

DR. Condensed statement of the Bank of the State of Arkansas, and Branches, November 1, 1839. CR.

To capital stock:			By bills and notes discounted:		
Principal bank (including dividend)	\$751,888 09	\$1,501,888 09	Principal bank	\$720,529 25	\$1,544,617 35
Branch at Arkansas	250,000 00		Branch at Arkansas	241,567 16	
Branch at Batesville	250,000 00		Branch at Batesville	220,227 00	
Branch at Fayetteville	250,000 00		Branch at Fayetteville	362,293 94	
Notes in circulation:		301,310 00	Specie on hand:		265,323 00
Principal bank	43,420 00		Principal bank	76,678 17	
Branch at Arkansas	48,775 00		Branch at Arkansas	33,957 46	
Branch at Batesville	52,760 00		Branch at Batesville	55,812 00	
Branch at Fayetteville	156,355 00		Branch at Fayetteville	98,875 37	
Amount due banks and depositors:		179,775 14	Balances due, and notes of other banks,		213,848 47
Principal bank (\$8,000 in specie)	85,739 16		viz:		
Branch at Arkansas	8,597 41		Principal bank	Eastern. \$56,867 35 Western. \$53,249 89	110,117 24
Branch at Batesville	10,202 00		Branch at Arkansas	34,286 76 1,135 00	35,421 76
Branch at Fayetteville	75,176 57		Branch at Batesville	31,046 00 5,383 00	39,429 00
Contingent fund reserved by the principal bank out of her dividend declared	-	16,558 34	Branch at Fayetteville	17,685 04 11,195 43	28,880 47
Profit and loss:		58,696 31	Real estate:		31,439 09
Principal bank (since last dividend)	31,463 01		Principal bank	21,803 94	
Branch at Arkansas	3,573 97		Branch at Batesville	5,493 00	
Branch at Batesville	7,999 00		Branch at Fayetteville	7,142 15	
Branch at Fayetteville	15,660 36				
		2,058,227 91			2,058,227 91

J. H. CREASE, Cashier, and Secretary to the General Board,

Statement of the condition of the principal bank of the Real Estate Bank of Arkansas, on the 31st day of January, 1840.

7967  
This on Jan 1839  
Doc. No. 172.

R 2.

To capital stock (including profits to 31st October last)	\$355,164 14
To bills payable (notes in circulation)	102,320 00
To depositors (including amount due to banks)	27,443 53
To profit and loss (net gain since October 31st last)	10,819 56
	<u>\$495,777 23</u>

Dr.

By bills receivable (bills and notes discounted)	\$423,340 97
By real estate (lots for banking-house)	4,500 00
By amount due from banks	7,932 29
By cash—specie	\$28,708 97
By notes of other banks	31,295 00
	<u>60,003 97</u>

C. A. HARRIS, Cashier.

S. 1.

MISSISSIPPI.

Extract from the message of the Governor, delivered January 8, 1839.

The State debt now amounts to the sum of \$382,335 30 deposited by the General Government, and which is liable at any time to be recalled; two millions of dollars in six per cent. bonds, sold by the State to pay for stock to that amount in the Planters' Bank; and five millions of dollars in five per cent. bonds, sold to take stock to that amount in the Mississippi Union Bank; amounting in all to the sum of seven million three hundred and eighty-two thousand three hundred and thirty-five dollars and thirty cents; and the annual interest on that sum (most of it payable in Europe) amounts to the sum of three hundred and seventy thousand dollars. To preserve the honor of the State unsullied, and her credit unimpaired, it is of the last importance that the interest should be punctually paid at the places designated, and ample funds provided for the redemption of the principal. It is usually much easier to borrow and spend money, than to provide the means of payment.

My recorded votes on the Journals of the Senate, as well as my speeches during the canvass preceding my election to the office I now occupy, show that I never was in favor of pledging the faith of the State for banking

purposes; but, inasmuch as the question had been long before the people, and had twice received their sanction, I signed the charter of the Mississippi Union Bank, having no constitutional scruples.

Soon after the managers were elected, I was called on to pay two and a half per cent. on the State's subscription of five millions of dollars, in cash. This I declined doing; the correspondence herewith transmitted will show my reasons for pursuing that course.

On the day the books were opened at Jackson, I subscribed for fifty thousand shares of stock in the bank, and executed bonds for five millions of dollars, as soon as they were prepared for my official signature, and delivered them to the managers of the bank. The documents herewith submitted will place you in possession of the instructions of the Mississippi Union Bank to the commissioners appointed to negotiate the bonds and the terms of the sale. The charter of the bank provides that the bonds shall not be sold for less than their par value. They were dated on the fifth, sixth, seventh, eighth, and ninth days of June, A. D. 1838, and payable in twelve and twenty years from the fifth day of February, 1838, and sold to Nicholas Biddle, Esq., on the eighteenth day of August, 1838, for five millions of dollars, lawful money of the United States, payable in five equal instalments of one million of dollars each, on the first day of November, one thousand eight hundred and thirty-eight, and on the first days of January, March, May, and July, in the year one thousand eight hundred and thirty-nine. The bonds bear interest from the date thereof, and the bank has already paid one hundred thousand dollars interest thereon. Inasmuch as the bonds were sold on credit, and interest accrued from their date, it is certain that they were sold for less than their par value. The bank has heretofore paid interest on the sum of five millions of dollars for the use of one million, and will have to pay interest on more money than it has received, until the first day of July next. The commissioners, in the sale of the bonds, exceeded their instructions; but no doubt obtained as much for them as could have been had at the time of the sale. An anxious desire to place the bank into speedy operation was certainly commendable, but at the same time no violation of the charter should have been sanctioned.

The report of the auditor of public accounts on the Planters' Bank, of the special commissioner on the Agricultural Bank, of the bank commissioners of the State of Mississippi, together with the statement furnished by the Mississippi Union Bank, are herewith transmitted. These documents will challenge your early and deliberate attention: they show the whole bank movement of the State. The evidence reported proves that all the banks have exceeded their powers; that several of them were established in fraud; and that the prosperity and welfare of the State demand the passage of such laws as will in future confine them to the legitimate purposes of their creation. I am not opposed to well-regulated and honestly conducted State banks: in many respects they are highly useful; they facilitate exchange operations, enable the industrious and enterprising merchant to carry on his business, and advance the planting interest, by furnishing means to bring a greater quantity of land into cultivation, by the anticipation of the crops of the producers. They also afford a safe and profitable investment for the money of the capitalist, and, if prudently managed, are highly useful to the community.

It cannot, however, be denied that moneyed associations of wealth are anti-republican in their tendency, and, when perverted to the purposes of speculation, have a withering influence, both on the planting and com-

mercial interest. Several of our banks are, by their charters, exempt from taxation; others are limited to one quarter of one per centum; and they all deny to the Legislature the right of taking away their charters, or taxing them, except as provided in their acts of incorporation. To arrive at just conclusions on these questions, it is, perhaps, necessary to inquire into the extent of our own powers, and how far the existing institutions are placed beyond our control. The object and end of all government is to promote the happiness and prosperity of the community by which it is established; and it can never be presumed that it ever intended to diminish its powers of accomplishing the end for which it was created. Every act of a public functionary is merely an exercise of delegated power intrusted to him by the people for a specific purpose. The limits of power delegated to the Legislature are to be sought, not only in the constitution, but in the nature and ends of the power itself, and the objects of government and civil society. The acts of the Legislature are the acts of the people only while within the powers conferred upon them. It is indispensable that each Legislature should assemble with the same sovereign powers that were held by their predecessors; any of their acts disabling them from the future exercise of their trust, for the public good, are void—being, in substance, a covenant to desert their paramount duty to the people. The power of taxation is essential to the constitution and well-being of society, and necessity requires that the right should remain unimpaired. It is intrusted to the Legislature to be exercised, not bartered away. It is inherent and inalienable, and need not be reserved expressly in any grant of property to individuals or franchises to corporations. It is nevertheless true, that, when a corporation pays a sufficient bonus to the State for the franchise granted, in consideration of being exempt from taxation, it cannot be justly taken away without a return of the bonus; nor can taxes be required, without a violation of the public faith. The payment of a bonus to the State is a liquidation of a debt in advance, which would be annually due in taxes. None of our banks have paid a bonus to the State; their charters were granted solely on considerations of public policy and convenience, and possess none of the ingredients of contracts. The principle which prohibits the resumption of one's own grant, does not apply to the exercise of the eminent domain which the State possesses in the property of all her citizens. The whole of it may be taken for public purposes; and it is not required that payment should be made in advance, nor can it be exacted unless the injury be direct. Should the lands, tenements, or effects of a corporation, be taken for public purposes, the constitution guarantees payment; but when the injury is consequential, no claim can be preferred against the State for damages. The repeal of a charter does not deprive the company of their banking-houses, their coin, or their notes and bills. Taking away their privileges is damage without injury. It is a settled principle, that a State law may be retrospective in its character, and divest vested rights, and yet not violate the constitution of the United States or of this State, unless it also impairs the obligation of a contract. The charter of a bank is not in its character a contract, where no bonus is paid. None of our banks, except those required to build railroads, have any burden imposed upon them; nor can the investment of money by capitalists in our banks be esteemed hazardous, and thus entitle the stockholders to a continuation of their privileges. They were established, alone, to advance the interests and promote the welfare of the people of the State; and those that have abused their privileges, and are detrimental to the public good, should

no longer exist. No direct injury would result by the repeal of their charters, either to the stockholders, debtors, or creditors of the bank. Provision could be made for winding up their affairs; time given to collect the amounts due them, so as neither to distress their debtors nor jeopardize the interests of any one concerned. I therefore respectfully recommend that the charters of all the banks founded in fraud, or conducted in such manner as to be injurious to the community, be repealed; and that such restrictions be imposed on the others, as will confine them to the business of banking alone, and secure the people against future abuses. The evidence submitted leaves no doubt of the fact, that all our banks have been, more or less, engaged in speculation. Some have purchased cotton; others have advanced largely upon the article; others have been engaged in speculating in cotton, provisions, and bagging, and rope. This course, if tolerated, will be ruinous to the mercantile and destructive to the planting interest of the country; nor will it be beneficial to the stockholders of the banks. Agents and favorites will reap the harvest. The charter of the Planters' Bank, which is the oldest among us, makes that institution "able and capable in law to have, purchase, and possess, receive, enjoy, and retain to the use of them and their successors, lands, tenements, hereditaments, goods, chattels, and effects, of such kind and nature or quality soever, to an amount not exceeding six millions of dollars, including the capital stock; and the same to grant, alien, and dispose of at pleasure." Most of the bank charters contain the same powers; none have more extensive. The Legislatures which chartered them never intended to clothe them with the power of dealing in cotton, or speculating in any species of property. Such dangerous powers were never solicited, and could not safely have been granted. Chartered companies can take nothing that is not clearly expressed in their acts of incorporation, and can exercise their powers, alone, in the manner pointed out. Any ambiguity operates against the adventurers, and in favor of the public. Monopolies and exclusive privileges should be put down, and all corporations confined to the privileges plainly given them by their charters; the exercise of their franchises, being in derogation of individual rights, cannot be extended beyond the letter and spirit of the act of incorporation. If they are permitted to leave their legitimate business of banking, and enter the field of speculation, their great capital will enable them to drive individual competition from the market—to monopolize every species of produce and every article of merchandise. The existence of our Government will be of little value, if its functions are transferred to the hands of privileged corporations, and all future Legislatures prevented from protecting the people against the abuses of a system which is impoverishing the State. While we sedulously guard the rights of private property, we should never forget that the community have also rights, and that the welfare of us all depends on their maintenance. The regulation of the currency is one of the highest attributes of sovereignty, and can never be placed beyond legislative control. The greatest evil of the banking system consists in the continual expansions and contractions of bank issues; for the price of property is thus made liable to fluctuations, and every thing rendered unstable. In prosperous times, banks are induced to expand their issues for the purpose of making large dividends to their stockholders; money becomes plenty; the price of property is enhanced; speculation is stimulated. But, in the end, a revulsion takes place; property declines in value; bank accommodations can no longer be obtained; and the country, for a

time, suffers all the evils incident to a deranged currency. The lessons of experience teach us to guard against the recurrence of the evils which we have endured for the last two years. To effect this, a general banking law is indispensable, limiting, by its provisions, the circulation of each bank, and the accommodations of its officers and stockholders; limiting the amount of dividends, and requiring the publication of monthly reports of the situation of each bank, verified by the oath of the president or cashier; prohibiting, under suitable penalties, any bank from dealing in cotton, or any other article of produce or merchandise, or buying up at a discount the issues of any other bank. Each bank should be required to pay out at its counter the notes of that bank alone, if required; and monthly settlements should be made by all the banks having accounts with each other.

The value of bank paper being dependent on its convertibility, on demand, into specie, the issue of post notes should be forbidden, and not more than three dollars in paper issued for each dollar of specie in the vaults; and when that proportion is destroyed, no more issues made until it is restored. It might be well, also, to make the refusal of a bank to pay any of its notes or deposits on demand, an absolute forfeiture of charter; and require immediate proceedings to be instituted to stop the further operations of the bank. Other provisions will, no doubt, suggest themselves to your consideration, calculated to secure to our constituents the invaluable advantages of a sound and stable currency; and to guaranty to every portion of the State, and each individual thereof, equal facilities in obtaining loans and discounts.

I am well aware that the right of the Legislature to alter, amend, or repeal bank charters, is denied by many eminent jurists. In several of the States the right is expressly reserved in their acts of incorporation.

The State of Kentucky, many years ago, repealed the charters of all her banking institutions. I am not advised that the constitutionality of the act was ever called in question, either in the State courts or those of the United States.

Should you differ with me in relation to the constitutional right of the Legislature to repeal our bank charters, another course could be adopted, which would answer the same purpose, and not be obnoxious to constitutional objections. The evidence reported by the bank commissioners conclusively proves that nearly all the banks in the State have forfeited their charters, by misusing their privileges, and failing to comply with their express provisions. Some of them have issued a greater amount of circulation than they were permitted; others have more property than they are authorized to hold. Many of them have transcended their powers by dealing in cotton and produce, and exacting usurious interest; and not a few of them have been established in fraud. All of them have suspended specie payments. An information in the nature of a *quo warranto* would bring the question of forfeiture before the judicial tribunals of the country; where the State and the banks could produce their evidence, and have a fair hearing and an impartial trial. Should the courts declare their charters forfeited, the stockholders would be the only sufferers, for the companies could not sue or collect their debts. Such trials would produce great excitement, and would not be soon terminated. As an alternative, therefore, if such proceeding should be deemed advisable, a general banking law could be enacted, placing all the banks under suitable restrictions, and requiring the assent of the stockholders of each bank to its provisions in a

reasonable period, and directing judicial proceedings to be instituted against those that fail to assent to the law. Suitable provision should be made for the employment of assistant counsel to aid the attorney general and district attorneys in the prosecution of the causes. Taking the charter from a bank by judicial procedure, even when the forfeiture has been clearly incurred, is a matter of great difficulty. Their immense resources would be lavishly expended to prevent destruction, and able counsel should be employed on the part of the State to enforce her rights.

The statements herewith submitted show the present chartered banking capital of the State to be sixty-three million four hundred and fifty-nine thousand three hundred dollars, and the amount paid in to be twenty-six million eight hundred and seventeen thousand eight hundred and eighty-three dollars. On the capital paid in, the banks are now authorized to issue sixty-seven million one hundred and sixty-eight thousand one hundred and eleven dollars. Neither the commerce nor wealth of the State can sustain, at present, a circulation of more than seven millions of dollars.

The annual production of the soil, including cotton, corn, and every other article produced by the planter, and the value given to property by the labor of the mechanic, does not exceed thirty five millions of dollars. In some countries, one dollar of circulation is esteemed sufficient for thirty dollars of product.

No political economist has ever contended that any country required more circulation than one fifth of the annual value of its products. Unless restrictions are imposed on the circulation of the banks, its redundancy will be inevitable; another suspension will occur, and the country again suffer the worst of all evils, in the blighting effects of a depreciated, incurable currency. The whole paper circulation of the United States does not, at present, exceed one hundred and thirty millions of dollars. Its great depreciation in this State has been caused, mainly, by its excess; and it is for you to determine whether, in future, the honest laborer shall receive his reward, and the enterprising merchant the fruits of his industry. Excess of circulation has increased the cost of producing cotton at least three fold, but has not enhanced the price of the article a single farthing. Its direct tendency is to impoverish the planter and ruin the mercantile interest. Adequate penalties should be imposed for the violation of the provisions of a bank charter.

The history of corporations in every age demonstrates that men, in a corporate capacity, will be guilty of acts which they would scorn to perpetrate as individuals: their proceedings are mostly secret; responsibility is divided. *The thoughtless act of to-day becomes precedent to-morrow*; temptations beset their paths; and we have the authority of Holy Writ for asserting, that "the heart of man is deceitful above all things." When it is the interest or wish of a corporation to assume powers not granted, the charter is ransacked for authority; and should none be found, it is exercised under the delusive pretence that it is for the relief of the people, and called for by that stern tyrant, *Necessity*. An examination of the report of the bank commissioners will show that the directors, in many instances, have borrowed nearly the entire capital of their respective institutions. All the banks have given heavy discounts to their officers. This practice has grown up during the fever of speculation which has raged for the last four years. I cannot believe that it has been of much real advantage to the directors themselves; the interest they have to pay is consuming their substance; the property they have purchased is generally unproductive; and

the high price at which it is held has in a great measure stopped immigration to the State, and retarded the settlement of the country. I suggest to your consideration the propriety of requiring the bank commissioners to take down and report the names, residence, occupation, and liability of the various debtors of the banks examined by them.

In Louisiana such a document was published by the Legislature. It had a salutary effect, and caused the banks themselves to correct many abuses which had impaired their usefulness. The names, residence, and liabilities of the debtors of the State Bank of Alabama, are annually published. Such a course in regard to our State institutions, the Planters' Bank, and the Mississippi Union Bank, would secure to every portion of the State the equal rights and advantages which they were chartered to afford.

Favoritism would thus be prevented, and the security of the State enhanced. It would also be advantageous to have the votes of the directors, on every important question, recorded and published. Responsibility is absolutely necessary to secure the proper and safe management of our State institutions. The State, by her credit alone, has furnished the whole capital of the Mississippi Union Bank, and justice requires that she should have the appointment of a majority of the board of directors; and it is deserving of your serious consideration, whether the charter ought not now to be amended so as to secure to the State a controlling influence over the institution.

The large interest which the State possesses in the Planters' and the Union Banks makes it incumbent on me to call your particular attention to the affairs and conduct of those institutions. The faith of the State is pledged for the redemption of two millions of dollars of bonds, sold to take stock in the Planters' Bank, and for the whole of the capital of the Mississippi Union Bank. A just regard for the honor of the State demands that those institutions should be managed with great prudence, in order that ample provision be made for the punctual payment of the interest and of the bonds at maturity. Both of those institutions have refused to suffer their affairs to be examined by commissioners chosen by the Legislature for that purpose; and the reason assigned by one of them for refusing is most extraordinary. Banks that are well conducted have nothing to fear from public scrutiny; and the right of visitation in the founder of a corporation, is unquestionable. By an express clause in the law creating the board of bank commissioners, all banks subsequently chartered were made subject to its provisions. The Union Bank was chartered long after its passage, and the State is yet the sole stockholder. The commissioners were sworn officers, and required by the most solemn obligations of duty to examine that institution; yet they were refused admittance, on the flimsy pretext that their minds were *blessed*; they were not judicial officers, nor were they jurors. Whether that institution, or any other, is to be suffered to put the sovereign will of the people of the State at defiance, is for their representatives to determine. It is to be regretted that the Union Bank should have added to the quantity of depreciated paper in circulation, by the issue of a large amount of post notes, having ten months to run to maturity. The payment of these notes to their customers, at par, was not only oppressive, but unauthorized. Those who obtained discounts, and received post notes in payment, indirectly paid to the bank seven and one third per cent. for four months—equal to twenty two per cent. per annum. Neither the profits of agriculture, nor the gains of commerce, will jus-

tify the borrowing of money at such onerous rates. The 38th section of the charter provides that the bank "shall not deal in exchange, foreign or domestic, at a higher rate than six per cent. per annum on six months' bills or a shorter time, and seven per cent. on bills at a longer time." Checks are, in effect, bills of exchange; and selling bills is assuredly dealing in them. Such checks have been sold by the bank at five and six per cent. premium for their own notes, and ten per cent. premium for the notes of several of the river banks, which notes were in some instances again paid out at the counter to their customers at par.

The failure of the bank to establish her branches has operated most oppressively on those living remote from the parent bank. They could not possibly obtain equal advantages with those more fortunately situated. Their securities were not generally known, and the expense of travelling, and other inconveniences, have in a measure deprived them of the amount of loans guaranteed by the charter to the several districts. These violations of the letter and spirit of the charter, however, dwindle into comparative insignificance, when placed by the side of the monstrous assumption of power on the part of the bank, in seeking to monopolize the cotton crop of the State, and becoming a factor and shipper of our great staple. I venture to affirm that not a single member of the Legislature who voted for that charter ever intended to confer such dangerous powers; nor does a fair construction of that instrument warrant the bank in exercising them. The banks, which heretofore advanced on cotton generally, try to justify their course by pleading necessity, in order that they might replenish their vaults with specie; most of them are now satisfied that the system is wrong in principle, and are willing to abandon it. With a capital of fifteen and a half millions of dollars, the Mississippi Union Bank, if suffered to do so, could monopolize the whole cotton crop of the State, and every article of produce and merchandise, deplete our towns, prostrate our merchants, and crush our planters. This system of advancing will absorb the available means of the institution, and throw the discounts of the bank into the hands of the large cotton-planters and the speculators; and deprive those of loans who do not produce cotton. Nor will those who get advances on cotton be ultimately benefited; for all experience proves that the profits of such speculations seldom reach the pockets of the producer.

An amendment of the charter of the Planters' Bank is required. A single individual, holding the proxies of the non-resident stockholders, annually elects a majority of the directors, and exercises a controlling influence over its affairs. The State owns the larger portion of the stock, and, in strict justice, is entitled to a majority of the directors. The report of the auditor of public accounts proves that great abuses have prevailed in the management of that institution, and that every impediment was thrown in his way, in order to deprive him of an opportunity of ascertaining and reporting the true situation of the bank. This course has never been pursued in any other State, where the people had contributed a portion of the capital. The Legislature of Virginia, two years ago, called for, and obtained from all the banks in which she owned stock, a full statement of the names, residences, and occupation of all the debtors of those institutions, and their several liabilities. The right of the State to demand the information was not seriously questioned by any one, and the statements were furnished as soon as they could be obtained. I am not aware that this right has been questioned in any State

of this Union except Mississippi. I call your attention to the 23d, 24th, 25th, and 26th sections of the act to establish the Planters' Bank of the State of Mississippi. Those sections have been utterly disregarded. It was evidently intended that one-half of the capital of the bank should be distributed among the various senatorial districts of the State, on mortgaged security. The equal advantages contemplated by the charter would be promoted by insisting on a full compliance with those provisions. It would greatly strengthen the security of the State, as well as the credit of the bank; to have one-half of her capital fairly distributed and well secured by mortgages on real estate. The relief thus afforded would have a salutary effect.

I conceive it my duty to express, in advance, the views I entertain in relation to the new system of banking which has been adopted by one of the States of this Union, and which may be sought to be introduced into this State. Banking, when based upon solid capital and proper principles, might safely be left open to all who choose to embark in the business. To insure success to a free system of banking, a general bankrupt law is indispensable. This power has been delegated to the Government of the United States, and placed beyond our control. Banks of discount and deposit might be useful under this system, but banks of circulation would eventually prove highly injurious to the welfare of the country. Real estate, in this country, affords no secure basis for banking operations; for if it is forced into market, and cash payment demanded, during a period of general embarrassment, it will not sell for one-tenth of its value. State bonds could not readily be obtained to bank upon, for we have no surplus capital to give for them. The circulation of the State is already much too large; its decrease will bring every thing to its proper level, and greatly enhance the profits of planting. The merchant will also be benefited. The passage of a general banking law, similar in its character to the one in New York, under existing circumstances, would only aggravate the distresses of the country.

S 2.

JACKSON, January 8, 1839.

DEAR SIR: We herewith transmit to you our report of the condition and transactions of the various banks examined by us.

Very respectfully, your obedient servants,

L. A. BESANCON,  
E. F. CALHOUN,  
JAMES HAGAN,  
Bank Commissioners.

To His Excellency A. G. McNUTT,  
Governor of the State of Mississippi.

*Report of the Bank Commissioners to the Legislature of the State of Mississippi, delivered January 8, 1839.*

The Bank Commissioners of the State of Mississippi respectfully beg leave to report:  
They have examined the affairs of twenty-four banks and branches. A statement of the condition of each is herewith submitted, together with a

condensed statement of the total liabilities and resources of the banks examined, showing the time they were chartered, when the same expires, their chartered capital, the amount actually paid in, actual circulation, and the amount authorized to issue.

A table showing the situation of the banks examined, on the first day of December, 1838, would have been presented; but all the statements were not received in time to embody them in this report. This will be presented so soon as it can be prepared.

We have made the remarks elicited by the course of each bank under their respective heads.

Which is respectfully submitted.

L. A. BESANCON,  
F. F. GALHOUN,  
JAMES HAGAN.

JANUARY 8, 1839.

*Statement of the condition of the Commercial Bank of Natchez, June 1, 1838.*

RESOURCES.		
Notes discounted	\$2,158,111 79	
Exchange purchased	94,541 02	\$2,252,652 81
Suspended debt		700,802 74
Real estate, including advances made contractor for banking house		54,222 54
Advances on shipments of cotton		1,569,263 41
Capital of branches		\$625,310 51
Due from banks out of the State		240,839 46
Due from banks in the State		422,454 09
Notes of Mississippi banks on hand	\$203,895 25	
Notes of United States Bank on hand	45,175 00	
Specie	42,368 42	291,438 67
Total resources		1,580,042 73
		\$6,186,984 23
LIABILITIES.		
Capital stock paid in	\$2,949,060 00	
Depositors and deposit certificates	664,294 32	
Date checks on New Orleans and Philadelphia	613,880 39	
Due to banks out of the State	\$839,296 22	
Due to banks in the State	450 63	839,746 85

Sterling bills drawn 679,662 07  
Circulation 118,765 00

Total liabilities \$5,865,408 63

Surplus of resources over liabilities, including capital stock 321,575 60

Surplus of resources over liabilities, excluding capital stock \$3,270,635 60

LIABILITIES OF THE OFFICERS.

No.	Payor.	Endorser.	Amount of stock paid up.	No. of bills delivered.
1	\$28,925 23	\$6,100 00	\$3,000 00	214
2	37,761 27	30,966 50	8,000 00	471
3	nothing.	135,585 43	162,800 00	
4	22,554 43	46,653 25	38,000 00	
5	17,028 84	38,829 00	9,000 00	
6	71,211 21	148,608 93	63,500 00	261
7	6,333 00	163,605 56	5,000 00	
8	12,206 00	42,131 84		
9	2,000 00	49,726 37	35,400 00	190
Total	\$198,019 98	\$662,216 88	\$324,740 00	1,139
Average:	22,000 22	73,735 20	36,077 77	

The amount of indebtedness of the directors, as principal, is \$126,688 02 less than the amount they have paid into the bank for stock. After deducting the value of the cotton delivered by them to the bank, estimated at \$50 per bale, their liabilities as principal will be \$153,630 02 less than the amount of stock they have paid up.

This bank and branch at Canton, (the accounts being blended,) have shipped to Liverpool, to this date, 26,503 bales of cotton, and have drawn against the same sterling bills, amounting in all to \$787,023 73. These bills have been sold in New York, Philadelphia, and New Orleans, at an advance of 71,637 93

Making the total amount received by the bank on cotton 858,661 66  
Which has been used as follows:  
In payment of debts due to banks in Philadelphia and New Orleans \$671,913 57  
In payment of charges on cotton in New Orleans 36,969 04  
In payment of notes of this bank at 5 per cent. premium, 106,579 24  
Reserved to redeem notes of this bank when presented, 43,199 81  
\$858,661 66



LIABILITIES OF OFFICERS.

No.	Payer.	Endorser.	Amt. of stock paid up.
1	\$8,531 51	\$19,342 07	\$12,500 00
2	58,582 22	46,258 67	15,000 00
3	10,982 00	9,128 89	10,000 00
4	7,652 56	33,690 38	6,000 00
5	12,000 00	313 18	20,000 00
6	112,544 87	61,291 79	60,100 00
7	8,648 00	2,642 42	2,000 00
8	25,927 09	140,113 22	10,000 00
9	5,485 60	21,194 39	5,000 00
Total	250,353 85	333,975 01	240,600 00
Average	27,817 09	37,108 33	26,733 00

The liabilities of the directors as principal is \$9,753 85 more than the amount they have paid into the bank for stock. They have received about one-third of the discounts of the bank—one member of the board having received about one-seventh. Two-thirds of the directors have received more discounts than the amount of their stock. All the debts due this bank mature in June, July, and November, 1838, except about \$6,000 or \$8,000. This bank has not advanced on cotton, but has made purchases amounting to \$152,670 50; accounts of sales have been received amounting to \$43,999 57; leaving a balance, as in the above table, of \$108,670 93. The sterling bills sold in New York averaged 6 per cent. premium, and those sold in New Orleans averaged 10½ per cent. premium. A portion of the amount of these bills, together with the premium on the same, has been used in the payment of railroad expenditures: the remainder is to be applied in the same manner.

Of the amount of suspended debt, \$24,000 is due by the late contractors on the railroad who have forfeited their contract. To secure the payment of which, the bank has a lien on a mill that cost the contractors \$20,000, and have also reserved 20 per cent. of the whole amount of work done—say amount of said 20 per cent. about \$8,000.

There is no provision in the charter of this company subjecting it to an examination by the present board of commissioners; no objections, however, were made; but they were unwilling for a list of their debtors to be taken, their residence, &c., which was desired by the commissioners, to enable them to show the number of persons indebted to the banks, and also to show the indebtedness of each county in the State.

Statement of the condition of the Commercial Bank of Rodney, June 21, 1838.

RESOURCES.	
Notes discounted	\$1,392,228 15
Exchange purchased	15,204 42
Suspended debt	20,150 56
Meat account (balance on hand)	242,805 64
Cotton account	262,956 20
Real estate	9,126 12
Due from banks out of the State	42,271 05
Due from banks in the State	6,210 41
Notes of other banks (cash items \$8,355 13)	18,170 13
Specie	7,573 75
Total resources	25,743 88
	1,895,093 48

LIABILITIES.

Capital stock paid in	\$800,000 00
Depositors and deposit certificates	96,353 19
Sterling bills	414,690 91
Due to banks out of the State	1,315 47
Due to banks in the State	46,567 28
Date checks	101,040 53
Circulation	307,285 00
Total liabilities	1,767,252 38
Surplus of resources over liabilities, including capital stock	127,841 10
Surplus of resources over liabilities, excluding capital stock	\$927,841 10

LIABILITIES OF OFFICERS.

No.	Payor	Endorser	No. of bales of cotton delivered.	Amount of stock paid.
1	\$18,000 00	\$35,475 70		
2	5,967 00	20,034 85		
3	24,354 00	37,072 07		
4	16,750 00	18,982 71		
5	14,713 69	6,317 17		
6	164,530 00	83,548 38	952	\$146,900
7	6,432 26	29,633 18		
8	8,325 00	31,752 30		
9	974 00			
	260,045 95	262,816 41		

The above table does not exhibit the true liabilities of the directors, as the notes given for advances on cotton were never discounted, and consequently not entered on the books. The full indebtedness of No. 6 is exhibited by the above.

6,365 bales of cotton were purchased by this bank, at a cost, in New Orleans, of \$342,365 57  
236 bales were sold in New Orleans, at an average of \$49 88 each, amounting to \$11,771 71

6,129 bales shipped to Liverpool,  
1,813 bales of which have been sold, at an average of \$48 48 each, (net,) amounting to 87,788 22

2,049 bales sold at an average of \$48 58 each, amounting to 99,559 93

4,316 bales on hand in Liverpool, average cost \$56 25 each, amounting to 242,805 64

7,589 bales have been advanced on by the bank, including charges in New Orleans, at an average per bale of \$55 42, amounting to \$431,590 21  
386 bales have been sold, at an average per bale of \$39 01 \$15,122 59

Cotton advances is also credited with the premium on sterling bills, sold for £8 per bale, for benefit of shippers 17,013 32

Whole amount to the credit of cotton advances 32,135 91

Which, taken from the whole amount of advances, leaves 399,454 30

7,203 bales are on hand in Liverpool, and the notes of planters, well endorsed, to make up the deficiency, which will be estimating the 7,203 at \$50 per bale, \$360,150 00  
or

the sum of 39,304 36

Sixty individuals, mostly planters, gave their notes to this bank, amounting to \$23,398 28, in payment for meat. These notes are conditioned to be paid, by placing at the disposal of the bank cotton to an amount sufficient to pay the debt by the 15th of October, 1838; and if met in good faith, no interest is to be exacted. The meat was purchased by the bank with northern funds, and sold to the planter at cost and actual expenses—5 per cent. being added for exchange.

This bank invested \$20,000 New York funds in Louisiana paper, at a premium of 1 1/2 per cent.; which was again re-invested in Mississippi bank notes, at a discount of 17 per cent.

A considerable portion of the sterling exchange of this bank was sold for Mississippi paper to another bank in this State, at a premium of 2 1/2 per cent.

Condition of the Grand Gulf Railroad and Banking Company, June 23, 1838.

RESOURCES.	
Notes discounted	\$1,740,709 35
Exchange purchased	10,400 00
Suspended debt	361,516 52
Suspended debt in suit	259,412 40
Railroad expenditure	222,474 18
Real estate	41,356 08
Due from banks in the State	339,800 61
Due from banks out of the State	42,489 33
Notes of other banks	55,710 00
Specie	6,265 00
Total resources	\$3,380,133 47
	61,975 00

LIABILITIES.

Capital stock paid in	\$1,758,775 00
Depositors and deposit certificates	149,345 60
Due to banks out of the State	\$673,799 88
Due to banks in the State	34,191 20
Circulation	707,991 08
	664,535 00

Total liabilities - \$3,280,646 68

Surplus of resources over liabilities, including capital stock 99,456 79

Surplus of resources over liabilities, excluding capital stock \$1,558,261 79

LIABILITIES OF OFFICERS.

No.	Payer.	Endorser.	Amount of stock paid up.
1	\$5,800 00	\$40,619 52	\$1,700 00
2	4,000 00	1,000 00	100 00
3	1,400 00	17,350 00	1,500 00
4	4,000 00	8,538 38	500 00
5	8,500 00	13,104 96	200 00
6	11,900 00	8,150 60	2,000 00
7	5,500 00	59,615 71	2,000 00
8	9,514 05	33,567 48	500 00
9	6,500 00	6,120 00	500 00
10	6,000 00	38,770 00	15,000 00
11	4,500 00	4,000 00	5,000 00
12	-	-	10,000 00
13	-	-	500 00
Total	67,614 05	231,235 95	39,500 00
Average	5,201 08	17,787 37	3,038 00

This company have made no purchases of cotton, but have advanced on and shipped for account of planters—

- 16,181 bales to Liverpool,
- 212 bales to New York,
- 204 bales to Boston,
- 465 bales to New Orleans,
- 100 bales burnt on board steamboat Vicksburg, (insured.)

17,162

The sterling bills drawn through the Bank of the United States to date, against shipments of cotton to Liverpool, are as follows:

Bills amounting to \$35,263 0 0 sold at prim of 7 1/2 pr. ct.	\$168,478 78
" " 14,845 0 0	71,266 00
" " 42,439 0 7	205,593 52
" " 8,881 10 0	43,420 67
	\$488,748 97
	\$101,428 10 7

Seven hundred and twenty-eight checks have been drawn on the Bank of the United States against the proceeds of these bills, and bills to be remitted, amounting to \$524,634 58, and sold at a premium not exceeding, in any instance, 5 per centum. This company also paid her last dividend to her stockholders in northern funds at par. Much the larger portion of the stock is held at the north, as will appear below.

Shares.	Where standing.	Shares.	Paid.	Unpaid.	Total.
2,694	Grand Gulf: Full paid Part paid	2,379 315	\$237,900 16,875	\$14,625	\$269,400
13,790	Philadelphia: Full paid Part paid New York: Full paid Part paid	8,646 5,144 3,770 200	864,600 321,440 377,000 5,000	192,960	1,379,000
3,970					397,000
20,454	Shares, Paid* Unpaid Total	20,454 - - -	1,822,815 - - -	222,585	2,045,400

\* The amount of capital stock in the above statement of the condition of the bank is \$1,758,775. To which add this sum, paid at the Bank of the United States and not yet charged up 64,040

Making as per the above statement, the amount of 1,822,815

The above amount of \$64,040, was charged up to the Bank of the United States on the 30th of June, 1838, the semi-annual stock account being that day made up.

Condition of the branch of the Grand Gulf Railroad and Banking Company, Gallatin, June 23, 1838.

RESOURCES.	
Notes discounted	\$291,620 56
Exchange purchased	8,600 00
Suspended debt	\$300,220 56
Suspended debt, in suit	3,537 50
Due from other banks	6,850 00
Notes of other banks	1,011 32
Specie	52,804 00
	3,610 79
<b>Total resources</b>	<b>58,426 11</b>

LIABILITIES.	
Due parent bank	\$323,288 18
Depositors and deposit certificates	39,665 15
Due to banks	4,574 90
<b>Surplus of resources over liabilities, including amount due parent bank</b>	<b>367,468 23</b>
	<u>\$1,565 94</u>
<b>Surplus of resources over liabilities, excluding amount due parent bank</b>	<b>\$324,854 12</b>

Condition of the Bank of Port Gibson, June 6, 1838.

RESOURCES.	
Notes discounted	\$415,539 82
Cotton purchased	23,514 30
Due from banks out of the State	13,312 67
Due from banks in the State	1,420 24
Notes of other banks	33,926 56
Specie	3,474 50
<b>Total resources</b>	<b>491,186 09</b>

LIABILITIES.	
Capital stock paid in	\$223,850 00
Depositors and deposit certificates	81,337 19
Sterling exchange	28,759 98
Circulation (only \$14,356 is on demand)	137,756 00
<b>Total liabilities</b>	<b>\$471,703 17</b>
<b>Surplus of resources over liabilities, including capital stock</b>	<b>19,482 82</b>
<b>Surplus of resources over liabilities, excluding capital stock</b>	<b>\$243,332 82</b>

LIABILITIES OF OFFICERS.			
No.	Payor.	Endorser.	Amount of stock.
1	\$4,000 00		
2	6,675 00	\$46,290 03	\$5,000 00
3	16,000 00	6,000 00	
4	4,000 00	13,898 37	1,000 00
5		600 00	200 00
6	19,646 16	29,596 32	5,000 00
7	4,000 00		
8	4,000 00		
9	100 00	500 00	200 00
10	5,300 00	18,470 37	300 00
11	11,965 00	4,398 37	1,400 00
<b>Total</b>	<b>75,586 16</b>	<b>119,753 46</b>	<b>13,100 00</b>

434 bales of cotton were purchased by this bank, at a cost on shipment in New Orleans of \$23,763 28  
426 bales of cotton were shipped by the bank, on which there has been advanced 20,790 00

860 bales of cotton purchased and advanced on the sum of \$28,760  
Sterling bills drawn against the same 2,157  
Premium, say 30,917 00

Of this amount \$8,500 has been used in procuring specie, part of which has arrived. The balance (except a small amount still on hand) has been used in payment of charges on cotton, and in redemption of the notes of this bank that were payable on demand. When application was made at the bank for checks, the names of the applicants were handed to the board of directors, and the funds to be checked for were distributed in as near equal proportion as possible for the purchase of provisions. In no case has any individual received more than \$400 of this northern fund, except one, who received \$500. \$173,000 of the capital is held in New York.

Condition of the Commercial and Railroad Bank of Vicksburg, July 5, 1838.

RESOURCES.	
Notes discounted	\$4,357,222 32
Exchange purchased	274,132 67
Suspended debt	590,385 34
Suspended debt in suit	393,936 09
Sterling exchange forwarded for sale	984,321 43
Stock of the Tombigbee Railroad Company	133,333 31
Due from banks out of the State	117 56
Due from banks in the State	62,644 63
Capital of branches	40,000 00
Real estate	90,246 38
Railroad expenditure	1,179,086 69
Notes of other banks	178,891 00
Specie	8,602 15
<b>Total resources</b>	<b>7,924,505 67</b>
LIABILITIES.	
Capital stock paid in	\$3,817,930 00
Depositors and deposit certificates	1,058,459 76
Sterling exchange drawn	820,435 76
Due to banks out of the State	\$383,588 52
Due to banks in the State	60,670 79
Date checks	444,259 31
Circulation	98,380 53
	1,186,765 00
<b>Total liabilities</b>	<b>7,426,230 36</b>
Surplus of resources over liabilities, including capital stock	498,275 31
Surplus of resources over liabilities, excluding capital stock	\$4,316,205 31

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.	Stock owned.	Cotton delivered—bales.
1	\$53,552 26	\$104,400 00	-	202
2	32,265 14	77,400 00	-	-
3	8,597 33	13,500 00	-	65
4	14,673 91	34,900 00	-	-
5	5,000 00	1,400 00	-	-
6	130,232 77	10,000 00	-	1,500
7	26,084 00	\$7,700 00	-	129
8	7,948 84	52,000 00	-	-
9	4,105 83	30,829 00	-	311
10	41,882 99	57,000 00	-	50
11	35,336 72	10,100 00	-	-
	369,679 79	479,229 00		

257 bales of cotton have been purchased by the bank for the sum of \$10,200 00  
 32,800 bales of cotton have been advanced on by the bank for the sum of 1,968,000 00

Total amount of purchases and advances - 1,978,200 00  
 Sterling exchange drawn against the same \$953,769 07  
 Premium on same (not in full) say 60,000 00  
 Total amount of bills and premiums drawn 1,013,769 07

Which has been used as follows:  
 In payment of debts due banks in New Orleans, Philadelphia, and New York \$501,000 00  
 In payment of dividend No. 6, at the Girard Bank, Philadelphia 130,000 00  
 In payment of expenses on cotton, &c. 39,523 20  
 \$670,523 20

The bank has to pay for railroad iron out of the balance, about \$150,000 00

A large portion of the exchange was obtained by a few commission merchants of New Orleans. A short time previous to the meeting of the last Legislature, the commissioners wrote to the officers of the various banks, requesting a statement of the condition of the banks on the 20th of December, 1837, which was generally complied with. From this bank a statement was received, purporting to be an abstract from their state-book, bearing date December 22, 1838, although the books of the bank were regularly balanced on the 21st of December, which was within one day of the time desired. On the 22d of December the Bank of Vicksburg deposited in this bank \$100,000 in the notes of the Canal and Banking Company of New Orleans, which was doubtless the cause of

this bank making out their statement on the 22d instead of the 21st. The president of the bank gave a receipt for the money deposited, specifying its amount and character, and obliging himself to return the same on the presentation of his receipt. In the statement forwarded to the commissioners, this money is placed among the resources of the bank, and actually denominated *specie*; and was by us so reported to the Executive, and by him laid before the Legislature.

The amount of specie that was on hand when the examination was made in July, 1837, was \$19,231 64. The amount reported by the bank to be on hand on the 22d December, 1837, was \$111,911 58; when the true amount was only \$11,911 58, as appears by the books of the bank themselves—this amount of \$100,000 having never been entered on the books as specie. The amount on hand at the last examination will appear, as above, \$8,602 15.

The good faith manifested by this company in the vigorous prosecution of the work on her railroad is worthy of all commendation, and is certainly deserving the fostering care and protection of the Legislature. Less than \$500,000 will complete the road to Jackson. Is it not worthy of the consideration of the Legislature, whether they cannot now render a signal service to the State by aiding the company, either with her credit or the use of a portion of her funds, in the completion of a work that is acknowledged by all will be of great public utility?

*Condition of the Bank of Vicksburg, July 3, 1838.*

RESOURCES.		LIABILITIES.	
Notes discounted	\$407,768 31	Capital stock paid in	\$100,120 00
Exchange purchased	7,200 00	Depositors and deposit certificates	92,136 08
		Starting exchange	1,800 00
Real estate		Due to banks in the State	20,523 77
Due from banks out of the State	31,960 22	Date checks	\$44,297 48
Due from banks in the State	4,134 51	Circulation, post notes included	231,540 00
Notes of other banks		Total liabilities	275,837 48
			490,417 33
		Surplus of resources over liabilities, including capital stock	16,259 95
		Surplus of resources over liabilities, excluding capital stock	\$116,379 95
			\$116,379 95

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.
1	\$3,108 80	\$23,100 00
2	5,000 00	8,000 00
3	5,000 00	1,559 00
4		5,000 00
5	1,150 00	2,330 00
6	5,000 58	11,652 11
7		33,700 00
8		7,100 00
9		1,492 00
10	1,222 00	8,372 34
11		5,100 00
Total	\$20,451 38	\$107,405 45

This bank was organized by the payment of \$100,000 in the notes of the Canal and Banking Company of New Orleans, and \$110 in silver and \$10 in gold. The notes were obtained from New Orleans by a few individuals—among them, some of the officers of the Commercial and Railroad Bank of Vicksburg—and were used by them in payment of the first installment of stock which had been subscribed for by them, a large portion of which was in the names of other persons.

So soon as the first board of directors was organized, the notes of the real stockholders (who are mostly directors) were substituted for the notes of the company above described. These bank notes were deposited in the Commercial and Railroad Bank of Vicksburg, and, as before stated, were included among her resources, and, in fact, reported as specie to the commissioners in December, 1837. Having thus paid a visit to our State, created a new bank, and enabled an old one to make a show of ten times as much specie as she really possessed, they returned to New Orleans; not having occupied much more than thirty days in rendering these signal services to the State.

The directors of this institution are of opinion, from the following provision in their charter, that they are privileged to engage in any and all kinds of speculation, viz: "by the name and style of the Bank of Vicksburg, and shall so continue until December 31, 1858; and by that name shall be capable in law to have, purchase, enjoy, possess, receive, and retain, to the use of them and their successors, lands, tenements, hereditaments, goods, chattels, and effects, of any kind, nature, or quality whatsoever, to an amount not exceeding twice the amount of the capital stock; and, in accordance with such opinion, have actually been engaged largely in the purchase and sale of pork, flour, haggis, rope, &c. If the above-quoted passage of the charter does give to this company the right and privilege claimed, we are of opinion that such purchase and sale must be made in the corporate name of the company, viz: "The Bank of Vicksburg." These speculations, however, have been conducted in the name

of one of the directors. Independent of the fact that the charter expressly declares that it in "that name shall be capable," &c., justice to the note-holder requires that the speculations of the bank should be made in their proper name, that he may have some idea what value to place on their bills, as their value will depend on their success or failure in these speculations. We are, however, unwilling to believe that the Legislature ever intended to grant them the power to engage in such traffic, unless it can be shown to be absolutely necessary to enable them to prosecute the business of banking.

In the above table the amount of date checks to the debit of the bank is \$44,297 48, which is the amount on their books. The cashier, however, had in his possession a book denominated "special check-book," in which were registered \$30,000 in date checks, which are not included in the above amount. They had been delivered to the director above alluded to, and his receipt taken for the same, "to be invested in up-country produce on account of the bank."

To what extent this practice has obtained we are unable to determine; but have no evidence to believe that it has exceeded the above amount of \$30,000.

No security whatever was required of this director, who was intrusted with the investment of an amount of funds greater than one-half of the entire capital of the bank; for, in addition to the above amount of \$30,000 in "special checks," \$25,000 more of date checks were placed in his hands for the same purpose; which latter amount had been exchanged with the Commercial and Railroad Bank of Vicksburg for their checks at the same date, because of the credit of the latter bank being rendered more available in their speculations.

This company purchased pork in Cincinnati and Louisville at \$13 to \$14 per barrel, and sold in Vicksburg at \$28 to \$32, and in New Orleans at \$27 per barrel. The price of pork was raised in Cincinnati and Louisville, in less than two weeks, from \$13 50 to \$17 per barrel. These purchases were made with the date checks above described, which gave the company ample time to realize on the sale of the produce, and meet the checks without the investment of a single dollar of actual capital, of which they possess *bona fide* but \$120; the \$100,000 having long since been re-turned to New Orleans, where it belonged.

We deem it our duty to state, that on the day the books of subscription were opened for the capital stock, one of the most respectable citizens of Vicksburg applied for stock. The book was handed him; he entered his name, and paid his subscription in specie. On the next day he was informed that he could not be allowed any of the stock; and his money was returned to him, on the ground that a sufficient amount had been subscribed, as required, by the charter.

We have refrained from dwelling on the consequences to the country if such transactions are tolerated, (and nearly all others have the same powers,) believing that the Legislature desires merely to be put in possession of the facts. The result of such a course is apparent, and with them is the remedy. The charter of this bank provides for the issuing notes not to exceed double the amount of capital actually paid in. The amount of capital actually paid in is \$100,120; the notes in circulation is \$230,540; an amount more than double the capital actually paid in; which is attempted to be justified under the post-note law, passed a few days after the charter of this bank was approved.

Condition of the Water-works and Banking Company, Vicksburg, June 30, 1838.

RESOURCES.	
Notes discounted	\$337,315 78
Exchange purchased	3,225 00
Suspended debt	\$340,540 78
Real estate	16,757 19
Water-works	12,915 00
	100 00
Notes of other banks	13,015 00
	23,195 00
Total resources	\$393,507 97

LIABILITIES.	
Capital stock paid in	\$69,660 00
Depositors and deposit certificates	112,531 77
Due to banks in the State	1,813 14
Sterling exchange and cotton account	31,381 64
Circulation	169,135 00
Total liabilities	384,511 55

Surplus of resources over liabilities, including capital stock \$78,996 42

Surplus of resources over liabilities, excluding capital stock \$78,646 42

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.	Bales.
1	\$5,467 56	\$16,530 25	
2	9,300 00	21,864 67	
3	5,227 63	9,750 00	
4	2,500 00	8,850 00	
5	6,680 11	5,000 00	
6	18,986 19	52,807 96	
7	3,814 15	17,406 03	80
8	5,500 00	23,885 89	
9		33,120 00	
10			
11			
Total	57,475 64	189,214 80	

Only eight of the officers are liable as principal, and their indebtedness as such is within about \$1,200 of the capital of the bank. This bank received 1,274 bales of cotton to date, and has sold checks amounting to \$45,778 18.

The northern funds that were acquired by the shipment and sale of cotton were sold at the highest premium that could be obtained, which, in many instances, was 35 per cent. The amount thus received was placed to the credit of those who delivered the cotton, to be applied in payment of their indebtedness for advances which had been received by them on the same.

This company are privileged, by the amendment to their charter, approved February 9, 1838, to issue notes to double the amount of the capital stock of said company. The commissioners believing that capital stock meant the amount that had been paid in or secured to be paid, and the notes of the company in circulation being more than double that amount, applied, as required by law, for an injunction against the company; which application was returned, with the refusal of the judge to grant the same endorsed thereon. In justice to the officers of the bank, it is necessary to state that the issue above mentioned was made by them, believing it would not be a violation of charter, as the capital stock of the company was the amount specified in that instrument; which belief, as appears above, is sustained by the opinion of the judge.

*Condition of the office of the Commercial and Railroad Bank of Vicksburg, at Clinton, July 14, 1838.*

RESOURCES.	
Notes discounted	\$385,147 00
Exchange purchased	25,857 22
Suspended debt	\$411,004 22
Real estate	61,902 75
Due from banks in the State	12,940 21
Notes of other banks	18,708 21
Specie	24,018 00
	43,574 31
<b>Total resources</b>	<b>529,421 49</b>

  

LIABILITIES.	
Capital stock	\$300,000 00
Depositors	28,585 09
Due banks out of the State	327 01
Due banks in the State	9,469 00
Circulation	185,980 00
<b>Total liabilities</b>	<b>524,361 10</b>
Surplus of resources over liabilities, including capital	5,060 39
Surplus of resources over liabilities, excluding capital	\$305,060 39

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.
1	\$9,600 00	\$18,500
2	800 00	4,350
3	22,171 39	6,000
4	5,150 00	6,000
5	7,900 00	3,750
6	22,675 00	15,950
7	13,900 00	10,000
8	4,250 00	1,400
<b>Total</b>	<b>\$6,446 39</b>	<b>65,950</b>

Of the amount due from banks, about \$15,000 is due from the parent bank at Vicksburg; the balance against them had been \$58,776 32, which was created (as we are informed by the cashier) by that bank transferring to her credit the New Orleans northern funds and specie of this office, nearly the entire amount of which was taken by the parent without the consent of this office. The balance thus created has been partly discharged by the profits of this office being carried to the credit of the parent, although that bank neither declared nor paid a dividend at that time herself. A considerable amount more was paid over to the office in Brandon money, when it could not be used by the parent bank. In this manner the specie funds of the office have been disposed of. The office is now told by the parent bank (so says the cashier) to take care of herself, in providing the means of sustaining her credit.

*Condition of the office of the Commercial Bank of Natchez, at Brandon, July 11, 1838.*

RESOURCES.	
Notes discounted	\$139,144 59
Suspended debt	6,962 50
	\$146,107 09
Real estate	3,500 00
Due from banks	654 55
Notes of other banks	4,990 13
Specie	5,295 00
	10,939 68
<b>Total resources</b>	<b>160,546 77</b>

LIABILITIES.

Capital stock	\$152,152 42
Depositors	270 20
Due to banks	4,710 35
<b>Total liabilities</b>	<b>\$157,132 97</b>

Surplus of resources over liabilities, including capital	3,414 80
Surplus of resources over liabilities, excluding capital	<u>\$155,567 22</u>

LIABILITIES OF OFFICERS.

No.	Payor.	Eendorser.
1	\$4,350 00	\$6,750 00
2	4,600 00	7,600 00
3	4,000 00	7,700 00
4	900 00	3,450 00
<b>Total</b>	<b>13,850 00</b>	<b>25,500 00</b>

*Condition of the Commercial Bank of Columbus, August 13, 1838.*

RESOURCES.

Notes discounted	\$633,562 93
Suspended debt	47,655 27
Suspended debt in suit	146,791 75
<b>Real estate</b>	<b>\$828,009 95</b>
Due from banks out of the State	71 23
Due from banks in the State	1,990 62
Notes of other banks	19,808 62
Specie	28,742 39
<b>Total resources</b>	<b>48,551 01</b>

LIABILITIES.

Capital stock paid in	\$475,500 00
Depositors and deposit certificates	99,420 82
Due to banks out of the State	\$8,808 04
Due to banks in the State	10,415 74
Date checks	31,274 28
Circulation	195,230 00
<b>Total liabilities</b>	<b>245,728 06</b>

Surplus of resources over liabilities, including capital	\$20,648 88
Surplus of resources over liabilities, excluding capital	<u>64,509 05</u>
Surplus of resources over liabilities, excluding capital	<u>\$540,009 05</u>

LIABILITIES OF DIRECTORS.

No.	Payor.	Eendorser.	Stock paid up.
No. 1	\$24,406 74	\$112,605 10	\$15,280 00
No. 2	25,294 48	26,891 52	17,500 00
No. 3	25,306 70	39,335 78	20,000 00
No. 4	21,501 40	47,017 70	20,000 00
No. 5	19,294 48	37,191 49	19,000 00
No. 6	27,960 61	36,095 65	29,000 00
No. 7	1,428 00	33,927 56	15,000 00
No. 8	4,957 00	32,566 39	6,000 00
No. 9	12,457 62	47,236 38	20,400 00
<b>Total</b>	<b>162,607 03</b>	<b>412,867 57</b>	<b>162,180 00</b>

The indebtedness of the directors is \$327 03 less than the amount they have paid into the bank for stock. A majority have received a greater amount of discounts on their own paper than they have paid for stock, in addition to the amount of business paper discounted for their accommodation.

The proceeds of the cotton shipped and sold by this bank on account of the owners have been used in the redemption of their notes, at par, that were payable in Mobile. This is the only bank, to our knowledge, in the southern country, that had made post-notes payable out of the State before the suspension, and has kept them at par at the point where made payable since that time.

The individual deposits included in the above table under the head of "depositors and deposit certificates" amount to - \$55,594 60  
 This is made up, in part, by partial payments, amounting to 33,237 89  
 Leaving to the credit of depositors, and subject to check, only 22,356 71

The deposit certificates are payable in this State currency, the deposit not having been made in the notes of this bank. The same remarks, in substance, will apply to the other banks in the State. A very large portion of the depositors in the various banks have been placed as partial payments, and are not liable to be withdrawn by the depositors.

