tion of the committee, that the experiment he tried, and, if found useful to the community, be permanently adopted."—
See Doc. 3.c.
The document marked 4, d, is a correspondence between the president of the bank and the Secretary of the Treasury, on the character of these bank farfits, which has already been printed and submitted to Congress.

The paper marked 5, E, contains instructions to the branch banks as to the issue of branch orders. On the 21st of April 1827, the cashier of the parent hank writes a circular to the respective branches, informing them, among other things, that the directors have "deemed it best that blank forms of an uniform appearance should be prepared with skill and care at the parent bank, and thence distributed to such of the southern and western offices as seem to stand most in an uniform appearance should be prepared with skill and care at the parent bank, and thence distributed to such of the southern and western offices as seem to stand most in need of them, or to be able best to employ them usefully. Enclosed I send you a specimen of the 5 and \$10 bank drafts adopted. After being numbered, registered, and appropriated here to certain offices, a supply of them will be forwarded as soon as possible, with instructions to the cashier of each office to have every four hundred drafts in succession, and as they may be wanted, filled into the order of some one officer of the branch, by whom hey must be endorsed lengthwise, and about the middle of the draft, payable to hearer, before they be signed by the president and cashier. When completed, they are to be furnished to the customers of the bank, or other persons who may wish to procure them, The entries respecting them, both here and at the branches, are intended for convenience sake, to be analogous to those of branch notes. Their receipt under the denomination of branch drafts, is to be similarly acknowledged by the cashier, and in duplicate through the respective presidents. They are besides to be reported on the weekly state of the office, as branch draft paper received, used, and on hand.

And whenever they may be transiter between the offices must be so noticed at the foot of the statement, like other packages."

On the 7th of Janus v. 1831, a resolution passed the board

On the 7th of January, 1831, a resolution passed the board On the 7th of Janus y, 1831, a resolution passed the board to issue drafts of the denomination of twenty dollars. These branch orders, when discharged by the parent bank, are again reissued by that bank when it has no small notes of its own. The paper marked 6 F, contains a statement of the amount of branch drafts issued, on hand, in circulation, and the offices from whence issued. By this table it will be percived that \$10,781,635 have issued; \$3,371,544 are on hand, and \$5,410,990 are in circulation.

The foregoing is a succinct history of the issue of branch drafts. Whether it can be justified under the charter of the bank, the committee will leave to the better judgment of Congress.

The third case is the selling coin, and particularly American coin. The attention of the committee was drawn to this

can coin. The attention of the committee was drawn to this subject by the fact that the General Government had, on one occasion, to pay the bunk two per cent on ten thousand Spanish dollars, which it wanted for the benefit of the navy in South America. To an interrogatory put to the President on this subject, he replied, "The bank is authorized to deal in builtion. It buys and sells bullion. All foreign coins are bullion. Their being a legal tender does use make them the less bullion, and the bank having bought them at a premium sells them at a premium. The obligation of the bank is, to pay the ciains on it in coin, American 'coin, or legalized coin; and if the foreign coin is 'worth, intrinsicallly, or commercially, more than the American coin, the difference in value must be worth the difference in specie, and there seems no reuson why the bank should sell its bullion any more than its bills of exchange, at less than their value." He then refers the committee to a correspondence, marked No. 4.

Although the bank acted under logal advice, it may be well questioned whether foreign coin is bullion. The Constitution gives to Congress the right to regulate its own and foreign coin, when, therefore, the latter has a value prefixed to it by law and is suffered to be used, with that regulated value, in like manner with our own coin; and its made by force of law what it would be, if carried through the mint and subject to the condition of our own coin; and therefore, to deal in it as a commodity, is calculated to disturb its legal value, and render at least that portion of the metalic currency uncertain and fluctuating.

If, however, the committee have taken a wrong view of this subject, so far as foreign coin is concerned, it seems by the statement of the president of the back, to be virtually adcan coin. The attention of the committee was drawn to this subject by the fact that the General Government had, on one

If, however, the committee have taken a wrong view of this subject, so far as foreign coin is concerned, it seems by the statement of the president of the back, to be virtually admitted that our own coin is not bullion, and, therefore does not come within the objects of trade allowed to the bank by the 9th fundamental rule of the charter. By reference to the statement of species sold by the bank, marked No. 24, it will be found that the sum of \$34,734 44 of American gold coin has been parted with.

The 4th case is, selling stock obtained from Government under special acts of Congress. They have thought it their duty to present the subject to the consideration of Congress.

sunder special acts of Congress. They have thought it their duty to present the subject to the consideration of Congress.

It is necessary here to observe, that the charter must have intended some meaning in prohibiting the bank from dealing in stocks. There is, perhaps, no subject so fruitful in speculations, as stocks, and none which is so fluctuating and linble to be influenced by the slightest causes, often producing ruin or immense fortunes in the most sudden manner. To prevent such a great noneyed institution then the bank, from dealing in this article, which its vast means could raise and depress at pleasure, seens to have been a wise provision in the charter. The right of the bank to acquire or sell stocks, is a special one; it must be done by virtue of a law of Congress. The charter itself provided that a part of its capital might be paid in the stock of the Government, and such stock, particularly, might be disposed of. But the committee suggests whether this will apply to other stocks obtained by virtue of a subsequent law of Congress, unless that law specially confers the power to dispose of it. In two important loans obtained from the Government since the charter was granted, the bank has parted with a valuable stock; and these cases will illustrate the point now submitted to Congress. While the committee refer to the transactions of the bank in the founded debt of the United States, for the purpose above mentioned, they also have in view the presentation of the subject, to show not only the manner of disposing of that stock, but whether it was not contrary to the express understanding with the Government at the time of obtaining the stocks. For the loan of \$4,000,000 of 5 per cents, made in 1821, and the \$5,000,000 of 44 per cents, made in 1821, and the \$5,000,000 of 5 per cents, made in 1821, and the \$5,200,000 of 5 per cents, made in the bank had a preference over the individual offers, upon the principle that it would be more advantageous to give it to the bank at a reduced rate, and participat sh. The selling of com, and particularly American consh. The selling of com, and particularly American consh. The selling of company and considered applicable,
special acts of Congress.

The Making donations for roads and canals, and other objoints. Alking donations for roads and canals, and other obgiven and the selling of company and the congiven and the selling of the selling that an alteration that the selling that an alteration the selling that an early period. In a year offer the selling that an early period. In a year offer its organization, the direct of the selling that an elleration the selling of the selling of the selling of the selling that an elleration the selling of the selling that the selling that an elleration the selling that the selling that an elleration the selling that the selling that an elleration that the selling that the selling that an elleration the selling that the selling that the selling that the selling that the by individuals, for a large amount, at a premium, and rejected by the Goverment, upon the principle before stated. The same document shows that there was, between Feb. 1829, and October of the same year, sold of the \$000,000 Florida loan \$1,742,201, at a loss of \$17,661 09. For this loan the committee are not aware of thege being any offers by individuals at a premium. The same document shows that between February, 1826, and February 1832, the whole of the \$4,000,000 loan of 5 per cents of 1921 has been disposed of at a premium of \$185,759,25. The premium paid for which, at the time it was taken, was provided for in a semi annual appropriation of \$60,000, in the report of the 1st of July, 1921, before adverted to. By these operations, it will be evicusly perceived that if the bank is allowed to sell stocks acquired by special agreements with the government, it can secure by speculations, all the advanage which the government might possess, in putting up its loans to the highest bidder. It not only destroys competition but takes the loan of the government from other individuals, who would have given a premium for in and which the government refuses because it expects to derive a greater profit in another way, but in which it may be defeated, by an immediate sale of the loar, and which if the right to sell by the bank is acknowledged, might have been made directly to those very individuals who had just offered a premium. In relation to the four million loan of 5 per cent of 1821, Mr. Cheves in his report on the 1st Oct. 1822 says:—The four million loan of 5 per cent of the United States, and hence probably this stock is more valuable than any other stock of the Government of the United States, and hence probably this stock is more valuable than any other stock of the Government of the more the

than any other stock of the Government of the United States, and hence probably this stock is more valuable than any other stock of the United States." He also says, "the more the bank can retain of this stock, the better for the institution." In the whole of which the committee most fully concur; for, it may be mentioned with feelings of pride, that such is the high criedit of the Government, its stock is better than specie, and would be to the bank in any energy, precisely the same. The committee proceed to mention the 5th case, which is making donations for roads, canals and other objects, the amount of which is \$3,620, as will appear by document No. 7. Two of the largest of these items amounting to three thousand dollars, are for turnpike roads, made too, after the general government had declined to make appropriations for similar objects.\*

\*The president furnished this statement without explaining the grounds of these donations, on explanation having bee particularly required of him.

