

Statement exhibiting the condition of the Banks in Connecticut in April, 1853.

Name.	Place.	Capital.	Loan and discounts.	Stocks.	Real estate.	Other investments.	Due by other banks.	Notes of other banks.	Specie funds.	Specie.	Circulation.	Deposits.	Due to other banks.	Other liabilities.
City Bank	New Haven	\$500,000	\$280,398	\$15,226	\$76,750	\$19,686	\$84,380	\$4,483		\$57,107	\$436,466	\$139,780		\$7,865
Mechanics' Bank	do	300,000	587,247		17,000		75,356	11,887	\$469	\$4,798	134,252	166,761		61,086
Merchants'	do	499,800	800,286		8,500	16,558	89,936	4,475		32,262	275,952	129,785		13,807
New Haven	do	364,800	613,749		9,200		82,112	1,938	107	16,518	179,378	126,127		56,217
New Haven County Bank	do	580,275	838,469		8,000	38,946	140,916	30,465	2,456	5,231	307,302	149,137		23,655
Exchange Bank	Hartford	535,000	1,280,538		13,452	9,129	74,748	11,979	6,150	92,161	517,524	243,265		61,104
Hartford	do	1,134,600	2,262,819	1,265	15,000	35,545	76,406	15,255	12,047	92,220	960,781	243,265		93,217
Farmers and Mechanics'	do	625,000	1,431,506		15,000		38,174	9,791		72,474	522,926	234,068		28,149
Phoenix	do	1,285,600	2,515,262		27,516	34,333	76,964	10,866	753	67,668	829,449	406,998		29,560
State Bank	do	431,700	1,275,785		18,492	41,809	22,665	17,282	19,320	65,890	21,112	206,174		16,148
Bank of Hartford County	do	248,922	249,000	256,115	3,600	8,500	174,144	7,844		32,833	280,292	101,269		28,251
Bridgeport Bank	Bridgeport	210,000	443,028	500	17,512	112,226	8,184	4,400	2,441	35,006	281,682	43,451		25,479
Connecticut Bank	do	239,500	448,841		1,798	105,479	32,075	7,758		64,731	39,581	99,581		16,148
Farmers'	do	300,000	592,808	122	11,644		67,214	7,818	9,460	31,458	248,726	57,890		8,665
Pequinock	do	199,550	466,222		5,956		19,252	6,397	6,111	11,650	105,867	43,187		8,596
Central	do	150,000	267,058		3,000		38,195	5,460	1,549	16,723	112,684	80,077		11,953
Middlesex County	do	333,900	608,939		4,000		27,931	2,316	47	14,625	190,600	90,298		14,067
Middlesex	do	255,000	376,914		5,150	23,066	29,872	5,550	1,157	19,698	146,393	93,512		3,243
Middletown	do	369,300	579,939	9,158	3,500		12,240	2,266		5,229	52,000	17,487		1,558
New London	New London	150,875	210,530		2,500		32,345	8,115	5,070	10,012	90,704	31,995		9,806
Union	do	100,000	176,466	20,312	100		48,295	4,800	4,488	8,300	77,085	50,666		1,764
Whaling	do	162,750	334,155	14,250			6,644	7,225	73	5,503	49,320	42,351		984
Bank of Commerce	do	130,000	139,413	54,820	3,954	41,039	15,755	1,379	60,471	25,612	253,561	77,386		309
Ocean Bank	do	100,000	259,324	37,950	500		9,995	316	4,691	5,653	44,691	25,214		517
Stonington	do	60,000	119,168				6,361	309		3,103	30,912	11,843		210
Mystic	do	92,300	94,268		4,414		7,999	4,531	7,210	72,041	47,868			94
Mystic River	do	100,000	181,449		7,144		48,465	4,650	159	7,977	76,787	41,418		42,722
Norwich	Norwich	216,000	370,515		1,932	5,295	48,465	3,519	3,198	19,008	132,871	37,309		13,900
Paybrook	Essex	86,160	178,273		2,530		15,893	3,425	3,198	13,004	116,933	65,311		8,917
Quinebaug	Norwich	309,530	478,871	2,530	22,311		145,783	3,377	3,920	17,416	160,732	116,013		3,304
Thames	do	329,000	552,402		4,285		35,261	15,838		7,803	65,792	45,315		13,636
Uncas	do	113,612	145,698	95,992	3,195		15,201	1,688		5,356	41,876	15,700		4,797
Pawcatuck	do	75,000	170,921		3,000		5,618	9,973	4,447	7,600	75,412	35,096		27,750
Merchants' Bank	do	217,605	386,730											35,672