On the 23d of May, 1837, the capital stock of this bank paid in was \$724,000  
 It will be seen, by reference to the above table, that it is now 475,500  
 Having been reduced since that time the sum of \$248,500

This has been accomplished, in part, by one of the directors purchasing up stock for the bank; when purchased and transferred to the bank, capital stock was credited with the amount. A further reduction was effected by the directors generally transferring to the bank a portion of their stock, which had been subscribed for by them in greater amounts than

they intended to retain, it having been taken merely to prevent others getting control of the bank. The directors having defeated these persons by subscribing for nearly all the stock, and discounting their own notes to pay the instalments, they relinquished the stock to the bank, and received therefrom their notes, which had been given in payment for the same.

However secure the public may be in the present case, (and secure they undoubtedly are,) the *privilege* of directors to increase the capital in the above manner, and then decrease it at pleasure, is certainly a very dangerous one.

It is the more dangerous, from the fact that the stockholders are liable only for the amount of their stock. If a bank, as in the above instance, has the right to reduce her capital one-third, it can also release the other two-thirds. Where, then, would be the basis of her issues, and who would be responsible for them?

In this case, there never had been any issues made on the stock thus secured, and the directory say they never intended to make any. It is but justice to them to remark, that the individuals who wished to get control of the bank were citizens of Alabama, where bank charters have not been so easily obtained as here.

The following clause in the charter of the bank is relied on by the officers for authority to reduce the capital stock: they may "do and execute all and singular the acts, matters, and things which to them may appear necessary, or are incident to bodies corporate."

In connexion with this subject, the following extract of the opinion of the Supreme Court of Louisiana, given in reference to a similar transaction, is respectfully submitted to your consideration, (Vol. 3, Louisiana Reports, folio 555): "Directors of a bank have important duties to perform towards its creditors and customers, the public and the stockholders.

"Creditors and customers have a claim to the preservation of the capital in its original integrity; for it is the pledge, on the faith of which they accept the notes of the institution, deposit their money, and lodge paper for collection.

"So has the public, on account of the advantages which the Legislature has stipulated the bank should afford, as a consideration for the immunities and privileges which the charter confers.

"So have the stockholders, on account of the profits which they have a right to expect on the investments they have respectively made.

"Thus, by the reduction of the capital, the directors of a bank violate their duties towards its creditors and customers, the public and the stockholders.

"The claim of the first is the more sacred: for, unless justice be done to these, the public has a right to no advantage, and the stockholders to no profit.

"To create a debt, is to incur the obligation of paying it; and this implies that of preserving the means of doing so, if the debtor possess them; to acquit them, if he do not. The *reduction* of these means being a partial *destruction* of them, to the injury of the creditors, is irreconcilable with this obligation; the violation of which acquires an additional degree of turpitude when the creditor leaves the pledge in the power of the pledger."

*Credition of the Tombigbee Railroad Company, August 17, 1838.*

RESOURCES.		
Notes discounted	-	\$74,986 37
Exchange purchased	-	14,925 64
Suspended debt	-	4,191 47
Due from banks out of the State	-	162,915 55
Due from agents	-	-
Stock in the Commercial Bank of Columbus	-	167,107 02
Bank furniture	-	2,500 00
Notes of other banks	-	874 81
Specie	-	116,607 05
Total resources	-	134,582 06
LIABILITIES.		
Capital stock paid in	-	\$397,600 00
Depositors and deposit certificates, (partial payments, \$10,511 63)	-	60,138 17
Due to banks out of the State	-	1,771 91
Due to banks in the State	-	32,922 00
Cotton account	-	13,178 50
Sterling exchange	-	44,578 05
Date checks	-	\$43,582 40
Circulation	-	451,570 00
Total liabilities	-	1,044,641 03
Surplus of resources over liabilities, including capital stock	-	\$0,674 86
Surplus of resources over liabilities, excluding capital stock	-	\$178,974 86

This bank has made no dividend since the suspension of specie payments.

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.
1	\$28,457 90.	\$9,071 73
2	29,442 81	12,238 13
3	22,428 99	46,611 55
4	20,009 01	9,178 06
5	21,655 60	14,569 05
6	39,482 53	21,117 45
7	21,532 30	20,054 79
8	26,881 40	7,593 50
9	15,707 44	650 00
<b>Total</b>	<b>\$225,597 98</b>	<b>141,074 26</b>

265 bales of cotton were shipped by this company to New Orleans, and sold at an average of \$36 S9 each, amounting to \$9,776 80 which was disposed of in the following manner: Used in payment of expenses on cotton \$1,974 37 Sold at a premium of 15 per cent. 7,802 43

1,432 bales were shipped to, and sold in, Mobile, at an average of \$37 45 each, amounting to \$53,638 38 Sterling bills sold, and bills of exchange collected, in Mobile 36,362 15 Purchased by New York agent, certificates of deposit on Mobile 9,821 09 Amount previous to the credit of this bank in Mobile 3,456 00 Total amount of Mobile funds 103,307 62

Used in the following manner: Alabama bank notes and certificates of deposit, sold at the counter, at a premium of 10 per cent. \$49,329 77 Received from agents in Mississippi paper 4,993 00 Due by agents in Mobile funds 4,128 16 Paid expenses on cotton in Mobile 15,130 96 Balance in Mobile 92,116 15

2,620 bales shipped to, and sold in, New York, at an average of \$35 02 each, amounting to \$91,760 98 Sterling exchange sold in New York, amounting to 76,066 41 Premium on same 5,486 97

Discount on southern funds purchased \$6,261 37 Bill collected, and balance previously due 920 94

Total amount of New York funds 182,496 57

Used in the following manner: Checks sold at the counter \$75,299 53 Gold brought to bank 50,000 00 Expenses on the same 575 37 Used in the purchase of Mississippi bank paper 22,160 61 Used in the purchase of Alabama bank paper 19,821 09 Used in payment of a bill drawn in Mobile 11,788 93 Used to pay agent for purchasing Mississippi paper, and interest 509 33 Due by agent in New York 2,957 16

Overdrawn in New York 615 45

Total 183,112 02

An agent was employed by this bank, and provided with \$10,000 in checks on New York, and Alabama funds to the amount of \$10,015 97, with instructions to visit New Orleans, and invest the amount (say \$20,015 97) in Mississippi funds, on account of the bank; which was done. The agent returned to the bank \$26,687 13, and received for his services \$500 in northern funds. By reference to the above table, it will be found that the liabilities of the officers, as principal, is nearly two-thirds of the capital, (and in this is not included the indebtedness of one of them, as agent, for \$90,000;) but that table cannot be relied on as correct, for the president affirmed that directors had received accommodation by the discount of paper, without their endorsing the same. He further testified, that accommodation paper had been made and discounted for their benefit, without their appearing liable either as drawer or endorser. In other words, the books of the bank and notes discounted do not exhibit the true liabilities of the directors. To what extent this system of *financing* has been carried, we are unable to state.

About the middle of January last, the circulation of this bank was nearly as great as the capital then paid in would permit. Having pressing applications for money, the directory, unwilling to violate the *letter* of the charter by a further issue, resorted to the following method to increase the capital of the bank: On the 13th of January, five of the directors had their notes discounted for \$15,096 87 each, at thirty days, netting \$75,000. They say that it was the understanding that the proceeds of these notes were to be paid in specie, which was not done; and a portion of the directory say that there was no such understanding, to their knowledge. There was, in fact, not that amount of specie in the bank. On the 15th, the four other directors had their notes discounted for similar amounts; thus increasing the capital of the bank \$135,000, and forming a basis for more issues, which were made. They are privileged by the charter to issue two dollars for one paid in. In this case, as with almost every other bank in the State, the issues were not made upon the amount they had paid into the bank, but on that which they owed to the bank; thus making their indebtedness, and not their surplus capital, the basis of their issues. At the time the capital of

the bank was increased \$135,000, there was an understanding among the directors, that, at the expiration of the thirty days, all the stock owned by them should be equally divided among themselves. The capital paid in is \$397,600; of which the directors own upwards of \$300,000; about \$270,000 of which is in the notes of the nine directors, without any endorsement or other security, except the pledge of the stock, which (with a trifling exception) was obtained by the discount of their notes; which stock not being paid for, is, in fact, no security. For if this is security, the directors may, with equal propriety, discount their notes, netting \$1,692,404, and take up the entire chartered capital of the bank, and secure the payment of these notes by a pledge of the stock thus obtained. This statement shows the indebtedness of the directors to be much larger than is exhibited by the books; the means by which their liabilities were reduced on the books, with the funds of the bank, will appear by reference to the testimony herewith appended, and also the manner in which their liabilities were again increased after the examination was closed.

The president of this bank, without the consent or knowledge of the directors, informed the Commercial and Railroad Bank of Vicksburg, through their agent, that he intended to make a deposit of fifty thousand dollars in specie in said bank, and remarked to him the advantage it would be to that bank in making up their cash statement, and expressed a desire that it might arrive before the bank commissioners reached them. This conduct of the president, however reprehensible, dwindles into comparative insignificance when compared with the fact that he has taken \$90,000 of the notes of this bank, and had them put in circulation without their being registered or entered in any way on the books of the bank, and even without the knowledge of the cashier; and, what is still more remarkable, these notes, and those of the individuals for which a portion of them was exchanged, although in fact the property of the bank, were used by this president to lessen his own liabilities, and loaned to the directors for the same purpose, and thus prevented a true statement being made of the same. In confirmation of the above statements, the following testimony of H. W. Cater, Esq., late cashier of this bank, given under oath, is herewith submitted.

The following questions were propounded:

**Question.** Were you present when 4,500 shares of the capital stock of the Tombigbee Railroad Company were subscribed, on or about the 15th of January, 1838?

**Answer.** I was.

**Question.** Please state all you know of the manner, and by whom, said stock was subscribed, and the description of funds, if any, that were paid in at the time of subscribing. Please state if there were any payments made on said subscriptions, up to the time of your resignation.

**Answer.** The stock was subscribed for by the president and directors, using the names of other persons. There were no funds of any description paid in at the time of subscribing. The president and directors each gave their notes for thirty per cent. on the amount subscribed. There was no cash paid on said stock up to the date of my resignation, 15th November, 1838.

**Question.** Do you know the amount of the liabilities of the president and directors on what is called stock notes; and how are these notes secured?

**Answer.** The president and directors had (each) notes in the bank called stock-notes for about \$30,000; for the payment of which 1,101 shares of stock were pledged: 30 per cent. on the same having been called in. There was no joint name or endorser on said notes.

**Question.** Were the liabilities of the president and directors lessened previous to the examination by the bank commissioners? If so, please state the manner in which it was done, and all you may know of an increase of their liabilities since.

**Answer.** The liabilities of the president and a majority of the directors were diminished previous to the examination by the commissioners, in the following manner, viz: Some time in March or April last \$90,000 of the paper of the bank was filled up and signed by the cashier, and handed to the president, but not returned to the cashier for registration. But, as I afterwards learned, these notes were placed in the hands of the agent in Gainesville, Alabama, by the president, to be advanced on cotton, for which I afterwards understood the agent's receipt was taken. Sixty thousand dollars of this sum was advanced on cotton bonds, which cotton was to be delivered by the 1st of March next (1839). After the death of the agent, the notes taken for the advance and the balance of the cash were handed over to the president of the bank by the broker of the agent. These notes and funds remained in the hands of the president, and were used by him and loaned to the other directors, who used them in diminishing their accounts before the examination by the commissioners. The agent who received those funds having been killed, his brother, being appointed in his place, took up the former agent's receipt, which had been left with the president, and gave his receipt to the bank. At that time the notes were registered, by instructions from the board. The liabilities of the president and directors were decreased by giving their notes for the amount which their liabilities had been diminished by the above operation. This enabled them, by having the same discounted, to withdraw the notes and cash loaned them by the president. The whole amount of which was then handed over to the cashier by the president, and regularly entered on the books of the bank.

**Question.** Did you understand from the board, or was the subject before the board of directors at any time previous to or at the time of the subscribing for the 4,500 shares of stock, to discount notes for which the specie was to be given, though not to be drawn from the bank, and the specie to be applied in payment of 10 per cent. on the amount of stock subscribed for, in compliance with the provisions of the charter?

**Answer.** The subject of discounting notes for specie, so as to enable the directors to comply with the requisitions of the charter, was never acted on by the board, and was never before the board to my knowledge.

*Condition of the Aberdeen and Pontiac Railroad and Banking Company,  
October 28, 1838.*

## RESOURCES.

Notes discounted	\$216,616 83	
Exchange purchased	47,441 48	\$264,058 31
Suspended debt	28,935 12	
Suspended debt in suit	5,870 50	
		34,805 62
Due from banks out of the State	19,527 31	
Due from banks in the State	3,256 59	
		22,783 90
Railroad expenditure	-	9 62
Due from agents	-	7,000 00
Notes of other banks	-	4,810 00
Specie	-	13,067 25
		17,877 25
Total resources		346,534 70

## LIABILITIES.

Capital stock paid in	\$104,400 00
Deposit certificates	2,174 50
Due to banks in the State	4,694 78
Circulation	221,925 00
Total liabilities	333,194 28

Surplus of resources over liabilities, including capital

13,340 42

Surplus of resources over liabilities, excluding capital

\$117,740 42

## LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.
1	\$4,746 34	\$17,362 09
2	1,450 87	4,294 95
3	6,351 47	5,625 50
4	2,163 38	1,000 00
5	8,896 73	7,735 09
6	19,775 42	19,712 79
7	14,635 86	14,390 35
8	12,624 97	22,118 35
9	10,657 13	17,362 09
10	1,850 00	3,469 19
Total	\$3,149 18	113,070 31

The liabilities of the officers as principal is more than three-fourths of the capital of the bank: three of them being indebted nearly half the capital. 1,409 bales of cotton were shipped by this company and sold in Mobile at an average of \$38 24 each, amounting to \$53,887 03 Amount of bills collected in Mobile, and previous balance - 4,047 45

Total amount of Mobile funds	57,934 48
Checked for at an advance of \$4,697 17	38,407 17
Balance to credit of this bank in Mobile	19,527 31

The first election of directors took place on the 19th of January, 1837, there having been paid in \$52,100, according to the charter. About \$49,000 of this money was immediately loaned, generally to the same persons who had paid it in, on bills drawn on Mobile; all of which was returned under protest, except about \$11,000.

On the 15th April following, another instalment was called, and paid in such way as to obviate the violation of the letter of the charter; soon after which, the general suspension of specie payments occurred. The stockholders were unable to procure specie or the notes of specie-paying banks. No further payments have been made. The provision of the charter in regard to the mode in which stock shall be subscribed has been disregarded. The object of the Legislature, doubtless, was to prevent the stock from being taken without real capital, and has been thereby defeated. Although this is a plain violation of charter, the commissioner who examined the same preters reporting the facts to the Governor, and by him to be laid before the Legislature, to applying for an injunction, there not being the legal number of commissioners present.

*Condition of the Northern Bank of Mississippi, Holly Springs, September 21, 1838.*

## RESOURCES.

Notes discounted	\$75,241 24
Suspended debt	4,127 00
Real estate	2,990 83
Notes of other banks	5,024 93
Total resources	\$815 76

## LIABILITIES.

Capital stock paid in	\$78,600 00
Depositors and deposit certificates	10,085 46
Bills payable, or date checks	1,700 00
Total liabilities	90,385 46

Excess of liabilities over resources, including capital

3,001 46

Surplus of resources over liabilities, excluding capital

\$75,598 54

Condition of the office of the Commercial Bank of Natchez, at Canton, September 26, 1838.

RESOURCES.		LIABILITIES.	
Notes discounted	-	Capital stock	\$400,000 00
Due from banks in the State	\$3,083 01	Depositors and deposit certificates	40,561 13
Notes of other banks	109,500 00	Cotton account	41,777 16
Specie	4,712 15	Due banks in the State	15,384 07
		Circulation	136,000 00
<b>Total resources</b>	<b>117,295 16</b>	<b>Total liabilities</b>	<b>634,112 36</b>
		Surplus of resources over liabilities, including capital	8,888 75
		Surplus of resources over liabilities, excluding capital	\$405,938 75

LIABILITIES OF OFFICERS.

No.	Payer.	Endorser.
1	\$20,345 43	\$16,414 36
2	7,997 33	11,911 57
3	600 00	300 00
4	3,000 00	13,750 00
5	33,454 38	41,487 00
<b>Total</b>	<b>65,397 14</b>	<b>83,862 93</b>

In the statement of the bank, the amount of cash is \$114,212 15. The statement showing the kind of funds of which that amount is composed, has been mislaid. \$4,712 15 is put down as specie, which is about the amount that was on hand in December, 1837. The balance is set down as the notes of other banks, when no doubt but a large portion is in the notes of this bank, which would make the circulation much smaller than here represented.

Condition of the Bank of Grenada, September 28, 1838.

RESOURCES.		LIABILITIES.	
Notes discounted	-	Capital stock paid in	\$200,000 00
Due from agents	220,000 00	Depositors	99,644 91
Real estate	-	Bills payable	913 90
Domestic bills	-	Circulation	177,750 00
Notes of other banks	55,716 13	<b>Total liabilities</b>	<b>478,300 90</b>
Specie	195 00		
<b>Total resources</b>	<b>477,424 21</b>	Excess of liabilities over resources, including capital	884 69
		Surplus of resources over liabilities, excluding capital	\$199,115 31

LIABILITIES OF OFFICERS.

No.	Payer.	Endorser.
1	\$3,711 50	\$6,500 00
2	-	2,000 00
3	25,000 00	4,200 00
4	3,000 00	13,700 00
5	3,548 60	5,600 00
6	43,000 00	42,000 00
7	3,000 00	64,300 00
8	13,000 00	750 00
9	3,000 00	33,500 00
10	3,000 00	11,500 00
11	4,000 00	14,000 00
12	3,000 00	2,000 00
<b>Total</b>	<b>107,260 10</b>	<b>200,050 00</b>

The commissioners who examined this bank endeavored, in compliance with the law, to obtain an injunction from Judge Shattuck, but failed. The testimony relating to its organization appears at length in the document containing "the testimony taken by the bank commissioners."

Condition of the Bank of Lexington, October 8, 1838.

RESOURCES.	
Notes discounted	\$167,374 66
Cotton purchased	11,347 46
Due from banks out of the State	\$6,803 33
Due from banks in the State	1,550 00
Real estate	8,353 33
Notes of other banks	6,397 27
Specie	29,604 37
<b>Total resources</b>	<b>214,964 67</b>

LIABILITIES.	
Capital stock paid in	\$168,930 00
Depositors	4,190 76
Sterling bills drawn	28,886 00
Circulation	5,052 00
<b>Total liabilities</b>	<b>207,058 76</b>

Surplus of resources over liabilities, including capital 7,905 91  
 Surplus of resources over liabilities, excluding capital \$176,835 91

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.	Stock paid.
1	\$6,500 00	\$12,753 64	\$101,200 00
2	6,500 00	13,000 00	3,600 00
3	6,500 00	35,229 60	3,670 00
4	6,087 61	9,563 24	3,600 00
5	2,500 00	11,295 94	4,000 00
6	11,500 00	12,000 00	3,600 00
7	1,253 64	21,191 61	3,600 00
8	2,500 00	10,000 00	3,600 00
9	6,500 00	37,087 61	3,600 00
10	5,556 17	-	3,600 00
11	4,000 00	-	3,600 00
<b>Total</b>	<b>59,397 42</b>	<b>162,121 64</b>	<b>134,070 00</b>

In this bank notes have been discounted for the benefit of directors without their endorsement; but such discounts have never been made for persons other than directors.

Two certificates (Nos. 7 and 8) certifying a deposit by F. E. Plummer of \$25,000 each, payable to the order of the gentleman who is president of this bank, and signed by the cashier, were issued before the organization of the Grenada Bank; whereas the funds were not deposited until a few days prior to the examination in October, after the Grenada Bank had been examined. A portion of the funds deposited were notes of the Bank of Grenada, a considerable amount in Brandon money, and the notes of unincorporated banking institutions in this State; a small portion were in United States Bank notes and those of the Union Bank. At the time the certificates were issued, the Union Bank had not commenced operations. The above-mentioned certificates were not obligatory upon this bank unless there was money to the individual credit of the president. These are the identical certificates used in the organization of the Grenada Bank by F. E. Plummer, and called specie funds.

Condition of the Benton and Manchester Railroad and Banking Company, October 10, 1838.

RESOURCES.	
Notes discounted	\$138,398 67
Suspended debt	3,109 00
Cotton account	540 37
Notes of other banks	1,270 00
Specie	12 00
<b>Total resources</b>	<b>143,330 04</b>

LIABILITIES.

Capital stock paid in	\$52,930 00
Depositors and deposit certificates	14,933 45
Circulation	74,584 69
<b>Total liabilities</b>	<b>132,448 14</b>

Surplus of resources over liabilities, including capital 10,881 90  
 Surplus of resources over liabilities, excluding capital \$63,811 90

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.
1	\$4,000 00	\$1,040 00
2	4,000 00	5,500 00
3	4,000 00	6,150 00
4	-	2,100 00
5	4,000 00	8,900 00
6	4,000 00	4,000 00
7	4,000 00	6,500 00
8	1,500 00	5,000 00
9	4,000 00	4,724 37
10	4,000 00	4,000 00
11	4,000 00	-
Total	37,500 00	47,774 37

We can find no authority in the charter of this company to issue notes for circulation. It requires the stock to be paid in specie or the notes of specie-paying banks. The bank attorney gave the opinion that the Citizens' Bank of Madison county was a specie-paying bank, inasmuch as it redeemed its notes of a less denomination than one dollar in specie. In accordance with this opinion, the stock was taken and paid for in the notes of this bank; they were invested in cotton, which was shipped to New Orleans. There the notes of this specie-paying bank were purchased at a discount of thirty per cent, with a portion of the proceeds of the cotton above described. A sufficient amount more of Mississippi paper was purchased at about the same discount, to make up the amount of the original investment. There was still on hand, in good funds, about \$3,000, which were used for the purpose of procuring suitable books, and to pay for engraving, &c.

Condition of the Commercial Bank of Manchester, October 11, 1838.

RESOURCES.	
Notes discounted	\$901,349 12
Exchange purchased	31,245 84
Suspended debt	-
Real estate	18,816 27
Due from banks out of the State	64,482 16
Due from banks in the State	-
Notes of other banks	34,112 63
Specie	30,772 50
Total resources	1,196,327 75

LIABILITIES.

Capital stock paid in	\$731,450 00
Depositors and deposit certificates	79,727 07
Sterling exchange	133,333 30
Due to banks	7 00
Date checks	\$32,287 80
Circulation	178,655 00
Total liabilities	210,942 80
Surplus of resources over liabilities, including capital	\$1,155,460 17
Surplus of resources over liabilities, excluding capital	40,867 58
Surplus of resources over liabilities, excluding capital	\$772,317 58

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.
1	\$4,000 00	\$18,222 17
2	6,999 89	17,282 03
3	5,436 88	57,089 17
4	4,000 00	15,736 19
5	30,191 73	20,270 77
6	7,094 27	3,725 00
7	5,000 00	28,920 40
8	5,700 00	102,770 91
9	4,000 00	1,425 42
10	1,700 00	1,975 50
11	-	-
Total	74,122 77	267,417 56

This bank has not been engaged in any cotton, or meat, or bagging and rope speculations.

Condition of the Citizens' Bank of Madison county, October 14, 1838.

RESOURCES.	
Notes discounted	\$917,574 15
Exchange purchased	5,393 26
Suspended debt	26,863 27
Real estate	7,232 04
Due from agents	20,000 00
Total resources	54,095 31

Due from banks out of the State	\$2,451 09
Due from banks in the State	9,871 24
Notes of other banks	28,201 87
Specie	21,323 19
<b>Total resources</b>	<b>1,038,910 11</b>

LIABILITIES.

Capital stock paid in	\$328,592 54
Depositors and deposit certificates	145,734 68
Due to banks	9,978 50
Circulation	507,050 40
<b>Total liabilities</b>	<b>991,356 12</b>

Surplus of resources over liabilities, including capital stock \$376,146 53

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.
1	\$33,104 02	\$48,327 11
2	19,697 82	44,888 97
3	27,901 38	14,396 88
4	16,597 91	32,950 82
5	36,486 70	14,186 75
6	35,059 15	21,692 32
7	28,032 42	91,845 76
8	13,198 91	56,550 47
9	8,846 14	24,594 55
10		11,972 23
<b>Total</b>	<b>218,924 45</b>	<b>361,407 86</b>

The amount of notes discounted and bills purchased is about three times as great as the capital. The indebtedness of the directory, as principal, is about two-thirds of the capital: this sum, added to the indebtedness of an equal number of other persons, (one of them the overseer of one of the directors,) will make an amount one-third greater than the capital. One director of the Brandon Bank obtained upwards of \$52,000, in consideration of similar favors being extended to some of the directors of this bank.

This bank was organized on the 1st or 3d of August, 1837, fifteen individuals having, on the 3d of July previous, subscribed for \$500,000 of the capital, at Livingston—the only place where commissioners could be induced to take subscriptions, as they did not believe the stock could be taken in compliance with the charter. The bank received the notes of the stockholders, and undertook to convert them into the funds required by law; but failed to do so in the time prescribed in the charter, which required \$50,000 to be paid in specie, or the notes of specie-paying banks, within three months after the organization of the bank. On the 6th of December following, \$20,000 in specie was shipped from New Orleans, intended for this bank, and entered on the books of the bank on the 19th of the same month, being upwards of four months after the organization of the bank. \$179,242 of the present capital (being more than half) is made by transferring to the same "cotton account," of which no account of sales had been received; a larger basis for issues being needed before the account of sales could be received, though the charter authorizes nothing but specie, or the notes of specie-paying banks, to be taken in payment for stock.

Condition of the office of the Commercial and Railroad Bank, Vernon, October 15, 1838.

RESOURCES.

Notes discounted	\$138,642 68
Exchange purchased	509 00
Suspended debt	-
Real estate	45,771 37
Due from banks out of the State	3,370 67
Due from banks in the State	217 86
Notes of other banks	21,807 19
Specie	4,321 46
<b>Total resources</b>	<b>218,534 66</b>

LIABILITIES.

Capital stock	\$100,000 00
Depositors and deposit certificates	10,892 81
Due to banks	40,356 97
Circulation	67,825 00
<b>Total liabilities</b>	<b>219,074 78</b>

Excess of liabilities over resources, including capital \$540 12

Surplus of resources over liabilities, excluding capital \$99,459 88

LIABILITIES OF OFFICERS.

No.	Payor.	Endorser.
1	\$4,000 00	\$2,332 00
2	4,000 00	1,986 00
3	4,000 00	13,438 17
4	1,096 00	
5	7,568 62	5,563 00
6	5,644 00	2,189 12
7		
Total	26,308 62	25,508 29

Condition of the Bank of Mississippi, November 25, 1838.

RESOURCES.

Notes discounted	\$468,700 20
Exchange purchased	10,278 07
Suspended debt	\$478,978 27
Railroad expenditure	97,997 38
Cotton account	7,601 14
Real estate	2,650 84
Due from agents	15,717 76
Due from banks out of the State	40,657 83
Due from banks in the State	206 88
Due from banks in the State	11,798 29
Notes of other banks	52,663 00
Specie	33,327 72
	1,474 63
Total resources	34,802 35
	690,410 74

LIABILITIES.

Capital stock paid in	\$303,015 00
Depositors and deposit certificates	8,238 11
Due banks in the State	1,717 78
Sterling exchange	74,884 45
Circulation	377,734 00
Total liabilities	665,539 34
Surplus of resources over liabilities, including capital	24,821 40
Surplus of resources over liabilities, excluding capital	\$227,836 40

LIABILITIES OF OFFICERS.

No.	Payor.	Stock paid.	Cotton delivered—bales.
1	\$29,241 67	\$15,000 00	167
2	11,059 92	10,000 00	35
3	25,031 62	3,000 00	50
4	3,000 00	5,000 00	
5	4,000 00		
6	39,627 70	1,000 00	340
7	12,000 00	500 00	199
8	3,874 35	5,000 00	
9	28,509 98	2,000 00	363
10	3,600 00	2,000 00	10
11	25,725 26	3,000 00	260
Total	185,670 50	46,500 00	1,424

The liabilities of the officers of this bank are within \$18,345 of the capital. Their indebtedness, as endorsers could not easily be obtained, as the discount credit-book had not been posted for a considerable time past. The cashier was absent, and had taken a portion of the cash to Natchez, and no statement left of the kind of money taken. There was no person in the bank that could state what kind of money the cash was composed of, and therefore the above table may not exhibit the true circulation of the bank. One of the directors assisted in the examination.

Balance-sheet of the Hernando Railroad and Banking Company, December 11, 1838.

Bills receivable	\$160,000	Capital stock	\$50,000
Railroad expense	18,493	land	19,040
Bank expense	2,781	*Sales of lots	106,666
Bank furniture	500	Bills payable	53,334
Real estate	19,040		
Cash	28,226		
	229,040		229,040

J. N. BYBEE, Cashier.

The commissioners visited Hernando in September last, for the purpose of examining the affairs of this institution; which was not accomplished in full, for reasons that will appear from the following resolution, received a few days since, under cover of the following letter:

\* Which is part of the amount of land (town of Commerce) donated to the institution by Messrs. Fletcher & Bridges.

HERNANDO, December 13, 1838.

GENTLEMEN: I have been instructed to enclose you a resolution which was adopted by the board of directors in relation to the funds of the Hernando Railroad and Banking Company; and also a statement of the liabilities, expenditures, and available effects of the board, which I herewith enclose.

I have the honor to be, your obedient and humble servant,  
J. N. BYBEE, Cashier.  
To Messrs. BESANCON, HEGAN, & CALHOUN.

At a meeting of the board of directors of the Hernando Railroad and Banking Company, held in the town of Hernando, on the 11th of December, 1838, it was unanimously

*Resolved*, That the cashier of this institution be authorized to request the commissioners (appointed by the Legislature of the State of Mississippi to examine its banking institutions) to examine the affairs of the Hernando Railroad and Banking Company previous to the meeting of our next Legislature, inasmuch as the president of this institution was unable to exhibit the funds of the bank at the time the commissioners made their examination on the 28th day of September last, because the money belonging to the bank being in the hands of Henry F. Samuel (one of the directors) for safe-keeping, was in another town, subject to the order of the board; and there being not a sufficient number of directors present to make a board, the president was unable to comply with the requisition of the commissioners at that time.

J. N. BYBEE, Cashier.

In explanation we would state, that the director alluded to in the above resolution was present at the partial examination that took place on the 28th September last, and returned to Holly Springs on the same day with the commissioners, where the money was said to be deposited; but he made no exhibit. The stock was taken in the notes of unincorporated banking institutions, Brandon and other bank notes, according to the testimony.

It will be seen, by an examination of the foregoing statements, that 203 directors of 21 banks owe the banks they direct nearly as much as one-half of the entire circulation of the 25 banks. This, however, is only their immediate liabilities as *payor* to their own banks; but as they often have paper discounted for their benefit, without appearing liable either as principal or endorser, and many of them have extensive accommodations in each other's banks, we are unable to state the full amount of bank credit used by these 203 directors.

The general remarks appended to the Brandon Bank report, last August, were intended to apply to the system of banking in this State.

## LIABILITIES OF COMMISSIONERS.

	Payor.	Endorser.
L. A. Besancon	\$8,750 00	
E. F. Calhoun	500 00*	\$6,472
James Hagan	3,466 63†	

JACKSON, January 8, 1838.

Sir: Herewith you will receive the report of the Brandon Bank, and testimony taken by the bank commissioners in relation to the action of various banks in the State.

It appears from the testimony of commissioners to take stock in the Bank of Grenada—from the testimony of the officers of the bank, as well as others—that this institution was organized in violation of the charter, which requires that the stock taken shall be "paid in gold or silver, or the notes of specie-paying banks." William Royall obtained a certificate of specie deposit from the Brandon Bank, amounting to fifty thousand dollars, in order to organize the bank at Grenada; and it appears that no record of said certificate was ever made on the books of the Brandon Bank, nor was there the amount of specie which it called for in possession of the bank. The commissioners to take stock at Grenada also resolved to receive current chartered bank bills; and such paper, as well as the endorsed notes of individuals, was actually received for subscriptions to stock. On stock thus taken the bank was organized, and W. Royall elected president. F. E. Plummer and others proceeded, under cover of the act incorporating this institution, to organize a bank. The testimony taken shows that, by said Plummer's own request, books of subscription were opened at Carrollton, and subscriptions to stock received in the month of May last, some time after the bank had been in operation under the presidency of Mr. Royall. It appears, also, that Mr. Plummer subscribed for most of the stock in Carrollton, in the name of himself and others, and in payment exhibited a certificate of deposit from the bank of Lexington, Miss., payable to the order of the president; but this certificate was not put in possession of the superintendent to take stock at Carrollton; Mr. Plummer retaining it, and proceeding to other points to use it in taking stock. The subscribers to stock thus taken convened at Grenada, and organized another bank, of which said Plummer was elected president. A compromise afterwards took place between the members of this double-headed bank, by which Mr. Royall and a few other directors were transferred to the bank over which Mr. Plummer presided, Mr. Royall being allowed a salary at the rate of \$6,000 per annum during his presidency. In several other points the commissioners deemed that the bank had

\* Paid 22d December, 1838.

† This indebtedness has arisen from the bank having taken my note in exchange for what it considered, I presume, worse paper. I have never had any accommodation, either directly or indirectly, from any bank in the State.

violated her charter, and accordingly they applied to Judge Shattuck for an injunction; which was refused. The testimony on which this application was founded, and the documents above referred to, are respectfully submitted.

The correspondence with the Union Bank, which refused to submit to an examination, is appended.

L. A. BESANCON,  
JAMES HAGAN, } *Bank Commissioners.*  
His Excellency A. G. McNETT.

*Bank of Grenada.*

Books opened on the 8th January, 1838, at Coffman's.

At a meeting of the commissioners of the Grenada Bank on the 20th February, 1838, John A. Wilson, G. K. Morton, John Gibbs, N. Howard, S. Smith, and R. Coffman present.

The report of the commissioners at Grenada, dated the 9th instant, was received, stating that fifty shares of bank stock were taken at that place; which report was ordered to be filed.

On motion of Mr. G. K. Morton, it was  
*Resolved*, That the commissioners of the Grenada (Miss.) Bank receive current chartered bank bills for the first instalment of the stock subscribed for in said bank.

On motion of Mr. G. K. Morton, it was  
*Resolved*, That any two of the commissioners may decide upon the validity of any note presented in payment for stock.

J. A. WILSON, *Chairman.*

At a meeting of the commissioners at Grenada, February 23, 1838, J. A. Wilson, John C. Baker, J. Gibbs, N. Howard, S. Harris, S. Smith, and G. K. Morton present.

It was moved and seconded, that an examination whether there is a sufficient sum of the bank stock subscribed, and, if so, that we proceed to receive the first instalment and organize the bank. There appeared, on examination, that three thousand seven hundred and ninety-six shares were subscribed, and the first instalment paid in.

J. A. WILSON, *Chairman.*

*BANK OF GRENADA, September 30, 1838.*

G. K. Morton affirmed that a majority of the commissioners were present at the opening of the books in Grenada.

The books were opened in Coffman's counting-room in February, 1838. The names of men were subscribed, but nothing paid. There were about 4,000 shares subscribed at Coffman's before the books were closed. The commissioners ordered two or three notices to be put up in town that books would be opened, sent notices to the superintendents at other places, and signed one to Cofferville and Greensboro'. The commissioners at Grenada received only one report from the superintendents appointed at other places, (Greensboro'.) Abram Green and C. S. Hamilton were superin-

tendents at Greensboro'; Dr. Wilson was chairman of the board of commissioners, and Coffman secretary.

The Grenada Savings Institution paid two thousand dollars subscription, and D. M. Beck three hundred and twenty. This was all that was paid. The subscribers, on giving their own notes, secured to the satisfaction of the commissioners, were allowed to vote as stockholders in the election of directors; their notes being taken as money in the payment of stock.

William Royall went to Brandon to obtain the funds necessary to put the bank into operation, (\$50,000,) and returned in February with a certificate of deposit, signed by one of the officers of the Brandon Bank, for \$50,000 in specie. Major Royall said that the arrangement made was, that the certificate was to be returned, and Brandon notes received in its place. He does not know that any citizens in Yallobusha county were indebted to Major Royall for negroes.

The notes of the subscribers for stock were given to Major Royall to keep. Several voted proxies for the directors on organizing the bank, without having any power of attorney.

There was no specie, nor the notes of specie-paying banks, paid in taking stock. There was no subscription for more than one hundred shares for five days after opening the books. Had no evidence that the books were opened at any of the points specified in the charter, except Greensboro'.

It was agreed to, by understanding among the commissioners, that the Legislature meant by "specie, or the notes of specie-paying banks," good bank paper.

The directors were to make notes, to appear as cotton notes, with three names as security; but the understanding from Major Royall was, that the Brandon Bank was to take the notes of the Grenada Bank in payment. No director ever ascertained whether the certificate of deposit of Mr. Royall, from the Brandon Bank, was a *bona fide* certificate. He purchased a bill of exchange from Major Royall, on Minnum & York, amount \$8,000. R. Coffman, Samuel Smith, and self, made a cotton note on the 14th April, 1838, in pursuance of regulations mentioned above, for \$10,000, payable in Brandon, which was discounted for ninety days; and on these funds the Bank of Grenada issued on cotton notes.

A. C. Baine affirmed: He was elected a director, but knew nothing of the organization. There were no visible funds in bank. He demanded the certificate of deposit (\$50,000) from Mr. Royall; but he replied that it was not given him to be used, unless he could not induce the commissioners to take stock notes, payable and negotiable at the Brandon Bank, on his pledge that they would be discounted at Brandon. Mr. Royall admitted that the certificate from Brandon was a false one; or, in his own words, "a sham." This admission was obtained from Royall, on application for information on the subject, in consequence of a report that Mr. Plummer had declared Royall's certificate a false one. The compromise was effected, he thinks, in August.

John A. Wilson affirmed: He was present at the first meeting of the commissioners to organize the Grenada Bank. The secretary was instructed to apprise the superintendents at the other points mentioned in the charter. He does not recollect that any special instructions on the subject, of what kind of funds to be received for stock, were given to super-

intendents. He understood that a copy of the charter was sent to each point. The superintendents did not report, to his knowledge, weekly, to the commissioners at Grenada. Has no recollection of any report being received from any, except the superintendents at Greensboro'. The stockholders at Greensboro' were placed on the list of stockholders by the commissioners. The funds received by the commissioners for stock were a specie certificate on the Brandon Bank for \$50,000. Each stockholder paid his stock by bond or promissory note; or, in other words, each was credited by stock for the amount of each bond or note. He thinks that Mr. Morton was acting secretary of the board when the notes were taken. The bonds or notes were placed in the hands of Mr. Morton. The specie certificate was exhibited; and the person presenting it stated that, in the organization of the bank, if the money it called for was necessary, the bank would furnish it. He does not recollect whether it was ever in the possession of the commissioners. No notes of specie-paying banks were paid. He does not know how many were represented by proxy. He represented some by power of attorney. He paid in a bond for his own, as well as the stock he represented. At the time of election of directors he does not recollect of any communications from superintendents, except Greensboro'. The notice of election was posted up in different parts of the town, there being no paper published. He thought on the appointment of the directors, that the requirements of the law were complied with, and the commissioners acted legally. He swore to a bill of injunction against Mr. Plummer, Mr. Morton, and others. The election of directors was held the next day, or the day after the publication of the notice. Part of the funds received for the first instalment were Brandon notes. Does not recollect the amount. He acted under the belief that the commissioners at Grenada were alone authorized to call a meeting of the stockholders to elect directors. Does not know the description of funds received at other points. Mr. Royall presented the specie certificate to the commissioners.

W. Royall affirmed: He is not aware that publication had been made, before his arrival, that books for subscription to stock in the Grenada Bank would be taken. The books had been opened and stock subscribed at Grenada before he had any understanding with the commissioners. The understanding was, that if he could raise the funds to organize the bank, they would support him for president. Mr. Shelton furnished him with a specie certificate of deposit to organize the Grenada Bank. He was not to use the specie certificate unless he could not organize the bank without it. Mr. Shelton told him that he could organize the bank without it, by taking the notes of the stockholders, well secured, and he would have them discounted at the Brandon Bank; and, with the proceeds, the bank could purchase cotton, and with the proceeds of the cotton they could obtain specie. The funds, books, papers, &c., passed into his hands when the bank was organized. There was no specie, that he recollected, paid in. He thinks that about \$2,320 were received by him from commissioners. The balance of the stock for the first instalment was paid in promissory notes, with cotton bonds, which Mr. Shelton promised to discount at the Brandon Bank. He took the notes to Brandon to have them discounted, but Mr. Shelton told him that such had been the demand on the bank that the bank notes had run out, and he was unable to accommodate him at that time, but so soon as the blanks arrived from the north

he would supply him; and that if the bank at Grenada, or any of the officers of the bank, should send down to Brandon any good cotton note, it would be discounted when funds were wanted. He then brought to Grenada \$11,000 of his own funds, and invested it for the benefit of the bank in cotton, &c. The proceeds of the cotton thus purchased are to be applied to the use of the bank. He had no specie to his credit in the Brandon Bank when he obtained the specie certificate of deposit. He swore to a bill filed in chancery against Plummer and others. He heard Thomas B. Ives say, that when the Manchester Bank petitioned to have its capital stock reduced, and be released from the obligation to locate a branch in the counties of Yallobusha, Tallahatchie, or Ponola, he opposed the petition until the bank promised to loan \$50,000 to enable the citizens to organize the Bank of Grenada. He learned from Mr. Shelton that the Bank of Lexington had promised Samuel M. Puckett a loan of \$50,000, renewable for twenty years. He learned from Mr. Shelton that Samuel M. Puckett, F. E. Plummer, and J. D. W. Smith, organized the Bank of Lexington with a sham certificate of deposit signed by Smith, and payable to his own order, obtained from the Brandon Bank by an informal order during the absence of Mr. Shelton, without consideration. This conversation occurred a few days after the organization of the Lexington Bank.

Thomas B. Ives affirmed: He obtained his information in relation to the proposition of the Manchester Bank, to loan \$50,000 to the citizens to bank on, or rather to organize the Grenada Bank, from Mr. Hamer, the president of the Manchester Bank. This loan was to be made on condition that the members of the Legislature should withdraw opposition to the reduction of the Manchester Bank capital, and the removal of the obligation to put a branch in Yallobusha, Ponola, or Tallahatchie. On this promise, he (Mr. Ives) withdrew his opposition to their petition. Rather than locate this branch, Mr. Hamer said the bank would forfeit its charter. After having obtained their prayer, the Manchester Bank totally refused to comply with the promise of Mr. Hamer. Mr. Grayson, a director of the bank, and a senator from Yazoo county, also declared that whatever arrangement was made by Mr. Hamer should be punctually carried out.

John Gibbs affirmed: He was one of the commissioners to open books at Grenada; was present when instructions were forwarded to other points to superintendents to take stock. He, among other commissioners, agreed to take the notes of individuals, and the notes of the various banks in Mississippi, in payment of stock, because the bank could lay it out in cotton which would obtain specie. No weekly returns were received, except from Greensborough, until after the commissioners had organized the bank. He thinks the votes of the stockholders were graduated according to charter. There was no specie, nor the notes of specie-paying banks.

William Royall states that the new organization received the stock, as subscribed, under the old, except such an amount as subscribers chose to withdraw, which they were privileged to do.

F. E. Plummer affirmed: On the 6th day of January, 1838, he met the commissioners of the Grenada Bank, and he understood from their record that they intended to take the current notes of the Mississippi banks in payment of the first instalment of stock subscribed at that place. He was present in taking stock at Brandon, and subscribed there; but did not pay his subscription at the time of subscribing, but arranged to do so. He

bore the returns from Brandon, but did not receive the funds from the commissioners. There were no funds paid over by the superintendents to him for the bank he presides over. G. W. Johnston, A. W. Bartlett, J. H. McRae, Williamson & Bridges, superintendents, were present when the directory was elected. He does not know of his own personal knowledge that any money was received from the commissioners to take stock by the bank after it was organized; but understood that the whole amount of the subscription was paid to the cashier. He heard that funds to cover the charter were paid; but does not know of his own personal knowledge any person who knows the fact. He would not swear that any officer of the bank received from the commissioner such funds. He was in Carrollton when the books were opened, and saw the commissioners. He was in Tuscaloosa when the books were opened, and he was in Tullahoma and other places when the books were opened and stock taken. He took stock for individuals at Carrollton, at Tuscaloosa, at Brandon, and at other places. Had powers of attorney from most of them, except his brothers, to take stock. He declines answering whether any money was paid in to the commissioners at those points when the stock was subscribed. He paid in the funds to the commissioners for the persons for whom he subscribed; but declines answering the kind of funds paid. He paid for stock at one point with each specie certificate of deposit Nos. 7 and 8, from the Bank of Lexington, Mississippi—one at Tuscaloosa, and the other at Tullahoma, he thinks. For stock at the other points, he thinks there were notes of the Lexington, Benton and Manchester, Brandon, Citizens' Agricultural, Commercial and Planers' Bank paper received, he believes, by the superintendents, or some other persons acting for the institution.

Samuel Pool affirmed: Subscribed through Mr. Smith for one hundred shares, but gave no power of attorney to take stock, or to vote, except a verbal one. He voted for himself. He subscribed in the names of his two brothers, who were not in the State, without powers of attorney. He paid nothing on subscribing, but executed his note, with security, payable in the Brandon Bank, for the amount of the first instalment. He learned, through Mr. Smith, one of the commissioners, that the notes given in payment for the subscription of stock were to have been discounted in the Brandon Bank. He took up his stock-note payable in Brandon, after the bank went into operation, as it was not discounted agreeably to expectation, and replaced it by a note payable in Grenada: the amount of the note is \$2,114 12, or thereabouts; for this note he has received no certificate of stock, nor the first red cent.

Mr. Pool further affirmed: That Mr. Plummer said the bank would do an exclusive cotton business—that is, confine her discounts to cotton bonds; and that no man should receive an accommodation who was not an avowed friend of the bank. That Mr. Plummer said, William M. Beal had told him to *set his peg*—meaning that he would accept for him to any amount. Said Plummer swore by God that he could load steamboats with produce, groceries, and goods, and bring here; and by God he would do it, if the merchants continued hostile to his institution. Does not swear that these were the precise words used by Plummer, but the meaning was the same.

A. Harris affirmed: He was in Brandon when stock of the Grenada Bank was taken, but was not privy to the facts. He does not recollect the date or number of the certificate of deposit of the Brandon Bank with

which Major Royall was to take stock in the Grenada Bank; the amount was \$50,000; the certificate was signed by himself, as teller of the Brandon Bank. He did not know that Mr. Royall had funds to that amount in bank, but the certificate was issued by and with the consent of the president, and some of the directors. The form of the certificate was obligatory on the bank; but he had in his possession an instrument of writing from Mr. Royall, stating the circumstances under which the certificate was issued; and that he would not use it unless compelled. The certificate calls for specie; there were not fifty thousand dollars of specie in the Brandon Bank at that time; but Mr. Shelton promised that, if the certificate was presented for payment, funds should be provided to meet it. There was no entry of the certificate made in the books of the Brandon Bank. He was appointed cashier of the Grenada Bank; but the funds and papers of the bank were never placed in his hands, he having been despatched to the north on business of the bank. He is not aware that any certificate of deposit of similar character was obtained from the Brandon Bank, for the purpose of organizing the Lexington Bank. He has no positive knowledge that Mr. Plummer received a specie certificate of the Lexington Bank. He retained two thousand dollars of the first instalment of twenty dollars a share on one hundred shares of stock, to bear his expenses to the north, and to procure such materials for the bank as he thought necessary. The certificate of stock he received from Mr. Royall, signed by him.

William Robb affirmed: He cannot say that he was present when books of the Grenada Bank were opened for subscription to stock. He did not subscribe for stock. Different individuals asked him to subscribe, and offered to supply him with money to do so; it was a general understanding that the money was to be supplied. Mr. Plummer, he understood, was to supply the funds to those who subscribed for stock, and the stock was then to be mortgaged to Plummer, who, he understood, was to conduct the bank. This he asserts to the best of his knowledge. He understood that Mr. Beck paid three hundred dollars. He does not know of any individual who gave Plummer a power of attorney to take stock. He did not hear any remark from Plummer that he would break down all who opposed his bank; it was a general remark, that he would wield the whole of the commercial interest of the country through the bank. He understood that the agents of the bank are advancing on cotton.

James Collins affirmed: The books were opened in Carrollton for the purpose of taking stock in the Bank of Grenada some time in May, 1838. He is one of the commissioners appointed by the Legislature to open the books in Carrollton. He never received any instructions from the commissioners at Grenada to open books at Carrollton; but he opened the books at the request of F. E. Plummer. A few persons subscribed for stock, and Mr. Plummer told them he would pay the first instalment for them.

Mr. Plummer subscribed for several, but he neither paid their subscriptions, nor that of the others who subscribed. There was neither specie, nor the notes of specie-paying banks, paid to the superintendents or commissioners who opened the books at Carrollton. Mr. Plummer exhibited what purported to be certificates of deposit—one of which was from the Bank of Lexington, Mississippi; but he put them into his pocket and

carried them off. He and Mr. Rhodes are the only commissioners specified in the charter, who were present at the taking of stock at Carrollton. J. H. McRae affirms: That he was present at the opening of the books at Tusculhoma, about the 14th of May. That sundry persons subscribed for stock. That he received a check upon the Planters' Bank, or a certificate of deposit from the Lexington Bank, amounting to \$40,000, in one check or certificate, being the first instalment, for various persons who subscribed, and for whom Mr. Plummer subscribed. Received no other funds than the certificate or check for \$40,000. Was present at the election of directors. Placed funds in the hands of cashier, Mr. Wharton. Several commissioners were present at the election of directors. Did not receive any other funds, or see any paid to bank, by any other superintendent. Certificate was made payable to J. De Wolfe Smith; does not recollect whether it was endorsed. Is sure that at least fifty persons voted; thinks there were one hundred voted proxies, without being compelled to exhibit authority to the commissioners.

Thomas Rhodes affirms: That he was present some time in May, at opening of books for subscription to stock of the Grenada Bank; does not recollect of any other superintendents being present than James Collins and himself; opened books at the request of F. E. Plummer. Mr. P. subscribed for the largest portion, in the names of other persons. Does not know of any one else paying, besides F. E. Plummer, who paid the whole amount that was paid—most of it in the form of certificates of deposit. Did not receive either the specie or the notes of specie-paying banks; nor was any specie or notes of specie-paying banks received by the superintendents, in payment of stock. The funds never were *bona fide* in the possession of the superintendents, but merely exhibited to them by Mr. Plummer, and taken away by him. Most persons who subscribed did so at the request of Mr. Plummer, and upon his declaration that he would furnish the funds. It was his understanding that the amount subscribed in the name of his little daughter was for Mr. Plummer himself; presumed others were the same.

I do certify that William Hanley is entitled to fifty shares in the capital stock of the Bank of Grenada, Mississippi, on their books of subscription at Grenada, upon which twenty dollars per share has been paid.

Given under my hand, by order of the board of commissioners, this 26th day of February, 1838.

G. K. MORTON.

Mr. Morton gave such certificates of stock by order of commissioners.

GRENADA, Miss., May 30, 1837.

GENTLEMEN: A meeting of the superintendents appointed by the Legislature, at the last session, for the purpose of apportioning the stock of the Bank of Grenada, Mississippi, at Grenada, and to appoint other places at which books of subscription should be opened, convened on Monday the 29th instant, and appointed you, Doctor S. Greer, A. Greer, and Doctor O. S. Hamilton, superintendents to open books for subscription for stock in the said Bank of Grenada, in the town of Grenada, with the privilege of appointing two other persons to superintend with you.

Enclosed you will find a copy of the charter; and, if possible, it will be best, perhaps, to open books on the first Monday in June, as will become law.

Yours, &c.,

S. SMITH, Secretary.

Messrs. GREER, HAMMROV, and others.

On the 27th September, 1838, the following entries are found on the books of the bank:

Stock deposited by Wm. Royal, being the first instalment on stock subscribed at Grenada	\$54,120 00
Stock deposited by F. E. Plummer, being the first instalment on stock subscribed at other places	145,880 00
	<u>\$200,000 00</u>

This is the first entry made on account of stock.

Bank of Vicksburg.

Mr. John Stinson affirmed: That Henry S. Dawson had consigned him one hundred barrels of pork, which he limited at thirty dollars per barrel. This was two dollars per barrel over market price at that time. He was instructed to take only the paper of the old river banks in payment, and to reject the notes of the Bank of Vicksburg, Water Works Bank, the Brandon Bank, and the Citizens' Bank of Madison county. The instructions were received within the last month, (about July 12, 1838.) He (Stinson) was unable to sell at that price, (being over market price,) and Mr. Harvey, in the name of Mr. Dawson, removed the pork from his store to that of Aikin & Gwin. He thinks that the agents told him to sell for Brandon paper, adding on the discounts at which it was selling in the streets. Mr. Dawson wrote to him about the pork, telling him that Mr. Harvey would instruct him further as to the kind of money to sell for, and the price. He (Stinson) made a sale at twenty-eight dollars per barrel for Citizens' Bank paper; but Mr. Dawson refused to let it go, stating that pork had risen in New Orleans. On the sale he charged commissions, but Harvey refused to allow them. There was no invoice with the pork, but merely the letter of instructions. He (Stinson) thinks that the price of pork in Cincinnati at the same time was thirteen dollars a barrel—not over fourteen dollars. He bought, on his own account, about two months previous, pork for sixteen dollars, in Brandon money, in Vicksburg. He has no doubt of the fact that the great rise in the price of pork, in Louisville, Cincinnati, and New Orleans, was caused by the large quantities purchased in these markets for banks. Pork was selling in Vicksburg for twenty-eight dollars, for every description of money, when Mr. Dawson sent him the consignment, with orders to sell at thirty dollars. Freight from Cincinnati, in Mississippi currency, about one dollar per barrel. Mr. J. K. Patterson affirmed: He had received 100 barrels of mess and 20 of prime pork, on consignment, with orders from Henry S. Dawson to call on Mr. W. Harvey for general instructions in relation to prices, &c.

Mr. Harvey said that Mr. Chewning, the president of the Commercial and Railroad Bank of Vicksburg, told him to take any Mississippi money, except Brandon and Water Works money; the Railroad Bank at the same time was taking Water Works money in payment at its counter. But, on consulting with Harvey further, he told deponent to call and see Mr. A. M. Paxton, and that he would see Paxton himself on the subject of the kind of money to be taken for the pork; but Mr. Paxton was not in his office, and he then called on Mr. Millikin, cashier of the Bank of Vicksburg, to obtain information. Millikin told him to take any Mississippi money, graduating the price from 28 to 26 dollars, rating Brandon, Water Works, &c., the lowest, and the old river banks the highest. He showed Millikin Mr. Dawson's letter of instructions. Part of the pork was afterwards sent to New Orleans. After getting Millikin's instructions, Harvey told him to use his own discretion.

The following is Mr. Dawson's letter of instructions to J. K. Patterson:

LOUISVILLE, May 4, 1838.

(Per steamer Independence.)

I have taken the liberty of sending you a small lot of very fine pork, which I wish you to sell on the best terms. You may hold firm at the market price, as the article will surely advance. This market, together with all the markets above, including Cincinnati, could not now produce one thousand barrels. It has risen in value, since I purchased, from 16½ to 17 dollars per barrel. I have written at length to Wm. Harvey, by whom you will be regulated as to price. However, do not miss a good sale, and take nothing but river banks in payment, except Commercial Bank of Manchester, and of course the branches of the Planters' Bank. Do not take Lake Washington or Water Works, unless the Bank of Vicksburg and the Commercial and Railroad Bank of Vicksburg will take them on deposit. I also send you a lot of very superior flour, which please sell only at the best prices.

In haste, yours,

HENRY S. DAWSON.

J. K. PATTERSON.

Letter of instructions from Henry S. Dawson to McDowell, Harris, & Co., Vicksburg.

LOUISVILLE, June 20, 1838.