A question would naturally arise, whether the public funds in the bank for that institution is expressly founded upon the principle that it is necessary to, and constitutes a part of the Treasury of the United States, can be appropriated to objects indirectly by the officers of that institution, when the Government directly refuses to expend its revenues on thevery same objects.

objects.

The committee have looked in vain for any authority in the charter to give away the money of the stockholders. If the charter contains the powers by which the bank is to act, and they are to be strictly pursued, there is then no grant to make gratuities for any object whatever.

The consequences of the exercis of such a right, might be framely with very great injury to the stockholders, certainly fraught with very great injury to the stockholders; certainly of dangerous interference in the rival trade of different sec-

tions of the country, and of permicious influence upon the operations of Government.

tions of the country, and of pernicious influence upon the operations of Government.

The committee approach the last ground, which is the building houses to rent or sell, and erecting other structures in aid of that object. They will increly present the fact and the law, and leave the house to place their own construction upon the case.

By an extract from the minutes of the board of directors, communicated to the Senate on the 12th day of March last, the following facts appear, viz:

"The committee on the offices, to whom was, this day, referred a letter to the President from George W. Jones, agent, dated May 23d, recommending to the bank the construction of two canal basins, and the erection of warehouses around one of them, according to the plan submitted by him, recommend to the board the adoption of the following resolution:

"Resolved, That the board approve of the formation of two canal basins at Cincinnati, proposed by Mr. Jones; one of them to be on square number fifty-five; (55) and the other to be on the square of ground between Walnut and Vine streets and Canal and St Clair on Court streets, and that he be authorised to erect forthwith, warehouses on the margin of this thorised to erect forthwith, warehouses on the margin of this last mentioned basin, not exceeding six in number, either in one block or separately, as he may deem most expedient for the interest of the bank."

one block or separately, as he may deem most expedient for the interest of the bank."

These six warehouses were built. It is also understood, says the same extract, that several other houses have been built by the agent at Cincinnatti; but, as they were erected in part by contributions in kibor and materials, by debtors to the benk who had no other means of payment, and in part, by direct disburcement, no accurate statement of either their number or cost is on file. The agent hus been instructed to specify these details, in order to complete this return.

In reference to the foregoing, the committee believe it to be enough, merely to quote the following provision of the charter, to wit: "The land, tenements, and hereditaments, which it shall be lawful for the said corporation to hold, shall be only such as shall have been bona fide mortgaged to it, by way of security, or conveved to it in satisfaction of debts previously contracted in the course of its dealings, or purchased at sales upon judgments which shall have been obtained for such debts."

This closes the view of the committee on the subject of the

In considering the second general head as to any cucumstances of mismanagement of the bank, your committee have fully appreciated the delicate character of some of the duties assigned them, and the high responsibility of the oflice of inspecting the books, and examining into the proceedings of the Bank of the United States.

It is possible that the improvements were in the neighborhood of the real estate of the bank, and are made upon the ground that said donations would increase the value of that

In discharing that trust, they have not felt themselves at liberty to inquire into the private concerns of any individuals, of any denomination, unless the public interest was involved of any denomination, unless the public interest was involved in their transactions with the president and directors of the bank. The investigation was ordered by the House under peculiar circumstances, and in anticipation of a debate of the renewal of a charter of a national bank, whose annua operations amount to two or three hundred millions of money whose influence extends to the remotest parts of the Union and whose connection with the Federal Government gives a public character. Impressed with the importance of the great variety of interests involved, your committee have executed the office assigned them, by inquiring, generally, into the proceedings of the bank, not only for the purpose of ascertaining whether its powers had been violated or abused, to the injury of the private and public interests of the country, but, with a view to obtain information for the use of the House, and to suggest, should Congress determine to continue a national bank, such modifications as the proceedings of the existing institution would seem to have rendered necessary.

and to suggest, should Congress determine to continue a nartional bank, such modifications as the proceedings of the existing institution would seem to have rendered necessary.

Adhering to these rules, the committee believed it entirely within their province to inquire whether the influence of the bank, acknowledged by all to be of vast control, and if improperly directed, of dangerous tendency, had insimuted itself either into the management of the press or the direction of the Government. This could only be done by an examination of the transactions of the bank with editors expublic functionaries. And here the committee wish it to be distinctly understood, that they do nor pretend to set up the absurd idea that editors or officers are excluded from their gift common to the rest of the citizens, of borrowing money when and where they please, from banks or individuals, without being answerable in the slightest degree, to any person whatever. But while this admission is demanded by the clear rights of the parties to whom it relates, it will not be denied, that if they obtain more favors than the rest of their fellow citizens, it is at least, a just cause of complaint against the bank, and however they may be innocent of any improper or simister connection with that institution, it does not, by any means, disprove the fact, that some other influence may have been intended to operate upon their minds wholly unsuspected by them at the time. If, therefore, it should appear that these individuals received larger loans than those who are its usual customers, that they receive these loans without the security usually required under circumstances not known in any other case, it would seem to the committee, that instead of a complaint from those whose transactions with the bank have thus been investigated, the grievance is entiraly on the other side. Whether such cases do exist, the committee will leave to the better judgment of the House to decide, upon the facts which they have collected, and now respectfully submit.

whose transactions with the continuities will leave to the better judgment of the House to decide, upon the facts which they have collected, and now respectfully submit.

It had been repeatedly alleged that the bank had employed its funds for the purpose of subsidizing the press, and the charge was reiterated during the debate upon the resolution authorizing this inquiry. The attention of your committee was particularly drawn to this subject, at an early period of their examination, by a communication from an editor of a New York paper, who had been accused to a member of the committe, through the president of the bank. The evidence relating to this case will be found in papers marked 8 and 9, and in which are presented the following facts:—On the 26th of March, 1831, a Mr. Silas E. Burrows applied to the president of the bank, and informed him to use the language of the president that "the was desirous of befriending Mr. Noah and assisting him in the purchase of a share in a newspaper; and he asked if the bank would discount the notes of these parties, adding that, although as merchant he did not wish to appear as a borrower, or to put his name on paper not mercantile, yet he would, at any time do so, whenever it might be necessary to secure the bank. I do not recollect (says the witness) whether he then mentioned the time the notes would have to run. The committee being authorised to discount any paper the security of which they might approve, agreed to do them As Mr. Burrows was going out of town, I (the president and witness) gave him the money out of my own funds, and the notes were afterwrds put into my possession. They remained with me a long time as I had no occasion to use the funds, nor was it till the close of the year that my attention was called to them by the circumstance that a new board of directors and a new committee of exchange would be appointed: the same committee which made the lown should consummate it. I had seen, also, in the year that my attention was a clied to them by the circumstanc

inouths, was granted, with no other security but that which is just mentioned, the largest loan made on that tiay. On the 16th of December following, another application was made by these same parties, for a loan of \$15,000 which was granted, for six months, by the exchange committee, without any additional security or recommendation. At this time, there was a considerable pressure in the money market, and many motes of the citizens of Philadelphia were rejected. It was not among the largest loans of the day. These loans to get er with the loan made in March to Burrows, amounted to the sum of \$52,975 which consisted of notes drawn and endersed by the editors only.

The committee will now submit the facts in relation to the manner in which this loan has been disposed of first pressing that the resolution for inquiring into the affairs of the bank was introduced into the House on or about the Willio February. The loan of August was reduced \$2,000 at its mainty was introduced into the House on or should four hundred and forty six dollars, being the largest sum loaned on that day, and while many notes of citizens of Philadelphia rejected. That the notes for \$17,975, peyable in 1832, '33, '34, '35, and '36, were paid and withdrawn by him on the 2d of March without the knowledge of Webb and Noah, as they sease. On the 14th of the same month, Burrows obtained another discount from the bank of \$14,150, and on the 15th of the same month the note of Webb and Noah, for '\$15,000 loaned them on the 16th of December previously, and not due till June next, was paid off by two drafts from Webs, obtained at the United States Branch bank at New York, accompanied with the following remarks, contained in a letter to the president of the bank, dated. New-York, accompanied with the following remarks, contained in a letter to the president of the bank, dated. New-York, March 11th, 1832, and found in No. 9, viz: 'Although the loans to us by the Bank of the United States are purely of a business character, and made upon "waterments sho

days.

The evidence of the president of the bank explains the character of these various loans, and the circumstance which induced him to be satisfied with the security, and to make these advances; which, together with all the testimony and correspondence on this subject, will be found in the papers marked No. 9.

make these advances; which, together with all the testimony and correspondence on this subject, will be found in the papers marked No. 9.

