt, which I know you desire to charge up, and of the importance of having a contingency fund equal to the 'Safety fund', I would advise that you make a smaller dividend than usual, if you deem it important to make one . . ."

(345) April 28, 1856 - Series of letters from Janney concerning a recent meeting of the Executive Committee.

Letters to Union Branch Bank, Portage County Branch Bank, Guernsey Branch Bank and Miami County Branch Bank state that the Committee had made "no change in the previous order of the Board of Control relative to the Branch Banks."

Letters to the Wayne County Branch Bank and the Summit County Branch Bank state that these banks have permission to declare a dividend not exceeding 4 percent.

(346) April 29, 1856 - Andrews to Trader, cashier, Xenia Branch Bank: ". . . you will observe that the resolution as to crediting the Safety fund was not adopted -- but that the Ex. Comt. simply requested the subject to be passed to the Board of Control, and recommended the Branches in making their next dividend 'to conform to its spirit.' That is, they should make such an addition to the [?], that they will be in the situation to credit the Safety fund, in case the Board of Control directs it to be done . . ."

(347) May 24, 1856 - Janney to Ebbert, cashier, Portage County Branch Bank: "Below you will find a copy of a preamble and resolution adopted by the Board on the 21st inst.

Whereas, the Portage County Branch in Ravenna, has impaired its

capital stock by losses, the Board of Control would recommend the following plan to the stockholders of that Branch for the purpose of putting said Branch on a sound basis and in a healthy condition.

1st. That the present stockholders voluntarily surrender to the Branch, forty per cent of its present capital stock taking new certificates for the balance without dividing shares.

2d. That the stock so taken by the Branch, be charged on its books as 'stock taken on account of debts due the Branch', and a like amount credited to profit & loss and a like amount of bad debts due the Branch, to be designated by the President of this Board, be taken and charged to the profit & loss account on the books of said branch, and that the same, when collected or paid, be distributed in dividends to the stockholders so surrendering stock, in proportion to the amount of their respective stock surrendered.

3rd. That the stock so taken by the Branch, be immediately sold to such parties as will pay for the same its par value in cash or its equivalent.

4th. That if the foregoing resolutions are adopted by the stockholders of said branch and carried out to the satisfaction of the Executive Committee, that such committee be hereby authorized to return to said branch, its circulating notes now held by the Board.

5th. That if the foregoing cannot be carried out, the Board of Control recommend a reduction of the capital stock of said branch to sixty two thousand dollars, by a voluntary surrender of the excess capital stock now held by said branch, by the stockholders, pro rata, and the withdrawal of a like proportion of circulation, and the placing of a like amount of bad debts to the profit & loss account of said branch, in offset of the stock so surrendered; and the bad debts so charged to profit & loss when collected or paid, be distributed in dividends to the stockholders so surrendering their stock, in proportion to the amount of their respective stocks so surrendered."

(348) June 27, 1856 - Janney to Walker, cashier, Logan Branch Bank: "The assessment for the Toledo Branch was 1/4 of one per cent upon the circulation of each Branch. There is yet about \$4,000 of the old notes out, which will require from your br. \$500 to \$1000 more . . ."

(349) July 3, 1856 - Andrews to Finn, vice-president. Evidently the transfer of stock of the Norwalk Branch Bank had been prohibited by the Board of Control and such stock as had been transferred was to be "re-transferred." Andrews had not yet received word that this had been done and asked Finn to investigate.

Note: See letter of April 3, 1856 and immediately below.

(350) July 14, 1856 - Andrews to Gardiner, cashier, Norwalk Branch Bank: "I regret to say that the report of Mr. Finn does not show the condition of your Bank in respect to the recent transfer of stock promised by \_\_\_\_\_ to be more satisfactory. There has been in fact nothing done to comply with the order of the Ex. Comt. on this subject . . . I consider any further delay uncalled for, and unnecessary . . ."

"Some of the parties seem to intimate that the Comt. cannot require the sale and transfer of stock before the maturity of the notes for the security of which the stock is pledged. That is undoubtedly true. But the Comt. have this power viz that if they decide the institution is in an unsafe

condition, by reason of the position of its stock, the character and responsibility of its stockholders, or from any other cause, they can require a return of its circulation to this office . . . the responsibility though would be upon those who have placed the Bank in a position to suffer such an inconvenience . . ."

(351) September 20, 1856 - Andrews to Gardiner, cashier, Norwalk Branch Bank: ". . . but as the order in relation to the transfer of stock of the Bank of Norwalk and it being placed in the hands of bona fide owners of known responsibility had not been complied with, the only alternative left to the Comt. is to require such a reduction of the circulation of the Bank as will secure the other Branches against loss."

(352) September 24, 1856 - Andrews to Finn, vice-president: "As your examinations will include several Branches whose affairs seem to be in a less satisfactory condition than those of the Branches generally . . . I have thought it advisable to direct your attention to some special matters in each, not expecting, of course, to restrict your investigations from any other subject of inquiry: first as to the Knox Co. Branch. You will burn [?] the large amount of past due paper. The character, security and particular parties of each debt requires careful investigation when the amount is so large . . . These debts seem to indicate a wrong system of doing business, which requires to be looked into and corrected. Where does the fault lie which produces this result is the proper inquiry. Are there any influences operating on the Bank which would seem to control the business of the Bank, and which are adverse to, or competitors with it; or has anyone connected with the Bank any private interest in obtaining cash and loans from the Bank such for instance as Smith had at Newark where the Branch was the mere adjunct of his private [business].

"The same inquiries which I have indicated above, will be proper also at Mansfield . . .

"At the Union Branch, Massillon, the main subject of inquiry is the present position of the three or four large debts . . ."

Note: The failure of the Licking County Branch Bank at Newark in 1852 had been due primarily to a defalcation by the cashier who had operated a private banking business in addition to his regular duties.

(353) September 26, 1856 - Andrews to Wilson, cashier, Marietta Branch Bank. Similar to April 8, 1856 letter to Foote. Amount involved in this case is \$11,996.

(354) October 3, 1856 - Andrews to Hubbard, cashier, Farmers Branch Bank, Ashtabula: ". . . as a matter of policy and good management the Branches should make a small dividend until all doubtful, as well as all strictly bad assets, are charged up and a clean exhibit can be made . . ."

(355) October 24, 1856 - Series of letters from Janney concerning recent meeting of the Executive Committee. Letters to Knox County Branch Bank, Miami County Branch Bank, Exchange Branch Bank, Union Branch Bank and Farmers Branch Bank of Ashtabula prohibiting the payment of dividends. One other Branch Bank which received a similar letter cannot be identified.

(356) October 31, 1856 - Andrews to Gardiner, cashier, Norwalk Branch Bank. The Norwalk matter was apparently settled to the satisfaction of the Board of Control.

Note: See letters of July 3 and September 20, 1856.

(357) November 13, 1856 - Andrews to Finn, vice-president: "You have been appointed by the Executive Committee of the Board of Control State Bank of Ohio special agent to examine the condition of the Banking Company formed in the County of Hamilton in the first district, which has transmitted a certificate of its formation to the Board of Control and of its intention to become a Branch of the State Bank of Ohio; to ascertain whether said association has complied with the provisions of the act to incorporate the State Bank of Ohio and other Banking Companies passed February 24, 1845 have been complied with . . ."

(358) November 20, 1856 - Andrews to Martin and Young, receivers, Commercial Branch Bank of Toledo. Official notification that the Bank of Toledo was appointed to redeem the notes of the Commercial Branch Bank of Toledo. Previously the Lorain Branch Bank had been so designated.

(359) November 20, 1856 - Andrews to Kinney, cashier, Portsmouth Branch Bank: "It is not the duty of the officers of the Board of Control to require payment of a Safety fund loan, unless there is a failure to comply with some of its conditions, as the payment of interest; or unless the funds are wanted . . ."

(360) November 20, 1856 - Janney to Lewis, cashier, Knox County Branch Bank; and the cashiers of the banks indicated below: "The following resolution was adopted by the Board of Control yesterday:

"Resolved: That the Harrison, the Knox Co., the Portage Co., the Union, the Exchange and the Miami Co. branches be prohibited from making any dividends of earnings among their stockholders until specially permitted by the order of the Board or the Executive Committee."

(361) November 29, 1856 - Janney to Hubbard, cashier, Farmers Branch Bank, Ashtabula: "The following resolution was adopted by the Board of Control on the 19 inst:

"Resolved: That the surplus unappropriated capital assumed by the Farmers Branch at Ashtabula in March 1856, amounting to forty seven thousand dollars and the paying up of such a sum of capital stock not having been complied with by said Bank as required by the act of February 24, 1845 the same is hereby declared relinquished."

(362) December 16, 1856 - Andrews to Buckingham, ?: "I have been ready at any time since the meeting of the Board of Control to close the transfer of our interest in the Newark property as agreed on. I desire, as soon as it can be done, to have the cash payment made, as our fund for redeeming the notes of the Bank [Licking County Branch Bank] is exhausted, and I wish to avoid calling on the Branches if possible. This payment would save that necessity."

(363) December 16, 1856 - Janney to cashier of a Branch Bank: The case of the Cincinnati Branch stands as follows:

"The Board authorized the establishment of it, and thereupon proper certificate was issued to the Governor who refused to issue his proclamation, with the consent of the parties interested, they preferring to have the legal questions in dispute authoritatively settled now. They, that is the Branch, thereupon applied to the Supreme Court for a mandamus requiring the Governor to issue his proclamation. The application was set for argument today, but not reached."

1857

(364) January 6, 1857 - Andrews to Perry, receiver, Mechanics & Traders Branch Bank. Concerning the attempt to start a new branch bank in Cincinnati, Andrews states, "I suppose the question is narrowed down to one of exhaustion of the power to establish banks in the 1st district . . ."

Note: See letter of January 7, 1856.

(365) January 28, 1857 - Andrews to Atwood, ? : "The Supreme Court yesterday decided against the right to organize a Branch of the State Bank of Ohio at Cinct. Consequently the project falls through . . ."

(366) February 2, 1857 - Andrews to Atwood, ? : "I advised you a few days ago of the decision of the Sup. Court against the right to establish a new Br. in Cinct. I always had doubts on this question and expressed them privately . . . But there is another question as to which I never had a doubt viz that the charter of the Franklin Br. remains unimpaired. This point is fully recognized by the Court in the decision of the other question and is in fact the basis of that decision. The stockholders of Franklin may at any time resume business, having committed no act of violation of their charter.

"I consider the privilege of employing \$500,000 of capital in the City of Cinct. with all the rights and guarantees of the Charter of the State Bank of Ohio for many years to come as a very valuable one; as something worth looking after. I propose to go to C. and try to make an arrangement with the present stockholders, whereby they shall either use their privilege themselves or put it into the hands of others who will . . ."

Note: The Franklin Branch Bank at Cincinnati had voluntarily converted to a private bank, Groesbeck and Company, in 1852.

(367) February 6, 1857 - Andrews to Handy, cashier, Commercial Branch Bank: "I observe your Bank keeps an acc. with a private banking house in Baltimore. I think it proper to inform you that the leading man of that house -- a very clever and popular man -- has become very dissipated. I know nothing else to affect the credit of the house, and you can attach as much or as little importance to this fact as you think proper; but I regard it as my duty to your Br. to advise you of it."

(368) February 16, 1857 - Janney to cashier of a Branch Bank: ". . . the safety fund belongs not to the Branches, but to the Board of Control, and can only be appropriated by it. I therefore submit that your Board erred in charging your contributions to failing Branches to your safety fund, in as much as such charge was an absolute reduction of said fund. You will also remember that at the Nov. session, 1856, the Branches were directed to charge the amounts advanced to redeem the circulation of the Licking Co. and Toledo Branches to profit & loss and prohibited from making any dividend until that order was complied with."

(369) February 17, 1857 - Andrews to Walker, cashier, Logan Branch Bank. Bank was charged with permitting the liability of directors to exceed the limits fixed by the Charter: "This is a matter which has given much trouble to this office, but we have . . . so far succeeded in enforcing an observance of the Charter, that it rarely is necessary to allude to the matter."

(370) March 9, 1857 - Janney to Ebbert, cashier, Portage County Branch Bank: "Your note of the 6th inst. suggesting the propriety of an act prohibiting brokers from taking a greater rate of interest than banks is rec'd.. Dr. Andrews is not at home, and in his absence I will venture the suggestion that I apprehend it would be difficult to obtain the passage of such an act under the present rage for freedom in all that relates to banking, but even if passed, I doubt its usefulness, as I doubt the benefits of all usury laws. Of one thing though, I think there can be no doubt. So long as it is to the interest of brokers to return our notes, they will be returned. So long as exchange is high enough to justify them in drawing our coins to pay for it, the coins will disappear. This being true, have not the banks of the State a remedy in their own hands?"

Note: Under a law passed in 1850, brokers and private bankers were permitted to charge 10 percent on loans, while incorporated banks were limited to six percent. By "rage for freedom" Janney refers to the free banking laws adopted by a number of States during the 1850's (including Ohio) and, probably more particularly, to a passage of Governor Chase's speech to the Ohio legislature in January wherein he advocated liberal extension of the privilege of banking.

(371) March 14, 1857 - Andrews to Trader, cashier, Xenia Branch Bank. Bank was charged with permitting the liability of directors to exceed the limits fixed by the charter.

(372) March 16, 1857 - Andrews to Otis, member, Executive Committee: "I have received a letter from J. H. Groesbeck, Esqr. in which he said 'that the stockholders of the Fr. Branch of Cinct. have instructed him to say (in reply to my proposition) that unless they can be indemnified for losses sustained while they were doing business under that Charter, that they prefer to remain as they are, the considerations proposed not being adequate in their opinion.'

"under the circumstances I do not consider it worth while to entertain the subject any further."

Note: See letter of February 2, 1857 and note following.

(373) April 22, 1857 - Andrews to Tallmadge, president, Hocking Valley Branch Bank: "If you find the present run on your Bank likely to give you trouble to meet it, I wish you to confer with me promptly and fully. I have no idea of permitting a Branch to be hunted down by any set of blood hounds . . . you shall be sustained. Do not feel the least hesitation in making your wants known in time to meet any emergency . . ."

Note: By "blood hounds" Andrews probably meant brokers.

(374) April 24, 1857 - Series of letters from Janney concerning a recent meeting of the Executive Committee:

Farmers Branch Bank, Mansfield: Prohibited from making a dividend exceeding 4 percent, "in view of the large amount of the unavailable debts."

Knox County Branch Bank: dividend not to exceed 4 percent.

Mt. Pleasant Branch Bank: recommended that dividend not exceed 4 percent, "in view of the large amount of past due debts, and of debts that will be protracted, and some of which are of doubtful character . . ."

Miami County Branch Bank: permitted to declare a dividend not exceeding 5 percent.

Farmers Branch Bank, Ashtabula: same as Miami County Branch Bank.

Hocking Valley Branch Bank: recommended no dividend be declared, and if one was declared it could not exceed 3 percent.

Exchange Branch Bank: same as Mt. Pleasant Branch Bank.

Harrison Branch Bank: same as Miami County Branch Bank.

Union Branch Bank: prohibited from declaring a dividend.

(375) April 27, 1857 - Janney to cashier of a Branch Bank. The following letter is typical of many letters written in regard to application for loans from a Branch Bank's safety fund:

"In relation to the application of Morrison W. Phelps for a loan of safety fund from your Branch, the Solicitor says:

No. 2. Had the power witnesses? Before whom was it acknowledged? Did it authorize the release of the dower right?

No. 3. It does not appear that this deed had subscribing witnesses, nor before whom acknowledged or where acknowledged.

No. 4. Same objections as to this deed. The substance of the wife's acknowledgment should be set out.

No. 5. Same objections as No. 4.

No. 6. Same as No. 4 & 5.

No. 7. Does not appear that this deed was sealed or had subscribing witnesses, nor where or before whom it was acknowledged.

No. 8. Same objections as No. 4, 5 & 6.

No. 9. Same as No. 8.

No. 10. Same as No. 8 & 9.

No. 11. It does not appear what land the atty. was authorized to convey, nor that the power was sealed, or had subscribing witnesses, nor where or before whom acknowledged.

No. 12. No seals, no subscribing witnesses, no place of acknowledgment, nor before whom.

No. 13. Same as No. 12; and wife's acknowledgment not substantially set out.

No. 14. Same as no. 13.

No. 15. Same as No. 13 & 14.

No. 16. Same as Nos. 13, 14 & 15.

No. 17. Was Rachel Mills unmarried? No seal, no witnesses, no place of acknowledgment nor before whom.

"The agent should state that the property offered is in his opinion "free from incumbrances" and it would be well for him to certify his appraisal substantially as required by the bank law. Sec. 22. It cannot be inferred what precisely was intended under the "Sec".

"There is a blank, both in the mort. and Bond as to the time the interest is to be paid.

"I return the papers, except director's approval."

(376) May 8, 1857 - Andrews to ? (name illegible): "It would give me pleasure to see Mr. McCulloch or any of the gentlemen connected with the Bank of Ind<sup>a</sup>. at our meeting. But I do not feel at liberty to invite them here on behalf of the Board of Control and in any other way an invitation might place them and me in an unpleasant position . . ."

Note: Reference is to the Bank of the State of Indiana, a Branch Bank system very similar to that headed by Andrews. High McCulloch, later the first Comptroller of the Currency, was its president.

(377) May 13, 1857 - Andrews to Gibbs, cashier, Miami County Branch Bank. Letter explains and discusses resolutions adopted by the Board of Control as follows: "That the Miami County Bank is required to return to the office of the Board of Control fifty thousand dollars of its circulation, and such further amount as the Executive Committee during the vacation of this Board . . . may direct: at the rate of ten thousand dollars each succeeding 30 days from the rising of this Board until the amount is made up to be held subject to future order of this Board.

"That the Miami Co. Branch be and she is hereby prohibited from declaring any dividend, until such time as this Board shall be satisfied that her condition will warrant the same.

"That the Directors of the Miami Co. Branch be, and they are hereby required, forthwith, to reduce their liabilities to the Branch to within the limits allowed by the twenty third section of the Charter. That the Directors of the Miami Co. Branch shall be required to withhold all discounts from individuals or firms whose liabilities exceed the limit prescribed by the 62nd section of the charter until the same are reduced within such limits, and that they hereafter require said limit to be effectively observed."

(378) June 20, 1857 - Andrews to Governor Chase: "The communications of your's and other executive officers of the State, of the 18th inst., in relation to a 'temporary arrangement for money to carry on the State Government', made necessary by recent developments as to the conditions of the State treasury, has been received. I have adopted the most expeditious method of submitting the application to the Directors of the several Branches of the State Bank of Ohio, and of obtaining their decisions in regard to it; they having the ultimate power of disposing of such an application. As soon as I am advised of their views, I will communicate the results to you."

(379) June 25, 1857 - Andrews to McGrew, cashier, Mad River Valley Branch Bank: "As your assent to the proposition to advance funds to the State is on the condition that 'the other Branches agree to furnish their proportion' it amounts to a dissent; for there are Branches in no condition to make the advance. I have no doubt but, a large majority will agree to it; and I have no intention of asking those who do agree to make up any deficiency. This I suppose is all that you wish to avoid; if the State required more than the Banks agree to advance -- whether that be \$200,000 or any less sum, they must look elsewhere for it. Your proportion is all you will be expected to advance. Please advise me immediately."

Note: See letter of June 20, 1857.

(380) June 27, 1857 - Andrews to Gardiner, cashier, Norwalk Branch Bank: "The mode you suggest of doing the business of State is the regular and proper method as between individuals but it is objectionable on legal grounds with the State. All this was considered by the Comt., which reported to the meeting held here on the 18th inst.. The State officers have no authority to borrow money, except under special acts of the legislature. It was concluded to be the safest arrangement to have the fund placed in the hands of one of the Branches here to be used in taking up the orders of the State Auditor on the Treash. . . ."

Note: See letter of June 20, 1857.

(381) June 28, 1857 - Andrews to Governor Chase: "I have the satisfaction of informing you that a large majority of the Banks of the State Bank of Ohio have responded promptly and favorably to the application of the State officers for aid in assisting them to meet the wants of the State Treasury in consequence of the large defalcations recently disclosed therein.

"A few of the Branches are unable, from local causes at this time operating upon them, to render the aid which they would otherwise cheerfully do. Some of the more distant remain to be heard from. Enough, however, has been ascertained to enable me to say that from \$150,000 to \$175,000 may be relied upon from this source.

"I hope that the promptness with which this application has been responded to may be regarded as some evidence that those connected with the banking institutions of the State, in common with her citizens generally, have a proper appreciation of the importance of protecting and preserving her untarnished faith and honor."

Note: No information is presently available on the "defalcations" referred to by Andrews.

(382) July 1, 1857 - Andrews to Massie, ?: "I showed your letter to Mr. \_\_\_\_\_ and had a few talks with him on the subject. I told him most of the Branches had assented to the measure out of respect to the advice of the Ex. Comt. rather than from their own judg<sup>t</sup>.; that we and they would feel as if they were badly treated if their first advance was returned through a broker for coin or exg. in a few days after lending it here. He assured us of his disapproval, as a business man, and as an officer of the State, of her whole system of using the public funds for private operation of Brokers. I have confidence that Mr. \_\_\_\_\_ will do all in his power to break up this system, which is in fact the true cause of the great defalcation in our State treasury. I would like to see this matter properly exposed and laid low, but have no expectation that any of the politicians . . . will ever do it. I think some good will result to the Branches for this aid, incidentally . . ."

Note: See letter of June 28, 1857 and note following.

(383) July 16, 1857 - Janney to Scott, cashier, Chillicothe Branch Bank: "Your Safety fund loans are payable on demand, and you can call them in at any time without authority nor instructions from this office, and by a resolution of the last meeting of the Board you are required to demand the payment of so much of such loans, 'the securities for which may have depreciated, as may make the same secure.' . . ."

(384) July 17, 1857 - Andrews to Atwood & Co.: "I wish to purchase for the benefit of the Commercial Branch \$1,715 Ohio Canal stock. Can you purchase it for me. If so, will you please do so, having it transferred to 'President of the Board of Control of the State Bank of Ohio for the Commercial Branch Bank, Cleveland, Ohio.' Please purchase stock of 1860 or later if the terms will warrant, and draw on me, or advise and I will remit at once."

(385) August 20, 1857 - Andrews to Jewett, president, Muskingum Branch Bank: ". . . the acc. current of O.L.I. & T. Co. . . . 'is not yet examined.' This is too long a time to permit an acc. to stand unexamined without very good and official reasons . . ."

(386) August 27, 1857 - Andrews to Atwood & Co.: "Accept my thanks for the promptness of your advises in reference to the failure of the Trust Co. They gave us the first intimations of the calamity. I would also be under obligation to you for anything hereafter of interest to us. You of course understand something of the extent to which this affects our Branches . . ."

Note: The Ohio Life Insurance and Trust Company failed on August 24, 1857, thus precipitating the "Panic of 1857". Failure of the Trust Company, one of Ohio's, and the Nation's, leading banks, was a consequence of speculative, possibly fraudulent, operations of the cashier of its New York office. Many of the Ohio Branch Banks kept their New York accounts with the Trust Company's office in that city.

(387) August 27, 1857 - Andrews to T. P. Handy, cashier, Commercial Branch Bank, Cleveland: "Accept my thanks for your advices from N. York by teleg. and by letter. I presume you are again at your post. The blow from the failure of the Trust Co. is terrible -- but still it is so distributed that I only fear serious trouble from a few points . . . it falling generally on the strongest of our Branches . . ."

Andrews encloses with his letter a copy of a resolution adopted at a meeting of the Executive Committee on the 26th of August:

"Resolved: That under the existing state of affairs brought about by the unexpected suspension of the Ohio Life Insurance & Trust Co. the Com. have confidence in the ability of each Branch to protect itself but in the event any of the Branches should need assistance the President of the Board of Control is hereby authorized to draw upon such of the Branches as he may deem expedient for such sums as may be necessary to render the adequate assistance . . ."

Note: See letter of August 27, 1857 to Atwood and note following.