GENTLEMEN: Enclosed I send you a bill of lading for 637 pieces of bagging, and a part only of the rope which belongs to the same. The remainder I send to-morrow in the Brown. You will find 127 coils of rope, very inferior; but I was forced to take it in order to get the bagging. This lot you must put to itself, and sell with the best bagging. I got it something lower, and can sell it for less than a fair article. I will send you a pretty lot of rope, which you may sell with Higgins's brand of bagging. If you do not separate the good from the inferior rope, and sell it with the best bagging, you will never sell it. You must preach up the strength of the rope, is all with good bagging. All these things will be by you well managed, I have no doubt. Prices are considerably up here within the last thirty days. Good brands are now from 20 to 21, and under a limit to 25; and I venture to predict that medium will sell here for

25 cents in sixty or ninety days. The stock on hand is very small. Mississippi, Arkansas, Tennessee, and North Alabama, in a great measure are to be furnished. I have no doubt but that a good article will sell for less than 30 to 35 cents; even at 30 it will not pay to future buyers. I shall be compelled to sell for cash, or to such men only as you will guaranty prompt payments for; and in all cases I must confine you to the notes of the river banks, and as I will not be able to pay with the interior banks; consequently I cannot receive it. If you have any objections to sell with these instructions, be so good as to hand over the shipment to McCutchen & Bradley. But I hope there will be no difficulty. I presume that Coleman & Ward have written to you; they will not ship to you until late. You will receive shipments from them by the time you sell my lot. I send a lot to Aikin & Gwin and to Scott & Norcum. You will consult with Harvey in relation to price; and when you can advance in price, he will make it simultaneous, so that one house will not undersell the other. I verily believe it will get up to 35 cents very shortly. The price of the rope you must regulate for good qualities. The inferior lot I send you, sell for all you can; but sell. Act in concert with Harvey; you will see him often.

In great haste, yours truly,

HENRY S. DAWSON.

Wm. A. Lake, director of the Bank of Vicksburg, affirmed: Never voted for the discount of a note which he knew to be a stock note.

Wm. F. Markham, president of the Bank of Vicksburg, affirmed: Never voted for the discount of any note which he knew to be a stock note. In reply to the question, whether Henry S. Dawson had given bonds for the faithful performance of the trust reposed in him as agent for the Bank of Vicksburg, he (Markham) affirmed that he had not. He states that Mr. Dawson had received from the bank checks to the amount of \$55,000, to be invested for the benefit of the bank; \$25,000 of which had been laid out, the other \$30,000 he has not yet heard of being invested. Mr. M. affirms that the first notes discounted by the bank were paid in checks for ordinary Mississippi currency. He gave a check on the Railroad Bank for the net proceeds of the note discounted.

R. B. Millikin affirmed, (cashier of the Bank of Vicksburg:) Thinks that Mr. Dawson has invested \$30,000 for the Bank of Vicksburg. Thinks that no stock notes were discounted.

J. J. Chewning, president of the Commercial and Railroad Bank of Vicksburg, affirmed: That the loan of \$20,000 to A. M. Payne, T. J. Randolph, and others, for thirty days, was given to commence building the water-works, and not to bank on. It was not paid at maturity, but remained.

In relation to the Bank of Vicksburg, he affirmed that funds of the Commercial Bank were not obtained, with his knowledge, for the purpose of a pledge for Canal Bank notes. He knows how the Canal Bank notes were obtained; but as it was a private matter, not connected with this bank, he refused to tell. He understands that Mr. W. M. Beall gave two securities on the paper, by which he obtained the Canal Bank funds—Mr. Erwin and Mr. Denton.

James R. McDowell affirmed:

Question. What do you know of the transactions of the Brandon Bank in bagging, rope, and produce?

*Answer.* Harris, McDowell & Co. have received pork, lard, and bacon, to the amount of about \$20,000; \$3,000 of which were put in the hands of Muir, Moore, & Co., of Grand Gulf. The orders of the bank were, to let the planters have the produce at New Orleans prices; where the articles were purchased, with the addition of freight and storage; and the produce was thus disposed of. The orders from the bank ran thus: "Let the bearer, have dollars worth of articles, at the New Orleans prices, and take Brandon money in payment." The bank lost the amount of the exchange on New Orleans by this transaction.

Wm. R. Norcom affirmed:

*Question.* Do you know any thing relative to the Bank of Vicksburg dealing in provisions, rope, or bagging?

*Answer.* I received a quantity of pork, bagging, and bale-rope, from Mr. H. S. Dawson. [Here Mr. N. showed a letter.] He was in no instance to take Brandon money, nor Lake Washington nor Water Works, except received on deposit in the Commercial and Railroad Bank. Was instructed not to take any interior bank paper, except the branches of the Commercial and Planters' Bank of Natchez and the Commercial Bank of Manchester.

*Question.* Do you know what the pork cost in Cincinnati at the time it was purchased?

*Answer.* I do not.

*Question.* Did you purchase any pork about the same time?

*Answer.* I did not, but sold about fifteen barrels at the best price that could be obtained in Vicksburg for current river money. The balance was shipped to New Orleans.

A. M. Paxton affirmed:

*Question.* Do you know whether a note or notes have been discounted on the Bank of Vicksburg, knowing it to be a stock note?

*Answer.* I do not know that such has been done.

James R. McDowell affirmed:

*Question.* Do you know of any transactions of the Bank of Vicksburg dealing in bagging, rope, or pork?

*Answer.* Henry S. Dawson shipped to the house of Harris, McDowell, & Co., from Cincinnati, about one thousand pieces of bagging and rope. [Mr. McDowell showed a letter from H. S. Dawson.] The bagging still remains unsold, except a portion which was damaged.

*Question.* Do you know whether this bagging or rope was shipped on account of the Bank of Vicksburg?

*Answer.* It was shipped in the name of Henry S. Dawson, as per letter of instructions above alluded to.

Benj. C. Bradley, of the house of McCutchen & Bradley, affirmed:

*Question.* Did you receive a lot of pork, flour, and bagging, from Mr. H. S. Dawson, knowing it to be for the Bank of Vicksburg?

*Answer.* About the 19th or 20th of May I received a large lot of pork and flour from H. S. Dawson, but declined receiving the bagging, as we had a large quantity on hand. The pork was to be sold for \$30 per barrel, for river money; but it was afterwards sent to New Orleans by Mr. Harvey.

*Question.* Did the Bank of Vicksburg give your house any instructions?

*Answer.* It did not; but the instructions came from Mr. Henry S. Dawson.

[Here Mr. B. showed the letter of instructions, which was the same given to Norcom & Co., and McDowell and others.]

*Question.* Did pork rise at Cincinnati at the time you were instructed to ask \$30 for it here?

*Answer.* A small rise did take place up the river, and we put it up here correspondingly.

*Commercial Bank of Columbus.*

Charles H. Abert, cashier, affirmed: That no director, stockholder, nor others, have obtained an accommodation in bank without appearing on the books either as drawer or discounteer.

*Tombigbee Bank of Columbus.*

Dr. A. N. Jones, president, affirmed: That he has had notes discounted for his benefit without being liable either as drawer, discountee, or endorser. Thinks that most of the directors have had similar accommodations. Prefers that description of paper. Officers of the bank have not received foreign funds, except what appears on the books in their name. Thinks there is paper in bank which was made for directors in order to procure accommodations, and on which they were not liable. Had no paper of this description made for himself. Knows of no stockholders, other than directors, who have had similar accommodations. He never proposed to lend any bank specie to prepare for examination. Has proposed to deposit \$50,000 of specie in the Vicksburg Commercial and Railroad Bank, as evidence of confidence, and did not care how they used it. Offered, also, to lend the same bank specie before suspension. The bank has sold Mobile notes at a premium of five per cent. at Gainesville, and ten per cent. at Columbus.

L. N. Hatch, one of the directors, bought Mobile funds of the bank at ten per cent. premium, and sold them at fifteen per cent.

F. F. Gibson affirmed: That he received checks, Nos. 78, 79, and 80, of the Tombigbee Railroad Company, drawn on the Phoenix Bank, New York, amounting to \$10,000. That he received from the same bank certificates of deposit on Mobile banks, and Alabama money to the amount of \$10,015 97, which he took to New Orleans and invested in Mississippi money by order of the directors; returned to the bank \$6,671 16 more than he received, and got \$500 for his services.

[This speculation was commenced 9th May, 1838.]

*Citizens' Bank of Madison County.*

Edmund H. Powell (a director) affirmed: That there was no money paid, to his knowledge, when any one subscribed for stock. The bank was organized on the 1st of August, 1837, or on the 3d. The subscriptions were made at Livingston, on the last day prescribed by the charter.

The stockholders, on organizing the bank, executed their notes, payable in three months to the bank, for the first instalment; and the bank undertook to convert these notes into specie before the expiration of the time. [The charter of the bank gives stockholders three months from the organization of the bank to make the first payment of 10 per cent. on the stock in specie, or the notes of specie-paying banks.] The first statement of the bank was on the 19th of December, 1837, showing \$20,515 in specie. The capital stock was then represented at \$50,000.

*Natchez, Mississippi.*

Stephen Duncan, of Natchez, affirmed: That the Agricultural Bank, to his knowledge, never purchased either its own paper, or the paper of any other Mississippi bank. That the agents of the Agricultural Bank, (Brown, Brothers, & Co., of New York,) had purchased certificates of deposit at eleven per cent. discount on the Aberdeen and Pontotoc Railroad Bank, and the Commercial Bank of Vicksburg, to the amount of \$20,000 or \$30,000; but the bank never gave orders for such investment, and disapproved of the measure; and that the bank incurred inconvenience and loss in replacing the funds thus used in New York, where they were wanted to meet the demands maturing against the bank. He understood that Minturn & York, of New Orleans, had acted as agents for the Brandon Bank, and purchased \$40,000 or \$50,000 of her paper. He would consider it legitimate and proper for the Agricultural Bank to purchase the notes of the Brandon Bank, if she had funds to spare. The Agricultural Bank had purchased cotton, and had advanced on it from \$50 to \$60 per bale—amounting, in all, to \$1,100,000. She had several agents besides Postlethwaite and Mr. Ferriday. Think the bank will lose from \$7 to \$10 per bale on the cotton purchased. She obtained from the Brandon Bank checks to the amount of about \$10,000, and about an equal amount from the Grand Gulf Bank. She purchased sterling bills from the Rodney Bank to the amount of £2,500, at a premium of 25 per cent., and lost 15 per cent. by the operation. The bank allowed the planter the foreign exchange from New York or New Orleans, and retained the domestic exchange to herself. She has not checked for any of her northern funds, except to pay the debt due abroad.

James C. Wilkins affirmed:

*Question.* Have you, either directly or indirectly, purchased the notes of any Mississippi bank or banks, by order of the president, directors, cashier, or either of them?

Refuses to answer, on the ground that his official oath precludes the revelation of any of the business of the bank; cannot make any disclosures of the transactions of the bank.

Samuel Davis affirmed: To the question propounded to Mr. Wilkins, he declines to divulge what occurred while director of the Planters' Bank, on the grounds of his official oath. He did not act as agent for the bank subsequent to his directorship. He received no sterling exchange, nor checks on any point out of the State, from any bank in Mississippi. He does not know of any bank in Mississippi having purchased its own or other bank paper. Has no direct or indirect knowledge of the amount of sales received by the Planters' Bank. Declines to tell the account of sales received by the Planters' Bank, exclusive of that due to the Federal

Government. The Planters' Bank has sold checks on the north at ten per cent. He knows who are the bank agents for the sale of cotton, but declines answering. She ships directly to Europe. Cannot state definitely the amount the Planters' Bank could now check for; does not know. He paid the interest on the State bonds in July and September, 1837, at the Phoenix Bank, New York, in Phoenix Bank funds. Paid forty thousand dollars in September. There was no objection made to the kind of money the instalment was paid in. He declines telling how many proxies he held in the election of the directors of the Planters' Bank. Declines also telling whether the line of discounts had increased or diminished since the suspension of specie payments. Several others held proxies in the election of officers of the Planters' Bank. His residence is in Natchez the greater part of the year; located his family in Philadelphia in September, 1837. Planters' Bank declared five per cent. dividend in December last.

James Stockman affirmed: That he has acted as agent for the purchase of cotton for the Planters' Bank. Has books in which all cotton so purchased is entered. No oath is taken by the directory of the Planters' Bank (he is a director) not to divulge the transactions of the bank. Declines answering any question as director of the Planters' Bank, or cotton agent for said bank, put by the bank commissioners of the State.

W. Ferriday affirmed: That he has not, either directly or indirectly, purchased the notes of any of the Mississippi banks, by order of the president, directors, or cashier of said banks. That he heard Mr. Shelton request Mr. Bennett, of New Orleans, to invest certain moneys in the hands of Bennett, Ferriday, & Co. in Mississippi bank notes; but does not know whether the funds belonged to the Brandon Bank, or to Mr. Shelton himself. Has bought checks (February 1, 1838) of Planters' Bank for her own notes, at ten per cent. premium on Philadelphia. Has acted as agent for the Agricultural Bank in the purchase of cotton, and will furnish the commissioners with the amount. Has shipped about 8,000 bales for the Planters' Bank. Shipped generally from Natchez to W. & J. Brown & Co., of Liverpool; shipments sometimes made from New Orleans. His commissions were one dollar per bale. He paid \$20,000, Rodney money, for the Agricultural Bank, in advance; but he generally sent the invoice of the planter to the bank, and the amount was then passed to his credit.

George Powell affirmed: Has not purchased, either directly or indirectly, the paper of any of the Mississippi banks, by order of said banks. Has acted as agent for the Agricultural Bank in the purchase of checks. Purchased of the Grand Gulf Bank \$11,600 of checks, at 5 per cent.; (\$1,600 of which was for self). From the Bank of Rodney he obtained £4,000 sterling exchange, at 25 per cent. premium; and also checks on New York, at twenty-five and thirty days sight, to the amount of \$12,000 or \$15,000, at 10 or 11 per cent. He paid Planters' Bank 15 per cent. premium for \$10,000 of checks. Knows that the bank sold checks at 10 per cent. before and after. He heard that certain persons acted as agents for banks in the purchase of Mississippi bank notes; but has no personal knowledge of the fact. The funds for which he obtained checks of the Rodney Bank were current Mississippi paper. The Grand Gulf Bank received only its own paper.

Judge P. Ellis affirmed: That he was manager for conducting the election of the Planters' Bank. Does not recollect the number of proxies held by any one, but believes that Mr. Davis could control the election.

H. D. Mandeville, jun., affirmed: That he was manager for conducting the election of the Planters' Bank. Thinks Mr. Davis represented the largest amount of stock; is not certain that it controlled the election. Powers of attorney and stock-book were examined on giving votes of proxies. Does not recollect how many suits he has instituted for the Agricultural Bank; could furnish it; thinks it not half a million. Has not received any special instructions from the bank, except not to sue if security should be given. Declines telling the amount sued for till after further advisement.

Colonel Henry Chotard affirmed: That he was judge at last election of directors of Planters' Bank. Cannot tell exactly the number of proxies held by any one. Two persons, S. Davis and J. C. Wilkins, held proxies; thinks Davis held enough to control the election. Vouchers were always satisfactory, except in one or two cases, in which Mr. Davis's votes were rejected.

John B. Nevitt affirmed: Refuses to answer any question in relation to the Planters' Bank. Was sworn by a notary public when he became a director of the Planters' Bank. His construction of the charter and his oath compelled him to limit the action of the bank to the letter of the charter, and, therefore, refuses to admit the bank commissioners to examine the bank. His conscience compelled him to limit the action of the bank to the letter of the charter.

Question. Does the letter of the charter, in your conscience, allow the bank to purchase cotton?

Refused to answer this question.

H. D. Mandeville, sen., affirmed: Will reply to such questions as he feels at liberty to reply to. He acted as secretary to the judges of last election of directors of Planters' Bank. Refuses to tell the number of proxies held by any one individual at last election. Will not tell how much cotton the bank has purchased. Does not know of any bank that has purchased Mississippi bank paper; has heard of several banks doing it, but has no data to prove it.

Gilbert Morgan affirmed: Has never purchased Mississippi bank paper by order of any of the banks or the officers. Has never got city paper from the banks in exchange for branch paper. Thinks that Mr. Powell told him that he got one or two notes discounted in the Planters' Bank.

Thomas Bernard affirmed: That at the election before last, of directors of the Planters' Bank, S. Davis held 1,600 or 1,800 votes, and controlled the election. Lacoste and Wilkins held the next highest number of votes. At that election, the old commission merchants were all re-elected. Has sold 150 bales of cotton to the Agricultural Bank, at 13 cents per pound. Received part in the notes of the bank, and part in credit on a note on which he was an endorser.

John A. Guinman affirmed: That the oath of the directors of Planters' Bank merely requires to do duty according to the charter, and he believes the by-laws. Would not consider the by-law oath binding, unless according to charter. Would not view the oath of bank director as prohibiting any examination of the affairs of the Planters' Bank by this State. Samuel Picher affirmed: That the books of the Planters' Bank were never written up during his stay in the bank; but thinks that four houses were liable at one time to the Planters' Bank for \$2,000,000.

E. P. Forziquet affirmed: He left the bank on the 7th of March, 1836. Has known of discussions on the right of voting for directors; and S.

Davis held the largest number of votes, (1,600 or 1,800,) and controlled the election. Has known of notes frequently being discounted by the president alone, without submitting the paper to the board of directors. Burke, Wat, & Co., Stanton, Buckner & Co., Briggs, Lacoste, & Co., and Shipp, Ferriday, & Co., were liable to the Planters' Bank for \$2,000,000. Has known of notes being discounted by bill committee, generally renews, to large amounts. Knows that every director's accommodation exceeded \$6,000, but partly business paper. Has known the bill committee to discount a note to take up a bill.

Mr. Britton affirmed: That he never purchased Mississippi bank paper by order or for the benefit of the president, directors, or cashier of any of the said banks. Has purchased checks of the banks. About last January he paid the Planters' Bank ten per cent premium; purchased of the Commercial Bank (Natchez) at five per cent, all for city paper. The Planters' Bank would not take its own branch paper. He purchased of the Rodney Bank checks at eleven per cent. for any State bank paper, except Brandon, and ten per cent for their own issues. He purchased of the Grand Gulf Bank checks at five per cent for their own money; the bank gave him a little over one-third in checks, and balance in post-notes. He was informed by some persons in the broker's office in New Orleans that there were agents buying Mississippi bank paper for the benefit of the banks; but does not know their names, nor the facts of his own knowledge. The brokers in New Orleans gave it as their opinion that those agents were acting for the Mississippi banks. Has seen checks in New Orleans from Woodville Bank in favor of W. M. Goodrich, for \$1,000, on the Fulton Bank of New York; thinks one was No. 235. Understood that Goodrich had \$8,000 in their checks. He had never got city funds from the banks in Natchez in exchange for other paper; he got checks on branches, and redeemed them with city paper. He has obtained, partly through others, about \$8,000 in checks from the Planters' Bank; from the Commercial Bank about \$500 or \$600; from the Rodney Bank about \$5,000, at different times, \$3,000 being obtained at one time; and about \$710 from the Grand Gulf Bank.

H. P. Postlethwaite affirmed: Has acted as cotton agent for the Agricultural Bank; has purchased for it, and sent to press, but did not ship the cotton. He will furnish from his books the amount of cotton so purchased. Cotton was generally shipped from Natchez; some sent to New Orleans. Got a commission of one dollar per bale. Thinks W. Ferriday bought some cotton for the Agricultural Bank; thinks the bank has received sales of one lot bought by him of Mr. Kimmison, of Franklin county, for which he gave 13 cents a pound, except a small part at 12½ cents; he gave a receipt to the bank, and obtained the funds necessary to pay for the cotton purchased. The bank was generally indebted to him; but, as soon as he exhibited evidence of purchase of cotton, the funds were forthcoming. Paid at first Agricultural and other city paper for cotton. Thinks Mr. D. C. Michie also bought for the Agricultural Bank. The Agricultural Bank refused to advance over \$50 a bale in March, or about that period. He never received northern funds from the Agricultural Bank. He got a check in March from the Brandon Bank for nearly \$4,000.

Samuel Cotton affirmed: Thinks that about twenty voted for the directory at the last election of the Planters' Bank. S. Davis cast the largest number of votes; he cast more than all the balance, and, of course, con-

trolled the election. Colonel Wilkins held the next largest number of proxies, and voted for the same individuals as directors. He has sold cotton to the Planters' Bank to the amount of \$5,000 or \$6,000. He received \$3,000 in notes of the mother bank. For last sales he has had to take country notes; and part he cannot get paid him, unless he consents to take unbankable paper from Stockman, the agent of the bank.

This is one of Stockman's due-bills:  
 Due Samuel Cotton thirteen hundred and seventy-seven dollars, being a balance due on Mrs. Hunt's cotton sold me for Planters' Bank.  
 JAMES STOCKMAN.

Has had to take money from the agents of the Planters' Bank, that ranged from seven to ten per cent. below Planters' Bank money in New Orleans, Tombigbee, Brandon, Citizens' Bank, &c.

*Condition of the Brandon Bank.*

At a meeting of the board of directors of the Mississippi and Alabama Railroad Company at Brandon, on the 2d July, the following preamble and resolutions were unanimously adopted:

Whereas there is no authority in the charter of this bank, or under any law of this State, authorizing an examination of this institution by the bank commissioners; and whereas it is desirable that this institution should, in common with every banking institution in the State, be examined by said commissioners, in order that the public may know the condition of the State currency; therefore,

*Resolved*, That the president of this institution be, and he is hereby, required to invite the commissioners appointed by authority of this State to examine this institution at such time as may suit their convenience.

Attest: Z. P. WARDELL, *Cashier*.

At a meeting of the directors of the Mississippi and Alabama Railroad Company, held at their banking-house in Brandon, August 4, 1838, the following resolution was adopted:

*Resolved*, That the bank commissioners be requested to publish forthwith a copy of their report in relation to the condition of this institution. A true copy from the minutes:

Z. P. WARDELL, *Cashier*.

The undersigned, bank commissioners of the State of Mississippi, in accordance with the foregoing invitations, proceeded to the investigation of the affairs of the Mississippi and Alabama Railroad and Banking Company, and, agreeably to the request of the bank, would respectfully report:

That the law creating the office of bank commissioners authorizes and requires them, "once in each year, to visit every bank, branch bank, and moneyed corporation, which, by its charter, is subject to examination by a committee of the Legislature; or such commissioners as they may appoint." &c. It is further made the duty of said commissioners, "by the 10th day of January in each year to report to the acting Governor for the time being in the manner they have discharged the duties imposed on them, and to accompany the report by abstracts from the reports made to them;

and such other statements as they may deem useful." The letter of the charter of the Mississippi and Alabama Railroad and Banking Company makes no provision for the examination of the bank by the present commissioners; and the undersigned have concluded that the time and manner of making public the result of their examination are not governed by the law creating the office.

The following table will show a list of balances due to and from the bank:

*The following is a statement of the amount due to and by the bank, July 27, 1838.*

<b>RESOURCES.</b>		
Bills receivable	-	\$5,763,371 64
Domestic exchange	-	105,089 20
Suspended debt	-	\$354,659 09
Suspended debt in suit	-	25,588 81
Stock mortgages	-	388,247 90
Due from banks	-	913,700 00
Cotton account	-	576,934 88
Advances on cotton receipts	-	361,205 78
Cotton agencies	-	163,905 82
Railroad expenditures	-	84,443 62
Real estate	-	234,030 83
Jackson and Brandon Railroad and Banking Company	-	33,114 25
Freight	-	1,693 25
Individual deposits*	-	117,423 77
Notes of other banks	-	90,990 90
Specie	-	275 00
	-	38,015 00
<b>Total amount of resources</b>	-	<b>\$8,867,441 84</b>
<b>LIABILITIES.</b>		
Capital stock	-	\$2,085,260 00
Due to banks	-	368,617 08
Due to agents	-	1,419 08
Sterling exchange	-	1,138,776 90
Notes on demand	-	3,942,425 00
Post-notes, twelve months	-	244,320 00
Deposit certificates	-	520,682 99
Checks on time	-	108,752 15
<b>Total amount of liabilities</b>	-	<b>\$8,410,253 20</b>
Resources	-	\$8,867,441 84
Liabilities	-	\$8,410,253 20
Balance in favor of the bank, including payment of capital stock	-	457,188 64
Not including capital stock	-	\$2,542,448 64

\* The reason of individual deposits being on the "wrong side of the ledger" is, many individuals who delivered cotton would not give notes when the amount received was less than the value of the cotton—the amounts thus appearing as overdrafts; also, checks of sheriffs on transfer of executions. The amount due individual depositors is \$37,000.

It is well known that, among the serious charges alleged against this institution, was one that the officers of the bank did not keep a true record of the notes issued. This had become serious, from the fact that officers of other banking institutions gave credit to and repeated the charge. To ascertain the truth, a letter was addressed to the engravers of the bank, Messrs. Draper, Toppam, Longacre, & Co., of Philadelphia, requesting a statement of the notes engraved. They declined giving the information, without the consent of the bank; and, at the same time, advised the bank of the application, and their action upon it. The president immediately authorized and requested them to give the commissioners the information they demanded. The engravers' letter has not yet been received; but an examination of the blanks on hand and the register of issues, and the account of the engravers against the bank, prove conclusively that there was no just ground for the charge.

The bank has invested \$361,205 78 in cotton, at a little short of \$50 per bale, at an average weight of 423 pounds per bale. The total amount of cotton purchased and shipped by the bank, on account of planters and others, is 55,760 bales. The president says he has no doubt but 6,000 bales have been shipped from Mobile, of which they have not been advised. In addition to the above, they have on hand about 4,000 bales, which they were unable to ship in consequence of the low stage of water in the Big Black and Pearl rivers. It will be fair to set down the amount shipped at 60,000 bales, leaving a balance on hand of 5,760.

As yet, no account of sales has been received; but the bank has been advised of the sale of 6,400 bales, at average rates, which, as appears by reference to the broker's statement, was 7 $\frac{1}{2}$ d. per pound. Of the entire amount of cotton shipped, the bale averaged 423 pounds, which, at the above prices, would produce nearly \$50 per bale. Sixty thousand bales at that price will make a gross sum of \$3,000,000 of available means by shipments of cotton.

The bank has drawn and sold sterling bills on this cotton to the amount of \$1,138,776 90  
Premium on the same 106,518 59  
1,245,295 49

These funds have been disposed of in the following manner:

Sold to various banks	\$75,255 25	
Used in taking up northern issues	113,854 04	
Used by Bank U. States, up to 21st April	157,620 00	
Used in checks protested before suspension	10,826 87	
Freight	117,423 77	
Engravers and stationers' bills	3,737 30	
Railroad expenditures	16,000 00	
Sold for provisions for planters	33,381 79	
Sold for United States Bank notes	75,000 00	
Sold for Mississippi bank paper	215,087 48	
Sold for counter issues	119,024 83	
Sold to planters, in part advance on cotton delivered	54,934 08	
		992,165 41
Balance to be drawn for		253,130 08

If the cotton unsold in the hands of Messrs. Humphries & Biddle, of Liverpool, should turn out as well as that of which advices have been received, (and the prospect is favorable,) the bank will be able to draw bills to the amount of \$1,861,223 10  
Add premium—say 10 per cent. 186,122 31  
Add domestic exchange, at 7 per cent. 161,034 68  
2,401,510 17

Which will be available to the bank in northern funds as soon as the sales shall have been closed in Liverpool. Besides the above, the bank holds executions, which can be rendered available at 10 days' notice, in the following counties:

Rankin	\$109,920 96	
Hinds	348,404 39	
Madison	429,000 00	
Yazoo	306,069 38	
Copiah	23,183 29	
Simpson	16,175 30	
Total	1,232,753 32	
		3,694,263 49

With this sum the bank could, in 90 days, reduce its circulation payable on demand, from \$3,942,425 to 246,161 51  
Add deposit certificates 520,682 99  
Individual deposits 37,000 00  
Excess of immediate liabilities over immediate means 805,844 50

Besides this, the bank has issued post-notes, payable at 12 months 244,320 00  
Checks at 12 months 108,752 15  
353,072 15  
1,158,916 65

As no credit has been given bills receivable by cotton proceeds or executions, those amounts should be deducted—less the amount of cotton purchased by the bank.

Besides the premium upon sterling bills, and regular discount and interest, the bank has made \$62,223 89 in the following manner, by the use of northern funds:

Sold to various banks	\$75,255 25	Premium, \$5,267 86
Sold to planters, in part advanced on cotton delivered	54,934 08	2,746 70
For counter issues	119,024 83	8,331 73
Mississippi bank paper	215,087 48	36,708 52
For United States Bank notes	75,000 00	7,500 00
For provisions	33,381 79	1,669 08
Total premium		62,223 89

The bank has established agents at several points on the Mississippi, Yazoo, and Pearl rivers, who were supplied with funds to advance upon cotton delivered. These agents exercised all the powers of a bank of discount; thus giving a locomotive character, or the principle of ubiquity, to the Brandon Bank.

By the minutes of the board of directors, and letters of the president, we observed repeated orders to Messrs. Minthorn & York to pay the New Orleans obligations of various Mississippi planters, who had delivered cotton to the bank, charging five per cent. exchange; also, orders to their agents in Mississippi, who had purchased provisions with the exchange, and on account of the bank, to furnish those who had delivered cotton to the bank with provisions for Brandon money, at the same prices for which they could buy with Louisiana money; at the same time, prohibiting them from giving any one customer more than would supply his wants, so that none could buy to sell again. This course was highly creditable to the bank, when we consider she had already entered into commercial business, and tended to appreciate her paper. But the principle is absurd and utterly opposed to legitimate banking, yet it has generally been adopted throughout the State. Should the banks be permitted to continue their present practice, they would soon monopolize all kinds of merchandise, and our citizens would eventually be driven to the banks for money, bread, meat, drink, and clothing.

The circulation of the bank is composed of the following items:

Bank notes, on demand	\$3,942,425
Post-notes, payable at Philadelphia and at counter	244,320
Certificates of deposit	520,682
Individual deposits	37,000
Checks on time	108,752
Total	4,853,179

It will be seen from the above that the circulation far exceeds the limits prescribed by the charter, by prudence, or by the legitimate wants of the community. There is no justification in the plea that this issue was made to relieve the public, and prevent the sale of property under execution. Paper not convertible into specie will depreciate in proportion to the amount in circulation. The loss, therefore, falls upon the whole community, instead of the banks and their debtors. It would be more just to impose a direct tax on the public, to pay the debts of those who purchased land, and negroes, and other property, for which they are unable to pay, than to throw out a representative of money which depreciates in their hands from thirty to forty per cent. The direct tax would not only be more just, but much less injurious to the public; because, while the speculators would be entirely released from their debts, the enormous amount of bank profits would be so much saved to the productive industry of the country. It is very doubtful, however, whether the condition of the speculators themselves is improved by transferring their debts from individuals to banks. As soon as the banks are compelled to take up their circulation, it will force property into market; and should this measure be adopted at a time when the circulation is less redundant, the sacrifice must be greater. The banks, therefore, are the only party that profit by an undue expansion of the currency.

The stock of the Brandon, like almost every other bank in Mississippi, has not been paid either in money, or the representative of money, but in the notes of individuals and mortgages on property. This is what is called "secured to be paid," as required by the charter. A very inconsiderable amount has been paid in *bona fide* capital.

The amount of stock secured by mortgages appears as a very considerable portion of the whole capital, being nearly one-half. The bank is authorized by her charter, as amended last winter, to receive mortgaged property in payment for stock; and the privilege has been exercised to the amount of nearly \$1,000,000. This principle is one of the greatest abuses of the present system: it taxes the poorer portion of our citizens, to add to the wealth of those who are already in the possession of property; and it is a gross perversion of terms to call an instrument of writing capital, when that term signifies a surplus, which the property-holder or laborer had produced. Of such surplus, capital stock of banks should alone consist. A planter's capital is employed in the production of wealth by agriculture. If, then, the same property is permitted to represent bank stock, the inequality created in favor of the holder and against other citizens is not simply in proportion to the amount pledged, but to the extent of the issues made upon it, and the accommodation which the stockholder receives.

The objection to this species of stock extends still farther. Every bank charter that grants mortgages to be capital, authorizes the mortgagee to receive from the bank about one-half the appraised value of his real estate in the form of a loan; with this he could purchase more property, pledge that, and so on without restraint. As none of these property-banks have written up the amount of capital privileged to be taken, a very large proportion of the real estate and bank stock of the country will inevitably be holden by the same individuals, under sanction of legislative enactments.

The charters permit an issue of several times the amount of capital stock. The utility of bank notes, of course, depends upon their exchangeable value; and that value upon their convertibility into specie, which they profess to represent. The convertibility of a note depends upon the cash fund which a bank possesses. This fund should be the capital stock; but if the stock of a bank consists of mortgages, its notes cannot be convertible into specie until the bank, by such means as those in our State have employed, shall have accumulated sufficient profits to redeem their notes. Those profits could, at any time, be divided among the stockholders, leaving nothing to the people but notes depreciated in proportion to the time required to collect by law. Moreover, as the mortgages specify some certain note or notes, the property could be released at any moment by discounting A, B, and C's notes, whether good, bad, or indifferent; and thus take away all security. This system of banking will unquestionably prove profitable to the stockholders, but it will be a direct tax upon others to the extent of the bank-note depreciation; and defrauds one of the principal objects for which banking institutions were created, viz: to furnish a currency—a circulating medium convertible into specie.

In calculating the profits from this year's transactions of the bank, we must add to the amount already posted up the interests on executions, on cotton notes, (say four months,) on suspended debt, and the premium to be realized from the exchange yet to be disposed of. These various sources will increase the profits of the year to at least \$750,000, in round num-

bers, or upwards of fifty-one per cent. on the nominal capital "paid, or secured to be paid."

This calculation is based on the supposition that the bank hereafter will act in good faith to its note-holders, and draw on its northern funds at seven per cent.

But as its paper is now the principal circulating medium of the State, should it still falsify its promises to pay, pursue its own interests, disregard its duty to the community, and go into market to purchase its own notes, or Mississippi bank paper, at the lowest price, its profits will be increased immeasurably. Should it use the balance of its northern funds, as it has already used \$215,087 48, in the purchase of Mississippi bank notes, it will still increase its profits \$253,054 50. But, instead of other Mississippi paper, should it go into market and buy its own notes—a principle not more unjust to the people of Mississippi, nor odious, than that of buying up its neighbor's paper—then its profits at the present discount (say thirty-five per cent.) will be increased \$805,173 25. Thus, on the operations of one year the stockholders of the bank, on their own paper, with an inconsiderable amount of real capital, would extract from the labor of the State the enormous amount of \$1,555,173 25 of clear profits. We do not think the bank will pursue a course so oppressive to the honest holders of its paper; and we hope, for the interests of the State, and the honor of human nature, that it will not; but that, acting in good faith to the public, who took its notes at their nominal value, it will promptly use its northern funds and other resources to redeem its issues.

These profits have been realized on a nominal capital of less than \$1,464,660; \$620,600 of the present capital having been *written up* on the faith of mortgages during our examination. The mode by which such enormous profits are realized, without either capital or labor, is very simple. A charter is first obtained from the Legislature. A small portion of stock is to be paid in before the bank goes into operation. A few honest planters, desirous of promoting the improvement of the country, which the bank promises, take stock in good faith, and pay it up in *bona fide* capital. Those, however, who are experienced in these matters pay up as little as possible; but, as the latter are financiers, they are elected to manage the bank. They soon discount paper for themselves and other stockholders of financial abilities. With this they buy more property, to secure more stock, to get more discounts, to buy more property, to secure more stock, and finally they are able to write up a very respectable capital, upon which they are permitted to issue double the amount. If, however, the *wants of the people* are very pressing, they disregard the limits of the charter and issue *ad libitum*. The stockholders of the bank are now in a fair way of making money, or at least of acquiring the property of the people within the sphere of their operations. Nothing can arrest their career of gain but a return to specie payments, and this they will endeavor to postpone as long as possible. So long as a few men can draw a profit of more than fifty per cent. from the labor of the country, for merely writing their names on a slip of paper, *promising to pay* their own bank any given amount, it is natural that they should endeavor to protract their harvest. They could not be expected to know any limits but those of human gullibility and endurance.

The surplus capital vested in the Brandon Bank could not produce a legitimate interest of more than fifty thousand dollars; yet, by modern

principles of banking, its few stockholders have been enabled, in one year, to secure seven hundred and fifty thousand dollars from the labor of the country, or about one twenty-sixth part of the whole productive industry of the State. It is true that a portion of these profits have been made from the notes of the stockholders. The history of civilization affords no evidence of any device so simple and so efficient in reducing a country to vassalage as these principles of banking.

In the dark ages, all who obtained grants of land, and serfs to cultivate it had signalized themselves in the service of their country. The followers of Richard Cœur de Lion, the knights and the barons, who received peculiar privileges from their sovereign, had immortalized themselves by feats of arms. They flew at the command of their country to the Holy Land, and, contending for their lives on the bloody plains of Palestine. The ministers of religion, who received one-tenth of every man's labor, were eminent for hospitality, piety, and the learning of the times. But it remained for the present day and generation to grant much more important privileges to men undistinguished for any such virtues. Cunning, management, and a talent for *financialing*—a term which the public will soon understand—are the only qualities now necessary for securing privileges, that must soon reduce the great mass of the people to the most abject vassalage.

There are in this State at present, upwards of forty incorporated banks and branches, all endowed with privileges similar to those of the Brandon Bank; there are numerous real estate banks springing up daily, all expanding and contracting the value of property at will, pursuing their own interest, and grasping the property of the people, as their peculiar sense of justice and chartered right may dictate. We have given the profits of the Brandon Bank during one year; and the political economist may calculate how long the industry of the State can sustain the exactions of forty such institutions, and the gleanings by a host of real-estate and individual banks. Nothing but the strong arm of the law, the severest penal enactments, can restrain them, and save the people of this State from wide-spread and universal ruin.

Of the amount due to other banks, the principal part is due to banks in this State; and of the amount due from other banks, the greater portion is due from the United States Bank of Pennsylvania. The proceeds of sterling exchange were deposited in the latter bank to be drawn upon.

The bank was drawing on these funds until the 12th of May, when attachments covering \$29,000 for protested notes was levied on the funds of the bank in the possession of the United States Bank of Pennsylvania, and the latter immediately commenced protesting the checks of the Brandon Bank. The funds in the Girard Bank were covered by the same attachments. The reason assigned by Mr. Biddle for dishonoring the checks of the bank, though in possession of a large amount of funds, was to prevent the public from knowing that the bank had funds in his possession, lest other holders of protested notes should attach them. The motive assigned by Mr. Biddle may have satisfied him of the propriety of his course, but it does not appear in the same light to the undersigned. The honor of the Brandon Bank and the interests of the people of Mississippi required that Mr. Biddle should pay her checks, so long at least as he had funds unattached in his possession, although he and the officers of the Brandon Bank may have thought his course the proper one for the interests of both

parties. Mr. Biddle, no doubt, may have thought that a few hundred thousand dollars, these trying times, would be more useful in his hands than in the possession of the creditors of the Brandon Bank. He would be justified by the law, it is true, in holding double the amount of the attachment, until the case should have been decided; but we know of no legal or moral principle that sanctions his conduct in dishonoring the checks, so long as he had in possession more funds than the bond required. But as he was preparing to resume about that time, perhaps he yielded to the law of necessity. Mississippi will always be subject to such grievances so long as exchanges and trade are regulated and controlled by agents in Philadelphia or New York. Their interests antagonize with ours; and when necessity or self-preservation operates, their principles yield, and we suffer.

The practice pursued by the banks in advancing sixty dollars a bale on cotton, or forty dollars on the present and twenty on the coming crop, is the principal cause of the great depreciation of our bank paper. Every dollar beyond the real price of the cotton was surplus, and may be fairly adopted as the standard to measure the loss sustained by the country in the depreciation of the circulating medium. The banks made their discounts, and the speculators who borrowed from them were enabled to change their creditors, and protract the payment of their debts by the operation; but as soon as the paper passed into the hands of the community, it depreciated. Being inconvertible, the sixty dollars would not pay for more pork, or other necessary articles of consumption, than the real value of the cotton would have purchased; the surplus circulation, therefore, was a total loss to the community.

It is objected that the return to a sound circulating medium will reduce the price of land and negroes, and so far injure the prosperity of the State. No reasoning can be more unsound. The premises are correct, but the conclusion is erroneous. It would unquestionably reduce the price of land and negroes in Mississippi; and, if we produced these articles for sale, the prosperity of the State might, for a time, be injured by a return to a sound currency. But we are producers of cotton, and purchasers of land and negroes; the price of the former is not affected, while the price of the latter is reduced, the nearer we approach a specie basis—the only real standard of value. It is obvious, therefore, that, as the circulating medium approaches the real standard of value, so will the prosperity of the State be promoted.

No State in the Union is more deeply injured by an expanded currency than Mississippi. The price of almost every article of necessary consumption is nearly doubled, and in some instances trebled, while the price of her cotton, being regulated in a foreign market, is not materially affected by it. If the expenses of a planter be doubled by a depreciated currency, his profits will be diminished, and the means of increasing his capital reduced in the same proportion. Should this unsound system of banking be persisted in by our State Legislature, it will effectually prevent the influx of foreign capital. Our immense forests will remain uncultivated; as it is obvious that capital will not be invested while the expenses of planting are so enormously increased. Could our Legislature treble the price of cotton, while it only doubled the expense of production, by creating banks, then we might felicitate ourselves that the time had arrived when people could be legislated out of debt, and made wealthy by banking. But the system, instead of producing these desirable effects, operates as a direct tax on the planter, for the exclusive benefit of the banks.

The following table will exhibit the liabilities of officers, the number of shares of stock held by each, the property mortgaged to secure their debts, the exchange obtained, and the amount of cotton delivered by each to the bank. There are ten directors, including the president; and to avoid giving the names, we number them from 1 to 10, as they are written on the sheet before us, without reference to their age as directors, or to the amount of their liabilities.

Directors.	Payor.	Endorser.	Exchange obtained.	Shares of stock.	Mortgaged to the bank.	
					Acres of land.	Slaves. Bales of cotton.
No. 1	\$29,200 00	\$16,018 36	\$1,500 00	800		
2	45,911 65	402,369 98	4,000 00	600	1,680	33
3	52,407 98	36,749 14	1,000 00	700		166
4	11,201 93	14,776 14	1,000 00	200		
5	21,747 50	1,782 11	270 00	400	1,300	9
6	155,401 32	378,913 80	11,947 00	1,000	3,650	103
7	93,071 68	423,221 41	3,970 00	835	7,000	114
8	42,413 77	476,255 08	200 00	930	8,848	57
9	91,700 00	432,654 42	651 00	800	1,051	65
10	50,575 04	448,542 32	3,610 00	800	9,110	29
Total	596,930 87	2,631,612 76	28,148 00	7,065	32,729	410
						1121

The liabilities as endorser appear large, in consequence of six of the directors being mutual endorser.

The value of the cotton delivered by the directory is to be deducted from their liabilities. If the debts of the directory as payees were paid, their liabilities as endorser would be extinguished, except \$219,417 40. They are liable for this amount on paper discounted for others.

It appears that the exchange obtained by the directory amounted to \$28,148, and of this sum, eleven thousand six hundred and forty-seven dollars were obtained in the name of another individual to pay a debt of one of the directors who had delivered 323 bales of cotton. The undersigned feel bound to remark, in relation to this transaction, that an officer of the bank, at the instance of the director who had received the exchange, reported the mode by which it was obtained, before any inquiry was made on the subject; and on this, as well as on every other point of investigation, the utmost candor and frankness were manifested by the officers of the bank.

To secure the payment of all the present liabilities to the bank, the directory have given mortgages on the above property, viz: 32,729.57 acres of land, and 410 slaves. They have also deposited, as collateral security, notes (mostly secured by mortgages on land and negroes) for \$306,605 33. In addition to the land and negroes specified in the above table, we understand that the directory are preparing to take stock in the bank to the

full amount of all their property, under the provisions of the amendment to their charter.

We discovered various letters of the president to Messrs. Minturn & York, instructing them to purchase the notes of the river banks; sometimes the orders prohibited the purchase of their own notes. The president declared the object in purchasing the notes of other banks was, to be able to discharge balances that might accrue against him, instead of giving them northern funds which they were demanding of the bank. It appears that \$215,057 48 of the proceeds of sterling bills have been used in purchasing Mississippi paper, and that the bank made by the operation \$36,508 52. Every citizen will at once perceive the danger of permitting this kind of traffic. The banks, by making large issues, and then suddenly, by purchase, reducing their circulation, would make great profits; while the borrower from the bank would be shaven in disposing of the money, in consequence of its redundancy, and then shaven in making payment to the bank on account of the scarcity produced by the bank itself. Not only this; but the price of every man's property would vary like a pendulum from one extreme to the other, by each contraction and expansion; and the banks and bankers would alone reap a profit.

The bank purchased with New Orleans funds, of the agent of Mr. Biddle, \$75,000 of the notes of the defunct Bank of the United States. By this transaction \$7,500 was realized by the Brandon Bank. Mr. Biddle's agent, in consideration of receiving New Orleans funds for notes that no one was compelled to redeem, exchanged an equal amount of Mississippi river bank notes. If the community countenance such traffic by a foreign institution in notes that no one is responsible for, why may not Mr. Biddle in the coming season send on ten millions of the same description of notes, and get control of our cotton market, give to the planters excellent prices, and make use of the cotton? and our merchants, into whose hands the notes must fall, will run the risk of losing the whole amount, as no bank could be forced to redeem a dollar of the dead bank's paper. Such failure would react upon the whole community, planter as well as merchant; while Mr. Biddle would have all the benefit of the cotton bales to sustain him in future oppression of the staple States.

It is common to hear persons speak of the liberality of Mr. Biddle's bank, and that the southern banks must rely upon him to enable them to resume specie payments. So far from his having given support, the banks of this State have, with one exception, suffered by their connexion with him; for he has repeatedly dishonored checks with funds in his possession, and it is believed that he has bought up, at a discount, the notes of those banks that have confided in him, and placed them against the proceeds of sterling bills on which they had expected to check. We are strengthened in this opinion, from the fact that the name of one of the persons who attached funds to the Brandon Bank in the possession of Mr. Biddle is the same as that of one of his agents in Philadelphia.

The facts fully establish the solvency of the bank. This it was important for the public to know, to prevent sacrifices being made. We have indulged in some general remarks, which will apply as well to the operations of other banks in this State as to the Brandon Bank. We have censured freely where she was subject to censure; but we can in truth declare that some of the banks acted in worse, and others in better faith to the public.

The commissioners comply with the request of the bank in giving publicity to their report. All of which is respectfully submitted.

L. A. BESANCON,  
E. F. CALHOUN,  
JAMES HAGAN,  
Bank Commissioners of the State of Mississippi.

*The following shows the expenses of the railroad.*

RAILROAD OFFICE, August 2, 1838.

SIR: In accordance with your request of yesterday, I make the following statement of the amount of money expended in the construction of the railroad between Jackson and Brandon, the bridge over Pearl river, and the turnpike road and bridges through the swamps, viz:	
For slaves purchased	\$159,000
Horses and oxen	12,400
Wagons, carts, and tools	5,000
Erecting a steam-mill and fixtures for sawing lumber for constructing the bridge and road superstructure	25,000
Wages of managers and physicians	9,500
Wages of masons for work on abutments	1,660
Wages of laborers on turnpike road	2,975
Subsistence	23,500
	<hr/>
	\$239,035

The principal items of work done consist in grubbing and clearing twelve miles of the road-way, and in grading six and a half miles, ready to receive the superstructure; also, in hewing ten thousand cubic feet of timber for railroad bridges, and preparing a portion of the superstructure of the road. The materials prepared and labor done on the bridge over Pearl river, and the turnpike and bridges through the swamp, amount to \$56,000.

Respectfully submitted:  
W. PETRIE.

Col. W. H. SHELTON,

President of Mississippi and Alabama Railroad Company.

Memorandum.—Mr. Petrie received from Rankin county an appropriation towards the turnpike, which makes the expenditures appear larger than the bank advances.

*Correspondence with Mississippi Union Bank.*

MANSTON HOUSE,  
Jackson, (Miss.) November 23, 1838.

SIR: The undersigned, bank commissioners of the State of Mississippi, would respectfully request to be informed at what hour it will suit your convenience for them to commence an examination of the affairs of the institution over which you preside.

Very respectfully, your obedient servants,

L. A. BESANCON,  
E. F. CALHOUN.

H. G. RUNNELS,  
President Mississippi Union Bank.

MISSISSIPPI UNION BANK,

Jackson, November 23, 1838.

GENTLEMEN: Your note of this date, requesting to be informed at what time it will suit the convenience of this institution for you to commence an examination of its affairs, has been laid before the board of directors.

I am instructed to say to you, in reply, that the representatives of the people, who are alone interested in the present capital of the bank, will shortly assemble, and will, no doubt, feel it to be their duty to exercise the superintending vigilance over its affairs contemplated by the charter. That high tribunal is equally competent with yourselves to perform the duty, and would be free from the influence of any disqualifying bias growing out of a preconceived opinion; which we have ample reason to apprehend might not be the case with yourselves in prosecuting an examination of the condition of the bank.

For these reasons, I am instructed to inform you that your application to examine this bank is simply but decidedly refused, and the correspondence closed.

Yours, &c.

H. G. RUNNELS, President.

Name.	Place.	Date.	Capital.	Loans and discounts.	Suspended debt.	Golden account.	Due from agents.	Railroads.
Commercial Bank	Natchez	June 1	\$2,949,060	\$2,952,662	\$700,402	\$1,569,263		
Branch of do.	Natchez	June 18		48,513	152,000			
Branch of do.	Brandon	June 15	878,700	678,000	121,399	102,670		\$71,513
West Feliciana Railroad Co.	Rodney	June 15		809,000	1,407,432	144,333		176,919
Commercial Bank	Rodney	June 23		1,759,775	1,751,109	950,928		222,474
Branch of do.	Gallatin	June 23		300,250	300,250	10,387		
Branch of do.	Port Gibson	June 23		223,850	415,539	13,514		
Bank of Port Gibson	Port Gibson	July 6	3,819,930	4,531,324	981,321			1,179,086
Commercial and Railroad Bank	Vicksburg	July 14		411,001	61,002			
Branch of do.	Clinton	July 14		139,142	45,771			
Branch of do.	Vernon	July 15		411,968	16,757			
Branch of do.	Clinton	July 30	100,120	310,510	191,117			
Water Works and Banking Co.	Vicksburg	July 30	69,650	633,562	60,310			
Commercial Bank	Columbus	Aug. 13	475,500	709,912	31,805			
Ambridge Railroad Company	Ambridge	Aug. 17	397,600	261,058	4,127			
Commercial Railroad	Holly Springs	Oct. 21	78,600	25,211				
Branch of do.	Gretnada	Oct. 21		199,019				
Branch of do.	Lexington	Oct. 28	200,000	107,371				
Bank of Lexington	Lexington	Oct. 28	168,930	107,371				
Bank of Grenada	Gretnada	Oct. 28	200,000	199,019				
Bank of Grenada	Gretnada	Oct. 28	78,600	25,211				
Bank of Grenada	Gretnada	Oct. 28	144,400	261,058				
Commercial Railroad	Holly Springs	Oct. 28	144,400	261,058				
Commercial Bank	Brandon	Nov. 14	328,502	922,967	89,630			
Bank of Mississippi	Brandon	Nov. 14	731,450	922,967	3,109			
Bank of Madison co.	Brandon	Nov. 14	203,015	478,978	97,997			
Bank of Mississippi	Brandon	Nov. 28	203,015	478,978	97,997			
Bank of Mississippi	Brandon	Dec. 11	176,705	160,000				
Bank of Mississippi	Brandon	Dec. 11	2,085,260	6,873,150	333,217			
Bank of Mississippi	Brandon	Dec. 27	4,208,500	6,436,333	2,815,871			
Bank of Mississippi	Brandon	Jan. 4	2,000,000	3,447,181	912,527			
Bank of Mississippi	Brandon	Jan. 19	21,900,981	33,957,688	7,686,668			
Bank of Mississippi	Brandon	Jan. 19	5,000,000	4,490,000				
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Bank								

Name.	Deposits.	Due to Missis- sippi banks.	Due to other banks.	Total due to banks.	Checks on time.	Post notes.	Specie ex- change.	Other Habit- Other Habits.
Commercial Bank of Natchez	\$604,294	\$150	\$839,746	\$1,434,040	\$613,890	\$123,400	\$679,662	\$41,777
Branch of do. at Brandon	270	-	4,710	4,980	-	-	-	-
Branch of do. at Canton	40,951	-	15,384	56,335	-	-	-	-
Branch of do. at Brandon	145,175	-	14,193	159,368	-	-	-	-
West Feliciana Railroad Company	46,917	-	18,468	65,385	-	-	-	-
Commercial Bank of Rodney	96,353	-	47,882	144,235	-	-	-	-
Grand Gulf Railroad & Banking Co.	149,345	-	707,991	857,336	-	-	-	-
Branch of do. at Gallatin	39,605	-	4,574	44,179	-	-	-	-
Branch of do. at Brandon	81,337	-	-	81,337	-	-	-	-
Commercial and Railroad Bank	1,058,459	60,670	383,688	1,442,137	98,380	-	28,759	820,435
Branch of do. at Vernon	28,585	-	9,796	38,381	-	-	-	-
Branch of do. at Clinton	29,585	-	40,356	70,941	-	-	-	-
Branch of do. at Brandon	10,892	-	20,623	31,515	-	-	-	-
Bank of Vicksburg	92,136	-	1,813	93,949	-	-	-	-
Bank of Vicksburg	112,531	-	19,223	131,754	-	-	-	-
Water Works and Banking Co.	60,420	-	33,993	94,413	-	-	-	-
Commercial Bank of Columbus	99,222	-	19,223	118,445	-	-	-	-
Commercial Bank of Columbus	32,222	-	43,694	75,916	-	-	-	-
Tombigbee Railroad Company	2,174	-	-	2,174	-	-	-	-
Aberdeen and Pontotoc Railroad Co.	10,085	-	-	10,085	-	-	-	-
Northern Bank of Mississippi	99,644	-	-	99,644	-	-	-	-
Bank of Grenada	4,190	-	-	4,190	-	-	-	-
Bank of Lexington	14,933	-	-	14,933	-	-	-	-
Benion & Manchester Railroad Co.	79,227	-	7	79,234	-	-	-	-
Commercial Bank of Manchester	145,734	-	9,978	155,712	-	-	-	-
Bank of Mississippi	8,238	-	1,717	9,955	-	-	-	-
Bank of Mississippi	145,734	-	-	145,734	-	-	-	-
Hernando Railroad & Banking Co.	520,682	-	368,617	889,299	-	-	-	-
Planters Bank	756,083	-	970,427	1,726,510	-	-	-	-
Agricultural Bank	858,480	-	377,381	1,235,861	-	-	-	-
Union Bank	5,226,378	584,014	2,904,813	8,715,205	1,535,837	496,694	3,397,184	1,096,099

S 3-Continued.

Name.	Real estate.	Stocks.	Other invest- ments.	Due from Mississippi banks.	Due from other banks.	Total due from banks.	Bank notes on hand.	Specie.	Circula- tion.
Commercial Bank of Natchez	\$81,222	-	\$73,158	\$122,454	\$210,839	\$663,293	\$210,070	\$42,266	\$118,765
Branch of do. at Brandon	3,500	-	-	631	3,083	3,714	109,500	4,712	136,000
Branch of do. at Canton	36,817	\$2,000	-	1,550	10,045	11,595	14,476	28,213	157,755
Grand Gulf Railroad & Banking Co.	41,356	-	-	16,512	42,489	58,991	55,710	6,265	307,285
Branch of do. at Gallatin	-	-	-	-	42,271	42,271	18,170	7,573	307,285
Commercial and Railroad Bank	90,216	75,000	133,333	13,312	62,644	178,956	3,474	3,610	1,196,765
Branch of do. at Clinton	12,910	-	-	3,370	18,708	22,078	20,018	818	155,980
Branch of do. at Brandon	3,903	-	-	217	3,589	3,806	21,907	67,225	67,225
Branch of do. at Vernon	1,875	-	-	31,900	33,775	35,675	21,907	67,225	67,225
Bank of Vicksburg	13,015	-	-	2,061	19,908	21,969	23,195	169,135	169,135
Water Works and Banking Co.	6,535	-	-	4,191	10,726	14,917	17,775	451,578	451,578
Commercial Bank of Columbus	2,990	-	-	22,783	24,773	27,763	4,801	13,067	221,925
Bank of Grenada	2,170	-	-	-	-	-	55,716	195	177,750
Bank of Lexington	6,397	-	-	8,353	14,750	20,604	887	20,604	5,053
Benion & Manchester Rail. Co.	25,898	-	-	1,270	27,168	28,438	1,270	74,581	74,581
Commercial Bank of Manchester	7,232	-	-	34,112	41,344	48,546	30,772	178,655	178,655
Citizens Bank of Madison co.	15,717	-	-	23,297	39,014	62,311	21,323	507,050	507,050
Bank of Mississippi	19,010	-	-	33,227	52,237	85,464	33,227	377,731	377,731
Hernando Railroad & Banking Co.	33,114	-	-	301,146	334,260	367,374	275	38,015	3,912,425
Planters Bank	48,761	-	-	301,146	349,907	390,053	301,146	293,316	1,877,110
Agricultural Bank	214,262	-	-	182,961	397,223	585,184	220,360	71,594	1,096,216
Union Bank	674,517	603,431	207,365	991,313	500,114	2,086,367	1,598,394	751,025	12,410,209

S 3-Continued.