Bank of North America	Seymour	100,000	171,642		6,000	55,442	2,692	3,050		12,950	125,331	24,787	3,820	
Danbury	Danbury	98,500	208,814	25,162	3,982	1,700	17,122	4,000	2,366	13,727	127,719	26,772	4,779	5,000
Deep River	Deep River	80,600	170,304		2,419	1,920	10,064	809	5,006	9,655	73,903	15,424	855	28,800
East Haddam	East Haddam	71,400	133,547		2,200	23,968	8,238	2,459		7,700	64,787	26,254	4	4,306
Fairfield County	Norwalk	184,200	412,981	510	6,416		78,295	7,057		26,977	289,696	36,707	4,715	
Hatters'	Bethel	100,000	185,140		355	243	5,972	891		728	80,075	9,754	2,673	6,171
Iron Bank	Falls Village	200,000	282,731		3,241		146,670	646	2,863	21,431	212,304	72,626	2,965	900
Jewett City	Jewett City	44,000	85,731		4,679		425	113	100	4,303	35,093	1,023		
Manufacturers'	Birmingham	254,490	452,061		5,753	21,486	30,281	221		21,270	208,012	45,788	9,898	
Southport	Southport	103,000	201,047	17,230	5,143	47,514	2,000	356		15,115	144,558	31,929	299	
Stamford	Stamford	90,000	239,599		4,597	37,067	21,303	2,418	3,593	17,472	174,776	41,011		
Thompson Bank	Thompson	60,000	97,805		1,878		13,073	6,226	1,072	5,309	53,838	8,806		
Tolland County	Tolland	80,100	221,632		2,796		19,171	3,520		18,726	102,090	29,180	6,355	27,413
Waterbury	Waterbury	510,000	811,161		9,812	24,878	18,053	987	2,629	28,800	283,524	76,433	2,134	
Windham	Windham	72,000	131,257		1,553		15,450	1,556	6,858	6,419	57,250	18,450		1,623
Windham County	Brooklyn	64,800	121,931		1,861		28,107	1,797		7,647	76,492	19,310		293
Winsted	Winsted	104,000	273,239		3,693	2,076	13,076	4,721	5,949	14,613	145,295	25,894	6,604	18,227
Bank of Litchfield County	North Milford	100,000	70,155	56,000	14,001		14,001	1,601		3,199	36,364	8,388	1,185	
Saugtuck	Westport	74,725	57,682	37,780			4,930	1,878		3,801	28,501	4,668	1,816	375
Total of 53 banks and 1 branch		13,164,594	24,601,165	644,962	384,800	713,414	1,890,685	436,538	202,204	1,143,857	10,224,441	3,542,935	716,770	829,581

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Extract from the Report of Bank Commissioners.

CIRCULATION.

The great demand for Connecticut currency at the West, within the last few years, has had the effect to introduce a new feature into the banking business of the State. We allude to the practice of loaning to parties the bills of the banks, at rates varying from three to six per cent. per annum, the borrower guaranteeing their redemption in the same manner as if they were his own obligations. The bills so loaned are marked in such a way that they are readily detected at the counter of the bank, and at once returned to the borrower, who redeems them. This is called "protected circulation," and amounted in November last to \$1,353,000. It is believed to be far above this sum at the present time.