(388) August 29, 1857 - Janney to Handy, cashier, Commercial Branch Bank, Cleveland: "Dr. Andrews is absent at Cincinnati on business connected with this office -- I am officially advised that the Merchants Branch Bank of Cleveland needs aid to sustain it and I have assumed the responsibility to telegraph to you this morning to render aid to the

amount of 15,000 dollars under the resolution of the Executive Committee of 26 instant. I trust it will be convenient for you to respond favorably to this call. The President will address you further on this subject on his return from Cincinnati which will probably be on Monday next."

Note: See letter of August 27, 1857 to Handy.

(389) August 29, 1857 - Janney to Atwood & Co.: "I am under very great obligation to you for your kindness in taking my dfts. on the Trust Co. and as soon as I can be put in fund by the Branches, I will reimburse you for any you may have paid, or may hereafter pay."

(390) August 31, 1857 - Janney to Gibbs, cashier, Miami County Branch Bank: "I enclose your check on Atwood & Co. for \$251.87 which I suppose you would prefer not to have forwarded for protest. Hopes are entertained that they will resume, but such things usually turn out worse, instead of better than they appear."

(391) August 31, 1857 - Finn to Gardiner, cashier, Norwalk Branch Bank: "Doctor Andrews being absent at Cincinnati, I respond to your letter that your Branch requires aid [and I am enclosing herein]:

|                           |          |
|---------------------------|----------|
| My draft on Toledo Branch | \$10,000 |
| Do on Lorain              | 5,000    |

Total, Fifteen thousand dollars,

drawn in accordance with resolution of the Executive Committee of date of 26 August.

"You name the sum of 20,000 dollars as needed. I cannot consistently draw for more today, but on the return of the President should it be consistent with circumstances and expedient he will make the additional requisition."

Note: See letter of August 27, 1857 to Handy.

(392) September 1, 1857. Several letters from Janney returning drafts on Atwood & Co. for reasons given in the letter of August 31, 1857 to Gibbs.

(393) September 1, 1857 - Janney to Jones, cashier, Toledo Branch Bank: "Yours of the 29th ult. is recd. with my dft. on Trust Co. for \$273 protested. In order to prevent discrepancies hereafter, I will suggest that I have nothing out of which to pay the protest except my own pocket. The amt. with the Trust Co. was a special deposit made at Mr. Handy's suggestion, and drawn as soon as requested. If you charge me the protest, I will deduct it from that deposit if the balance should ever become available, which I suppose will be the case."

(394) September 3, 1857 - Andrews to Austance, cashier of a Branch Bank: "I enclose your drafts . . . Beebe & Co. suspended. I return them to save expense of protest."

(395) September 4, 1857 - Andrews to Gardiner, cashier, Norwalk Branch Bank: "It is expected that any Branch which may receive aid, by way of advances from another Branch, shall furnish satisfactory security either in the form of time paper, or in the circulating notes of the Branch . . . and interest paid thereon. I do not know whether you recd. the orders on the Coml. Toledo [sic] and Elyria sent by the vice prest. But if so, you will please consider this as subject to the above conditions. In your letter to me you requested me to adjust your cash bal. with the Trust Co. and receive bonds therefor. This I could not do [but] I advise you to have it attended to without delay."

Note: See letter of August 27, 1857 to Handy.

(396) September 5, 1857 - Andrews to Burns, cashier, Mt. Pleasant Branch Bank: "Under the authority of the resolution of the Ex. Comt. of the 26th ult. a copy of which has been sent to you I request you to furnish coins to the amount of Five thousand dollars to the Guernsey Branch; for which they will deliver to you their circulation, with the understanding that you will hold the same until notified by them to pay it out, for which period of time they will pay you interest."

Note: See letter of August 27, 1857 to Handy.

(397) September 5, 1857 - Andrews to Brown, cashier, Harrison Branch Bank. Same as preceding letter.

(398) September 5, 1857 - Andrews to Hubbard, cashier, Farmers Branch Bank, Ashtabula: "Under the authority of the resolution of the Ex. Comt. of the 26th ult. . . . I request you to furnish in coin the amount of Five thousand dollars to the Norwalk Branch . . ."

Remainder similar to letter to Brown above.

Note: See letter of August 27, 1857 to Handy.

(399) September 5, 1857 - Andrews to Louis, cashier, Toledo Branch Bank: "Mr. Gardiner of Norwalk Branch has returned to this office our requisition on you for \$10,000, made in conformity with the resolution of the Ex. Comt. on the 26th ult. the object of which is to provide relief for any Branch which may need it in a most extraordinary and unexpected crisis brought upon us by no imprudence or improper action of one Branch but by the gross misconduct and fraud of others. The case presents the strongest one that can be well imagined for grounds of relief, if needed. But aside from this, we are one family, and our Branches are about as much interested in sustaining each other, as each is in sustaining itself. In fact, to sustain a sick Branch is to sustain yourself. It so happens that this calamity has fallen upon most of our strongest Branches . . . Under these circumstances but one of two courses remain, either to call upon those who have escaped this misfortune, and who are well able to afford relief, or to do nothing, and let the State Bank of Ohio fail . . . Is your Board of Directors known to contemplate such a result? The Elyria Branch promptly responded to our requisition in aid of Norwalk for \$5,000, her capital being but half of what yours is . . . but I cannot draw on you until I hear from you."

Note: See letters of August 27, 1857 to Atwood and to Handy and note following first letter.

(400) September 7, 1857 - Janney to McCurdy, president, Guernsey Branch Bank: "I am requested by the Prest. to ask you to return here immediately, and bring with you, if you have received them, your bonds and mortgages got of the Trust Co. and he, or someone else, will accompany you to Cin. to endeavor to procure something in lieu of them clear of attachments. This is deemed important."

(401) September 15, 1857 - Janney to Scott, cashier, Chillicothe Branch Bank: "Your contribution to the new fund for the clearing office has not been reced.. The fund has been reduced so much that prompt payment is necessary. The amount due by you is \$519 and 50/100."

Similar letters requesting varying amounts were sent on the same day to seven other Branches.

(402) September 18, 1857 - Andrews to ?: "I am happy to inform you that the Branches of the State Bank of Ohio will sustain themselves without difficulty under the extraordinary and severe blow received from the failure of the Trust Co. As soon as I was advised of the probable extent of the failure I went to Cinct. and there effected an arrangt. by which the Branches recd. bonds and mortgages in payt. of their cash balances. This gives them security for about \$800,000. It leaves the bills recbl. [unsecured] and is the only open question. This involves a large sum; but is more than covered by our undivided profits. It is true this would not be a very pleasant way of disposing of our surplus but it is satisfying to have such a [reserve]. This is a point on which I feel some personal satisfaction, as it is one to which I have been working the Bank for 3 years. The affect of this unexpected blow has been greatly reduced by its dissipation among parties . . . Large as it is, in the aggregate, there are but four or five very seriously affected by it. We have 36 Branches -- with \$4,000,000 capital; \$800,000 Safety fund, \$1,000,000 undivided profits and an active schedule of about \$10,000,000 of bills recbl. . . ."

Note: See letter of August 27, 1857 to Atwood and note following.

(403) September 25, 1857 - Janney to Jacob Schultz & Co.: "Yours of yesterday is rec'd. I very much regret to be obliged to say to you that we cannot extend any indulgence. We realize very fully the unpleasantness of your position. The Trust Co. has served you badly, but it has treated us worse, and we are compelled to convert assets received from it to money as soon as we can. For any further information we would refer you to Messrs. \_\_\_\_, \_\_\_\_, and \_\_\_\_ of your city."

Note: See letter of September 18, 1857.

(404) September 28, 1857 - Andrews to Tallman, cashier, Belmont Branch Bank: "I fully appreciate the difficulty of your position -- surrounded by suspended banks on all sides. Your sources of supply of specie nearly all cut off. Still you are strong. You can maintain yourself for some time and I hope go through. To our system, there is but one result of suspension -- it is death -- death of the institution and the passing of its assets into other hands . . . Why not purchase coin of the Wheeling Banks, they have no use for it and may spare it. Try them.

"But by all means stand firm whilst you have a copper in your vaults . . . 'resist the Devil and he will fly away from you.'"

(405) September 30, 1857 - Janney to Rawson & Noble, probably attorneys: "The bonds and mortgages sent you were recd. in this manner: The Branches of the State Bank of Ohio contributed a fund which was placed in my hands for the purpose of redeeming the worn out notes of the Branches. I deposited the fund in the Trust Co. N. Y. and when it failed we rec'd the bonds and mort's. in payment. We suppose, and in that opinion we are confirmed by able counsel, that the suits must be brought in the name of 'the State Bank of Ohio.'"

(406) October 1, 1857 - Janney to Kinney, Espy & Co.: "At a meeting of the Board of Control held yesterday, the following resolution was adopted: "Resolved: That while the rate of Eastern exchange remains at two percent or upward, Kinney, Espy & Co. shall be allowed at the rate of three quarters of one percent for converting foreign notes into coin or exchange."

(407) October 1, 1857 - Janney to Lane, probably an attorney. Letter concerns collection on the bonds and mortgages secured by the State Bank: "It will doubtless work hardship to the debtors, but it will certainly be no worse than we have been served by the Trust Co.. We are acting but as the agents of others, and have no discretion. The only instructions we have to give are to make the money as speedily as you can, either by obtaining immediate judgment or otherwise, at your discretion."

Note: See letter of September 18, 1857.

(408) October 1, 1857 - Janney to Statlo, Andrews and McCook. Another letter relating to the bonds and mortgages secured from the Trust Co.: ". . . this is the only remedy in our power to right ourselves in some degree from the frauds of the Trust Co.. The borrowers had no expectation of being called upon at this time, neither did we expect to be robbed."

(409) October 2, 1857 - Andrews to Louis, cashier, Toledo Branch Bank. Andrews draws \$6,000 in coin for the benefit of the Norwalk Branch Bank.

Note: See letter of August 27, 1857 to Handy.

(410) October 3, 1857 - Andrews to Swain, cashier Dayton Branch Bank: ". . . I hereby make a requisition on the Dayton Branch of the State Bank of Ohio for Five thousand dollars, in currency, to be advanced to the Ross County for . . . aid. It is understood that any advances made by the Dayton Branch to the Ross County since the 30th ult. is in compliance with [resolution previously noted]."

Note: See letter of August 27, 1857 to Handy.

(411) October 3, 1857 - Andrews to Kingsbury, cashier, Ross County Branch Bank: "It being understood that any advances which may be made by the Branches in aid of each other during the present crisis are to be secured to the satisfaction of the Prest. of the Board of Control, you will please forward to this office sealed packages of your circulating notes containing sums equal to any advances made to your Branch by the other Branches with a statement explanatory."

(412) October 5, 1857 - Hull, clerk, Board of Control to Ebbert, cashier, Portage County Branch Bank: "I send herewith Five thousand dollars assorted Branch notes in exchange for your notes."

Similar letters, mentioning various amounts, were sent to seven other Branch Bank on this date.

Note: This letter indicates that the panic forced the Branch Banks to adopt an unethical practice in order to maintain specie payments. Instead of paying out its own notes in the course of daily business, each Branch Bank would pay out the notes of other, distant, Branch Banks. Thus, local circulations would consist largely of out-of-town banknotes. Since travel conditions were poor in the 1850's, note-holders would not be able to return notes for redemption without substantial difficulty.

(413) October 6, 1857 - Andrews to Otis, member, Executive Committee: "I am happy to inform you that my information from all our Branches is of improved confidence and strength. The return of circl. has greatly diminished, the people are quiet, brokers have stopped their war . . . the Ross Co. is safe for the present at least. Now is the time to expel all foreign paper, and thus force an absorption of our own. Ohio wants every dollar of our circl. for daily use, let us resume the practice of sending all foreign paper from the field in Ohio . . ."

Note: By "foreign paper" Andrews means circulating notes of other than Ohio banks.

(414) October 7, 1857 - Janney to Ebbert, cashier, Portage County Branch Bank: "If you will read the 3rd resolution referred to by you again, you will doubtless see that before I refund your deposits in the clearing office, you must satisfy the Prest. that you are among the 'lame ducks' which I apprehend that you do not claim to be now."

(415) October 7, 1857 - Andrews to Handy, cashier, Commercial Branch Bank, Cleveland: ". . . the reports from all parts of the State are encouraging, the public mind is quieting down and confidence returning, redemption greatly diminished and the Bank increasing in strength . . ."

(416) October 8, 1857 - Andrews to Comstock, cashier, Summit County Branch Bank: "The troubled waters are becoming calm but our safety depends on the curtailment of our liabilities and making our assets available. Do all in your power."

(417) October 9, 1857 - Andrews to Jewett, cashier, Muskingum Branch Bank: "In making my suggestions as to relieving the Cinct. market of a portion of Branch paper circulating there I of course expected each Br. to decide with reference to its own interests and position. With some it was perfectly convenient to comply, with others it was not; and this I wished each to decide for itself. I have no over confidence in my own views, but it strikes me that it is good policy, when the brokers and bankers of Cinct. are large holders of our paper, to take a portion of it off that market, so that it may not be . . . a load for them to carry.

Our great source of strength is public confidence and whatever tends to sustain or increase that, adds to our strength. Let us retain that, and we will pass the crisis triumphantly . . ."

(418) October 10, 1857 - Hull, clerk, to Ebbert, cashier, Portage County Branch Bank: "I have sent you by express \$3600 of assorted Br. notes in exchange for your notes."

Similar letters, mentioning various amounts, were sent to eight other Branch Banks on this date.

Note: See letter of October 5, 1857 and note following.

(419) October 12, 1857 - Andrews to Stewart, cashier, Athens Branch Bank: "You say that if the Cinct. brokers commence business again, you will need help. You must try and protect yourselves. You should be collecting every dollar you can . . ."

(420) October 12, 1857 - Andrews to Hurxthal, cashier, Union Branch Bank: "I think you have adopted a very wise course in bringing your N.Y. bal. home in coins. Your only safety now is in retiring your circl. as fast as possible. Discount nothing, get in all you can and lay up your notes until the panic is over . . . if the N.Y. Banks maintain their position, as I think they will, I think we can . . ."

Note: On the following day, October 13, every New York City bank, save one, suspended specie payments.

(421) October 16, 1857 - Andrews to Brown, cashier, Harrison County Branch Bank: "I hope every Branch will stand firm. Let none suspend from fear, or because others do. Pay brokers in Eastern exchange and the people in coin, if wanted."

Note: See letter of October 12, 1857 and note following.

(422) October 14, 1857 - Andrews to Endly, cashier, Guernsey Branch Bank: "I do not know where you can procure coin unless of -- & Co., Cinct.. Under existing circumstances you ought not to present the order on the Mt. Pleasant Br. as they have lost by Farman's failure in Philad. . . . If you have not converted your U. S. Safety Fd. stock into coin do so . . ."

(423) October 19, 1857 - Janney to Waters, cashier, Marietta Branch Bank: "On Friday I recd. your drfs. . . . and on Saturday, the telegram told us they too had gone the way of all the rest. I therefore enclose your drafts to save protest."

(424) October 16, 1857 - Andrews to Comstock, cashier, Summit County Branch Bank: "Under existing circumstances it would be inexpedient in itself, and perhaps an injury to others, to draw on one Br. to aid another. The strong today may be weak tomorrow. No one can tell when nor from what quarter he may be assailed. Do all you can . . . after all is done you will have the satisfaction of having done your duty."

(425) October 17, 1857 - Janney to Brown, cashier, Harrison County Branch Bank: "At a meeting of the Ex. Comt. of the Board of Control held on the 15th and 16th insts. the following resolutions were adopted:

"Resolved, That it is the duty of the Directors of each Branch to decide for itself as to its proper course under existing circumstances.

"Resolved that the Prest. be instructed to issue a circular to the Branches directing them to adhere rigidly to the 55th and 63rd Secs. of the Charter.

"It may not be improper to remark that the Branches are required to set off to the State the taxes on their profits agreeably to Sec. 60, whether a dividend is made or not.

"The declining rates of coins and exchange, and the early and active demand for our products with the increasing confidence of the public in our circulation give appearance of success in continuing to pay coin."

Note: It was probably at about this date that the Ohio Branch Banks were subject to the most severe pressure in the Panic of 1857.

(426) October 21, 1857 - Andrews to cashiers of all Branch Banks: "The treasury of State has issued a circular directing the collectors and county treasurers to receive no bank notes in payment of canal tolls, taxes and other public dues, except the notes of the State Bank of Ohio and the Independent and Stock Banks of the State. This will operate favorably upon our Ohio Banks in various ways; but chiefly in sustaining them in the confidence of the public, which they now enjoy, and which would be disastrous to lose.

"The treasury will want about the 20th of Dec. in exchange for Ohio Bank notes a sum sufficient to pay the January interest on the State debt, say about \$400,000. This is equal to about 8 percent on the capital of all the Ohio Banks; and if the Branches should be called upon for the whole sum (which is not intended) could not exceed 10 percent on their capital. I have informed the treasury. that I would advise the Branches to agree to furnish their respective proportions of this Fund in their drafts on N. York payable in bankable funds at par in exchange for the notes of any of the Branches. You will please advise me immediately whether you [agree to this arrangement]."

Note: Since the Branch Banks would normally add exchange charges in converting their notes to drafts on New York the State was, in effect, providing the Branch Banks with a public note of confidence--for a price. Probably both parties profited from the arrangement, however doubtful its ethics.

(427) October 22, 1857 - Andrews to ?: "I have received your dispatch saying 'the banks are in position to consider the expediency of discounting for banks in the interior with a view to moving forward the crops.'

"This is a subject on which I have reflected much, regarding it, as I do, as the only mode of obtaining relief to all interests and in all sections of the country. As to the object thus, I presume there is no difference of opinion. The varied products of agriculture, of our manufacturers and mines constitute our resources and sustain business to pay debts and maintain credit. Whatever tends to develop these resources, or

move them forward when developed, accomplishes these ends. In other words, the machinery of commerce, in its extended sense, involving the departments of the banker, the transporter, the packer, the miller, is at a dead lock; and the question is how to start it.

"It is, then, as to the best mode of effecting an admitted object that we are to deliberate and act wisely, for any effort which shall fail in attaining the end in view will prove worse than none, because it will discourage and defeat efforts in the right direction.

"From habit, observation and experience my mind always inclines to look at all business propositions practically and always to prefer that which has been proved to work satisfactorily and efficiently . . . for years past, this machine of commerce has worked well, in all its departments. Nor was [it] considered too weak or inefficient. But suddenly we are brought to a stand still. We look about us and find difficulties in the banking department. What is wrong there. I answer for Ohio only. We have all the machinery necessary for moving our crops, great as they are, but that machinery wants some repairs. Up to the 24th of August, it worked well; it answered every purpose, none complained of it; on that day the fact was developed that a very large proportion of its available and active means were cut off, through the Ohio Trust Co.. Other disasters followed in rapid succession; not serious in themselves but seriously felt when united with each other and that of the Trust Co.. [Many] institutions [have] yielded to these repeated disasters. We are able to stand, do stand and can and will repair the damages. By our machinery, which has heretofore proved quite sufficient to move Ohio products to market, being deranged, our efforts must be imperfect until the damage is repaired. This may be done slowly or quickly; if by ourselves and unaided, it will be slowly; if by the judicious aid of others it may be done quickly.

"Suppose then, that the N. York City banks, by subscription or agreement, create a cash fund equal to one million dollars to be used by the Branches of the State Bank of Ohio, under the following arrangement:

1. Credit to be opened at one or more Banks in the City of N. York, to be designated by the parties creating it.

2. A Branch desiring to avail itself of a part thereof shall submit its requisition 1st to the Ex. Comt. of the Board of Control; and having obtained the approval of said Comt. as to the extent of the loan and sufficiency of the security thereof, the said Branch certifies these facts and on the receipt of such certification the specific sum agreed upon and certified to, to be passed to the credit and subject to the use of said Branch. All the Branches to be liable for the sum thus advanced to any one.

4. [3?]. The credit to be reimbursable in equal sums in six, twelve, eighteen, and twenty four months but with the privilege of the Branches of paying at pleasure before the expiration of these periods.

5. [4?]. The credit to be in the form of an acct. current and the Branch to pay int. at a stipulated rate on the daily balance thereof; or rather, I should say, on the amount . . . to be ascertained and stated daily.

"Other matters of detail will readily be seen and provided for. I will now illustrate the operation of this plan.

"All the Branches involved in the loss of the Trust Co. received in payment of their cash balances, bonds secured by mortgages; These are the first class of security but are not immediately available in money, Of course, they cripple the active business of a Branch. Now, under this

arrangement, the securities could be hypothecated with the Ex. Comt. to secure the advances to the Br.. And the entire number of Branches would be safe in assuming the liability to the advances of the fund. Again, take the case of the Merchants Bank of Cleveland. She lost in bills and cash a sum exceeding her capital. She attached properties of the Trust Co. to secure hers; and [received] valuable real estate, among which is the valuable banking house of the Trust Co. in Cinct.. The Merchants also holds very valuable [quarters] in Clevd. purchased for her own convenience years ago, at a very low figure. She can secure a loan of one hundred \$ easily. This would put the Bank in immediate action.

"Our Ohio Banks are in the hands of the best businessmen of the State, and I know what I say. This entire machinery is ready to be put to work; their customers are known to them, they are ready and prepared to act. The hog crop, the . . . wheat and corn are about ready for market . . . then why not let this tried and expensive machinery to work. Owing to the limited extent of banking capital in Ohio the business of our Branches is unusually safe and active, being mostly confined to advances on exports. Here with all our losses and restraint we still maintain our position as earning Banks and will do so if we can. On this we are resolved. But without some arrangement as that [described above] we go on curtailing and liquidating. With it, we expand and [achieve] an active 30 day business. In fact, a large proportion of our discounts would be 20 day bills on N. York.

"You have my views very . . . hastily thrown together. I make no proposition; I have no authority to make any. I have consulted no one. I throw this off to be considered by you and if you think proper to talk it over with some of your bankers, and then let me hear from you."

Note: This letter was probably written to one of the leading New York bankers. For background information see letter of August 27, 1857 and note following.

(428) October 23, 1857 - Andrews to Buckingham: "As our fund for redeeming the notes of the Licking Co. Branch is not exhausted, your inability to meet your note promptly . . . will put us to no inconvenience.

"I know well and fully . . . the difficulties of meeting engagements at this time . . ."

(429) October 23, 1857 - Andrews to Finn, vice president: ". . . I feel no anxiety to facilitate expansion of circl. at this time. Contraction is our policy and only safety. This is going on very generally and very satisfactorily . . . There is no excitement here, and a growing confidence in the public mind . . ."

(430) October 24, 1857 - Hull, clerk, to Colby, cashier, Commercial Branch Bank, Cleveland: "I have sent you by express Five thousand dollars assorted Branch notes in exchange for your notes."

Similar letters, involving various amounts, were sent to 9 other Branch Banks on this date.

Note: See letter of October 5, 1857 and note following.

(431) October 26, 1857 - Andrews to Mygalt, cashier, Merchants Branch Bank, Cleveland: "I have too much respect for the good sense and judgement of the managers of the Merchants Bank to suppose that they can decline to comply with the proposition to furnish N. Y. Ex. to the treasurer of State under the circumstances, and as proposed in my letter of 21st inst.. Let us consider, for a moment, what is gained by having our paper receivable in payt. of taxes by the State. We thereby retain public confidence, and have millions of our circulation absorbed for this and other daily use. Then consider the effects of an opposite policy and can we ask or expect the treasurer to receive our paper if he cannot use it to meet the needs of the State? Do consider this question, for I regard it as of vital importance, and the more a Bank is cramped; the deeper is its interest in this matter. If you decline, others may decline . . ."

Note: See letter of October 21, 1857 and note following.

(432) October 26, 1857 - Andrews to Trader, cashier, Xenia Branch Bank. Letter similar to above: ". . . The State wants about \$400,000 New York exchange to pay the interest on its public debt due the 1st January. It has the notes of the State Bank of Ohio for that and on these it asks therefore for N. York exchange and the Bank refuses to furnish it except at the 'current buying rate'--and this is the way that the Bank proposes to sustain the State! . . . I hope you will therefore reconsider the matter and at once agree to furnish the exchange unconditionally on the terms proposed."

Note: See letter of October 21, 1857 and note following.

(433) October 26, 1857 - Andrews to Ebbert, cashier, Portage County Branch Bank. Letter, similar to those immediately above, urging bank to furnish Eastern exchange to the State at par.