## S. 4.

*Report of the majority of the joint select committee appointed to examine the Mississippi Union Bank.*

The joint committee appointed to the instructions of both branches of the Legislature, have the honor to make the following report:

Your committee, for the purpose of more fully discharging the duties assigned them by the Legislature, repaired to the banking-house of the Mississippi Union Bank, where they were politely received by H. G. Rannels, Esq., president of the board of managers, who readily afforded them free access to all the books and correspondence relating to the affairs of the bank, and personal information on many subjects connected with the investigation committed to them.

And here the committee take occasion to commend the frank, open, and unhesitating disposition manifested by the president to them, during their protracted sitting, when he was called upon for information upon every subject of inquiry by the committee.

The examination was commenced with the journal containing all the proceedings, deliberations, and ordinances of the board of managers, from the first meeting of the board, on the 22d of February, 1838, up to the time of the commencement of the investigation. And your committee cannot refrain from applauding the zeal and spirit of candor that animated the board in the difficult and tedious task of organizing the institution, and which manifested itself in all of their subsequent and multifarious duties; and feel a pride in being able to testify that the board of managers have shown, in every attitude in which they were placed, a painful anxiety to pursue the charter of the bank to the letter, and perform their duties with the most scrupulous fidelity.

After the Governor of the State had made the subscription required of him by the supplement to the charter, of the five millions of the capital stock allotted to the State, and executed, in pursuance thereof, the State bonds in favor of the bank, the board of managers took immediate steps to have the bonds brought into market, and, to that end, proceeded to the appointment of three gentlemen of known ability, as commissioners, to dispose of them in any foreign or home market. The gentlemen selected for this responsible and high trust were Messrs. James C. Wilkins, William M. Pinckard, and Edward C. Wilkinson. These gentlemen, duly authorized to make a negotiation of the bonds, for that purpose left the State early in July last. But little hopes were entertained, at the time, of their being successful in their mission; for it will be remembered, at that time the whole circulating medium of the United States was greatly deranged, confidence in the financial abilities of the country prostrate, and no disposition whatever manifested upon the part of capitalists to make such heavy investments in State stocks. Even the securities of those States, known as unembarrassed, and whose character for credit and punctuality were well established for years, had sought in vain for the disposal of their securities. Contrary, however, to the expectation of every one familiar with the distressed condition of the stock market, a negotiation of five millions of the bonds was effected by the commissioners, highly ad-

vantageous to the State and the bank, and in accordance with the injunctions of the charter, requiring them to be sold at par value—a sale reflecting the highest credit upon the commissioners themselves, and bringing timely aid to an embarrassed community. (The particulars connected with the sale of the bonds will be gathered by reference to the documents accompanying the report, and made a part of it, marked A, B, C, D, E.) The disposal of the five millions of the bonds thus effected, will elevate our State credit abroad, and introduce favorably our State securities in a market where they have been heretofore but to a limited extent known, and pave the way, most auspiciously, to future sales of the remaining ten and a half millions.

It will be perceived that the purchaser of the first series of the bonds was Nicholas Biddle, Esq., of Philadelphia, and the payments on the same are in instalments of one million each, on the first days of November, 1838, and of January, March, May, and July, 1839; the four first instalments to be paid at the city of New Orleans, and the last at the city of Natchez, in gold or silver, or their equivalent. The trade of our State generally ruling in favor of New Orleans, where the four first instalments are made payable, and there being large balances against our State in that city, the bank, by receiving a moderate premium on the checks drawn against these instalments, have enabled our citizens, at a low rate of exchange, to liquidate a great portion of their foreign debt, and at the same time has realized herself a profit on the transaction, greater than the difference of interest on the bonds paid by the bank, while the instalments without interest are maturing; the result following, that the proceeds of the sale of the State bonds, in reality, amount to more than their par value. Already two of the instalments have been promptly met by the purchaser of the bonds; and the bank has been permitted to draw largely on the March instalment, with a like profit on the exchange drawn against it. In the face of these results, a doubt cannot be entertained but that the sale of the bonds has been made in strict conformity with the letter of instructions from the board of managers to the commissioners, and in accordance with the injunctions of the bank charter.

On the 27th of September last, the board of managers, with a view of responding to the pressing wants of the community, commenced discounts on personal security, and on short dates; having previously determined upon issuing post-notes, payable on the 1st of August, 1839. The question arising in the committee, as to the right, as well as to the propriety, of the bank making such issues, the committee decided, after a deliberate discussion of the question, "that there was nothing in the charter of the Union Bank that inhibited them from issuing post-notes; and that at the time and in the peculiar conjuncture in the moneyed affairs of the country, the course of the bank was warranted both by expediency and sound policy." At this time no bank in the southwestern States was redeeming its circulation with specie, or had concluded any arrangements to resume at a specific day. Most of our own State banks were, by violent contractions, preparing to call in their debts and withdraw their notes, leaving the community scarcely any circulating medium to answer the public wants. The insatiate creditor from abroad, and executions at home, were pressing the country; and the condition of things called loudly for relief. Appeals were made in vain to the banking institutions of the State, and they were unable, from their crippled situation, to afford that relief.

The only stay against such a condition of things was the hope of something to be done by the Union Bank—an institution just called into being, with the view of making the landed estates of the country available and productive—reduce the rate of interest, and alleviate the embarrassments of the State.

The bank could not hesitate in her course, and resorted to the most effectual means within her power, consistent with her own safety. For the bank, at such a critical period, to have issued notes on demand, or payable at a very short time, would have been a most suicidal step.

The great demand for specie, and a distrust of bank-notes in the mind of the public, would have subjected her to inordinate runs from the holders of her paper, and from other banks that might have wished to supply their own by exhausting the vaults of the Union Bank. Again: if the Union Bank had not adopted the post-note system in the face of these things, she could not have ventured discounting until the instalments were paid on the purchase of the bonds, and she would thereby have lost the interest on so much of unemployed money during the time these payments were maturing at New Orleans; and the wants of the people, that it was her business to supply, would have become more intolerable and severe.

It might be contended that, if the Union Bank had chosen, she might have sold her exchange, and taken in payment of the same the notes of the other State banks, which she might again have lent out, and avoided the necessity of issuing post-notes. There are many objections to that course; but the simple circumstance of the other banks adopting the most decided steps to withdraw their circulation, and, to a great extent, actually having done so, left little or none in the hands of the community to purchase the exchange with: besides, their notes were at a great depreciation—lower than the post-notes were likely to be, predicated as they were upon a solid capital, flowing into the bank within the compass of nine months.

The post-notes thus issued commanded an instant credit, equal to the most favored bank of the State, and were currently received in the payment of debts and on the purchase of checks drawn against the instalments on the bonds—the Union Bank selling her exchange as low, if not lower than any of the other banks of the State. In fact, these notes have answered every purpose of a healthful circulating medium, and have most decidedly contributed to the relief of the people. Since the commencement of their discounts, on the 27th of September, 1838, to the 17th of January, 1839, the amount lent on personal security alone is two million eight hundred and fifty-five thousand four hundred and eighty-seven dollars ninety-eight cents (\$2,855,487 98,) which, by a resolution of the board, was distributed, as equally as the nature of the applications would admit to the citizens of the whole State. (The amount of discounts on each day will be seen by the accompanying tabular statements.)

Upon an examination of the discount clerk's books, the amounts discounted to the several applicants for loans were ascertained; and it appears that the largest amount lent to any one individual, on personal security, is \$10,000, which was done in only two instances; notes offered for that amount were almost invariably cut down one-half, with the view of distributing the loans as much as possible to the various banking districts. The average on the loans is about \$1,800. The amount discounted to the

directors in no instance exceeded \$15,000; this, however, only two of them have obtained.

Besides the loans on promissory notes, as above, they have also been discounting planters' notes, and taking cotton as collateral security, or, as generally understood, advancing \$60 on each bale of merchantable cotton weighing 400 lbs. Some objections arising in the committee as to the right of the bank to take cotton securities on her loans, the subject was duly deliberated upon, and, after an attentive investigation of the powers granted by the ninth and forty-fifth sections of the original bill, we were of opinion that they are clearly authorized by the charter to take that description of securities.

As far as the bank has had any transactions connected with cotton, they have derived no interest or emolument from the same, except it be to secure promptness and punctuality on the loans discounted to the planter, and the right to draw on the proceeds of the cotton. The loan is of this nature: the planter executes his note, with sufficient endorsers, in amount equal to the number of his bales of cotton, at \$60 on each bale. The cotton is afterwards shipped under the control of the bank, and sold at any home or foreign market, as the planter may desire; and all the benefit of exchange, domestic and foreign, goes to the use of the planter; and no charges, commissions, or foretorage, of any description, accrue to the bank by the operation. The amount thus far discounted on cotton notes is one million two hundred and sixty-nine thousand eight hundred and forty-six dollars fifty-six cents, (\$1,269,846 56.)

It will be observed that the bills of exchange maturing both within and out of the State amount to three hundred and sixty-four thousand six hundred and sixty-seven dollars forty-five cents, (\$364,667 45.) These are bills of planters, drawn on their merchants, and were discounted upon the strength of the paper and its endorsements, and for the use of the planter, with a proper regard always to the situation of the merchants upon whom the bills were drawn.

The largest liability of any one mercantile house, as acceptor, amounts to seventy-nine thousand three hundred and eighty-five dollars, (\$79,385,) and the next largest, fifty-four thousand nine hundred and seventy-nine dollars twenty-five cents, (\$54,979 25;) which liabilities arise, not out of the direct indebtedness of the houses to the bank, for their own benefit, but from the acceptance of the bills of the planters drawn in the manner before mentioned.

When your committee remembered the extravagant and unlimited extent to which, on former periods, the banks of the State permitted the mercantile houses of our own State and New Orleans to absorb their means, thus constituting them the only channels through which the planter could obtain any banking facilities, they have been gratified to find that the Union Bank have pursued a more correct course, and one better calculated to advance the planter's interest, and put it on a footing with other pursuits, by furnishing the planter directly from the bank without his incurring additional expense in the way of commissions, acceptances, &c.

The committee will here submit the following condensed statement of the resources and liabilities of the bank up to the 17th January, 1839.

## RESOURCES.

Notes discounted on personal security alone	-	\$2,535,487 98
Notes discounted on personal security and deed of trust	-	15,000 00
Notes discounted on personal and cotton security	-	1,269,846 56
Bills of exchange maturing in the State	-	163,898 70
Bills of exchange maturing out of the State	-	200,708 75
Due by banks in the State	-	\$25,626 76
Due by banks out of the State	-	2,452,441 06
Real estate	-	2,475,067 82
Bank expenses, including office furniture	-	14,218 43
Notes of United States Bank	-	7,928 85
Notes of other banks	-	19,292 00
Specie	-	110,012 00
	-	493,898 48
	-	<u>\$7,609,127 57</u>
LIABILITIES.		
Post notes in circulation	-	\$2,228,150 00
Bank notes in circulation, on demand	-	51,000 00
State bonds issued for capital stock	-	5,000,000 00
Individual deposits and deposit certificates	-	287,507 29
Treasurer of the State of Mississippi	-	5,423 72
Profits since last semi-annual settlement of the books, after deducting \$3,169 67 loss at that time, since the bank commenced operations	-	36,146 56
	-	<u>\$7,609,127 57</u>

In addition to the foregoing examinations, the committee have had under consideration the question of the establishment of the various branches of the bank contemplated by the act of incorporation.

From answers made by the president to the interrogatories of the committee, and from the journal of the board, they were informed that it is the intention of the board of managers to establish the branches as early as practicable, and when they are permitted to do so by the charter. As yet, the subscribers to the capital stock of the bank have not been declared stockholders. The examination of the title-papers is rapidly advancing by the attorney of the bank; and it is confidently expected that those persons entitled to be stockholders will be declared such some time during the approaching spring; and, until then, the directory would not be permitted to organize their offices of discount and deposit in the several banking districts.

It is one of the most palpable requisites of the charter, that no one can be eligible as a director of the bank, unless he shall, in his own right, own at least thirty shares of the capital stock of said bank at the time of his appointment as such.

The first step in the organization of a branch would necessarily be the appointment of a board of directors, for the management and control of its affairs. If, then, there were no one eligible under the law for such an appointment, it could not be made by the board of managers; and, consequent-

ly, the branches could not be organized without making appointments forbidden by the charter; and hence, in view of these things, it was impossible for the managers to have taken any steps in advance of the proper period of their establishment.

The anxiety manifested from every portion of the State to have the branches organized as soon as possible is well known to your committee, and they have felt the necessity and importance of fully inquiring into the subject; and are convinced, aside from the difficulties thrown in the way by the charter, that it would have been impossible and impolitic for the mother bank to have done so at any time antecedent to the graduation of the capital stock of the institution. If the branches had been established in the first instance by the board of managers, the charge of conducting and supervising them would have been conferred on individuals acting as agents, or sub-treasurers of the board of managers at the mother bank; and their appointment in direct violation of the charter, which expressly provides that the offices of discount and deposit shall be conducted and managed by a board of directors, to be selected from among the stockholders, and confining them to those stockholders only who are the *bona fide* owners of at least three thousand dollars of the capital stock.

Although the subscribers to the stock of the Mississippi Union Bank, who have complied with the law in that respect, have, even now, a vested right in that stock, yet the extent of that stock is undetermined in amount, and their right incomplete until the graduation shall have taken place agreeably to the provisions of the act of incorporation, and the amount and number of their shares ascertained and declared by the board of managers.

When these obstacles are removed, it will certainly be advisable, and your committee recommend, that the earliest and most effectual steps be adopted for the establishment of the various branches.

The last subject submitted to the consideration of the committee refers to the refusal of the Union Bank to submit to an examination from the commissioners appointed to visit and inspect the various banks of this State, by an act of the Legislature, passed May 12, 1837. The grounds upon which the board of managers refused this examination, and by them stated to the committee, rest mainly upon their denial of any one being authorized to make an examination of the bank, but a committee of the Legislature, as specifically provided for in the 24th section of the charter.

It will be borne in mind that the charter of the Union Bank was finally passed and approved on the 15th of February, 1835, and the law creating the bank commissioners at the session of the Legislature in 1837. Now, although all banks incorporated since the law of May, 1837, are by the provisions of that act included among those that the bank commissioners are authorized to visit, yet the charter of the Union Bank reserves a different mode of examination for that institution. The act incorporating the subscribers to the Mississippi Union Bank was passed subsequent to the general law of May, 1837, upon the subject of visitation; and although the clause in the charter does not repeal the general law upon the subject, it does virtually except the Union Bank from its operations. The 24th section of the charter expressly provides that the Legislature, by a committee of its own body, shall have the power, at any time, to examine the bank, and make a report thereon; virtually excepting every other mode of examination than by a committee of their own members.

Upon the question as to the right of visitation, the general rule applicable to corporations is, "that the donor or founder of a corporation, his heirs, &c., are the legal visitors, unless some *specific* appointment of a visitor be made; and if no special appointment be made, and the founder be dead, without heirs, the chancellor is the visitor, (representing the corporate capacity of the head of the Government.)"

Now the Legislature having incorporated, or, in other words, founded the Union Bank, had a right to nominate a visitor; or, having neglected to nominate one, it would, on general principles, be the duty of the chancellor, unless there was some general law conferring that jurisdiction on some other person or body.

The board of commissioners are the general visitors of all banking corporations, and occupy the attitude which, by common law, the chancellor would have occupied, but for the law creating that board. But when the Legislature, in granting a new act of incorporation for a bank (as in this instance,) conferred the visitatorial power on a specific nominee, such nominee exercises the power to the exclusion of the board of bank commissioners or the chancellor. Such is the case in the present question, as your committee humbly conceive, and are of opinion that a committee from the body of the Legislature are the only persons authorized by the charter to make an examination, or have conferred on them a visitatorial power over the Union Bank.

Your committee will further remark, that the board of managers, before refusing to be examined, consulted the attorney of the bank; which opinion has since been written out and submitted to this committee, and has been ordered to be printed; containing, as they believe, ample reasons in justification of the conduct of the board of managers. They would respectfully refer the Legislature to this document, as an able and lucid discussion of this interesting question.

In conclusion, they would remark, that they have offered their views frankly on the several questions they deem of importance; with the freedom and candor that became them as a committee of the Legislature, charged with the delicate but responsible office of examining an institution in whose prosperity the whole State is so vitally interested, and of the true condition of which it is of great moment the public should be informed.

This high responsibility was neither unknown to your committee nor lightly regarded, and they hope that they have shown that their sense of duty is as deep as it is conscientious. Many imputations against the credit of the institution and the conduct of the directory were abroad on the wings of rumor, and which it was impossible but for the committee to have heard; and our investigations were the more vigilant to detect and expose abuse, if found within the precincts of the bank. Vigilant as we profess to have been, we have seen nothing to censure or animadvert upon, but believe that the business of the bank has been conducted in a spirit of fairness to every section of the State, and with an ability that merits our commendation.

All of which is respectfully submitted:

P. W. FARRAR,  
Chairman of the Committee of the Senate.

R. C. HANCOCK,  
Chairman of the Committee of the House of Reps.

IN COMMITTEE, January 24, 1839.

After the reading of the above report, the question was taken on agreeing to the same, and decided as follows:

Ayes—Messrs. Farrar, Augustus, Wall, Hancock, Phillips, and Roberts. Noes—Messrs. Tucker and Foote.

Messrs. Cox and Puckett, who were absent at the time the question on agreeing was taken, record their names among the ayes.  
A true copy from the minutes of the committee.

IS. C. PATRIDGE, Clerk.

[Documents accompanying the report.]

*Promissory notes discounted by the Mississippi Union Bank at four months.*

1838, Sept. 27	\$361,117 00	1838, Dec. 6	\$2,000 00
" Oct. 4	336,447 09	" 11	2,300 00
" 11	295,145 00	" 13	72,077 50
" 13	6,000 00	" 13	25,900 00
" 18	356,796 90	" 20	31,025 00
" 25	257,278 27	" 22	25,106 60
" 30	1,000 00	" 27	4,250 00
" Nov. 1	306,569 65	" 28	2,933 87
" 9	275,249 00	" 28	7,655 00
" 15	103,339 84	" 4	2,305 00
" 17	15,000 00	" 10	10,000 00
" 22	314,265 00	" 17	-
" 29	95,404 51		
			<u>2,899,165 23</u>

(A.)

*Power of attorney to Commissioners to sell State bonds.*

Know ye, that the Legislature of the State of Mississippi, heretofore, at the January session thereof in the year of our Lord one thousand eight hundred and thirty-seven, passed an act entitled "An act to incorporate the subscribers to the Mississippi Union Bank," which was approved by the Governor of the State aforesaid on the twenty-first day of January of the same year, and which was, in conformity to the provisions of the forty-seventh section of said act, duly published and constitutionally referred to the next succeeding Legislature of said State: And whereas, at a called session of the same Legislature, in the month of May of the year aforesaid, the said Legislature passed "An act supplemental to an act to incorporate the subscribers to the Mississippi Union Bank," which was approved by the Governor of said State on the thirteenth day of said month of May of the aforesaid year: And whereas the Legislature of said State,



mentary acts; hereby ratifying and confirming whatever the said commissioners, or any two of them, may lawfully do, by virtue hereof, in the premises.

In witness whereof, Hiram G. Runnels, president of the said Mississippi Union Bank, herunto duly authorized by a resolution of the president and directors thereof, has subscribed his name and affixed the seal of the said bank, this — day of June, in the year of our Lord one thousand eight hundred and thirty-eight.

H. G. RUNNELS, *President.*

(B.)

*Letter of instructions to Commissioners to sell State bonds.*

GENTLEMEN: You are charged by the directors of the Mississippi Union Bank with the negotiation and sale of five millions of the State bonds, and it is their wish that you should, without delay, proceed to such market in the United States or Europe as will enable you best to accomplish that object. You are furnished with extracts of the minutes of the board, and duly authenticated powers of attorney, ratifying and confirming what you may do in the premises.

The power of attorney is general, leaving as much to your discretion as the charter seemed to authorize; by which, in connexion with the powers delegated by the board of directors, you are to be governed, taking care that in no instance you transcend the chartered privileges of the corporation.

This is, in the opinion of the directors, the most auspicious moment for the sale of the State stock, and they are therefore solicitous that you give it your earliest attention.

In the absence of much information, which you will be enabled to procure when in market, the directory confide to your sound discretion the best sale you can make for the institution, so that such sale shall not be less than par valuation, estimated by the currency of the United States. It is desirable that you should procure as much specie in the transaction as can be obtained, to be placed in the vaults of the bank, and the balance in funds to be checked for by the bank at pleasure.

There are many cogent reasons to be urged favorable to the sale of our bonds. The fact that the State of Mississippi is by far the largest cotton-growing State in the Union, consequently furnishing a very considerable portion of exportable products, essential to a wholesome state of commerce between this and other countries, is a reason that may be urged, with much emphasis, why the bonds of Mississippi should be valued higher than those of any other State in market. It is esteemed a matter of importance that the nature and character of the charter should be properly represented. In most cases, it is the practice of Legislatures to pledge the faith of the State by an ordinary act of legislation. Ours is one of different character. It is not the result of premature legislation, but has been passed by two successive Legislatures, and the immediate approbation of the people, in their primary capacity, had agreeable to the injunctions of our constitution. And, withal, the bonds of the State of Mississippi are doubly secured; in addition to the guaranty of the State, they are secured by mortgage on the

finest cotton-growing estates in the Union. It is sufficient in itself to secure confidence in the ability of the bank to redeem the State bonds, that the capital stock is based on the most productive cotton-growing estates of Mississippi, yielding per annum from three hundred and fifty to four hundred thousand bales of cotton; which, exclusive of all other profitable products of the soil, will yield a revenue of from fifteen to twenty millions of dollars yearly—a sum more than sufficient to redeem the entire amount of the bonds in any one year; and the revenue accruing in most cases will be coming to those immediately connected with this institution, and whose interest it will be to replenish her vaults with specie whenever it may be rendered necessary.

The article of cotton, as before remarked, being the essential commodity employed in commercial operations, and which being as essential to the manufacturer as to the grower, cannot fail, in the opinion of the directors, when properly urged, to make a favorable impression on the market.

You are authorized to make the payment of the principal and interest of the bonds at such place or places as will best enable you to make an advantageous sale.

If it should be urged as an objection to our bonds, that Mississippi is at this time laboring under pecuniary embarrassments, such objection may be easily removed by a fair representation of facts touching her true condition. That such embarrassment is temporary, no one can doubt, on reference to the statistical information of the State, herewith handed you.

Notwithstanding a foreign debt exists, it will be seen that, during the period in which it has been accumulating, the wealth and individual resources have increased in a ten-fold proportion.

Since 1830 there have been sold to individuals within the State 11,573,712 acres of public lands, which, estimated at the reduced rate of \$10 per acre, amounts to \$115,737,120; and during the same period the increase of slave population is 98,834, which, estimated at \$500 per slave, amounts to \$49,417,100. Thus it appears that, during this period, the accumulation of individual wealth on those two items is equal to \$165,154,120, from which, if we deduct the amount of foreign debt at the large estimate of \$10,000,000, leaves a balance of net profit to the citizens of Mississippi of \$22,164,874 during the term of seven years—equal to the accumulation of \$32,164,874 per annum. Thus it is clear that the embarrassment of the citizens of Mississippi is temporary and ideal, growing out of the commercial derangements of the country, and the consequent loss of confidence, which, under ordinary circumstances, would not have been felt. The Government of Mississippi is less embarrassed than that of any other State in the Union; heretofore the full amount for which her faith was pledged is \$2,000,000 in the bonds of the Planters' Bank, which that institution has more than ample means to redeem, as appears from the account handed you herewith.

If all efforts should fail in making a sale of the bonds, you are authorized to hypothecate them for a portion of specie and specie funds, so as to enable the bank to commence her operations on sale and sound principles for the relief of the country, so that you do not pay for such loan a higher rate of interest than six per cent. per annum.

It is understood by the directors that the *specie standard*, as the term is used in your power of attorney and instructions, is intended to mean current money of the United States.

With regard to the disposition of such funds as you may be enabled to

procure, have shipped in specie, to be placed in the vaults of the bank, such portion as you may be enabled to procure and deem necessary for the establishment; and the balance placed in deposit at such place as may be most advantageous to the bank in checking for the same.

You are authorized, if it should become requisite in defraying your necessary expenses as commissioners in the service of this bank, to negotiate a loan in the city of New York, or elsewhere, on behalf of the bank, for such amount as may be necessary.

In conclusion, you are required to keep the board regularly advised of your proceedings.

Gentlemen, with &c., H. G. RUNNELS, President.

To JAMES C. WILKINS,  
EDWARD C. WILKINSON, and  
WILLIAM M. PINCKARD, Esqrs.

Letter from Commissioners to N. Biddle.

PHILADELPHIA, May 16, 1838.

DEAR SIR: We beg leave to trespass on your time so far as to inform you that, by the statute of the Legislature of Mississippi, we are authorized to dispose of the bonds of the State, amounting to fifteen million five hundred thousand dollars; that there are now in the market five millions of them; that they carry interest at the rate of five per cent. per annum, and are payable in twelve and twenty years, at any places we may designate. By virtue of this authority, we offer, through you, to the directors of the United States Bank of Pennsylvania, the following proposition: the above amount of five millions payable at any house in London or Liverpool, or at any other place you may designate, in sterling money, at the rate of four shillings and six pence to the dollar; the interest payable in the same, and in semi-annually. The bonds to be paid for in five instalments, equal in amount; the first on the 1st day of November, and the others in periods of sixty days each, successively—say on the 1st day of November, January, March, May, and July next. The purchaser to have the option, either in the whole or in part, as to the places of payment, of the cities of New York, Philadelphia, and New Orleans; and not exceeding five hundred thousand dollars in Louisville, Kentucky, if preferred by them. The purchaser to have the option of paying the last instalment in the city of Natchez, or either of the abovementioned places, except Louisville. The above is an outline of the proposition we ask leave to submit. Should Mr. Biddle be inclined to accept it, the details to be explained in conversation.

We are also authorized to hypothecate the bonds at a rate of interest not exceeding six per cent. per annum; and we are willing to do so, if we cannot sell, for a period not less than two years, upon terms which could be made known at an interview.

We have the honor to be, with considerations, high respect, &c., your obedient servants,  
E. C. WILKINSON,  
J. C. WILKINS,  
Commissioners.  
Mr. N. BIDDLE.

PHILADELPHIA, August 16, 1838.

GENTLEMEN: I have had the honor of receiving this evening your letter of this date, proposing the sale of five millions of dollars of the bonds of the State of Mississippi. I regret that the necessity of going to New York early to-morrow morning will prevent my having the pleasure of seeing you; but, understanding that it will be agreeable to you to receive an immediate answer, I now state that I accept the offer of the bonds on the terms mentioned in your letter, and am prepared to carry the contract into execution forthwith.

I have the honor to be, very respectfully, yours,  
N. BIDDLE.

Messrs. E. C. WILKINSON and  
JAMES C. WILKINS,  
Commissioners.

(D)

Letter from Commissioners to President of the Mississippi Union Bank, communicating sale of State bonds.

PHILADELPHIA, August 17, 1838.

DEAR SIR: We have the pleasure to announce to you the sale of five millions of the State bonds of Mississippi, on account of the Mississippi Union Bank. The sale was made at par value, part in specie or its equivalent, in five equal instalments—on the 1st days of November, January, March, May, and July next. The bonds to bear interest from their respective dates of payment. The places of payment to be New York, New Orleans, or this city—not exceeding five hundred thousand dollars in Louisville, Kentucky; and the purchaser to have the option of paying the last instalment in the city of Natchez, if desired by him. When the contract is formally drawn out, and the details completed, you shall be advised more fully. The purchaser is Mr. N. Biddle, of this city.

We have the honor to remain, &c.,  
E. C. WILKINSON,  
J. C. WILKINS,  
W. M. PINCKARD,  
Commissioners Mississippi Union Bank.

H. G. RUNNELS, Esq.,  
President Mississippi Union Bank.

(E)

Contract for sale of State bonds between Commissioners and N. Biddle.

This agreement witnesseth: That we, the undersigned commissioners of the State of Mississippi, and attorneys in fact of the Mississippi Union Bank,

for and in consideration of the amount and payments hereinafter specified, of five millions of dollars, by Nicholas Biddle, of the city of Philadelphia, to be made to us at the several times and places mentioned below, and by virtue of the power and authority in us vested by the statutes of the Legislature of the State of Mississippi, and the letters of attorney of the said Mississippi Union Bank, (which said statutes and power of attorney are taken as part of this agreement as if therein inserted,) have sold and delivered to the said Nicholas Biddle two thousand five hundred bonds of the State of Mississippi, for the sum of two thousand dollars each, amounting together to the sum of five millions of dollars, as enumerated and described in the said power of attorney; which said bonds are made payable at the agency of the Bank of the United States in London, sterling money of Great Britain, at the rate of four shillings and sixpence to the dollar, with interest, payable semi-annually at the same place and rate. And this agreement further witnesseth, that the said Nicholas Biddle, in consideration of our said sale and delivery to him of the said two thousand five hundred bonds, as aforesaid, has agreed, and hereby does agree, to pay to us, the said commissioners and attorneys, or to our successors, or to our or their order, the sum of five millions of dollars, lawful money of the United States, in five equal instalments of one million of dollars each, on the first day of November, one thousand eight hundred and thirty-eight, and on the first days of January, March, May, and July, which will be in the year one thousand eight hundred and thirty-nine, respectively; which said payments of one million of dollars each, of November, January, March, and May, shall be made in the city of New Orleans; and the last payment of the like sum on the first day of July next, shall be made at Natchez, in the said State of Mississippi.

In witness whereof, we, the said commissioners and attorneys, and the said Nicholas Biddle, have executed and exchanged this agreement, this eighteenth day of August, in the year of our Lord eighteen hundred and thirty-eight.

N. BIDDLE.

The Bank of the United States guarantees the punctual performance of the foregoing contract.

For the Cashier:

G. DUNLAP, Second Assistant Cashier.

rcvstr 18, 1838.

S 5.

*Report of the minority of the Joint Select Committee on the Mississippi Union Bank.*

The undersigned, a member of the joint committee appointed by the two Houses of the Mississippi Legislature to examine the Union Bank of the State, under the 24th section of the charter of said institution, and report the result of said examination, begs leave to report that he does not entirely concur in the report already made by the majority of said committee. Although the undersigned is profoundly sensible of the invidious character of the task he has assumed, of stating his dissent from the report of his associates; and although he can certainly, with perfect sincerity, declare that he

would have been highly gratified at being able to concur perfectly, upon all points, with gentlemen in every respect so worthy of esteem and confidence; yet he does not feel at liberty to decline the responsibility of frankly stating his own views upon the subject; nor is he aware that there are any rules of ceremonious observance at all entitled to respect, which require him to profess a very serious regret that the report which the majority of the committee have thought proper to make is not precisely such, in all respects, as his own judgment is prepared to sanction. The undersigned has long been convinced that human nature is so variously organized by Divine Wisdom, that honest differences of opinion must ever continue to arise among men of the best regulated minds; and of tempers most propitious to calm and dispassionate scrutiny, upon all subjects within the range of intellectual survey; and that these differences will be alike multiplied in number, and prove less yielding to the dominion of reason, in proportion to the intrinsic complexity of the subject investigated, and the extent to which the sensibilities of the soul are likely to interpose their influence. In truth, the undersigned has not at any time indulged the anticipation that absolute harmony of sentiment would be manifested among the members of the committee of investigation; for he did not fail very early to discern, what must have been sufficiently obvious to others, that various concurring evidences had been furnished, anterior to the composition of the committee, of a nature which imperiously forbade even the faintest hope that individuals, avowedly entertaining opinions directly antagonistical in reference to questions connected with the *management* and *policy* of the Union Bank of Mississippi, could, in the progress of an investigation necessarily *hasty* for want of requisite time—unavoidably *superficial* and *incomplete*—would be so successful in the reciprocal eradication of "preconceived opinions," as at once to attain the point of perfect unanimity of thought and identity of sentiment. Such a result could not have been expected even in the Legislature itself.

The undersigned will frankly confess that, if he had conceived that the simple entertainment of a decided opinion upon any material point of the investigation in question, would have necessarily operated with a "*disqualifying influence*," and, by the mere "bias of preconceived opinion," have precluded a fair and just action at the hands of the persons entertaining such preconceived opinion, he would assuredly have alike shrunk from the performance of the duty allotted to him, on account of his own unfitness for its execution, as he would assuredly have deemed it his duty to decline all co-operation with others to the same extent disqualified. But, such not being the view of the matter entertained by the undersigned, and being really of opinion that the simple adoption of some one or two preconceived impressions would not be at all likely to produce the least bias unpropitious to *truth* and *justice*, neither the undersigned nor his honored associates felt at liberty to decline the duty imposed upon them by legislative authority. How this duty has been performed has, in part, been shown, and will now more fully appear.

In re-announcing the *entree* of the committee of investigation within the portals of the Union Bank, the undersigned does not deem it essential to the dignity of his report to indulge in any additional comments upon the *politeness* and *affability* either of the president of the institution or the subordinate officers. He is satisfied with acknowledging that the com-

mittee were received in a manner entirely satisfactory, and permitted to enter upon the discharge of their duties. The undersigned observed in the demeanor of the officers of the institution nothing to invoke the language of enigmistic applause; nor did he deprecate aught, either in the aspect of the respectable functionaries alluded to, or in the manner of the reception afforded, which would seem to authorize the language of complaint, or to justify the imposition of censure, in the report of a legislative committee. The undersigned has no painful dissatisfaction connected with the manner of reception; and if he had, his own self-respect would effectually restrain its expression. Simple politeness of demeanor is, in Mississippi, not so rare an exhibition among individuals, either official or unofficial, as to claim (at least in the estimation of the undersigned) any very particular acknowledgment. The contrary is, in fact, so much the case, that rudeness and incivility among the humblest classes of our citizens are apt to awaken a sensible surprise; and the like qualities appearing in men invested with the robes of official authority would inevitably occasion a sigh that the accidents of fortune should have foisted into stations of conspicuous trust men whose moral training was, unhappily, such as to disable them from dispensing with a proper grace the sweet civilities of polished life, and to stimulate them to the practice of those sacred rules of civic complaisance which furnish an assured aegis to the sensibilities of all who may be fated to approach them. The undersigned, then, declines, now and forever, all comment upon the point in question—neither asserting nor denying aught in reference to a matter so supremely trivial, but will advance to the consideration of matters of higher import.

The majority report has already introduced to the notice of the Legislature a tabular statement showing the present condition of the bank, and presenting a summary of its past transactions. This tabular statement is certainly entitled to full credit, as it was drawn up by the accomplished cashier of the institution, Mr. Grayson, an officer of approved fidelity and skill, and is almost an exact copy of the statement made out by the same officer on the 31st day of December last, and which made its appearance in the Legislature of Mississippi in connexion with the late message of his excellency the Governor. It is deemed unnecessary to offer any opinion here upon the particulars included in that statement.

The undersigned considers himself bound, in a spirit of becoming frankness, to acknowledge that he does not conceive that it was possible for the committee appointed to examine the Union Bank (of which he was unexpectedly, and in opposition to his own wishes, made an integral portion,) assembling, as such committee was compelled to do, almost invariably, at night, after the labors and anxieties of legislative service during the day, had been endured; amidst weather, too, in the highest degree unpropitious, in the course of the brief space of time which has elapsed since their appointment, to do any thing worthy of elaborate exhibition, or to throw any additional light upon the actual condition of the bank. The undersigned, though, embraces this opportunity of avowing his full confidence in the stability of the institution, and its capability, under judicious administration, of attaining all the high purposes for which it was established. That the charter of the bank is somewhat defectively framed, and that the vigor and activity of the institution are, to a considerable extent, impeded by fundamental obstacles now, unhappily, impossible to be removed, there is no doubt; but there is much reason to hope that experience will be yet

able to devise adequate remedies for all serious inconveniences which may hereafter chance to grow out of the defective framework of the charter.

It is doing no more than simple justice to the board of managers of the Union Bank to avow (what is certainly the opinion of the undersigned) that there is no part of the administration of the same, so far as the very partial examination of the undersigned, and his associates has proceeded, which seems to the undersigned, in the least degree, to authorize a suspension of *corruption* in any of those who hold authority over the institution. The respectable gentlemen, to whose care the bank was last winter committed by the Legislature, have, all of them, so far as the undersigned knows, believed, or suspects, done nothing in the discharge of their high functions calculated to induce the faintest distrust of their integrity as men; and the undersigned is especially gratified at finding that gentlemen, all ways possessing heretofore so large a share of his confidence and kindness as individual members of society, have been able so to demean themselves in their very responsible stations as at least to avoid all detriment to their characters as gentlemen, however many of their official actions may be properly drawn into question, both on grounds of *authority* and *expediency*.

In the report of the majority, the undersigned finds it stated that the gentlemen subscribing the same "feel a pride in being able to testify" that the board of managers of the Union Bank "have manifested a painful anxiety to pursue the charter of the institution to the letter." The undersigned profoundly regrets that he cannot concur in the sweeping commendation herein bestowed, and that a high sense of public duty impels him to undertake the ungrateful task of making manifest that, in this instance, his associates, misled probably by the promptings of a high-toned generosity, have fallen into the language of strong encomium, when that of reprehension is most vehemently called for. Without, in the least degree, calling in question the "painful anxiety" of the board of managers, in reference to the point alluded to, the undersigned deems it, notwithstanding, to be undeniably true, that under the administration of the board of managers the charter of the bank has been more than once strikingly transcended, and that instances are by no means wanting wherein the spirit of the charter has been grossly disregarded, and the grand objects held in view in its enactment surprisingly overlooked.

The undersigned has not leisure at present to exhibit fully all the proceedings of the board of managers, which seem to his mind to warrant the language just employed; nor does he hold this to be necessary. Only so much will be offered on the subject, therefore, as may serve to secure the early interposition of legislative authority to check the progress of evil, and to prevent, on the part of the board of managers, any attempts in future to amplify the sphere of action plainly assigned to them in the charter, to the probable prostration of great public interests, and the certain overthrow of individual enterprise.

To begin, then: the seventh section of the original charter provides that "the bank shall never issue its own bills, at any one time, to an amount exceeding twice the amount of its capital actually paid in." Is it necessary to enter into a full citation of particulars, in order to show that this clause in the charter has been violated? Let such as doubt on the subject examine the report of the majority, and the late *expose* of the condition of the institution, made by the president of the Union Bank to the Governor of the State; and assuredly they will doubt no longer.

Again: the twenty-eighth section of the charter provides that "the bank shall not deal in exchange, foreign or domestic, at a higher rate than six per centum per annum, on six months' bills or a shorter time, and seven per cent. on bills at a longer time." It assuredly requires no extraordinary perspicacity to discover that the terms on which the bank has sold checks at her counter, for her own post-notes, or the current notes of other institutions, were not such as this section of the charter justified. The view of this matter presented recently in the message of the Governor is respectfully recommended as being, in the judgment of the undersigned, entirely unanswerable; and, so far as the undersigned is informed, has not even been attempted to be answered, except with furious and unmeaning declamation, which, in the investigation of matters of high public import, is worse than vain, since it implies a disregard of truth and a contempt of law, utterly incompatible with feelings of regulated patriotism.

The terms on which the promissory notes of individuals have been discounted at the Union Bank are equally unauthorized by the charter: and the exposition of this matter contained in the Governor's message is again referred to as entirely asserting the views of the undersigned; and that official document is thus doubly referred to by the undersigned, for the obvious reason, that the views of that high functionary, given upon much deliberation, it is possible, may receive more respect with some, than any thing which could be offered by the undersigned.

Perhaps there is no section of the original charter altogether so important as the thirty-eighth, which provides "that the loans to be made by the said Union Bank shall be at a rate of interest not exceeding seven per cent. on mortgages or bonds, and promissory notes payable at a term of more than six months; and not more than six per cent. on notes or bonds renewable at six months, or a shorter time; nor shall said bank deal in exchange, domestic or foreign, at a higher rate than six per cent. per annum discount on six months' bills or a shorter term, and seven per cent. on bills at a longer term." Now, that the Union Bank has, from its establishment, been discounting notes and other securities, constantly, and advancing its own post-notes having ten months to run, is a fact on all sides admitted. It is equally admitted that the bank has been in the habit of *selling checks* (which no lawyer or banker would conceive otherwise than *dealing in exchange*) at five and six per cent. premium for their own post-notes, and ten per cent. premium for the notes of river banks; which last were, in some instances, again paid out at par. Do the gentlemen of the majority consider this conduct as a compliance with the strict letter of the charter? If they do, the undersigned begs leave to invoke their attention to the following statement of the law on the subject, to be found in the most authoritative legal treatise in reference to bills of exchange and promissory notes now extant. At page 107 in "Chitly on Bills," under the head of "Usury," it is said: "The party discounting a bill should pay the amount, less the interest in cash; or, if he give a bill or draft in exchange, (or post-note either, of course,) he should allow a *rebate of interest* for the time the latter has to run; for if he were to impose it upon the party applying for the discount of such draft or bill, without allowing interest thereon, the transaction would be *usurious*." In the note at the foot of the page cited, it will be found that the law is thus clearly laid down, "Mathews, *qui tam vs. Griffiths* and others, Peake's *Nisi Prius*, ca. 200. This was an action on the statute of usury. The defendants were bankers at Portsmouth, and

Mrs. T., residing there, drew a bill for £600 on her agent in London, payable to the defendants or order, ninety days after date; which the defendants discounted, by giving her their note for £600, payable in London at three days after sight; for this the defendants received a discount of five per cent., calculating on the *ninety days the bill had to run*, but making no deduction on account of the three days' grace which the bankers took thereon. It appeared that the money to be received for the draft was intended to be remitted to London; but the defendants gave their note at three days' sight, without asking any questions as to the mode in which she would pay the money. Lord Kenyon said he was clearly of opinion that this was a usurious contract, whether the person discounting the bill chose to receive a note or money. If Mrs. T. chose to have a note payable in town, the defendants should not have taken interest for the time the note had to run, but should compute the interest from the time it was payable. The legal authorities seem all to hold one language on this subject; and that is so plain, that it may be well said "he who runs may read." It will be observed, then, that the board of managers of the Union Bank have not only been guilty of a serious violation of the charter of the institution, in reference both to discounting promissory notes and dealing in exchange, in the way of selling checks; but they are likewise responsible, at this very instant of time, to a charge of having (doubtless, with no improper intentions) committed a series of usurious acts, for a parallel to which the pages of history, ancient and modern, would be in vain ransacked. The undersigned solemnly urges these views upon the Legislature, protesting, as he has again and again protested, with the kindest feelings for the board of managers personally, and with no desire to wound their sensibilities, or to cast discredit upon their reputation as men of honor.

The Legislature will not, it is believed, fail to observe that the topic under discussion at present is one of most portentous magnitude in many points of sight, and earnestly calling for prompt and effectual interposition. But there is one consideration necessarily growing out of the views already suggested, which imperiously demands regard, and one which the undersigned must think will be honored with serious notice. It is this: it has long been settled, upon universally acknowledged principles, that a contract, purporting to be made under the authority of a charter of incorporation, but which is of a nature directly repugnant to the provisions of the charter, is entirely null and void to all intents and purposes. A case recently decided in the supreme court of Ohio, involving the grounds assumed in the preceding proposition, the undersigned takes the liberty of citing, as exhibiting the established doctrine both in this country and Great Britain, which is there examined and reasserted, and in a manner which admits of no answer.

#### "THE BANK DECISION."

"The suit was brought upon a joint bill drawn by Paddelford, Swayne, Sterling, and Miner, upon one Fievellem, a cashier of some bank in New York, payable in six months. Paddelford and Sterling were not served with process. Swayne and Miner set up, by way of defence, the illegality of the bill. The facts presented by the pleadings were as follows: Paddelford applied to the bank for a loan of \$5,000 payable east, offering Sterling, Swayne, and Miner, for securities. The bank replied, declining the operation, and suggesting that the money might be had upon an eastern bill with

the same names. The bill in question was made and discounted, and the sum of \$203 31 retained. It was protested at maturity, and then sued upon.

"The grounds against the recovery were, that the contract was illegal and void, upon general principles, and also in reference to the provisions of the bank charter. The 20th section of the charter is in these words:

"The said corporation shall not take more than at the rate of six per centum per annum upon its loans or discounts."

"The transactions, in making the bill in question, were held by the court to be devices to secure a higher rate of interest than the law allowed the bank to take upon a direct discount. And they recognised fully the doctrine of the Supreme Court of the United States in *Bank of the United States vs. Owens and others*, (2 Peters, 536,) 'that the law will not tolerate such transactions, has long been settled; for a fraud on the statute is a violation of the statute.'

"That a profit made, or a loss imposed, on the necessities of the borrower, whatever form, shape, or disguise, it may assume, where the treaty is for a loan, and the capital is to be returned at all events, has always been adjudged to be so much profit taken upon a loan, and to be a violation of those laws which limit the lender to a specified rate of interest."

"The charter empowers the bank to make a contract of loan, at the rate of six per centum per annum. If it attempts to contract for more, it transcends its power, and the contract is a nullity for defect of capacity to make it.

"The result of this decision would seem to be, that all bills obtained by banks in Ohio, upon contracts intended to secure a higher rate of interest than the bank is authorized to take by its charter, are mere nullities, imposing no obligation upon drawers, endorsers, or acceptors. That this decision is in conformity with that settled law, there can be no doubt. Let those concerned look to it."

The undersigned is absolutely awe-struck at the hideous picture of illis to come, which he has deemed it his solemn duty thus to bring to view. A bank, established upon the proceeds arising from the sale of bonds, made by a whole people under a provision of the constitution of the State, in the highest degree cautionary in its character, has gone on, day after day, palpably violating its charter, and putting at risk almost all of its capital, yet realized, by engaging in transactions wholly unauthorized, most grossly repugnant to the plain phraseology of that charter of incorporation by which it was created, and to which it owes all its powers, great and small, and threatening, by a pursuance of the same illegal course, finally to subject the institution itself and the whole State, to the risk of utter and remediless bankruptcy; and all this, too, when there was no necessity for such proceedings whatsoever, and when a proper observance of the charter of incorporation would probably, in the end, have secured more clear profit to all interested in the institution than will be finally realized by the illegal course adopted. And, in the face of all these astounding facts, a committee of the Legislature, appointed to make a thorough investigation of all the transactions of said bank, have not hesitated to declare solemnly that the whole conduct of the board of managers is altogether praiseworthy, and that their whole course has been marked by a "painful anxiety to comply with the strict letter of the charter."

That the bank will lose any very large amount by the illegal transactions exposed, the undersigned hopes will not be the case; but that hope, he is constrained to confess, is founded, and alone founded, upon the general high sense of honor pervading our whole population, and the lofty independence almost universally prevailing among us not to invoke the aid of the law in resistance of a claim of unquestionable justice. The undersigned, with all possible earnestness, inquires, Has a bank been *judiciously* managed, however honorable may be its directors, which is involved in the predicament just stated? Will any blame the undersigned for thus frankly presenting his own views upon the subject? Is it not better, in the language of a great man, "to know the worst and provide for it?" Is it not the part of prudence to retrace the steps of error as soon as practicable? Is not the Legislature bound to save the people of the State from further jeopardy— from a course which cannot do otherwise than implicate them and their children, and their children's children, in disasters which human language is wholly incapable of portraying?

The undersigned, in order to avoid the dangers just delineated, (which, to say the least, are, to some extent, of possible occurrence,) begs leave to recommend the immediate adoption of a law modifying the existing law, and extending the power of the directors of the Union Bank in such a manner as may enable them in future to guard against a repetition of the act just remarked upon. The bill has been drawn up in such terms as are believed by the undersigned not at all to interfere with the rights which have already vested under the existing charter, and is submitted, with the report, for the consideration of the Legislature.

The undersigned most respectfully submits further, that the board of managers of the Union Bank have not complied "strictly with the letter of their charter," in regard to another point of the highest importance, and in reference to which, it is well known, much sensibility is felt, and justly felt, in various quarters of the State. The charter of the bank provides that seven offices of discount and deposit shall be established at different points in the State. It was evidently the design of the framers of the charter that the whole machine should go into operation at the same, or very near the same, instant of time: to use a phrase of the common law, that *all the candles should be lighted together*. It is obvious to all, that a bank, of the peculiar construction of the Union Bank, could not be established with any other understanding, without doing manifest injustice to a majority of persons holding stock in the institution. It surely never could have been contemplated to establish a central moneyed power at the capital of the State, in the hands of a board of managers irresponsible to the people, irresponsible to the stockholders, and holding in their hands the means of perpetrating the authority confided to them, at pleasure, which the undersigned—much as it may surprise some—will presently show has actually been done by the supplementary charter. It could not have been intended to subject the citizens of the State, stockholders and others, to the enormous inconvenience and expense of coming to the city of Jackson in order to procure a petty pecuniary accommodation; upon reaching which place, they would, in all probability, find that the paper which they offered, although perhaps chance it was as strong as it could be made, was unfortunately not *known* to be so by any of the board of managers. But the charter on this subject happens fortunately to be too easy of interpretation to need any argument *ab inconvenienti*; for the undersigned maintains, and defies contradiction

on the point that there is not a clause, sentence, or line, in the whole charter, prohibiting the immediate establishment of the branches of the parent bank, or providing that the parent institution, located in the city of Jackson, shall be put in full operation before the offices of discount and deposit shall even be supplied with directories. To look into this point more minutely: it will be observed that thirty-one sections of the original charter, being those first occurring in the compass of the same, relate *exclusively* to the mother bank, as it is called, to be located in the city of Jackson. The thirty-second section, *for the first time*, mentions the offices of discount and deposit, in these words: "*Be it further enacted*, That there shall be established seven offices of discount and deposit, as follows, to wit: " &c. &c. In the seventh section of the charter, long antecedent to the section just cited, it is provided (speaking, of course, of the mother bank, for the offices of discount and deposit have not been even hinted at) "that no individual can be a director of said bank (meaning, of course, the parent bank, for no other has, as before observed, yet been mentioned) who is not a citizen, domiciliated in the State, and who does not at the time of his election, in his own right, hold at least thirty shares of the capital stock of said bank," &c. &c. Now, who would ever think of contending that this requisition of *thirty shares* applied to any bank, except the bank mentioned in the preceding part of the law? Is the word "*said*" entitled to no regard whatever? Can it be applied, without a gross contempt of all rules of interpretation, to any thing not yet spoken of, about which a word has not been yet *said*? Indeed, this point seems to the undersigned far too plain for argument.

But to "make assurance doubly sure," let us return to the thirty-second section, which provides for the establishment of offices of discount and deposit. The thirty-third section locates the parent bank; and then comes the thirty-fourth section, which provides as follows, viz:

"*Be it further enacted*, That there shall be annually appointed by the board of directors of the mother bank; to administer the affairs of said office of discount and deposit, nine directors, citizens of the State, residing and domiciliated within the counties for which said office shall be established, five of whom shall constitute a quorum to transact business; and said directors shall choose from among themselves a president, and shall be subject to all such regulations and rules as may be adopted by the said board of directors of the mother bank, for the government of said offices, not inconsistent with the provisions of this charter."

Now, may it not be triumphantly asked, where is the qualification of *thirty shares of stock* to be found in this part of the charter? Surely the committee have gravely professed a different opinion, and have justified the action of the board of managers expressly in reference to the point under consideration, the undersigned will examine the subject still further; although he does most seriously lament that so shallow a sophism as he must, with all due deference, hold this part of the report of said committee to be, should have been so unnecessarily thrust upon the table of dissection.

Let us apply another touchstone to this fallacious argument of the majority—and one, too, which, if nothing had yet been said on the subject, would be sufficient to ascertain the true character of the proposition, that the qualification of *thirty shares of stock* is requisite to the holding a directorship in the offices of discount or deposit, under the charter. It is a maxim

as universal as civilization, that in a law the specification of one or more particulars is an exclusion of all things not thus specified—*expressio unius, est exclusio alterius*, are the words of the common law. This maxim will be found very happily expressed in the argument of the able and learned attorney of the Union Bank, in the discussion of another point; and what he says so felicitously, the undersigned begs leave here to refer to, as being at least as applicable in relation to the question now under consideration, as it is in the connexion in which it stands in that argument. In the thirty-fourth section of the charter, as already cited, the qualification of a director in the offices of discount and deposit is specified. And what is it? Why, "he shall be a citizen of the State, residing and domiciliated within the counties for which said office shall be established." This is all. How easy it would have been to provide that each director should also have thirty shares of stock! Let it not be said that this was already provided for in the seventeenth section of the charter; for *domiciliation* is likewise expressly mentioned in that section, and yet *domiciliation* is again mentioned in the thirty-fourth section, relating to offices of discount and deposit.

The language of the charter, throughout, cautiously guards against putting directors in the parent bank upon the same footing with the directors of the offices of discount and deposit: the first are to be "*elected* by the *stockholders*;" the second are to be "appointed by the board of directors of the mother bank." The first are to hold their stations for a *specified period*—*twelve months*; the second are liable to displacement by the directors of the mother bank at any time. The directors of the parent institution are to be governed by rules derived by themselves; the directors of the branches, by rules prescribed by the directors of the mother bank.

The reason why the qualification was required in the one case, and not in the other, was this: the directors of the mother bank hold their offices for twelve months, and are not subject to displacement before the termination of that period; the directors of the offices of discount and deposit are subject to removal at any time. The *stockholding influence* being exerted in the mother bank, is necessarily as fully exerted (although indirectly, to be sure) in the branches.

It is seldom that a law is so plain, and so little liable to misinterpretation, as that portion of the Union Bank charter now under review; and it is certainly one of the most astounding facts that has ever occurred in the history of banking, that such a provision should have been so grossly misconstrued as it has been by the board of managers. It is not less surprising, though, that a legislative committee should unnecessarily have involved themselves in the self-same error of construction, as in the present instance is the case; and surely nothing but the exceeding *precariousness of movement* which has marked the preparation and delivery of that report can at all account for the predicament in which the intelligent gentlemen composing the majority have become entangled. It would be sufficient to say, independent of the unanswerable views already offered on this point, that either the *whole* of the seventeenth section of the charter, specifying the qualifications of directors of the mother bank, is applicable, or no part of it is. But that section requires that a director shall be a citizen of the State and domiciliated therein. Does this apply to the directors of the offices of discount and deposit? If so, *domiciliation* and *citizenship* in the State ought to be sufficient, together with the other qualifications mentioned in the same

section, to qualify for a directorship in any office of discount and deposit. But what is the fact? Why, the thirty-fourth section requires that the directors of the offices of discount and deposit shall be "citizens of the State, residing and domiciliated within the counties for which said offices shall be established." Then domiciliation in the counties is required, in addition to citizenship and domiciliation in the State. Is it not most evident, on this argument alone, that the qualification of the two classes of directors is very different? And yet they must be the same precisely, in order to raise the necessity of the directors of the offices of discount and deposit holding, in their own right, at least thirty shares of stock, in order to be eligible. The Legislature, in providing for the establishment of the Union Bank, was compelled to fix the location of the offices of discount and deposit, in the law establishing the bank, at seven different places. At the time of the enactment of the law, it was at least possible that some one of the offices of discount and deposit might be located within the limits of a county in which as many as nine persons might not be found who would, each of them, be owner, in his own right, of thirty shares of stock; hence the reason of not requiring the stock qualification in this case. The case of the mother bank was very different; it was absolutely certain that, if the charter went into operation at all, there would be at least enough persons to be found in the whole State holding the requisite quantity of stock. Hence, in the latter case, the stock qualification was required. Arguments might be piled on arguments on this question, until legislative patience would be utterly exhausted. The undersigned forbears further discussion, in mercy to those to whom this report is addressed. What has become of the declaration of the majority of the committee, that "the subscribers to the Mississippi Union Bank not having been declared stockholders, and that, therefore, the offices of discount and deposit cannot yet be organized?" What has become of the sweeping assertion of the majority, that the board of managers have, in all respects, adhered to the "very letter of the charter?"