In that evidence it is stated, by the testimony of Webb and Noah, that they know nothing of the first \$15,000 ioni made by the president of the bank to Burrows; that Burrows made them believe the \$15,000 were loaned to Noah by his father, and that he had his father present to carry on that transaction, and for which loan Noah allowed Burrows 2½ per cent., and did not receive it all for some nonths after giving his notes; that the notes were discounted by the Bank, in their names, without their knowledge, and paid off in the same way. It will appear by the testimony of Mr. Weeb, that the paper of which he is editor, made two publications in the latter part of 1828, favorable to the establishment of branches; that shortly thereafter it commenced its opposition to the bank, and was, for sixteen months warmly opposed to it; and that, one or about the 5th of April, 1831, it changed its course in favor of the bank. Connected with this fact, is an admission on the part of one of the editors, that before the first loan was negotiated he held a conversation with a gentleman, through whom the loan was then negotiating, (who the committee know to be Burrows,) in which he, Burrows, urged the editors, one of whom, Webb, had expressed himself in favor of a modified recharter,) to advocate an unconditional renewal, 'but expressed great satisfaction at learning that [one] was in favor of a charter under any circumstance."

The committee will state they were anxious to obtain the testimony of Burrows, but were unable to do it. A subploma was issued for him and sent to New York, to which the Marshall returned he was not to be found. It was then sent to Washington city, and the Sergeant-ut-Arms made the same return. The murshall of Pennsylvania was directed by the chairman, to make and continue a search for the witness in Philadelphia, having heard of his expected arrival in that: place, and t

secure a debt in jeopardy, there was presented to the committee four other cases.

On the 3d of April the committee, by resolution, called for the following statements to assist them in the elucidation of certain facts, which had appeared in other documents, viz:

Ist. A tabular statement showing the aggregate amount of notes discounted and still due the bank, drawn and endorsed by non-residents of Philadelphia, which will be found marked A.

ed A.

2d. The aggregate amount of good notes offered for discount, and rejected by the board, drawn and endorsed by residents of Philadelphia, on the following days respectively: 9th of August: 16th December, 1831; 2d January; 16th February; 2d and 14th of March, 1832; 24th September and 15th October, 1830. The statement marked B., will show the amount of notes discounted; but the officers of the bank state their mability to discriminate between those that are good or otherwise.

amount of notes discounted; but the officers of the bank state their mability to discriminate between those that are good or otherwise.

3d. The aggregate amount of notes discounted on personal security, and made payable more than six months after date, which appear to be only four in number, besides the case of J. W. Webb and M. M. Noah.

4th. The aggregate of notes now due the bank, discounted for a firm or the partners of a firm, without the name of some person not belonging to the firm, as drawer or endorser, distinguishing in each of the above statements the amount loaned to members of Congress, Editors of newspapers, or persons holding offices under the General Government. To this last resolution were added the following amendments, viz: "let. A statement of the loans made by the bank and its branches, to members of Congress, editors of newspapers, and officers of the General Government, and the terms of such loans." '22d. And the names and amounts of payments to members of Congress, in anticipation of their pay as members before the passage of the general appropriation bill." '23d. And the amount of money due to the United States, and on deposit in the bank, after deducting therefrom the sum thus advanced to those to whom the United States are indebted." 'And lastly, a statement in detail of the amounts paid to those who are now, or have been members of Congress or officers of Government, since 1816, for services rendered to the bank, stating the nature of the service. For the information sought by these inquires, see papers marked C. Besides these, there were furnished the statements of loans made to five editors or publishers of newspapers, by which it will appear, that the accommodations to those five editors or publishers of newspapers, by which it will appear, that the accommodations to those five editors were upwards of \$110,000 previous to the institution of this inquiry. Charged the bank with too frequent intercourse with brokers, and also of undue favoritism to certain individuals, as well as th

as the large transactions which exhibited themselves upon many documents called for by the committee, induced them to examine particularly the accounts of the firms of which Mr. Thomas Biddle was and is the chief partner with the large, as a lyndrage transport of the chief partner with the

to examine particularly the accounts of the firms of which Mr. Thomas Biddle was and is the chief partner with the bank, as a broker.

Four subjects of investigation presented themselves in relation to their transactions with the bank.

1st. The allowing and paying interest to them on deposites.

2d. Relates to certain loans upon the pledge of stock, and the discounting of noises made to T. Biddle by the President or others, without the knowledge of the board and on part of them, the pledge of stock, without interest. The committee would refer for the particulars of these two charges to the papers marked No. 13.

The third subject is the amount of discounts made T. Biddle, and the rate of interest. The document marked No. 14 will show the amount on the 15th of each mouth from the 15th day of September, 1830, to the 15th of February, 1832. By this it appears, that on the 15th of October 1830, he had discounted upwards of \$1,120,000, and has at no time since been less than \$400,000. The committee doubt the policy of such large accommodations to individuals or firms, at any time, as it deprives the bank of the power of fulfilling one of the great objects of its institution, which is to facilitate trade by loans in time of pressure, and it may be proper to add, that these large loans, at a low rate of interest, in times when money is plenty, are usually followed by overtrading, which produces pecuniary embarrassment and general distress.

By a statement entitled "Remittances to Europe," marked No. 16, it appears that the foreign purchase of foreign bills were made of Thomas Biddle and Co., drawn by them viz: 1831.

Oct. 14, 1 bill 60 days sight, and at a premium of 100 per

1831.
Oct. 14, 1 bill 60 days sight, and at a premium of 10? per cent.
Oct. 14, 3 bills at 75 to 90 and 105 days, and at a premium of 10} per cent.
Oct. 22, 13 bills at 40 to 125 days, and at a premium of 11 per cent.
Dec. 10, 9 bills at 40 to 110 days, and at a premium of 10 per cent.

506,250 00 - 506.250 **0**0 mium of 10 per cent. -

Feb. 14, 14 bills at 40 to 105 days, and at a premium of 10½ cents.

[Remainder on fourth page.] 400,000 00

From the United States Telegraph. UNITED STATES' BANK.

TWENTY-SECOND CONGRESS-FIRST SESSION.-OF REPRESENTATIVES, MARCH, 14, 1832.

OF REPRESENTATIVES, MARCH, 14, 1832.

Resolved, That a select committee be appointed to inspect the books, and to examine into the proceedings of the Ban of the United States, to report thereon, and to report whethe the provisions of its charter have been violated or not; the the said committee have leave to meet in the city of Philadelphia, and shall make their final report on or before the twenty first day of April next; that they shall have power to sent for persons and papers, and to employ the requisite clerks, the expense of which shall be audited and alllowed by the Committee of Accounts, and paid out of the contingent fund of the House.

REPORT OF THE MAJORITY.

Mr. CLAYTON, on behalf of the majority of the Committee appointed on the 14th of March, 1832, to inspect the books and examne into the proceedings of the Bank of the United States, made the following report:

cd States, made the following report:

In obedience to the foregoing resolution, the committee appointed under the same, proceeded to the city of Philadelphia and commenced the inspection of the books, and the examination of the proceedings of the Bank on the 23d of March last; and, after the most attentive and laborious investigation which their limited time would allow, the majority have prepared the following report, which they beg leave to submit to the House of Representatives.

They believed, that, as the House wished information more for the purpose of enlightening their minds, and assisting their judgment as to the expediency of again renewing its charter, than to abridge it of the small remnant of time left for its operation, a liberal construction of the resolution would not be deemed a departure from their trust; consequently they have directed their inquiries to two general objects.

directed their inquiries to two general objects.

1st. Whether the provisions of the charter have been violat-

ed.

2d. Whether there has been any circumstance of mis-

zu. whether there has been any circumstance of mismanagement against which future legislation might guard, or which should destroy its claims to further confidence. On the first point, following the example of a former committee, making a similar investigation, without expressing any opinion on such cases as have been subjects of imputation against the bank.

These cases they conceive to be six in number, and are called the six in number and are called the six in number, and are called the six in number and are called the six in numbe

These cases they conceive to be six in number, and are as

lst. In relation to usury. 2d. In relation to the issuing of branch orders, as a circu-

and the selling of coin, and particularly American coin.
4th. The sale of stock obtained from government under
special acts of Congress.
5th. Making donations for roads and canals, and other ob-

to serve the interest of the bank." It then requests that power be given to the parent bank to appoint one or more persons to sign notes of the smalleridenomination, which was not acted upon.

The president states the "application was again renewed, and a select committee of the House of Representatives, reported in favor of allowing the appointment of signers, on the 27th of February, 1823; but there was no action of the House upon it." And he refers us to "pamphlet, vol. viii. No. 11.

On the first of December, 1826, the president was instructed to endeavor to procure the necessary change. He says, "he reported on the 27th of February, 1827, that no action on the subject would take place at that assision of Congress, and, accordingly, the matter was referred to the committee on the

"the reported on the 27th of February, 1827, that no action on the subject would take place at that session of Congress, and, accordingly, the matter was referred to the committee on the offices." See Doc. 3. c.

He adds, "the opinion of Mr. Binney, Mr. Webster, and Mr. Wirt, the Attorney General, was taken on the subject of issuing branch drafts." See Doc. 3. c.