It must be apparent that this system cannot be called legitimate banking. It places the bank resorting to it in a critical condition in case the borrowing party fails to redeem, according to the terms of his contract, and a large amount of their circulation is thrown back upon them at a time when they are not prepared to meet it. Such a case has occurred within a limited period; and had it not been that the collateral security held by the bank was of such a nature that it was immediately convertible into cash, their embarrassment would have been severe, especially as the circumstance occurred at the time of the failure of the Eastern and Woodbury Banks, when an unusually large amount of their ordinary circulation was returned for redemption. As it was, their credit received a shock, from which it has not yet entirely recovered. This practical lesson, we trust, will prove a sufficient admonition to the bank, and should be to all those who resort to protected loans.

The system of protected loans and issuing on deposits, has given the banks facilities for making large dividends. And for the past few years, investments in bank stocks have been so profitable as to induce almost every capitalist to purchase such stocks at large premiums, and to withdraw all loans upon other safe securities, where the legal rates only were obtained. Thus every business man is at the present time compelled to borrow of banks, when formerly loans were obtained from individuals. And it may be questioned whether the general interest and prosperity of the State is not injured by the absorption of so large an amount of capital, which if invested in the various industrial pursuits, would be productive of more real wealth and general prosperity.

The power given to banks by their charters, of maintaining a circulation equal to "fifty per cent. over and above the amount of capital stock actually paid in, and the moneys deposited for safe keeping," we would suggest should be modified so as to deprive them of issuing upon the strength of their deposits. Deposites are indebtedness. Circulation is also indebtedness. Thus to maintain a circulation upon deposits, is simply to build up one species of indebtedness upon the basis of another—a proposition which cannot re-

commend itself to our approbation. The fact that only three banks in the State have resorted to their deposits as a basis for circulation, would indicate that no more fitting time than the present could be fixed upon to put a stop to the system. As matters now are, there are strong inducements for foreign bankers to obtain control of our banks for the purposes of circulation merely.

The practical workings of this system cannot be more clearly illustrated than by referring to the example of the Ocean Bank, its capital stock being one hundred thousand dollars—a corporation chartered by the legislature of 1851.

Its capital stock actually paid in on the first of October last was..... \$80,480 00
 Circulation same date..... 134,302 00
 Deposites same date..... 21,276 31

Capital stock actually paid in on the first of January last was..... \$99,400 00
 Circulation same date..... 248,672 00
 Deposites same date..... 72,030 13

Capital stock actually paid in on the first of April last was, \$100,000 00
 Circulation same date was..... 253,561 00
 Deposites same date..... 77,656 46

At other times the circulation of this bank has been carried up to nearly or quite \$300,000. This enormous circulation is maintained upon the deposit account of the bank. To make up the deposit account, we found, on examining the bank in the month of April last, that resort was had to sight checks, drawn upon individuals in the city of New York, by the president of the bank, and deposited in the hands of the cashier, payable to his order. These checks bear date October, 1852, none of which had ever been out of the bank, or presented for acceptance. They are placed in the drawer and carried to the credit of the president. They amounted to \$55,000. Deducting this amount from the nominal deposits of the bank, at that time, we find \$22,656 46 as the real deposit account of the bank. We protested against this practice as contrary to the spirit if not the letter of their charter, dangerous in itself, and of pernicious example. Under it there is no limit to the circulation which a bank may maintain.

We have gone with some degree of minuteness into the affairs of this bank, as it illustrates the workings of a privilege which we conceive ought never to be allowed, and presenting a strong argument for the amendment proposed, and also conceiving it our duty to submit for your consideration the facts themselves. The ability of the president of this bank to protect it under existing circumstances, or to meet the amount of checks mentioned above, or a much larger amount, is unquestioned. We condemn the principle. We ought to state in relation to this bank, that its loans are made upon first class paper or undoubted securities.

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