The undersigned hastens to examine another proposition of the majority, which is as follows: "If they had not adopted the post-note system, in the face of these things, she could not have ventured discounting until the instalments were paid on the purchase of the bonds." The undersigned cannot withhold his unfeigned surprise and regret at this language of the majority. It is, indeed, a little difficult to understand precisely what is meant by this new-wrought phraseology; but enough is at least clearly indicated, if not counteracted, to bring on the immediate ruin of the Union Bank, and to break up at once the whole currency of the State. The undersigned will specify somewhat on this topic. What is a post-note? It is certainly not a note payable at sight—a post-note currency would be assuredly any thing else but *convertible currency*. The money promised, on the face of a post-note, to be paid, is assuredly *suspended* from payment until the arrival of a particular day, or until the lapse of a specified period of time. A system of post-note issuance and circulation can be nothing more nor less than a *system of suspension*. It is, indeed, the first time that the undersigned has ever had the fortune to hear the "*post-note system*," as a regular and matured system of banking, even so much as hinted at. He has looked a little into works on finance; but, really, such a system as this post-note system he has yet to see delineated in any work of practical utility on this subject, or in any book of romance even, without it be true

that the gentlemen composing the majority have actually found out the somewhat occult meaning of the noble poet of our own times, who exclaims—

"Oh, gold! I still prefer thee unto paper,  
Which makes bank credit like a bark of export."

It surely cannot be possible that the gentlemen of the majority conceive that the Union Bank of Mississippi has authority, under her charter, to keep up an *exclusive post-note currency* as a permanent system. If they do, the undersigned would, with all proper respect, suggest that it seems to his humble capacity that they have examined the charter of the institution to but little purpose; the 21st section of which is in these words: "*Be it further enacted*, That the said corporation shall never refuse specific payment in current coin of the United States, or suspend payment of any of their notes, bills, or obligations, or of any funds received by them on deposit; and if ever said corporation shall *refuse* or *suspend*, the bearer or holder of any note or obligation, or any person having the right to demand or receive the same, or receive the amount of any deposits as before recited, shall be entitled to receive and recover damages at the rate of 18 per cent. per annum."

Again: the seventh section of the supplemental act provides that the said bank shall never issue its own bills at any one time to an amount exceeding twice the amount of its capital actually paid in; and evidently manifests, on the part of the Legislature granting the charter, an earnest disposition so to restrain the issues of the institution as to keep the same always in a *conventio condition*.

But, that the board ever intended to establish the post-note system as a regular *system* of banking operation, the undersigned is exceedingly unwilling to believe; and he must think that such a suggestion, gravely made in a legislative report, emanating from gentlemen recognised as the zealous friends of the institution, is eminently calculated to throw discredit upon the present issues of the bank, and to diminish the confidence of influential financiers elsewhere than Mississippi in the ultimate prosperity of the institution.

That the Union Bank has a right to issue post notes as a *temporary financial expedient*, the undersigned is very far from doubting. The board of managers are not, in the judgment of the undersigned, at all censurable for issuing post notes, after the sale of the bonds purchased by Mr. Biddle, in anticipation of the early reception of the proceeds of the bonds. This is all that the undersigned ever considered them as attempting to do. The board of managers themselves certainly did not contemplate, in the first instance, going beyond that point; and surely that is as far as the charter will possibly allow them to go. It cannot be doubted that the bank is bound to absorb the post-notes which she has thrown into circulation, as soon as conveniently practicable; and whatever may be the present intentions of the board of managers on the subject, there seems to be but little room to question that such was the original intention of that board, as distinctly made known at the time the bank commenced its operations.

The undersigned does not understand the sale of the bonds of the State, which was effected by the respectable commissioners so deservedly commended by the majority report, precisely as that transaction seems to be understood by the gentlemen of the majority. According to the charter of the bank, the sale could, in strictness, only take place at *par value*, and the charter unquestionably contemplated a sale of the bonds of the State for gold and

silver in hand, or what might be equivalent thereto. If the nature of the sale was such as necessarily to postpone the bank in availing herself of the amount of the proceeds of the bonds until the "instalments" should respectively mature, the undersigned would be inclined deeply to lament the transaction. But if, (as he is advised is the fact,) the amount of the bonds is subject to be rendered immediately available in gold and silver to the institution, the undersigned can perceive no sufficient reason whatever, growing out of the sale, to warrant the establishment of a "post-note system;" and he must think that the propagation of the notion that such is in future to be the regular course of the bank must infallibly throw some discredit upon the institution, and deprive it of much of the dignity until now appertaining to it. No such word as *instalment* appears in any part of the charter; and if the sale was upon instalments not available by drawing against them, so as to put the bank in funds immediately, or in a very short period of time, in the judgment of the undersigned it would be a sale wholly unauthorized by the charter of the bank. If the sale was really one of this character, it was the duty of the board of managers, immediately upon the announcement of the transaction, to have declared to all concerned that they did not recognize the sale as a valid one. If this had been done promptly, there is no doubt that the terms would have been appropriately modified; and even if that had been found impracticable, the bonds could have been easily disposed of across the Atlantic, upon terms authorized by the charter. The undersigned has full assurance on this point, and pledges himself to establish conclusively, by requisite documents, that at the time of the sale American stocks were in special demand abroad, and that subsequently American stock of a grade greatly inferior was disposed of upon terms highly favorable. If, then, the sale was such a one as the charter required, there is no necessity for the Union Bank's establishing a "system of post-note" currency, in order to meet the instalments. Either the board of managers acted in gross violation of their charter, in ever sanctioning and carrying into effect a sale of the State bonds altogether unauthorized, or this remark about *instalments* falls to the ground; and it is presumed that those who "testify" to the "painful anxiety" of the board of managers to act in accordance with the strict letter of the charter are hardly prepared to say that the sale was for instalments not immediately available. However this may be, though, one thing is certain: a sale at par value is a sale for cash, and the proceeds of the sale must reach the par standard, both in amount and quality. And another thing is equally certain: the Union Bank has no authority to issue notes of any kind, except to the amount of twice the amount of capital actually in her vaults. If the sale was a legal one, the Union Bank ought to have had in her vaults by this time five millions of gold and silver; and upon this an issuance of ten millions could very well have been sustained by a bank backed and supported by the credit of such a State as Mississippi. If the bank has not been able to do so, the fault is somewhere: either the commissioners have done what they were not authorized to do, what was highly inexpedient, and what the board of managers should never have ratified; or the board of managers, if they have authorized themselves to be declared as the establishments of a "post-note system," have acted in a manner which is entitled to serious reprehension.

The undersigned has already stated his opinion that the Union Bank had sufficient legal authority, under the charter, to justify the issuance of post-notes, in anticipation simply of the proceeds of the bonds actually

known to be sold at the time of such issuance to Nicholas Biddle, Esq., of Philadelphia; and he now adds, that he considers the conduct of the board of managers in the premises, under all the circumstances, entirely justifiable—not, as the undersigned desires to be clearly understood, because he believes the bank to have power to build up a post-note system, as mentioned in the majority report; nor because, under any charter, the undersigned could consider a post-note system of banking as any thing less than a hideous financial monster; but because sudden exigencies may be expected always to arise from time to time in a country eminently commercial, which may call for the issuance of post-notes, and justify their employment as a temporary medium of exchange. The employment of post notes as an exclusive, systematic, and permanent currency, would, in the judgment of the undersigned, be an all-blasting evil, more intolerable than any which the justice of Heaven, or the tyranny of man, has ever yet inflicted upon a free people.

The undersigned does not hesitate, though, to declare it to be his opinion that it will be both practicable and highly politic for the Legislature of the State to administer all proper aid to the Union Bank at this time, in order to enable her to realize as soon as possible the whole amount of her capital; and to expand her issues as far as her own safety will allow, with a view to meeting the pressing emergencies of the times. With this view, the undersigned begs leave to report a bill, which has been drawn up too suddenly to be complete in all respects, but which may at least serve to show the practicability of attaining an object so desirable on many accounts as an extension of the issues of the Union Bank, without putting the institution in the least peril, without violating the charter in the least degree, and without hazarding the loss of financial confidence everywhere, which would be inevitably consequent upon the baleful establishment of what the majority have denominated a *post-note system*. That the bonds of the State could now be sold in foreign markets, the undersigned considers entirely beyond question, upon the very terms stipulated in the charter. The undersigned was never one of those who doubted the sale of that portion of the bonds already disposed of to Nicholas Biddle, Esq. And whatever respect the undersigned may, and certainly does, entertain for the distinguished commissioners who effected the negotiation with Mr. Biddle; and however he may be inclined to look over—yes, even perhaps to commend, under all circumstances—their slight transgression of the authority committed to them in the sale of the bonds at less than the amount stipulated in the charter; yet the undersigned would esteem it at least a little indiscreet, did he even feel special gladness on the subject at all, publicly to congratulate the Legislature upon the sale of the bonds as an operation at all surprising in its character, or to avow the least astonishment that the negotiation was found to be a thing at all practicable. The sale was, possibly, the best that could be made at the time in the United States; and the undersigned does not at all doubt that Nicholas Biddle was the only man in the United States prepared at the time to buy so large an amount of stock of any kind. But the correspondence between the commissioners and Mr. Biddle evinces the fact, that he bought without the least hesitation; and Mr. Biddle has certainly sold a portion of the bonds subsequently in London, as is well known, for a very considerable advance on what he gave the commissioners. Then, whilst the commissioners may be admitted to have done very well, yet it is absolutely certain that Mr. Biddle did still better; and allowing the com-

missioners all proper commendation for the sale which they effected, yet is it plain that the stock of the State of Mississippi having now obtained a favorable reception abroad, and more especially this particular species of stock having received the potent sanction of Nicholas Biddle, Esq., the rest of the bonds could be most easily sold; and, indeed, the undersigned must declare it to be his conviction that they could always have been sold, even without the aid of Mr. Biddle's name, in various places beyond the Atlantic, upon terms sufficiently favorable. He has no time to state all his reasons for so thinking, nor is it at all necessary. Although the sale of the bonds in Philadelphia is not a matter which the undersigned will complain of, (and he freely acknowledges that the commissioners, under all the circumstances, seem to deserve some credit,) yet he cannot concur with the majority of the committee, he again avers, in declaring the least surprise on the subject of the sale. All Europe knows (or at least every man engaged in buying and selling of stocks is bound to know) that these bonds of the State of Mississippi constitute well-nigh the best stock in the world. Mr. Biddle knew it, or he would not have purchased the bonds: it was well known in London, else Mr. Biddle would not have been able to sell them immediately at an advance. The commissioners had not time last summer to make an experiment upon the European market. Perhaps it is well enough that they had not. The rest of the bonds, though going to Europe under the voucher of Nicholas Biddle, now at least secured, might be expected to sell at once—yes, they would be eagerly grasped at, either in London or Amsterdam. Why, then, should the Legislature of the State, with the co-operation of his excellency the Governor, not immediately enter upon the legislative steps to prepare the bonds for sale, and provide for their sale without delay? As soon as commissioners of approved fitness and exalted character shall be known to be on their way across the Atlantic, a sale of the bonds may almost be considered as already effected; for that the sale would be accomplished, the undersigned is well assured there is no room for doubt. The Union Bank, then, in anticipation of the proceeds of the sale, might very providently issue post-notes to a sufficient extent to relieve the pressure now reigning in our money market. Such a step she would, as the undersigned is convinced, have a right to do under the charter; such a proceeding, so guarded and so sustained, would command confidence and approbation everywhere; and even those who consider a mere *post-note system* objectionable—a system built on nothing, existing merely in the air, and feeding upon the foul vapors which exhale from the sties of bloated and fraudulent speculation—would hail the emission of such a currency as this with the highest rejoicing.

The plan recommended, the undersigned must think, is much better than to provide by legislative enactment that the Union Bank shall proceed forthwith to issue five or ten millions of post-notes, as is now urged by some, without providing for their redemption *at all*, or indeed manifesting much solicitude, as it would seem, whether they shall ever be redeemed, or at least in any short period. This could not be done, the undersigned is perfectly assured, without an unpardonable violation of the charter of the bank; it could not be done without calling in question the general authority of the Union Bank to issue post-notes under any circumstances, and of course stamping the whole of her present issues with suspicion; it could not be done without destroying—entirely and forever destroying—the credit of the State abroad, fixing an irremovable veto upon the sale of all Missis-

issippi stocks in future, and involving our whole people in hopeless bankruptcy. The undersigned will now proceed to offer a few remarks upon the cotton policy, as it is called, adopted by the board of managers of the Union Bank. The undersigned considers it unnecessary to say much at this time on the subject; he has heretofore stated his individual views on the subject, both in the Legislature and elsewhere, freely, fully, and without reserve. The undersigned is not disposed to call in question the legal right of the board of managers to make advances upon cotton, in the manner described in the report of the majority; and he is confident that a proper examination of the charter will serve to remove all doubt which may have arisen on the subject in the minds of others. But, while the undersigned makes this admission, fully, and without limitation or reserve of any kind, he is constrained to say that he considers the policy objectionable on many grounds; some of which he will proceed to state, and others he has already enjoyed an opportunity of stating in another form.

1. It is objectionable, because it is evidently unequal in its operation, and must inevitably secure to the holders of cotton a preference over classes of the population equally meritorious.

2. It will certainly diminish the dignity of the State of Mississippi, as one of the sovereign members of the confederacy, degrading her into a mere factor of cotton, and presenting her to the world as descending to a miserable business of huckstering and bargaining with her own citizens.

The cotton policy of the Union Bank will clearly have the effect, as is urged in the late message of the Governor, of establishing a complete monopoly of the whole cotton crop of Mississippi; the proceeds of that cotton, when sold, are designed to operate as an increase of the capital of the institution, and to multiply its discounts; cotton-holders, of course, always having a preference under the system, every man must at once see that the Governor of the State, however wrong he was in regard to certain other matters, such as the revocation of bank charters by legislative action, &c., &c., states nothing that every man of sense in the world will not at once believe, when he says that, "with a capital of fifteen and a half millions of dollars, the Mississippi Union Bank, if suffered to do so, could monopolize the whole cotton crop of the State, and every article of produce and merchandise, depopulate our towns, prostrate our merchants, and crush our planters." It is equally true, as urged by the Governor, that "this system of advancing will absorb the available means of the institution, and throw the discounts of the bank into the hands of large cotton-planters and speculators, and deprive those of loans who do not produce cotton." That all these dire effects may, and probably will, arise from this system fully carried into effect, the undersigned entertains no doubt at all. When the enormous amount already absorbed in so short time by cotton holders is taken into consideration; when the Legislature of the State sees that the board of managers at one time declared, by order, and committing advertisement, that for four weeks they would do nothing but advance on cotton; that nothing has prevented the absorption of millions more of the post-notes of the bank, under the cotton system, but the opposition presented in the halls of legislation; when it is known (as the undersigned avers to be the fact) that as strong paper as any in the State has been thrown out of the vaults of the bank, and refused discount, for want alone of the cotton security, while as much as about one hundred and thirty thousand

dollars have gone out upon this cotton arrangement, on accepted bills of two respectable commission merchants, both of them directors of the Union Bank—when all these things are known to be true, (as the undersigned solemnly declares them to be,) surely no man can doubt that this scheme of monopolizing cotton, by the Union Bank, is one of the most dangerous attempts at the usurpation of exorbitant and irresistible power ever heard of. Such a power, vast at the present time, and every day increasing, located at the capital of the State, would inevitably upset the Government of Mississippi at pleasure; domineer over every thing like independence of thought and action; and take absolute possession, in a short time, of the whole country. This, the undersigned, for one, is unwilling to submit to; and the Legislature of Mississippi, it is hoped and believed, will not delay proper action on the subject.

The undersigned has spoken of the sum of one hundred and thirty thousand dollars being let out by the board of managers, on the acceptances of two commission merchants, members of the board of managers. The undersigned wishes to be understood on the subject: the paper on which these acceptances are to be found is believed to be very good; although the undersigned can, of course, know nothing positively on the subject, but he believes the bank will lose nothing by the operations stated. But the undersigned objects, on principle, to a system which must inevitably have the effect of driving down the planters of Mississippi again upon the poisoned daggers of commission merchants in New Orleans; and, finally, introduce the same policy so lately existing in the State, and supposed by some to have been uprooted forever, of refusing all fiscal facilities to the substantial citizens of the State, upon whatever securities, except upon the presentation of the *acceptance* of one of those thrice-glorious potentates, the commission merchants of New Orleans. That this must be eventually the result of this cotton policy, no reasonable man can question; and as one, the undersigned begs leave at once most emphatically to protest against it. The undersigned has the highest personal respect for the gentlemen whose acceptances have been alluded to, and one of them, at least, is his intimate personal friend. There are not two gentlemen anywhere, the undersigned presumes, of more honesty, and liberality, and disinterestedness; and if the money of the Union Bank is to be let out in that way, he would prefer its being let out on the acceptances of these gentlemen, to its being emitted on the acceptances of most others, situated as they are. But the undersigned does most solemnly ask, *First*: Is it right for the Union Bank to re-introduce the evil under which our citizens have so long groaned, and from which they had freed themselves, of seeking fiscal accommodations, which all finally come out of the banks in Mississippi, at the hands of commission merchants in New Orleans? *Second*: Is it not especially to be regretted that these commission merchants should give out their acceptances as directors of our banking institutions? Supposing every thing to be perfectly right and fair in the bank, (which the undersigned does not at all question,) is it not an indispensible proposition, that, under this system of the Union Bank of Mississippi, a holder of cotton who desires to get an immediate advance of money on his cotton, will have recourse at once to a commission merchant, who is also a director of the Union Bank, in preference to all others, on the presumption that he will have it in his power to serve him more effectually than any other person, by having his own acceptances as a commission-merchant promptly cashed, by reason of his official attitude? May not this-

be the case, and yet all be perfectly fair? and is it not clearly the necessary result? There is no doubt on the point; and the undersigned does not hesitate to say that, under the existing policy of the Union Bank of Mississippi, such of the directors as are commission merchants must be every day applied to, and by vast numbers, for the favor of their acceptance on bills and other commercial paper. The commission merchant director will be preferred to all others, as the person to take charge of the cotton for sale in New Orleans, or elsewhere, as a matter of course; because it will be certainly more advantageous, for the reasons mentioned, to employ him than any other person. If this, in addition to other evils, does not bring about a concentration of fiscal power in one or two hands, and that speedily, too, much to be deprecated, and to the entire overthrow of all competition which is not duly armed for the combat, the undersigned is indeed in great error. Why, what is the fact? Two commission merchants, members of the board of managers, since the cotton policy was adopted, have had allowed on their acceptances upwards of one hundred and thirty thousand dollars. No other commission merchant, not belonging to the board, has had allowed on his acceptances more than about fifteen thousand dollars. They have most probably not been offered in bank for discount; but that is a matter of no importance. Since the cotton policy was adopted, various other members of the board of managers, it is understood and well known, have, invited doubtless by the probable profits which must arise from the commission business when carried on under the aegis of a Union Bank directorship, become commission merchants. The undersigned was for pushing inquiry on this point, and ascertaining all the facts of the case; but his associates deemed it unnecessary, and the inquiry was not gone into by the committee. But the undersigned appeals to the Legislature, and through them to the people of the State, whether full information on this subject is not necessary to be had. And is it right that any part of the operation of this cotton policy should be hid from observation?

In discussing this subject, the majority of the committee observe as follows: "When your committee remember the extravagant and unlimited extent to which, in former periods, the banks of the State permitted the mercantile houses of our own State and New Orleans to absorb their means, and constituting them as the only channels through which the planter could obtain any banking facilities, they have been gratified to find that the Union Bank has pursued a more correct course, and one better calculated to advance the planter's interest, and put it on a footing with other pursuits, by furnishing the planter directly from the bank, without his incurring additional expense in the way of commissions." &c. The undersigned does not feel it to be his duty or privilege to undertake a defence of the other banking institutions of the State, who are gravely charged with having "permitted mercantile houses in our own State and New Orleans to absorb their means," and "constituted them as the only channels through which the planter could obtain banking facilities;" but he must regret that his associates should go out of their way in order to assail institutions who, at least, had a much better apology for the conduct inveighed against, than the board of managers can possibly have; since, in the one case, the discounting of bills drawn on New Orleans constituted the only means possessed by most of the banks denounced of replenishing their vaults with gold and silver, while the Union Bank has been liberally supplied by the people of the State, and cannot, by any means, plead the

same necessity. A committee which can find nothing to censure or arraign upon, as they expressly declare, in the whole conduct of the Union Bank board of managers, might be expected to be a little merciful to institutions who, whatever may have been their former offences, have now revoked their past errors and reformed the evil practices complained of in a great degree, and have established some claims to public confidence and sympathy by the most earnest endeavors to restore the disorders of the currency, and to put it in a state of healthy convertibility.

The undersigned was not able, from various causes not necessary to be stated, to ascertain satisfactorily whether or not the pecuniary facilities of the Union Bank had been distributed on principles of proper impartiality to the various applicants soliciting the discount of their notes; but he was struck with one singular fact, which he feels bound to report: that a certain William Trabern, a most respectable planter in the county of Hinds, truly negroes, the full amount which he solicited; while other applicants, offering undoubted security, were either refused a dollar of the money of the institution, or were raised down to a piffling sum, too small to be of material advantage to them. It would really seem to the undersigned that such a state of facts as the one just presented might at least call for slight "censure," and warrant gentle animadversion, at the hands of a legislative committee.

The undersigned begs leave to mention that the board of managers, in the organization of a cotton agency, it seems to him, pursued a course, to say the least, quite unfortunate. The mercantile house of Hadley, Davis, Ricker, & Co., is composed, in part, of two gentlemen, both certainly of unquestioned respectability, but who were, both of them, concerned in the establishment of the Union Bank. That a cotton agency, such as is possessed by this firm, who publish themselves to the world as agents for the Union Bank of Mississippi, must be a situation of considerable emolument, it is presumed will be hardly questioned; and it is indeed most certain that such an agency, continued a year or two, must secure the accumulation of a large fortune. It is certainly true that such an agency does not come within the strict letter of that clause of the constitution of the State which forbids a "Senator or Representative," "during the term for which he shall have been elected, or for one year thereafter, to be appointed to any civil office of profit under the State, which shall have been created, or the emoluments of which shall have been increased, during such term;" but it is submitted whether the reason on which that constitutional provision is based, viz: the propriety of withdrawing all temptation from a member of the Legislature, to aid in the establishment of offices for his own benefit, does not palpably apply? That Col. John Irwin and Col. T. B. J. Hadley did participate in the enactment of the law out of which their present very profitable station has grown, is certain. The principle *cessat ratio, cessat lex*, would seem at least to require that they should not be appointed by bank directors: "painfully anxious" to conform their action to the "strict letter of their charter," to the cotton agency of the Union Bank of Mississippi. The first named gentleman, it was, in the judgment of the undersigned, especially injudicious to appoint to the station in question; because he was at the time of his appointment, one of the board of managers, and had remained in the occupancy of his station as manager up to the present moment; so that he holds an office of eminent profit, growing remotely out

of a law which he aided in enacting—an office, in part, directly created by himself as one of the board of managers; and he is now, in fact, in the singular attitude of responsibility to himself, in part, for the faithful performance of his duties. Now, that there is much in the character of the gentleman in question to recommend him for a place of eminent trust, under other circumstances, the undersigned is constrained to acknowledge; but it seems to him that a board of bank directors disposed to "avoid even the appearance of evil," and entertaining the opinion expressed in the letter of the president of the Union Bank which accompanies this report, that next to the reputation of a woman, that of a bank is most easily soiled, should hardly have so acted.

The undersigned deems it his duty to declare that the salaries given to some of the officers of the Union Bank are much larger than is authorized either by the duties to be performed, or the distressed condition of the country in regard to its pecuniary concerns. The undersigned can perceive no adequate reason why the presidency of a bank should have attached to it a salary of \$10,000, together with a large standing accommodation as director, when the Governor of the State only receives \$3,000, the chief justice, and other judges the same, and even the Chief Justice of the United States only one-half of \$10,000. That too little regard has been had for the public interests in this matter, seems to the undersigned most evident; and he must think that the Legislature of Mississippi will consider that there is at least some ground furnished by this part of the proceeding of the board of managers, calling for other language than that of earnest commendation.

The undersigned herewith submits a letter from the president of the Union Bank to the chairman of the Joint Committee on the refusal of the board of managers to permit inspection of the bank by the board of bank commissioners. The majority of the committee have, for some reason not communicated to the undersigned, or not now recollected, declined reporting; this communication to the Legislature; but the undersigned, knowing that such feeling has been awakened in the public mind in reference to this act of refusal, and having introduced a resolution censuring the board of managers on account of the same, now lying on the table of the House of Representatives, he has felt it to be his duty to make a full exhibition of the whole affair to the Legislature, that all proper proceedings may be had at as early a period as practicable. The undersigned must confess that he does not consider the reasons alleged by the president of the board of managers of the Union Bank, as those which dictated the refusal of the board of managers of the Union Bank, as those which dictated the refusal of the board of managers to permit inspection of the bank by a committee of individuals appointed by the Legislature to perform this grave and important duty, at all satisfactory. Besides, the president of the bank once before assigned the reasons which influenced the board in the act of refusal, in his letter to the bank commissioners, now before the Legislature; and the reasons contained in the letter herewith submitted are not specified in the letter to the commissioners, although it is stated that for "the reasons" specified in that letter the board of managers had refused to permit the inspection of the bank at the hands of the board of bank commissioners. Again: an argument, able, ingenious, and marked with uncommon learning, furnished by the attorney of the Union Bank, Caswell R. Clifton, Esquire, written at the instance of the board of managers, and already presented to the consideration of the Legislature, in the report of the majority of the committee of which

the undersigned had the honor to be a member, is specially referred to in the communication of the president of the board of managers, now for the first time laid before the Legislature, as containing the "legal grounds" against the right of the commissioners to examine the bank; in which the position is assumed, and attempted to be maintained, that the commissioners had no legal authority to examine the bank at all—a position, to say the least, directly in the teeth of the communication of the board to the commissioners, refusing examination; in which the Legislature of the State is spoken of as only "equally competent" with the board of bank commissioners.

The undersigned will not enter upon a vindication of the board of bank commissioners; he is not aware that they would even be willing to be vindicated by him; and, with one of those gentlemen, it is well known he is not on terms of amity, or even ordinary social intercourse. But he will observe, that he understands that they will probably demand an investigation of their conduct at the hands of the Legislature; and, in the meantime, it is sufficient for the undersigned to declare that he is not able to see aught, even in the imputations cast upon them by the president of the board of managers, to excuse, still less to justify, the board of managers in the violation of one of the plainest and most important laws upon the statute book.

The undersigned must, with all candor, declare that the very able argument of the Union Bank attorney, although certainly containing much plausible reasoning, has not had the least influence in diminishing the force of his original conviction that the board of managers were guilty of a clear violation of law in refusing inspection by the commissioners. The law under which they claimed a right to examine the Union Bank conferred upon them full power to examine all banks thereafter established. The Union Bank was established afterwards, and was, therefore, clearly examinable by them. The undersigned, having already enjoyed an opportunity of arguing this question at length, in his place as a member of the House of Representatives, will not now repeat the views already, he thinks, sufficiently enforced. But he will now state, in addition to what was there urged, that he holds it to be unquestionable, that under the 24th section of the Union Bank charter itself, it is provided that "the Legislature shall have power, at any time, to appoint a committee to examine" the institution. It is not a committee of *their own body* that is spoken of, but a committee, simply. That the commissioners, as they are styled in the law from which they derive their authority to act, do constitute a committee, will not be questioned; that they were appointed by the Legislature, will be as little questioned. On what ground of reason, then, can their authority to examine be disputed? Really, the legal question seems to the undersigned too plain to need elaborate argument, or even to justify farther remark from the undersigned.

That the examination of our banking institutions is of high importance, no man can doubt who has examined the report of the bank commissioners now printed by order of the Legislature. That the Legislature which established the board of bank commissioners were of the same opinion, can not be questioned. It is for the Legislature now to determine, upon sober consideration, whether they will justify the board of directors of the Union Bank in their act of refusal, and decide that an institution involving such important interests, and from its character so especially subject to perversion

from its true purposes, shall in future be subject to no examination, except by a legislative committee, who, as is amply proved in the present instance, are wholly unfit to discharge the duty of examination in a satisfactory manner.

The undersigned deems it his duty to bring to the notice of the Legislature a point which is of the highest importance, in connexion with the future prospects of the Union Bank of Mississippi, and which seems most strangely to have been heretofore overlooked. By the 14th provision of the original charter, the provisional directory, to whom, according to that enactment, the management of the concerns of the institution was to be committed, are limited to the tenure of twelve months. By some oversight, (certainly, in a free country, much to be regretted,) it will be discovered that the supplemental charter secures to the board of managers, who were substituted to the provisional directory, full authority over the Union Bank, "until they are superseded by the election of successors by the stockholders and by the Legislature, as provided for in the charter." Thus are the board of managers in office, if they choose, for life. They have the means of perpetuating their authority as long as they desire. If they shall fail, however long, to do and perform a variety of acts necessary to be performed in order to enable the stockholders to become qualified, their authority will still continue.

That the provision which confers this tenure is unconstitutional, and in evident violation of the original charter, there can be no doubt. It is for the Legislature, in its wisdom, to provide a remedy for this strange state of things. The undersigned, from feelings of delicacy, will refrain at present from the suggestion of his own views in reference to the appropriate remedy. He looks to others to participate in the responsibility of taking care of this important department of the Government. If others will perform nothing for this grievance, he certainly will feel it to be his duty to do so.

The undersigned cannot draw his report to a close without an expression of deep regret that he was placed on a committee having such important and complex duties to perform, during a season of anxious legislation on other subjects, under circumstances which precluded all hope of harmonious and friendly action with the gentlemen appointed as his co-laborers; at a time of universal solicitude in regard to the painful subject of the currency, and amidst continual misrepresentation of his motives, and misstatements of his words and acts. He cannot flatter himself that he has executed the duty allotted to him in a manner agreeable to all, or as advantageous to the public as he could have wished. But he can at least claim for himself the credit of having acted his part, in the difficult and trying situation in which he has been placed, calmly, industriously, perseveringly, "without fear, favor, or affection;" and having now closed his labors, he submits the whole result of them to the sober and dispassionate consideration of the two Houses of the Legislature of Mississippi, under whose joint authority he has had the honor to act.

HENRY S. FOOTE,

Member of the joint committee of the Senate and House of Representatives of the Mississippi Legislature, appointed to examine the Union Bank.

*Extract from a special message of the Governor of Mississippi to the House of Representatives.*

EXECUTIVE DEPARTMENT,  
City of Jackson, January 21, 1839.

I also submit to your consideration the correspondence of the Executive with the Planters' Bank of the State of Mississippi, and the office of that institution at Jackson; also, the correspondence with the Mississippi and Alabama Railroad Company, and with William Nichols, the State architect, and J. A. Hoessen, the late State Treasurer; also, a copy of the letter of A. P. Merrill, the cashier of the Agricultural Bank to L. Pichee, the special commissioner appointed to examine that bank; also, a letter of the auditor, showing the receipts and expenditures of the Treasury, from the 10th of May, 1837, to the 6th of December, 1837, being the day he entered on the discharge of his duties; and the receipts and expenditures from the 7th of December, 1837, to the end of that fiscal year. These documents will place you in possession of the information requested by the resolution of the 19th instant. The receipts into the Treasury, from the 10th of May, 1837, to the 31st of December, 1838 (exclusive of the surplus revenue,) amounted to the sum of \$207,998 09; and the disbursements during the same period were \$502,619 83. The surplus revenue received in 1837 amounted to the sum of \$382,335 30. One third of that sum (being one installment) was received in a Treasury draft on the Planters' Bank at Natchez, and remained there until checked out by the State Treasurer; and that amount, so far as I am advised, was paid out in notes of the old banks.

The other two installments were drawn by the Treasurer out of the Agricultural Bank; and the letter of the cashier will show that the whole amount, except \$2,400, was received in the notes of the old banks; and I have good reason to believe that the same was deposited in like funds, by the Treasurer, in the office of the Planters' Bank at this place. Ever since the suspension, the demands on the Treasury have far exceeded the sums paid in by the tax collectors, and the Treasurer was authorized to receive the notes of our non-specie-paying banks from tax collectors alone. Since I sent in my message, I have ascertained that, for a short time last spring, the office of the Planters' Bank at this place paid out to the public creditors notes of the old banks, having no notes of the Brandon or new banks on hand at the time.

Soon after I came into office, I called, with the Treasurer's checks, on the office of the Planters' Bank at this place, for the amount of the contingent fund, and demanded notes of the old river banks, but could get no other kind but Brandon. At my solicitation, the president of the bank at Natchez agreed to furnish specie to pay postage for the executive officers, and I obtained from the office here, specie to pay postage for three quarters of the last year. On the 10th inst., I addressed a respectful letter to the president of the office of the Planters' Bank at this place, but have received no reply, and was informed by one of the directors of the Planters' Bank that none need be expected.

A. G. MCNTYTT.

EXECUTIVE DEPARTMENT,  
City of Jackson, September 3, 1838.

GENTLEMEN: Enclosed you will receive a copy of the proceedings of a meeting of the contractors and workmen engaged on the public buildings at this place. You will perceive that, unless the Planters' Bank at once resolves to pay out to the public creditors such money as she has received on deposit for the State, the completion of the State-house will be suspended, and the Legislature at their next session deprived of the benefits of a house suitable for their deliberations. Previous to the resolution of the 11th May, 1837, the Treasurer was forbidden to receive any thing in payment of the public dues, except specie, or the notes of specie paying banks.

That resolution only authorizes him to receive of tax collectors the notes of any of the incorporated banks of this State. On the 10th of May, 1837, the State Treasury was bankrupt; since that period, the three first installments of the surplus revenue, amounting to \$382,335 30, have been received—two-thirds of that sum in drafts on the Agricultural, and one-third on the Planters' Bank. It appears that the Agricultural Bank paid the two drafts on her, in checks on various banks in this State, and a portion of it in Brandon money; and that said checks and money were deposited in the branch of the Planters' Bank at this place, to the credit of the State Treasurer.

The enclosed statement of the acting cashier of the Planters' Bank at this place will show the amount deposited and disbursed since the 4th of May, 1837, and establishes the fact that the Planters' Bank has received since the 4th of May, 1837, the sum of \$408,139 12; and paid out, during the same period, \$392,483 95. Not one-half of the sum deposited was in the notes of the Brandon Bank, and in the notes of banks chartered since the 1st of January, 1837; and the Planters' Bank has already paid out to the creditors of the State, about double the amount deposited in notes on the Brandon and the new banks, and has invariably paid out the notes of the Brandon and new banks, except the amount furnished for postage, the State library, furniture for the State-house, and to purchase some materials in New Orleans. I would respectfully ask if it is just and proper for the Planters' Bank to pursue such a system? Common fairness certainly requires of the bank to pay out funds of equal value with those they receive on deposit; and if it is unable to do so, it should at least pay out the notes of the Planters' Bank, and not force on the contractors and laborers on the public buildings, and other claimants, worthless trash, which the bank itself refuses to take in payment of debts or on deposit.

Enclosed I also forward a statement from the books of the Auditor, showing the amount paid into the State Treasury from the 10th of May, 1837, until the 27th of February, 1838, (inclusive of the surplus revenue;) the disbursements, since the latter period, have greatly exceeded the payments into the Treasury.

I am informed that one installment of the surplus revenue (\$127,445 10) was deposited in the Planters' Bank at Natchez, and that most of it still remains there. Do the bank insist on their right to pay over that amount also in Brandon paper and that of the new banks; or will they pay the checks of the Treasurer on that fund in their own paper or that of the old banks? The State owns more than one-half of the stock in the Planters' Bank and it is not her wish to defraud her creditors by paying them off in depreciated paper.

dated paper worth 50 cents in the dollar, in order to obtain large dividends on her stock.

The stock of the private stockholders in the bank has never been taxed; they have been for many years in the quiet possession of exclusive privileges, for which they have never paid a bonus, nor performed distinguished public services. Their dividends have been increased by the use of the funds of the State, and, in addition to all this, they have been permitted for the last fifteen months to select the most depreciated paper in their vaults, and palm it off on the officers of Government and the laborers on the public buildings. All I ask is, that the bank shall pay but such funds as it has received, or may hereafter receive, on deposit to the credit of the State Treasurer. The contractors and laborers will be content, at present, with the paper of any of our banks chartered previous to the 1st March, 1836, except that of the Mississippi and Alabama Railroad Company. It is easy for the Planters' Bank to ascertain the kind of funds deposited to the credit of the State, and the kind paid out; and I trust that, if they ascertain that they have already paid out more of the money of the Brandon and new banks than was ever deposited, they will cease to offer it in payment.

So far as I am individually concerned, I care not what kind of money my salary is paid in; but the case is far different with those who earn their daily bread by laboring in the service of the State. Nor do I wish the bank to consider me a supplicant for others. I am bound by a solemn obligation to "take care that the laws be faithfully executed," and I have yet to learn that a corporation in which the State is a principal stockholder is above the laws, and cannot be made to do justice to the State as well as her creditors. I have therefore to request that the board will, as early as convenient, advise me—

1st. Whether they will pay out to the creditors of the State the notes of the banks in this State chartered previous to March, 1836, the notes of the Brandon Bank excepted?

2d. If they will not pay all the creditors of the State in such funds, will they pay the contractors and laborers on the public buildings in such funds?

3d. If the bank will not at least pay, in the notes of the old banks, (Brandon excepted,) a sufficient amount to keep the laborers from quitting the capital—say \$5,000 per month?

An early reply is respectfully requested, as many of the hands will soon leave unless they get an assurance of being paid in better money than heretofore.

I am, gentlemen, yours, respectfully,

A. G. McNUTT.

P. S. Will the checks of the Treasurer on the fund to his credit in the Planters' Bank at Natchez, be paid in the notes of the old banks?

A. G. McNUTT.

PRESIDENT, DIRECTORS, AND COMPANY  
of *Planters' Bank, Natchez.*

PLANTERS' BANK,  
*Natchez, September 7, 1838.*

Sir: Your communication of the 3d instant, addressed to the president, directors, and company of this bank, came to hand this day.

The balance at the credit of the State Treasurer in this (the parent) bank is \$102,583 29. This sum is subject to the drafts of the State Treasurer, in money current in the bank; nor has any other, to my knowledge, ever been tendered in payment of his drafts. I will instruct the cashier of our branch at Jackson to cash the drafts of the Treasurer on the parent bank, in such money as you have designated as acceptable, viz: in "the notes of the banks in the State chartered previous to March, 1836, the notes of the Brandon Bank excepted."

As regards the kind of funds deposited by the Treasurer in our Jackson office, or the kind of funds in which his drafts thereon have been paid, no knowledge is here possessed: your present communication contains the first reference to the subject. This communication shall be laid before the board at the next meeting, when, I doubt not, the officers of the branch will be required to furnish a statement of the facts in the case, and I have no hesitation in expressing my belief that measures will be taken to do full justice to the State.

I am, very respectfully, your obedient servant,

H. D. MANDEVILLE, Cashier.

His Excellency A. G. McNUTT,  
Governor of the State of Mississippi.

EXECUTIVE DEPARTMENT,  
Jackson, Miss., September 13, 1838.

Sir: I have the honor to acknowledge the receipt of your communication of the 7th inst., and Mr. Scarr has let me see your letter to him, and a copy of the resolution adopted by the Planters' Bank; all of which is satisfactory. Charles A. Bradford, Esq., has declined the appointment of State Treasurer, and I have appointed J. A. Van Hoesen, Esq., State Treasurer, to continue in office until the election, ordered on the 22d and 23d of October, is held, and the person then elected duly qualified, has given bond, taken the constitutional oath, and entered on the duties of his office.

I request that you will instruct the cashier of the office here to note the particular kind and quantity of money he receives and pays out hereafter, on account of the State.

Mr. Scarr reports ninety-one thousand six hundred and fifty dollars and sixty-seven cents in the office of your bank here, to the credit of the State Treasurer, due in Brandon money. I presume a memorandum was kept of the kind of money paid in by Mr. Mayson, which he received of the Agricultural Bank. An investigation of that account will, I feel convinced, show that more Brandon money has been paid out by the office here than has ever been received. I am informed that Mr. Mayson deposited here the identical checks and bank paper which he received from the Agricultural Bank, and I presume the cashier of that institution will cheerfully furnish you with a statement of the payment, if requested.

I am well satisfied that it is not the wish of your bank to do injustice to the credit of the State, but at the same time am of the opinion, that something was wrong in the manner in which a former Treasurer received payment of the Treasury drafts and made the deposit.

I am, sir, very respectfully, your obedient servant,

A. G. McNUTT.

H. D. MANDEVILLE, Esq., Cashier of the Planters' Bank, Natchez.

EXECUTIVE DEPARTMENT,  
Jackson, Miss., December 21, 1838.

Sir: In your letter of the 7th September, in reply to mine of the 3d, you state that my communication will be laid before the board, and that an inquiry would be made in relation to the kind of funds deposited in the office of the Planters' Bank at this place by the State Treasurer, and you express your belief that measures would be taken to do full justice to the State. I have long expected a further reply, but, having received none, I beg leave to call the attention of the Planters' Bank to the subject. From all the information I can gather, I feel confident that your branch here has already paid, on the checks of the Treasurer, more Brandon money than he ever deposited. I have taken measures to ascertain the exact kind of funds received by the late Treasurer, C. C. Mayson, of the Agricultural Bank, last year, and deposited by him in your bank here. There is now to the credit of the State Treasurer, in your office at this place, about one hundred thousand dollars; and this is the only money in the Treasury. The public creditors refuse Brandon money, and Col. Richards will give no other kind. I assure you it is not my wish to embarrass the operations of your bank at this juncture, for your efforts to restore to the country a sound currency are deserving of all praise and meet my unqualified approbation. Any current money would satisfy the public creditors, and enable us to get the State-house ready for the reception of the Legislature.

Please lay this communication before the board of directors and advise me of their action thereon.  
I am, sir, yours, very respectfully,  
A. G. MCNUTT.

H. D. MANDEVILLE, Esq.,  
Cashier Planters' Bank, Natchez.

PLANTERS' BANK,  
Natchez, December 31, 1838.  
Resolved, That the president of this board be authorized to confer with the Governor of the State on the subject of his letter of the 21st inst., to the cashier.  
Extract from the minutes:

H. D. MANDEVILLE, Cashier.

PLANTERS' BANK,  
Natchez, December 31, 1838.

Sir: Prefixed is a resolution of the board, in relation to your letter of the 21st inst., received this day. The president intends visiting your place in a few days, and will then ascertain the facts of the matter in question, and be enabled to come to a just decision. The intended action of the board, as indicated by me in a former letter, was prevented by the receipt of information from our office that the Treasurer had withdrawn his balance therefrom, from which it was inferred that the business had been satisfactorily closed.

I have the honor to be, very respectfully, your obedient servant,  
H. D. MANDEVILLE, Cashier.  
To His Excellency A. G. McNutt, Jackson, Mississippi.

EXECUTIVE DEPARTMENT,  
Jackson, Miss., September 3, 1838.

Sir: I requested of you to make out and furnish me a statement showing the amount deposited in the office of the Planters' Bank at Jackson, since the first day of May, 1837, by the State Treasurer; and also the amount paid out by the bank, since that period, on his checks.  
I am, sir, yours, respectfully,  
A. G. MCNUTT.

CASHIER of the Planters' Bank, Jackson, Mississippi.

Statement furnished by A. Scurry, Esq., acting cashier office Planters' Bank, Jackson, Mississippi.

To the credit of the State Treasurer on the 11th August, 1838 - \$91,650 67  
Amount of instalment - 127,445 10  
3

\$382,335 30

EXECUTIVE DEPARTMENT,  
Jackson, Miss., January 10, 1838.

Sir: I request that you will furnish me, at your earliest convenience, a statement showing—

- 1st. The amount to the credit of the former Treasurer on the day the office of the Planters' Bank refused specie payments in May, 1837.
- 2d. The amount of money deposited in the bank by C. C. Mayson, Treasurer, from the date of the suspension until his decease, with a particular specification of the kind of funds, what banks the notes and checks deposited were upon, and the amounts on each bank and branch bank.
- 3d. The amount paid out during the same period on account of the State Treasurer, and a particular description of the funds paid out.
- 4th. An exact description of the funds paid in on account of the Treasury, by an agent of the Agricultural Bank, on account of one instalment of the surplus revenue.
- 5th. A statement showing the manner in which the deposits account of the State Treasurer was kept, specifying whether the amounts deposited were entered on the books of the bank, or enveloped and placed on special deposit.
- 6th. A statement of the amount to the credit of the Treasurer at the following periods, to wit: when the late Treasurer, James Phillips, entered on the discharge of his duties; when J. A. Van Hoesen came into office, and when he was superseded by the present Treasurer; and the amount now on deposit to the credit of the State Treasurer.

7th. A full statement of all the transactions of James Phillips, J. A. Van Hoesen, and Slias Brown, as officers of the State, is also requested to be made out in every particular as specifically as those of the former Treasurer, C. C. Mayson.

8th. Any other information which may enable the Executive to ascertain the exact movements and transactions of all the aforesaid Treasurers is also requested.

9th. Should the books of the bank not furnish all the information designed, I request that it be procured from the recollection of the cashier and teller relative to the same.

If the bank over which you preside, or any of its officers, are aware of any facts which would throw light upon any of the subjects to which I have called your attention, I feel assured that it will be promptly and cheerfully furnished.

I am, sir, very respectfully, your obedient servant,  
A. G. McNUTT.

To the PRESIDENT  
Office Planters' Bank, Jackson.

EXECUTIVE DEPARTMENT,  
Jackson, Miss., December 13, 1838.

Sir: There is now in the office of the Planters' Bank at Jackson about one hundred thousand dollars, and the cashier of the bank alleges that all of it was deposited in Brandon money, and refuses to pay out any other kind of money.

The public creditors will not receive Brandon money, and, unless you will furnish funds equivalent to old river money, it will be impossible to go on with the public buildings. The Executive is not clothed with authority to place that fund on interest, or to pledge it for the loan of money. I therefore request you to inform me, as early as convenient, what arrangement the bank over which you preside will make for the redemption of that portion of her paper in the State Treasury.

I am, sir, yours, respectfully,

A. G. McNUTT.

Col. WILLIAM H. SHELTON,  
President of the Mississippi and  
Alabama Railroad Company, Brandon.

BANK OF THE M. AND A. R. R. COMPANY,  
Brandon, January 5, 1839.

DEAR SIR: Since my last, I have submitted your esteemed communication to our board of directors, by whom I am directed to say that the State, in no event, shall lose any thing upon the notes of this institution held by the Treasury. In the first place, we are willing to pay eight per cent. interest until satisfactory arrangements can be made for the redemption; and, secondly, if desired, we will, at the end of every thirty days, exchange in par funds twenty thousand dollars, until the whole amount, with interest, is redeemed.

Hoping this arrangement, upon which you may rely, will be satisfactory,  
I am, sir, your most obedient servant,

WM. H. SHELTON, President.  
His Excellency A. G. McNUTT.

EXECUTIVE DEPARTMENT,  
City of Jackson, January 15, 1839.

Sir: I request that you will furnish me with a statement showing—

1st. The information given you by the acting cashier of the office of the Planters' Bank at Jackson, in relation to the kind of money to the credit of the State Treasurer when you came into office as State Treasurer.

2d. Whether he represented said money as on special or general deposit.

3d. The reasons that induced you to have the money placed to your credit in the manner it was done.

4th. Whether said money was enveloped and sealed, and made strictly a special deposit, or did it remain open and loose in the drawers of the bank.

5th. Whether the whole of the money passed over to you was Brandon money.

You will please be as precise as possible in your answers, and also give me such other information as you may deem relevant.

I am, sir, respectfully, your obedient servant,  
A. G. McNUTT.

J. A. VAN HOESSEN, Esq.—Present.

JACKSON, January 17, 1839.

Sir: I received your letter yesterday, requesting information on the following questions:

1st. In relation to the information which I received from the acting cashier of the office of the Planters' Bank at Jackson, as to the kind of money in the office to the credit of the State at the time I was appointed Treasurer.

2d. Whether he represented the money as being on special or general deposit.

3d. The reasons that induced me to make a special deposit to my credit of the money in said bank.

4th. Whether said money was enveloped and sealed, or remained open in the drawers of the bank.

5th. Whether the whole of the money passed over to me was Brandon money.

I would say, in answer to these several interrogatories, that the acting cashier of the bank informed me that there was no other money in the bank to the credit of the State, except uncurrent money of the new banks, and that this was mostly Brandon money. The cashier presented this money done up in different packages, and said that it was the understanding between them and Judge Phillips that it should be a special deposit. From this representation, and finding the cashier unwilling to account for the different kinds of money deposited, unless I would have the whole passed to my credit as a special deposit, I consented to make it a special deposit, knowing that some of the money was not much below par, and that, men from those parts of the State where these banks were located would be willing to receive it.

Before I went out of office, however, this money was unrolled and placed in drawers; and, on examination, I found none but Brandon. The money



My check on branch of this bank at Pontoto - \$10,000 00  
 My check on Commercial Bank, Manchester - 1,700 00  
 My check on Commercial Bank, Vicksburg - 3,500 00  
 My check on Railroad Bank, Grand Gulf - 2,500 00

\$127,445 90

Which funds were used as above, as well as I can ascertain from recollection, and from my accounts and memorandums.

Yours, very respectfully,

A. P. MERRILL, Cashier.

L. PITCHER, Esq., Commissioner.

I have no (intentional) infraction of the charter to report; but I must take the occasion to say that many overcharges in discount have been taken by the bank between the 1st day of January and the 12th day of December, 1838, the period examined by me; some of them arising from the use of Rowler's tables, and others made after the use of those tables was abandoned. After verifying the statement furnished me by the cashier, by comparing it with the books, and by counting the cash, I addressed the following note to the cashier:

NATCHEZ, December 20, 1838.

DEAR SIR: It was intimated to me, at the commencement of my examination of the condition of the Agricultural Bank, by one of the committee appointed to superintend, that the directory did not intend to allow the present examination to go to the extent of that made by Mr. Besancon in January last. This communication is intended to ascertain whether the restriction will apply to my examination of the bills receivable and exchanged.

Very respectfully, your obedient servant,

L. PITCHER, Commissioner, &c.

A. P. MERRILL, Esq., Cashier.

AGRICULTURAL BANK, NATCHEZ,  
 December 21, 1838.

DEAR SIR: In reply to your favor of yesterday, just received, I am instructed by the committee to say that the resolution appointing them, under the sense of the board as expressed at the time, will not warrant them in allowing any other examination than that authorized by the charter. The examination of the "bills receivable and exchanged" would expose the accounts of private individuals, which is expressly prohibited. I am further instructed to say that there is nothing that the board would desire to conceal in an examination by authority of the State; but an infraction of any one of the provisions of the charter involves the violation of the whole, and they feel bound to adhere to the letter and spirit of the *eleventh section*, to which I beg leave to refer you.

Yours, very respectfully,

A. P. MERRILL, Cashier.

L. PITCHER, Esq., Commissioner.

A.

Condition of the Agricultural Bank of Mississippi, 12th December, 1838.

Notes discounted	ASSETS.	
Long loans		\$1,019,332 64
Advances on cotton		2,003,637 28
Notes and bills protested		393,962 96
Notes and bills in suit		616,837 62
		176,109 19

AUDITOR'S OFFICE, September 3, 1838.  
 SIR: Your favor of this date was received, and I herewith furnish the amount of receipts and expenditures of the State, from the 10th May to the 6th December, 1837, inclusive. The receipts amounting to ten thousand one hundred and seventy-eight dollars thirteen cents; and the expenditures, the same period of time, amounting to the sum of one hundred and fifty-one thousand nine hundred and sixty-eight dollars and sixty-four and a half cents; making the expenditures over the receipts one hundred and forty thousand seven hundred and ninety dollars and fifty-one and a half cents, up to the 6th December, 1837.

From the 7th December, 1837, up to the 1st day of March, (the end of the fiscal year), there has been received from different sources, on the account of the State of Mississippi, the sum of thirty-two thousand nine hundred and ninety-eight dollars and ninety-seven and a half cents; and there has been paid out by warrants, during the same period of time, the sum of one hundred and thirty-two thousand five hundred and three dollars and twenty-three and a half cents; making the expenditures over and above the receipts ninety-nine thousand five hundred and four dollars and twenty-six cents, from the 7th of December, 1837, up to the 1st of March, 1838.

All of which is respectfully submitted,

A. B. SAUNDERS,

Auditor of Public Accounts.

His Excellency A. G. MCNUTT.

S 7.

Report of Mr. Lemuel Pitcher on the Agricultural Bank of Natchez.

NATCHEZ, December 28, 1838.

SIR: I transmit herewith a statement of the condition of the Agricultural Bank of Mississippi, (marked A,) examined under your appointment as commissioner. This examination has not been made as full as was intended; the reasons for which will be found below.

Also, a copy of the correspondence, (marked B,) between the cashier of said bank and myself, in relation to the payment of two Treasury drafts made by said bank to the late State, Treasurer, C. C. Mayson, on account of the surplus revenue.

Protest account		\$602 53
Exchange on New Orleans		23,145 23
Exchange in Philadelphia		278,956 08
Foreign exchange		50,647 81
Stock of other banks forwarded to New York for sale*		7,955 55
Brown, Brothers, & Co., New York		211,262 00
Bank of the United States of Pennsylvania †		11,408 56
Due from banks in Natchez		502,074 64
Due from banks in Mississippi		38,934 06
Due from banks in other places		38,127 82
Branch at Pontotoc		15,872 72
Real estate		236,974 58
Specie, including \$50 50 in cents		42,622 32
Notes of banks in Natchez		68,587 87
Notes of Bank of the United States of Pennsylvania		24,414 77
Notes of banks in other places, viz:		197,230 00
Mississippi Union Bank, about	\$107,000 00	
Commercial and Railroad Bank of Vicksburg	65,000 00	
Mississippi and Alabama Railroad,		
Brandon	50 00	
Of other banks, current, and received by the banks in Natchez in payment of debts	118,000 00	
Certificates of deposit, generally of the Commercial Bank of Natchez, and the Commercial and Railroad Bank of Vicksburg, about	77,914 19	
		367,964 19
		<u>6,326,659 42</u>

LIABILITIES.

Capital stock		\$2,000,000 00
Treasurer of the United States		528,144 13
Individual deposits †		309,913 90
Certificates of deposit and checks on time \$		190,925 08
Post-notes		128,864 74
Circulation, viz:		
Whole amount of bank-notes issued		\$2,781,315
Amount in bank examined	\$1,565,185	
Amount said to be cancelled at Pontotoc.	339,496	

\* 1. 782 shares Commercial Bank of Natchez.  
 221 shares Commercial Bank of Rocher.  
 49 shares Agricultural Bank of Mississippi.  
 120 shares Grand Gulf Railroad and Banking Company.  
 10 shares Planters' Bank of Mississippi.  
 50 shares Natchez Insurance Company.  
 † The cashier states that checks for \$100,000 of this amount are now in the hands of an agent New Orleans, for investment in specie.  
 ‡ The cashier states that this amount is payable in current bank notes, other than their own.  
 § The cashier states that the greater part of this amount is payable in the same way.

Amount said to be redeemed in New York and Philadelphia	\$167,640	\$2,072,321	\$708,994 00
Due to banks in Natchez			4,831 20
Due to banks in Mississippi			14,842 41
Due to banks in other places*			165,969 00
Bonds due 1st July, 1839			222,222 22
Bonds due 1st January, 1840			611,163 57
Bonds due 1st July, 1840			318,222 22
Bonds due 1st January, 1841			200,000 00
Bonds due 1st January, 1842			200,000 00
Profit and loss †			468,927 95
Contingent fund			250,000 00
Unclaimed dividend			3,639 00
			<u>6,326,659 42</u>

B.

NATCHEZ, December 18, 1838.

Dear Sir: The late Treasurer of the State, C. C. Mayson, received from the Agricultural Bank, in 1837, payment for two Treasury warrants on account of the surplus revenue, amounting to \$254,890 20. I am instructed to inquire what kind of funds those drafts were paid in by said bank. Will you have the goodness to furnish me with a statement specifying—

- 1st. What amount was paid in checks, and on what banks were the checks drawn?
  - 2d. What amount was paid in bank-notes, and of what banks?
  - 3d. What amount was paid in specie?
  - 4th. The dates when said warrants were paid?
- I am, respectfully, your obedient servant,  
 L. PITCHER, Commissioner, &c.
- A. P. MERRILL, Esq., Cashier.