On the 6th of April, 1927, the following communication was made to the board of directors: "The committee on the offices, to whom was referred, on the 23d of February last, the report of the president of the bank, stating the unsuccessful result of the application to Congress for an alteration of the charter, which would authorize the signature of notes by other persons than the president and cashier, report that, in various parts of the Union, but more especially in the southern and western sections, there is a constant and unceasing demand at the offices for the smaller denominations of notes, which it is impossible to supply." They therefore suggest that the "discount officers should be instructed to draw theeks on the cashier of the bank for smaller sums than hey have hitherto been in the habit of furnishing.—

In order to save the labor of preparing such checks at the offices, as well for the greater security of the bank and the forms of a uniform appearance, and to distribute them from he parent bank. Such forms have been accordingly revised, and are now submitted to the board with the recommends:

Concluded from first page. Feb. 14, 3 bills at 50 to 70 days, and at a premium of 11 per cent. 148,000 00

\$1,794,060 79

By the foregoing statement it appears that the bank purchased between the 14th of October 1831, and the 14th February 1832, of T. Biddle and Co. foreign bills to the amount of \$1,794,060 79.

With regard to these large loans, the committee refer to the statement marked No. 19, by which it appears that, on the 9th of April, 1832, the total amounts of discounts on bills and notes at the bank in Philadelphia, was \$7,939,679 52. Of that sum more than two-thirds were loaned to ninety-nine persons, to wit, \$4,543,111. More than 3,000,000 were in the hands of twenty-seven individuals, and nearly one seventeenth part in the hands of one person. The committee havealready expressed their conviction that these large accommodations, to a few individuals, are injurious to trade generally, and they will add, that they ought always to be made by either the board of directors, or the committees empowered by them for that purposa. For an explanation of this subject, see papers numbered 13 and 18.

Properly connected with this subject is the accommodation are noted by the bank to individuals on the padde of stock

powered by them for that purpose. For an explanation of this subject, see papers numbered 13 and 18.

Properly connected with this subject is the accommodation extended by the bank to individuals on the pledge of stock.—
In all the monthly statements of the condition of the bank, prior to the first of March last, there was no column showing these loans. In that month, for the first time, so far as the committee can discover, a new column is exhibited, entitled "loans on other stocks" and which appeared, at that time, to have been transferred from the line called "bills discounted on personal security." This change was made in consequence of a call for stock loans, by the House of Representatives. A statement of the same was called for, marked No. 20, which exhibits a list of stocks pledged, consisting of Theatre shares, Museum stock, Arcade stock, Railroad and Canal stocks, Coal company stock, real estate in Louisiana, &c. &c. amounting to the sum of \$1,713,297 34.

The various transactions in specie, by the bank, has been a subject of special notice by the committee, and various statement called for, show the magnitude of them.

The first statement, marked No. 21, shows the amount of speciex poorted by the bank of the United States, during the year 1831:

Year 1931:
To London, in Mexican coin,
To Paris, in Mexican coin,
To Paris, in gold,
Do in mixed bullion, \$255,000 00

1,047,000 00 \$1,302,000 00 2d. The amount of specie exported since 1819, will be found in the statement marked No. 22.
To England, - 2,598,357 00 2,257,398 50

\$4,855,755 50 2,387,927 50 596,717 00 1,871,111 00 Of this amount, there was in gold, In bullion, In silver,

\$4,855,755 50 3d. The amount purchased since 1924, marked No. 23, shows: Of silver, 605,850 00 gold cein, gold bullion, 438,000 00

\$1,061,446 00 

5,181,831 50

5th. The amount of specie drawn from each of the southern and western offices, since 1820, to the Bank of the United States and New York, marked No. 25, shows the total amount to be

\$22,523,387 94 mount to be Of which \$20,935,990 07 has been

or which \$20,936,939 or has been drawn to those places since the 1st of January, 1923, \$20,925,990 or 6th. The amount of specie, (in the same statement,) sent to the southern and western branches, since 1819, is \$306,472 lo The premium received on the specie sold, is \$7,140 56 The premium paid on the specie purchased, is 19,171 85

What profits were made on the specie exported, the committee did not call for documents to enable them to ascertain, it must, however, from the great quantity sent away, have been considerable.

The committee call of

The committee called for a statement of all the specie im

it must, however, from the great quantity sent away, have been considerable.

The committee called for a statement of all the specie imported by the bank from abroad, since 1819; but, as none was returned, they presume none was imported.

What proportion of the gold exported was American coin the committee have not before them the means to determine; it was expected to have been given in the statement; but in looking into them the gold exported is without a designatory name; it is believed, however, the amount is considerable.

In examining this subject minutely, the committee find that large amounts of the specie have been drawn from the office at New Orleans. Of this there can be no complaint; it is the principal depot for returns of goods shipped to Mexico, which are almost exclusively pad for in specie, and it cannot be expected that it will remain there. But the committee suggest whether the withdrawal of the specie from most of the other ports of the country, and substituting paper in its stead, might not be highly injurious to those sections of country subject to its operation.

The subject of the bank's furnishing bills of exchange for the trade of India, China, and South America, has been brought to the attention of the committee by document marked No. 26; and having been so strongly described as affording great advantages to the country, in the triennial report of September last, as "economising" the specie of the country. The committee have felt it a duty to examine and present the subject to the consideration of Congress and the commercial community, believing, as they do, that there is something delusive in the operation. The result of their examination has led them to the conviction that this new method of dealing in bills of exchange does not "economise" the specie of the country at all. It is a universal law of drawing, that funds must either go before or follow after the draft to honor it at maturity; and whether it goes directly or circuitously, the funds to ducharge it must, sooner or later,

of the destination of the specie, with only the advantage of its going to London.

The mode in which these bills are drawn and disposed of to the purchasers, having twelve months to run, as will be seen by a coppy of the obligation taken by the bank, marked No. 27, the committee consider of doubtful utility to the country. The legitimate object of banks, the committee believe to be the granting facilities, not loaning capital. The supplying of bills appears even much more objectionable than loaning capital, for it encourages an operation which commences and ends without the employment of any capital whatever, and is similar in their character to respondentia securities. The buyer is enabled, within the term of credit, to make the voyage, dispose of his goods, and obtain from the proceeds the funds to meet his obligation, and the bank to transmit the same to the place upon which their bills are drawn, (which are at six months sight,) long before they become due. It would seem to produce a greater export of specie eventually, than would otherwise take placeif the operations were conare at six months sight,) long before they become due. It would seem to produce a greater export of specie eventually, than would otherwise take place if the operations were commenced with specie, and not with tills purchased in the months of the months of the merchant relying upon his immediate resources, would not engage to such an extent in the husiness, and would combine in the operation much of the produce of the country; whereas, relying upon an extensive credit, he hazards every thing on the success of the enterprise. It is a species of speculation in trade leading togreat risks, and certainly terminating in overtrading—the evils of which the country is now sorely experiencing. By loans of a similar character by insurance companies providing funds for traders to China, Government has sustained more loss than in any other branches of trade.

The increase of the number of branches established since 1822, cannot be passed over in silence by the committee, and deserves, as a source of extended influence of the bank, the most serious consideration.

most serious consideration.

In some few instances where new branches have been established, perhaps they may have been called for by the community, and may have been useful to them and profitable to the bank; but, in most of the cases, the committee doubt whether they were called for from public utility, and their establishment will, in the end, not only prove unprofitable to the bank, but very injurious to the communities among which they are located. Mr. Cheves, in a letter of the 27th of Ms., 1829, to Mr. Crawford, then Secretary of the Treasury, says: "I am perfectly satisfied that, with the prerent organization of the bank, it can never be managed well. We have too many branches, and the directors are frequently governed by individual and local interests and feelings. For a time we must bear with the branches, but I hope they will be reduced."

Again, in the same letter, he observes, "the real and original evil under which the country is now suffering is overbanking. This leads to excess in trading, manufacturing, building; and the history of the ill-judged enterprises which have been undertaken in these several concerns, would give a full history of all the distresses of this country, excepting a little agricultural distress growing out of the inordinate expectations which the others excited." These opinions fully accord with the views of the committee, and they consider them as peculiarly applicable to the present time, as exhibiting similar eauses now operating with extended force, from which similar effects must follow, augmented in proportion to the increase of its branches. Again, in the same letter, he observes, "the real and origi-

The stockholders, at the triennial meeting on the 1st of October, 1822, recommended a withdrawal of some of the branches then existing, in these words: "In taking into view the

business of the bank, asconnected with its offices, the committee think it right to recommend to the continued attention of the president and directors the necessity of withdrawing those branches which are found to be unprefitable, and transferring their funds to the offices which shall seem to require additional and nine others have been established, as per triennial report of 1331. These opinions of Mr. Cheves, in which the committee have concurred, were approved by the stockholders, as will appear by the following extract from this same report in 1822. They say, "they take great pleasure in unanimously declaring that the circumstances of the bank fully realize their anticipations as expressed at their last meeting in regard to the president, (Mr. Cheves,) who, by his talents, disinterestedness, and assiduity, has placed its affairs in an attitude so safe and prosperousas that the burthen of duty devolving upon his successor will be comparatively light."