(434) October 27, 1857 - Andrews to Kinney, cashier, Portsmouth Branch Bank. Letter similar to those immediately above.

(435) October 27, 1857 - Andrews to Geraghty, cashier, Hocking Valley Branch Bank. Letter similar to those immediately above: ". . . I consider this arrangement as the very salvation of the State Bank . . ."

(436) October 27, 1857 - Andrews to Campbell, cashier, Farmers Branch Bank, Salem. Letter similar to those above.

(437) October 27, 1857 - Andrews to Comstock, cashier, Summit County Branch Bank. Letter similar to those above.

(438) October 28, 1857 - Andrews to Otis, member, Executive Committee: "My patience is almost exhausted at the course taken by a large number of the Branches in reference to my circular of 21st inst. to which Mr. Handy will refer you. The effect of the arrangement therein proposed is so obvious and the advantages so great that I supposed all would see their true interest in acceding to the terms it drew. But it is not so. And the whole plan is now in danger of being upset. I have proposed and will rush today to those who still hold back a circular notifying them that on them now the responsibility rests, they must decide whether the State Bank of Ohio can be sustained or not . . ."

Note: See letter of October 21, 1857 and note following.

(439) October 28, 1857 - Andrews to Mygalt, cashier, Merchants Branch Bank, Cleveland, (see letter of October 26th to the same person): "I am very glad to learn that your Bank has resolved to 'furnish the exchange to the State if it can.' Where there is a will there is a way."

Andrews goes on to urge very strongly that the Branch Bank furnish the necessary exchange.

Note: See letter of October 21, 1857 and note following.

(440) October 29, 1857 - Janney to Young, cashier, Piqua County Branch Bank: "The Prest. has this day rec'd a communication from \_\_\_\_\_, charging the Piqua Branch with refusal to redeem its notes in gold or silver coin; and suggests that perhaps you had better come here and see him."

Note: Refusal to redeem a note in specie, on demand, constituted an act of insolvency according to law.

(441) October 30, 1857 - Andrews to Gibbs, cashier, Miami County Branch Bank. Gibbs' bank had agreed to furnish exchange to the State at par, as requested by Andrews. However, the bank was irritated at the "scolding" it had received and Andrews defends his action.

Note: See letter of October 21, 1857 and note following.

(442) October 30, 1857 - Andrews to Carey: "I will thank you to inform me whether the note of the Piqua Branch, alleged to have been presented by you, or your agent, for redemption on the 20th and 23rd insts. are now in your possession; or whether they have been redeemed by the Bank.

"I have had no communication with the Bank, or any of its officers or agents, on this subject, but I understand that the Bank does redeem its notes and has not suspended."

Note: See letter of October 29, 1857 and note following.

(443) October 31, 1857 - Andrews to cashier of a Branch Bank: "You have undoubtedly the right to reduce your capital, as provided by Sec. 7 of act of Mar. 23, 1850. But I am much in doubt of the propriety of receiving stock in payment of debts. It is a very dangerous 'precedent' and if once instituted, might lead to disasterous results . . . Suppose the stocks have little or no value and the Bank holds good notes of stockholders. You can see how the associate Branches might be affected . . ."

(444) November 3, 1857 - Andrews to T. P. Handy, cashier, Commercial Branch Bank, Cleveland: "The notice of protest which I have received is from \_\_\_\_\_. It is of a \$5 bill which he says was presented and payt. 'lawfully demanded of said Bank during its usual banking hours, and refused.'"

Andrews urges that he investigate: "My own opinion is that is is a better policy to pay freely, cost what it may, retire your circl. and keep close reefed until the squall is over . . ."

Note: See note following letter of October 29, 1857.

(445) November 5, 1857 - Andrews to Gardiner, cashier, Norwalk Branch Bank. Congratulates Gardiner on the improved condition of his bank.

(446) November 5, 1857 - Andrews to Odlin, president, Dayton Branch Bank: ". . . well it looks to me very much as if the panic was over!"

(447) November 5, 1857 - Andrews to Carey. Carey is apparently pressing for action against the Piqua Branch Bank, while Andrews is clearly attempting to delay action as long as possible.

Note: See letter of October 29, 1857 and note following.

(448) November 6, 1857 - Andrews to Hurxthal, cashier, Union Branch Bank, Massillon: "I am much gratified with the report of the Union, and the manner she has passed through the crisis. She has shown a power of contraction, the true test of the strength of a Bank, highly creditable . . ."

(449) November 7, 1857 - Hull, clerk, to Mygalt, cashier, Merchants Branch Bank, Cleveland: "I have sent you by express Five thousand dollars assorted notes in exchange for like amount of yours. I will mix the other Five thousand dollars as soon as possible."

Similar letters, involving various amounts, were sent on this date to 10 other Branch Banks.

Note: See letter of October 5, 1857 and note following.

(450) November 11, 1857 - Janney to cashier of a Branch Bank: "We redeemed notes from Bankers which they could not pass to keep them from grumbling."

(451) November 12, 1857 - Andrews to Otis, member, Executive Committee. Reviews and justifies attempts to have Branch Banks furnish eastern exchange to the State. Apparently he had been successful in most cases and here claims that thereby the State Bank of Ohio was saved.

Note: See letter of October 21, 1857 and note following.

(452) November 13, 1857 - Letter from Janney indicates formation of a New Branch Bank, the name of which is not given.

(453) November 14, 1857 - Janney to T. P. Handy, cashier, Commercial Branch Bank, Cleveland: "The overdraft mentioned by you was entirely unintentional on my part and did not exist on my books. I was misled by supposing the practice of the O.L.I. & Tr. Co. to have been the uniform practice of the Banks in the city of N. York, that it is that sight drafts were passed at once to my credit."

(454) November 14, 1857 - Andrews to Homaire: "So far as the Branches of the State Bank of Ohio are concerned, I reply to your inquiry that none of them has suspended specie payments. They have stood up manfully and are nobly discharging their duty to the public by performing what they agreed to when they issued their notes; and this has been done under the heaviest loss ever sustained by them, caused by the failure of the Ohio Life Insurance & Trust Co. . . ."

(455) November 17, 1857 - Andrews to ?. Indicates that the Hocking Valley Branch Bank had refused to redeem a note, although Andrews denies this.

Note: See letter of October 29, 1857 and note following.

(456) November 21, 1857 - Andrews to Talmadge, member, Board of Control. Talmadge has not attended the latest meeting and Andrews informs him of several matters considered at that time: "You will receive a copy of resolutions adopted. Among them is one (recommended by me) to bring up the coin [?] to 20 percent on circulation in 60 days and thereafter 2½ percent per month until the amount is to 30 percent and hereafter we will have no 'equivalent' but count only 'coin in vault' as the basis of circulation and each may have as much, or as little, East. exchange as it pleases . . ."

Note: Branch Banks were required by law to maintain a specie reserve consisting of 30 percent of circulation, one-half of which at least had to consist of coin in vault and the remainder could, unless prohibited by the Board of Control, be represented by deposits in eastern banks.

(457) November 25, 1857 - Andrews to McGrew, cashier, Mad River Valley Branch Bank: "I am much gratified with the excellent report your Bank made on the 23rd inst. . . . the State Bank of Ohio has shown more real strength during the late crisis, under the circumstances, than any Bank ever did in this country before . . . in due time we will reap the fruits . . ."

(458) November 26, 1857 - Andrews to Finn, vice president: "I see no reason, so far as the Banks are concerned, for delaying examinations any longer.

"As important changes in the condition of most of the Branches have occurred since the commencement of the late monetary crisis, it will be well to state how and to what extent each Branch has been affected thereby . . ."

(459) November 27, 1857 - Andrews to Martin, receiver, Commercial Branch Bank, Toledo: ". . . I hope the good ship 'State Bank of Ohio' is once more in smoother waters. But for the terrible calamity of the Trust Co. she would have passed through the crisis without the necessity of taking in a sail."

Note: See letter of August 27, 1857 to Atwood & Co., and note following.

(460) December 3, 1857 - Andrews to Walls, one of the debtors to the Trust Co. whose note had been taken over by the State Bank of Ohio. Andrews notifies him that he is sympathetic but the note must be paid.

(461) December 9, 1857 - Andrews to Meygalt, cashier, Merchants Branch Bank, Cleveland: "In reply to your inquiry as to what the Board would probably do in case of the failure of a Branch to provide the required amt. in coins within sixty days, I can only say that it is of course expected that all will use every effort to comply. But if their efforts, honestly and fairly exerted, should fail, there would be, under existing circumstances, and the known causes of embarrassment, a disposition, undoubtedly, to consider the circumstances of each case on its own merits . . ."

"In your case, the effort of course is to raise money on your real estate, by sale or otherwise. We know the times are unpropitious for this. And you may not succeed for some time. Still I hope to see you once more in an active and successful banking business. There is every inducement to it. No new charters are likely to be granted for years to come . . ."

Note: See letter of November 21, 1857 and note following.

(462) December 9, 1857 - Andrews to Whitney, president, Madison Branch Bank of Indiana. Evidently Whitney had complained of the slowness of the liquidation of the M & T Branch Bank. Andrews notifies him that the fourth dividend of 10 percent to general creditors has recently been made and praises highly the work of the receiver.

(463) December 16, 1857 - Andrews to Otis, member, Executive Committee. States that while most of the State Bank system has come through the crisis successfully there are still 5 or 6 Branch Banks in a weakened condition. He appears particularly concerned about the Merchants Branch Bank of Cleveland.

(464) December 17, 1857 - Andrews to T. P. Handy, cashier, Commercial Branch Bank, Cleveland. Andrews calls Handy's attention to Section 47 of the act of 1845. Apparently the report of the Bank indicated that it was violating this Section, although this was not definitely known by Andrews. Andrews points out that if Handy is in fact purchasing stock he, Andrews, "never knew it to result otherwise than disastrous in the end. At the very time you want to realize on stocks, they are unavailable . . ."

Note: Section 47 forbade a Branch Bank to be "the holder or purchaser of any portion of its capital stock, or of the capital stock of any other incorporated company, unless such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith . . ."

(465) December 21, 1857 - Andrews to Colby, cashier, Farmers Branch Bank, Mansfield: "There appears to be an impression among the brokers that the protest of a note issued by a Branch at once works a forfeiture of the charter. This is a great mistake. It is merely 'informative' of a fact stated; the 'truth' of which is to be inquired into by a Comt. of the Board of Control. Do not permit yourselves to be excited, or thrown off your guard. You have a right to pay in either gold or silver coin, 'the lawful currency of the U. S.', but silver coin is not all a legal tender in equal sums, some of the late coins being only such for small sums . . ."

Note: See letter of October 29, 1857 and note following.

(466) December 21, 1857 - Andrews to Tallman, cashier, Belmont Branch Bank: "The great duty of our Branches must be safety and not profit for some time to come yet . . . renew nothing without additional security if you can get it. It takes some time for such an agitation as we have had to settle down quietly.

"The Banks you name in N.Y. are probably as good as any there. The Bank of America, Commerce, and of the State of N.Y. . . . I like the Metropolitan for one act . . . the Prest. refused to have anything to do with Ludlow, when offering to sell our bills recbl., telling him he knew they did not belong to the Trust Co. and he had no right to sell them."

Note: Ludlow had possibly been the cashier of the New York agency of the Ohio Life Insurance & Trust Company. It had been because of speculative, possibly fraudulent, activities in this agency that the Trust Company failed.

(467) December 23, 1857 - Andrews to Otis, member, Executive Committee:  
"Some of our friends have just returned from N. Y. and have been very successful in getting up their bills recbl.. Bucan., Young, Harding, Gardiner all have succeeded beyond their expectations. They also speak more favorably of the ultimate value of claims on the Trust Co.

"With a little time, a good share of patience, continued care and watchfulness, we will stand erect before the world once more. The treasurer of State will be provided with his exchange. This has worked well, for brokers had been at him repeatedly wishing to furnish it. You will find, I think, that the Cinct. market can be much more easily managed now the Trust Co., with our funds to work with, is out of the way, provided we are willing to work with our own funds.

(468) December 30, 1857 - Andrews to Williams, member, Board of Control:  
"At a meeting of the Ex. Comt. of the Board held on yesterday, you are appointed a Committee to make inquiry into the truth of information charging the Farmers Bank of Mansfield with an act of insolvency in refusing to redeem certain of its notes of circulation.

"At your earliest convenience I will thank you to come here, where I will provide you with a copy of the information and the necessary instructions."

Note: See letter of October 29, 1857 and note following.

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(469) January 2, 1858 - Andrews to Hosea Williams: "I herewith furnish you with a copy of the 'information' filed with this office charging an act of insolvency as having been committed by the Farmers Branch of the State Bank of Ohio at Mansfield, into the truth of which information you have been appointed a committee to inquire and make report thereon to the Board of Control as provided in the 25th Sec. of the Charter. In conducting your inquiry I would suggest:

"1st. You are to inquire into the 'truth' of the information and this implies the necessity of making inquiry into all the collateral circumstances having any connection with the naked fact charged, which may explain or modify the fact.

"2nd. You will extend your inquiry into the present condition of the Bank, especially as to the character, sufficiency and availability of its assets to meet its liabilities.

"3rd. You will satisfy yourself as to the integrity of its officers and directors, whether they are acting in good faith towards those having claims against the Bank and honestly applying its means to the amount of its liabilities.

"4th. You will ascertain whether the Bank is now redeeming its circulating notes promptly when presented, in order that the Board may judge of the necessity of providing coin for that purpose.

"5th. You will call on the party . . . furnishing the 'information' for an identification of the notes on which the alleged demand and refusal was made . . .

"Whilst we are disposed to hold the Banks to a rigid performance of their duties, we may be careful also in these times of general excitement in monetary affairs not to be the instrument of carrying on petty quarrels between parties which have no real cause of complaint to make."

Note: See letter of October 29, 1857 and note following.

(470) January 2, 1858 - Andrews to Finn. Asks Finn to go immediately to the Knox County Branch Bank. The cashier, Lewis, had just resigned and, apparently, a defalcation had been discovered.

(471) January 11, 1858 - Andrews to Martin and Young, receivers, Commercial Branch Bank, Toledo. Letter urges receivers to make "every effort to collect all you can of the debt due the Coml. Bank . . . The interests of the Branches . . . require as rapid a closing up as can be effected . . ."

(472) January 12, 1858 - Andrews to Otis, member, Executive Committee. Andrews touches on a number of matters relating to the State Bank of Ohio, among them the defalcation of Lewis, noted in letter of January 2, above: "I directed Mr. Finn to go to Mt. Vernon which he did and was here today. Their late cashier, Lewis, abstracted some \$5,000 by false entries. It was secured."

(473) January 16, 1858 - Andrews to Carey: "I am in receipt of a letter from you today, without date, in which you complain of delay in the investigation of the information furnished by you against the Piqua Branch. I have already informed you that the subject had been passed to a committee whose duty it is to make inquiry into the truth of the information and report to this office. Mr. \_\_\_\_\_ is the committee . . . When he consented to serve, he informed me that he would attend to the matter as soon as other absolute engagements would permit . . . There is no disposition to cause any unnecessary delay in this matter."

Note: See letter of October 30, 1857 to Carey and letter of October 29, 1857 and note following.

(474) January 22, 1858 - Andrews to Hugh McCulloch, president, Bank of the State of Indiana. This is apparently the first of a series of letters to McCulloch for the purpose of establishing a clearing house or a redemption agency for Ohio and Indiana banknotes. In this letter Andrews seeks to, "at least ascertain your general views on this subject." Later letters, which will not be quoted here, indicate that the project was acceptable to McCulloch and that the office would be started. However, the project was abandoned when certain legal difficulties were encountered.

(475) February 1, 1858 - Janney to Colby, cashier, Farmers Branch Bank, Mansfield: "Our engravers say they could 'tint' the face of our notes so as to prevent them being 'raised' as some of them have been lately. Being about to order some notes for you, I concluded to ask whether you would be willing to incur the additional expense of \$20 per thousand sheets for the sake of the additional security."

Note: This letter is typical of many found in the letter-books. It illustrates one of the many problems faced by banks of issue prior to the Civil War.

(476) February 3, 1858 - Andrews to Bacon. Bacon had been appointed the committee to investigate the charge that the Piqua Branch Bank had refused to pay specie for a note:

"I am glad the Piqua matter is terminated and hope this is the last of such complaints. The Piqua Br. should pay your bill . . ."

Note: See letter of October 30, 1857 to Carey and letter of October 29, 1857 and note following.

(477) February 8, 1858 - Andrews to Hurxthal, cashier, Union Branch Bank: "I think a large proportion of the Branches deem it inexpedient, at this time, to increase their circl. . . . I hope you will continue to do as careful and successful a business as you have for some time . . ."

(478) February 15, 1858 - Andrews to president, Knox County Branch Bank. Andrews suggests that under the 67th Section of the Charter the cashier responsible for the embezzlement, described in the letter of January 12, 1858, above, is subject to prosecution: "I fear very much if such transactions are permitted to go unpunished, we shall have a degree of demoralization associated with the very name of a 'Bank', that men of character and integrity will shrink from contact with it . . ."

Andrews was also disturbed by the latest report of examination of the Bank: "I allude to the discount of over \$6,000 of the paper of a firm already largely indebted to the Knox Co. Branch, the proceeds being passed to the credit of the 'Central Bank' without the endorsement of the same . . . I await your explanations."

(479) February 20, 1858 - Hull, clerk, to Waters, cashier, Marietta Branch Bank: "I send you herewith by express Five thousand dollars Wayne Co. Branch at Wooster for which you will please return same amount of your notes to E. Quimby, jr. Cas. Wooster. Mr. Quimby intends using it in paying out the school fund and will mix it with about thirty thousand dollars of currency that he has on hand . . ."

Note: See letter of October 5, 1857 and note following.

(480) March 7, 1858 - Andrews to Otis, member, Executive Committee. Andrews refers again to the charges made against several of the Branch Banks: "In the case of the Piqua Branch the charges were withdrawn by the informant. In the case of the [Farmers Branch Bank of Mansfield] the Comt. was not satisfied that the charge was established by the facts, and refused to appoint a receiver. I hope no more complaints will be made . . ."

Note: See letters of January 2 and January 16, 1858 and notes following.

(481) March 15, 1858 - Andrews to --: "I have read the proceedings of the representatives of the New York banks on the subject of paying interest on current deposits with much interest and satisfaction. I fully concur with the conclusions arrived at and the able arguments sustaining both as unsound and unsafe to the Bank and the depositor . . . 1st. because it tended to produce a dangerous expansion of the Bank, 2nd. because the additional profit made was not a fair commission for . . . the additional business done. The affect upon the business of a Bank is to place it somewhat in the same position of the individual who is so anxious to realize a profit on every dollar at his command, that he does not reserve for use a sufficient amount to meet his current expenses, or even to go to the market with. There is such a thing as over working the 'dollar' as well as your horse, both may be worked out of existance. I hope your banks will adhere to their present determination on this important question. The Branches, of the State Bank of Ohio, have had experience enough on this subject and require no new reasons . . ."

(482) April 15, 1858 - Andrews to McGrew, cashier, Mad River Valley Branch Bank. McGrew's bank had charged the treasurer of the State of Ohio for eastern exchange. Andrews points out that this was in violation of the agreement made earlier and goes on to restate the reasons for that agreement.

Note: See letter of October 21, 1857 and note following.

(483) April 22, 1858 - Series of letters from Janney to the cashiers of all Branch Banks informing them that at the last meeting of the Executive Committee the president had been instructed to direct the Branches to "make no return under the first section of the 'act to tax the property of banks and bankers' as passed April 12, 1858."

Letters to Athens Branch Bank, Chillicothe Branch Bank, Exchange Branch Bank, Knox County Branch Bank, Logan Branch Bank, Marietta Branch Bank, Merchants Branch Bank, Norwalk Branch Bank, Portage County Branch Bank, and the Ross County Branch Bank also notifies these Branches that the Executive Committee had prohibited the declaration of a dividend in their cases.

(484) April 29, 1858 - Andrews to president, Knox County Branch Bank: "It is a great mistake to suppose that the Ex. Comt. 'singled out' the Knox Co. Branch in its order prohibiting a dividend on next dividend day. On the contrary, one third of all the Branches are included in that order, and among them five Branches represented by members of the Ex. Comt. viz, the Exchange, Chillicothe, Ross Co., Athens and Marietta . . ."

Note: See letter of April 22, 1858.

(485) May 11, 1858 - Andrews to Walker, cashier, Logan Branch Bank: "By the report of Mr. Finn of the condition of your Bank, I observe one fact stated to which I wish to call your immediate attention, and through you, that of your directors. He reports the liability of your directors is in excess of the amount allowed by the Charter . . . A continuance of this excess may endanger the existence of the Bank . . ."

(486) May 22, 1858 - Janney to Morrison, cashier of a New York bank: "Attached to this office is a 'clearing office' to which the Branches of the State Bank of Ohio forward their mutilated notes. A settlement is made on Monday of each week and the balances are paid, those due by the office, by draft on New York, and those due to it by draft on Boston, New York, Philadelphia or Baltimore. These balances generally range from, say \$1,000 to \$1,500. A very large proportion of the balances due the office will be paid in draft on your city, the balance on Boston, Philadelphia or Baltimore. We wish to deposit \$10,000 in some good bank in your city to meet our drafts, and I wish to know whether your bank will receive it, and if so upon what terms . . ."

Similar letters were sent to the Bank of American and the Bank of Commerce in New York.

(487) September 27, 1858 - Janney to Mead: "The Branches of the State Bank of Ohio do not allow interest on deposits, unless by special agreement in exceptional cases . . ."

(488) October 1, 1858 - Janney to Huxthal, cashier, Union Branch Bank: ". . . the brokers are now straining every nerve to cripple the efforts of the Bank of the O. V.. They first tried to make her raise the rate of exchange, and now they strike at her through the Branches, selecting those especially, which they think least able to bear an attach . . ."

Note: Most of the business of the Bank of the Ohio Valley, a Free Bank, consisted of buying and selling exchange for other Ohio banks. Such business had formerly been done by brokers.

(489) October 22, 1858 - Andrews to Scarborough, president, Bank of the Ohio Valley: "I am pleased to observe the success which has thus far attended your purpose of controlling the value of Eastern exchange in your market. So far as these rates have been affected by a fictitious demand the control may be absolute.

"The question of an increase of your capital stock is a very important one, and much may be said on both sides of it . . ."

Note: See letter of October 1, 1858 and note following.

(490) October 23, 1858 - Series of letters from Janney concerning a recent meeting of the Executive Committee:

Athens Branch Bank: "Ordered, that in view of the large contingent liability . . . on paper hypothecated by the Trust Co. it be prohibited from making any dividend on the 1st prox."

Chillicothe Branch Bank: Same as Athens Branch Bank.

Farmers Branch Bank, Mansfield: "Ordered, that in view of the generally unavailable condition of the assets of the Farmers Branch, Mansfield, it be prohibited from making any greater dividend than three percent on the 1st prox."

Guernsey Branch Bank: "Ordered, that in view of the large amount of bad and doubtful debt the Guernsey Branch be prohibited from making any dividend on the 1st prox."

Knox County Branch Bank: Prohibited from declaring a dividend in excess of 3 percent. No reason given.

Marietta Branch Bank: Same as Athens Branch Bank.

Miami County Branch Bank: "Ordered, that Miami Co. Branch be prohibited from making a dividend on the 1st prox., their bad and doubtful debts exceeding their accumulated profits."

Norwalk Branch Bank: Same as Guernsey Branch Bank.

Ross County Branch Bank: "Ordered, that in view of the large amount of past due debt, and also of contingent liability on hypothecated paper, no dividend be made by said Branch on the 1st prox."

Summit County Branch Bank: Same as Ross County Branch Bank.

Delaware County Branch Bank: "Ordered, that no greater dividend than three percent be made of the Delaware Co. Branch, the past due debts exceeding the amount of accumulated profits."

Exchange Branch Bank. Prohibited from declaring a dividend greater than 3 percent. No reason given.

Logan Branch Bank: Same as Guernsey Branch Bank.

(491) November 3, 1858 - Andrews to Scarborough, president, Bank of the Ohio Valley: "I have received and looked over the statement of your Bank for the 30th ult. furnished to this office. It is highly satisfactory . . . [The bank] begins to show its capacity and efficiency in its beneficial influence upon our Ohio banking particularly. It only needs to be sustained and extended in its operations in order to accomplish all that was anticipated from it. So far as the Ohio Banks are concerned, I am not clear but that the present position and relations of the Indiana and Kentucky Banks is better for them, than to have them in on equal terms . . ."