AGRICULTURAL BANK, NATCHEZ,  
 December 18, 1838.

DEAR SIR: I cannot state precisely, in reply to your favor of this date, the amount of each kind of funds paid the Treasurer of the State for the two Government drafts on the bank of \$127,445 10 each, except the checks on other banks, which I am able to give you exactly. These two drafts were taken up on the 1st July, 1837—one, by giving credit to the State Treasurer for the amount, \$127,445 10; the other, by the following funds:

\* The cashier makes the same statement, in regard to this amount, as to the last.  
 † A dividend of five per cent. was declared, payable in July, 1838.

My check on the office of Planters' Bank, at Port Gibson	\$1,560 00
Check on office of Planters' Bank, Jackson	742 69
Check on office of Planters' Bank, Monticello	4,040 57
Check on office of Planters' Bank, Columbus	5,600 00
Check on Mississippi and Alabama Railroad, at Brandon	2,400 00
Check on Commercial and Railroad Bank at Vicksburg	7,636 50
Check on Branch Grand Gulf Bank at Gallatin	2,207 31
Specie	400 00
Agricultural Bank notes, about	24,000 00
The remainder in notes then current throughout the State, viz:	
The branches of the Planters' Bank	
Commercial Bank of Rodney	
Commercial Bank of Vicksburg	
Commercial Bank of Manchester	
Commercial Bank of Columbus	
West Feliciana Railroad Company	
Grand Gulf Railroad	
Dear Creek and Lake Washington	
	78,858 03
	<hr/>
	127,445 00

On the 11th of same month, I sent by Mr. Cochran the following funds to Jackson, to pay off the amount then at the credit of the State Treasurer, viz:

Agricultural Bank notes	\$95,000 00
Current bank notes of some or all of the banks above named, say	14,745 00
My check on branch of this bank at Pontotoc	10,000 00
Check on Commercial Bank, Manchester	1,700 00
Check on Commercial Bank, Vicksburg	3,500 00
Check on Railroad Bank at Grand Gulf	2,500 00
	<hr/>
	127,445 00

which funds were used as above, as well as I can ascertain from recollection, and from my accounts and memorandums.

Yours, very respectfully,  
A. P. MERRILL, Cashier.  
L. PITCHER, Esq., Commissioner.

When about to close my report, I received the following letter from Stephen Duncan, Esq., chairman of the committee appointed to superintend the examination:

AGRICULTURAL BANK MISSISSIPPI,  
December 27, 1838.

DEAR SIR: I think it is in our power to afford a satisfactory explanation of the errors in the overcharges of interest detected by you. On examination of the face of some of the notes, we find that the notes were

actually discounted some days anterior to the entry on our book. We have made no new discounts for the last eighteen months. Our business has been confined to renewals alone. It not unfrequently happens that parties apply to the discount clerk, or to the cashier, to know the amount for which a note must be filled up to net the precise amount of their old note, with back interest and costs of protest. The calculation is accordingly made up to the day on which the application is made; and several days intervene, and sometimes weeks, before the note is executed; and when it is presented, it is entered on the discount-book; but the calculation of discount or interest is made from the time the application was made. This, as you will perceive, will make our discount-book show, in such cases, an overcharge of discount. If there are any other errors or overcharges, they are of course accidental, and unknown to the officers of the bank.

Respectfully, your obedient servant,  
STEPHEN DUNCAN, Chairman, &c.

L. PITCHER, Esq.

All of which is respectfully submitted.

L. PITCHER.

His Excellency ALEXANDER G. McNUTT,  
Governor of the State of Mississippi.

S 8.

*Extract from the message of the Governor to the Legislature of the State of Mississippi.*

The report of the bank commissioners of the State of Mississippi, and copies of my letters to the president and managers of the Mississippi Union Bank and the president of the Planters' Bank, and the statements furnished by them, are submitted to your consideration. The act approved May 12, 1837, provides for the election of three bank commissioners by the Legislature, who shall hold the office for the term of two years; and the eighth section of the act expressly provides "that whenever a vacancy shall happen in the office of either of said commissioners, from any cause whatever, it shall be the duty of the Governor, as soon as informed of the fact, forthwith to appoint, from the same district, some suitable person to fill such vacancy." The terms of the first commissioners, elected in May, 1837, expired near three months after the adjournment of the Legislature in February, 1839. The law contains no limitation on its face, and expressly requires that an examination of the banks shall be made once in each year. The Legislature adjourned, in 1839, without electing the successors to the first commissioners; and, when their terms expired, vacancies occurred, which it was imperative on the Executive, by the letter and spirit of the law, to fill. This duty was discharged. I regret to inform you that the Commercial Bank of Columbus, the Tombigby Railroad and Banking Company, the Aberdeen and Pontotoc Railroad and Banking Company, and the Planters' Bank of the State of Mississippi refused to let the commissioners examine their affairs, and assigned, as a reason for their refusal, that the Executive had no authority to commission them. The Bank of Mississippi and the Bank of

Grenada did not make any reply to their application. The Agricultural Bank and the West Feliciana Railroad and Banking Company denied the authority of the board to examine their transactions. The Mississippi and Alabama Railroad Company alleged that their officers were so much engaged in bringing up their books and attending to their cotton account that it was impracticable for them to attend to the commissioners. The president *pro tem.* of the Mississippi Union Bank, in answer to the application of the bank commissioners, replied that "the directory of the institution consider the question as to the commissioners' right to examine its affairs settled by the resolution adopted last year, when a similar application was made by the commissioners then in office." The grounds of the various refusals show an utter disregard of the laws of the land, and a thorough contempt of legislative control. I have never seen the resolution of the board of managers of the Mississippi Union Bank referred to, but presume its substance is to be found in the reply of its president to the former commissioners, dated November 23, 1838. It is therein stated that "the Legislature is equally competent with yourselves to perform the duty, and would be free from the influence of any disqualifying bias growing out of a preconceived opinion; which we have ample reason to apprehend might not be the case with yourselves, in prosecuting an examination of the bank."

The act incorporating the subscribers to the Mississippi Union Bank did not receive all the sanctions required by the constitution until the 5th day of February, 1838. No rights attached under the law previous to that period. The preliminary steps for the organization of the bank had not been taken previous to that time, and no principle is better settled than that a bank charter is inoperative until accepted by the corporators. The second section of the act approved May 13, 1837, and which went into operation at the date of its passage, expressly provides "that all banks and corporations having banking privileges, that shall hereafter be created under the authority of this State, shall be subject to the provisions contained in this act." It is, therefore, clear that the bank commissioners had a right to examine the Union Bank. The State, at the time of the application, was the sole stockholder—her credit had established the institution; and, inasmuch as the constitution enjoins upon the Executive to take care that the laws be faithfully executed, it was of the last importance that I should ascertain, before signing the residue of the bonds, whether the stock taken by the citizens of the State had been secured in the manner pointed out in the charter, and the affairs of the bank conducted according to its spirit. I am induced to believe that a large portion of the property accepted as security for that stock is encumbered by judgments, mortgages, and deeds of trust; that the valuations of the appraisers were generally very extravagant; that, in many instances, the titles to the property offered are yet imperfect; and that the whole management of the affairs of the bank has been disastrous to its credit, destructive to the interests of the State, and ruinous to the institution. The cotton advanced upon by the bank in some instances has been attached, and the suits decided against the institution. Many of the cotton agents and consignees are defaulters; and great loss on the cotton account is inevitable. The post-notes issued in violation of law, have greatly depreciated; and, if the decisions of several of our circuit judges are affirmed by the high court of errors and appeals, actions cannot be sustained on a

large portion of the bills receivable of the bank. The ninth section of the charter prescribes that the managers of the bank shall have power to appoint three commissioners to negotiate and sell the State bonds; I signed and delivered to the managers last summer, bonds to the amount of five millions of dollars. The president of the bank was despatched eastward to make a sale, but was unable to effect it. It may well be questioned whether the spirit of the charter did not require this important negotiation to be placed in the hands of three persons. It must be conceded that the services of the president at the parent bank should not have been dispensed with at such a critical juncture.

On the 15th of November, 1839, I received a letter from the cashier of the bank, together with two resolutions of the board, one of which informed me that the remaining five millions and a half of bonds were ready for my signature. Believing that there was no immediate prospect of a sale of the bonds, and that further legislation might be requisite in relation thereto, I determined not to execute the remaining bonds until I should have an opportunity of presenting the whole question to the representatives of the people, and of recommending to them such measures as the exigency of the case calls for.

The president of the bank, in his letter to me of the 3d of January, 1838, stated that it would "at all times afford him pleasure to furnish the Executive of the State a full view of the condition of the bank, when such report is to lead to a rigid scrutiny of its affairs." On the 16th day of last month I addressed a letter to the president and managers of the bank, calling for specific information relative to its situation and management. In reply thereto, I was furnished by the cashier with a general statement of its affairs on the 31st ultimo. A copy, said letter, with the statement furnished, is herewith laid before you. It will be seen that the bank has failed to furnish me with a statement of the quantity of cotton advanced upon, and not accounted for by the agents of the bank; the amount sold by the consignees, not accounted for by them, and the sums due on that score; the number of jets advanced upon, which have been attached, and the situation of the jets; a copy of the late resolution of the board in relation to advance on cotton and the issuance of post notes, together with a copy of the instructions to the cotton agents; and the liabilities of each manager and of the bank, and of the several offices of discount and deposit, in on notes and bills of exchange, as drawers, endorsers, security, acceptor, as well individually as a partner in business. It will not be noted that the information sought was pertinent and essentially necessary to enable the Legislature to ascertain the whole movement and situation of the bank. The fact that the managers have smothered the important facts called for proves that culpable mismanagement and selfishness have characterized their operations. Surely the people have a right to know what losses they will probably sustain by the operations of the bank; and they will, I trust, speak, through their representatives, a voice that no one will dare to oppose, and demand a full view of the condition of the bank. If it shall be found that many of the officers have been relieving themselves at the expense of the community, and so of them, in addition, drawing princely salaries, I doubt not but that corrective will be speedily applied.

The faith of the State is pledged for the whole capital stock, and the property of all her citizens may hereafter be taxed to make up its losses and deductions; the right of the people, therefore, to know the conduct of all its agents, and the liabilities of every one of its debtors, cannot be questioned.

The liabilities of the bank, at present, are      \$247,696 74  
 Payable in April and May next      3,999,922 29  
 Payable in January, 1841      43,261 44

\$4,290,880 47

To pay those demands, the bank has—

Specie in bank      347,618 52  
 Do. in New Orleans      25,000 00  
 Do. in Vicksburg      15,000 00

387,618 52

\$3,903,261 95

To pay the residue, the bank has \$5,000,000 of State bonds, and exchange bills receivable, &c., to the amount of about \$9,000,000. The State bonds cannot be sold; and a sufficient sum cannot be realized in time, out of the other assets of the bank, to pay the post-notes due next April and May. It will take more than \$250,000 of the available funds of the bank to pay in London the interest accruing on the State bonds previously to the 1st of September next. It therefore becomes us to consider whether the bank can be sustained, consistently with the interest of the free body of the people. At the polls, last November, they decided against the post-note policy. None can now be found so foolish as to give the control of their cotton to any bank whatever, and take an advance in paper money worth not more than seventy-five cents in the dollar. The Union Bank has certainly failed to answer the purposes of its creation, and I feel confident that, even with the most able and prudent management, it can never hereafter be made useful. Is it yet too late to recede from our false position—to avoid encumbering the State with an enormous debt, for the benefit of a few, to the permanent injury of nine-tenths of our citizens? Have we a right to borrow of posterity, and will a future generation redeem our pledges? These are questions requiring calm and deliberate investigation. After the best reflection that I have been able to bestow on this grave subject, I have come to the conclusion that it is our duty to place the institution either in liquidation, or to repeal all that portion of the charter giving to private individuals stock in the bank and privileged loans. The State debt already abroad, and amounting to \$7,500,000. The interest on \$7,000,000 is payable annually. This is a sufficient tax on our resources. The rights of the stockholders are yet inchoate; and, until residue of the bonds are sold, they can have no peculiar claims. Infringed by no motive save that of the public good— anxious to protect the rights of all, and to advance the interest of the whole State, I am bold to recommend that the \$5,000,000 State bonds last issued shall be paid in and cancelled; and that no more, hereafter, shall be issued for the Mississippi Union Bank.

An examination of the list of stockholders of the bank will show that not one voter out of fifty in the State has obtained stock. Should the

residue of the bonds ever be sold, the stockholders alone will be benefited by the sales? Is it consistent with the principles of justice—does it comport with good faith—to render the property and persons of forty thousand freemen liable to be assessed to raise money for the especial use of thirteen hundred citizens, many of them men of great wealth, and none of whom have any peculiar claims to legislative favor?

Since the suspension of specie payments in May, 1837, three examinations of most of the banks have been made. The annual reports will show that but little progress has been made in preparing for a return to a sound currency; and it is now quite certain that not a single bank in the State will be able for several years to extend any facilities to the trade and commerce of the country, or to loan money to those who are embarrassed. The salaries of the numerous officers connected with these establishments absorb much of their means. The liabilities of the banks are not being reduced. Their specie and available funds are quite inconsiderable. It becomes us now to decide whether the continuance of the system is beneficial to the stockholders and creditors of the banks or to the country. In my last annual message, I gave my views at length in relation to the power of the Legislature to repeal bank charters, and to enforce a forfeiture in the courts, by information in the nature of a *quo warranto*, aided by the auxiliary process of injunction. My opinions on this question have been confirmed by subsequent investigations.

The exercise of the repealing power is not, in its nature, judicial. The same power that grants charters is competent to repeal them. Public policy and convenience authorize their creation; and, if experience proves them to be detrimental, we are required to recall the privileges granted. Justice requires that the power of suing and being sued, and of liquidating their affairs, should be continued for a reasonable time. Severe penalties should be imposed for banking after the repeal of a charter. The issuing of paper money, in contravention of the repealing act, could be effectually checked by the abrogation of all laws now in force making it penal to forge such paper. The existing banks cannot be bolstered up; destitute as they are of credit and available means, it would be folly in us to attempt to infuse vigor and stability into their lifeless forms. They are powerless to do good, but capable of inflicting injuries irreparable. I trust that suits in the courts, to establish the forfeiture of their charters, will not be directed. The State Treasury cannot afford the means of employing a sufficient number of able counsellors to aid in prosecuting the various banks in the State; the suits would not be decided in five years. The assets of the banks, in the mean time, would be wasted, creditors plundered, stockholders defrauded, and debtors crushed. I cannot perceive much difference in the principles on which the various banks have been managed. All of them are, in effect, in a state of suspension; many of them have issued post-notes; several have been established in fraud; and none of them are now useful. Let us pursue principle, and legislate for the permanent welfare of the whole State, rather than countenance temporary expedients, which at last will prove detrimental. Many of the banks are transferring their paper; and in some instances, no doubt, it is done fraudulently, for the purpose of avoiding the necessity of receiving their own paper in payment. This iniquitous course will not be borne. Should you coincide with me in the propriety of repealing the various bank charters in the State, or such of them as have been es-

published in fraud, or are incapable of speedily resuming business on sound principles, it will be necessary to prescribe the conditions on which their affairs shall be brought to a close. The interest of the stockholders and creditors, no less than that of the debtors of the banks, demands that a reasonable extension should be given to all indebted, who can give sufficient security. Much of the debt will certainly be lost, if suits in the courts are pressed. Many of the contracts cannot be enforced, on account of being tainted with usury and illegality. Forced sales of property are as injurious, in the main, to the creditor as to the debtor. Equity demands that those banking companies which have professed in the construction of railroads, and aided in the improvement of the country, should be protected in the enjoyment of the benefits accruing from the roads. Such undertakings were hazardous; the Legislature cannot divest them of such property, without making an adequate compensation.

It is no doubt will be contended that, if we repeal our bank charters, the State will be deprived of a circulation, and that the exchanges of the country cannot be carried on. This argument is more specious than solid. Our annual export of fifteen millions of dollars will command a sound currency. Money will then become a standard of value, and not used as an article of traffic. The expenses of producing cotton will be reduced at least fifty per cent, whereas the price in foreign markets will not be diminished. Foreign creditors will be contented with a smaller amount in good funds than they now exact in depreciated trash. A sound currency will soon restore the character of the State. Those who produce nothing, who have long lived on the labor of others, will suffer. The honest planter, the enterprising merchant, and the laborious mechanic, will be benefited.

It is contended that, if our banks are compelled to cease issuing paper money, our State will be flooded with the circulation of other States. This argument can have no weight so long as our money continues to be depreciated more than that of any other State in the Union. The chartered banking capital of the whole State is \$56,750,000.

*Liabilities of all the banks in the State.*

Amount of capital stock paid in	\$30,379,403 34
Due depositors, and deposit certificates, and individuals	8,691,601 79
Due banks and date checks	7,065,499 55
Sterling bills drawn	1,532,220 58
Circulation	15,171,639 74
	<hr/>
	\$67,810,805 00
	<hr/>
<i>Resources of the same.</i>	
Cotton account and cotton purchases	\$3,340,330 03
Notes and bills discounted	31,360,790 62
Suspended debt in suit	13,547,866 28
Due from agents and individuals	3,425,072 75
Railroad expenditures	523,319 78
Real estate	4,048,833 57
	790,550 98

Due from banks

Notes of other banks

Bank stock

Specie

\$4,638,258 59  
1,693,975 01  
3,973,829 49  
667,977 97  

---

\$67,810,805 08

The liabilities of the present directors of the banks examined by the commissioners are \$4,052,852 12. The liabilities of the directors of the banks not examined by them are at least double that sum. The estimated liabilities and resources of the banks in Columbus, Grenada, Aberdeen, Princeton, and Woodville, and of the Agricultural Bank, are taken from the reports of their situation in 1838; it is presumed that no very material change has since taken place. It is to be regretted that the commissioners had not been permitted to examine every bank and branch bank in the State. The statements made out, and the information obtained, would have been invaluable, not only to the Legislature, over its operations, that has the power of raising and depressing the price of property at pleasure, that can, either by design or through mismanagement, greatly depreciate our circulating medium, can never be beneficial.

I have understood that the Agricultural and Planters' Banks are transferring a large amount of their bills receivable to the Government of the United States. I have adopted measures to ascertain the facts of the case, and will in due season, send in a special message on the subject. In conclusion, permit me to invoke you to discard all party feeling in considering the important questions requiring your action. We all have the interest of our constituents at heart. They expect us to remedy the existing disorders; and I fondly hope that a spirit of mutual forbearance may signalize your counsels, and that your deliberations may result in measures calculated to insure the welfare of the State, and to secure to labor its just reward.

A. G. MCNUTT.

EXECUTIVE DEPARTMENT,

City of Jackson, January 7, 1840.

S 9.

JACKSON, January 4, 1840.

Dear Sir: Our report of the condition and transactions of the various banks examined by us is herewith transmitted.

Very respectfully, your obedient servant,

FRANCIS LEECH,  
BASIL G. HARLEY,  
CHARLES T. FLEISSER,

Bank Commissioners.

His Excellency ALEXANDER G. MCNUTT,  
Governor of the State of Mississippi.

Report of the Bank Commissioners of the State of Mississippi

The bank commissioners of the State of Mississippi respectfully beg leave to report:

That, in compliance with their duties, they have examined the affairs of twenty banks and branches; and herewith submit a statement of the condition of each, together with a condensed statement of their total liabilities, resources, &c.

The correspondence with banks that have refused to let the commissioners examine their affairs will be found appended to this report.

All of which is respectfully submitted.

FRANCIS LEECH,
BASIL C. HARLEY,
CHARLES T. FLUSSER,
Bank Commissioners.

Statement of the condition of the Northern Bank of Mississippi, Holly Springs, July 9, 1839.

Table with 2 columns: RESOURCE, Amount. Rows include Notes discounted, Exchange purchased, Suspended debt, Real estate, Notes of banks out of the State, Due from banks out of the State, Treasury notes, Specie, Total resources.

\* The 4th section of "a bill to alter and amend the act to incorporate the Northern Bank of the State of Mississippi," provides, "that, to secure the payment of the several instalments on the stock subscribed, as well as the notes said bank may issue and circulate, the stockholders shall be bound to execute a mortgage, to the satisfaction of the directors of said bank, on cultivated plantations, town lots, and lands not under cultivation, but susceptible of advantageous cultivation, and on slaves: estimating farms in cultivation, and the slaves employed in cultivating the same, and land susceptible of cultivation, at two-thirds of their appraised value; and all other species of property heretofore enumerated at one-half of its appraised value. Improved town lots must be insured, when the buildings are estimated in their valuation." Under this charter there were seventy-eight thousand six hundred dollars of the capital stock taken by notes secured by mortgages on real estate, &c.

LIABILITIES.

Table with 2 columns: Description, Amount. Rows include Capital stock paid in, Stock relinquished, Depositors and deposit certificates, Circulation payable on demand, Circulation in post notes not matured, Total liabilities.

\* Surplus of resources over liabilities, including capital stock \$4,007 38

Surplus of resources over liabilities, excluding capital stock \$33,378 46

LIABILITIES OF DIRECTORS.

Table with 3 columns: No., Payor, Endorser. Rows include 1, 2, 3, 4, 5, 6, 7, Total.

No cotton has been purchased by this bank, nor has it ever made advances on cotton to be shipped for the benefit of the planter. Its transactions have been confined to a legitimate banking business.

Statement of the condition of the Hernando Railroad and Banking Company, July 16, 1839.

Table with 2 columns: RESOURCE, Amount. Rows include Notes discounted, Bills receivable from sale of lots in town of Commerce, Total.

It appears that Messrs. Fletcher and Bridges, the original owners of the land at the point on which this town is located, agreed to give the Hernando Railroad and Banking Company a certain portion of proceeds of the sale of lots in said town, in consideration of the company's making that point the termination of the railroad as contemplated in their charter. There are many lots in the town of Commerce in which this bank has an interest yet unsold, and the officers of the bank estimate their value much higher than their proportion of the proceeds of the former sale.

Cotton account (advanced on cotton bonds)	\$1,044 40	\$47,247 17
Real estate in town of Hernando	46,525 00	47,669 40
Expended on nurple road		161,436 98
Due from the New York Banking Company	1,480 00	
Notes of other banks in the State on hand	550 00	
Notes of banks out of the State on hand	239 46	
Specie		2,569 46
<b>Total resources</b>		<b>507,992 12</b>

LIABILITIES.

Capital stock paid in	\$50,000 00
Due by mortgages on real estate pledged to the New York Banking Company	200,000 00
Depositors and deposit certificates	19,220 89
Circulation payable on demand	8,375 00
Circulation in post-notes not matured	102,820 00
<b>Total liabilities</b>	<b>380,415 89</b>

Surplus of resources over liabilities, including capital stock \$177,576 23

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorse.
1	\$16,588 81	\$2,045 00
2	16,664 69	7,587 62
3	18,563 81	26,556 67
4	16,588 81	7,945 57
5	19,888 05	10,515 26
6	17,664 09	59,951 62
7		
<b>Total</b>	<b>105,958 86</b>	<b>114,901 74</b>

The 4th section of the charter of this bank provides "that, so soon as three hundred shares are subscribed, and fifty thousand dollars actually paid in gold or silver, or the notes of specie-paying banks, the stockholders may elect ten directors, any five of whom shall be a quorum to do business; and said directors shall elect a president, who shall, at the time of his election, be a citizen of the United States, and shall be a director."

It appears from the books of this bank that a few individuals did subscribe for three hundred shares of the stock, and paid in fifty thousand dollars in the notes of specie-paying banks. After this was done, the stockholders went into an election for directors, and they, in their turn, elected a president from among themselves. So soon as the board was organized, they discounted paper to the amount of fifty thousand dollars or, in other words, substituted "stock notes" for the specie funds they had paid in. After this transaction the bank did but little business until there was a supplement added to the charter.

The original charter provides "that the capital stock of the said Hernando Railroad and Banking Company shall be three millions of dollars, to be subscribed in shares of one hundred dollars each, by any individual, and to be paid in money, or to be secured by the pledge and mortgage of real estate in this State, as hereinafter provided, at the option of the subscriber or subscribers; which choice must be designated by him, her, or them, at the time of making the subscription." By the provisions of the supplement, the number of directors is reduced from ten to seven, and any individual may subscribe for an unlimited amount of stock; it also authorizes Andrew Carr and others to open books for the subscription of stock in the town of Peyton, in the county of Tunica, and at the town of Hernando, in the county of De Soto. In compliance with this provision of the supplement, the books were opened, and nine thousand nine hundred shares of the stock were subscribed; and when this examination was made, the stockholders were arranging mortgages on real estate, for the purpose of securing the stock, by means of which they might obtain a capital to bank upon. Two hundred thousand dollars of these mortgages had been disposed of to the New York Banking Company in June last, which the bank was to redeem in the course of twelve months from the date of the negotiation; and, in addition to this, one hundred and thirty thousand dollars of mortgages were completed and ready to be sent to the president of the bank, who was at that time in the north.

Condition of the Bank of Vicksburg, August 1, 1839.

RESOURCES.	
Notes discounted	\$62,739 16
Exchange purchased	22,136 60
Suspended debt	\$84,875 76
Advances on cotton	144,935 91
Due from H. S. Dawson, agent	228,844 76
Due from banks in the State	10,139 79
Capital stock of the Commercial and Railroad Bank of Vicksburg	9,050 09
Notes of other banks in the State on hand	1,500 00
Specie	10,848 83
	365 35
<b>Total resources</b>	<b>490,560 40</b>

Capital stock paid in	\$100,120 00
Depositors and deposit certificates	59,724 28
Humphreys & Bidler	99,367 65
English exchange	10,125 21
Due to banks in the State	120,604 31
Circulation (post-notes matured)	92,730 00
<b>Total liabilities</b>	<b>\$482,671 45</b>

Surplus of resources over liabilities, including capital stock **7,888 95**

Surplus of resources over liabilities, excluding capital stock **\$108,008 95**

LIABILITIES OF DIRECTORS.

No.	Payer.	Endorser.
1	\$11,956 53	\$1,364 59
2	8,000 00	21,000 00
3	5,000 00	8,900 00
4	5,000 00	1,000 00
5	6,086 40	11,120 06
6	41,000 00	20,480 00
7	16,250 00	5,800 00
8	8,282 62	25,000 00
9		7,500 00
10	4,100 00	9,500 00
<b>Total</b>	<b>75,678 55</b>	<b>101,664 65</b>

Condition of the Commercial and Railroad Bank of Vicksburg, August 6, 1839.

Notes discounted	\$1,106,185 58
Exchange purchased	337,577 71
Notes discounted on pledge of stock	15,503 59
Bills receivable	11,544 61
Suspended debt in suit	3,333,540 74
Cotton purchased	834,823 80
Cotton expenses	276,137 32
	29,545 12
	4,168,364 54
	305,682 44
	\$1,445,763 29
	27,048 20

Capital stock purchased	\$15,500 00
Stocking Tombigby Railroad Company	\$75,000 00
Stocking Bank of Mississippi	2,000 00
TX Texas funded debt	77,000 00
	80,000 00

The following is a history of the "Texas funded debt" transaction, as it appears from the books and papers of the bank:

Early in December, 1838, a letter was received by J. J. Chewning, president of the Commercial and Railroad Bank of Vicksburg, from William M. Beal, agent of said bank in the city of New Orleans, stating that he had been for some time corresponding with the Texian Government in relation to the purchase of half a million of their bonds, and suggested the great advantage which might accrue to the bank, were it to become the purchaser of these bonds, under the express stipulation that the paper of the bank, to the exclusion of all other paper, should be made a legal tender in payment of all dues to the Texian Government. This letter was laid by the president before the board of directors on the 13th of December, when the following resolution was passed:

"Resolved, That this bank, having entire confidence in William M. Beal, of New Orleans, authorize him with full power to make a loan for this institution, to the Texian Government, to the extent of five hundred thousand dollars, at a date not longer than twenty years, and at a rate of interest not less than 8 per cent. per annum; and that the president be requested to suggest to said William M. Beal such terms as he thinks most desirable to this institution in making said loan." Present—J. J. Chewning, William Mills, George W. Ball, J. P. Harrison, and W. Harvey.

A copy of this resolution was forwarded by the president, on the same day it was passed, to the agent in New Orleans; and, in addition to this, he forwarded him (Beal) two hundred thousand dollars of the notes of the bank, to be used in the purchase of the bonds, and suggested that the residue of the half million should be paid in three instalments: one on the 1st of January, one on the 1st of March, and one on the 1st of May next thereafter.

From the reply of Mr. Beal to this communication, we give the following extracts: "I have received your letter of the 13th of this month, and the resolution of your board, in relation to the purchase from me of half a million of Texian bonds. You speak of having sent down two hundred thousand dollars, which I have not received, but presume your young man will arrive with it in a day or two. I can assure you that I feel highly pleased at the confidence reposed in me by your board; and I trust I shall never forget the good opinion of gentlemen for whom I have so high a regard. In the resolution full power is given to purchase the bonds of Texas for half a million of dollars, payable by you in such manner as I may think proper, only restricting me as to the rate of interest, and the time the bonds may have to run—say from ten to twenty years."

"So confident have I been that I should be able to dispose of the bonds, if not to you, to some other banking institution, that I have authorized my agent to close for them; and in order that there should be no misunderstanding as to the law which I shall require the Congress of Texas to pass, I send down the bill, of which I now enclose you a copy."

He then alludes to the fear, expressed by the president, of an unexpected return of the bills of the bank. "Although," says he, "in the nature of things I can apprehend no such result, the suggestion is worthy of reflection," and, in conclusion, makes the following proposition: "Having a thorough understanding with the Texian Government, and as I have no doubt that I have bought the bonds, I now offer them to you on the following terms: to have such a law passed as is included in the bill herewith handed you, verbatim if possible, and, at all events, not affecting in the least the spirit of the bill; you to enjoy all the rights specified in payment of the bonds, for five hundred thousand dollars. I will receive the \$200,000 of your notes, which I am looking for every moment, and take your checks on either New York or Philadelphia, with six per cent. per annum interest added, in equal sums of \$1,000, \$2,000, \$3,000, and \$4,000, payable—one third of the amount on the first day of June, one-third on the first day of September, 1839, and one-third on the first day of January, 1840." In favor of this proposition he observes, "that as the bank will immediately come in possession of the bonds, they may be hypothecated by the bank, should it be found necessary, and funds raised in time to meet the checks. Nor would it," he argues, "be of any material importance to the bank, whether the bonds are paid for in Texas with the notes of the bank, or in Philadelphia with its checks, inasmuch as the proposed stipulation will insure the notes of the bank a rapid circulation in Texas, by the aid of travellers, and in a larger amount than would be invested in bonds." He further states in this letter, "that though he would greatly prefer the notes of the bank, yet, by a free use of his credit, he could manage to use the checks; that he was on the point of leaving New Orleans for Texas, and could not go down without having the documents."

On the 25th of December, Mr. Chewning wrote to Mr. Beal, informing him that the institution had accepted his terms; and that the cashier *pro tem.* was instructed to enclose the checks

Real estate	\$90,786 24
Railroad appropriation	1,600,000 00
Capital stock, Clinton branch	300,000 00
Do. Vernon branch	100,000 00
Due from other banks	688,973 68
Due from agents	13,180 00
Notes of various banks in the State on hand	134,240 33
Specie	1,735 25
<b>Total resources</b>	<b>\$9,043,373 97</b>

LIABILITIES.	
Capital stock paid in	\$3,575,285 00
Depositors and deposit certificates	805,605 94
Bank U. S. bonds due and payable in 1840,	365,000 00
Do. 1841,	370,000 00
Do. 1842,	365,000 00
Phenix Bank of N. York do.	1840,
Do. 1841,	54,000 00
Do. 1842,	54,000 00
Time certificates	54,000 00
Due Girard Bank (Philadelphia) for post notes loaned	33,610 83
Bank checks on time	282,400 00
Reserved fund	669,809 24
Railroad sinking fund	19,430 01
Due to banks	68,730 98
Railroad receipts	330,043 59
Cotton account (pledged on discounts)	32,860 28
Premium on English exchange	692,604 17
Return commission account	57,996 24
Unclaimed dividends	4,922 94
	4,392 41

in conformity with his proposition, and requested that the bonds should be forwarded by the earliest day practicable. On the same day Mr. Chewning wrote to Mr. Beal a second letter, enclosing three hundred thousand dollars, in the notes of the bank, to be used, if necessary, as a substitute for the checks, in the purchase of the bonds.

It is worthy of remark, that Mr. Beal had in his possession at this period, in addition to large quantities of cotton and railroad iron, eight hundred and twelve thousand dollars of the notes and checks of this bank, for which this institution held no evidence whatever of his liability; and three hundred and twelve thousand of which has never been entered on the books of the bank; the only evidence there is of such a transaction having taken place, is the reference made in Mr. Chewning's letter above quoted, and some memoranda in the margin of an old check-book.

Whilst the negotiation was in the position we have described above, Mr. Robins, the cashier of the bank, returned from England, where he had been as agent to superintend the sale of cotton shipped by the bank for the benefit of the planters. On learning what had transpired, he had a full meeting of the board called, and the propriety of the Texas negotiation was again discussed. The result of their deliberations was, that a committee, of which Mr. Robins was a member, was appointed to proceed to New Orleans, for the purpose of putting a stop to the negotiation, and regaining the notes and checks of the bank. Mr. Beal refused to give up the funds of the bank, contending that the negotiation was closed. The committee took out a writ of sequestration, and had the funds attached. After much difficulty, the matter was finally compromised, by the bank taking at par eighty thousand dollars of the Texas bonds, which Mr. Beal said he had purchased on account of the bank, and by Mr. Beal's giving up the residue of the notes and checks belonging to the bank. These bonds were worth fifty cents on the dollar in New Orleans at that time. The bank, therefore, lost forty thousand dollars by this operation.

Circulation payable on demand	\$398,760 00
Circulation in post notes	510,750 00
<b>Total liabilities</b>	<b>\$9,043,373 97</b>

Liabilities of Directors on 1st of March, 1839.		
No. 1,	Payor.	Endorser.
2,	\$101,154 92	\$125,370 79
3,	43,382 99	80,106 02
4,	32,166 41	49,932 99
5,	6,000 00	
6,	6,673 91	52,186 00
7,	17,741 98	19,665 28
8,	8,324 59	18,378 18
9,	160,701 65	5,021 14
10,	7,948 84	18,439 55
	16,084 00	72,503 97
<b>Total</b>	<b>\$400,179 29</b>	<b>\$441,603 92</b>

On the 1st of March there was an election for directors held, when five new directors were appointed. The following table shows the liabilities of the new board on the 6th of August, 1839:

No. 1,	Payor.	Endorser.
2,	\$6,000 00	\$29,129 60
3,*	6,000 00	18,378 18
4,*	19,125 97	52,186 00
5,*	14,673 91	19,665 28
6,*	25,741 98	18,959 60
7,	15,999 80	4,260 00
8,	7,044 74	78,106 02
9,	43,382 99	
10,*		
<b>Total</b>	<b>\$137,169 39</b>	<b>\$220,684 68</b>

The whole amount of cotton on which advances were made by this bank is 30,578 bales, and the amount purchased 9,854 bales. No ship-

\* All marked thus were members of the old board.

ments have been made on account of the planters since the winter of 1837 and spring of 1838; and since last March no purchases have been made on account of the bank.

We deem it due to the new board of directors to state, that since the 1st of March the institution has ceased to deal in cotton, or produce of any kind whatever. Their whole energies have been directed towards the completion of the railroad to Jackson, and the reduction of the liabilities of the bank.

*Condition of the branch of the Commercial and Railroad Bank of Vicksburg, Clinton, August 15, 1839.*

RESOURCES.		LIABILITIES.	
Notes discounted	\$234,690 04	Capital stock	\$300,000 00
Exchange purchased	2,268 15	Due checks	6,290 00
Suspended debt	\$236,958 19	Due various banks	\$1,453 00
Bank stock	900 00	Individual depositors	10,037 18
Real estate	12,940 21	Circulation	69,195 00
	13,840 21	Total liabilities	466,975 18
Due from other banks	15,974 75	Surplus of resources over liabilities, including capital stock	\$1,153 78
Notes of other banks	7,977 00	Surplus of resources over liabilities, excluding capital stock	\$301,153 78
Specie	23,951 75		
Total resources	468,128 96		

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
1	\$9,900 00	\$6,833 00
2	4,790 00	5,300 00
3	5,000 00	9,800 00
4	5,000 00	8,259 82
5	-	1,408 00
6	-	333 00
Total	\$24,690 00	\$31,933 82

*Condition of the branch of the Commercial Bank of Natchez, Canton, August 17, 1839.*

RESOURCES.		LIABILITIES.	
Notes discounted	\$331,393 39	Capital stock	\$530,713 03
Notes discounted (long loans)	141,300 00	Depositors and deposit certificates	29,451 01
Exchange purchased	3,928 72	Cotton account	517 94
Suspended debt	\$476,622 11	Due banks in the State	9,368 37
Due from banks in the State	38,348 50	Circulation	3,370 00
Due from banks out of the State	3,195 77	Total liabilities	573,420 35
	1,489 91	Surplus of resources over liabilities, including capital stock	\$5,268 01
Real estate	43,034 18	Surplus of resources over liabilities, excluding capital stock	\$535,981 04
Notes of other banks in the State	4,000 00		
United States Bank notes	43,606 50		
Specie	1,050 00		
	10,375 57		
Total resources	55,032 07		
	578,688 36		

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
1	\$25,000 00	\$30,904 00
2	4,100 00	11,400 00
3	1,000 00	12,900 00
4	10,100 00	10,100 00
5	3,000 00	10,100 00
Total	\$43,200 00	\$65,304 00



LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
No. 1	\$9,500 00	\$11,200 00
No. 2	63,630 00	54,866 39
No. 3	4,000 00	4,772 78
No. 4	13,083 44	1,500 00
No. 5	4,000 00	29,591 98
No. 6	5,000 00	6,032 21
No. 7	4,000 00	11,181 67
No. 8	4,000 00	1,500 00
No. 9	19,000 00	192,405 04
No. 10	19,150 00	7,270 09
No. 11	-	-
Total	148,663 44	320,320 44

Although the books of this bank show a surplus over all her liabilities of \$235,864 71, still, in fact, this surplus does not exist. The bank advanced from \$40 to \$60 per bale on 4,700 bales of cotton shipped to the house of Maguire, Smith, & Co., of London; against which it drew \$186,666 66. The account sales of these shipments have not been received; and, until they are, the bills receivable will appear at least \$150,000 more than when credited by account sales.

The proceeds of the sterling exchange, based on the above shipments, were applied to the redemption of post-notes to the amount of \$60,000 payable in New York, and to the redemption of notes payable at her own counter.

The average premium for checks on New Orleans, Philadelphia, and New York, sold in redemption of the demand circulation, was one and a half per cent.

This bank has commenced advancing \$50 per bale, in twelve months' post-notes, on this year's crop.

Condition of the *Benton and Manchester Railroad and Banking Company*, August 24, 1839.

Notes discounted	\$32,241 99	\$11,000 00
Suspended debt	43,733 06	
Exchange purchased	224 48	
Cotton account		76,199 53
		540 00

Real estate and rope	\$2,668 66
Bagging and rope	2,048 90
Due from State Treasury	60 00
Notes of other banks on hand	2,792 90
Total resources	95,299 99

Capital stock	\$41,452 75
Depositors and deposit certificates	13,862 21
Bills payable	3,048 90
Circulation	39,281 91
Total liabilities	97,635 77

Statement of the condition of the *Bank of Lexington*, August 26, 1839.

Notes discounted	\$47,900 97	
Exchange purchased	24,263 18	
Suspended debt	77,185 00	\$72,164 15
Suspended debt in suit	57,972 39	
Cotton purchased		135,157 39
Real estate		11,180 96
Due from banks in the State		6,596 17
Due from Bank of the United States*		12,941 39
Notes of other banks on hand		62,543 48
Specie		6,525 51
6,576 00		
Total resources		303,685 05

Capital stock	\$169,090 00
Depositors and deposit certificates	5,832 38
Seating exchange	32,898 89
Due to banks in the State	5,459 55

\* This item shows the bank to have \$32,543 48 more resources than the institution is entitled to, as we could not ascertain from the cashier (the only officer present during the examination) what kind of liability was incurred in obtaining this resource. This entry to their credit was based on a letter received from J. De Wolfe Smith, president of the bank stating that he had effected a negotiation with the United States Bank of Pennsylvania for the sum of \$157,000, and that the Lexington Bank was then authorized to draw for the above sum of \$32,543 48; but the character of the negotiation was not stated in the letter exhibited to us, nor did the cashier know any thing more about said negotiation than was expressed in the above said letter.

Circulation on demand	\$6,465 00
Circulation in post-notes	76,300 00
<b>Total liabilities</b>	<b>\$294,036 62</b>

Surplus of resources over liabilities, including capital stock	9,648 23
Surplus of resources over liabilities, excluding capital stock	\$178,738 23

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
No. 1	\$4,000 00	\$15,929 20
No. 2	6,500 00	8,000 00
No. 3	5,900 00	19,326 00
No. 4	4,000 00	6,400 00
No. 5	1,800 00	25,121 65
No. 6	6,500 00	20,700 00
No. 7	2,579 20	22,100 00
No. 8	6,500 00	41,548 45
No. 9	7,576 25	6,750 00
No. 10	6,000 00	6,914 00
No. 11	6,000 00	500 00
	57,655 45	173,989 33

Condition of the branch of the Commercial Bank of Natchez at Brandon, October 22, 1839.

RESOURCES.	
Notes discounted, including long loans	\$132,126 98
Exchange purchased	12,000 00
Suspended debt	28,707 24
Real estate	\$172,834 22
Due from other banks	3,500 00
Notes of other banks on hand	444 15
Specie	6,468 00
	20,149 42
<b>Total resources</b>	<b>27,061 67</b>
	203,395 79

LIABILITIES.	
Due the parent bank	\$180,782 62
Due to other banks	4,131 26
Individual depositors	15,557 41
<b>Total liabilities</b>	<b>\$200,471 29</b>

Surplus of resources over liabilities, including capital stock	2,924 50
Surplus of resources over liabilities, excluding capital stock	\$183,707 12

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
No. 1	\$4,000 00	\$8,500 00
No. 2	5,000 00	1,050 00
No. 3	3,000 00	7,625 00
No. 4	4,500 00	3,000 00
No. 5	2,150 00	9,150 00
	18,650 00	29,325 00

Condition of the Citizens' Bank of Madison County, at Canton, November 25, 1839.

RESOURCES.	
Notes discounted	\$523,439 04
Exchange purchased	10,000 00
Suspended debt	11,050 00
Suspended debt in suit	185,858 50
Suspended debt upon advances on cotton	144,359 91
Real estate	7,232 04
Due from banks	332 29
Due from agents	2,921 49
Specie	3,770 86
	341,268 41
<b>Total resources</b>	<b>14,256 68</b>
	886,964 13

LIABILITIES.	
Capital stock	\$425,250 00
Dividends unpaid	42,061 22
Depositors and deposit certificates	123,175 80

Due to banks in the State \$7,306 99  
 Circulation in post-notes, payable in New Orleans, not insured 255,437 00  
 Total liabilities 39,644 96

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
No. 1	\$12,696 14	\$876 54
No. 2	20,291 53	3,500 00
No. 3	11,191 91	2,093 09
No. 4	28,104 02	2,747 23
No. 5	16,486 70	
No. 6	2,926 00	
No. 7	19,697 82	
No. 8	1,023 87	
	112,417 99	9,216 86

This bank has had control of 14,500 bales of cotton, which sold at an average of \$35 per bale.

Condition of the branch of the Mississippi Railroad Company, at Raymond, November 27, 1839.

RESOURCES.

Notes discounted \$3,000 00  
 Exchange purchased 4,175 00  
 Suspended debt 61,126 55  
 Real estate 1,811 78  
 Notes of banks in the State 56,170 21  
 Specie 1,769 48  
 Total resources 128,053 02

LIABILITIES.

Due parent bank \$100,224 96  
 Depositors and deposit certificates 25,831 38  
 Due other banks 5,000 00  
 Other debts 1,229 00  
 Total liabilities 132,284 34

Condition of the Water-works and Banking Company, November 29, 1839.

RESOURCES.

Notes discounted \$219,755 51  
 Exchange purchased 25,215 22  
 Suspended debt 57,526 03  
 Suspended debt in suit 157,127 00  
 Banking-house 36,908 07  
 Water-works 6,609 12  
 Due by other banks 7,454 72  
 Notes of other banks on hand 5,703 00  
 Specie 6,290 00  
 Total resources 522,588 67

LIABILITIES.

Capital stock paid in \$191,919 97  
 Depositors and deposit certificates 57,795 81  
 Date checks 16,040 10  
 Due to the Mississippi Union Bank\* 70,866 81

\* During the investigation of the bank, the commissioners found the Mississippi Union Bank credited by \$70,866 81; but how this liability was incurred, the books of the bank did not show. They therefore examined William H. Garland, one of the directors of the bank, and B. J. Liver, the cashier *pro tempore*, who, upon oath, answered the following interrogatories touching this and other transactions:

Question 1. Are there any other stockholders beside those in the list furnished?

Answer. None that deponent knows of.

Question 2. Were there, or were there not, a certain number of gentlemen who purchased enough of the stock, at a recent period, to control the institution; and what were their names?

Answer. There was such a purchase made some time in March last by Burr Garland, William S. Wells, Robert Fitz, William Swannout, R. G. Davenport, D. B. Downing, H. J. Shackelford, William C. Demoss, and William H. Garland; since which period, Jacob B. Morgan and Hiram G. Runnels have purchased some of the stock from the above holders.

Question 3. At what period was the purchase made by the two last named gentlemen?

Answer. Probably in less than a month after the purchase made by the original nine purchasers; the stock was transferred on the 1st of June, 1839. Mr. Fitz and this deponent with the exception of Mr. Downing, who purchased about two hundred shares at or about the same time) made the original purchase, with an understanding that the other first named seven gentlemen would join in it. This deponent had no understanding, at the time of his purchase, with the two last named gentlemen.

Question 4. How, and with what, was the purchase of the stock made?

Answer. The stock was obtained from the original holders out of doors by purchase, with the exception of such stock-notes as have been submitted to the commissioners, and which the bank now holds; and which were not original discounts granted to the present stockholders, but principally by substituting their notes for debts already due the bank. Mr. Fitz purchased, shortly before the election of the present directors, a portion of unsubscribed-for stock—a portion of which he disposed of to the present stockholders.

Question 5. Are the president and directors of the Mississippi Union Bank, directly or indirectly, connected with the Water-works Bank?

Answer. None but Doctor Morgan and Hiram G. Runnels, so far as deponent knows, and they in no other manner but as stockholders, and indebted to the institution for their stock notes, as shown to these commissioners.

Due to other banks	\$69,020 65
Circulation payable on demand	92,705 00
<b>Total liabilities</b>	<b>\$498,348 34</b>
Surplus of resources over liabilities, including capital stock	24,240 33
Surplus of resources over liabilities, excluding capital stock	<u>\$216,160 30</u>

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
No. 1	\$10,429 11	\$30,967 12
No. 2	10,429 11	31,897 59
No. 3	10,749 32	13,498 64
No. 4	10,429 11	15,768 64
No. 5	10,429 11	26,058 22
No. 6	13,999 11	25,467 96
No. 7	18,629 11	27,538 01
No. 8	10,429 11	19,348 43
No. 9	-	-
No. 10	-	-
No. 11	-	-
<b>Total</b>	<b>95,523 09</b>	<b>190,544 61</b>

Condition of the Grand Gulf Railroad and Banking Company, December 3, 1839.

LIABILITIES.

Notes discounted, including long loans	\$589,181 05
Exchange purchased	21,930 36
<b>Total</b>	<b>\$611,111 41</b>

Question 6. How was the debt due by the Water-works Bank to the Mississippi Union Bank created; and what were the securities given?

Answer. The debt was created before the present directory were elected, and before this debt became connected with this institution. The manner in which this debt was created this document does not know, (except from hearsay) and the books of the bank do not show it. The debt, under the present directory, has been reduced from \$80,548 07 to \$70,866 81.

B. J. Livers affirmed.

Question 1. Are there any other stockholders besides those in the list furnished?

Answer. None to deponent's knowledge.

Question 2. How was the debt due by the Water-works Bank to the Mississippi Union Bank created, and what were the securities given?

Answer. In the fall of 1838, the then directory drew upon this institution for \$70,000 or \$80,000, and placed this amount in domestic bills in the Union Bank, as collateral security, in protest that institution against any loss they might sustain by receiving the notes of this bank in payment of debts or otherwise, and the debt of this bank was created by the remission of its notes (with interest from date of remission) to the amount aforesaid.

Question 3. Was the president, or any of the directors of the Union Bank, connected with the Water-works Bank before it came into the hands of the present stockholders?

Answer. Deponent says that none of them were stockholders; and he knows of no connection, directly or indirectly.

Suspended debt, including balances due on cotton notes	\$942,473 89
Suspended debt in suit	579,352 70
<b>Total</b>	<b>\$1,521,826 59</b>
Cotton purchases	12,416 09
Real estate purchased	58,759 75
Railroad expenditures	234,062 85
Due from contractors	41,700 00
Banking-houses and lots in Grand Gulf and Gallatin	16,645 11
<b>Total</b>	<b>363,583 80</b>

Due from branch bank at Gallatin	13,204 07
Due from other banks	20,787 00
Notes of other banks	1,184 85
Specie	-
Protest fees	-
<b>Total resources</b>	<b>2,902,940 37</b>

LIABILITIES.

Capital stock paid in	\$1,971,940 00
Depositors and deposit certificates	89,886 37
Twelve months' checks on the Bank of the United States	150,951 18
Due to other banks	49,490 32
Unpaid dividends	1,134 59
Circulation	550,770 00
<b>Total liabilities</b>	<b>2,814,172 46</b>

Surplus of resources over liabilities, including capital stock

Surplus of resources over liabilities, excluding capital stock

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
No. 1	\$15,500 00	\$6,800 00
No. 2	8,000 00	57,811 59
No. 3	6,246 77	-
No. 4	1,400 00	17,969 59
No. 5	-	28,997 27
No. 6	-	3,750 00
No. 7	4,000 00	8,000 00
No. 8	575 00	1,562 58
No. 9	6,120 00	48,744 65
No. 10	25,000 00	2,000 00
No. 11	-	30,002 00
No. 12	-	-
<b>Total</b>	<b>66,841 74</b>	<b>204,837 08</b>

In 1837 and 1838 this bank advanced \$60 per bale on 17,163 bales of cotton, which was shipped for account of the planters. This institution has issued no post-notes, unless the checks on the United States Bank may be considered as such.

Statement of the condition of the Bank of Port Gibson, December 6, 1839.

RESOURCES.		
Notes discounted	\$175,959 27	\$421,581 62
Suspended debt	104,559 11	
Suspended debt in suit	-	280,518 38
Exchange on New Orleans	126,209 38	
Exchange on New York	2,264 69	128,474 07
Cotton purchases	7,438 30	
Cotton account	57 55	
Due by other banks	-	8,295 85
Real estate	-	3,368 75
Protest account	-	10,000 00
Bank stock	-	151 62
W. & J. Brown & Co.	-	7,000 00
Notes of other banks of this State on hand	\$51,683 00	476 62
Notes of United States Bank of Pennsylvania on hand	4,785 00	
Specie	2,072 37	58,540 37
Total resources		918,407 28

  

LIABILITIES.		
Capital stock paid in	\$597,700 00	
Depositors and deposit certificates	103,460 79	
Suspense account	8,697 18	
Unclaimed dividends	713 94	
Bills payable	20,000 00	
Due agents	3,260 31	
Circulation payable on demand	25,647 00	
Circulation in post-notes, maturing monthly, until 3d of August, 1840	121,510 00	
Due to other banks	2,537 54	
Total liabilities		\$83,526 76
Surplus of resources over liabilities, including capital stock		34,880 52
Surplus of resources over liabilities, excluding capital stock		\$632,580 52

LIABILITIES OF DIRECTORS.

No.	Payer.	Endorser.
No. 1	\$17,416 87	\$34,719 19
No. 2	1,900 00	11,800 00
No. 3	4,000 00	4,000 00
No. 4	5,100 00	1,125 00
No. 5	600 00	450 00
No. 6	12,756 29	12,762 36
No. 7	13,345 65	12,734 65
No. 8	4,000 00	18,931 69
No. 9	5,000 00	27,602 65
No. 10	2,600 52	13,067 43
No. 11	-	5,920 00
Total	66,719 33	143,912 88

This bank pledged \$12,000, in Union Bank post-notes, as collateral security for \$10,000 in specie, obtained from the Merchants' Bank of New Orleans.

Condition of the Commercial Bank of Rodney, December 9, 1839.

RESOURCES.		
Notes discounted	\$539,929 64	
Exchange purchased	14,061 13	
Suspended debt	350,433 04	
Suspended debt in suit	225,551 36	\$1,129,975 17
Cotton purchased	51,028 93	
Due from agents out of the State	10,488 14	
Real estate	9,747 02	
Due from banks in the State	3,245 93	
Due from banks out of the State	287 11	74,797 1
Notes of other banks in the State	17,390 00	
Notes of other banks out of the State	1,130 00	24,981 52
Specie	6,461 52	133,800 00
Stock of this bank purchased*		
Total resources		1,363,553 82

\* This stock was purchased in liquidation of a debt due the bank.