The committee cannot but think that, had the succeeding direction of the bank been guided more by the opinions and wishes of the stockholders, as then expressed, and gone on gradually growing with the growth, and increasing with the natural wants of the country, great sufferings to the community would have been avoided.

In the year 1819, great abuses existed in the branches, of which Mr. Cheves speaks without reserve, in his last report to the stockholders, as well as in his correspondence with Mr. Crawford, and upon casting the eye over the monthly statements, it is remarkable to observe what losses have taken place at the branches compared with the mother bank. For instance! on the 1st of January last, the loss of the mother bank, on a capital of staten millions and a half was, in round numbers, 3229,000; that of the Baltimore branch was \$229,000, on a capital of 500,000, losing nearly one half of its capital, and so with all the rest of the branches, their losses are out of all proportion to their copital, and ten times greater than the mother bank, acco

The committee feel it their duty now to give their views as to the causes of the present distress in the trading community, and which they fear may greatly increase. It is an acknowledged principle that like causes, in all cases, produce like effects; and as in 1819 contraction followed the expansion of 1817 and 1818, so by the same rule must contraction follow the immense expansion of 1830 and 1831, and like effects and consequences succeed. To illustrate nore clearly the position, and bring it home to the minds of every one, the following table of the state of the bank during sons of the months of 1818 and 19, and 1831 and 32, are here exhibited, embracing items from which direct calls upon the vaults proceed, and the immediate means which remain to meet them, viz :—
The first are the deposites, circulation and debts abroad, not on permanent loan. The second, the specie, funded debt, and The committee feel it their duty now to give their views as

and the immediate means which remain to meet them, viz:—
The first are the deposites, circulation and debts abroad, not
on permanent loan. The second, the specie, funded odd, and
notes of other banks, the amount of each will be found under
their proper heads at the various periods mentioned. [The
table will be giren to-morror.]

The preceding table shows that, at no period in 1819, when
the bank was very near suspending payment, was it less able
to extend relief to a suffering community than at the present
moment. In April of that year, the month in which its
difficulties were the greatest, its means of specie, notes of
other banks, and funded debt (which could have been turned
into specie or notes of other banks) amounted to upwards of
ten millions of dollars; and the whole demands, which could
come against it in the same month, of circulation, deposites,
and debts owing abroad, amounted only to about fourteen
millions. But the committee feel bound, in candor, to state,
that this was after a number of months of constant contraction, not only by the Bank of the United States, but also by
most of the other banking institutions of the country, where a
general exhaustion had been produced. It was on the 6th
April, 1819, that Mr. Crawford, then Secretary of the Treasury, writes to Mr. Cheves thus: "It is even doubtful whether it is practicable, with all the exertions which it is in your
power to make, to continue specie payments through the
year." Under the same date, he says: "My impression is,
that the safety of the bank can only be effected by withdrawing nearly the whole of its papers in circulation. If the bank
does this, all other solvent banks will be compelled to do the
same. When this is effected, gold and silver will be introduced into the country, and make a substantial part of the
circulation, and enable the banking institutions gradually to
resume their accustomed operations. Whilst this is effecting, circulation, and enable the banking institutions gradually to

circulation, and enable the banking institutions gradually to resume their accustomed operations. Whilst this is effecting, the community, in all its relations, will be greatly distressed. Considering the extent of the suffering, it is greatly to be desired that some good may result from it."

The committee lelieve that the course of operations by the bank, during the years 130 and 1331, have been nearly of a similar character to those of the years 1317 and 1318. Drafts and notes, payable at distant offices, were then freely discounted at the Bank of the United States, and the different offices. Bank notes were issued by the bank, without regard to the wants of the community, or the effect upon the circulating medium, which became depreciated, driving the precious metals from the country; and, until the reaction had operated to check them, led to extravagant speculations, which ended in ruin; and relief was not obtained until the circulation of the Bank of the United States had been reduced to about 4,000,000 of dollars. Before this was accomplished the expedient was resorted to, of curtailing loans; and, while they were doing that, they continued the issue of bank notes, thereby continuing the evil which they were striving to avert.

What is the state of the bank now?

On the 1st of March (see monthly statement marked No. 35), the bank had \$6,800,000 specie, \$2,840,000 notes of other banks, and of funded debt none!! making an aggregate of \$42,643,000; and this evil exists while a reaction or contraction is operating to a considerable extent.

This contraction commenced on the 7th of October last, and is evidenced by the following circular, which indicates, beyond all doubt, that the bank had overtraded.

CIRCULAR.

BANK UNITED STATES, Oct. 7, 1831.

CIRCULAR.

yond all doubt, that the bank had overtraded.

CIRCULAR.

BANK UNITED STATES, Oct. 7, 1831.

Sir: The unusually heavy reimbursements of six millions of funded debt, which was, on the 1st instant, advertised by the Government to take place on the 1st and 2d days of Jan uary next, but which, according to subsequent notice of the Treasury Department, under yesterday's date may, it appears, be demanded of the bank by the public creditors, at any period of the present quarter, is calculated to press very inconveniently upon the parent bank, and upon the office at New York; the more so, from our uncertainty as to the time when the necessary provision must be made, and from the prevailing active demand for money. Be pleased, therefore, so to shape your business immediately, as that without denying reasonable accommodation to your own customers, or sacrificing the interest of your office, you may throw, as early as possil-le, a large amount of available means into our hands in Philadelphia and New York, and at the same time abstain, as far as practicable, from drawing upon either of those points; checks and short drafts on the local banks, and on individuals, will prove particularly acceptable for several months to come, and whenever direct claims of that kind, on those two places are not to be procured, you might materially aid us by taking drafts upon the large cities nearest them.

I am, respectfully, you obedient servant,

McLIVAINE, Cashier.

Addressed to the Cashiers of all the offices.

Since the 1st of September last the bank has dimmished its means to neet the demands which may come unonity.

Since the 1st of September last the bank has diminishe its means to meet the demands which may come uponit—First. The whole of the funded debt which

\$3,497,681 05 The difference between the specie it then held
And the amount it possessed on the 1st of 11,545,116 51 April . 5,799,753 63

Making an aggregate diminution of its means to meet its momentary demands, since the lst of September, of 82,243,043 94, whilst during the same period, those demands have increased 34,197,871 51, viz: the circulation, deposits, and foreign debt, the aggregate of which was, on the lst of September 33,452,755 67, and on the lst April, per monthly statement, 42,650,630 18. The measures and the effect appear to be similar to those preceding 1819. The extensive discounting of don estie bills and drafts, payable at distunt branches, the amount being on the lst of April, per monthly statement, \$20,354,748 79. The orders for curtailing at the weatern branches, and the curtailing at the principal offices in the Atlantic cities, and at the Bank of the United States, the amount of which, at the Bank of the United States, the amount of which, at the Bank of the United States, the anount of which, at the Bank of the United States, the 1,50 and 1,5 \$4,745,362 89 January and the 28th day of March, is \$259,305 43; at the office of Boston, between the 5th day of January and the 29th day of March, is \$167,860 95; (and that too, on a discount line of less than two and a half millions of dollars;) at the office of Baltimore, between the 16th of January and the 2d day of April, \$123,741 63, and on a discount line of little more than two millions of dollars, as will be seen by the weekly statement of those offices and the Bank of the United States was the day of Ag. 36.

States, marked No. 36.

The most remarkable feature which presents itself to the view of the committee, connected with the present situation of the bank, and the course of operations on it since the 1st of September last, is the increase in the circulation of its notes, which amounted on the 1st September to \$22,399,447 52; and

m the price of specie in Euro, c, it would still continue to be exported.

The committee would present another striking enalogy between the situation of the bank in April, 1819, and its present condition. At the first mentioned period, Mr. Cheves i formed the Secretary of the Treasury that the bank would not pay the Louisanan debt of three millions, without negotiating a loan in Euro; a, and two millions were aqually borrowed in Europe, a.; indulgence of the Government being obtained to that effect. The bank at this time is precisely in the same situation; it has asked the Government to postpone the redemption of the three per cents, from 1st of July to 1st of October, and has assumed the payment of one quarter's interest on these stocks, being substantially equivalent to borrowing seven millions of the Government's money, for three months.

rowing seven millions of the Government's money for three months.

The supplying of exchange by the bank, as has been done for the last five months, and the currailing of discounts, are but mere palliatives, as the committee fully believe; and they are persuaded that no measure cambe invented to restore a sound currency, and a regular state of things generally, and give a colid and permanent value to property, but the withdrawal of a large portion of notes now in circulation, by the bank, which will compel other bunks to do the same.