(492) November 5, 1858 - Andrews to McCurdy, president, Guernsey Branch Bank. The Executive Committee had prohibited the declaration of a dividend by the Branch Bank. Andrews advises McCurdy that this was done without prejudice but that if he desires to protest officially, the Board of Control will consider the matter.

(493) November 18, 1858 - Series of letters from Janney transmitting resolutions adopted at a meeting of the Board of Control on November 16:

Dayton Branch Bank: "Resolved: That the Dayton Branch be required to make quarterly trial balances of its individual ledger, to correspond with the general ledger, and that a record of the same be kept on file for the inspection of the examiner.

"Resolved: That the Dayton Branch be required to so change its mode of bookkeeping that any variation of the cash shall not prevent balancing of its general ledger."

Jefferson Branch Bank: "Resolved: That the Directors of the Jefferson Branch, in making a dividend on the First of Nov., 1858 of four percent, in violation of a resolution of the Board of Control after their attention had been called to the same by the President of this Board, are censurable for such violation, and that said Branch be restrained from making any dividend until permitted to do so by the Executive Committee."

Farmers Branch Bank, Mansfield: "Resolved: That the Farmers Branch at Mansfield be required to ascertain and correct the discrepancy which existed at the time of the Examiner's report between its individual and general ledgers."

Miami County Branch Bank: "Resolved: That the Miami Co. Branch be required to cause the loans to \_\_, \_\_, \_\_, \_\_ and \_\_ to be reduced at the rate of 10 percent on the present amount, as the same matures, each sixty days, until the debt is reduced to at least \$30,000 in the aggregate, of active paper."

Mt. Pleasant Branch Bank: "Resolved: That the Directors of the Mt. Pleasant Branch in making a dividend on the 1st of Nov. 1858 of eight percent in violation of a resolution of this Board, and an order of the Executive Committee allowing only a 3 percent dividend, are clearly censurable by this Board; and that said Branch be restrained from making any dividend until permitted to do so by the Executive Committee."

Athens Branch Bank: "Resolved: That the Athens Branch be required to enter the \$10,000 time drafts given to the Conway Bank of Massachusetts, upon their books.

"Resolved: That the Athens Branch be required to reduce the loans to their directors so as to bring them within the limits prescribed by the Charter.

"Resolved: That the Athens Branch be required to adjust the discrepancy between it and the Ross Co. Branch."

Marietta Branch Bank: "Resolved: That this Branch be required to reduce its loans to directors so as to bring the amount within the limits required by the Charter."

Ross County Branch Bank: "Resolved: That the Ross County Branch be required to adjust the discrepancy in the amounts between it and the Athens Branch."

Included in this series of letters was one addressed to Scarborough, president of the Bank of the Ohio Valley. The letter contained the following resolution, adopted by the Board of Control at its meeting:

"Resolved: That the stockholders of the Bank of the Ohio Valley be recommended to increase their capital stock to the amount authorized by the organic law."

(494) December 11, 1858 - Andrews to Hurxthal, cashier, Union Branch Bank: "In the statement of the 6th inst. you reported your 'Capital Stock' as \$137,200 instead of \$150,000 as heretofore. I suppose you have charged to this account the amount of stock taken by the Bank in payment of debt. This you have no right to do. The capital stock of a Branch can only be reduced by an order of the Board of Control . . ."

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(495) January 22, 1859 - Janney to McGrew, cashier, Mad River Valley Branch Bank: "Our last advices from Mr. Finn lead us to believe he is now in the N.E. part of the State, so that I think you need be under no apprehension of his appearance for 2 weeks to come."

Note: Finn was vice-president of the Board of Control and conducted most of the bank examinations.

(496) March 22, 1859 - Andrews to Tallman, cashier, Belmont Branch Bank: "I think it is my duty to call your attention, and through you, that of your directors, to what I always considered the most objectionable and dangerous feature of the character of the business of your Bank. It is one from which you have heretofore sustained very heavy losses, and from which you will experience similar trouble as long as you practice it. I allude to the purchase of bills of exchange, on which all the parties, drawers, endorsers and acceptors are not always known residents of your county, but reside and do business at such remote points that it is entirely out of your power, in the nature of things, to have such knowledge of their character, business and means as to justify the discount of the paper . . ."

(497) March 23, 1859 - Andrews to Finn, vice president: "By the terms of the contract between the Bank of the Ohio Valley and the Executive Comt. of the Board of Control, the right to make an examination into the condition of said Bank is conceded to the Board . . . the privilege of examining the Bank is, as I understand it, claimed and conceded for the sole purpose of enabling the Branches, which have placed a large sum on deposit with the Bank of the Ohio Valley, to judge of the security of their deposit . . ."

Note: See letter of October 1, 1858 and note following.

(498) April 27, 1859 - Series of letters from Janney concerning recent meeting of the Executive Committee:

Delaware County Branch Bank: ". . . prohibited from making a dividend of more than three per cent . . ."

Exchange Branch Bank: ". . . prohibited from making any dividend . . . their bad and doubtful debts exceeding their entire profits on hand."

Hocking Valley Branch Bank: Same as Delaware County Branch Bank.

Portage County Branch Bank: ". . . prohibited from making any dividend . . ."

Merchants Branch Bank: ". . . Same as Portage County Branch Bank.

Union Branch Bank: ". . . prohibited from making any dividend . . . its bad and doubtful debts exceeding its entire earnings."

Athens Branch Bank: Same as Delaware County Branch Bank.

Chillicothe Branch Bank: Same as Delaware County Branch Bank.

Guernsey Branch Bank: Same as Delaware County Branch Bank.

Jefferson Branch Bank: ". . . consent of the Executive Committee is hereby given for said Branch to declare a dividend . . . its condition being satisfactory."

Knox County Branch Bank: Same as Delaware County Branch Bank.

Marietta Branch Bank: Same as Delaware County Branch Bank.

Mt. Pleasant Branch Bank: Same as Delaware County Branch Bank.

Norwalk Branch Bank: ". . . prohibited from making any dividend . . . on account of the large amount of bad and doubtful debts."

Ross County Branch Bank: Same as Delaware County Branch Bank.

(499) May 20, 1859 - Series of letters from Janney concerning resolutions adopted by the Board of Control at a recent meeting:

Logan Branch Bank: "Resolved: That the Logan Branch be required to reduce its loans to Directors so as to bring the amount within the charter."

Delaware County Branch Bank: "Resolved. That the Delaware Co. Branch be required to debit to Profit & Loss one half of the Akron Br. debt \$18,961.88, say \$9,683.44, and also \$10,000--the amount of bills discounted of the Akron Branch, which is now included in the balance against said Akron Branch."

Piqua Branch Bank: "Resolved. That the Piqua Branch be required to debit to Profit & Loss \$10,000--the amount of its Sandusky, Mansfield & Newark Railroad Co. Stock."

Mad River Valley Branch Bank: "Resolved. That the Mad River Valley Branch be required to debit to Profit & Loss \$10,764.06, the amount of its Mad River & Lake Erie Railroad stock."

Exchange Branch Bank: "Resolved. That the Exchange Branch be required to debit to Profit & Loss the following items now appearing as assets: List of items amounting to \$3,044.98"

Union Branch Bank: "Resolved. That the Union Branch be required to reduce its loans to Directors, so as to bring the amount within the charter."

(500) May 25, 1859 - Andrews to Finn, vice president. Orders him to make a special examination of the Merchants Branch Bank of Cleveland, which was apparently still in difficulty.

(501) June 29, 1859 - Andrews to Kelley, president, Merchants Branch Bank, Cleveland. Informs Kelley that the Executive Committee is quite anxious that the Bank dispose of the large amount of real estate among its assets.

(502) July 18, 1859 - Andrews to Bacon, member, Executive Committee. The problem of counterfeit notes, which was always present, seems to be particularly pressing. Following is a letter, the first part of which is typical of many written in 1859: "I was furnished a few days ago with the specimen of a counterfeit of our new plate of 1 s. Although defective in the detail, the general resemblance is quite good and is calculated to deceive in ordinary use.

"Mr. Draper . . . happened to be here, and said at once that he thought a new plate necessary and asked me to suggest a portrait. I promised to do so after consulting the Comt. I suggest the portrait of our friend Mr. A. Otis. What say you?"

Note: Draper was a member of the firm which printed the circulating notes.

(503) October 28, 1859 - Series of letters from Janney concerning a recent meeting of the Executive Committee:

Chillicothe Branch Bank: ". . . prohibited from making any dividend . . . in consequence of the large amount of assets in jeopardy and of doubtful value."

Ross County Branch Bank: ". . . prohibited from making any dividend . . . on account of losses and assets in jeopardy."  
Marietta Branch Bank: Same as Ross County Branch Bank.  
Farmers Branch Bank, Mansfield: ". . . prohibited from making more than five (5) per cent dividend . . . on account of debts in jeopardy."  
Guernsey Branch Bank: ". . . prohibited from making more than three per cent dividend . . . on account of assets in jeopardy."  
Commercial Branch Bank: Same as Farmers Branch Bank.  
Jefferson Branch Bank: ". . . prohibited from making any greater dividend than three per cent . . . their past due debt exceeding their surplus earnings."  
Knox County Branch Bank: Same as Ross County Branch Bank.  
Merchants Branch Bank: ". . . prohibited from making any dividend . . . on account of assets unavailable."  
Mt. Pleasant Branch Bank: Same as Jefferson Branch Bank.  
Norwalk Branch Bank: Same as Ross County Branch Bank.  
Portage County Branch Bank: Same as Ross County Branch Bank.  
Summit County Branch Bank: ". . . prohibited from making any dividend . . . on account 1st of deficiency in coin basis; 2d of losses and doubtful debts and unavailable assets."  
Exchange Branch Bank: Same as Ross County Branch Bank.  
Hocking Valley Branch Bank: Same as Ross County Branch Bank.  
Union Branch Bank: ". . . prohibited from making a dividend of over four per cent . . . on account of losses and assets in jeopardy."

(504) November 2, 1859 - Janney to Messrs. Feld & Lase: "Your list of Branches of the State Bank of Ohio need the following corrections: The Akron, Commercial Toledo, Licking Co. & Mech's & Traders Branches need not be included in this list, they having all failed and are not now Branches of the State Bank of Ohio, and are so designated in your list of 'retired banks.' The same is true of the Franklin Branch, Cincinnati which has been closed up, and is not now a Branch of the State Bank of Ohio . . ."

Note: The recipients of this letter were publishers of a banknote "reporter", a type of journal published prior to 1865, purporting to give the names, and value of the notes, of all operating banks.

(505) November 26, 1859 - Andrews to Waters, cashier, Marietta Branch Bank. Transmits an order of the Board of Control, "to reduce the liability of its [bank] directors within the limits prescribed by law."

(506) December 3, 1859 - Andrews to Gardiner, cashier, Norwalk Branch Bank. Transmits an order of the Board of Control that the uninvested portion of the bank's safety fund be invested immediately.

(507) December 8, 1859 - Andrews to cashiers of fifteen Branch Banks: "It is proposed to obtain a loan for the benefit and relief of the Merchants Branch Bank of Cleveland . . ." [Loan proposed is \$60,000 for 12 months. Bank is to issue certificates of deposit of \$4,000 denomination, secured by the building of the Ohio Life Insurance & Trust Co., which had been taken by the Bank after the Trust Company's failure.]

"The Merchants Bank has heretofore sustained itself under very adverse circumstances, without aid from the other Branches; and now asks it only on what is deemed ample security with a view of avoiding a sacrifice of its valuable assets. The aid of those Branches only is asked which are believed to be in a situation to afford it . . ."

(508) December 15, 1859 - Andrews to Meygalt, cashier, Merchants Branch Bank, Cleveland: "I am sorry to inform you that the proposition to certain of the Branches . . . has not been met by them as I hoped it might be. Several have promptly and cheerfully acceded to it . . . others acceded conditionally, and some declined absolutely. There are enough of the latter . . . to cause the failure of the proposition. I regret the results, not only on account of your Bank, but because it indicated a want of true spirit . . . which has always prevailed in such an institution as ours. The mandatory seems to be the one process of reaching some of our Branches . . ."

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(509) February 13, 1860 - Andrews to Deshler, president, Exchange or Franklin Branch Banks. Andrews calls Deshler's attention to some unsound practices revealed by the report of examination of his bank including: "a habitual deficiency in the coin . . ."; "an excess of liabilities of Directors . . ."

(510) March 31, 1860 - Andrews to Meygalt, cashier, Merchants Branch Bank, Cleveland: "In your list of bills and notes I observe several instances where you hold 'R.R. stock as collateral security.' Will you please refer to the 47th Sec. of the charter and say whether you think a Branch of the State Bank of Ohio can legally hold such stock as security!"

Note: See letter of December 17, 1857 and note following.

(511) April 13, 1860 - Andrews to Weakley, cashier, Hocking Valley Branch Bank. Andrews warns that directors' liabilities are in excess of the amount permitted by the charter.

(512) April 27, 1860 - Series of letters from Janney concerning a recent meeting of the Executive Committee:

Norwalk Branch Bank: ". . . prohibited from making any dividend . . . as its capital would be impaired thereby."

Ross County Branch Bank: ". . . restricted to three per cent dividend . . . on account of the past due debts exceeding the reserved earnings."

Mt. Pleasant Branch Bank: Same as Ross County Branch Bank.

Portage County Branch Bank: Same as Norwalk Branch Bank.

Merchants Branch Bank: Same as Norwalk Branch Bank.

Marietta Branch Bank: ". . . restricted to three per cent dividend . . . on account of the large liability in litigation with \_\_\_\_\_."

Delaware County Branch Bank: ". . . restricted to 3 per cent dividend . . . on account of the amt. of bad debts."

Guernsey Branch Bank: ". . . restricted to three per cent dividend . . . on account of the large amount of bad and doubtful debts."

Hocking Valley Branch Bank: ". . . restricted to 3 per cent dividend . . . their permanent reserved fund being deficient."

Farmers Branch Bank, Mansfield: ". . . restricted to three per cent dividend . . . on account of the large amt. of unavailable and slow debts."

Exchange Branch Bank: ". . . prohibited from making any dividend . . . the Com. being of opinion that the capital of the Branch would be impaired thereby."

Union Branch Bank: ". . . restricted to three per cent . . . on account of the amt. of its doubtful debts."

Piqua Branch Bank: Same as Hocking Valley Branch Bank.

Chillicothe Branch Bank: ". . . restricted to three per cent dividend . . . on account of its past due debts exceeding the Reserved earnings."

(513) May 5, 1860 - Andrews to Gibbs, cashier, Miami County Branch Bank: "I learn that the Miami Co. Bank has been under the necessity of borrowing money in order to meet the current demands upon it. Under these circumstances I think it would be very improper for it to make a dividend on Monday next; as its active means . . . would be still further reduced thereby . . ."

(514) September 14, 1860 - Janney to president of a New York bank: "This office has a deposit in your city, varying from five to ten thousand dollars, which we think ought to be worth four per cent to the depositor, but they have heretofore refused to allow us anything. Would it be worth that to you?"

(515) September 19, 1860 - Janney to Morrison, cashier of a New York bank: ". . . We have been offered, by a party that we deem entirely responsible, three per cent interest on our current deposit balance. We do not wish to change, but this is an offer we do not feel at liberty to overlook; and unless you can allow us that rate of interest, we will feel obliged to accept the offer referred to."

(516) October 11, 1860 - Andrews to Telford, president, Miami County Branch Bank: "In my letter to you . . . I said 'if your Bank has the means there can be no objection to your discount of short paper to be paid at maturity'. . . What I meant . . . was this; not merely that the Bank should have sufficient funds on hand to pay the proceeds of discounted paper, but that it should be easy and comfortable in its condition and in no degree pressed for means of redeeming its circulation. . . Whenever a Bank is reduced to the necessity of using its own circulation to furnish coin for exchange with, except such as may be offered at its own counter, in a regular business way, it has no means for discounting . . ."

(517) October 27, 1860 - Series of letters from Janney concerning a recent meeting of the Executive Committee:

Norwalk Branch Bank: ". . . on account of ascertained losses, the Norwalk Branch be prohibited from making any dividend . . . as its capital stock would thereby be impaired."

Commercial Branch Bank: ". . . in view of the large amount of doubtful debt of the Commercial Branch said Branch be prohibited from making any greater dividend than five per cent . . ."

Guernsey Branch Bank: Same as Norwalk Branch Bank.

Jefferson Branch Bank: ". . . restricted to a dividend not to exceed three per cent . . . on account of the excess of its past due paper over the amount of its undivided profits."

Union Branch Bank: ". . . restricted to a dividend not to exceed four per cent . . . on account of doubtful debts."

Toledo Branch Bank: ". . . restricted to a dividend not to exceed three per cent . . . its Permanent Reserved Fund being less than its Safety Fund."

Piqua Branch Bank: Same as Toledo Branch Bank.

Hocking Valley Branch Bank: Same as Toledo Branch Bank.

Exchange Branch Bank: Same as Toledo Branch Bank.

Delaware County Branch Bank: Same as Toledo Branch Bank.

Summit County Branch Bank: Same as Norwalk Branch Bank.

Merchants Branch Bank: Same as Norwalk Branch Bank.

Ross County Branch Bank: Same as Toledo Branch Bank.

(518) October 27, 1860 - Andrews to Otis, member, Executive Committee. Otis missed the last meeting of the Executive Committee, and Andrews writes to inform him generally of the banking situation:

"The general condition of the Branches is much improved, and none more than the two at Chillicothe . . . We only found the necessity to prohibit dividends in four instances . . . and to restrict them to three per cent in six others. We restricted the Commercial to three per cent, which would hardly be called a restriction in their case . . ."

(519) November 22, 1860 - Andrews to Morrison, president of a New York bank: "Permit me to introduce to you J. R. Finn, Vice Prest. of the Board of Control of the State Bank of Ohio. He will spend a few days in your city and will be pleased to receive any information you can communicate in relation to the present financial disturbances, or as to the position of parties about whom he may wish to inquire."

Essentially the same letter was sent on this date to three other New York bankers.

Note: Thorp's Business Annals (National Bureau of Economic Research, 1926), refers to a financial panic in November of 1860.

(520) November 23, 1860 - Series of letters from Janney concerning a recent meeting of the Board of Control at which following resolutions were adopted:

Guernsey Branch Bank: "Resolved. That this Board advise the Guernsey Branch to charge to profit & loss account the following items.

List of items, amounting to \$8,201.63.7"

Knox County Branch Bank: "Resolved. That the Knox Co. Branch be required to conform to the rules of the charter and of the Board of Control, requiring at least thirty per cent of coin and exchange equivalent to coin, to the amount of circulation."

Marietta Branch Bank: Same as Guernsey Branch Bank. Item amounting to \$1,845.39.

Toledo Branch Bank: "Resolved. That the Toledo Branch be required to adjust with the Secretary of this Board, the present account for past redemptions, and that no future charge or debit against this Board be made, except fifty per cent on future redemptions of said old issue, and that only after actual redemption and surrender and burning of such circulation, agreeably to the terms of said contract."

Lorain Branch Bank: "Resolved. That the excess of the Safety Fund of the Lorain Branch over fifteen thousand dollars, the amount required by its present capital of seventy five thousand dollars, shall be accounted as the equivalent of an equal amount of its required Permanent Reserved Fund."

Farmers Branch Bank, Ashtabula: Same as Guernsey Branch Bank. Items amount to \$8,579.82.

Commercial Branch Bank: "Resolved. That the Commercial Branch be recommended to charge to profit & loss six thousand dollars on account of depreciation in a certain item of real estate."

Ross County Branch Bank: Same as Guernsey Branch Bank. Items amount to \$2,212.21.

Miami County Branch Bank: Same as Guernsey Branch Bank. Items amount to \$8,216.44.

Chillicothe Branch Bank: Same as Guernsey Branch Bank. Items amount to \$471.63.

Athens Branch Bank: Same as Guernsey Branch Bank. Items amount to \$1,760.35.

(521) November 26, 1860 - Andrews to Finn, vice president, Board of Control: "I wish simply to say that we are moving quietly in Ohio without any excitement. The Banks and the people are free from any apprehension of Union disturbance. If the N. York banks maintain themselves, as I hope and think they will, we are strong enough to go safely through any crisis that may arise. Even if they do not, we can go through, but it will give us a little more trouble."

Andrews also suggests that Finn investigate the possibility of the establishment of an agency of the State Bank of Ohio in New York. Apparently to this date the Branch Banks had used various New York banks for this purpose.

(522) November 26, 1860 - Andrews to Scarborough, president, Bank of the Ohio Valley: ". . . if the mere apprehension of a possibility of a dissolution of the Union can produce such sudden, extensive and serious consequences as we have witnessed in the last week, what would the realization of that terrible calamity effect! How terrible would its effect be upon the nation, upon each and all of the states and upon individuals! May that good Providence which has hitherto preserved and kept us a a nation, protect us from such calamity as would, in such an event, surely come upon us . . ."

The remainder of this letter is to the effect that the State Bank of Ohio was never in better shape, that it enjoys the confidence of the public and that Andrews is convinced that it will survive any crisis which may arise.

(523) November 28, 1860 - Andrews to Scarborough, president, Bank of the Ohio Valley: "The cashier of the Union Bank, Massillon, is experiencing something of a run upon him for coin. He is in midst of a Dutch population. He writes me that he has asked you to send him \$10,000 in coin. I hope you will do so at once; and if possible make it \$20,000 . . ."

"I hear nothing of this kind from any other quarter and this will subside soon.

"I write by mail, as telegrams are public property."

(524) November 28, 1860 - Andrews to McClymond, cashier, Union Branch Bank: "I have written to Mr. Scarborough . . . keep cool firm and resolute. The panic will soon subside. Convert all your Eastern funds and order it home in coin. As soon as your farmers see the Treasurer of State's circular directing the county treasurers to receive the notes only of Ohio Banks and coin for taxes, it will quiet them . . ."

"Be careful what you telegraph, it is all public."

Note: See letter of November 22, 1860 and note following.

(525) November 29, 1860 - Andrews to Finn, vice president, Board of Control: "I am gratified to observe that the indications are mostly in favor of an early restoration of confidence and return to healthy action. It is truly wonderful what small matters may disturb the whole fabric of our credit system and produce such results as we now witness over the whole country . . ."

"We are all quiet in Ohio . . . they had a pretty kind of time at the Union but I hope the excitement is alayed. The Dutch in that vicinity are always quick to convert banknotes into coin when there is any disturbance in money matters . . . I am looking with some solicitude for the advices from England. If bread stuffs should go to a very high price then it would depress the price of cotton and thus react upon us unfavorably . . ."

Note: See letter of November 28, 1860 to Scarborough.

(526) December 1, 1860 - Andrews to McClymond, cashier, Union Branch Bank: "I am glad to learn that you have passed through the local panic of your place . . . the present disturbance in financial matters differs from all others in our country in this, that it is political and not commercial. We therefore cannot tell how soon, when, where and to what extent it may break forth, even after being quieted down in appearance. During the coming three months whilst Congress is in session, we may have a terrible excitement any day or hour.

"I urge you, and all others, therefore, to keep strong. Keep your balances at home in coin as much as possible. There is nothing lost by caution in such times."

(527) December 5, 1860 - Andrews to Finn, vice president, Board of Control: ". . . I have never felt more forcibly the truth of the saying that 'we know not what a day may bring forth' than at this time . . . What we want, and all that we want, is time for calm reflection and deliberation. With this, all trouble will subside and business return to its normal channels.

"We are entirely undisturbed in Ohio. I hear of no trouble anywhere."

(528) December 6, 1860 - Andrews to Comstock, cashier, Summit County branch Bank: "Your report of the 3rd inst. shows your Bank to be deficient in its thirty per cent of coin and its equivalent, unless your credit in Philadelphia is a coin credit. As the banks there have suspended, I do not know exactly in what light to regard credit with individual bankers . . ."

Note: By suspended is meant suspension of specie payments rather than suspension of the banks.