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	Bank	All Locations	Loans and discounts	Capital (net of own stock)	Circulation	Deposits	Total assets	Total liabilities	Difference (NEW)
10/1/838	Aberdeen & Pontotoc Railroad & Bank	Aberdeen	298,863.93	104,400.00	221,925.00	2,174.50	346,534.70	346,534.70	0.00
12/1/1835	Agricultural Bank of Mississippi	Natchez	3,503,529.00	1,999,750.00	652,305.00	420,941.00	3,678,080.00	3,556,323.00	121,757.00
7/19/1836	Agricultural Bank of Mississippi	Natchez	5,518,431.00	2,000,000.00	1,513,615.00	1,369,628.00	5,937,828.00	5,753,094.00	184,734.00
4/2/1837	Agricultural Bank of Mississippi	Natchez	5,506,648.00	2,000,000.00	1,555,873.00	2,510,313.00	7,057,316.00	6,768,155.00	289,161.00
5/1/1837	Agricultural Bank of Mississippi	Natchez	5,896,313.87	2,000,000.00	1,075,573.77	384,696.72	6,159,773.45	6,159,773.45	0.00
5/15/1837	Agricultural Bank of Mississippi	Natchez	6,033,557.00	2,000,000.00	1,029,196.00	1,478,475.00	6,283,252.00	5,920,957.00	362,295.00
6/15/1837	Agricultural Bank of Mississippi	Natchez	5,590,008.00	2,000,000.00	1,093,819.00	1,160,137.00	5,884,389.00	5,440,871.00	443,518.00
1/29/1838	Agricultural Bank of Mississippi	Natchez	4,782,857.30	2,000,000.00	1,511,027.74	304,189.34	6,763,665.53	6,763,665.53	0.00
12/12/1838	Agricultural Bank of Mississippi	Natchez	4,571,185.89	2,000,000.00	708,994.00	313,552.90	6,326,659.42	6,326,659.42	0.00
12/31/1839	Agricultural Bank of Mississippi	Natchez	3,709,308.34	2,000,000.00	89,591.00	172,378.86	4,762,312.50	4,773,312.50	-11,000.00
9/28/1838	Bank of Grenada	Grenada	199,042.33	200,000.00	177,750.00	99,644.91	478,308.81	478,308.81	0.00
10/8/1838	Bank of Lexington	Lexington	167,374.66	168,930.00	5,052.00	4,190.76	214,964.67	214,964.67	0.00
8/26/1839	Bank of Lexington	Lexington	207,321.54	169,090.00	6,465.00	5,832.38	303,685.05	305,685.05	-2,000.00
6/6/1838	Bank of Port Gibson	Port Gibson	415,539.82	223,850.00	137,756.00	81,337.19	491,188.09	491,185.99	2.10
12/6/1839	Bank of Port Gibson	Port Gibson	830,725.69	597,700.00	25,647.00	104,174.73	918,407.28	918,407.28	0.00
7/3/1838	Bank of Vicksburg	Vicksburg	414,968.31	100,120.00	231,540.00	92,136.08	506,677.28	506,677.28	0.00
8/1/1839	Bank of Vicksburg	Vicksburg	458,656.43	100,120.00	92,730.00	59,724.28	490,560.49	490,560.40	0.09
10/10/1838	Benton & Manchester Rail Road & Bar	Benton	141,507.67	52,930.00	74,584.69	14,933.45	143,330.04	143,330.04	0.00
8/24/1839	Benton & Manchester Rail Road & Bar	Benton	87,199.53	41,452.75	39,281.91	13,852.21	95,299.99	97,635.77	-2,335.78
12/18/1837	Citizens' Bank of Madison County	Canton	34,958.43	50,000.00	5,094.35	6,453.65	65,048.00	65,048.00	0.00
10/14/1838	Citizens' Bank of Madison County	Canton	949,830.68	328,592.54	507,050.40	145,734.68	1,038,910.11	1,038,910.11	0.00
11/25/1839	Citizens' Bank of Madison County	Canton	874,707.45	425,250.00	255,437.00	165,237.02	888,964.13	892,875.87	-3,911.74
5/10/1837	Commercial & Railroad Bank of Vicksburg	Vicksburg	2,165,786.00	1,639,060.00	348,355.00	113,744.00	2,308,710.00	2,214,659.00	94,051.00
12/27/1837	Commercial & Railroad Bank of Vicksburg	Vicksburg	4,065,917.99	3,357,090.00	540,660.00	124,907.26	5,277,322.70	5,107,722.61	0.00
12/22/1837	Commercial & Railroad Bank of Vicksburg	Vicksburg	3,911,490.02	3,681,550.00	1,321,015.00	488,311.31	6,684,553.94	6,684,553.94	0.00
7/5/1838	Commercial & Railroad Bank of Vicksburg	Vicksburg	6,406,830.75	3,817,930.00	1,440,570.00	1,097,937.66	8,092,094.41	8,273,001.94	-180,907.53
8/6/1839	Commercial & Railroad Bank of Vicksburg	Vicksburg	6,200,179.65	3,863,785.00	498,960.00	827,173.52	9,268,888.07	9,274,715.73	-5,827.66
5/2/1837	Commercial Bank of Columbus	Columbus	1,123,542.41	650,020.00	340,300.00	252,682.94	1,312,830.82	1,312,831.03	-0.21
8/14/1837	Commercial Bank of Columbus	Columbus	778,224.88	516,820.00	236,525.00	75,677.52	876,441.50	876,441.50	0.00
12/19/1837	Commercial Bank of Columbus	Columbus	752,712.41	522,120.00	219,465.00	35,875.01	848,538.65	848,548.65	-10.00
8/13/1838	Commercial Bank of Columbus	Columbus	828,009.95	475,500.00	195,230.00	99,420.82	885,157.93	885,157.93	0.00
11/28/1836	Commercial Bank of Manchester	Yazoo City	552,185.00	505,550.00	67,880.00	16,967.00	631,140.00	602,411.00	28,729.00
5/10/1837	Commercial Bank of Manchester	Yazoo City	825,421.46	555,100.00	221,815.00	42,528.59	905,209.89	905,209.89	0.00
11/25/1837	Commercial Bank of Manchester	Yazoo City	878,231.67	612,800.00	247,395.00	25,501.76	959,258.69	959,258.69	0.00
12/20/1837	Commercial Bank of Manchester	Yazoo City	867,587.73	612,800.00	291,270.00	14,961.07	983,924.25	983,123.86	800.39
10/1/1838	Commercial Bank of Manchester	Yazoo City	1,022,245.90	731,450.00	178,655.00	79,727.07	1,196,327.75	1,196,327.75	0.00
8/22/1839	Commercial Bank of Manchester	Yazoo City	1,302,807.59	841,475.00	27,680.00	43,754.35	1,386,172.27	1,386,172.27	0.00

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Date	Bank	All Locations	Loans and discounts	Capital (net of own stock)	Circulation	Deposits	Total assets	Total liabilities	Difference (NEW)
1/10/1837	Commercial Bank of Natchez	Natchez	1,887,721.00	1,507,750.00	210,860.00	208,571.00	2,424,530.00	2,566,893.00	-142,363.00
5/5/1837	Commercial Bank of Natchez	Natchez	2,432,469.51	2,242,564.99	264,395.00	86,914.67	3,163,468.33	3,163,468.33	0.00
6/27/1837	Commercial Bank of Natchez	Natchez	3,255,806.62	2,434,610.00	145,185.00	113,034.54	3,625,664.94	3,625,664.94	0.00
12/20/1837	Commercial Bank of Natchez	Natchez	4,019,825.30	3,153,128.30	169,865.00	447,365.02	5,185,876.09	5,185,887.09	-11.00
6/1/1838	Commercial Bank of Natchez	Natchez	5,194,532.00	2,949,060.00	254,765.00	705,515.65	6,364,567.05	6,365,221.60	-654.55
12/14/1839	Commercial Bank of Natchez	Natchez	4,286,438.20	2,991,600.00	7,610.00	400,189.68	4,784,768.22	4,804,298.73	-19,530.51
11/8/1836	Commercial Bank of Rodney	Rodney	566,292.00	480,800.00	83,295.00	26,051.00	643,900.00	628,325.00	15,575.00
5/9/1837	Commercial Bank of Rodney	Rodney	1,074,448.87	793,800.00	144,010.00	38,047.34	1,093,775.85	1,093,775.85	0.00
7/10/1837	Commercial Bank of Rodney	Rodney	1,046,108.22	799,500.00	144,475.00	64,079.39	1,081,168.56	1,081,168.56	0.00
12/26/1837	Commercial Bank of Rodney	Rodney	1,020,584.11	800,000.00	247,091.00	224,105.90	1,400,431.58	1,400,431.58	0.00
6/2/1838	Commercial Bank of Rodney	Rodney	1,548,785.82	800,000.00	307,285.00	96,353.19	1,895,093.48	1,895,093.48	0.00
12/9/1839	Commercial Bank of Rodney	Rodney	1,129,975.17	666,200.00	70,515.00	92,027.31	1,229,753.82	1,229,753.82	0.00
12/31/1836	Grand Gulf Rail-Road & Banking Com	Grand Gulf	1,882,680.00	1,467,750.00	293,282.00	131,646.00	2,092,438.00	2,076,640.00	15,798.00
5/5/1837	Grand Gulf Rail-Road & Banking Com	Grand Gulf	1,855,973.06	1,528,125.00	194,230.00	36,028.39	2,021,379.74	2,021,379.74	0.00
7/5/1837	Grand Gulf Rail-Road & Banking Com	Grand Gulf	1,893,676.71	1,528,125.00	182,585.00	55,418.41	2,051,828.99	2,051,828.99	0.00
12/20/1837	Grand Gulf Rail-Road & Banking Com	Grand Gulf	1,959,263.45	1,528,625.00	285,220.00	46,116.97	2,182,745.99	2,183,382.23	-636.24
6/23/1838	Grand Gulf Rail-Road & Banking Com	Grand Gulf	2,982,646.33	1,758,775.00	664,535.00	188,950.75	3,748,167.64	3,749,167.64	-1,000.00
12/3/1839	Grand Gulf Rail-Road & Banking Com	Grand Gulf	2,133,517.57	1,971,940.00	550,770.00	91,020.96	2,902,940.37	2,902,940.37	0.00
12/1/1838	Hernando Rail Road & Banking Com	Hernando	160,000.00	175,706.00	0.00	0.00	229,040.00	229,040.00	0.00
7/6/1839	Hernando Rail Road & Banking Com	Hernando	249,169.11	50,000.00	8,375.00	19,220.89	507,992.12	507,992.12	0.00
12/31/1837	Lake Washington & Deer Creek Rail R	Princeton	405,570.51	200,015.00	182,725.00	35,381.45	445,726.56	445,816.56	-90.00
11/28/1838	Lake Washington & Deer Creek Rail R	Princeton	576,975.65	203,015.00	377,734.00	8,238.11	690,410.74	690,410.74	0.00
2/1/1837	Mississippi & Alabama Rail Road Com	Brandon	742,847.00	206,565.00	424,485.00	96,609.00	832,710.00	788,620.00	44,090.00
5/10/1837	Mississippi & Alabama Rail Road Com	Brandon	816,354.94	309,500.00	492,195.00	131,787.80	1,090,751.69	1,090,751.69	0.00
12/28/1837	Mississippi & Alabama Rail Road Com	Brandon	1,985,038.38	1,143,960.00	1,223,630.00	128,713.16	2,871,709.18	2,871,709.18	0.00
7/27/1838	Mississippi & Alabama Rail Road Com	Brandon	7,420,305.46	2,085,260.00	3,942,425.00	520,682.99	8,867,441.84	8,867,441.84	0.00
12/17/1838	Mississippi & Alabama Rail Road Com	Brandon	7,588,179.16	3,181,200.00	2,763,485.00	176,149.98	9,147,401.46	9,147,401.46	0.00
6/8/1838	Mississippi Railroad Company	Natchez	152,090.83	48,514.78	0.00	145,175.74	249,738.37	249,738.37	0.00
12/14/1839	Mississippi Railroad Company	Natchez	291,799.54	2,664,224.54	58,365.00	189,790.40	3,842,448.22	4,064,662.04	-222,213.82
1/19/1839	Mississippi Union Bank	Jackson	4,505,001.99	5,000,000.00	51,600.00	287,807.29	7,609,127.57	7,609,127.57	0.00
9/25/1839	Mississippi Union Bank	Jackson	6,971,663.79	10,000,000.00	4,084,640.11	0.00	14,441,887.00	14,441,887.00	0.00
1/13/1840	Mississippi Union Bank	Jackson	6,344,339.83	10,000,000.00	300,000.00	177,392.78	6,344,339.83	10,804,266.15	-4,459,926.32
12/19/1841	Mississippi Union Bank	Jackson	7,077,051.00	5,000,000.00	1,872,366.00	315,285.00	7,299,440.00	7,201,845.00	97,595.00
9/21/1838	Northern Bank of Mississippi	Holly Springs	79,368.24	78,600.00	0.00	10,085.46	90,385.46	90,385.46	0.00
7/9/1839	Northern Bank of Mississippi	Holly Springs	74,585.22	48,871.08	290.00	28,738.02	107,631.48	107,631.48	0.00
4/17/1851	Northern Bank of Mississippi	Holly Springs	112,276.19	118,460.00	161,390.00	4,500.00	427,318.37	427,318.37	0.00
11/16/1852	Northern Bank of Mississippi	Holly Springs	160,746.19	132,726.98	49,925.00	12,428.62	209,024.41	199,024.41	10,000.00
1/2/1854	Northern Bank of Mississippi	Holly Springs	362,585.57	240,165.00	234,745.00	33,393.43	515,850.86	515,850.86	0.00

Date	Bank	All Locations	Loans and discounts	Capital (net of own stock)	Circulation	Deposits	Total assets	Total liabilities	Difference (NEW)
1/1/1855	Northern Bank of Mississippi	Holly Springs	402,739.69	240,165.00	223,725.00	42,738.40	506,628.40	506,628.40	0.00
1/5/1856	Northern Bank of Mississippi	Holly Springs	488,411.85	240,165.00	324,080.00	35,606.30	602,586.45	602,586.45	0.00
1/1/1857	Northern Bank of Mississippi	Holly Springs	657,020.34	336,000.00	541,325.00	83,435.12	960,874.65	960,874.65	0.00
1/1/1858	Northern Bank of Mississippi	Holly Springs	308,576.00	350,000.00	169,400.00	28,878.00	537,179.00	548,278.00	-11,099.00
1/7/1834	Planters Bank of the State of Mississippi	Natchez	5,461,464.89	2,666,805.45	1,510,426.15	0.00	5,915,102.21	5,915,102.21	0.00
2/22/1834	Planters Bank of the State of Mississippi	Natchez	6,876,121.00	3,890,412.00	1,766,170.00	1,467,821.00	7,717,672.00	7,322,063.00	395,609.00
4/2/1836	Planters Bank of the State of Mississippi	Natchez	10,322,283.00	4,139,140.00	2,477,376.00	4,817,884.00	13,066,986.00	13,534,564.00	-467,578.00
4/5/1837	Planters Bank of the State of Mississippi	Natchez	10,215,996.00	4,200,140.00	1,927,885.00	2,212,925.00	11,116,400.00	10,493,031.00	623,369.00
4/27/1837	Planters Bank of the State of Mississippi	Natchez	8,920,419.30	4,203,740.00	1,583,897.13	345,362.00	9,752,280.59	9,752,300.59	-20.00
4/29/1837	Planters Bank of the State of Mississippi	Natchez	8,819,989.00	4,203,740.00	1,431,859.00	1,371,532.00	9,516,941.00	8,638,800.00	878,141.00
4/29/1837	Planters Bank of the State of Mississippi	Natchez	8,742,910.00	4,205,140.00	1,452,695.00	1,442,089.00	9,740,285.00	8,665,323.00	1,074,962.00
4/24/1838	Planters Bank of the State of Mississippi	Natchez	8,622,472.00	4,205,140.00	1,781,531.00	2,014,302.00	10,986,224.00	9,997,771.00	988,453.00
12/26/1839	Planters Bank of the State of Mississippi	Natchez	7,589,399.22	4,261,000.00	134,619.42	203,079.56	9,161,133.65	9,177,214.65	-16,081.00
4/2/1841	Planters Bank of the State of Mississippi	Natchez	6,272,431.00	4,261,200.00	501,823.00	296,410.00	8,732,110.00	7,693,475.00	1,038,635.00
5/1/1837	Tombligby Rail Road Company	Columbus	213,756.50	254,717.00	62,505.00	11,010.66	335,090.70	335,090.70	0.00
8/7/1837	Tombligby Rail Road Company	Columbus	297,386.51	262,600.00	105,850.00	15,690.00	396,595.17	396,595.17	0.00
12/20/1837	Tombligby Rail Road Company	Columbus	492,550.28	262,600.00	310,040.00	50,340.26	641,018.46	641,018.46	0.00
8/17/1838	Tombligby Rail Road Company	Columbus	820,252.01	397,600.00	451,570.00	60,138.17	1,125,315.89	1,125,315.89	0.00
6/30/1838	Vicksburg Water Works & Banking Co	Vicksburg	357,297.97	69,650.00	169,135.00	112,531.77	393,507.97	393,507.97	0.00
11/29/1839	Vicksburg Water Works & Banking Co	Vicksburg	459,623.76	191,919.97	92,705.00	57,795.81	522,588.67	522,588.67	0.00
2/16/1837	West Feliciana Railroad & Banking Co	Woodville	831,259.00	865,200.00	161,510.00	28,558.00	1,117,952.00	1,103,384.00	14,568.00
5/10/1837	West Feliciana Railroad & Banking Co	Woodville	893,262.80	871,200.00	149,255.00	13,958.56	1,094,620.97	1,094,620.97	0.00
12/15/1837	West Feliciana Railroad & Banking Co	Woodville	960,896.06	871,200.00	184,955.00	65,735.77	1,163,072.05	1,163,072.05	0.00
12/20/1837	West Feliciana Railroad & Banking Co	Woodville	867,912.55	871,200.00	193,490.00	70,629.72	1,176,687.93	1,176,687.93	0.00
6/15/1838	West Feliciana Railroad & Banking Co	Woodville	802,408.91	878,700.00	187,755.00	46,917.27	1,177,587.27	1,177,587.27	0.00
1/1/1858	Woodville & Feliciana Rail Road Comp	Woodville	84,640.00	760,600.00	0.00	20,903.00	935,924.00	813,355.00	122,569.00

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LIABILITIES

Capital stock paid in	\$800,000 00
Depositors and deposit certificates	88,972 31
Dividends unpaid	3,055 00
Date-checks	9,342 65
Due to banks out of the State	22,238 32
Due to banks in the State	1,696 72
Certificate of specie deposit	1,947 50
Due to agents out of the State	1,403 99
Sterling bonds payable in London*	157,500 00
Circulation payable on demand	70,515 00
post-notes not matured	166,257 95
<b>Total liabilities</b>	<b>\$1,322,929 44</b>

Surplus of resources over liabilities, including capital stock 40,624 38

Surplus of resources over liabilities, excluding capital stock \$840,624 38

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
No. 1	\$2,000 00	\$34,218 25
No. 2	3,484 28	27,823 92
No. 3	12,000 00	4,095 00
No. 4	20,000 00	7,334 00
No. 5	-	2,500 00
No. 6	4,450 00	-
No. 7	8,000 00	16,925 47
No. 8	31,323 64	79,209 53
<b>Total</b>	<b>86,257 92</b>	<b>172,106 17</b>

\* In explanation of this item, we ascertained that the bank negotiated a loan in London for £33,750 sterling or \$150,000, for which they realize, through the house of W. & J. Brown & Co., a cash credit in New York, on the 1st of March, 1839, of \$137,500, credited to sterling bonds payable in London in 1840.

The bonds were issued without any other security than the bank's official signatures and seal, and are payable—

One-third on the 1st of February, 1840	\$30,355 55
One-third on the 1st of March, 1840	50,355 56
One-third on the 1st of April, 1840	53,788 88
	<b>154,499 99</b>

A semi-annual payment of interest at 6 per cent per annum on each series, has been due August 1st, September 1st, and October 1st, amounting to

	4,500 01
<b>Total</b>	<b>159,000 00</b>

The interest has been paid by the agents of the bank in Liverpool, and the bank is sending or cotton to reimburse the advance and meet the remainder.

Condition of the Mississippi Railroad Company, Natchez, December 11, 1839.

RESOURCES.

Notes discounted	\$104,540 61
Suspended debt	32,792 67
Exchange purchased	42,129 66
Cotton purchased	53,533 04
<b>Total</b>	<b>\$232,995 98</b>
Bank stock	8,005 00
Planters' Bank stock*	1,947,500 00
Natchez city bonds	200,000 00
State of Mississippi	15,000 00
<b>Total</b>	<b>2,170,505 00</b>
Railroad expenditure	1,138,082 48
Due from branches	343,673 66
Due from other banks in the State	1,650 81
Due from other banks out of the State	581 50
Due from individuals	56,449 54
Banking-house	4,023 05
<b>Total</b>	<b>1,544,461 04</b>
Notes of other banks	11,420 45
Specie	457 10
<b>Total resources</b>	<b>11,877 55</b>

LIABILITIES.

Capital stock	\$2,664,224 54
Bills payable	158,959 45
Depositors and deposit certificates	156,030 18
Due to other banks and individuals in the State	60,415 89
Due to banks out of the State	3,581 76
Circulation payable on demand	56,845 00
Post-notes due in six and eight months	22,685 00
Post-notes due in twelve months	901,640 00
<b>Total liabilities</b>	<b>4,024,381 82</b>

\* Situation of the Planters' Bank stock, transferred to the Mississippi Railroad Company.

Sent to Philadelphia for sale, but unsold	1,375 shares.
Hypothecated as collateral security for engagements in Philadelphia, amounting to (balanced) \$59,220	556
Hypothecated in London, in arrangement of sterling exchange on time, against 22,000 pounds sterling	2,500
Sold	525
On hand	16,142
<b>Total</b>	<b>29,000 shares.</b>

LIABILITIES OF DIRECTORS

No.	Payor.	Endorser.
No. 1	-	-
No. 2	\$1,083 34	\$760 00
No. 3	-	7,976 71
No. 4	500 00	500 00
No. 5	1,655 18	338 97
No. 6	7,930 04	500 00
No. 7	-	6,062 43
No. 8	-	2,500 00
No. 9	-	3,289 66
Total	11,168 56	21,917 77

This institution has purchased, in the course of the year, three thousand seven hundred and eighty-five bales of cotton, of which—  
 373 bales were shipped to Liverpool, in payment of "Iron contract."  
 563 bales were shipped to Liverpool to meet exchange drawn for New Orleans.

\$16 bales were shipped to New York, and thence to Liverpool, to meet checks on New York.  
 360 bales were sold in New Orleans, to meet engagements there.  
 202 bales were shipped, and  
 1,051 bales are ready for shipment to Liverpool, to meet exchange drawn from Philadelphia.  
 420 bales were shipped to Boston, yet to be disposed of.  
 3,785 bales.

To this might be added a payment made on account of a purchase of cotton, now in progress of delivery, equal to 350 bales.  
 This institution has not made any advances on cotton shipped for account of individuals.

Condition of the Commercial Bank of Natchez, December 14, 1839.

RESOURCES	
Notes and bills discounted, including long loans	\$2,191,577 62
Notes and bills protested (suspended debt)	1,407,055 75
Real estate, including advances made on building	120,256 89
Due from branches	845,016 84
Due from banks out of the State	31,525 55
Bank stock owned by the bank, viz:	88,456 52
519 shares bank stock Commercial Bank of Rodney	\$51,900 00

200-shares bank stock Grand Gulf Railroad and Banking Company \$20,000 00  
 50 shares bank stock Commercial Bank of Natchez 5,000 00

Notes of Mississippi banks on hand 65,479 37  
 Notes of New Orleans banks on hand 5,422 50  
 Notes of United States Bank on hand 680 00  
 Specie 20,329 57  
 Total resources 91,911 44

LIABILITIES.

Capital stock paid in \$2,996,600 00  
 Depositors and deposit certificates 355,151 26  
 Due to banks out of the State 92,639 52  
 Due to banks in the State 78,294 06  
 Post-notes, payable at the Merchants' Bank, New York, and Bank of the U. States 111,568 17  
 Post-notes payable at the Merchants' Bank, Baltimore 22,306 10  
 Post-notes payable at the Merchants' Bank, New Orleans 12,215 77  
 Bonds payable March, 1841 500,000 00  
 Bonds payable March, 1842 500,000 00  
 Notes on demand in circulation 4,240 00  
 Post-notes 73,857 86  
 Total liabilities 4,746,902 74

Surplus of resources over liabilities, including capital stock 105,798 17

Surplus of resources over liabilities, excluding capital stock 3,102,398 17

LIABILITIES OF DIRECTORS.

No.	Payor.	Endorser.
No. 1	-	\$73,978 00
No. 2	-	33,756 00
No. 3	\$15,191 00	4,000 00
No. 4	35,529 00	117,468 00
No. 5	-	4,000 00
No. 6	54,939 00	38,849 00
No. 7	3,000 00	145,199 00
No. 8	18,572 00	36,354 00
No. 9	12,143 00	22,647 00
Total	139,374 00	446,251 00

Condensed statement showing the condition of the various banks examined by the commissioners in 1839; date of charter; when expires; charters, capital; the amount authorized to issue; actual circulation; together with their resources and liabilities generally.

MISSISSIPPI

RESOURCES.		RESOURCES.	
Notes and bills	\$47,242 76	Notes of other banks.	\$15,204 12
discounted.	\$27,342 46	Bank stock.	\$1,500 00
Suspended debt.	3,333,540 74	Specie.	\$7,810 17
Suspended debt.	144,935 91	Total resources.	\$107,681 48
Suspended debt.	174,984 43		
Suspended debt.	\$634,823 80		
In suit.	-		
Cotton account.	305,682 44		
and cotton purchases.	\$47,247 17		
Due from agents.	\$10,139 70		
Railroad expenditure.	1,600,000 00		
	3,300 14		
	6,609 12		
	234,062 83		
	1,136,082 48		
	3,026,679 69		
	78,429 33		
	908,147 66		
	53,533 04		
	51,028 93		
	8,295 85		
	12,416 09		
	157,127 70		
	679,352 70		
	104,559 11		
	225,531 36		
	350,433 04		
	61,126 55		
	32,792 67		
	1,407,055 75		
	2,191,577 62		
	146,670 27		
	7,175 00		
	553,990 77		
	550,051 69		
	611,111 41		
	942,473 89		
	57,526 03		
	11,050 00		
	633,439 04		
	244,970 73		
	172,834 22		
	72,164 15		
	11,224 48		
	974,489 65		
	173,399 65		
	64,873 10		
	38,348 50		
	476,622 11		
	44,035 05		
	236,958 19		
	84,875 76		
	1,472,811 49		
	236,958 19		
	174,984 43		
	144,935 91		
	3,333,540 74		
	\$634,823 80		
	305,682 44		
	\$28,814 76		
	\$10,139 70		
	13,180 00		
	1,600,000 00		
	3,300 14		
	6,609 12		
	234,062 83		
	1,136,082 48		
	3,026,679 69		
	78,429 33		
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	236,958 19		
	174,984 43		
	144,935 91		
	3,333,540 74		
	\$634,823 80		
	305,682 44		
	\$28,814 76		
	\$10,139 70		
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	3,300 14		
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	234,062 83		
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	3,026,679 69		
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	61,126 55		
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	1,407,055 75		
	2,191,577 62		
	146,670 27		
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	553,990 77		
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	611,111 41		
	942,473 89		
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	172,834 22		
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	11,224 48		
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	3,333,540 74		
	\$634,823 80		
	305,682 44		
	\$28,814 76		
	\$10,139 70		
	13,180 00		
	1,600,000 00		
	3,300 14		
	6,609 12		
	234,062 83		
	1,136,082 48		
	3,026,679 69		
	78,429 33		
	908,147 66		
	53,533 04		
	51,028 93		
	8,295 85		
	12,416 09		
	157,127 70		
	679,352 70		
	104,559 11		
	225,531 36		
	350,433 04		
	61,126 55		
	32,792 67		
	1,407,055 75		
	2,191,577 62		
	146,670 27		
	7,175 00		
	553,990 77		
	550,051 69		
	611,111 41		
	942,473 89		
	57,526 03		
	11,050 00		
	633,439 04		
	244,970 73		
	172,834 22		
	72,164 15		
	11,224 48		
	974,489 65		
	173,399 65		
	64,873 10		
	38,348 50		
	476,622 11		
	44,035 05		
	236,958 19		
	84,875 76		
	1,472,811 49		
	236,958 19		
	174,984 43		
	144,935 91		
	3,333,540 74		
	\$634,823 80		
	305,682 44		
	\$28,814 76		
	\$10,139 70		
	13,180 00		
	1,600,000 00		
	3,300 14		
	6,609 12		
	234,062 83		
	1,136,082 48		
	3,026,679 69		
	78,429 33		
	908,147 66		
	53,533 04		
	51,028 93		
	8,295 85		
	12,416 09		
	157,127 70		
	679,352 70		
	104,559 11		
	225,531 36		
	350,433 04		
	61,126 55		
	32,792 67		
	1,407,055 75		
	2,191,577 62		
	146,670 27		
	7,175 00		
	553,990 77		
	550,051 69		
	611,111 41		
	942,473 89		
	57,526 03		
	11,050 00		
	633,439 04		
	244,970 73		
	172,834 22		
	72,164 15		
	11,224 48		
	974,489 65		
	173,399 65		
	64,873 10		
	38,348 50		
	476,622 11		
	44,035 05		
	236,958 19		
	84,875 76		
	1,472,811 49		
	236,958 19		
	174,984 43		
	144,935 91		
	3,333,540 74		
	\$634,823 80		
	305,682 44		
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STATEMENT—Continued.

Names of banks.	Chartered.	Charter expires.	Chartered capital.	Amount of authorized capital.	Due to depositors, banks, deposits, and dividends.	LIABILITIES.	
						Capital paid in.	Authorized capital.
Northern Bank of Mississippi	Apr 28, 1837	Jan 1, 1862	\$1,000,000 00	\$48,871 08	\$78,600 00	27,650,000 00	14,773,928 34
Hernando Railroad and Banking Company	May 13, 1837	Jan 1, 1858	1,000,000 00	50,000 00	500,000 00	3,050,000 00	2,996,600 00
Bank of Vicksburg	May 3, 1837	Dec 31, 1864	2,000,000 00	100,120 00	200,240 00	8,000,000 00	7,999,800 00
Commercial and Railroad Bank of Vicksburg	Dec 10, 1833	Jan 1, 1861	4,000,000 00	3,875,285 00	11,625,855 00	8,000,000 00	7,999,800 00
Branch Mississippi Railroad Company, at Canton	-	-	-	-	-	8,000,000 00	7,996,600 00
Branch Commercial Bank of Natchez, at Canton	-	-	-	-	-	8,000,000 00	7,996,600 00
Vernon	-	-	-	-	-	8,000,000 00	7,996,600 00
Commercial Bank, Manchester	Feb 26, 1836	Jan 1, 1861	1,000,000 00	841,475 00	1,682,950 00	8,000,000 00	7,996,600 00
Benion and Manchester Railroad and Banking Company	May 12, 1837	Jan 1, 1859	1,800,000 00	41,462 75	338,800 00	8,000,000 00	7,996,600 00
Bank of Lexington	May 11, 1837	Jan 1, 1857	1,800,000 00	169,090 00	338,800 00	8,000,000 00	7,996,600 00
Branch Commercial Bank of Natchez, at Brandon	May 13, 1837	Perpetual	1,000,000 00	425,250 00	850,500 00	8,000,000 00	7,996,600 00
Citizens Bank of Madison County	May 13, 1837	Perpetual	1,000,000 00	191,919 97	383,839 94	8,000,000 00	7,996,600 00
Vicksburg Water-works and Banking Company	Dec 9, 1833	Perpetual	2,000,000 00	1,971,940 00	3,943,880 00	8,000,000 00	7,996,600 00
Grand Gulf Railroad and Banking Company	Dec 31, 1853	Perpetual	1,000,000 00	697,700 00	1,395,400 00	8,000,000 00	7,996,600 00
Commercial Bank of Rodney	Feb 27, 1836	Jan 1, 1861	800,000 00	800,000 00	2,400,000 00	8,000,000 00	7,996,600 00
Branch Mississippi Railroad Company, at Raymond	Dec 26, 1836	Dec 31, 1858	8,000,000 00	2,664,226 54	5,328,449 08	8,000,000 00	7,996,600 00
Mississippi Railroad Company, at Natchez	Feb 26, 1836	Dec 31, 1858	8,000,000 00	2,664,226 54	5,328,449 08	8,000,000 00	7,996,600 00
Commercial Bank of Natchez	Feb 27, 1836	Dec 31, 1860	3,050,000 00	2,996,600 00	5,993,200 00	8,000,000 00	7,996,600 00

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STATEMENT—Continued.

Names of banks.	Due banks and date checks.	Sterling bills drawn.	Circulation.	Total liabilities.	Liabilities of officers.	No of officers.	Date of expiration.	LIABILITIES.	
								Capital paid in.	Authorized capital.
Northern Bank of Mississippi	\$200,000 00	-	\$26,015 00	\$103,624 10	\$7,258 22	7	July 9, 1839	27,650,000 00	14,773,928 34
Hernando Railroad and Banking Company	120,601 31	\$10,125 21	111,195 00	380,415 49	230,560 00	7	July 16, 1839	3,050,000 00	2,996,600 00
Bank of Vicksburg	2,577,583 66	57,996 24	909,510 00	9,049,201 63	922,076 95	15	Aug 6, 1839	8,000,000 00	7,996,600 00
Commercial branch, at Clinton	87,743 00	-	69,195 00	466,975 18	56,223 82	6	Aug 15, 1839	8,000,000 00	7,996,600 00
Branch Mississippi Railroad Company, at Canton	92,145 63	-	100,074 47	100,074 47	-	7	Aug 18, 1839	8,000,000 00	7,996,600 00
Branch Commercial Bank of Natchez, at Canton	9,368 37	-	3,370 00	573,420 33	108,500 00	5	Aug 17, 1839	8,000,000 00	7,996,600 00
Branch Commercial and Railroad Bank of Vicksburg, at Vernon	29,885 56	-	31,005 00	168,028 55	45,006 74	7	Aug 21, 1839	8,000,000 00	7,996,600 00
Commercial Bank, Manchester	60,517 37	15,460 84	169,100 00	1,151,317 56	468,983 51	7	Aug 27, 1839	8,000,000 00	7,996,600 00
Benion and Manchester Railroad and Banking Company	5,450 55	-	97,281 91	97,281 91	-	11	Aug 26, 1839	8,000,000 00	7,996,600 00
Bank of Lexington	184,913 88	32,598 89	82,765 00	294,136 82	230,944 75	11	Aug 26, 1839	8,000,000 00	7,996,600 00
Branch Commercial Bank of Natchez, at Brandon	155,927 56	-	92,705 00	498,448 34	266,067 70	11	Nov 25, 1839	8,000,000 00	7,996,600 00
Citizens Bank of Madison County	7,306 99	-	295,081 66	892,475 87	121,025 15	12	Nov 25, 1839	8,000,000 00	7,996,600 00
Vicksburg Water-works and Banking Company	200,441 50	-	550,770 00	2,814,724 46	271,678 85	12	Dec 3, 1839	8,000,000 00	7,996,600 00
Grand Gulf Railroad and Banking Company	2,507 84	-	147,157 00	687,226 76	309,822 21	12	Dec 6, 1839	8,000,000 00	7,996,600 00
Bank of Port Gibson	33,277 69	157,500 00	236,772 95	1,332,429 44	258,364 09	12	Dec 9, 1839	8,000,000 00	7,996,600 00
Commercial Bank of Rodney	105,224 96	-	1,520 00	132,776 31	33,086 33	12	Nov 27, 1839	8,000,000 00	7,996,600 00
Branch Mississippi Railroad Company, at Raymond	63,927 63	-	981,170 00	4,024,881 82	585,695 00	12	Dec 11, 1839	8,000,000 00	7,996,600 00
Mississippi Railroad Company, at Natchez	170,933 58	-	224,187 90	4,746,902 74	585,695 00	12	Dec 14, 1839	8,000,000 00	7,996,600 00

In this tabular statement, it has been the object of the commissioners to condense the information which the Legislature is desirous to obtain. The table has been divided into as few columns as possible; and as the statements of the banks frequently contain debits and credits for which the commissioners had not provided a place under that specific name, they were obliged to insert such under analogous heads. The result, however, both as to resources and liabilities, it is believed, proves correct. For more particular information, the special reports should be referred to.

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*Liabilities of the bank commissioners to the various banks examined by them.*

B. C. Harley, as payor and endorser, (which liability was contracted previous to his appointment as bank commissioner,) \$1,370.

	Payor.	Endorser.
Francis Leech	\$ "	\$ "
Charles T. Flusser	" "	" "

*Correspondence between the bank commissioners and such banks as declined an examination.*

JACKSON, MISSISSIPPI, October 12, 1839.

GENTLEMEN: The undersigned, bank commissioners of the State of Mississippi, make application to examine your bank, that a report of the same may be made to the Executive of the State, in compliance with the law under which we act. Requesting an early reply, stating when it will suit your convenience for us to commence an examination. We remain, with much respect, your obedient servants,  
FRANCIS LEECH,  
BASIL C. HARLEY.

To the PRESIDENT AND DIRECTORS  
of the Mississippi Union Bank.

JACKSON, MISSISSIPPI, October 19, 1839.

GENTLEMEN: On the 12th instant we addressed you a note making application to examine the affairs of the institution over which you preside. We have been detained here eight days, and have not as yet received a reply; and as we have but little time to discharge our duties, previous to the meeting of the Legislature, we cannot wait here longer than this day, and can be found during the day at the Mansion House. Should we not receive a reply while here, we must consider it a refusal on your part, to submit to an examination.

Respectfully, your obedient servants,

BASIL C. HARLEY,  
FRANCIS LEECH,  
Bank Commissioners.

To the PRESIDENT AND DIRECTORS  
of the Mississippi Union Bank.

MISSISSIPPI UNION BANK,  
Jackson, October 19, 1839.

GENTLEMEN: Your favors of the 12th instant, and of this date, have been received. The former would have received attention, and been replied to, by authority of the directors, had there been a quorum present at

the last regular meeting of the 17th, as I informed Mr. H. soon after it was received. At the next meeting of the board, on next Thursday, your communication shall be submitted to the directors for their consideration, and their decision be immediately made known to you; until when, you will please suspend your opinion as to their determination. I will add the assurance that no disrespect was intended by the officers of this institution; and that for the above reasons alone, yours of the 12th instant was not replied to, as several directors expressed a wish to have a full board present when the subject was decided.

WM. P. GRAYSON, Cashier.

Messrs. B. C. HARLEY and F. LEECH,  
Bank Commissioners.

MISSISSIPPI UNION BANK,  
Jackson, October 25, 1839.

GENTLEMEN: I am instructed to inform you that the directory of this institution consider the question as to your right to examine its affairs settled by a resolution adopted last year, when a similar application was made by the commissioners then in office; and, therefore, your application is respectfully declined.

Very respectfully,  
R. M. WILLIAMSON,  
President pro. tem.

Messrs. B. C. HARLEY and F. LEECH,  
Bank Commissioners.

ABERDEEN, September 16, 1839.

GENTLEMEN: As bank commissioners of the State of Mississippi, we make application to examine the affairs of the institution over which you preside, that a report of the same may be made to the Executive of the State.

With much respect, we remain, your obedient servants,  
FRANCIS LEECH,  
BASIL C. HARLEY,

To the PRESIDENT AND DIRECTORS of the  
Aberdeen and Pontotoc Railroad Bank.

ABERDEEN AND PONTOTOC RAILROAD BANK,  
Aberdeen, September 19, 1839.

GENTLEMEN: Your favor of yesterday's date, directed to the president and directors of this institution, requesting, as the bank commissioners of the State, to examine into the state of its affairs, was received.

In the absence of our president, I would inform you that our board have not, as yet, given the officers of the bank any instructions to submit its affairs to your examination. I have no doubt of their entire willingness,

ness to do so, but, without instructions, I feel a delicacy in complying with your wishes, and have to request that you will wait until Monday next, (which is the earliest day we can have a meeting of our board) when I have no doubt they will take a pleasure in submitting the situation of their affairs to your examination.

Respectfully,  
GEORGE WIGHTMAN, Cashier.  
To FRANCIS LEECH and BASIL C. HARLEY,  
Bank Commissioners.

ABERDEEN, MISSISSIPPI, September 19, 1839.

Sir: Your favor of this date has been received; and in reply to which we will state, that, owing to the limited period in which we have to perform our duties, we cannot be detained here until your board meets, but will proceed to Columbus, where business will detain us for eight or ten days; during which time, if you will communicate to us the fact that you are prepared to submit to an examination of your bank, we will return expressly for that purpose.

Very respectfully, &c.  
BASIL C. HARLEY,  
FRANCIS LEECH,  
George Wightman, Cashier.

The following replies were received from the Tombigby Railroad and Banking Company, and the Commercial Bank of Columbus, to written applications to examine their affairs:

BANK OF THE TOMBIGBY RAILROAD COMPANY,  
Columbus, September 26, 1839.

GENTLEMEN: Your favor of the 24th instant is acknowledged. I have consulted our board on the subject-matter of your communication. We should be pleased at all times to adopt such a course as to insure the confidence of gentlemen of your intelligence and sterling worth, and, by a strict attention to the interests of the institution, we are confident we shall be enabled to do so. Notwithstanding this expression of confidence in, and respect for you as individuals, as "bank commissioners" of the State of Mississippi we do not recognise you; and being apprized that the law creating such a commission has, by its own limitation, expired, we respectfully decline any intercourse with you as such.

Respectfully, your obedient servant,  
A. N. JONES, President.  
Messrs. F. LEECH and B. C. HARLEY.

COMMERCIAL BANK OF COLUMBUS,  
Columbus, Mississippi, September 28, 1839.

GENTLEMEN: In reply to your note of application to the president and directors of this institution to examine the affairs of the same, I am in-

structed to inform you that the board does not recognise your right to perform said duty, more particularly as the charter makes express provisions, which I beg leave to give you in the following extract, to wit: "And the Legislature shall have power, at any time, to appoint a committee, or to elect a commissioner or commissioners, to examine the books," &c. Your application is therefore respectfully declined.

Very respectfully, your obedient servant,  
CHARLES H. ABERT, Cashier.  
Messrs. F. LEECH and B. C. HARLEY.

BRANDON, October 21, 1839.

GENTLEMEN: We have visited your town in discharge of our duties as bank commissioners of the State of Mississippi. We are aware it is alleged that the institution over which you preside is not subject to our examination, yet, when we consider that you voluntarily submitted its affairs to the examination of the former board of commissioners, for the purpose of satisfying all who were interested in the institution of its "entire solvency," we are induced to believe that the same consideration would operate with fully as much force now, as they did then; and that, in justice to yourselves, as well as the community at large, you would rather seek than avoid our scrutiny. Under these considerations, we tender our services for the purpose of examining the condition of your bank, that a statement of the same may be laid before the public. Requesting an early reply,  
We remain, very respectfully, your obedient servants,  
FRANCIS LEECH,  
BASIL C. HARLEY,  
Bank Commissioners.

To the PRESIDENT AND DIRECTORS of the  
Mississippi Railroad and Banking Company.

BANK OF THE MISS. AND ALA. RAILROAD COMPANY,  
Brandon, October 22, 1839.

GENTLEMEN: Your polite letter of date 21st instant has been duly received, and submitted to the board of directors. In reply, I have been instructed to state that they respectfully decline your request to examine this institution at this time. Under present circumstances, a satisfactory examination could not be made, owing to the very recent receipt of account of cotton sales from Liverpool. The books not being up, and the great press of business of all the officers, would render such an examination wholly impracticable.

Very respectfully, your obedient servant,  
CHARLES LYNCH, President.  
Messrs. F. LEECH and B. C. HARLEY,  
Bank Commissioners.

MANSION HOUSE, NATCHEZ,  
December 10, 1839.

GENTLEMEN: The subscribers, bank commissioners of the State, beg leave to inform you that they are ready (as by law directed) to examine

the banks at Natchez. They wish to know on what day it will be convenient for you to admit them, and trust it will be an early one, as their stay here cannot be very protracted. Requesting an early reply, we remain,  
Your very obedient servants,

FRANCIS LEECH,  
BASIL C. HARLEY,  
CHARLES T. FLUSSER.

To the PRESIDENT AND DIRECTORS  
of the *Planters' Bank, Natchez.*

In reply to the foregoing note, the cashier of the *Planters' Bank* furnished the commissioners with the following preamble and resolution of their board of directors:

Whereas, inasmuch as the Legislature omitted, at their last session, to renew the appointment of bank commissioners, made originally for two years, that said office expired, and that no vacancy occurred which could be constitutionally filled by the Governor: therefore,

*Resolved*, That no bank commissioners known to the constitution or laws of the State now exist; and that the officers now applying as commissioners cannot be acknowledged as legally appointed, and that their application be respectfully declined.

Extract from the minutes:  
H. D. MANDEVILLE, Cashier.  
PLANTERS' BANK, NATCHEZ,  
December 12, 1839.

On the 21st of December, 1839, B. C. Harley, one of the commissioners, called at the office of the Bank of West Feliciana and Railroad Company, and informed the cashier that a majority of the board of bank commissioners were then in readiness to proceed to the examination of the bank; and on the 23d of December the commissioners received the following communication:

BANK OF WEST FELICIANA RAILROAD COM.  
Woodville, December 23, 1839.

GENTLEMEN: I beg leave to hand you the annexed extract from the minutes of the board of directors of this company, of the 21st instant.

Respectfully, yours, &c.,  
W. H. WEST, Cashier.  
To the Hon. Board of BANK COMMISSIONERS  
of the State of Mississippi.—Present.

At a meeting of the board of directors of this company, this day, the cashier reported to the board that a gentleman, purporting to be one of the board of bank commissioners, had made a verbal application to him to know what was the pleasure of this board in regard to an examination of the affairs of this company by them; therefore, it was

*Resolved*, This board do not acknowledge any right whatever upon the part of said commissioners, either by authority of law or otherwise, to demand of this institution such examination—the mode for said exami-

nation being prescribed in their charter, and different from that under which they act, they, therefore, respectfully decline the examination.

Extract from the minutes:  
WM. H. WEST, Cashier.

The commissioners addressed a note to the president and directors of the Bank of Mississippi, at Princeton; to which they received no reply, but were told by one of the directors that an examination of the bank at that time was impracticable, as the cashier was absent; and requested us to call at some future time, which we had no opportunity of doing.

The officers of the Bank of Grenada being absent when the commissioners were there, they did not examine that institution; and, for want of time, did not examine the branch of the Mississippi Railroad Company at Gallatin, and the branch of the Grand Gulf Railroad and Banking Company at the same place; nor the branches of the Commercial Bank of Natchez at Holmesville and Shieldsborough. They made application at the branches of the *Planters' Bank of Mississippi* at Yazoo city, Columbus, Vicksburg, and Woodville, and were denied the privilege of an examination.

S 10.  
State of the *Planters' Bank of the State of Mississippi*, on the 26th of December, 1839.

PLANTERS' BANK, NATCHEZ,  
January 4, 1840.

To the honorable the Speaker of the House of Representatives of the State of Mississippi:

Under the direction of the board of directors of this bank, it becomes my duty to transmit to you the enclosed resolutions adopted by the directory at a meeting held by them on the 2d instant; and also a condensed statement of the affairs of the bank and offices.

And permit me to add, I fully concur in the sentiments expressed in the resolutions, and shall be pleased to give, at all times, any information in my power to such person or persons as may be authorized by your honorable body to investigate the affairs of the institution.

I have the honor to be, very respectfully, your obedient servant,  
J. P. WALWORTH, President.

Extract from the minutes of the *Planters' Bank, January 2, 1840.*

*Resolved*, That the president cause to be prepared a general statement of the transactions of the bank, as contemplated by the 25th section of the charter; and that the same be forwarded to the Legislature of the State, as early as possible, with such explanations as may be deemed advisable.

*Resolved*, That the president, at the same time, communicate to the Legislature the readiness of the bank to submit their affairs to the examination of any commissioner or commissioners to be by them designated."

H. D. MANDEVILLE, Cashier.

State of the Planters' Bank of the State of

RESOURCES.			
Bills discounted		\$2,744,445.09	
Bills in suit		889,777.00	
Comprehensive bill of exchange		132,192.37	
Northern bills of exchange		264.80	
Reserve fund		3,829,719.96	
Real estate		249,883.32	
Custom account		12,473.23	
Exchange account		3,729.01	
Bank stock		400,412.49	
State bonds		140,000.00	
Exchange account		2,328.02	
Due from city banks, viz:		\$18,379.09	
Agricultural Bank			
Bank of the Mississippi Railroad Company		8,402.95	
Due from distant banks, viz:		36,782.04	
Grand Bank		575.27	
Bank of Pittsburg		377.84	
Bank of the United States		1,712.00	
Tombigbee Railroad and Banking Company		12.00	
Grand Gulf Railroad and Banking Company		6,856.73	
Commercial and Railroad Bank of Vicksburg		1,570.43	
Commercial Bank of Rodney		1,798.50	
Commercial Bank of Manchester		1.02	
Brandon Bank		199,490.09	
Bank of Virginia		444.56	
Chitewas Bank of Madison		24.25	
Bank of Vicksburg		1,006.00	
Bank of Port Gibson		3,405.17	
Mississippi Union Bank		6,906.90	
Bank of Mobile		1,522.57	
Merchants' Bank of New Orleans		3,429.18	
Bank of Lexington		9.50	
Commercial Bank of Columbus		5.88	
Notes of other banks			228,315.59
Debitured interest			442,484.21
Waltham Insurance Company stock			135.26
Jackson, Todd, & Co. Specie			675.00
			908.51
			63,047.75
			9,171,133.65

Mississippi, on the 26th day of December, 1839.

LIABILITIES.			
Capital stock paid in		\$5,539.36	
Discounts received		2,037.44	
Interest			
Profit and loss			
Treasurer of the United States			
Treasurer of the United States, special			
Treasurer of the United States, Department			
Penion agent			
Treasurer of the United States for Post Office Department			
William Selden, Treasurer of the United States			
Suspend account			
Unclaimed dividends			
Circulation, of which \$227,963.19 are post-notes			
Individual deposits			
Deposit certificates			
Bills payable			
Checks payable			
Literary fund			
Three per cent fund			
Sinking fund			
Seminary hands			
Bonds payable			
Due to city banks, viz:			
Commercial Bank, Natchez			
Due to distant banks, viz:			
Grand Bank		7,724.71	
Bank of the United States of Pennsylvania		16,949.48	
American Exchange Bank		2,374.05	
Bank of the Metropolis		4,033.23	
Bank of Mississippi, Princeton		38.90	
Bank of New York Dry Dock Company		1,500.01	
Bank of State of Mississippi		612.50	
Commercial Bank, Cincinnati		394.40	
Commercial Bank, Baltimore		858.90	
Franklin Bank, Cincinnati		431.00	
Leather Manufacturers' Bank, New York		24,866.59	
Mechanics' Bank, New York		501.91	
New Haven County Bank		38,354.00	
North American Trust and Banking Company		6,032.50	
Planters and Merchants' Bank of Mobile		1,776.98	
Traders' Bank of New York		249.50	
Bank of America		1,501.45	
Bank of Louisiana		7,311.08	
Union Bank of Louisiana		2,584.94	
Commercial Bank of New Orleans		338.31	
Bank of Orleans		1,158.12	
Union Bank of Tennessee		1,120.02	
State Bank of Alabama		7,203.10	
Farmers' Bank of Virginia		3,382.78	
Real Estate Company of Hinds		370.99	
Shoe and Leatherdealers' Company		5,996.92	
Alachafaya Railroad Company		1,578.26	
Canal and Banking Company, New Orleans		5,544.84	
Seventh Ward Bank, New York		3.50	
Planters' Bank, Tennessee		1,372.12	
Bank of Louisville		2,050.14	
		148,142.63	
		9,171,133.65	

J. P. WALWORTH, President.  
H. D. MANDEVILLE, Cashier.

## State of the Mississippi Union Bank, September 25, 1839.

## RESOURCES.

Bills receivable	\$572,548 61	\$5,575,712 54	
Suspended debt	2,557 29		
Suspended debt in suit		575,105 90	
Bills of exchange out of the State		626,397 01	
Bills of exchange in the State		194,328 34	
Loans to State of Mississippi		200,106 60	\$6,971,543 79
Auditor's warrants on the Treasury of the State of Mississippi		76,405 19	276,511 79
Cotton notes	\$2,191,915 31		
Expenses on cotton	54,095 15	2,246,010 46	
Deduct amount of cotton sold, and sterling bills drawn on cotton		753,509 39	1,492,201 07
Due by State banks			27,575 69
Mississippi State bonds			5,000,000 00
Protest account			120 00
Banking-house			16,411 19
Bank expenses and furniture			18,939 85
Cash, viz:			
Notes of other banks		\$40,465 00	
Specie		598,098 62	638,563 62
			<u>14,441,887 00</u>
LIABILITIES.			
State bonds issued for capital stock		\$10,000,000 00	
Circulation, including deposit certificates now due		430,094 97	
Circulation, including deposits and certificates due in April and May, 1840			3,654,545 14
Due to banks out of the State			64,146 11
Due to the Treasurer of the State of Mississippi		\$262,164 73	9,365 81
Profit and loss			
Profit since last semi-annual settlement of books		12,835 53	
Exchange on sterling bills sold			275,000 26
Suspense account			6,044 45
			2,690 26
			<u>14,441,887 00</u>

## Special message of the Governor to the Legislature of the State of Mississippi, on the Agricultural Bank: delivered January 14, 1840.

## Gentlemen of the Senate and House of Representatives:

The eleventh section of the charter of the Agricultural Bank provides "that the Legislature of this State shall be furnished with a general statement of the transactions of the bank, as often as they may require the same; which shall be signed by the cashier, and countersigned by the president; and it shall be the duty of the Governor of this State to appoint, annually, a competent person to inspect such general accounts on the books of said bank as he shall deem necessary; and it shall be his duty faithfully to report every violation of the fundamental rules of said corporation, to be laid by the Governor before the Legislature at their next succeeding session: provided said inspector shall not have the right of inspecting the private account of any individual or individuals, or of any body corporate, with said bank."

In discharge of the duty imposed upon the Executive, I appointed James Hagan, Esq., special commissioner to make the annual examination required by the charter. It will not be denied that the commissioner was fully competent to perform the duties of the office; his duties were ministerial, not judicial. I am not aware that his avocation as an editor, or his having expressed an opinion on certain points, produced such a "disqualifying bias" as to preclude him from a faithful discharge of the duties he was sworn to perform.

The district attorney of the southern district of the State of Mississippi, in pursuance of the authority vested in him by the General Government, examined the Agricultural Bank not long since. It appears that "for several years, past his opinions have been directly opposed to the management of the bank; and for the same period, his feelings towards its managers have not been the most friendly." If the district attorney could, under those circumstances, be a "very impartial commissioner" of the General Government, he surely is estopped from objecting to the commissioner I appointed. "It is not my business to discuss the merits of (my) appointment." The commissioner is fully able to defend himself.

The report of the special commissioner, on the Agricultural Bank, is herewith transmitted. It will be seen that every possible obstacle was thrown in his way, and that the whole truth could not be wrung from the officers of the bank—the unwilling witnesses he examined. While the commissioner was tracing the late nefarious post-note transactions of the bank, "Dr. Stephen Duncan, an intermediate agent between the bank and a commission house in New Orleans, intrusted with the sale of the post-notes," removed the correspondence from the bank's relative thereto. It appears that the bank has several agents at present engaged in the purchase of cotton with their own post-notes.

The commissioner endeavored to ascertain the amount of specie deposited by the Government in the Pontotoc branch, during the year 1836; the amount of bills purchased; the discount at which they were purchased; and the amount of specie certificates sold during that period. He called for the weekly returns from the Pontotoc branch during that period, "but

Mr. Merrill, the cashier, could not lay his hands on the returns of 1836 and 1837, and "the mother bank seemed to know nothing of the subject." The history of the transaction is this: By the provisions of the Chickasaw treaty, all the land in that country, not reserved, was to be sold on account of the Indians, and the net proceeds invested in State stocks for their benefit. The Agricultural Bank, for the purpose of clutching the deposits, established a branch at Pontotoc. The greater portion of the land was sold in the fall of 1836, after the issuance of the specie circular, and the sales amounted during that year to about two million seven hundred thousand dollars. The Government agreed to take at those sales about five hundred thousand dollars in paper of the State Bank of Alabama, which, by agreement, was to be invested in Alabama State stocks, for the benefit of the Chickasaw Indians. The returns of the land sales at Pontotoc, in 1836, showed about two million two hundred thousand dollars, received in coin during that period, when, in fact, only about seven hundred thousand dollars in gold and silver were deposited in the bank. This result was brought about by a gross fraud on the part of the bank, perpetrated for the double purpose of swelling their profits, and aiding the speculators in the exercise of a controlling influence at the land sales, and thus monopolizing a great portion of the best land sold, to the great injury of thousands of emigrants, who were able and anxious to purchase homes for their families, and land for cultivation. The bank, at those sales, received bank paper, and certificates of deposits on other banks, on deposit in the branch at Pontotoc; discounted bills freely for the mammoth land companies, and greedy speculators present at the sales, and gave them certificates of having deposited specie, to the aggregate amount of a million and a half of dollars, when not a penny in hard money had been deposited. The receiver of public moneys could not check this palpable fraud. His office was insecure, and he was instructed to make his deposits in the branch of the Agricultural Bank at Pontotoc. It is true he might have refused to receive the specie certificates, and have required the hard money; but the sums paid into his office during the day had to be deposited in the branch bank, and would, no doubt, have been returned to the receiver again and again.

The specie certificates given out by the Pontotoc branch were generally sold at five per cent. premium. Near four hundred thousand dollars, principally in gold of the Government deposits at Pontotoc, were transported to the parent bank of Natchez, and there much of it was sold at a premium of three per cent. In some cases, the bank extorted that premium for demands due at her counter, and a large portion of the gold was sold to land companies, in which the officers of the Agricultural and Planters' Banks were deeply interested. Yet the officers of the bank seem to know nothing of the subject. Like the Roman Cardinal, they find it convenient not to remember things they wish to conceal. Should a committee of the Legislature be appointed to examine into the facts charged, I am prepared to give the names of the witnesses cognizant of the circumstances.

The bank during the present year will require two million two hundred and thirty odd thousand dollars in specie, to meet its engagements. The only means of liquidating this heavy debt are to be derived from the sale of \$344,012 of Mississippi bank stock, now in New York; \$22,550 in specie; about \$242,000 of exchange falling due in this State, New Orleans, and Philadelphia; \$450,000 in cotton and post notes in the hands of Dr. Duncan; and about three and a half millions in bills and notes—some pro-

rested, others falling due, and a few in suit. It is the opinion of the commissioner that the stocks, cotton and post notes will not average more than fifty cents on the dollar; leaving a balance of nearly seventeen hundred thousand dollars to be made out of the bills receivable. The board of directors refused to give the commissioner a list of the bills receivable, and the securities; and were thus guilty of a palpable infraction of the charter. The charter does not confer upon the bank the power of dealing in stocks or cotton, yet it has been extensively engaged in those transactions.