The committee will here introduce a quotation from Mr. Rush, in his Treasury Report in 1923; which fully accords with their sentiments. It is the preservation of a good currency which can alone inpart ability to property, and prevent those fluctuations in its value, hurtful alike to individual and national wealth." Agam, he says, "This advantage the bank has secured to the community, by confining within prudent limits ig issues of paper, whereby a restraint has been imposed upon excessive importations, which are thus kept more within the true wants and capacities of the country.—According to the triennial report of the directors to the stockholders on the lst of August, 1828, the amount of circulation then was \$12,044,760 Ti; and on the 1st of April last, as before stated, it was \$23,717,441 14, presenting the astontshing difference of \$10,671,780 43, in less than four years. Can this be considered, according to the sound doctrine of Mr. Rush confining its issues of paper within prudent limits, whereby a restraint has been imposed upon excessive importations? That great contractions are injurious, the committee consider this be considered, according to the sound doctrine of Mr. Rush confining its issues of paper within prudent limits, whereby a restraint has been imposed upon excessive importations? That great contractions are injurious, the committee consider they have adduced an authority that cannot well be doubted, and that a great one is now in operation there are too many general evidences in confirmation of the fact, to be refuted. A particular one will suffice, which is taken from the documents called for by the Senate, and presented to that body by the Secretary of the Treasury, on the 12th of March last; in which will be found a communication from the president of the bank, stating that the amount of brunch notes redeemed by the Rank of the United States at Philadelphia, during the month of February-last only, to be \$726,000; and the amount redeemed, in 1831, during the same month, was only \$368,910.

In a letter under date of the 26th of March last to the chairman of the committee, the president of the bank says, "that he amount of branch notes redeemed at the New York office during the year 1831, was \$13,219,635, and at Philadelphia, 5,393,800, making a total of \$16,618,435, with an increase of circulation between the 21 of February, 1831, and the 2d of January, 1832, of more than \$6,000,000, as per monthly statements, and decrease of its means, between the 2d of February, 1831, and lat of April, 1832, to meet immediate demands, of more than twelve millions of dollars, viz:

In specie, funded debt, and notes of other banks, which, at first named date, amounted as per monthly statements, to \$21,756,668 10 And the last to \$9,640,000 00

Making, as just stated, a diminution in the active means namediately applied to the extinguishment of its debts, of

considerably more than half of its fotmer capacity, to effect With such an increase of issues, and the influence of a most powerful reaction now operating upon the fiscal energies of the country, as is exhibited by the difference of the redemption of hranch notes at the periods and places abovementioned, together with such a reduction of its means, to meet its engagements, must, we fear, compet them still further to currial their accommodations.

It is evident, from the circulars addressed to the branches, and correspondence with them since October last, that the chief object of the bank has been to sustain itself—the statements accompanying this report, clearly proving that the bank ments accompanying this report, clearly proving that the bank

ments accompanying this report, clearly proving that the bank has not increased its facilities to the trading community,

has not increased its facilities to the trading community, in any part of the Union.

The Bank of the United States, among other conditions of its charter, is bound to make collections of the public revenue, to transfer the same, or any part thereof, from one point to another, that may be required; and to make any and all payments for the account of the government, whether for principal, interest, civil list, army, navy, pensions, or for any other purpose whatever, free of all and any charges for such services.

pal, interest, civil list, army, navy, pensions, or for any other purpose whatever, free of all and any charges for such services.

For performing this duty, the bank has claimed, and has received from the Treasury department and the country generally, for some years past, merit to an extent that could not have been surpassed, even if all those services it performs were gratutious. This and other circumstances have led the committee to an investigation of the subject, as far as the limited time would allow, before closing their labors, to see how far the bank is entitled to the credit bestowed upon it, and to what extent the bank has aided the government in its fiscal operations beyond the obligation imposed in obedience to its charter.

The government, in its collections through the Bank of the United States, and makes its payments in nothing else. If the notes of State Banks are received by the bank in place of its own, it is a private matter between such banks and the Bank of the United States, and one with which the government does not concern itself; and it is to be presumed that the Bank of the United States is too watchful and vigilant in the protection of its own interests, not to see that it obtains from the State Banks, for the notes thus taken, specle or its equivalent, or its own notes, in exchange, and thereby be provided with a fund from the collection of the revenue, equal in value, to that in which they are required to pay.

The largest portion of the revenue, particularly from imports, as is universally known, is collected in the Atlantic cities, north of the Potonac. Those cities being the great marts of supply to nearly the whole of the United States, and places to which remittances centre from almost every partofthe country, creates a demand for funds upon them, from nearly every quarter, constantly, and generally at a premium. Therefore, so far as the bank is called upon to transfer funds from those cities to other places, it becomes a matter of profit, and not of expense to it, and the gre

tore, so far as the bank is called upon to transfer funds from those cities to other places, it becomes a matter of profit, and not of expense to it, and the greater the distance, the greater the premium; and the larger the amount thus required to be transferred by the government, and the greater the distance, the greater the profit and advantage to the bank.

That the bank has aided the Government thus far, the committee are unable to discover, or that they are under any obligations to the bank for those services, they are at a loss to imagine. How far the bank has aided the government in its fiscal operations as it claims to have done, will be seen by a communication from the President of the bank to this committee, hereafter adverted to in another part of this report; and also in a report of the committee of the stockholders, at the triennial meeting on the let of September, 1931, in the following words: "That the bank, through the whole course of its operations, has effectually assisted the Treasury in the collection and distribution of the public revenue, and that, of late years, it has been signally effictent in preventing the discharge of the public debt from listurbing the operations of commerce, or the value of pecuniary investments."

Now the committee are not able to discover upon what principles the foregoing declaration is made. By referring

now the committee are not able to discover upon what principles the foregoing declaration is made. By referring to the correspondence in 1819, between the thea president of the bank and the then Secretary of the Treasury, the committee discover that the bank was then applying to the Treasury Department to aid it in its operations, and was receiving all that it could promise.

On the 20th March, 1819, the President of the bank closes On the 20th March, 1819, the President of the bank closes a compunication to then Secretary, Mr. Crawford, thus: "I have ventured to trouble you with those views with the hope that you will pardon the liberty, and with the conviction that if you can serve this institution in any of them which you shall deem consistent with the public good, you will fee! a pleasure in doing so." The Secretary of the Treasury, in closing his answer, under date of the 27th March 1819, says, "every fecility which it is in the rewest of this descriptor." "every facility which it is in the power of this department to afford the bank, in its efforts to support specie payments, and restore the currency to a natural state, may be confident-by relied upon." ly relied upon."

By a reference to a statement of the public deposits in the Bank of the United States each Month, from March 1818 to March 1832, inclusive, marked No. 37, it will be seen that from the 1st of January, 1823, up to the Month of March, 1832, there has been only one period, (November, 1825,) when the public deposites did not exceed four nillions of dollars, in the hands of the bank, and they frequently amounted to eight, nine, ten, and eleven; and on one occasion to twelve millions of dollars.

By reference to document marked No. 38, it will be found that since the month of March, 1824, at all the different periods immediately following the redemption by the Government of portions of its funded deb; there is no one time when was not left with more than one million and a half of dollars of public deposites; and in many instances with four and five millions, which sums were, immediately after, increasing by the constant accumulated collection of the pub-The bank, as it collects the revenue knows, or ought to

The bank, as it collects the revenue knows, or ought to know, that it will becalled upon by the Government to reimburse it, and in all cases of redemption of the funded debt, three months notice is given by the Treasury of such intention. With such notice, and with proper management on the part of the bank, the committee cannot see that either the Government requires any and, or that the community can be affected by the course of the operation.

The bank as it collects the revenue, knows, or ought to know, that it will be all cases of redemption of the funded debt, three months notice is given by the Treasury of such intention. With such notice, and with proper management on the part of the bank, the committee cannot see that either the Government requires any and, or that the community.—

That this pressure will continue for some time to come, the committee fear; for the expansion has been so great, that the contraction which is now in operation, caenot in the opinion of the committee. The committee fear; for the expansion has been so great, that the contraction which is now in operation, caenot in the opinion of the in loans in the committee.

That this pressure will continue for some time to come, the committee fear; for the expansion has been so great, that the contraction which is now in operation, caenot in the opinion of the incommittee.

on the 1st April to \$23,717,441 14, making the increase of \$1,317,993 62. During this period the head fundertook to check the exportation of specie by supplying bills at such a rate as left no inducement for individuals to ship it; to do which, they exhausted all the funds which they could procure from every source. Over \$5,000,000 were remitted, as per statement marked No. 16, and still left them with a debt of more than \$1,700,000 in Europe at this period. The cause which led to this necessity still yet exists, with an increase to the extent of increase of ci. sulation, and but for a decline in the price of specie in Europe, it would still continue to be exported. As it collects the public revenue it is enabled both to avail itself of the advantage of employing it to its own benefit, and the accommodation of the commercial community who principally contribute to its payment, by commencing the discounting of business paper, payable within or about the time they know they will be called upon to make the payments on account of the Government; and as they gradually approach that period, they must also shorten the period which the business paper has to run, until they arrive at the time the call from Government is made upon them, when the business paper will have been paid off, the bank then paye the Government, and the Government immediately again circulates it annong the community.