(529) December 11, 1860 - Andrews to Tallman, cashier, Belmont Branch Bank: "The Executive Committee have decided, under the resolutions of the Board of Control, that the Belmont Branch is entitled to receive circulating notes on its safety fund to an amount equal thereto as provided in Section 19 of the charter, and have so notified the Secretary of the Board."

Similar letters were sent to most of the other Branch Banks.

(530) December 20, 1860 - Andrews to Spencer, cashier, Jefferson Branch Bank: "I regret very much to see so long a list of past due paper continually reported by the Jef. Branch. It is a bad example to others, as well as indication of a bad state of affairs in the Br."

(531) December 27, 1860 - Janney to Editors, "Journal of Commerce": "I enclose five dollars for which you will please send the 'Journal of Commerce Jr' to the 'Board of Control, Columbus O.' for the year 1861.

"We think it nothing more than proper to say that while we value the Journal for its commercial and monetary features, we heartily endorse the opinion of the Princeton Review that it 'would be less dangerous to the South to allow unrestricted circulation to the Independent than to the New York Herald or the Journal of Commerce. If disunion is to come, if the South is to experience the horrors of servile insurrections, it will be referable more to the inflammatory and defamatory character of such publications than to any other proximate cause.'"

(532) December 29, 1860 - Andrews to Finn, vice president, Board of Control: "In your future examinations of the Branches, I suggest that you put the following questions to the Prest. and cashier of each Branch, the answers to be in writing and signed by both officers.

"Are the assets . . . the bona fide property of this Bank?

"Is there any lien, incumberance, pledge, or claim upon any part of said assets, other than appears in said statement?

"Does said statement exhibit the total amount of debts and liabilities of every description of said Bank?

"Is there any existing guarantee, contract, certificate, letter of credit or other form of liability, definite or contingent, on the part of said Bank? . . ."

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(533) January 1, 1861 - Andrews to all Branch Banks: "A dark . . . cloud is visible in our political horizon. It is the sole cause of our present financial disturbance; and it may be that what we have already experienced is but the shadow of coming events; and if the shadow, the mere apprehension of which can cause such serious results, what may we expect should the reality come! Should civil war, with all its dread consequences, be inflicted upon us! It is the part of prudence at least to provide, as far as possible, for dangers so alarming . . . I advise the following measures to be immediately taken.

"1st. That each Branch provide itself with the entire thirty per cent specie basis for its circulation, in coin, in its vaults; and that no part of the same be kept on deposit in any eastern bank, as heretofore. This coin, in every instance, should be drawn from New York, where it is now in ample supply, as any attempt to procure it from western sources would only disturb existing accumulations in the west, without adding to the general strength.

"2d. That each Branch keep constantly on hand at least twenty-five per cent of the amount of its individual deposits in currency; and that this be as far as possible in the notes of other Branches.

"3d. That strict attention be given to see that every discount be based on, and is the representative of, an actual business transaction.

"In peace or war, people must have the means of subsistence; and the great bread and meat producing states will find demand for this year at least for their surplus products. With proper care, we may thus not only strengthen our institutions, but maintain their usefulness in aiding the legitimate business of the state in forwarding its immense surplus agricultural products to market."

(534) January 9, 1861 - Andrews to Otis, member, Executive Committee: ". . . Almost all the difficulties into which banks are thrust, grow out of the management of single individuals; and I often think the greater the financial skill of the individual manager, the greater the damage . . . It was remarked by one of long experience in banking that he never knew an instance of a bank failing where its affairs were managed by an independent board of directors . . ."

(535) January 18, 1861 - Andrews to N. L. Wilson. Andrews discusses the possible extension of the charter of the State Bank which expires on May 1, 1866. This is the first letter on this subject.

(536) January 26, 1861 - Andrews to Perry, receiver, Mechanics and Traders Branch Bank. Routine letter which, however, contains the following interesting post script: "Looking at secession in a financial view, I am inclined to the opinion that its effect will be to enhance the value of lands in the free states, and especially in Ohio. What is your opinion?"

(537) February 2, 1861 - Andrews to Hampson, cashier, Farmers Branch Bank, Salem: "In looking over the report of Mr. Finn of his examination of the F. Salem, Union and Wayne Co. Banks, all recently made, I observe one fact as to each of said Banks, to which I wish to call their official

attention. In the year preceding the examination they procured coin from Pittsburgh as follows:

|                            |           |
|----------------------------|-----------|
| F. Salem                   | \$215,000 |
| Union                      | \$245,000 |
| Wayne Co.                  | \$166,000 |
| Total coin from Pittsburgh | \$626,000 |

"Total coin procured from all sources \$736,021. This is an enormous sum, and the question at once arises, where did the Pittsburgh brokers procure it? I have no doubt but, in the main, from the same Banks. I presume about \$50,000 kept in brisk motion between the Banks and the brokers, would represent the basis of all these transactions. Of course each Bank has perfect confidence that its agent returns none of its notes. But they are all returned notwithstanding.

"Suppose now that these three Banks would act in concert and agree, in good faith, under no circumstances to procure coin from Pittsburgh. Is it not evident that they would thereby cut off the demand at Pittsburgh equal to \$626,000 per annum? And would not this, in time, cut off an equal demand upon themselves for Pittsburgh? . . ."

(538) March 28, 1861 - Andrews to Salmon P. Chase, U. S. Secretary of the Treasury: "Private" (heading). "So far as the Branches of the State Bank of Ohio are concerned, they have very little that they could invest in government stocks at this time. Their 'Safety Fund' is the only part of their assets that is so invested at any time; and at present there is but a small portion of that fund, not over \$50,000 uninvested. I have always favored the policy of investing in Ohio and U. S. stock rather than in loans on individual mortgages, but it is only as payments are made that this can be done. One of the Branches took \$5,000 in U. S. stocks last week. But I have no doubt the loan will all be taken readily . . . and the credit of our beloved country will soon be restored to its former high position . . ."

(539) April 2, 1861 - Andrews to Eells, cashier, Commercial Branch Bank: "There is no question but that the plan you propose, for thoroughly mixing the circulation of the Branches, would operate really to their advantage . . . it has been tried once or twice, but never fully and fairly. The trouble is jealousy and want of 'esprit de corps' among the Branches. Each Branch seems suspicious that some advantage is being gained by some other Branch . . ."

Note: See letter of October 5, 1857 and note following.

(540) April 19, 1861 - Andrews to Scarborough, president, Bank of the Ohio Valley. Scarborough was considering raising the rate of exchange on eastern currency as against Ohio and Indiana notes. Andrews strongly urges that the step not be taken: "Do as you please with Kentucky, but I beg you to hold firm as to Ohio and Indiana . . ."

Note: See letter of October 1, 1858 and note following.

(541) April 19, 1861 - Janney to Tallman, cashier, Belmont Branch Bank: "At a meeting of the Ex. Com. held this day it was --

Resolved

That each Branch be recommended to invest, immediately, its uninvested safety fund in the bonds of the state, authorized for military purposes.

"If you will send your circulation, we will make the investment."  
Similar letters were sent to fifteen other Branch Banks.

(542) April 24, 1861 - Andrews to Brooks: "I have just returned from Cinct., having succeeded, I hope, in putting Ohio and Indiana currency upon the proper basis again. The attempt was to drive Ohio and Indiana down to the Kentucky standard. I met by arrangement President McCulloch of the State Bank of Indiana.

"I find your favor of the 22nd. You truthfully say 'the public has confidence in our Banks'. Why have they? Simply because we have not suspended . . . There is no occasion for alarm . . . compare our condition with what it was in 1857."

(543) April 24, 1861 - Circular letter from Andrews to cashiers of all Branch Banks: "Throw out Kentucky money."

(544) April 26, 1861 - Series of letters from Janney concerning the recent meeting of the Executive Committee:

Merchants Branch Bank: ". . . prohibited from making any dividend . . ."

Norwalk Branch Bank: Same as Merchants Branch Bank.

Portage County Branch Bank: Same as Merchants Branch Bank.

Chillicothe Branch Bank: ". . . prohibited from making any dividend over three percent . . ."

Union Branch Bank: Same as Chillicothe Branch Bank.

Guernsey Branch Bank: Same as Chillicothe Branch Bank.

(545) April 30, 1861 - Andrews to Kinney: "I am informed that at a meeting of the bankers held in Cinct. yesterday, you stated that you had 'sent home notes to two Ohio Banks, one a Branch . . . and was refused coin or exchange at both places'. I will thank you to inform me by return mail: 1st., whether your remarks are correctly reported, 2d., if so, the name of the Branch, and at what time and under what circumstances the refusal occurred."

(546) April 30, 1861 - Andrews to Wilson: ". . . the efforts of the brokers was to make Kentucky currency the standard and drive down Ohio and Indiana to that . . . I had a dispatch from Mr. Scarborough saying he thought an advance in exchange was necessary . . ."

Andrews met Scarborough in Cincinnati, along with McCulloch, as indicated in the letter of April 24th above. At the meeting, "we arranged to throw Kentucky out of all the Banks in Ohio and Indiana, and to require Mr. S. to announce that exchange on New York would be sold at 1/2 for Ohio and Indiana to all parties and without limit as to amount. This was done and acted like a charm. It brought all parties to terms at once. But still there is an effort to sustain Kentucky, by the brokers of Cincinnati. We can beat them if we are firm and are sustained by Mr. S."

Note: See letter of October 1, 1858 and note following.

(547) May 2, 1861 - Andrews to Kinney. Evidently two Branch Banks were involved in the incident described in the letter of April 30 to Kinney; the Miami County Branch Bank and the Piqua Branch Bank. Andrews states that he will take immediate steps to determine whether or not these Branches had in fact refused to redeem notes in specie or eastern exchange.

(548) May 7, 1861 - Andrews to Kinney. Andrews explains the apparent refusal of two Branch Banks (see letter of May 2) to redeem notes in specie or exchange. He insists that the banks were prepared to redeem but that the persons intending to present the notes had been prevented from doing so by excited townspeople who feared that the redemptions might injure the banks: "In a small country village the Bank, if honorably conducted, is looked upon with pride as a public institution and in times of general excitement the people feel as if their duty was to protect it against the mercenary operations, as they consider them, of brokers. All these efforts I consider injudicious, improper, and prejudicial to the character and true interests of the Banks . . . but they are beyond my control . . ."

(549) May 13, 1861 - Andrews to Young, cashier, Piqua Branch Bank. Informs Young that his explanation of the Kinney episode was satisfactory: "In these times do all in your power to keep down excitement about banks and redeem your notes cheerfully and pleasantly. There is a great deal in the manner of doing it."

Note: See letters of May 2 and May 7, 1861.

(550) May 17, 1861 - Andrews to Bussing, probably a Cincinnati broker: "I regret very much the account of such facts as you state in regard to the treatment of your messenger at the Ross Co. Bank, who was sent to obtain redemption of some of their notes . . ."

Note: See letters of May 2 and May 7, 1861.

(551) May 17, 1861 - Andrews to Kingsbury, cashier, Ross County Branch Bank. Andrews deploras the action described in the preceding letter: "I request you at once to write Mr. B. and propose to him to return the notes by express, at your charge and that you will send him exchange on N. York at 1/4 premium or gold if he wishes it. You will thus place yourself right in the matter."

Note: See letters of May 2 and May 7, 1861.

(552) June 1, 1861 - Janney to Walker, cashier, Logan Branch Bank: "Your notes, if sent here for investment in state stocks, will be paid to the Treas. of State, but will be first thoroughly mixed by Mr. Hull with the notes of other Branches out here for the same purpose."

Note: See letter of October 5, 1857 and note following.

(553) June 5, 1861 - Andrews to Walker, cashier, Logan Branch Bank: "There is nothing compulsory as to your taking any of the State loan. I have apportioned the \$300,000 among the Branches. If you take less than your share I do not expect to ask any other Branch to make it up. It is recommended, not insisted on, and your board must do as they think proper and right, as I have no doubt they will . . ."

(554) June 11, 1861 - Andrews to Handy, president, Commercial Branch Bank. The monthly report from the Commercial Branch Bank had shown the Bank was including among its assets \$9,000 of its own stock. Andrews reminds Handy that when this is done the latter is, "required immediately to return to the Board of Control the circulation based on this stock, which, being part of your second \$100,000 of capital, is \$13,500."

Similar letters, involving different amounts, were sent to the Summit County Branch Bank and the Marietta Branch Bank.

Note: Circulation of the Branch Banks was determined by the amount of capital. For those banks with capital of \$200,000 or less it was twice the first \$100,000 and one and one-half times the second \$100,000 or any part thereof.

(555) June 25, 1861 - Janney to Kelley, president, Merchants Branch Bank: "I preceive by your last statement, that the entry required by the following resolution adopted by the Board of Control at its session May 21st, 1861 has not been made. I therefore send you a duplicate copy."

"Resolved. That the Merchants Branch be required to debit to Profit & Loss the forty seven thousand dollars ascertained loss on real estate."

(556) July 11, 1861 - Andrews to S. P. Chase, United States Secretary of the Treasury: "I recently suggested for your consideration the expediency of so modifying the sub treasury law, as to authorize the receipt of the notes of specie paying banks, in payment of subscriptions to the proposed \$110 million loan, located in states within which the subscriptions are made. I apprehend that a rigid adherence to the letter of the law will result either in a defeat of the loan, or the suspension of the Banks . . . This would not, as I understand it, defeat the original purpose of the sub treasury exclusion of bank notes, which was to avoid the risk to the government of being at any one time a large holder of such notes; or of its deposits being made the basis of bank discounts. The receipts and disbursements, under existing circumstances would be almost simultaneous. Thus far, the business interests of the loyal states has only been effected by curtailment; if it is to be so disturbed as to produce a want of confidence, and consequent panic, it would be disasterous to the public of those states and seriously affect the government itself . . ."

"I would also suggest a clause in the act authorizing the loan, providing that bank notes received by the hypothecation of the government bonds thus authorized, shall be received at par for debts and all other government dues, and may be issued or paid out in the discharge of all government expenses at par . . ."

". . . We are now in a new condition, our danger is not in expansion, but contraction of commerce. The government is no longer a hoarder but a borrower of money. Its policy should be to do whatever it safely can to facilitate the loans it proposes to make . . ."

Note: Andrews may have been referring to the \$150,000,000 loan which was underwritten by eastern banks in August of 1861.

(557) August 17, 1861 - Andrews to Trader, cashier, Xenia Branch Bank. Andrews notes that the liabilities of the Bank's directors exceed the amount permitted by the charter: "Permit me to inform you that the charter makes no provisions for only temporary violations and that no excess of liabilities should occur for a single moment . . ."

(558) August 14, 1861 - Andrews to McClymond, cashier, Union Branch Bank: "The present condition of the bills receivable of the Union Bank really alarms me. If anything should occur to send your circulation homeward I do not see how the Bank could sustain itself . . . when will bankers learn that the wiping off of an old debt by creating a new one is not a payment? . . . I did hope the 'Union' had seen its worst days but I fear that time is before, and not behind it."

(559) August 29, 1861 - Andrews to Scarborough, president, Bank of the Ohio Valley: "I have been apprehensive that the engagements of the Am. Bank Note Co. in filling their contract with the government would interfere with out supplies of notes for circulation. Your letter shows there is ground for it.

"If the government makes ample provisions for the prompt redemption of its demand notes, and the whole system is wisely constructed and ably administered, it will prove a great support to the government and helping to the people. It is in fact something that has been wanted for a long time--national currency. The notes will command universal confidence, and will be absorbed in the general business of the country. They will serve the interior banks as a means of redemption and exchange.

"Among the many evils consequent upon the present unfortunate conditions of the country, there may spring up some good things; and if properly and wisely conducted and administered I think this is one of them. But there is no blessing the abuse of which may not be made a curse to us, and so this may be the one or the other, according to the use made of it."

Note: The issuance of small denomination demand notes by the U. S. Treasury was authorized by the Congress in an act of July 17, 1861. They were known as "old demand notes" and about \$33 million were in circulation by December of 1861.

(560) September 2, 1861 - Andrews to McCullough, president, Union Branch Bank. A long, critical letter covering subjects noted in prior letters to this Branch Bank and ending with the comment, "I think the problem is pretty well worked out that Massillon is not a place for a bank, that as there is not good business sufficient to sustain a bank there, the sooner the Union is closed up the less will the stockholders lose by the concern."

(561) October 16, 1861 - Andrews to Tallman, cashier, Belmont Branch Bank: "The question you put seems to resolve itself into this: is the government 7-30 loan a better form for the bank to hold its free, surplus unemployed funds in than a deposit with an eastern bank. I think it is, for several reasons.

"1st. If it is not safe, the deposit would not be safe, as the eastern banks have invested so largely in these securities.

"2d. It would be easily convertible if needed.

"3d. It pays much better than a bank deposit. But I would not recommend the withdrawal of funds from active commercial use . . . for this purpose."

Note: In July of 1861 Congress gave the Treasury the alternative of floating a three-year bond bearing 7.3 percent interest, hence 7-30, or a twenty year bond with an interest maximum of 7 percent. In the expectation that the Civil War would shortly be ended the Treasury adopted the first plan.

(562) November 22, 1861 - Series of letters from Janney concerning a recent meeting of the Board of Control at which the following resolutions were adopted:

Toledo Branch Bank: "Resolved. That the Toledo Branch be required to discontinue the practice of permitting over drafts."

Commercial Branch Bank: "Resolved: That the Commercial Branch be required to reduce its loans to Directors within the limits prescribed by the charter."

Portsmouth Branch Bank: "Resolved: That the Portsmouth Branch be required to discontinue the practice of holding time bills in its Cash Items."

Ross County Branch Bank: Same as Commercial Branch Bank.

Summit County Branch Bank: "Resolved. That the Summit County Branch be required to discontinue the practice of debiting its past due paper to parties holding it for collection."

Farmers Branch Bank, Ripley: Same as Commercial Branch Bank.

Athens Branch Bank: Same as Commercial Branch Bank.

Dayton Branch Bank: Same as Commercial Branch Bank.

Farmers Branch Bank, Mansfield: Same as Commercial Branch Bank.

(563) November 25, 1861 - Andrews to Bacon, member, Executive Committee. This letter indicates that the formal relationship between the State Bank of Ohio and the Bank of the Ohio Valley was ended. However, the Branches were apparently free to maintain individual accounts with the Cincinnati bank and have it make Branch Bank collections.

(564) December 21, 1861 - Andrews to Gardiner: ". . . I concur with you entirely as to the policy of the Branches in fortifying themselves immediately with coin by drawing down their N. Y. accounts and confining their discounts to short available paper . . . With our continued large exports, I think there would be no export of coin if the public mind were quieted; and if so, I still believe our specie basis is sufficient to sustain all domestic demands. For in fact coin is not wanted . . . it will return to the banks as fast as passed out, provided the public mind is at ease . . ."

(565) December 23, 1861 - Andrews to Stewart, cashier, Athens Branch Bank. Andrews suggests that, "in view of the present [state] of commercial affairs of the country," the Branch Bank take certain steps to strengthen itself. Apparently all other Branch Banks had received the same instructions:

1. To draw down their eastern balances, taking payment in coin.
2. To refrain from drawing coin from western cities, particularly Cincinnati, Cleveland and Pittsburgh, since this would only leave the Branches open to offsetting demands from those cities.
3. To confine their loans to short business paper.

(566) December 24, 1861 - Andrews to McCulloch, president, Bank of the State of Indiana: ". . . By the way, what do you think of Secretary Chase's suggestion of gradually expelling the issues of the state institutions, through the process of taxation 'gradually augmented' until the result is produced? It appears to me that this is a very formidable, if not questionable, use of the power of taxation; for if once conceded, what limit is there to its application? What state interest or institution is safe? . . ."

(567) December 31, 1861 - Andrews to McCulloch, president, Bank of the State of Indiana: "Your favor . . . is received and I am gratified to observe that your views concur so fully with my own as to the policy and duty of our banks under the existing conditions of the country. This policy and duty [remains] the more imperative, by the subsequent suspension of the eastern banks.

"I concur with you fully in your views of Secretary Chase's financial plans. With all the legislation that Congress could give him and with the most active cooperation of banks to avail themselves of it, it will fail to furnish anything like an adequate supply of funds for the wants of the government. It is a failure, and I now ask your attention to the inclosed copy of a letter I wrote to the Secretary in July last, when his projects were before Congress . . . The great mistake made, as I think, by the N. York and other eastern banks when they contracted to take the \$150 million loan, was in not requiring the use of bank notes in the receipts and disbursements of the government. This was their only chance of success in providing the amount of funds required. But when the government adhered to its coin basis, and the banks undertook to supply it they find the banks exhausted, before the loan is supplied, and hence their suspension. But what next? It looks to me very much as if we were to be drawn, or drifted into, an irredeemable government currency, without limit as to the quantity, and I fear, without any certain or definite value as compared with coin--in other words, with an issue of government assignats, or 'Continental money' again; from all which proper financial skill might have saved us . . ."

Note: See letter of July 17, 1861 and note following. Same authorities, (see, e.g., Shultz and Caine, Financial Development of the United States, p. 314) deny that Chase's refusal to accept notes of State banks in the manner indicated above caused the suspension of specie payments in New York on December 30, 1861.

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(568) January 4, 1862 - Andrews to McCulloch, president, Bank of the State of Indiana: ". . . At its late session the Board of Control adopted the following resolution: 'Resolved: That the Branches are hereby directed to maintain specie payments.' The great and troublesome question, at this time, as you well know, is how to treat the government demand notes. It will not due to discredit them, and to treat them as coin is equally out of the question. I think a little time is necessary in order to know what it will be best to do. Much must depend upon the course of the banks in the Atlantic cities . . ."

Note: See letter of August 29, 1861 and note following.

(569) January 10, 1862 - Andrews to Otis, member, Executive Committee: ". . . This morning I am informed that a bill to authorize the banks to redeem in treasury notes would be acceptable to the democratic members and would pass nearly unanimously . . . Mr. Wilson has gone to see Mr. [?] and urge him to accept it . . ."

(570) January 13, 1862 - Andrews to Nash. Long letter discussing the possibility of rechartering the State Bank of Ohio. Andrews feels that it would be difficult to get an act through the State legislature at this time, but he apparently is hopeful of eventual passage.

(571) Undated telegram probably January 16, 1862 to Stewart, cashier, Athens Branch Bank: "Bank suspension act passed coupled with conditions. Do not suspend immediately. I send you circular by mail. J. Andrews."

(572) January 16, 1862 - Circular letter from Andrews to all Branch Banks: "The legislature will pass today the bill authorizing a suspension of specie payments by the banks of this state, coupled with several important additions, among which is acceptance, within thirty days, of the tax law passed last winter. As soon as published I will forward you a copy. I consider this the most important question ever submitted to the Banks. My desire and advice is that no Branch commit itself by accepting the privilege until we have another meeting of the Board, say in about two weeks, notice of which will be given in due time. The Banks will then have the benefit of any changes that may occur in money matters, or the national finances, and still have time to accept the act within the thirty days if they determine on this course."

(573) January 16, 1862 - Andrews to Scarborough, president, Bank of the Ohio Valley: "Received your telegram today in regard to the limitation of the issue of demand treasury notes to 50 millions of dollars and thank you for the information. My opinion has all the time been that the State Bank ought not to suspend specie payments, even if the results should be to close its business, which is the most it could do. If all apprehensions of war with England are removed, and favorable results are obtained at home, confidence will be restored, and coin will be abundant and command no premium. As a general suspension of specie payments is one of the greatest of evils that can be inflicted upon the business interests of any people, I regard it as the highest duty of all good citizens to do all in

their power to resist such a calamity . . . what a great triumph it would be for the credit of our state if her banks can stand up . . . in this time."

Note: The "Trent affair", which nearly led to war with England, had precipitated a stock market panic a month earlier and was still much in the news.

(574) January 16, 1862 - Andrews to Wilson: "The State Bank of Ohio has never had it in its power to take so high and popular position as she now has. If the Branches will accept the tax law, which I think they ought to do under present circumstances, and then maintain specie payments, the legislature will do anything in its power to continue the Bank, and we can secure a twenty year charter without doubt . . . If we suspend we are no better than any other dead dog, if we stand up we are a living lion. Which shall we be? The game is in our own hands . . ."

Note: The charter of the State Bank of Ohio expired May 1, 1866.

(575) January 18, 1862 - Andrews to McCulloch, president, Bank of the State of Indiana: ". . . So far as I am advised, no Branch of the State Bank of Ohio has suspended specie payments . . ."

