

Abstract of the condition of the banks in Connecticut, 1856.

909

Names.	Place.	Date.	Capital.	Loans 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.
Bank of N. America...	Seymour	1856, April 1	\$117,115	\$149,953		\$7,000		\$20,788	\$300	\$2,260	\$5,330	\$52,960	\$10,022	\$58	\$1,400
Bank of Commerce...	New London	do.	200,000	189,749	\$85,103		\$634	3,294	7,481	51	5,746	54,995	26,316	343	
Bank of Hartford...	Hartford	do.	600,000	973,329	49,203			20,758	13,869		38,017	369,901	51,283	4,083	15,000
Bank of Litchfield Co.	New Milford	do.	125,000	102,469	101,500		5,646	56,579	3,154	1,003	9,000	91,667	49,290	4,632	1,674
Bridgeport City Bank	Bridgeport	do.	117,540	123,905	8,000		22,783	9,490	1,687	2,680	7,357	65,636	34,193	11,200	
Bridgeport Bank	do.	do.	210,000	398,923	500	3,000	996	68,042	9,513		16,073	132,783	69,960	8,896	16,201
Bank of New England	East Haddam	do.	130,000	110,896	66,630	3,000	1,523	17,631	727	100	6,882	54,517	19,345	2,166	1,856
Charter's Bank	Waterbury	do.	138,400	169,115	24,070	7,500		30,741	522	790	4,558	47,389	47,144	1,749	
Citizen Oak Bank	Hartford	do.	550,000	830,950	109,800	16,344	15,353	3,929	3,093	791	26,021	241,943	104,545	7,705	86,891
City Bank	do.	do.	550,000	884,230			29,625	51,944	15,473	3,047	36,473	281,527	92,732	25,096	9,000
Comm. River Banking Company	do.	April	250,000	484,083	19,000	8,000	121	16,225	4,555		17,613	128,292	68,726	1,067	39,241
City Bank	New Haven	April 1	500,000	510,267	139,242	30,485	1,184	152,820	12,196	1,875	14,476	140,512	116,149	45,528	
Connecticut Bank	Bridgeport	do.	328,100	483,063		15,649	759	62,992	7,845	5,775	15,080	120,936	84,701	17,471	6,690
Central Bank	Middletown	do.	131,000	149,688		22,706	50	21,733	1,289	465	5,132	31,356	29,079	6,996	
Danbury Bank	Danbury	do.	223,500	353,313	5,823	9,364	137	23,752	1,360	928	10,267	102,587	40,284	22,266	
Deep River Bank	Deep River	do.	158,900	204,866		2,419	541	32,314	2,493	6,152	6,063	47,012	30,414	5,194	
East Haddam Bank	East Haddam	do.	71,480	110,445		2,200	1,038	21,269	1,488		4,285	40,411	11,148		2,177
Exchange Bank	Hartford	do.	525,000	790,815	1,400	13,339	13,434	64,512	6,105	30,347	23,445	236,032	91,940	34,401	
Etn City Bank	New Haven	do.	244,300	352,745			126	73,973	344	8,086	14,765	137,559	60,956	4,632	
Farmers' Bank	Bridgeport	do.	300,000	452,558			4,036	63,092	5,422	4,083	16,109	136,231	45,840	26,757	7,180
Farm. & Mech. Bank	Hartford	do.	625,000	1,322,296		15,000		111,007	13,018	11,374	52,080	440,597	196,294	56,349	53,125
Fairfield County Bank	Norwalk	do.	287,000	560,251	8,300	8,000		70,999	1,652	4,299	23,019	273,910	76,179	9,099	
Hatters' Bank	Bethel	do.	100,000	191,767		3,232	143	7,314	2,822	1,968	8,238	81,649	21,048	4,916	
Home Bank	West Meriden	do.	89,450	127,028			14	35,106	1,311		7,062	52,192	23,248	4,743	
Hartford Bank	Hartford	do.	1,132,800	2,067,463	22,766	15,000	32,267	170,461	12,281	10,190	64,635	644,346	256,631	91,051	37,598
Hurlburt Bank	West Winsted	do.	130,000	310,267			2,100	17,406	2,787	10,841	9,692	95,005	19,615	131	18,400
Iron Bank	Falls Village	do.	206,000	328,646	9,428	3,321	1,056	56,934	1,620	9,343	20,254	200,053	51,021	8,009	18,003
Jewett City Bank	Jewett City	do.	61,930	98,405		5,258		17,982	1,317	1,112	5,923	57,530	6,852		
Meriden Bank	Meriden	do.	305,000	359,858	1,000	4,000	48	31,489	3,212	8,175	9,890	54,395	21,931	13,571	
Mechanics' Bank	New Haven	do.	300,000	587,111		14,000	197	92,585	18,808		13,811	118,513	197,931	48,688	
Middletown Bank	Middletown	do.	369,300	591,312	1,199	2,150	9,694	23,890	3,347	7,891	15,589	138,282	89,907	6,068	
Mystic River Bank	Mystic River	do.	100,000	189,347		4,421	2,081	33,461	519	1,964	7,166	85,541	37,144	3,273	