The operation, as thus described, appears to the committee too plain and simple to require any further illustration; and if the principle is sound, and has been acted upon by the bank, they cannot discover in what manner the operations of commerce could have been disturbed, or the value of percuniary investments have been affected by the payment of the public debt by the Government.

But if the bank has, as the public revenue has accumulated to the credit of the Tensury Department, gone on discounting upon it, or loaning it out, divergarding the period when they would be called upon to reimburce it, the committee can readily perceive that, when that order arrived, they would be found no: only deficient in preparation, but in a

counting upon it, or loaning it out, disregarding the period when they would be called upon to reimburse it, the committee can readily perceive that, when that order arrived, they would be found no: only deficient in preparation, but in a state of surprise, and that the payments would first enharms the bank, and then lead it to press and embarras the commercial community.

From the observations made, and the examination of documents during the course of this investigation, the committee have strong reason to apprehend that the course pursued by the bank has been upon this latter principle. If so, the bank has incurred a high responsibility.

The committee believing the subject of the late postponement of a portion of the 3 per cent. stocks, intended, as they understood, to have been paid on the 1st of July by the Government, to be within the province of their inquiries; and believing, also, that it had a srong connection with the present state and situation of the affairs of the bank, and for the purpose of enabling them to form a correct and true opinion upon that subject, they made a call upon the president of the bank for the correspondence in relation to the postponement of that payment in the following words:—

"Will you please give a copy of the correspondence connected with your application in March last, requesting a suspension by the Government of the payment of a portion of its debt intended to have been made on the 1st July next, or a star-ment of the arrangement made in relation to that subject." its debt intended to have been made on the 1st July next, or a star-ment of the arrangement made in relation to that subject." Which correspondence was communicated by the president of the bank, with the following remarks: "I have made no application to the Government, nor have I requested any suspension of the payment of any portion of the public debt."

lic debt."

"The inquiry, I suppose, relates to this circumstance. 'I received a letter from the acting Secretary of the Treasury, dated the 24th March, 1832, informing me that Government was about to issue a notice on the 1st of April, of their intention to pay, on the 1st of July next, one half of the three per cent stock, and to do it by paying to each stockholder chalf of the amount of his certificate. He added, 'If any objection occurs to you either as to the amount

cent stock, and to do it by paying to each stockholder one half of the amount of his certificate. He added,

'If any objection occurs to you either as to the amount or mode of payinent, I will thank you to suggestit.'

Thus invited by the Government to a communication marked 'confidential,' to give my opinions on a measure contemplated by the Government, I felt it my duty to express my views of its probable operation; in my reply, therefore dated 29th of March, I stated "that so far as the bank is concerned no objection occurs to me, it being sufficient that the Government has the necessary amount of funds in the bank to make the contemplated payments." I then proceeded to observe, that in the present situation of the commercial community, and with a very-large amount of revenue, (amounting to nine millions) to be paid before the 1st of July, the debtors of the Government would require all the forbearunce, and all the aid that could be given them: and that the payment proposed by creating a demand for the remittance of several millions of dollars to European stockholders, would tend to diminish the usual facilities afforded to the debtors of the Government, and might endanger the punctual payment. For this reason I thought it for the interest of the Government, to postpone the payment till the next quarter. I further stated, that the plan of paying to each stockholder only one half of his loan, would not be so acceptable as if his whole loan were repaid at once.

"Having thus performed my duty in giving the opinion asked, I left it, of course, to the Government to decide. On the part of the bank, I sought nothing, I requested nothing. After weighing the circumstances, the Government were desirous of adopting the measure, but the difficulty I understood to be this, that the sinking fund would lose the quarter's interest, from July to October, of the sum intended to be paid in July; and that the Government did not feel itself justified in making the postponement, unless that interest could be saved, but that it w

"Now, it will be seen, that the bank, in all this, has had not the least agency, except to offer its opinion, when it was asked, in regard to a measure proposed by the Government; and then to offer its aid in carrying that measure into operation." The committee cannot discover any ability which the bank possesses or will possess, to give increased aid to public debtors in the payment of the nine millions of dollars falling due (as is said) in the quarter ending with the 1st of July; but, on the contrary, they believe that such is the situation of the bank now, and such will be the demands which it will be called upon to mest, that it will require the aid of all the accumulated collections for the Government, to sustain itself.—The committee are fully of opinion, that though the bank neither "sough!" for, no "requested" a postponement of the payment by the Government, as stated in the declaration of the bank would not, on the 1st of July, have possessed the ability to have met the demand, without causing a scene of great discussions. to have met the demand, without causing a scene of great dis-

bank would not, on the 1st of July, have possessed the adminy to have met the demand, without causing a scene of great distress in the commercial community.

The committee are unable to discover in what manner the bank could afford aid to the Government, in carrying into effect the measure they proposed, which the president of the bank, in his remarks, speaks of having profilered to them. All that the Government could ask of the bank on the 1st of July, or at any other time, would be, to pay over to them the amount it had collected for their account, when they wished to employ it—the same as a principal would call upon its agent to pay him moneys which he had collected for his benefit.

By document market No. 39, it would appear, that, on the 13th day of March hast, the bank was aware of the intention of the Government to pay off, during the year, a great portion of the 3 per cent. sucks; and the subject of making an arrangement with the holders, was, on that day, referred by a resolution of the board, as follows:—

Resolved, That the subject of the communication just made by the president, be referred to the committee of exchange, with authority to make, on behalf of the bank, whatever arrangements with the holders of the 3 per cent. stock of the United States may, in their opinion, best promote the convenience of the public, and the interests of this institution.

This proceeding on the part of the board, nearly two weeks force they were officially informed of the intention by the

venience of the public, and the interests of this institution.

This proceeding on the part of the board, nearly two neeks
before they were officially informed of the intention by the
Government to make the proposed payment on the 1st of July, demonstrates fully, to the minds of the committee, an
acknowledgement on the part of the administration of the bank of its inability to meet the demands which the content

acknowledgement on the part of the administration of the bank, of its inability to meet the demands which the contemplated payments of the Government 3 per cents, would bring upon it, without producing the distress before alluded to.

In a letter to the Secretary of the Treasury, from the president of the bank, dated the 29th March, 1932, marked No. 40, is the following—

"Owing to a variety of causes, but mainly to the great amount of duties payable for the last few months, there has been a pressure upon the mercantile classes, who have been obliged to make very great efforts to comply with their engagements to the government. That presure still continues, and it may be prolonged by the same cause—the amount of duties still payable during the next three months. This state of things seem to recommend all the forbearance and indulgence to the debtors which can be safely conceded. The inconvenience, then, of the proposed measure is, that the repayment of six or seven millions of dollars, more than half of which is held in Europe, may create a demand for the remittance of these funds, which would operate injuriously on the community, and, by abridging the facilities which the debtors of the Government are in the labit of receiving from the bank, may endanger the punctual payment of the revenue, as the bank would necessarily be obliged to commence early its preparations for the reimbursement of so large an amount of public debt.

My impression, therefore, is that, with a view to the sefe and undertal navment of the public revenue, the Govern-

public debt.

My impression, therefore, is that, with a view to the sefe and punctual payment of the public revenue, the Government would be benefitted by postponing the proposed payment of the public debt to another quarter, by which time the country will sustain less inconvenience from demands on foreign access?

country will sustain less inconvenience from demands on foreign account."

The committee are obliged to dissent from the views expressed by the president in the foregoing extract. The committee cannot believe that the pressure which has, and which continues to exist since October last, is attributable mainly "to the great amount of duties payable for the last formonths." The committee believe the operations of the Bank of the United States in Philadelphia, and of the offices in Baltimore, New-York, and Boston, (the four principal places where bonds are payable,) during the last quarter, firmish evidence to the contrary. By a reference to the weekly statements of the Bank of the United States, the offices at Baltimore, New York, and Boston, from July, 1831, to April, 1832, marked No. 36, it will be seen, that the amount of reductions on discounts and loans at those four largest commercial cities, during the last quarter, taking the maximum amount in January last, and ending on the 1st of April, is \$2,493,489, 76, or in round numbers, two millions and a half amount in January iast, and enting on the 1st of April, is 92,493,489, 76, or in round numbers, two millions and a half of dollars; this reduction by the bank and its branches, has probably compelled a similar reduction on the part of the State institutions, in proportion to the amount of their loans in each of those places. In this, and this alone, the committee are fully persuaded is to be found the true secret of the pressure which has existed, and does still exist, operating upon the commercial community.