(576) January 20, 1862 - Andrews to Scarborough, president, Bank of the Ohio Valley: "I am much gratified to have the assurance of your hearty cooperation in an effort to maintain the banking institutions of the state on the honorable basis of the specie standard . . ."

"The whole trouble in which the Ohio banks of issue are now involved arises out of the condition of the national finances, and the duty of the Bank to sustain the credit of the government upon its demand notes, when they are not redeemed in coin . . . It would be . . . an easy matter to maintain our Banks upon a specie basis if it were not for the demand notes of the government. If these were redeemed in coin there could be no trouble in the matter. But they are not. What then? Shall the soldier who is engaged in defending his government against a base and wicked conspiracy for its overthrow be told that the money in which he is paid for his services will not purchase food and clothing for his wife and children? . . ."

Note: See letter of August 29, 1861 and note following.

(577) January 22, 1862 - Andrews to McCulloch, president, Bank of the State of Indiana: "The position of our Branches at this time is this: The act relieving them of the penalties imposed by the charter in the event of a failure to pay coin on demand allows them thirty days to determine on the acceptance of the conditions attached, after which they can no longer have this relief unless the conditions are accepted. Most of the Branches are now availing themselves of this privilege so far as brokers are concerned; and none of them go beyond that in refusing to redeem in coin. Brokers are furnished with exchange on the east, if they want it, at low rates. The feeling is to maintain the Bank on the coin basis, in all its relations to the state, and the people, but as regards dealers in coin they are disposed to use the power now in their hands. This position begins to be felt already by the Cincinnati parties; for they find themselves loaded beyond their ability to carry the weight and demand for coin . . . As the Ohio Banks are out of the market, and Indiana needs no

coin, it has become very unprofitable to hold coin and lose a high rate of interest.

"Now although this is not exactly the position which I desire to see a bank occupy . . . I am inclined to think it is the best that can be done . . . I am disposed to think a partial suspension will not be looked upon as a great public calamity. The great evil of a general suspension is the degradation of the currency . . ."

(578) February 5, 1862 - Andrews to McCulloch, president, Bank of the State of Indiana: "Our Board closed its session this forenoon. They advised the Branches as they did at their May meeting, and to which about one third of them had decided, to accept the provisions of the tax law, which is the only important condition attached to the recent act of the legislature relieving them of the penalties of a suspension of specie payments. Each Branch may then (if accepted) pay or refuse coin according to its own judgement. I am satisfied no refusal will be made, except to parties who deal in coin. They are all paying and intend to pay the public generally for all legitimate wants. But the immense issue of government paper money not payable in coin and the apparent necessity of using this as the common currency must force specie paying banks either to withhold coin from brokers or retire their entire circulation. I fear such will be the effect upon our institution . . ."

Note: See letter of January 16, 1862 to all Branch Banks.

(579) February 10, 1862 - Andrews to Eells, cashier, Commercial Branch Bank: "Under an order of the Board of Control, we will expect your next monthly report to show your coin basis to be equal to thirty per cent of your outstanding notes in circulation."

Similar letters were sent to eight other Branch Banks.

(580) February 21, 1862 - Janney to McClymond, cashier, Union Branch Bank: "At a meeting of the Ex. Com. held on the 5th inst. it was 'Ordered that under existing circumstances and condition of the country and the banks, action on the application of the Union Branch for circulation on its safety fund be postponed until the next meeting of the Board of Control.'"

Same letter was sent to the Miami County Branch Bank.

(581) February 23, 1862 - Andrews to Gardiner. Andrews states that the question of rechartering the State Bank cannot now be considered by the legislature which is involved in the election of a United States senator. When this question is disposed of Andrews will confer with members of the legislature in an effort to secure a new charter.

Note: See letter of January 16, 1862 to Wilson.

(582) March 5, 1862 - Andrews to Coleman, president, Miami County Branch Bank. Coleman requested Andrews' advice as to the disposition of the bank's surplus specie. Andrews suggests investment in the 7-30 treasury bonds.

Note: See letter of October 16, 1861 and note following.

(583) March 10, 1862 - Andrews to Kinney, cashier, Portsmouth Branch Bank: "I observe by your report . . . that your coin basis is still a little short of the thirty per cent required by the charter and order of the Board of Control. I hope you will correct this in your next. We want to be strong and keep strong."

Similar letters were sent to the Union Branch Bank and the Farmers Branch Bank of Mansfield.

(584) March 18, 1862 - Andrews to Cincinnati Gazette: "In the money article of the Gazette this date, I observe the following statement: 'The State Bank (of Ohio) has a circulation of \$7,767,666. To secure this it has a Safety Fund of \$700,000.' Permit me to correct this very erroneous view of the security of the circulation of the State Bank of Ohio. It is a very common mistake made by persons who are not familiar with the provisions of the charter of that institution to suppose that the 'Safety Fund' is a fund especially provided to secure the circulation, but such is not the fact. The entire capital, with all the means of every description belonging to each and all the Branches of the State Bank of Ohio, which of course includes the Safety Fund as part of the investments, are the security provided for the circulation of each Branch. It is the Branches themselves, and not the public, that are to look to the 'Safety Fund' for their security to cover advances made to sustain each other, or to redeem the circulation in case of failure. If the fund is insufficient for that purpose, the loss falls upon the Branches, and not upon the noteholders. The basis of security provided in the system of banking known as that of the 'State Bank of Ohio' and which has been adopted by other states is that of mutual liability to the fullest extent of their means, of all the associate Banks, for the circulating notes of each associate', whilst a 'Safety Fund' is provided solely for the purpose of reimbursing the Banks for advances to each other. I would here remark, however, that the Board of Control of the State Bank of Ohio has never permitted any such reimbursement to be made from this fund; requiring such advances to be charged to the profit & loss of each Branch, thus preserving the 'Safety Fund' unimpaired . . ."

(585) March 25, 1862 - Andrews to the Commercial and the Gazette: "It is stated in the Commercial and Gazette of yesterday that one of the Branches of the State Bank of Ohio had recently refused to redeem its circulation with any other funds than the notes of other Branches. As there are thirty six Branches of the State Bank of Ohio, it is hardly fair that thirty five innocent parties should suffer discredit from the improper course of one Branch, unless they should sustain and sanction that course. You will therefore see the propriety of naming the Branch that has acted in this manner, and if the facts shall sustain the charges so made, I think you will have no occasion of a second complaint of the same kind. Permit me, however, to say that I think there must be some mistake as to this matter, as I know most of the Branches have at this time a large supply of eastern exchange, and are disposing of it at par for Ohio currency."

(586) March 29, 1862 - Andrews to Young, cashier, Piqua Branch Bank: "I attach no importance whatsoever to anything the Cincinnati papers say in their absurd and ridiculous 'money articles' about the State Bank of Ohio, or any one connected with it. They are under the dictation, if not the pay, of the brokers and will say what they are told to say. You doubtless observed how both the Commercial and Gazette backed down when I called on them to name the Branch that had refused to redeem its issues . . . I knew they could not do it, as they had to admit, when put to the test. The fact is the sorting business is used up, the brokers are making no money . . . and would like to send something down for a speculation. I hope all our Branches will pursue the 'even temper of their way', redeem in exchange at par, give no one, not even the brokers, any just cause of complaint and they can do us no harm."

Note: See letter of March 25, 1862.

(587) April 2, 1862 - Andrews to Colby, cashier, Farmers Branch Bank, Mansfield. Andrews warns Colby of the overdrafts revealed in the last examination.

(588) April 25, 1862 - Series of letters from Janney concerning a recent meeting of the Executive Committee:

Delaware County Branch Bank: ". . . prohibited from making a dividend over three per cent . . . it not having a Permanent Reserve Fund."

Farmers Branch Bank, Mansfield: ". . . on account of the large amount of unavailable assets . . . prohibited from dividing over three per cent . . ."

Merchants Branch Bank: ". . . prohibited from making any dividend . . . on account of ascertained losses."

Exchange Branch Bank: ". . . prohibited from dividing over three per cent . . . unless it makes up its full amount of Permanent Reserve Fund, in which case the dividend may be four per cent."

Portage County Branch Bank: Same as Merchants Branch Bank.

Union Branch Bank: ". . . limited to three per cent dividend . . . on account of unavailable assets."

Chillicothe Branch Bank: ". . . restricted to a dividend of three per cent . . . on account of its large past due debt."

Guernsey Branch Bank: Same as Merchants Branch Bank.

(589) September 16, 1862 - Andrews to president of a Branch Bank: "As we are not yet within three months of the time to furnish funds for paying interest on the state debt; and as we never can tell 24 hours ahead how the relative value of our currency with coin will stand, when a victory lost, or gained may put it up or down, I have not thought it worthwhile to raise any questions on the subject you refer to. At the proper time . . . I would think it advisable to confer with the Officers of State on the subject. Suppose in the meantime we put down the Rebellion, that is destroy it . . . what would the depreciation of our currency then be? I think U. S. six per cent bonds would bear a premium which would absorb the currency and bring it to par with gold . . ."

Note: By the end of 1862 "greenbacks", the currency to which Andrews undoubtedly refers, circulated at a discount against specie of about 25 percent.

(590) October 13, 1862 - Circular letter from Andrews to all Branch Banks: "You will please report to this office immediately the amount of Govt. 'demand notes' held by your Bank. The object is to ascertain the total amt. held by the Branches."

(591) October 17, 1862 - Janney to McClymond, cashier, Union Branch Bank: "Yours of the 14th to the Prest. is recd.. Does your statement include the 'Legal Tender' as well as the old 'Demand Notes'? It is the latter the Prest. wanted."

Same letter was sent to five other Branch Banks.

(592) October 24, 1862 - Andrews to all Branch Banks: "At a meeting of the Executive Committee of the Board of Control, held this day, the following was adopted; that the President address a circular to the Branches, advising them to retain all Branch notes with a view to retiring a part of the circulation of the State Bank of Ohio . . ."

(593) October 27, 1862 - Series of letters from Janney concerning a recent meeting of the Executive Committee:

Chillicothe Branch Bank: ". . . restricted to a dividend . . . not to exceed three per cent on account of excess of past due debts over surplus profits."

Guernsey Branch Bank: ". . . prohibited from making any dividend . . . on account of ascertained losses."

Marietta Branch Bank: ". . . restricted to a dividend . . . not to exceed three percent, on account of its large unavailable assets."

Farmers Branch Bank, Mansfield: ". . . restricted to a three per cent dividend . . . on account of past due debt, and unavailable assets."

Delaware County Branch Bank: ". . . restricted to a three per cent dividend . . . on account of deficiency in its permanent reserved fund, as per the order of the Board of Control."

Knox County Branch Bank: ". . . restricted to a dividend not exceeding four per cent . . . on account of its large past due and slow debt."

Ross County Branch Bank: ". . . prohibited from making any dividend . . . on account of ascertained losses, and unavailable assets."

Merchants Branch Bank: Same as Guernsey Branch Bank.

Portage County Branch Bank: Same as Guernsey Branch Bank.

Preble County Branch Bank: Same as Delaware County Branch Bank.

Union Branch Bank: Same as Marietta Branch Bank.

(594) October 27, 1862 - Andrews to Moore, cashier, Delaware County Branch Bank: "I have just seen what is usually termed a 'shinplaster' or small note for a quarter of a dollar (twenty five cents in this instance) intended to circulate as money or currency, which I think is highly objectionable. It is in the form of a check drawn on the Delaware Co. Branch Bank by \_\_\_\_\_, accepted or certified by you as Cashier of said Bank, payable in banknotes when presented in amounts of one dollar' with the words 'State Bank of Ohio' conspicuously printed on the end of the bill. The bill therefore has the sanction and responsibility of the Delaware Co. Bank and implies the authorization of the State Bank of Ohio . . . The objections which occur to me against the issue of such currency are the following:

"1st. It is in violation of . . . statute . . .

"2d. It reduces the character of the Branch of the State Bank of Ohio . . .

"3d. . . . it is issued as involving the character and consent of the State Bank of Ohio, whereas it is the act of a single bank . . .

"There are other objections which could be advanced but the above I consider quite sufficient. I deem this question of great importance and unless I receive from you satisfactory assurance that the paper will be immediately taken up and cancelled, and its issue discontinued in future, I will deem it my duty to bring the subject to the attention of the Executive Committee of the Board of Control."

(595) October 30, 1862 - Andrews to Moore, cashier, Delaware County Branch Bank: "I am very much relieved of anxiety of your Bank by the assurance that you will take up the small notes immediately, and that no more shall be paid out' . . ."

Note: See letter immediately above.

(596) November 7, 1862 - Andrews to Taylor, Auditor of State: "I have just received your note of this date requesting me to furnish you a 'statement of the circulation charged in this office to each Branch of the State Bank . . . similar to that furnished you last May'. You say you desire this in order to furnish 'a statement of the circulation of each bank in the state, and of the amount and proportion of coin that may be required of each, should they be called upon to furnish it' under the provisions of the act of January 11, 1862.

"In view of the present extraordinary price of coin as compared with the currency of the country, the proper proportion to be furnished by each Bank has become a question of importance . . .

"The language of the act . . . is that each Branch furnish coin 'for its own notes in the proportion that the circulation of such Banks bears to the circulation of all the solvent banks of this state.'

"The question thus arises, whether this rule was intended to apply 1st. to the circulation which a bank is entitled to, whether in use or not, under the provisions of its charter, 2nd. to the circulation actually in use and outstanding when the statement is made or, 3rd in the amount (in case of a Branch) charged to the Bank in the office of the Board of Control, or (in the case of an Independent or Free Bank) charged to the office of the Bank Commissioner.

"My construction of the act is that it is intended to apply to the actual circulation of each Bank at the time the statement is made . . . As I understand it, each Bank was expected to furnish funds in proportion to the benefits it enjoyed under its circulation . . ."

Note: See note following letter of September 16, 1862.

(597) November 19, 1862 - Andrews to Taylor, Auditor of State: "The question of furnishing coin to the state under the provisions of the act of June 11, 1862 is one which properly belongs to each separate Bank, and no modification of the terms or amount, as stipulated in that act, could be agreed upon except by each Branch acting for itself. The Board of Control, before its adjournment adopted a resolution recommending all the Branches of the State Bank of Ohio to comply with the provisions of the act aforesaid . . ."

Note: It will be noted that the date of the act referred to above differs from the date accorded it in the letter of November 7, 1862. Probably the June date is correct.

(598) December 5, 1862 - Andrews to a cashier of a Branch Bank:  
"Large payments are being made of the Safety Fund in all the Branches. More than half of yours is now invested. If this goes on we will soon have no Safety Fund, unless investments are made . . . It is for the safety of all that this fund should be kept whole . . ."

(599) December 11, 1862 - Janney to Walker, cashier, Logan Branch Bank:  
"I understood the agreement of the Branches, at the meeting of the Board, was expressed by the resolution adopted, of which I sent you a copy, and now inclose another; that is, 'to comply with the provisions of the law', which provides that they shall furnish coin to the state for their own notes."

(600) December 13, 1862 - Andrews to T. P. Handy, president, Commercial Branch Bank: "The state officers have finally decided to pay the January installment on the foreign debt of the state, i.e., that which is payable in N. York, in coin. I think they will succeed in procuring a sufficient supply of Ohio Bank notes to enable them to meet it, at all events with the coin they have on hand, some \$60,000. I think the Branches will all, or very nearly all, furnish the amount assessed on presentment of their paper.

"I think each Branch should require its own notes: 1st., because that is the agreement; 2nd., because the State has no claim on the Banks to aid in or facilitate the demand; 3rd., because an adjustment or equalization of the respective proportions among the Banks would be attended with trouble and probable unsatisfaction, and for several other reasons.

"I am in favor of meeting this demand of the state because no other provision has been made, and a failure on the part of the state to pay coin would have enabled the politicians to throw the whole responsibility upon the Banks. But it is evident that at the present rates of coin the Banks cannot continue to furnish \$800,000 yearly without self sacrifice. I think they should give . . . notice to the legislature of their intention to discontinue the arrangement, as they have a right to do, and let them make such other provisions as they think proper."

(601) December 13, 1862 - Andrews to McCullough, president, Union Branch Bank: "I regret very much to learn that the accounts of your Bank have again got into confusion, as there can be no confidence felt in any of the accounts when a part we know to be wrong. Perhaps it may be some excuse for some of these discrepancies to attribute them to an inefficiency of a bookkeeper, but I notice some facts . . . for which I think the cashier alone is responsible . . . The truth is Mr. McCullough, and I say it with sorrow, but I will say it frankly, I feel disappointed in Mr. McClymond . . ."

(602) December 17, 1862 - Andrews to Martin, receiver, Commercial Branch Bank, Toledo: "I shall be entirely satisfied to have you exercise your own judgement as to the expediency of a public sale of the real estate remaining in your hands as receiver. I look for a large expansion in prices, but whether more than is equal to the depreciation in our currency is doubtful . . ."

(603) December 26, 1862 - Andrews to Sill, president, Summit County Branch Bank: "The application of your stockholders for permission to close its business and withdraw its capital from the association will be laid before the Executive Committee at its first meeting. As the first step in such a proceeding would be the withdrawal of the circulation of the Banks, and as this process will require some time, I see no necessity for having the question immediately acted upon, and unless you can indicate such necessity, I will not convene the Committee for this special purpose. In the meantime you can progress in the withdrawal of your notes from circulation precisely as if the assent of the Board had been obtained.

"I note your remarks in reference to the operation upon the Banks, both as a matter of expense, and on their business, of the undertaking to supply the State with coin to pay interest and perhaps principal to meet the state debt. Whilst I was in favor of the Banks' furnishing coin to pay the interest maturing the 1st of January 1863 solely because the legislature would not be in session prior to that time to make any other provisions for it, and a failure on the part of the Banks to furnish it would throw upon them the whole burden of the failure, I fully concur with you in the opinion that they ought not to intertain the idea for a moment of continuing such a policy any longer. But was it not due to the State, as well as to ourselves, to stand fairly and squarely up to this question, until the legislature should have an opportunity of determining on their future policy and of placing the burden where it lawfully rests? . . ."

Note: With specie at a high premium, the stockholders probably felt that liquidation of the bank was preferable to continued operations, particularly when the latter meant furnishing the State of Ohio with specie at no premium.

(604) December 27, 1862 - Andrews to McCulloch, president, Bank of the State of Indiana: "Your favor of the 24th inst. is received and I am obliged to you for your views and information furnished. I have still hoped that there would be good sense enough in the Congress not to yield to Mr. Chase's absurd and disorganizing plans of pulling down well-tried, existing institutions in order to build up a political machine to control the currency and politics of the country. We all know that a currency resting on U. S. bonds would at this time be regarded as very doubtful and this doubt would result in a financial crash at once. We also know that the plan of creating a forced demand for bonds would also fail . . . There must be confidence in the investment, and when that exists [it] requires no forced measures. The error is, Mr. Chase supposes that men must bank, and if they cannot have their own plans, they will take his. Now there is no necessity in this case. He may force prudent men out and get reckless men in, and that is all he can well expect from his grand project."

Note: The Mr. Chase referred to was, of course, Salmon P. Chase, U. S. Secretary of the Treasury. His "plan" was to establish a system of national banks.

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(605) January 1, 1863 - Janney to Mr. Prince: "The Board of Control of the State Bank of Ohio by its President, has been a subscriber to the Journal of Commerce during several years, but your want of loyalty, and sympathy with the rebellion is so obvious that notwithstanding the value of your paper as a commercial authority, I have been instructed to discontinue the subscription. While I regret the necessity, I cheerfully, perform the duty of transferring our subscription to another paper, feeling perfectly free to assure you, that I know of no northern paper that has as much of the sin of this rebellion to answer for as your own."

(606) January 2, 1863 - Andrews to Boutwell: "Your communication of the 31 ult. addressed to the 'Cashier of the State Bank of Ohio' is received. The corporation known as the 'State Bank of Ohio' is peculiar in its organization. It is merely a Board of Control having supervisory duties over a number of local Banks, associated as Branches. The State Bank, as such, has no capital, transacts no proper banking business, receives no deposits, makes no discounts, declares no dividends. All this is done by the several Branches . . ."

(607) January 2, 1863 - Andrews to Bacon, member, Executive Committee: ". . . some of our folks have felt very sad about furnishing this coin and Mr. Sill refused to do it, but I am satisfied that we did right and that a general refusal would have cost us more in character destruction than the coin was worth . . ."

Note: See letters of September 16, November 19, December 13 and 27, 1862.

(608) January 6, 1863 - Andrews to Sill, president, Summit County Branch Bank: ". . . You ask if I would not advise the investment of your surplus funds in government bonds. You are well aware of the many serious questions involved in this question. There certainly ought not to be a doubt of the security of these bonds, but who can say that there is not. On the whole, I would prefer a government certificate bearing a lower rate of interest payable at short notice, for the purpose you have in view. I would prefer bonds of the State of Ohio to U. S. at this time.

"But in preference to either, I would sooner invest funds in short, active business paper of good responsible men . . ."

Note: The battle of Gettysburg was some six months away and, as this letter indicates, the fortunes of the North were not particularly bright at this date.

(609) January 8, 1863 - Andrews to Sill, president, Summit County Branch Bank. Andrews notes that there has been a reduction in the specie of the Bank during the past month amounting to about \$30,000. He asks for an explanation, pointing out that the charter still requires that coin be held equal to 30 percent of the outstanding circulation.

(610) January 19, 1863 - Andrews to Sill, president, Summit County Branch Bank. The reduction of coin of Sill's bank, described in the letter of January 8th above, was a consequence of an outright sale of the coin by the Bank. Andrews is highly critical, giving the following reasons:

"It is in direct disregard of an order of the Board of Control requiring a thirty per cent coin basis.

"It was not used in reducing the liabilities of the Bank but in increasing its apparent profits.

"It imposes the necessity, in my opinion, of your ceasing to purchase . . . bills until the ratio is restored.

"It has proved to be a great loss as the coin is now worth nearly 20 per cent more than you received for it, in legal tender notes.

"It is, as I think a bad example to other Branches. In these times of doubt and uncertainty the Banks should all strive to keep strong and hold on to what they know to be safe."

(611) January 24, 1863 - Andrews to John Sherman, U. S. Senator from Ohio: "You will please accept my thanks for a copy of your speech in the Senate of the U. S. on 'Taxation of Bank Bills' and, having read it carefully, I take the liberty of making a few remarks thereon. You start out by asserting that the strongest banks issue the least number of bills, and the weakest banks support themselves and make profit by issuing the largest quantity of bills' and you support this by the authority of Mr. Chase to the effect that 'circulation commonly is in the inverse ratio of solvency'. You also present the Bank of Commerce, N. Y., with a capital of \$9,000,000 and a circulation of less than \$2,000, as an example of a 'strong bank' but you omit altogether its other liabilities, or to say anything of the character of its assets, without a knowledge of which your 'great strength' may only be 'great weakness'. If we may judge the strength of a bank by the size of its capital and the smallness of its circulation, how has it happened that the O.L.I. & T. Co. proved to be so rotten that its assets will not pay over forty cents on the hundred, on its liabilities, after sinking its capital of \$2,700,000. How came the late Bank of the U. S. of Pennsylvania, with its capital of \$30 million, to such rotten ruin? The strength of a bank, by which is meant its ability to meet its liabilities of all kinds, or in the language of Mr. Chase, its 'solvency', depends not on the size of its capital, or the amount of any one class of liabilities, but on:

"1st. The relative proportion of its immediate cash means to all its immediate liabilities.

"2d. The amount and availability of its other assets or investments to meet its liabilities.