Middlesex County Bank	Middletown	do.	339,600	479,691		3,400	1,639	47,142	2,965	2,889	9,731	81,974	71,934	461	9,25
Merchants' Bank	Norwich	do.	218,160	320,227		3,000	1,213	32,655	7,540	3,062	6,529	63,736	17,256	1,059	
Mercantile Bank	Hartford	do.	501,100	922,413	646		62,842	52,993	7,927	551	46,640	436,301	107,297	12,715	10,000
Mystic Bank	Mystic	do.	52,900	91,095			400	7,487	62	2,341	3,475	31,558	6,766	789	3,065
Manufacturers' Bank	Birmingham	do.	303,100	488,516		5,000	3,633	46,532	2,025	2,479	17,176	167,615	48,922	10,614	
Merchants' Bank	New Haven	do.	500,000	678,025		20,565	4,285	101,491	7,638	978	13,771	130,454	133,892	4,771	
New London Bank	New London	do.	150,875	200,429		2,500		10,752	2,460		3,218	31,148	19,948		
New Haven Bank	New Haven	do.	464,800	748,125		9,760	1,056	107,323	5,164	1,121	16,650	163,028	151,014	45,158	
New Haven Co. Bank	do.	do.	561,300	603,034	110,335	13,531	554	728,764	5,955	8,135	10,130	82,828	61,634	25,142	2,000
Norwich Bank	Norwich	do.	210,000	327,113		7,244		28,054	20,824		9,620	72,259	47,227	13,361	23,000
Ocean Bank	Stonington	do.	100,000	134,773	51,969	3,954	6,358	28,681	3,877	2,914	12,012	96,119	19,186	19	6,746
Pahquoque Bank	Danbury	do.	148,300	279,711	24,267	1,300	2,406	19,225	663	642	13,250	123,033		8,779	56,999
Pawcatuck Bank	Stonington	do.	75,000	105,260		3,195	838	4,769	1,043	3,099	3,975	35,708	3,825	2,283	1,097
Phoenix Bank	Hartford	do.	1,225,500	1,890,909	13,654	35,867	24,675	44,455	21,873	5,416	45,340	365,140	258,048	54,195	50,000
Pequonock Bank	Bridgeport	do.	200,000	347,609		14,560	416	81,330	1,566	8,668	13,533	134,329	63,100	38,853	3,000
Quinnipiac Bank	New Haven	do.	500,000	573,621	38,000	10,000	53	56,209	4,649		9,591	89,910	70,067	17,729	
Quinebaug Bank	Norwich	do.	335,142	543,915	2,520	15,938		92,325	7,219	251	12,587	121,453	104,660	2,904	12,257
Rockville Bank	Rockville	do.	131,328	168,026		2,443	661	28,536	2,422	4,555	6,898	61,539	10,878	732	4,273
Sherlock Bank	Norwich	do.	100,000	138,101	21,200	5,742	2,005	30,980	4,667	2,315	4,402	33,020	8,744	18,240	44,285
Saugatuck Bank	Westport	do.	138,777	166,868	73,895	2,441	7,761	1,759	1,458	3,809	9,855	99,261	15,013	4,119	3,606
Saybrook Bank	Essex	do.	89,460	152,953		1,918	3,611	33,525	6,415	1,955	9,973	80,585	30,637	1,956	1,300
Stonington Bank	Stonington	do.	60,000	108,409		891	2,017	9,714	833	8,283	4,304	32,556	33,509	509	
Stafford Bank	Stafford Spr'g	do.	133,425	220,416		5,498	1,960	12,028	751		11,649	103,205	6,845	4,997	
Southport Bank	Southport	do.	108,800	187,477	18,616	5,742	47,860	4,931	860	3,200	11,568	110,715	33,241	1,378	
State Bank	Hartford	do.	440,000	1,118,836		8,832	44,798	38,569	12,805	8,129	37,581	365,871	118,683	59,392	213,768
Stamford Bank	Stamford	do.	135,903	303,441		2,691	38,136	6,741	11,203	207	16,929	166,076	60,512		
Thompson Bank	Thompson	do.	60,000	122,930		1,700		30,138	2,704	2,838	8,150	78,831	23,690	50	
Tradesmen's Bank	New Haven	do.	125,000	194,444			1	62,517	13,912		11,404	110,368		188	44,971
Thames Bank	Norwich	do.	536,200	753,571		6,753	14	50,389	12,587	5,430	20,004	147,748	78,362	2,283	23,808
Tolland County Bank	Tolland	do.	86,800	186,528		2,829		16,489	3,122	2,718	7,198	64,250	20,392	13,437	13,165
Union Bank	New London	do.	150,000	212,509	20,312	2,500	613	21,780	5,896	5,421	8,893	69,258	46,127	3,140	
Uncas Bank	Norwich	do.	294,259	443,736	97,734	4,538	397	27,578	8,169	1,957	14,781	142,897	109,844	1,794	31,873
Windham Co. Bank	Brooklyn	do.	65,900	119,928		1,861	493	29,093	3,849	593	8,298	83,069	15,510		
Woodbury Bank	Woodbury	do.	100,000	56,552	64,452		44,664	17,456	829	1,935	6,121	54,930	9,671	309	16,326
Waterbury Bank	Waterbury	do.	510,000	693,237	14,600	15,578	35,860	32,754	2,072	6,903	13,841	131,849	96,134	22,474	
Whaling Bank	New London	do.	163,750	213,842	11,436	267		25,923	3,600	7,948	4,872	48,746	28,242	2,413	
Windham Bank	Windham	do.	116,300	183,281		1,553	6	22,152	3,514	341	7,287	70,078	19,515		542
Winsted Bank	Winsted	do.	225,790	433,228		14,562	610	11,884	711	5,635	16,236	169,4			