If the hank possessed the ability to sustain itself without curtailing its discounts, the revenue falling due the present quarter, might be collected, and facilities granted during the time, upon the principle before pointed out, to the commercial community, and disbursed again by the Government, without any inconvenience being caused by the operation. But such ability, the committee are well satisfied the bank does not possess, nor can it at present command. Besides the diminished means of the bank previously alluded to, through the loss of five millions of its specie, its foreign exchange and other re-ources, one of the great difficulties under which it now labors, in paying the public debt, is its being compelled to receive the public revenue, in the Atlantic ports, in a currency, to wit, branch notes and drafts of the western offices, not promptly convertible, and to pay the public debt in current money.

Without a large abridgement of the usual accommodations, which will, of course, greatly distress the community, the committee are under the strongest conviction that it will be little better able to meet the pressure the Government payments will cause, on the 1st Oct. than they would have been on the 1st of July. The words of Mr. Crawford, in a letter dated 6th of April, 1819, to the president of the bank, the committee consider peculiarly appropriate here to introduce.

"Palliations' may prolong the existing embarrasments, and by exciting the hopes and fears of the community, aggravate the existing evils, but cannot influence the final result."

In another letter, dated the 9th of April, 1819, to the same gentleman, he says. "Banks in order to secure specie payments, nust approximate their circulation and individual deposites, to a sum justly proportioned to the amount of specie in their vaults. Any thire short of this, will keep them in

gentleman, he says. "Banks in order to secure specie payments, must approximate their circulation and individual deposites, to a sum justly proportioned to the amount of specie in their vaults. Any third short of this, will keep them in a precarious state, and postpone the period when banking operations can be safely prosecuted upon ordinary principles. When an institution, with investments amounting to seventy five millions, commanding the foreign and domestic exchange of the country, monopolizing the Government deposits, cannot at the moment, when we are exporting our annual crop of cotton, amounting, by the admission of the president of the bank, to twenty millions of dollars, (but really near thirty,) transfer a few millions of its funds abroad, to pay the Government debt without embarrassing its operations, and seriously distressing traders, is there not reason to believe that its business has been too much and too rapidly extended? In the late letter of the president of the bank to the Secretary of the Treasury, of the 29th March last, there is the following posteript: "As an illustration of the effect of the measures I have suggested, I may mention, that in the month of February last, the collector of New York, with a laudable anxiety to protect the public revenue, applied to the bank to authorize an extension of loans in that city, in order to assist the debtors to the Government. This was promptly done; this I should desire to do again, as the payment to the Government during the next quaster, will be very large."

Upon a reference to the weekly statement of the office at New York, from July, 1831, to April, 1832, before alluded to, the committee find no aggregate increase of loans; but, on the contrary, they find that there has been a reduction in the amount viz: the amount on the 29th February being less than on the 29th day of March, than on the 29th of February previous.

By examining the statement No. 36, it will appear that

vious.

By examining the statement No. 36, it will appear that the tend amount of discounts at the New York branch, between the 4th October, 1831, and the 23th of March, 1832, were actually diminished \$468,447 17, while during the same time, the bonds paid at that port, amounted to between nine and ten millions of dollars.

The Committee in order to ascertain the precise manner in which the annual election of directors has been conducted, and the same time which the annual very many continuous processing the precise manner in which the annual election of directors has been conducted, and the same ways of the investigation for the follow-

nine and ten millions of dollars.

The Committee in order to ascertain the precise manner in which the annual election of directors has been conducted, called at an early period of the investigation, for the following document, viz: "A statement of the number of votes given at each annual election of directors since that of 1823, the whole number of votes given, the number given in person, and the number given by proxy, and in the latter case by whom," which statement was not furuished the committee, but the statement marked No. 41, was furnished. This shows the whole number of proxies to be 4,533, of which the president holds exclusively, 1,436, and as a trustee, in conjunction with others, 1,684, which gives him without intending to impugn the exercise of the power, decidedly a preponderating controul in the election of directors, a power which was never contemplated by the charter; so far from it, that instrument, as well as subsequent laws passed by Congress, have studiously endeavoured to prevent the very mischief which this accumalation of proxies in the hands of one person is most obviously calculated to produce. The charter has limited the votes of the largest stockholder, no matter what may be the number of shares, to the number of thirty, clearly with a view to prevent the whole affairs of the bank from falling into the hands of a few individuals. It is too powerful an engine to be controlled by one man alone, and thin must be apparent to the good sense of every one; yet, notwithstanding this restriction, by the use of proxies, individuals, with little or no immediate interest, can perform what those possessing a direct and deep interest are prohibited from doing. Connected with this subject, there is one which ought not to go unnoticed. The charter positively requires twenty-five directors; for some years past, as appears by the list of directors, marked No. 42, there have been but twenty four. The president of the bank holding the appointment from the Government and the stockholders at the same time

a greater expense was incurred, the expense for printing was \$3,226 15.

What circumstances occurred or existed during the years 1830 and '31, to require such an unusual increase in this branch of expense over preceding years, in the ordinary course of its business, the committee have been unable to discover, though they called for the accounts under this head of expenditure, but have not yet received them. In the same document is contained the sums pro to "attorneys" annually, since the establishment of the bank. This subject, owing to their limited time, the committee were unable to investigate. Sufficient, however, came to their knowledge, to justify the belief that the sums returned as having been paid to "attorneys," embrace only what was paid to them in that distinct character; that the sums paid to solicitors and counsellors for the bank are not in the amount given.

The committee addressed the following inquiry to the president of the bank, believing that it involved a fact which will be useful to Congress in its future legislation on the subject of its charter.

"Did Mr. Elsworth, or any one else of the State of Connecticut, as assessors of taxes of that State, write to request

"Did Mr. Elsworth, or any one else of the State of Connecticut, as assessors of taxes of that State, write to request you to give him a list of stockholders belonging to that State, for the purpose of taxing them according to a law thereof."

The president replied: "In December, 1929, Henry L. Ellsworth, of Hartford, in Connecticut, addressed a letter to me, requesting to be furnished, with a list of the stockholders of the bank residing in Connecticut, for the purpose of taxing the stock. The request was declined, for reasons which will appear in the correspondence hereunto annexed;" to which the committee refer, marked No. 43.

The committee, in calling for various statements, have collected a number of useful documents, not referable to any particular head, but as containing a mass of useful information, they present them to the House, subject to their future order, and, if found necessary, to be appended to this report, when it, together with the papers to which it refers, shall be published.

The majority of the committee feel authorised to state that

report, when it together with the papers to which it refers, shall be published.

The majority of the committee feel authorised to state that they have not been able to give even the parent bank that investigation which its extensive operations deserve, much less the branches—in some of which there have been subjects of complaint, but which they have, heen compelled to abandon for the want of time.

The committee that investigated the affairs of the bank in 1819, when it had been but two years in operation, with its business much less extended than at present, were engaged, as it would seem from the records of that day, from the 30th of November to the 16th of January, before they reported, and then they had not made as thorough an examination as the transactions of the institution seemed to require. At the present time, with a greatly enlarged business of 16 years accumulation, and twenty five branches, whose operations have been charged with signal instances of irregularity, the bank requires a much more minute examination than the committee have been able togive it.

There have been many statements called for which the business of the bank and the shortness of the time allowed for the investigation, would not admit to be furnished. The committee were particularly desirous of ascertaining how far the payment of the fubble debt, and throughout the whole term of the existence of the bank, affected its operations, and called for all theresolutions and correspondence relating te that subject since 1817, but have only received such as related to the three per cent. loan, and the circular of the 7th Oct. last.

On the subject of specie payments, and foreign exchange,

related to the three per cent. loan, and the circular of the 7th Oct. last.

On the subject of specie payments, and foreign exchange, investments in the public debt by the bank, in 1824 and 25, and its ability to make loans to the Government—the influence of the operations of the bank upon trade—on the increase of the paper circulation of the bank—its agency in dininishing or enlarging the circulation of local banks, and the means of permanently regulating our general circulation, so as to prevent its injurious effects upon the trade and currency of the country; all matters of vital importance in the reorganization of the bank; concerning which, the committee submitted a number of inquiries to the president of the bank, who has not been able, from the press of other indispensable duties, to answer, and which queries are appended to this report. The investigations, however, which have been made, imperfect as they were, fully justify the committee in saying, that the bank ought not, at present to be rechartered.

justify the committee in saying, that the bank ought not, at present to be rechartered.

It is obvious, from the statements submitted, and the correspondence with the treasury concerning the public debt, and the fluctuations of the revenue of Government, that these have hitherto essentially affected the general circulation and operations of the bank of the United States. It would therefore, seem to your committee to be most judicious not to act upon the question of rechartering that institution, or of chartering any other national bank, until the public debt shall have been adjusted to the measure of our federal expenditures.