"I will now present you with an example of what I consider a 'strong' bank; but which, by your and Mr. Chase's definition, is a very weak concern, deserving only of being taxed out of existence. I take the smallest Branch of the State Bank of Ohio, as exhibited in its report of its condition for this month.

| Immediate liabilities   |                  |
|-------------------------|------------------|
| 1. Notes in circulation | \$136,586.00     |
| 2. Due to other banks   | 75.61            |
| 3. Due to depositors    | <u>46,272.54</u> |
| Total                   | \$182,934.15     |

| Immediate means  |                  |
|--|------------------|
| 1. Coin in its vault   | \$ 70,193.50     |
| 2. Sight funds on New York city banks  | 47,252.74        |
| 3. Notes of other banks and U. S.<br>legal tender                              | 23,089.00        |
| 4. Cash items  | 66.64            |
| 5. Due from other banks  | 7,432.66         |
| 6. Ohio State bonds \$1,500; U. S.<br>7-30, \$39,900 (available in<br>30 days) | <u>41,400.00</u> |
| Total  | \$189,434.54     |

"Its other assets; bills receivable, real estate, safety fund, are all so much overplus to be divided among its stockholders, but as these are not required to meet any part of its liabilities to other parties, we need not inquire into them. I hope that an Ohio Senator and Ohio Secretary of Treasury will not hereafter feel the necessity of going to N. Y. for an example of a 'strong bank'; not that they may not be found there, but because their going there may imply that such a thing cannot be found in the State of Ohio.

"Of the various forms of liabilities banks have, there is no one which can be brought to bear upon them with such sudden concentration of power as their deposit; and no one less susceptible of concentration and immediate demand than their notes in circulation, and hence the very converse of your and Mr. Chase's proposition is true, viz, banks of circulation, other things being equal, are stronger than banks of mere deposit.

"You next proposed to show that banks of circulation do not pay taxes on 'the entire products of their business' as manufacturers do; the bank being taxed on its profits, and the manufacturer on his products, each three per cent. But the manufacturer adds his tax to the cost of the products, and it is paid by the consumer, whilst the bank is restricted to the legal rate of interest, and its product is its profit, the tax on which is paid by itself, or its stockholders, which is the same thing.

"You further represent that banks do not pay as railroads; the former being on their net profits, and the latter on gross receipts; but you omit to state that railroads may add the tax to the charges on their business and thus become the . . . agents of the government to collect the tax . . . which banks cannot do.

"You show that banks of circulation pay no licenses as such, but you do not show that they do pay licenses as dealers in exchange. This branch of the argument appears to me to display more of the skill of the advocate, than the . . . views of the statesman.

"But it is unnecessary to pursue this question any further, as you frankly state that taxation is not the object you have in view; it is not your 'real purpose'. You have another and much higher objective to accomplish. This 'higher objective' you seek to accomplish through taxation is a means, or power, to be used for that purpose. You propose to

use this power in the manner of a penalty, and thus force 'the withdrawal of bank paper, in order to substitute for it a national currency, or rather the national currency, we have already adopted'. You than proceed to show that it is 'the establishment of a national currency based on the laws of Congress, either of gold or silver, or some form of currency, has ever been regarded as indispensable to the prosperity of the country. In this proposition I concur with you must heartily. It is the doctrine of Washington, of Hamilton, of Webster, of Clay, of the old Federal and the late Whig party. It recognizes this as one of the highest duties of the government, a duty which was wholly denied by the Democratic party, and which was consummated in the establishment of the . . . sub treasury system . . . the bitter fruits of which were predicted by the great statesmen of the day, and which are now fully developed . . . The government being thus divorced from the banking system, leaving the people to take care of and provide for themselves, they have reverted to . . . such local currency as the various States might authorize. It is now proposed to exercise this duty on the part of the national government. Is it necessary to this end that penalties should be inflicted upon exercise of a power authorized by the state, and recommended by the general government? You assume that the exercise of this power is inconsistent with the establishment of a national currency. Here lies the great error. To attempt to force upon the people a national currency, not based on a safe and sound footing will most certainly fail. You may drive every other specie of currency out of existence; but you cannot thus give confidence in the stability. Every form of currency must stand or fall on its own . . . If the statesmen of the present day can furnish a national currency entitled to the confidence . . . of our people, they need not fear the competition of any local currency . . . Nor will the forcing of local currency out of existence . . . give confidence in the national. Do you hear of any attempts by the banks to discredit the national currency? I know of none. On the contrary . . . they receive it at par in all transactions they give it circulation and maintain its credit, and do more, in my humble judgement, in this respect than all other parties. For whatever is 'bankable' is everywhere 'currency'.

"Not to extend these remarks unnecessarily, I would merely suggest that to my mind, it is clear that the true interests of the government, to which all others are subordinate and secondary, are better promoted by the mutual confidence and support of all monied institutions cooperating with the government, than by arraying the power of one against the other . . ."

(612) January 29, 1863 - Telegram from Andrews to C. V. Culver, Number 37, Third Street, Philadelphia: "Cannot attend the meeting. I have no confidence in Chase's project of local institutions to furnish a national currency. Will write more fully."

(613) January 29, 1863 - Andrews to Wade, U. S. Senator from Ohio. The following letter is similar to one sent on the same day to Culver, as promised in the telegram above.

"Having read Mr. Hooper's bill embodying Mr. Chase's views for the establishment of a system of banks under the authority of Congress, I beg leave to submit to you a few hasty remarks thereon. My first and great objection to this bill is this: that it proposes to establish a system of local banks, of small capital, differing in no operative

particular from the existing state stock banks, except that they will derive their existence from Congressional instead of state legislation, and that they will have but one common basis of U. S. bonds instead of a mixed basis of U. S. and state bonds, as the securities of notes of circulation.

"As to their capacity to furnish a 'national currency of uniform value' it is idle to talk. Mr. Chase infers this capacity from 'the form of the notes, the uniformity of [design], the signitures of national officers and the imprint of the national seal', all of which is too absurd for any practical banker to entertain for a single moment. The plan of payment, or redemption, the kind of payment, and the certainty of payment are the only considerations that can give a national character to any bank issues, whether authorized by Congress or the states, or however secured. A bill payable in Ohio, Indiana, Illinois and especially if payable at some inaccessible point cannot be at par in the Eastern Atlantic Cities.

"I must therefore take issue with Mr. Chase. I say either give us a national institution, with a national currency, taking the broad, bold ground of Washington, Hamilton, Webster, Clay and their co-laborers, or let us do as we have done; use local banks for local purposes. Any attempt to combine the advantages of a National Institution with the limited power and capacities of small local banks, will certainly result in disappointment.

"My next objection to this scheme is the basis on which it is erected. I have always thought that to erect one credit system, on the basis of another, was a very sandy foundation, [certain] to give way 'when the floods' of doubt and distress and dismay come, and as come they will, the 'winds' of adversity blow, as blow the must. We have had in the west, in Indiana, Illinois, Wisconsin, examples of the manner in which such a system on such a basis gives way as chaff before the wind, when the sandy basis on which it is erected begins to give way. But these effects have been local, and easily overcome, simply because the system has been local. Make it National, erect all the bank currency of the country on one basis of credit, then shake that credit, I do not say destroy it but shake it from any disturbing cause, domestic or foreign, and behold the consequences!

"Again, it seems to me that the present is a particularly inauspicious time for winding up the existence of the local banks of the whole country in order to organize a new system. I am aware that it is claimed that this is not necessary, that existing institutions can organize under the new system without such process. But how can this be done--it is not 'corporations' that are authorized to associate, but 'persons, not less in any case than five'. How can persons connected with existing institutions withdraw their investments but by return of their capital. How can this be done but by the payment of all liabilities and the collection and conversion of all assets of the bank. It is true a stockholder in an existing institution may sell his stock, and invest his funds in the new system, but that is not the question. It is how can an existing institution organize under the new plan? . . .

"Mr. Chase's great, if not his sole object, is to create a market for government bonds. His banking system is a mere incident to this end. He declares himself in his 2nd report that the whole basis of legal tender notes is 'unconstitutional' as a measure of value. He proposes

to erect a fearful structure, upon an unsound national basis, for someone else to pull down! To do this he proposes to pull down existing structures based on gold and silver, his own acknowledged 'only permanent basis, standard and measure of value recognized by the constitution'. May we not exclaim in the language of a Roman Senator, 'ubinam gentium sumus.'"

Note: "Hooper" was Samuel Hooper congressman from Massachusetts, who was in large part responsible for insuring passage of the National Banking Act through the House of Representatives.

(614) January 31, 1863 - Janney, minutes of a meeting of the Executive Committee: "At a meeting of the Executive Committee of the Board of Control, held at this office yesterday, the following proceedings were had:

"The President submitted a certified copy of the proceedings of the stockholders of the Summit Co. Branch, at a meeting called for the purpose of considering the expediency of closing up the business of said Branch and withdrawing its capital as follows, to wit:

Summit County State Bank  
Cuyahoga Falls O. Jan. 20, 1863

At a meeting of the stockholders of the Summit Co. Bank at Cuyahoga Falls held at its banking house on the tenth (10th) day of January inst. agreeably to notice given to said stockholders and calling said meeting for this express purpose a majority of the stock to wit; six hundred and thirty four (634) shares being duly represented, it was upon motion to this effect unanimously

Resolved. That it is the desire of the stockholders of this Bank to have its business closed, and its capital withdrawn from the "State Bank of Ohio," and that the Directors of the Bank be requested to make the necessary application to the "Board of Control" for permission so to do.

J. H. Stanley  
Secy.

Whereupon On motion of Mr. Otis, it was

"Resolved. That the Committee consents to the application of the stockholders of the Summit Co. Bank to close the business of said Branch and withdraw its capital, under the direction of the Board of Control, and subject to its by laws and orders.

"The President stated to the Committee that the Summit Co. Bank had recently sold \$30,000 of its coin, thereby reducing its coin basis to \$27,160.35 with an outstanding circulation of about \$110,000. Whereupon it was

"Ordered. That said Bank be prohibited from making any new loans or discounts or otherwise increasing its liabilities until the ratio of 30 per cent on its notes in circulation be restored.

"A true copy from the record.

Attest."

(615) February 5, 1863 - Andrews to Chase, U. S. Secretary of the Treasury: "I do not wish to intrude on your valuable time, but I desire to say a few words as to the expediency of forcing our Ohio Banks to close their business, by imposing a tax on their notes of circulation. In the first place, you are aware that the circulation of all the Ohio banks is very small compared with that of most of the other States, having reference to the population and business of each, and that the existing bank capital of the State is less than that of single cities of moderate size, Hartford, for instance, in New England. The circulation of every bank in the State is restricted to the strict limits of the charter, either through the office of the Board of Control, or the officers of the State, and cannot go beyond these limits at the pleasure of the bank, as in many other States. At this time it is much within these limits and is being daily reduced. As it is proposed to tax the banks on their existing circulation, they cannot avoid the tax by withdrawing their notes, for they have no power to do this, except as the notes return in the ordinary course of business. If the tax was assessed on notes issued after the passage of the act, or after the suspension of specie payments by the banks, it would be less objectionable.

"But aside from all interests of the banks in this matter, I think it would operate injuriously on the interests of the government itself. To close our banks is to close business. They are absorbing an amount of government securities, and holding an amount of government issues, both of which are constantly on the increase, larger than would be held by any system of banks that would take their place for a long time . . .

Andrews goes on to list U. S. securities held by three Branch Banks: Dayton Branch Bank, Delaware County Branch Bank, and the Miami County Branch Bank. He concludes this presentation by noting that the capital of the three Branch Banks is \$311,500 and that they hold U. S. securities amounting to \$232,750 and U. S. legal tender notes totaling \$175,242.

"I could go through the whole list, when reported, and show, if not equal, approximating results. Would the government gain anything in the sale of its securities, or the absorption of its issues, by forcing these banks out of existence . . .?"

Note: Although the prohibitive 10 percent tax on State banknotes was not levied until March 1865, and did not become effective until July 1, 1866, it was apparent as early as 1861 that Chase favored such a measure and, in fact, anticipated that it would be a part of the National banking act in 1863.

(616) February [?], 1863 - Andrews to the Chairman of the Financial Committee of the House of Representatives of Ohio: "By the provisions of their charter, the banks of this State are required to have on hand at all times in gold and silver coin, or their equivalent, one half at least of which shall be in gold and silver coin in their vaults, an amount equal to at least thirty per cent of the amount of their outstanding notes of circulation; and when the proportion falls below this requirement for the space of twelve days, the banks are prohibited from making any new loans or discounts until the proportion is restored. When the eastern banks suspended, and deposits there were no longer payable in coin, the

banks felt themselves required to keep the whole thirty per cent in coin in their vaults. At the time the legislature passed the suspension act, the Branches of the State Bank (and perhaps the other banks, but I speak only of the Branches, not being familiar with the condition of the other banks, and having no authority to represent their views) had a considerable surplus over the thirty per cent coin basis. This surplus has been parted with to the extent of over \$600,000 in paying the interest on the state debts, but the basis is now reduced, in the aggregate, to the thirty per cent, and in some cases below this amount. In the meantime coin bears so high a premium that it would exhaust the capital of the banks to attempt to keep up their basis, and supply the amounts necessary to meet the wants of the State. It is believed that the interests of the State would not be promoted by, nor would it expect or desire to produce, so serious a result. Both the governor and the auditor advise this reliance on the part of the State to be given up. The banks desire to see it closed honorably to themselves, and satisfactorily to the State; and having gone as far to meet the requirements as their own safety and solvency will admit, they desire and ask relief from future requirements to furnish coin for this purpose."

(617) February 18, 1863 - Andrews to Chase, U. S. Secretary of the Treasury: "You inquire whether 'the banks of Ohio, holding a large amount of national securities, cannot with ease, and advantage, transfer their capital to institutions organized by the stockholders under the banking bill, should it pass Congress'?"

"So far as the Branches of the State Bank of Ohio are concerned, this could only be effected after the withdrawal of their entire circulation and its return to the office of the Board of Control, and the certificate of its having been there 'burnt to ashes' entered upon the books of that office. This would require time, probably several years, as the notes in circulation can only be taken up and returned as they are received in the ordinary course of business . . . .

". . . I have no desire to throw the slightest impediment in the way of any plan for sustaining the credit and aiding the financial plans of the government; but it is a proper subject of inquiry whether any proposed plan is well adopted to the end proposed. As it will probably soon be submitted to a practical test, any further expression of opinion may as well be suspended."

Note: The National Banking Act became law February 25, 1863.

(618) February 21, 1863 - Andrews to Colby, cashier, Farmers Branch Bank, Mansfield. Tells Colby to give his "immediate attention" to overdrafts revealed in the latest report of examination.

(619) February 23, 1863 - Janney to Hubbard, cashier, Farmers Branch Bank, Ashtabula: "You do not seem to comprehend my remittance of the 17th. I will explain it. When the Clearing Office was first established a fund of \$40,000 was raised by the Branches and deposited in the Trust Co. Upon the failure of said Co. we took bonds and mortgages for the amt. and have collected the full amt. and paid you back your contribution, and from the interest which accrued on the mortgages between the time of our receipt of them & their collection I paid you the \$47.06 sent you on the 17th which certainly is so much to be added to your Profits.

"After the failure of the Trust Co. another fund was raised for the Clearing office of \$10,000 of which your share now stands \$250.57 not \$272.87 as you have it, and with which the Tr. Co. nor my remittance have no connection."

(620) February 24, 1863 - Andrews to Brooks, cashier of a Branch Bank: "I know of no decisions made by courts or commissions concerning the question you put in your favor of the 21 inst. But there can be no doubt of the legal right of a Branch of the State Bank of Ohio 'to buy and sell gold and silver' as you will find this among the express powers conferred by the charter, Sec. 51.

"I hope you will not be tempted by present, or any, high prices on gold to reduce the amount held on your Branch, as the Board of Control has passed an order requiring thirty per cent basis in coin, and as the charter requires the Bank to stop discounting when the proportion falls below this, see Sec. 55 of charter."

(621) February 26, 1863 - Andrews to the General Assembly of the State of Ohio. Andrews again requests that the section of the act of January 16, 1862 requiring the Branch Banks to furnish gold or silver coin to the State to be used for the payment of interest on the state debt be repealed. He repeats the arguments given in the letter of February 1, 1863 to the Chairman of the Financial Committee of the House of Representatives of Ohio, and even implies that the State Bank is expecting an early resumption of specie payments.

(622) March 4, 1863 - Andrews to Scarborough, president, Bank of the Ohio Valley: "I presume you examined the recent act of Congress 'to provide a national currency' and I would be pleased to have your views in regard to the measure and whether capitalists of your city are likely to engage in business under its provisions.

"As far as I am personally concerned, I feel no interest in the measure as a business matter; for at my period of life I could not be induced under any circumstances to embark on any new plan of banking, whatever advantages it might seem to present. I look at it, therefore, only as a measure affecting the business interests of the country at large, just as I would any other measure of the government. The origin, the character and history of this act shows clearly that the real object of its authors is not so much to establish Banking Institutions, or provide a 'National Currency' as to create a demand for government securities. This last is the object, the first is the incident; and this characteristic feature, and its consequences, strikes my mind as apparent in some of its most essential provisions . . ."

Note: Andrews refers to the National Banking Act, the full title of which was, "An Act to provide a National Currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof."

(623) March 13, 1863 - Andrews to Comstock, cashier, Summit County Branch Bank: "In construing the 55th Section you must take the whole and not a part by itself to get at the meaning. As I read it, your coin basis may be below thirty per cent for the space of twelve days before you are to cease 'making any new loans or discounts'; but whenever, at any time 'the basis falls below twenty per cent,' that is, for a single day, not twelve days, as in the other case, the same rule applies . . .

"The object of stopping new loans is to provide means to procure coin. If you have the means, then procure the coin and go on as usual. To show that you have no means, but decline to provide the coin, is simply to refuse to obey the charter. This I do not think you intend, but does it not amount to that? Where the deficiency is small, and likely soon to be restored by redemption of circulation, and there has been no sale of coin, I feel as if every indulgence should be extended, in these times, but I should regret to see the Branches selling off their coin, from any inducement of profit."

(624) April 1, 1863 - Andrews to Hubbard, cashier, Farmers Branch Bank, Ashtabula: "If a Branch holds over thirty per cent of its circulation in coin, it has the right to dispose of the excess in whatever manner its directors may deem best for its. I do not feel like giving any advice in such matters, for we are all liable to make mistakes . . ."

(625) April 2, 1863 - Andrews to McCurdy, president, Guernsey Branch Bank: "I have been thinking whether it might not be desirable for your Branch to sell at the present high prices a part of your coin, say what you have over thirty per cent on your circulation. This a Branch has a right to do -- the holding over thirty per cent on circulation being a mere question of expediency.

"In your case the [sale] would make up all losses and place your capital at par and thus enable you to make moderate dividends . . ."

Note: This letter, and the two immediately preceding it, reflect the continuing depreciation of greenbacks. This depreciation, which was about 25 percent in terms of specie, by the end of 1862, reached a high of about 65 percent by the middle of 1864.

(626) April 25, 1863 - Minutes of a meeting of the Executive Committee: ". . . Whereupon, on Motion of Mr. Otis, it was Resolved. That the Committee consents to the application of the stockholders of the Logan Branch to close its business and withdraw its capital under the direction and subject to the rules and orders of the Board of Control, and it shall be deemed to have its capital reduced inversely as the notes issued on its capital are returned and burnt to ashes.

"A true copy from the record."

(627) April 27, 1863 - Series of letters from Janney concerning a recent meeting of the Executive Committee:

Commercial Branch Bank: ". . . be required to credit Profit & Loss act. the sum of \$1,729.08 now to the debit of said act. out of its current earnings, before making a dividend."

Dayton Branch Bank: Same as Commercial Branch Bank, except for the sum of \$1,552.22.

Mt. Pleasant Branch Bank: Same as Commercial Branch Bank, except for the sum of \$568.26.

Summit County Branch Bank: Same as Commercial Branch Bank, except for the sum of \$882.58.

Merchants Branch Bank: Same as Commercial Branch Bank, except for the sum of \$11,830.

Exchange Branch Bank: Same as Commercial Branch Bank, except for the sum of \$4,271.68.

Portage County Branch Bank: Same as Commercial Branch Bank, except for the sum of \$6,209.91.

(628) May 21, 1863 - Andrews to Finn, vice president, Board of Control: ". . . The Board sustained these views [that portion of the letter containing the opinions referred to is illegible] and simply repealed the resolution requiring the whole thirty per cent to be in coin in the vault, leaving the matter as it stood before, that is, requiring twenty per cent to be in the vault, and admitting ten per cent 'subject to sight draft payable in coin with eastern banks . . .'. I notified the Board that no new notes would be delivered to any Branch when there was a deficiency in the thirty per cent basis.

"I considered this question as involving the character and credit of the State Bank of Ohio, and felt much gratified with the result . . ."

(629) May 21, 1863 - Series of letters from Janney concerning meeting of the Board of Control at which the following resolutions were adopted:

Knox County Branch Bank: ". . . required to report under head of capital stock, the true amount thereof, one hundred thousand dollars."

Logan Branch Bank: "Resolved. That this Board confirms the order made by the Executive Committee April 24th, 1863 on the proceedings and application made by the stockholders of the Logan Branch dated April 10th, 1863, to withdraw forty per cent of its capital stock in conformity to the charter, and the bylaws of the Board of Control."

Miami County Branch Bank: "Resolved. That the permission of the Board be granted to the Miami County Branch of the State Bank at Troy, to close its business and withdraw its capital in accordance with the charter and under the direction of the Board of Control."

Marietta Branch Bank: "Resolved. That the permission of the Board be granted to the Bank of Marietta to reduce its capital stock to the extent of forty thousand dollars in accordance with the charter and under the direction of the Board of Control."

Ross County Branch Bank: "Resolved. That the permission of the Board be granted to the Ross County Bank in Chillicothe to reduce its capital to the extent of fifty thousand dollars, in accordance with the charter and under the direction of the Board of Control."

(630) June 1, 1863 - Andrews to Perry, receiver, Mechanics & Traders Branch Bank: "The Ex. Comt. at a meeting held on yesterday arrived at the conclusion that the Branches are not entitled to interest on their advances to redeem the circulating notes of an insolvent Branch and adopted a resolution to that effect . . ."

(631) October 3, 1863 - Andrews to Eells, cashier, Commercial Branch Bank. Eells is warned that the aggregate liability of directors exceeds the amount permitted by the charter.

(632) October 6, 1863 - Andrews to Kingsbury, cashier, Ross County Branch Bank. Similar to letter of October 3rd above.

(633) October 10, 1863 - Andrews to Culbertson, cashier, Miami County Branch Bank: "In the statement of the condition of the Miami Co. Branch for October 5th I observe you report no coin on hand in possession of the Bank, and only \$6,185.42 on deposit in the Continental Bank in N. York, whilst the circulation of the Bank is \$115,000.

"I presume you are aware, as you was furnished with a copy at the time, that the Board of Control, at its last session, passed a resolution requiring each Branch to keep on hand in its vault coin equal to fifteen per cent of its circulation, and also fifteen per cent on deposit payable in coin, in some eastern bank. To comply with this you should have about \$34,000 in coin . . .

I am aware that the Miami Co. is endeavoring 'to wind up its affairs', but that does not relieve the Bank from the necessity of observing the order of the Board so long as it remains a member of the association . . ."

(634) October 21, 1863 - Andrews to Waters, cashier, Merchants Branch Bank: "I observe your Bank reports \$8,866 uninvested safety fund. This should be made up immediately, which you can readily do by a deposit of U. S. bonds."

Similar letters were sent to eighteen other Branch Banks.

(635) October 26, 1863 - Andrews to Kinney, cashier, Portsmouth Branch Bank. Andrews warns Kinney that the aggregate liability of his Branch's stockholders and officers exceeds the limit permitted by the charter.

"Of course we all know this debt is safe to the Bank so far as security is concerned; but that is not the question. It is a violation of the charter. Is this a safe position for the Bank to be in? Is it safe, in an association of Banks, to permit any one to violate the charter? If one may, may not all . . .?"

(636) October 28, 1863 - Andrews to Culbertson, cashier, Miami County Branch Bank. Andrews informs Culbertson that the Executive Committee had decided that the Bank cannot declare a dividend, since it had reduced its coin below the necessary level.

Note: See letter of October 10, 1863.

(637) December 23, 1863 - Andrews to Colby, cashier, Farmers Branch Bank, Mansfield: "I regret to see by Mr. Finn's report of the 14th inst. that you have permitted overdrafts to be made in your Bank to such a large amount, say \$8,042.12, besides which the accounts of all the officers of the Bank--president, cashier, teller and bookkeeper--are all overdrawn . . . Under the circumstances I feel that my duty requires that I should submit this question to the Ex. Comt. . . ."

1 8 6 4

(638) January 9, 1864 - Andrews to C. J. Handy, cashier, Exchange Branch Bank. Andrews criticizes Handy for reporting a specie deposit with a New York bank as "coin on hand". He orders an immediate correction.