EXTRACTS FROM THE REPORT OF THE BANK COMMISSIONERS TO THE GENERAL ASSEMBLY OF CONNECTICUT, MAY SESSION, 1856.

To the General Assembly of the State of Connecticut :

The bank commissioners herewith have the honor to present their annual report.

Since the last annual report an increase in the number of banks, and banks and building associations, changes and modifications of the laws in relation to our banking system, and various matters of special interest, have made it necessary for us to give much more than usual time and attention to the examination of the banks, and to the discharge of our various duties. We have visited all the banks, savings banks, and building associations in the State, at least once, and many of them more than once, and have endeavored to make such an examination and offer such suggestions as should best suit the public interest of the State and those directly interested in the prosperity and integrity of the banks.

The number of chartered banks in operation in this State is seventy, with a capital of nearly *nineteen millions of dollars*. The great majority of them are in a highly prosperous condition, with ample resources, making satisfactory dividends to the stockholders, and accumulating yearly a handsome surplus; and we believe, at the present moment, are abundantly able to afford their various communitives and customers all the facilities which a healthy business state of our various commercial, manufacturing, and mechanical interest require.

But while we have pleasure in bearing testimony to this general prosperity of our banking interest and institutions, and which, with a few exceptions which will be pointed out hereafter, we think will not suffer by comparison with those of any other State, we are yet constrained to say that very many of our banks are not in conformity with the law of the State in some important particulars; and the most important is the rate of interest charged for discounting paper.

At every session of our general assembly it is found necessary or expedient to repeal or modify established laws, and enact new ones upon the subject of banks and banking, and we cannot but regard this as injurious to the banking interest, without adding to their safety or usefulness, or more efficiently serving or protecting the public; for this annual enactment of new laws, or remodeling of old ones, has had a tendency to make the banks careless of all laws.

The power conferred on banking institutions of creating a currency for a commercial people for all practical purposes in the daily transactions of business, is one of the highest prerogatives of legislation; and it is highly necessary that a code of laws, wise and judicious, should be enacted to regulate our system of banking, by giving sufficient privileges to the banks themselves, and a proper protection to the public; but it is also necessary that such laws, to be effective and

serve the interest for which they are enacted, should be of a permanent character, well considered and matured, and as the monetary interest of a State is one of its greatest interests, the laws regulating its moneyed institutions should be passed with the gravest consideration, and when enacted should be sacredly kept inviolate.

Now we conceive that one of the vital and fundamental principles of banking under special and privileged charters from the State is the statute law of interest, and that every bank holding such a charter should be solemnly bound to regard the law on that subject as their first rule of action. They are fully aware, when applying for a charter from the general assembly of our State, that the legal rate of interest for money loaned is six per cent. per annum; and as they are granted power of issuing their notes, which obtains a circulation and the confidence of the public, by the act of incorporation given them by the legislature, and as the best banking experience in the State fully demonstrates, that with a strict adherence to the legal rate of interest they can make ample and satisfactory returns to their stockholders, we can conceive no excuse valid for violating this fundamental principle of their organization. But from our own examinations, and entirely reliable evidence from business men, we are convinced that a large majority of our banks are constantly violating the law of the State by taking illegal rates of interest, generally under the form of exchange, and often by a direct charge of usurious interest.