Apparently this was also happening in several other Branch Banks.

(639) January 28, 1864 - Andrews to Finn, vice president, Board of Control. Finn is ill and Andrews advises, "there is no necessity whatever of your exposing yourself in order to make up your examinations. I think the Banks are all in good condition. If you were to omit several altogether, no injury would result.

" . . . The Ex. Comt. is to meet tomorrow . . . to act on the Elyria [desire] to wind up."

(640) February 5, 1864 - Andrews to DeWitt, president, Lorain Branch Bank: "I have your favor of the 3rd inst.. You asked me two questions: 1st., would such a law (as you suggest) meet my approbation? To this I answer that I am ready to cooperate with the majority of the Board of Control and aid in procuring any legislation which the Board may deem [necessary] in facilitating the closing of the business of the Branches. I have no personal preference or prejudices for or against any measures having this end in view. But we must not overlook the fact that as yet only a very small minority of the Branches--about one seventh of the number--have signified their desire to close their business before the expiration of the period fixed by the charter. A party desiring to close at once, and a party desiring to go on to the end of the charter, may have very different views on the subject of legislative action as to what may or may not be necessary. In an association like ours I think the only way to meet questions of this kind is to ascertain the wishes of the majority of the Branches through the Board of Control. Your 2d. question is, 'would it be advisable to have a special meeting of the Board of Control, upon the subject, before presenting a bill to the legislature and soliciting its action by individuals?' To this I answer, it certainly would . . ."

(641) February 10, 1864 - Andrews to Hulbert, cashier, Logan Branch Bank. Andrews refers to a special session of the Board of Control to consider the matter discussed in the letter of February 5th above. Such a session had been suggested by Hulbert, who claimed that a number of Branches were in favor of it. Andrews counters that, "the number of Branches which you name is less than one fifth of the whole number. I do not see the necessity for any great haste in this matter . . ."

(642) February 11, 1864 - Andrews to Otis, member, Executive Committee. Andrews attempts to justify his refusal to call a special meeting of the Board of Control, claiming that at least one quarter of the Banks should request such a meeting before it would warrant disturbing the members of the Board. It is clear that Andrews is displeased with these indications that many of the Branch Banks desire to convert to national banks.

"The truth is, I think the interests of the Banks require very careful protection at this time. I am not in favor of seeing them pushed headlong into becoming . . . displaced. Questions of very great importance present themselves to my mind. A charter is a delicate matter to begin to tamper with . . ."

(643) February 12, 1864 - Andrews to McClymond, cashier, Union Branch Bank: "You say 'our Board of Directors desire to reorganize the Union Br. Bank under the National Banking law without waiting for the termination of the present charter', and then request a special meeting of the Board of Control, 'thinking the Board might be disposed to take some steps in that direction'. If the stockholders (the 'directors' as such having nothing to do with the question) of a Branch desire to organize a bank under the National Banking law, they can proceed at once to take the necessary steps for that purpose. There is not necessity whatever for 'waiting for the termination of the present charter'. I refer you to article 10 of the bylaws of the Board of Control for full information as to the mode of proceeding.

"To organize under the National Banking law is a question exclusively for the parties themselves to consider. The Board of Control has nothing to do with it. I see no necessity for an 'official meeting of the Board of Control' from any reasons stated by you."

(644) February 13, 1864 - Andrews to T. P. Handy, president, Commercial Branch Bank: "I have your favor of the 12th inst. and thank you for its suggestions. I drew up a brief circular to the Branches yesterday, and will send it out today, having the same object in view as that suggested by you, which I am glad to receive, as it confirms me in the correctness of my decision on an important question, with no one to consult.

"I say an important question; for whilst on the one hand, I see no objections to permitting a Branch to withdraw from the association and secure its outstanding circulation by a deposit of securities, provided the liability of its associates for this circulation, or for the securities deposited, shall therefore cease and terminate forever, I would consider it disastrous to the system to attempt it on any other principle. With this principle fully recognized, we can work in harmony. Without it, we never can, and the day it is attempted the cry will be . . . the devil take the hindmost.

"You say 'it may be put down as certain that we shall have no other banking law (than the national) for a while'. I have no idea that we shall, until the national system shall have demonstrated its utter inadequacy to furnish a national currency--which in my opinion it will certainly do, unless modified in some of its most essential features, before the expiration of the charters of our State banks. In fact, I think it will require less time than that--two years--not only to show its inadequacy to supply a national currency, but it will prove to be a local circulation, greatly inferior to that furnished by State institutions . . ."

"Mr. McCulloch, comptroller, in his report on the national law, admits its defects in several important features, but especially in this great, indispensable necessity for a national currency, viz, to provide for its redemption at the great monetary centers of the country. But

there are two questions here . . . 1st. Will Congress require this. 2d. Will the banks undertake it and can they maintain it? These are questions still to be determined and yet they are of the very essence of the question of success or failure.

"I am not surprised to see men rush headlong into this system of banking. We go by impulse and excitement. Mr. Chase brought it forth as a means of creating a demand for his bonds. In this respect it is an entire failure. The whole purchases for this purpose do not amount to two weeks demand by the people for private investment. Do you know Mr. Chase? If you do, you can tell how long he will favor a project even of his own creation, which fails to answer his views, present and prospective . . ."

(645) February 18, 1864 - Andrews to Dewey: "A special meeting of the Board of Control has been called for the 24th inst., a notice of which will be sent. I write to urge you to by all means attend this meeting. I fear unless . . . prudent action is had, we may be involved in serious trouble. Some of the Branches which wish to withdraw and organize under the National law, wish to get up some plan of securing their circulation by the deposit of U. S. bonds, and then using the balance of their assets as the capital of the new concern. To this I see no objection, provided the liability of the remaining Branches for the circulation or for the safety or availability of the fund deposited shall be terminated. But if this feature is not recognized, I should regard it as a source of trouble.

"I hope you will not fail to be here, as I rely on the sound good sense of a few men to keep us straight in these times."

(646) February 25, 1864 - Hull, clerk, to Culbertson, cashier, Miami County Branch Bank: "At a meeting of the Executive Committee held this day it was resolved that; 1st., that the Miami Co. Bank be required forthwith to make up the whole amount of its safety fund by the deposit of U. S. or Ohio bonds equal to the amount now uninvested . . .

"2d. That the Miami Co. Bank be required to provide itself with coin on hand and in its possession within thirty days equal to fifteen per cent on its outstanding circulation, and report the fact to the president . . ."

(647) February 26, 1864 - Andrews to Otis, member, Executive Committee: "I was very sorry you could not attend the last session of the Board of Control . . . It seems difficult for some persons to understand the difference between an isolated bank, a distinct corporation in and of itself, and an association of banks, in a particular relation to each other. The legislature might pass an act to enable a single bank or class of banks to organize under another law, but could not do so as to an association without the consent of each member of it. I took the ground that this consent could not be given unless the act should also provide that the liability of all other parties for the circulation of the retiring bank should terminate, and that all other parties should have no responsibility either as to the character, availability or custody of the securities given by the retiring Branch for its circulation . . ."

(648) March 4, 1864 - Andrews to Coleman, president, Miami County Branch Bank: "You say 'the directors of the Miami Co. Branch 'respectfully ask where the Executive Committee can find the authority to require the Safety Fund of the Branch to be kept up to \$20,000 while in process of closing and their circulation reduced below a hundred thousand dollars and their capital to fifty thousand dollars.' You also refer to the 25th section of the charter which requires 'only 10 per cent on the amount of circulation to be deposited with the Board of Control as a Safety Fund.' Under this act, the Miami Co. Branch 'deposited with the Board of Control' from time to time as it received its circulation the sum of \$20,000. From the time of its deposit, that sum has been held by the Board, in trust, for the . . . purposes set forth in the charter. It has been invested by the Board, or its officers, in bonds or mortgages. When a payment is made on these bonds the money goes to the credit of the Board of Control, on the books of the Branch. [It] is reported as 'uninvested Safety Fund.' But the fund is not reduced, or impaired, thereby. It stands to the credit of the Board, subject to its order . . . Now your directors seem to regard the order of the Committee as an order to 'pay in Safety Fund', whereas it is simply an order to invest money already paid in and belonging to the Safety Fund. Your Branch is the only one that has objected to this . . ."

(649) April 20, 1864 - Andrews to Weakley, cashier, Hocking Valley Branch Bank. Andrews warns Weakley that the aggregate liability of directors of the Bank is in excess of the amount permitted by the charter.

(650) May 13, 1864 - Andrews to Sill, president, Summit County Branch Bank: "Yours of the 11th inst. is received. Insofar as it explains the ability of the Summit Co. Bank to meet its liabilities, it is highly satisfactory. It is also satisfactory in respect to the application of the profits realized on sale of gold, viz, to strengthen the Bank. If the retaining of fifteen per cent of the amount of circulating notes, in coin, on hand, is a mere question of expediency, of which the directors of each Branch may judge for themselves, then it is all right and nothing now need be said on the subject. But if it is an obligation and duty to do this, imposed by the charter and assumed by the Bank, then it should be lived up to, however, expedient it might seem to be, to disregard it.

"The obligation to keep at all times a certain amount in gold or silver coin on hand, has, as I think, no necessary connection with the right to pay debts in government legal tender notes. Legal tender notes may supercede coin for the purpose of paying debts, but not for any other purpose for which it may be required to be kept on hand.

"I suppose the legislature might impose as a condition in a charter the requirement to keep at all times on hand a certain quantity of lead or produce, as well as of gold and silver, and if this obligation is assumed by the corporation, it would be a violation of the franchise [if this condition were not met] because the directors deemed it unnecessary, in a time of peace, to keep such useless articles on hand.

"The corporation has no right to [question] the propriety . . . of the requirement. The simple and sole question is, has it agreed to this thing? I think it has . . ."

(651) August 27, 1864 - Andrews to McCullough, president, Union Branch Bank: "Yours of the 23rd inst. is received, advising that the Union Bank has placed the required amount of coin in its vault. I am much gratified with this prompt compliance with the order of the Ex. Comt. and that we shall have no further cause of disagreement. I shall again submit to the Comt. your application for permission to close up."

(652) September 12, 1864 - Andrews to Kinney, cashier, Portsmouth Branch Bank. Andrews points out that there is a deficiency of more than \$2,000 in the amount of coin held by the Bank against its circulation. He urges the deficiency be made up immediately, "cost what it may, as the Ex. Comt. will insist on the observance of the charter in all cases. If you expect the weak Branches to be kept strong, the strong ones must act as a good example. You know the great danger of losses in closing up a concern, and you are deeply interested in requiring all parties to be kept safe at this time."

(653) September 12, 1864 - Andrews to Young and Waite, receivers, Commercial Branch Bank, Toledo. A routine letter regarding the progress of the liquidation of the Bank. However, it bears the following interesting postscript: "I think Mr. Fessenden is working out the financial problem very successfully. He is a great improvement on Mr. Chase, and it would have saved untold millions to the country if he had been there from the first. Mr. C. relied too much on 'sensation' and 'unification' instead of a quiet pursuit of efficient measures."

Note: Fessenden succeeded Chase as Secretary of the Treasury in July, 1864.

Note: Letters after this date are largely concerned with the break-up of the State Bank system as a consequence of the impending expiration of the 1845 law and the conversion of most of the Branch Banks to National banks.

APPENDIX

Officers of Ohio Branch Banks who were recipients of letters included in preceding sections

Andrews, J. Frank - cashier, Knox County Branch Bank  
Andrews, John - president, Jefferson Branch Bank  
Atwood - cashier, Chillicothe Branch Bank

Barker - president, Norwalk Branch Bank  
Binns - cashier, Mt. Pleasant Branch Bank  
Bliss - cashier, Toledo Branch Bank  
Bradbury - president, Toledo Branch Bank  
Bradley - cashier, Summit County Branch Bank  
Brown - cashier, Harrison Branch Bank

Campbell - cashier, Farmers Branch Bank, Salem  
Claypoole - cashier, Miami County Branch Bank or Mad River Valley Branch Bank  
Colby - cashier, Farmers Branch Bank, Mansfield  
Coleman - president, Miami County Branch Bank  
Comstock - cashier, Summit County Branch Bank  
Conohan - cashier, Mechanics & Traders Branch Bank  
Cowen - cashier, Muskingum Branch Bank  
Crawford - cashier, Athens Branch Bank

Deshler, W. G. - president, Exchange Branch Bank  
Deshler, D. W. - president, Franklin Branch Bank, Columbus  
Dewit - president, Lorain Branch Bank  
Dougherty - cashier, Hocking Valley Branch Bank  
Drake - cashier, Xenia Branch Bank

Ebbert - cashier, Portage County Branch Bank  
Eells - cashier, Commercial Branch Bank  
Elliot - president, Licking County Branch Bank  
Endly - cashier, Guernsey Branch Bank  
Evans - cashier, Farmers Branch Bank, Ripley  
Espy - cashier, Franklin Branch Bank, Columbus

Foote - cashier, Merchants Branch Bank  
Fracka - cashier, Guernsey Branch Bank

Gardiner - cashier, Norwalk Branch Bank  
Geraghty - cashier, Hocking Valley Branch Bank  
Gibbs - cashier, Miami County Branch Bank  
Goodman - cashier, Chillicothe Branch Bank

Hampson - cashier, Farmers Branch Bank, Salem  
Handy - cashier, Commercial Branch Bank, Cleveland  
Harding - cashier, Xenia Branch Bank  
Hardy - cashier, Exchange Branch Bank  
Hiestand - cashier, Preble County Branch Bank

Hubbard - cashier, Farmers Branch Bank, Ashtabula  
Hulbert - cashier, Lorain Branch Bank  
Hurxthal - cashier, Union Branch Bank

Jewett - cashier, Muskingum Branch Bank  
Johnson - cashier, Commercial Branch Bank, Toledo  
Jones - cashier, Toledo Branch Bank (?)

Kelley - president, Merchants Branch Bank, Cleveland  
Kilgore - president, Jefferson Branch Bank  
Kingsbury - cashier, Ross County Branch Bank  
Kinney - cashier, Portsmouth Branch Bank

Lewis - cashier, Knox County Branch Bank  
Louis - cashier, Toledo Branch Bank

McClymonds - cashier, Union Branch Bank  
McCullough - president, Union Branch Bank  
McCurdy - president, Guernsey Branch Bank  
McGrew - cashier, Mad River Valley Branch Bank  
Mayo - cashier, Miami County Branch Bank  
Meygalt - cashier, Merchants Branch Bank  
Miller - president, Commercial Branch Bank, Toledo  
Moore - cashier, Delaware County Branch Bank

Neville - cashier, Exchange Branch Bank  
Nye - cashier, Ross County Branch Bank

Odlin - president, Dayton Branch Bank  
Officer - cashier, Logan Branch Bank

Patton - cashier, Summit County Branch Bank  
Phillips - cashier, Harrison County Branch Bank  
Powers - cashier, Delaware County Branch Bank

Quimby - cashier, Wayne County Branch Bank

Rhodes - president, Belmont Branch Bank  
Roberts - cashier, Summit County Branch Bank

Scott - president, Piqua Branch Bank (?)  
Scott - cashier, Chillicothe Branch Bank  
Seymour - president, Portage County Branch Bank  
Sill - president, Summit County Branch Bank  
Skinner - cashier, Guernsey Branch Bank  
Spencer - cashier, Jefferson Branch Bank  
Stewart - cashier, Athens Branch Bank  
Swain - cashier, Dayton Branch Bank

Tallmadge - president, Hocking Valley Branch Bank  
Tallman - cashier, Belmont Branch Bank  
Telford - president, Miami County Branch Bank  
Trader - cashier, Xenia Branch Bank

Walker - cashier, Logan Branch Bank  
Waters - cashier, Marietta Branch Bank  
Weakley - cashier, Hocking Valley Branch Bank  
Williams - president, Delaware County Branch Bank  
Wilson - cashier, Marietta Branch Bank  
Wood - cashier, Toledo Branch Bank  
  
Young - cashier, Piqua Branch Bank

Permanized  
PROVER BOND  
FRASER CONTEXT

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OHIO BRANCH BANKS, CORPORATE HISTORY  
1845 - 1953

| Year started | Ohio Branch Banks                      |                 | National bank successor to Branch Bank |                                       | Bank name, January 1, 1953      |                                   |  |
|--------------|--|-----------------|--|---------------------------------------|---------------------------------|-----------------------------------|--|
|              | Name                                   | Year of failure | Year of vol. liq.                      | Year of suc-<br>cession <sup>1/</sup> |                                 | Name                              | Yr. & cause of ces-<br>sation of operation |
| 1848         | Athens Branch Bank                     | ...             | ...                                    | 1864                                  | First Nat. Bk. of Athens        | vol. liq., 1917                   | ...  |
| 1845         | Akron Branch Bank                      | 1854            | ...                                    | ...                                   | ...                             | ...                               | ...  |
| 1848         | Belmont Branch Bank, Bridgeport        | ...             | ...                                    | 1864                                  | First Nat. Bk. of Bridgeport    | ...                               | Bridgeport National Bank                   |
| 1845         | Chillicothe Branch Bank                | ...             | ...                                    | 1865                                  | Chillicothe Nat. Bk. of Chill.  | vol. liq., 1877                   | ...  |
| 1845         | Commercial Branch Bank, Cleveland      | ...             | ...                                    | 1865                                  | Commercial Nat. Bk. of Cleve.   | vol. liq., 1921 <sup>2/</sup>     | ...  |
| 1845         | Commercial Branch Bank, Toledo         | 1854            | ...                                    | ...                                   | ...                             | ...                               | ...  |
| 1845         | Dayton Branch Bank                     | ...             | ...                                    | 1865                                  | Dayton National Bank            | vol. liq., 1925                   | ...  |
| 1845         | Delaware County Br. Bk., Dela.         | ...             | ...                                    | 1865                                  | Delaware Co. Nat. Bk., Dela.    | vol. liq., 1939                   | ...  |
| 1845         | Exchange Branch Bank, Columbus         | ...             | ...                                    | 1864                                  | Nat. Exchange Bk. of Columbus   | vol. liq., 1892                   | ...  |
| 1848         | Farmers Branch Bank, Ashtabula         | ...             | ...                                    | 1865                                  | Farmers Nat. Bk. of Ashtabula   | ...                               | Farmers Nat. Bk. & Tr. Co. of Ash.         |
| 1847         | Farmers Branch Bank, Mansfield         | ...             | ...                                    | 1865                                  | Farmers Nat. Bk. of Mansfield   | ...                               | Farmers Savings and Trust Co.              |
| 1847         | Farmers Branch Bank, Ripley            | ...             | ...                                    | 1865                                  | Farmers Nat. Bk. of Ripley      | ...                               | Citizens National Bank of Ripley           |
| 1846         | Farmers Branch Bank, Salem             | ...             | ...                                    | 1865                                  | Farmers Nat. Bk. of Salem       | ...                               | Farmers National Bank of Salem             |
| 1845         | Franklin Branch Bank, Cincinnati       | ...             | 1852                                   | ...                                   | ...                             | ...                               | ...  |
| 1845         | Franklin Branch Bank, Columbus         | ...             | ...                                    | 1864                                  | Franklin Nat. Bk. of Columbus   | vol. liq., 1879                   | ...  |
| 1849         | Guernsey Branch Bank, Washington       | ...             | 1866                                   | ...                                   | ...                             | ...                               | ...  |
| 1848         | Harrison County Br. Bk., Cadiz         | ...             | 1866                                   | ...                                   | ...                             | ...                               | ...  |
| 1847         | Hocking Valley Br. Bk., Lancaster      | ...             | ...                                    | 1865                                  | Hocking Valley Nat. Bk. of Lan. | ...                               | Hocking Valley Nat. Bk. of Lan.            |
| 1845         | Jefferson Co. Br. Bk., Steubenville    | ...             | 1866                                   | ...                                   | ...                             | ...                               | ...  |
| 1848         | Knox County Branch Bank, Mt. Vernon    | ...             | ...                                    | 1865                                  | Knox Co. Nat. Bk. of Mt. Vernon | ...                               | First-Knox Nat. Bk. of Mt. Vernon          |
| 1849         | Licking County Br. Bk., Newark         | 1852            | ...                                    | ...                                   | ...                             | ...                               | ...  |
| 1850         | Logan Branch Bank                      | ...             | 1866                                   | ...                                   | ...                             | ...                               | ...  |
| 1847         | Lorain Branch Bank, Elyria             | ...             | 1866                                   | ...                                   | ...                             | ...                               | ...  |
| 1847         | Mad River Valley Br. Bk., Springfield. | ...             | ...                                    | 1865                                  | Mad River Nat. Bk. of Springfd. | consolidation, 1929 <sup>3/</sup> | ...  |
| 1845         | Marietta Branch Bank                   | ...             | ...                                    | 1865                                  | Marietta National Bank          | vol. liq., 1876                   | ...  |
| 1845         | Mechanics & Traders Br. Bk., Cin.      | 1854            | ...                                    | ...                                   | ...                             | ...                               | ...  |
| 1845         | Merchants Branch Bank, Cleveland       | ...             | ...                                    | 1865                                  | Merchants Nat. Bk. of Cleve.    | charter expired, 1884             | ...  |
| 1847         | Miami County Branch Bank, Troy         | ...             | 1866                                   | ...                                   | ...                             | ...                               | ...  |
| 1847         | Mt. Pleasant Branch Bank               | ...             | 1866                                   | ...                                   | ...                             | ...                               | ...  |
| 1848         | Muskingum Br. Bk., Zanesville          | ...             | ...                                    | 1865                                  | Muskingum Nat. Bk. of Zanes.    | ...                               | First Nat. Bk. of Zanesville               |
| 1847         | Norwalk Branch Bank                    | ...             | ...                                    | 1865                                  | Norwalk National Bank           | vol. liq., 1918                   | ...  |
| 1847         | Piqua Branch Bank                      | ...             | ...                                    | 1865                                  | Piqua National Bank             | ...                               | Piqua Nat. Bk. and Trust Co.               |
| 1848         | Portage County Branch Bk., Ravenna     | ...             | 1866                                   | ...                                   | ...                             | ...                               | ...  |
| 1847         | Portsmouth Branch Bank                 | ...             | ...                                    | 1865                                  | Portsmouth National Bank        | vol. liq., 1905                   | ...  |
| 1847         | Preble County Br. Bk., Eaton           | ...             | ...                                    | 1864                                  | First National Bk. of Eaton     | charter expired, 1844             | ...  |
| 1847         | Ross Co. Br. Bk., Chillicothe          | ...             | ...                                    | 1865                                  | Ross Co. Nat. Bk. of Chill.     | receivership, 1932                | ...  |
| 1845         | Summit Co. Br. Bk., Cuyahoga Falls     | ...             | ...                                    | 1864                                  | First Nat. Bk. of Cuyahoga F.   | vol. liq., 1923 <sup>4/</sup>     | ...  |
| 1845         | Toledo Branch Bank                     | ...             | ...                                    | 1864                                  | Toledo National Bank            | vol. liq., 1890                   | ...  |
| 1848         | Union Branch Bank, Massillon           | ...             | ...                                    | 1865                                  | Union Nat. Bk. of Massillon     | vol. liq., 1931                   | ...  |
| 1848         | Wayne County Br. Bk., Wooster          | ...             | ...                                    | 1865                                  | Wayne Co. Nat. Bk. of Wooster   | ...                               | Wayne Co. Nat. Bk. of Wooster              |
| 1835         | Xenia Branch Bank <sup>5/</sup>        | ...             | ...                                    | 1864                                  | First National Bank of Xenia    | ...                               | Xenia National Bank                        |

<sup>1/</sup> Data based in part upon information supplied by the Organization Division of the Office of the Comptroller of the Currency.

<sup>2/</sup> As National Commercial Bank.

<sup>3/</sup> Consolidated with the First National Bank and Trust.

<sup>4/</sup> As First-Second National Bank of Akron.

<sup>5/</sup> Chartered in 1835, to 1850. Elected to become Branch Bank in 1845.

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Note: References are to letter number in all cases except where small roman numerals indicate introductory pages and where reference is specifically made to page number. Indexing is by subject and bank name only. For the names of persons writing letters see Introduction, page iii. Bank officers, to whom most letters were addressed, are listed alphabetically in the appendix.

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