The law of last session, enacted especially at the request of the banks, to enable them to sell exchange, has been variously construed, although we apprehend it to be too plain and unambiguous to be intelligently misunderstood. In many cases it is made use of as a part of the negotiation for a discount, and large loans have been made, and large losses incurred, by this extra interest, that would not otherwise have been made. This infraction of law has become so general that we do not deem it necessary or expedient to point out special cases in calling your attention to it at this time. Nor do we consider it necessary to name those banks who, in all honor to themselves, are exempt from it. We allude to it as one of the evils growing out of an increasing banking capital, and the competition which it has engendered for large dividends and an accumulating surplus and high market rates for shares of their stock. But a few years since, and seven per cent. was considered a fair return for bank stock invested; now, ten per cent. is the dividend aimed at, with a surplus of four or five per cent., and often much more.

Although this may bear upon its face a pleasing prosperity, we cannot look upon it as a healthy one; and in the uncertain speculations that are rife all over the land, we cannot but fear that this struggling for the largest dividend, and the most profitable business, is fraught with danger to the best interest of our banking system, and to the business interest of our State.

There can certainly be no objection from any source to our banks making large dividends from their earnings; on the contrary, it is a gratifying mark of the general prosperity of our State; but in order to do this the business of the bank should not be diverted from its

in its ultimate purpose, nor should the laws of the State be infringed in the slightest degree.

There has been some complaints from different communities, that while our banks were seeking a profitable business out of the State, and making large loans to individuals or corporations, for railroad or speculative purposes, that our own citizens were restricted in their accommodations at times when they most required facilities from their banks. And in regard to this matter we would call your attention to a law of last session in relation to loans out of the State. The act provides (chap. xi, sec. 5) "That the loans and discounts of any bank to persons out of the State shall not, at any time, exceed in the aggregate one fourth part of its capital stock actually paid in, bills in circulation, and moneys on deposit at the time."

Now, under this law a bank can loan out of the State, having the ordinary amount of deposit and circulation, over one half its whole capital stock. We think this amount too large, and that the law should be amended so as to specify the amount loaned out of the State to be such a portion of their capital, say one fourth part of their capital stock, deposits and surplus.

It is claimed by some of the banks that the law limiting the amount of loans to directors was repealed by the act of 1853, in chap. xi, sec. 9, which repeals the act of 1854, and all other acts, and the provisions of all charters that limit the amount loaned to individual companies or corporations to a sum less than fifteen per cent. of the capital stock of such bank actually paid in. And with this understanding the loans to directors in some instances have exceeded the limit hitherto applied to their loans; but when their attention has been called to the fact that the commissioners did not so construe the law, the loan has either been promptly adjusted within the limits or the director has resigned. In the report of the Bank of Commerce it will be seen that the amount loaned to one director is \$28,452. As we understand the law, he is entitled to but \$5,000.

We call your attention to this matter; for we do not think the last general assembly intended to repeal the act of 1842, which limits the loans to directors to banks whose capital does not exceed three hundred thousand dollars, to five thousand dollars.

There seems also to be a difference of opinion in relation to the law regulating the amount of interest to be paid by the banks for deposit; and as the act of 1854, restricting interest on deposits to four per cent., was repealed at the May session of 1855, we do not see that there is any law upon our statute book in relation to that subject. We conceive it to be a matter of doubt, whether a bank issuing a currency, based upon a charter specifying a certain amount as the capital stock of such banks, should be permitted to increase its acting capital by receiving any cash deposits beyond those deposited ordinarily in the way of its regular business and without interest; but if they pay interest at all, we think the law of 1854, fixing the rate at four per cent., should be restored.

When investigating the condition of a bank, the first duty of the commissioners is to the bill holders and depositors. These interests have always been carefully guarded and provided for by our banks,

whatever may have been their condition; but beyond this we conceive that the banks owe a duty to the shareholders and to the public at large, who become purchasers of stock for permanent investment, to preserve their capital stock sound and entire; or if by losses, incident to their business transactions, their capital stock should become impaired, that the fact should be known to their stockholders and to the public. We can discover no benefits that can result from any concealment in a matter of so much importance as this, either to the bank, in its business transactions, or to the stockholders generally. We hold as a maxim of financial economy, that a bank of issue, whose stock is an article of daily sale and purchase, is not solvent with an impaired capital; and that any concealment on this point is a deception upon the public at large.