On the 20th day of November, 1839, the United States obtained judgment against the Agricultural Bank for the sum of five hundred and eighty-seven thousand two hundred and fifty-six dollars and five cents, and costs of suit. That balance had been due about three years. The Government was a mere trustee for the Chickasaw Indians, and the money belongs to them. Great indulgence had been extended to the bank, and it seems that the Government agreed, if the bank would confess judgment, to wait until the first of March next for one-half of the debt, and until the first of June for the residue. This agreement the bank violated; and it appears that, even after judgment was obtained, the Government agreed to grant the stay agreed upon, provided the district attorney was satisfied with the sureties of the bank. From the statement furnished by the cashier to the commissioner, on the 31st December, 1839, it appears that the debt due the United States had been reduced to \$380,687 51, leaving only eighty-seven thousand one hundred and seven dollars and ninety-eight cents to be paid on the first of March next; and the further sum of two hundred and ninety-three thousand six hundred and eighty-seven dollars and fifty-two cents on the first day of June, 1840. The Government of the United States has priority of lien on all the property of the bank, and the securities to the bond. An examination of the cashier's statement will show that the bank itself will be fully able to pay the balance due, at the times agreed upon. The bank had on the 31st day of December, 1839, in specie, \$22,550 63; exchange on New Orleans, \$193,958 95; exchange on Philadelphia, \$32,000; and cotton purchased to the amount of \$139,615 51; due by S. Duncan, agent, (one of the sureties of the bank,) \$197,284 60; making, in all, five hundred and eighty-five thousand four hundred and nine dollars and sixty-nine cents. Out of these assets, the bank can surely realize the sum of \$380,687 51 now due to the United States. It is, therefore, very certain that it can, in no contingency, be necessary to levy on the property of the sureties of the bank, and sacrifice their property. Those gentlemen still control the bank. The institution received great benefits from the use of the Government deposits. On one occasion, a dividend of fourteen per cent. on the profits of the previous six months was paid to the stockholders; and the extra dividends declared were no doubt equal, in all, to the balance now due the Government. If sacrifices are to be made, justice requires that those who abused the trust reposed in them by the Government, and reaped the benefits arising therefrom, should make them.

Of the bills receivable, the Agricultural Bank has transferred nearly six hundred and four thousand dollars to Richard M. Gaines, Esq., attorney for the southern district of the State of Mississippi. This transfer was made on the seventh and twenty eighth of December last, as collateral securities for the payment of the Government deposits, already secured by a

judgment against Stephen Dunnean, W. J. Minor, H. Tooty, A. C. Henderson, D. C. Michie, and A. P. Merrill. Mr. A. Fisk is also a security on the bond; but not having been in the State, process was not served upon him, and, as yet, judgment has not been obtained against him. He is now in the State, and can be sued if the district attorney desires judgment against him also.

Those who know the means of the sureties are well satisfied of their ability to pay the whole debt now due, should the bank fail to do so. It is competent for the bank and sureties to bond the debt, and postpone the payment, until the next crop can be, in part, made available. It appears that no precise amount of bills was stipulated to be put in Mr. Gaines's hands. He was to receive enough to render the debt, in his opinion, perfectly secure; that if he sued to collect the paper, he would bring the suits in the Federal court; and in the contract, it was expressly stated that the agreement was made as well for the security of the sureties as the Government.

Certain interrogatories were propounded by the commissioner to Mr. Gaines, several of which he refused, in part, to answer. The questions and answers are embraced in the commissioner's report, and it appears that the answers are in the handwriting of the district attorney. He refused to answer whether he had authority from the General Government to receive bills receivable from the Agricultural Bank as collateral security for the debt due the Government. He admits that he was to receive the usual charge of five per cent. commissions of the bank, and agreed "to receive, in payment of said bills receivable, the same currency which may, at the time payment is offered, be received at the counter of the bank in payment of other debts, of which from time to time he is to be kept informed." It will be seen from the statement of the bank, that her circulation payable on demand was only \$8,9591 on the 30th ult.; but a very small portion of that sum is in circulation in this State. It is in the power of the bank, at any time, to refuse at her counter every species of paper currency, except her own notes payable on demand. How, then, could the debtors sued on the transferred paper in the Federal court, pay the executions, except in gold and silver? Even if the bank should be at such times receiving depreciated paper at her counter, and the district attorney accepting such currency in payment of the executions under his control, it would be useless to the General Government. If the execution against the bank and its sureties is staid no longer than until next June, it will be utterly impossible to collect a dollar on the transferred paper sued on in the Federal court. A term of the court, however, will intervene; and if that court once takes jurisdiction, it will retain it. Thus the Government of the United States would be made the instrument of defrauding our State courts of their jurisdiction; defendants would be taken from their respective courts to the city of Jackson, and to Pontotoc, to defend the suits instituted against them; the cost of collecting would be five times as great as in the State courts; the causes would be protracted and decided, and the executions levied, and money collected by officers not directly accountable to the people of this State. Those who rely on collection in the State courts to meet the demands against them in the Federal court, would be, in many cases, entirely ruined. Are we lamely to submit to such outrageous encroachments on our State sovereignty? If the debt to the Government is already well secured, it has no legitimate right to take collateral security in the shape of bills receivable.

The district attorney refuses to show or state the contents of his instructions to the commissioner; he denies the right of "the bank commissioner or the Government to know what his instructions are." If he is correct in that position, and the instructions and correspondence relative to the transfer are confidential, he has violated his duty in showing that correspondence to sundry individuals, and making partial statements in a public journal relative thereto. It is a well-settled maxim in law, that the best evidence the nature of the case admits of shall in all cases be required. The instructions of the proper department at Washington City authorized the district attorney to make the agreement he has, there can certainly be no impropriety in his showing them publicly. The open day and secret night of this transaction will certainly be exposed. If the district attorney has represented the debt unsafe, and the bank and sureties combined unable to pay it, and recommended the transfer of bills receivable as collateral security, when the security of the Government did not warrant such proceedings, on his own head the responsibility must rest. The collection of the Government claims is confided to the district attorneys; their representations always have great weight with the various departments at Washington City; although they are appointed by the National Government, they are subject to the laws of the States in which they reside. If they are guilty of acts oppressive in their hearings, the Legislature, the grand inquest of the State, will not fail, by memorial or resolution, to make the facts known, and to call for the punishment of the guilty. It is the opinion of some that the Federal court cannot take jurisdiction of the suits arising on paper transferred to the Government as collateral security. Even if this position should be sustained, the parties defendants will have to pay enormous sums to fee counsel to attend to their causes, and will have to be prepared with their witnesses to go to trial on the merits, if their pleas to the jurisdiction shall be decided against them. The 2d section of the 3d article of the constitution of the United States provides that "the judicial power shall extend to all cases, in law and equity, arising under this constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; to all cases affecting ambassadors, other public ministers, and consuls; to all cases of admiralty and maritime jurisdiction; to controversies to which the United States shall be a party; to controversies between two or more States, between a State and citizens of another State; between citizens of different States; between citizens of the same State, claiming lands under grants of different States; and between a State, or the citizens thereof, and foreign States, citizens, or subjects."

If suits are brought in the Federal court, the United States will be a party to the controversies, and the cases will arise under the laws of the United States. The district attorney will insist on the courts taking jurisdiction; and the only plea that could be sustained, under the circumstances, would probably be, that the claims had been fraudulently transferred for the purpose of obtaining speedy judgments for the sole use of the Agricultural Bank. I do not believe that the National Government will sanction transfers of bills receivable for such unholy purposes. The Farmers' Bank owes the Government of the United States the sum of \$290,393 78, and I have understood that negotiations have been, and perhaps are still, pending, for the transfer of a large amount of the bills receivable of that bank, to the district attorney, as collateral security. That debt is also well secured. The district attorney himself examined both the

Agricultural and Planters' Banks. He took the bonds of those institutions for the sums they owed the Government; approved the securities thereto; and also doubt, reported the debts amply secured. He has received of the Agricultural Bank about one hundred thousand dollars, in claims on the Commercial and Railroad Bank of Vicksburg. He may obtain of that bank bills receivable also, and sue on them in the Federal court; and thus go on and draw into his green bag the bills receivable of most of the banks in the State. If he is not checked, thousands will be unjustly sued in the Federal court. It may be said that we have no control over his actions, and are powerless to protect our citizens against the threatened dangers. Such is not the fact. The National Government will not disregard the remonstrances of a sovereign State. I therefore respectfully recommend the adoption of a memorial addressed to the General Government, setting forth the facts of the case, and respectfully requesting the President of the United States to remove from office the United States attorney of the southern district of the State of Mississippi, forthwith.

I deem this a proper occasion to inform you that the names of endorsers are frequently erased from bills and notes, and filed up payable to citizens in the Federal court, in the names of persons who do not own the paper. It is a common occurrence for parties to be sued, both in the Federal and State courts, on the same instrument. This unjust course puts the defendants to the expense of feeling double the number of counsel that would otherwise be required. I therefore urge upon you the immediate passage of a law, making the pending of a suit in the Federal court a bar to an action against the same party for the same cause of action in the State courts, and requiring the judge to strike from the rolls all attorneys guilty of such oppression.

It is worthy of your attentive consideration, whether, all persons transferring or receiving transfers of notes or bills, for the purpose of preventing the necessity of receiving their own paper in payment thereof, or with the intent of insinuating suits in the Federal court in the names of persons not the bona fide holders thereof, should not be punished by imprisonment in the penitentiary.

A. G. McNUTT.

EXECUTIVE DEPARTMENT,  
City of Jackson, January 14, 1840.

UNITED STATES OF AMERICA,

THE PRESIDENT, DIRECTORS, AND COMPANY OF  
The Agricultural Bank of Mississippi, et al.

In the above-mentioned suit, lately pending in the circuit court of the United States for the ninth circuit and southern district of Mississippi, a judgment was rendered on the 20th day of November, A. D. 1839, in favor of the said United States, for the sum of five hundred and eighty seven thousand two hundred and fifty-nine dollars and five cents, and costs of suit.

The above is a true statement of the amount of judgment and date thereof. In witness whereof, I have herewith set my hand, and affixed the seal of said court, at Jackson, the thirteenth day of January, 1841.

WM. BURNS,

Clerk of the circuit court U. S. southern district of Mississippi.

UNITED STATES,

AGRICULTURAL BANK OF MISSISSIPPI and others.

In circuit court United States southern district of Mississippi; judgment November 7, 1839, for \$567,259 05.

In this case the clerk will delay issuing execution until he hears further from me.

DECEMBER 12, 1839.

R. M. GAINES, United States Attorney.

The above is a true copy of the instructions of the district attorney of the United States to stay execution in the above stated case.

WM. BURNS, Clerk U. S. Circuit Court.

JACKSON, January 13, 1840.

Report of James Hagan, Special Commissioner to examine the Agricultural Bank of Natchez.

Sir: In accordance with your commission, I presented to the presidency, Mr. Miner, and the cashier, Mr. Merrill, my authority to examine into the affairs of the Agricultural Bank at Natchez, on the 30th December last, and demanded the books and accounts of the bank. Both the president and cashier refused to comply until they could have the consent of the board of directors, a meeting of which was to be held the Wednesday following, and before whom they proposed to lay my commission. I again referred them to their charter and my commission, and demanded their books *instantly*. They refused, and I bade them good morning. In a few minutes the teller of the bank delivered me a note in the street, of which the following is a copy:

AGRICULTURAL BANK, December 30, 1839.

Sir: A called meeting of the board of directors of this bank is now ready to receive you, under the commission of the Governor, A. G. McNutt, Esq, to examine this institution.

Your obedient servant,  
W. J. MINER, President.

JAMES HAGAN, Esq, Commissioner.

While the book-keeper was making out the balance sheet, I called for the weekly statement-book, to ascertain the condition of the bank at various times during the year. I was told that that book belonged to the directors, and it could not be given up; but, after insisting on an examination of it, they reluctantly assented. The following is the balance sheet:

Condition of the Agricultural Bank of Natchez, Mississippi, December 31, 1839.

ASSETS.		
Notes discounted		\$334,181 60
Long loans		1,263,836 09
Advance on cotton		79,922 22
Notes and bills protested		701,810 24
Notes and bills in suit		494,684 22
Notes and bills transferred to the United States		603,917 95
Protest account		314 31
Exchange in Mississippi		15,682 76
Exchange in New Orleans		193,958 95
Exchange in Philadelphia		21,000 00
Bank stock forwarded to New York for sale		344,012 00
Bank United States of Pennsylvania		5,219 80
Cotton purchases		139,615 51
S. Duncan, agent		197,284 60
Brown, Brothers, & Co., New York		402 40
City Hotel		7,622 96
Due from banks in Mississippi		1,962 81
Due from banks in other places		4,668 78
Bank certificates of deposit		9,810 73
Branch at Pontotoc		198,310 37
Notes of banks in Mississippi		75,921 25
Specie		22,550 63
Real estate		45,622 32
		<u>\$4,773,312 50</u>
LIABILITIES.		
Capital stock		\$2,000,000 00
Government deposits		380,687 51
Individual deposits		152,336 63
Unclaimed dividends		1,574 00
Certificate deposits		3,312 41
Certificate deposits on time		15,155 82
Post-notes		386,875 00
Circulation		89,591 00
Due to banks in Natchez		27,554 95
Due to banks in Mississippi		4,487 71
Due to banks in other places		56,283 39
W. and J. Brown & Co.		31,053 21
Bonds due 1st January, 1840		376,593 57
Bonds due 1st July, 1840		318,222 22
Bonds due 1st January, 1841		200,000 00
Bonds due 1st January, 1842		200,000 00
Bonds due 1st July, 1843		20,000 00
Profit and loss		509,585 08
		<u>\$4,773,312 50</u>

AGRICULTURAL BANK,  
Natchez, December 30, 1839.

A. P. MERRILL, Cashier.

On looking back a few weeks, I found that the bank had issued upwards of two hundred and eighty thousand dollars in fourteen months post-notes, without interest, and placed them in the hands of a commission merchant in New Orleans for sale. The object of this issue was to raise funds to pay the debts which the bank owed to the Federal Government, and for which the directors were individually responsible. In order to ascertain what sacrifices the bank was making, by creating one debt to pay another for which the directors were liable, I demanded their correspondence with the commission merchant in New Orleans, and the account sales of the fourteen months post-notes: both of which the bank refused to give up. Dr. Stephen Duncan was an intermediate agent between the bank and the commission merchant, and, after I commenced the examination, he removed the correspondence from the bank; but stated in a note to Mr. Fisk, one of the directors, that the post-notes had been sold at various prices, from 104 to 17 per cent discount, for Louisiana bank paper. The pernicious effect of this operation on the interest of the country is obvious. Had the bank been able to sell a sufficient amount of these post-notes even at fifty cents per dollar, to pay the debt to the Federal Government, the people into whose hands the paper should have fallen would suffer, while the directors would be released from their individual responsibility. It was supposed that post-notes not bearing interest, being less valuable, would supersede notes bearing interest; the latter would be purchased by capitalists, while the former would become the common circulating medium of the country. But the clamor raised by the people and the press, on the appearance of those notes, induced the bank to give twelve months post-notes, bearing five per cent interest, for all presented at the counter, and also to make a similar exchange with the New Orleans agent for the sale of post-notes. At present, there are only about eight thousand dollars of fourteen months, and fifty thousand of twelve months post-notes without interest, in circulation. Last July the bank issued bonds to the amount of five hundred thousand dollars, bearing eight per cent interest, payable in 1843, and placed them in the hands of Dr. Stephen Duncan, for sale. Dr. Duncan disposed of fifty thousand dollars of these bonds to Mr. Scholtz, of Philadelphia, but as yet the bank has only realized twenty thousand dollars of the proceeds. Bills on New Orleans, to the amount of twenty-five thousand dollars, were given in payment; but as they are not yet due, they have not been carried into the balance-sheet. When these bills shall be paid, the liabilities of the bank for bonds payable in 1843 will be increased to forty-five thousand dollars. The bond for the balance of the fifty thousand, amounting to five thousand dollars, was to be paid in Philadelphia; but before it fell due, the banks suspended specie payments. The purchaser of the bond now will pay only in Philadelphia bank notes, which the Agricultural Bank refuses to receive.

It will be seen that the bank is liable for bonds falling due from the 1st instant, to the 1st January, 1842, to the amount of one million ninety-four thousand eight hundred and fifteen dollars and seventy-nine cents. The banks refused to tell who purchased these bonds, lest it might injuriously affect the credit of the holder.

Besides the agent in New Orleans for the sale of post-notes, the bank has several agents at present engaged in the purchase of cotton, with similar funds. The officers of the bank, and two merchants in Natchez, are the agents to purchase cotton, and with the proceeds, and the funds realized by

the sale of post-notes, and the bonds alluded to, the bank has paid, within a short period, upwards of one hundred thousand dollars of the Government deposits, besides bonds which fell due during the past year. But this transfer of indebtedness destroys the ultimate ability of the bank to meet its engagements, while it increases the embarrassments of the country. It also enables the bank to pay the wealthy capitalist, and release its own deposits; but this is effected by throwing out a spurious currency, which depreciates in the hands of the planter, the laborer, and the mechanic, who are less able to bear the loss.

I endeavored to ascertain the amount of specie in the Pontotoc branch, during the land sales in 1836 and 1837; the amount of bills purchased; and Mobile and New Orleans; the discount at which they were purchased; and the amount of specie certificates given at that branch. I demanded the weekly returns from the Pontotoc branch, and Mr. Merrill, the cashier, produced those of 1838, and two returns of 1839; but he could not lay his hands on the returns of 1836 and 1837, which alone could have thrown light on the subject I was inquiring about. The mother bank seemed to know nothing of the subject, and preferred that I should examine the officers of the branch.

On examining the bank note register, I found most of the fourteen months post-notes marked as cancelled. I called for the notes and the teller, and, on examining the latter, I found that the operation of cancelling had been performed after I commenced the examination of the bank.

After deducting the capital, the item for profit and loss, the debts to banks in Mississippi (which may be paid in a spurious currency,) and the twenty thousand dollars of bonds not due till July, 1843, it will be seen that the bank, in the course of the next two years, will require two million two hundred and thirty odd thousand dollars, in specie, to meet its present engagements. By looking at the principal assets, its only means of liquidating this debt are to be derived from the sale of three hundred and forty-four thousand and twelve dollars of Mississippi bank stock now in New York; twenty-two thousand five hundred and fifty dollars, in specie; about two hundred and forty-two thousand dollars of exchange, falling due in this State, New Orleans, and Philadelphia; four hundred and fifty thousand dollars in cotton and post notes in the hands of Dr. Duncan; and about three millions and a half in bills and notes—some protested, some in suit, and some falling due. The exchange, the stocks, the cotton and post-notes, will not average more than fifty cents in the dollar; leaving a balance of nearly seventeen hundred thousand dollars to be made out of bills receivable. To meet this, it will be necessary that the debtors of the bank should pay about fifty cents on every dollar which they owe. In order to form an estimate of such a probability, I demanded a list of their bills receivable, and specimens, which the bank commenced preparing for me; but they changed their mind, and called a full board of directors to deliberate on the proposition; and the following is the result:

AGRICULTURAL BANK,  
Natchez, January 4, 1840.

The Sir: I am directed to hand you the following resolution adopted by the board of directors of the Agricultural Bank of the State of Mississippi, and by James Hagan, Esq., commissioner appointed by the Governor, A. G. McNutt, to examine into the condition of this bank, having requested a list of the debtors and securities:

Resolved, That in the opinion of this board, the furnishing such list would be a violation of the 11th section of the charter of this institution.

Your obedient servant,  
JAMES HAGAN, Esq.,  
Commissioner.

A. P. MERRILL, Cashier.

*Transfers to the United States district attorney.*

Of the bills receivable, the Agricultural Bank has transferred nearly six hundred and four thousand dollars to Richard M. Gaines, Esq., attorney for the southern district of the State of Mississippi. This transfer was made on the 7th and 23rd of December last, as collateral security for the payment of the Government deposits, already secured by a judgment against the property of Stephen Duncan, W. J. Miner, H. Tooley, A. C. Henderson, D. C. Michie, and A. P. Merrill. Mr. A. Pisk is also security on the bond; but not having been in the State, process was not served on him, and, as yet, judgment has not been obtained against him.

On inquiring into the terms of the contract between Mr. Gaines and the Agricultural Bank, I found that there was no precise amount of bills stipulated to be put in Mr. Gaines's hands. He was to receive enough to tender the debt, in his opinion, perfectly secure; that if he sued to collect the paper, he would bring the suits in the Federal court; and in the contract it was expressly stated that the arrangement was made "as well for the security of the sureties as the Government."

But Mr. Gaines's testimony under oath, as follows, will explain the transaction:

*Question 1.* Did you not agree with the Agricultural Bank to prevent the issuance of execution against that institution, on certain conditions?

*Answer.* This question has reference solely to the discharge of my official duties as district attorney of the United States for the southern district of Mississippi. I refuse to answer to the commissioner for the manner in which I have discharged those duties, although I am willing to state every thing I know in relation to the condition or management of the Agricultural Bank.

*Question 2.* Has not the Agricultural Bank given you certain bills receivable, for collection, with five per cent. commissions? And have you not, also, proposed to prevent the issuance of the judgment, and to save the bank the usual officers' fees on said judgment?

*Answer.* The Agricultural Bank has transferred to me certain bills receivable, as collateral security for the debt due by the bank to the United States, under an agreement that the bank is to pay all the expenses of collection of the same, including, of course, the usual charge of 5 per cent. commissions. This agreement bears date on the 7th day of December, 1839. It also provides that, as United States attorney, I am to receive, in payment of said bills receivable, the same currency which may, at the time payment is offered, be received at the counter of the bank in payment of other debts; of which, from time to time, I am to be kept informed. By the same agreement, the bank and securities agreed that the taking of collateral paper then in my hands, or afterwards to be transferred for the same purpose, should not in any manner affect the liability of any of the parties, or the right of the United States to proceed on the judgment against the bank and sureties,

at any time; and that agreement is duly executed by the bank and all the sureties, including Mr. Fisk, who was not sued because he was not in the State to be served with process. The remaining portion of this question relates, as I conceive, in a great degree, to the discharge of my official duties, but as it has, also, some relation to the condition of the bank, I answer, that I have made no proposition, either written or verbal, to the bank, which had for its motive the saving of officers' fees to the bank. The proposition which I did make to them, and the agreement founded on it, were dictated solely in reference to my instructions from the Government of the United States, and my duty under them. I have not, nor can have, any understanding, written or verbal, with the bank, or any of its officers or agents, on the subject of saving to the bank any costs or officers' fees of any kind, growing out of the suit against them, on behalf of the United States.

**Question 3.** What amount of bills receivable were originally stipulated to be transferred to you by the bank, its officers or agents?

**Answer.** There never was, originally, any stipulated amount of bills receivable to be transferred to me by the bank, its officers or agents. The resolution of the bank authorized the cashier, generally, to transfer bills receivable, as collateral security, or as security in such manner and form as should be satisfactory to me, without specifying any amount.

**Question 4.** Did you, or did you not, instruct the clerk of the court (U. S.) to stay the issuance of the execution, immediately on the adjournment of court?

**Answer.** Although this question has, I conceive, no possible connexion with the condition of the bank, but, on the contrary, relates exclusively to the manner in which I have discharged my duty to the United States, it appears to me so wholly immaterial, that I do not object to answer it. I therefore answer, that I did, immediately on the adjournment of the circuit court of the United States, at the last term, direct the clerk not to issue the execution in the case against the Agricultural Bank and sureties, until he heard from me. This direction was only verbal, and was afterwards given to him in writing, when the agreement for a stay had been concluded with the bank; which agreement with the bank was, in fact, made before the resolution of the board of the 4th December, to transfer bills receivable.

**Question 5.** Have you not had some understanding with the Agricultural Bank to collect or arrange one hundred and seventy thousand dollars with the Commercial Bank of Vicksburg, for the Agricultural Bank, protested checks of the former, by which you were to receive 5 per cent. commission from the latter?

**Answer.** I have had no understanding with the Agricultural Bank to collect or arrange one hundred and seventy thousand dollars, with the Commercial Bank of Vicksburg, of protested checks of the latter. There is, among the paper transferred to me as collateral security, one hundred thousand and two hundred and twenty-six dollars and sixty-six cents of certificates of deposit of the Commercial and Railroad Bank of Vicksburg. This is the only matter of which I have any knowledge, in which the Agricultural has any concern with the Commercial and Railroad Bank; and I only know this as I have stated.

**Question 6.** Do you take bills receivable of the Agricultural Bank, on account of and by authority of the Government, as payment, or as collateral security of the Agricultural Bank?

**Answer.** I have not received, nor do I intend to receive, any bills receivable from the Agricultural Bank, as payment, or as any part payment of their debt to the United States, but only as collateral security for that debt. The remaining part of this question, as to whether I have authority from the Government, I refuse to answer, because I think the commissioner has no right to ask me the question.

**Question 7.** Has the execution ever issued against the Agricultural Bank?

**Answer.** It has not, to my knowledge.

**Question 8.** Was it either expressed or understood in your agreement with the Agricultural Bank, that you were to sue the debtors of that institution in the Federal court, on the bills receivable, transferred to you as collateral security for the debts due to the Federal Government?

**Answer.** Nothing is expressed in my agreement with the bank on this subject. The agreement, as before stated, is in writing; and I have no agreement with them on this subject which is not in writing. I deem it proper, however, to state, in answer to this question, that I informed the bank that if the notes transferred were sued upon, the suits would be brought in the circuit court of the United States, where all suits were brought in which the United States were a party or interested.

R. M. GAINES.

Mr. Gaines has stipulated to take payment from the debtors of the bank, in the currency received at their counter when payment is offered; but as the bank has only ninety-one thousand dollars in circulation on demand, as soon as judgment shall be obtained, she can refuse to take any currency at her counter, except specie and her own notes due; and thus compel the transferred paper to be paid in specie.

I felt it my duty to make such inquiries in relation to the action as well as the condition of the Agricultural Bank, as would enable the public to judge of its solvency and the fidelity with which it had adhered to the terms of its charter. But the officers of the bank opposed every obstacle to my progress. I demanded the "discount credit-book," in order to ascertain whether the item of "individual deposits" in the balance-sheet was correct, and to know what amount of over-drafts had been made by the directors and other officers. This was refused me; I demanded the same book, to ascertain the exact amount for which a few individuals near Natchez had been liable to the bank, and the character of the paper which these favorites had placed in bank to liquidate their accounts. It was again refused. I demanded of Dr. Merrill, the cashier, the negotiations made or proposed to be made between the bank and J. Seawell Jones, Esq., of North Carolina, during the past summer. Dr. Merrill asked Mr. Fisk if he might answer the question; when Mr. F. told him he should not, and accordingly Dr. M. declined to disclose the transactions between Mr. Jones and the Agricultural Bank.

The bank officers seem to consider mystery and concealment of their transactions from the public and the Government as the most essential of the special privileges secured to them by their charter.

They traffic in cotton and real estate; they issue post-notes; and discount Brandon Bank paper when it was only worth 65 cents in the dollar, and charged the usual discount, as if it were convertible into gold and silver; and they justify themselves on the ground that there is nothing in

the charter expressly forbidding such acts. On the other hand, when certain books, accounts, and transactions are demanded for examination, in order that the public may be protected against fraud and imposition, they refuse to submit them, on the ground that the charter does not expressly require such exhibition. They thus adopt two very convenient rules for constraining their charter—a liberal one for themselves, when they want to grasp the property of the people; and a limited one for the State, when it wants a disclosure of their transactions.

Mystery and concealment in banking have been the principal causes of the ruin of the banks and the people. Had the proceedings of banks been as open to the inspection of the public as the deeds of trusts and mortgages in our probate courts, the credit of the State and of our individual citizens would have been in a much more healthy condition than it is at present. I know several individuals who are now indebted to the banks of this State and private persons, from half a million to one million of dollars, and who a few years ago were not worth one dollar; but, by virtue of the credit system, and the principle of concealment and mystery, they were enabled to make loans from banks to purchase property. This property gave them additional credit; and from one bank they proceeded to another, extending their credit and increasing their property at enormous prices, until they and the credit system have broken down, overwhelming themselves, their friends, the banks, and the country, in one common ruin. Publicly would have equalized and limited credit, and prevented such a catastrophe.

On looking over the bills receivable of the Agricultural Bank, I find that the heaviest debtors were generally the heaviest debtors in the other banks of this State when I examined them last year; and if all were handed over to the United States district attorney to be sued in the Federal court for their debts to the various banks in the State, there is not one in ten of them who would be able to pay ten cents on the dollar.

If every other bank in the State had adopted the policy of the Agricultural Bank, and prepared a proportionate amount of 12 and 14 months post-notes, either with or without interest, and thrown them into market, they would not have sold for 20 cents on the dollar.

Nothing can arrest the Agricultural Bank in its ruinous course but the prompt interference of legislative power. It has existed in continual disregard of the law, as exemplified in its traffic in cotton, in its sale of post-notes, and in paying out Brandon Bank paper as money for notes discounted at its counter, when the said paper was at 35 per cent. discount. To terminate such gigantic frauds on the public, and to compel the bank to do equal justice to its debtors and creditors, it ought to be wound up and its charter abolished. If it be permitted to follow its own dictates, it will sell bonds and post-notes at any price it can obtain; it will oppress its small debtors and its enemies, by throwing them into the hands of Mr. Gaines and the Federal court; and it will thus be able to protect its favorites, the heavy debtors, who owe it from ten to fifty thousand dollars each, at the expense of the public.

If the Legislature were at once to abolish post-notes and every species of irredeemable and depreciated currency, solid capital and a sound currency would soon take their place; and the longer this measure shall be postponed, the worse will become the condition of the banks, as well as their debtors and creditors. It is impossible that industry can flourish in any country where the standard of value fluctuates with the interest or caprice

of a few individuals claiming the privilege of making the money by which the labor of the whole community shall be measured. It has been repeatedly tried, and as often found to fail. If banks must be continued as the scourge of the producers, for the exclusive benefit of a few, let them be confined within reasonable bounds; let their transactions be as open to the inspection of the public as the records of our courts; let them be prohibited from issuing any note under one hundred dollars; and, above all, let them be prohibited from issuing a single dollar more than they are able to redeem. Why should a few rich men be allowed the privilege of drawing interest on three dollars for every one they possess, by virtue of a bank charter? It is a palpable infraction of the federal compact; it is unequal, unjust, and contrary to the genius of all our political institutions. All of which is respectfully submitted.

JAMES HAGAN, Commissioner.

To His Excellency A. G. McNETT,  
Governor of the State of Mississippi.

S 13.

*Extract from the special message of the Governor to the Legislature of Mississippi: delivered January 30, 1840.*

I also submit to your consideration a letter from Henry D. Gilpin, Esq., Solicitor of the Treasury, in relation to the transfer of the bills receivable, by the Agricultural Bank to the Government of the United States; also, a letter from the Hon. Robert J. Walker, in relation to the same subject. It seems that the statements made by A. P. Merrill, Esq., cashier of the Agricultural Bank, that said bills were transferred "in part payment of the debt due from the bank to the United States," is untrue. The Solicitor states "that while it is of course advisable to strengthen the security of the United States by good collateral security, it is not desirable, unless in an extreme case, for them to undertake by course of legal process the collection of such collateral securities." He has also requested the district attorney not to adopt such measures until instructions shall be received from the Solicitor, founded on a further report of the district attorney in regard to the case. This would seem to imply that, if the district attorney reports that the money cannot be made out of the bank and its bondsmen, suits will be ordered on the transferred paper in the Federal court. To avoid the evils resulting from such a course, it may be advisable for the Legislature to protest against suits being brought in that court; for it certainly is in the power of the bank to pay the residue due on the judgment. Even should it fail to do so, the sureties are fully able to make up the deficit. If the district attorney holds on to the transferred paper, and does not sue upon it till the spring term of the courts, the bank itself will be greatly injured by the delay.

Mr. Walker states that the Solicitor informed him that suits were not contemplated on the bills receivable, but were simply intended as a deposit—not for suit, but only as ultimate collateral security, in case of the inability to collect the amount from the bank and its sureties; and then, only to the amount of three hundred thousand dollars. I am gratified to learn that Mr. Walker has never commenced the transfer, and is determined, if it is persisted in, to resist it, if necessary, by bringing the matter before the Senate.

I have understood that the bank, at one period, contemplated transferring all its suspended debt, amounting to about one million three hundred thousand dollars, to the district attorney; and that he was making active preparations to commence bringing the suits in the Federal court, and had stipulated with a gentleman of the bar to draw all the declarations at an agreed price.

I will take this occasion to observe, that I would consider myself unworthy of the exalted station in which I have been placed by the people of the State, if I failed to denounce men in high places, for violations and evasions of the laws, and acts oppressive in their character upon thousands of the citizens of this State.

A. G. MCNUTT.

EXECUTIVE DEPARTMENT,  
City of Jackson, January 30, 1840.

Letter from the Hon. R. J. Walker.

WASHINGTON CITY, January 10, 1840.

DEAR SIR: Your letter of the 25th, as to the proposed arrangement with the Agricultural Bank, has been received. I called immediately on the Solicitor of the Treasury, and he has promised me to countermand all suits against the bank debtors. Indeed, he says none were ever contemplated by him, but simply a deposit of the bills receivable of the bank—not for suit, but only as ultimate collateral security, in case of the inability to collect the amount from the bank and its sureties; and then, only to the amount of \$300,000. Some ten weeks since, I heard of this proposed arrangement to which you refer, and mentioned it to our Representative, Mr. Thompson, and declared to him my fixed opposition to it, and my determination, should it be persisted in, to resist it, if necessary, by bringing the matter before the Senate. My two per cent. bill has passed the Senate, not only for the money, but for the land. The grant in land and money will make the railroad from Brandon to the Alabama line, and insure the union of the Atlantic and Mississippi by railroads. At the request of the delegate from Florida, I conceived it my duty to bring forward the proposition of the people of East Florida to make *two* States out of Florida. It has produced much feeling, and seems to portend another Missouri question. You will see my remarks in the Globe.

Yours, truly,

R. J. WALKER.

Gov. A. G. McNUTT.

Solicitor Gilpin's Letter.

OFFICE OF THE SOLICITOR OF THE TREASURY,  
January 10, 1840.

SIR: I had the honor to receive your letter dated this morning, and lose no time in replying to it. By a copy of a letter referred to this office, by the Secretary of the Treasury, from one of the persons whose notes have

been transferred by the Agricultural Bank of Mississippi to the United States, it would appear that the cashier of the bank regards the transfer as made "in part payment of the debt due from the bank to the United States." I have this day written to the district attorney to say that they cannot be so received; and that while it is, of course, advisable to strengthen the security of the United States by good collateral security, it is not desirable, unless in an extreme case, for them to undertake, by course of legal proceedings, the collection of such collateral securities. I have therefore requested him not to adopt such measures until instructions shall be received from this office, founded on a further report from him in regard to the case. When this report is received, you shall be duly advised of the course which it may be deemed proper to pursue, and which will certainly be dictated by a due regard to the rights of the parties concerned, as well as those of the United States.

Very respectfully, yours,

H. D. GILPIN,

Solicitor of the Treasury.

A. G. MCNUTT,  
Governor of Mississippi.

S 14.

VERO MESSAGE.

To the House of Representatives:

A bill to be entitled "An act to repeal so much of the twenty-first section of an act to incorporate the subscribers to the Mississippi Union Bank, as relates to the fifteen per cent. damages," was presented to the Executive late this evening by the chairman of the joint committee on enrolled bills. Inasmuch as both Houses have agreed to adjourn this evening, I am precluded from stating my objections to its passage as fully as I desire.

The twenty-first section is in the following words: "That the said corporation shall never refuse specie payment in current coin of the United States, or suspend payment of any of their notes, bills, or obligations, or of any funds received by them on deposit; and if ever the said corporation shall refuse or suspend the said payment, the bearer or holder of any note or obligation, or any person having the right to demand or receive the same, or receive the amount of any deposit as before recited, shall be entitled to receive and recover damages, at the rate of fifteen per cent. per annum."

Although the word *damages* is used, I consider that its true meaning, taken in connexion with the context, is interest; for the latter clause of the section provides that the holder of the dishonored bills of the bank shall recover damages at the rate of fifteen per cent. per annum. I am aware that damages, strictly speaking, cannot be recovered if the bill is protested after the repeal of the law allowing such damages. It is very certain that no law can impair the right of the holders to the interest allowed by law on bills and notes executed before the act of taking off interest, or diminishing the note, is passed.

It will not be denied that the expectation of the holders of the notes of the Mississippi Union Bank, that they would be entitled to fifteen per cent. per annum on the same, in the event of their being dishonored, has tended greatly to prevent their depreciation much more than they have. It

surely does not comport with justice and good faith for the Legislature to enact a law which will inevitably cause the notes to depreciate at least ten per cent. below their present standard, and throw the loss, not only on the bill-holders, but on the people of the State, through whose hands this depreciated trash must necessarily pass.

I understand that the specie in the bank is now about three hundred thousand dollars. Should the bill before me pass, the bank might feel itself authorized to discount more paper, and put out a circulation to the amount of nine hundred thousand dollars. I am warranted, from the history of the bank, to conclude that such a construction will be placed upon the recent enactments of the Legislature as will suit the designs and wishes of the directory; and I therefore cannot sanction any measure tending to facilitate the bank in increasing her discounts or circulation.

It will be remembered that last February I refused my sanction to the resolution authorizing the bank to issue not less than five nor more than six millions of post-notes. Two-thirds of each branch of the Legislature failing to overturn my objections to that measure, it of course failed. Yet the Union Bank, in violation of the laws of the land, and in thorough contempt of the legislative power, commences forthwith to issue of post notes payable in 12 months; and has now outstanding of liabilities on account of such issues, to the amount of about four millions of dollars. If the last issues had not been made, the bank would not now be in such desperate circumstances.

My action in returning the resolution referred to was contemptuously pronounced as the act of a single individual. An appeal was made to the people. I was triumphantly sustained by the freemen of the State, and received a larger majority than was ever obtained by any Executive of the State when the election was vigorously contested. I am of opinion that no candidate before the people for a legislative or executive office avowed himself in favor of repealing the twenty-first section of the charter of the bank. The policy of the measure has never even been discussed in the public press, since the Legislature assembled. Not one-tenth of the people of the State are aware that such a measure has been introduced. Most of the bills of the bank have on their face, in conspicuous letters, "Faith of the State pledged." The State is not bound for the redemption of one dollar of the circulation or liabilities of the bank. The creditors of the institution must look alone to the assets of the bank for payment. The falsehood contained on the face of the notes is nothing unusual. All bank notes contain the same ingredients, for no bank was ever able to redeem all her liabilities on demand. Paper money was originally the representative of specie; in our age, it is the representative chiefly of credit.

It gives me certainly no pleasure to be compelled to return so many bills without my signature. Being firmly persuaded that the passage of the bill before me would be beneficial alone to the few, and destructive to the many, and that it would sink still deeper the credit of the Mississippi Union Bank, as well as that of the State, I return it to the representatives of the people for reconsideration.

CITY OF JACKSON, February 22, 1840.

A. G. MCNUTT.

*Report of the Joint Select Committee of the Legislature to examine the Mississippi Union Bank.*

Mr. PRESIDENT: The joint select committee, appointed by a resolution of the Senate and House of Representatives, instructing them "to examine the condition of the Mississippi Union Bank, with power to send for persons and papers, and with instructions to report to the Legislature a full and ample statement of the condition of said bank, including the amount of notes, both payable on demand, and post, issued by said bank; the securities in which said bank has dealt, both real and personal; the amount of the salaries of the various officers attached to said bank and branches; the liability of the officers and managers thereof; and such other information as, in the opinion of the committee, the public good may require"—have had the subject matter referred to them under consideration, and have instructed me to report:

That the committee proceeded soon after their appointment to an examination of the bank, and have given the subject that consideration which the great and vital interests of the State and the public voice demand. Owing to the multilarious and diversified nature of the subject, the examination necessarily became protracted and difficult beyond the expectation of the Legislature.

If became necessary, in view of a thorough and minute examination, that the cashier should make out and submit to the committee various statements from the books of the bank; and accordingly the cashier laid before the committee statements showing the general condition of the bank, which statements are herewith presented as a part of this report, and numbered 1, 2 and 3; also, statements up to the 8th instant, marked 4 and 5.

From these general statements the committee are enabled to make the following condensed statement of the issues of the bank, and amount now in circulation, viz:

Whole issue of notes on demand	-	\$300,000 00
Whole issue of notes payable 1st August, 1830	-	2,450,000 00
Whole issue of notes payable April and May, 1840	-	3,479,590 00
Whole issue of notes payable in 1841	-	400,000 00
<b>Total issues</b>		<b>6,629,590 00</b>
By cash on hand, February 8, 1840, as per statement	\$3,391,925 83	
Deduct silver, and notes of other banks, and auditors' warrants	465,545 83	
		<b>2,926,380 00</b>
Entire circulation of notes	\$3,894 66	3,703,210 00
Add deposit certificates due on demand	286,971 12	
deposit certificates due April and May, 1840	1,530 00	
deposit certificates due January 1st, 1841	158,562 25	
individual deposits	450,948 03	
<b>Total liabilities, per statement</b>		<b>\$4,154,158 03</b>

To the above the committee would add another statement made from an examination of the books of the bank, and the exhibits heretofore referred to, viz:

RESOURCES:

Whole amount of notes and bills of exchange, including loans to the State \$7,259,746 15  
 Cotton notes and expenses on cotton \$2,292,245 16  
 Deduct amount cotton sold, drafts against cotton shipped, balance on 12,000 bales of cotton, after deducting drafts, and estimating the cotton sold at \$35 per bale 1,114,467 64

Due by other banks and branches - 1,177,877 52  
 Due from Brown, Brothers, & Co., and Brown, Shipley, & Co. 369,298 96  
 Specie and notes of other banks 340,329 01  
 Total \$9,154,919 00

LIABILITIES:

State bonds sold \$5,000,000 00  
 Whole circulation, including deposit certificates and individual depositors 4,154,158 03  
 Due to other banks 19,653 88  
 Other liabilities 4,425 28  
 Total 9,178,267 19

Liabilities over resources 23,348 19  
 If we add to this sum the amount lost to the bank by bad debts, including the loss on bills receivable and the failure of cotton agents, as per statement below, we find the liabilities over the resources, thus 653,719 39  
 \$707,067 58

In the above statement the committee have not taken into consideration any additional losses that may accrue upon the cotton transactions of the bank; but it is not to be presumed that the loss will exceed the proportion lost upon bills receivable. The effects of the bank, including office furniture, and personal and real estate, amounting in value to \$47,453 47, is not taken into the above calculation, and should be deducted from the sum stated as the liabilities over the resources of the bank.

It will be perceived, by reference to the above statements, that the liabilities of the bank over its available resources, at this, will exceed four millions of dollars; and that by the maturity of the May issues, unless a large portion of her bills receivable are paid, the bank will fall short of the means necessary to enable her to sustain a specie payment of her notes that will mature at that time; hence the committee suppose that it is essential to the solvency of the bank that she require prompt payment by her debtors, or that she negotiate a sufficiency of State bonds to enable her to meet the April and May post-notes.

According to the most liberal calculation which the committee can make in favor of the bank, allowing that she can collect ten per cent upon the total amount of the bills receivable by the first of ensuing May, (which is a large estimate,) the deficiency of the available means to meet her circulations and other specie liabilities at that time will be upwards of three millions of dollars. The committee do not perceive any possible means by which this deficit is to be provided for at that period, or within a reasonable time thereafter. It is quite certain that the present condition and future prospect of the stock-market forbid the hope that a further negotiation of bonds for banking purposes can be effected to meet this large liability. There is no domestic demand for these securities, and the foreign market is already glutted with State stocks bearing a larger interest than our own, which cannot be disposed of on any terms.

The board of managers of the bank have adopted a resolution giving to its debtors 1, 2, 3, 4, and 5 years, to liquidate their liabilities, by renewing the same on good security. This measure precludes the possibility of deriving a sufficient sum from the bills receivable to redeem her circulation within any reasonable period.

For the purpose of ascertaining as near as possible the condition of cotton transactions in the bank, the committee required of the cashier a statement exhibiting the amount of cotton notes, with the names of the drawers and endorsers; the amount realized on cotton sold, and the number of bales yet unsold; which statement is herewith presented as a part of this report, and marked 6; also exhibit marked 7, showing what agents have not shipped or delivered cotton receipted for, and commission houses and agents who have not paid. From these exhibits, the committee are enabled to make the following report of the cotton transactions in the above particulars, viz:

Loaned on cotton notes \$2,292,245 16  
 Received for cotton sold and drafts against cotton shipped \$964,467 54  
 Cotton in Liverpool 9,545 bales  
 This year advanced 2,455 " on

12,000 bales at \$35 per bale, 420,000 00  
 1,384,467 54  
 Balance \$907,777 62

Being that much less than the amount advanced on cotton, and for which the bank has no security except the cotton notes. This estimate, it will be perceived, is made upon the supposition that the cotton already sold and to be sold will not exceed thirty-five dollars per bale—fifteen dollars less than the amount advanced per bale; and also that the agents will deliver or account for the cotton receipted for or sold by them; but if (which will probably be the case) these agents do not comply with their obligations, we will find, by a reference to exhibit—that the bank will lose by them the sum of \$181,186 39, according to this statement, viz:

Cotton sold, and proceeds not accounted for by agents - \$118,247 39  
 Deduct amount paid by agents - \$25,461 10  
 Hobson & Gooch - 1,179 90  
 Irwin, Taylor, Ricker, & Co. - 26,641 00

1,493 bales of cotton not delivered by agents, on which  
 was advanced \$60 per bale. 91,606 39  
 Amount due by Merritt, Jennings, & Co as explained in  
 vouchers 8 and 9, herewith presented 89,580 00  
 3,676 56  
 \$184,862 95

It is believed by the committee that very little of this amount will be ever  
 paid by the agents, unless it is the item due by Merritt, Jennings, & Co.  
 By a careful examination of the notes due the banks, as to the solvency  
 or insolvency of the drawers and endorsers, it appears to the committee  
 that the probable losses sustained by the bank on her ordinary discounts  
 (excepting the cotton notes) will be as follows, viz:

Mother district	\$218,665 02
Augusta district	10,057 28
Macon district	14,250 00
Lexington district	41,487 00
Ponola district	30,187 00
Vicksburg district	153,618 00
Liberty district	5,250 00
Ripley district	26,008 75
Total	\$502,533 00

Although a portion of the above sum is reported to the committee as  
 doubtful only, yet the committee are of opinion that the sum is not far  
 from the true amount of losses in that respect.

The next subject submitted to the inquiry of the committee, to which  
 they will advert, is that of the liability of the officers and managers of the  
 bank. The information which the committee have on this subject is de-  
 rived from statements herewith presented, marked 10, 11, and 12, and the fol-  
 lowing is the estimate made by the committee, as taken from these state-  
 ments:

*Liabilities of the Mississippi Union Bank Directors, as drawers, endorsers, acceptors, and merchants.*

Names.	Accommodation notes.		Cotton pledged.		Cotton notes.	
	Drawer.	Endorser.	Sold.	Unsold.	Drawer.	Endorser.
Hiram G. Runnels	\$47,658 39	\$55,134 64				
Jacob B. Morgan	25,000 00	18,832 50			\$16,887 24	
James McLaran	39,416 67	4,645 64				
R. M. Williamson	25,000 00	42,045 89	\$5,437 56	107 bales.	14,044 32	\$28,020 73
Jesse Perkins	33,750 00		3,418 16		8,029 31	8,473 53
Thomas Laid	15,000 00	19,000 00				
George M. Barnes	16,000 00	17,975 00				4,034 37
John E. Gooch	23,750 00	88,719 16	150 bales not received.		9,000 00	6,580 80
John A. Grimball	26,336 30	20,750 35				
John J. McRae	18,187 50	28,700 00				
John L. Irwin	23,740 49	16,025 00	3,051 30	30 bales.	5,185 26	11,830 66
David W. Haley	6,187 50	8,875 00				20,009 37
	300,026 85	320,703 18	11,907 02	137 bales.	53,146 13	78,949 46

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LIABILITIES—Continued.

Names.	Bills of exchange.			Total liability.		Liability as member of commission house and merchant.	Total liability.	
	Drawer.	Endorser.	Acceptor.	Drawer.	Endorser and acceptor.			
Hiram G. Runbels	\$6,875 50	\$15,684 59	-	\$54,533 89	\$79,819 23	\$87,025 50	\$212,378 62	
Jacob B. Morgan	17,116 45	-	\$3,116 45	59,003 69	21,948 95	-	80,952 64	
James McLaran	-	2,800 00	-	39,416 67	7,445 64	-	46,862 31	
R. M. Williamson	13,481 00	5,550 00	6,200 00	52,515 32	83,816 62	-	136,331 94	Deduct cotton sold \$5,437 56
Jesse Perkins	-	-	-	41,779 41	8,472 53	-	50,252 94	Do. do. 3,418 16
Thomas Land	-	-	-	15,000 00	19,000 00	-	34,000 00	
Geo. M. Barnes	-	7,000 00	5,760 00	16,000 00	34,769 37	1,000 00	51,769 37	
John S. Gooch	5,000 00	9,432 23	9,572 46	37,750 00	114,304 65	70,330 00	222,384 65	
John A. Grimboll	1,500 00	13,809 36	-	27,836 30	34,559 71	-	62,396 01	
John J. McRae	6,000 00	-	11,000 00	24,187 50	39,700 00	-	63,887 50	
John L. Irwin	1,000 00	500 00	-	29,925 75	28,355 66	-	58,281 41	Do. do. 3,051 30
David W. Haley	-	-	4,402 93	6,187 50	33,187 30	-	39,374 80	
	50,962 95	54,777 18	41,951 84	404,135 93	496,380 66	158,355 50	1,058,872 09	
	Deduct this	amount received for cotton	-	-	-	-	11,907 02	
							1,046,965 07	

By the foregoing statement it will appear that the managers of the bank have borrowed a sum equal to nearly one-twelfth of the whole capital of the bank, and are liable as drawers, acceptors, and endorsers, for more than one-fifth of the capital stock of the institution now paid in.

Document marked 13, herewith filed as a part of this report, will furnish the Legislature with the requisite information upon the subject of the salaries paid by the bank to its officers. The committee cannot refrain from the expression of the opinion, that the salaries paid by the bank to its officers are exorbitantly high. It is the opinion of the committee that the services of no man, however talented, and however important his duties, can justify these enormous salaries, particularly in a country which furnishes abundantly the conveniences and necessities of life. The large amounts paid by the bank to its officers, thus far, must necessarily come out of the pockets of the people, who sustain the burdens of the State. Bank officers, by their connexion with the institution, necessarily or designedly, have it more in their power to use its resources than persons disconnected with it; and having this advantage over the rest of the community, they cannot, consistently, claim a salary commensurate with the value of services in other officers. In justice, however, to the directory of this institution, the committee feel it their duty to state that, as early as last October, a committee was appointed by the bank to investigate this particular subject, who reported that, in their opinion, it was expedient to make a large deduction in the amount of the salaries. This report, it appears, was laid upon the table, and has not since received the further action of the board; but it seems to have been the opinion of some of the directory that diminution was made. No steps, however, have since been taken to effect this necessary object.

By a reference to the expense account herewith filed, (marked 14,) the Legislature will perceive that the expenses of the bank, up to the date of the exhibit, are \$190,144 64. This account is necessarily large, in consequence of the high salaries of the officers, and the necessity of calling in the aid of attorneys to settle questions of law, both in reference to titles of land and the policy of the bank, as well also as the charges consequent upon the perfecting of stock mortgages, the opening of books, &c. The committee doubt, however, the authority the managers had to appropriate the proceeds of the State stock to the settlement of individual subscriptions and mortgages; the first section of the supplemental act having appropriated to particular objects the proceeds of the State stock.

The committee trust that the foregoing statements will furnish satisfactory information as to the condition of the Mississippi Union Bank, and will enable the Legislature to judge of the policy to be pursued in relation to this all-important question—a question which involves, in a great degree, the character and interests of the State.

The transactions between the Mississippi Union Bank and the Water-works Bank of Vicksburg have excited in the public mind some interest. The committee cannot say that there has been any intention on the part of the directory of the Union Bank to create or continue a fraudulent connexion with the Water-works Bank. As to the suspicion which may rest upon the motives of certain individuals connected with both these institutions in reference to the transactions between them, the committee have thought proper merely to submit the facts. The first arrangement between the two banks, by which the notes of the Water-works Bank were received at the counter of the Union Bank on the same footing with its own paper and that of the other most favored banks of the State, was made upon the application of the directors of the Water-works Bank on the 11th of October, 1838, and continued until the 20th of December of the same year, at which time the balance against the Water-works Bank was about \$78,000; when, by a

resolution of the board of managers in reference to this subject, it was determined that the bank would place at par with her own paper none but the notes of specie-paying banks; by which the further reception of the Water-works Bank notes was discontinued. On the 12th of February, 1839, the cashier of the Union Bank was instructed by the directory to inquire of the Water-works Bank whether this balance could be settled by checks on New Orleans or the north, at sight, or short date. In reply, he was informed that this could not be done; but it would be paid, if possible, by remittances in Union money, or the notes of such specie-paying banks as were received by the Union Bank. This, however, the Water-works Bank was unable to do, except to a very small amount; and the balance still stands charged against it. Shortly after this time, the Water-works Bank was purchased by individuals, who became the owners of a majority of the stock, and a new directory, appointed by them, was placed over the institution. On the 17th of May, 1839, with this balance of \$78,000 only slightly diminished, application was again made by the Water-works Bank to have her notes received at the counter of the Union Bank in payment of debts due said bank, with no other security for their redemption than the mere credit of the Water-works Bank. This proposition was agreed to on the 18th. The notes continued to be received until the 27th of September last. About two weeks after this last arrangement, with the balance accruing under the first unsettled, and still accumulating, under the second, two of the directors of the Union Bank, H. G. Runnels and J. B. Morgan, became stockholders in the Water-works Bank, and acquired an interest in it to the amount of 346 shares of stock each, or therabouts. Subsequent to this, on the 25th of July, 1839, the balance against the Water-works Bank was \$77,582, when it was proposed by the Water-works Bank to liquidate the debt by the discount by the Union Bank of the bills receivable of the Water-works Bank, which, on the 7th of August, 1839, was done to the amount of \$43,724 of the discounted paper of the Water-works Bank, endorsed by said bank; which reduced the balance at that time to \$48,259. Whether any of the directory of the Union Bank, in this transaction, had any motive other than the securing of this amount of the debt more effectually, or whether the arrangement was in any manner, beneficial to the Water-works Bank, or its stockholders, is out of the power of the committee to say; but it is submitted to the Legislature. Notwithstanding the reduction of the debt by the discount of the paper offered by the Water-works Bank to \$48,259, under the resolution of the 17th of May, to receive again the Water-works Bank notes at the counter of the Union Bank, (which continued in force until the 27th of September last,) the balance against the Water-works Bank was again increased to \$70,941. The greater part of this increase was created by the payment in Water-works money of the bills drawn by individuals, connected as directors or stockholders with the Water-works Bank, and discounted by the Union Bank for their benefit. Should the paper of the Water-works Bank, offered in liquidation of her debt, and received and discounted by the Union Bank for that purpose, be paid in Water-works money (which, from the statement of the cashier, the parties claim the right to do,) the Union Bank will have received no advantage whatever from the transaction, and the balance, when this paper is all taken up, will be increased to \$114,666. This proposition is still before the Union Bank; to liquidate the balance now due, by a further discount of the bills receivable of the Water-works Bank, as that bank has failed to make any other arrange-

ment for the payment of this debt. These are the facts, as far as the committee have ascertained them, and they believe them to be full on this subject. The committee are of the opinion, from the investigation, that the board of managers could not be charged with, or implicated in, any thing like fraud or corruption in reference to the transactions between the two institutions; but they are bound to express it as their decided opinion, that the arrangements have not been beneficial to the country, or the interests of the Union Bank, which, upon reflection, must be obvious to the directory themselves; and that all such transactions with suspended and disabled institutions are calculated inevitably to bring upon her certain injury and discredit.

The committee are persuaded that they cannot fully discharge the duty assigned them, to report upon the affairs of the bank, without taking a brief retrospective view of its policy since its organization. It cannot but be remarked by the most superficial observer of the policy of this institution, that its managers have, from its earliest organization, manifested an overweening desire to push the bank into operation, for the purpose of affording what is usually termed relief to the community. This disposition has doubtless been the source of much of the mismanagement of the bank. No well-regulated institution, conducted by intelligent and experienced financiers, ever attempted to regulate a greatly embarrassed community by bank loans and bank accommodations. No community can be thus relieved; and, least of all, a community whose pursuits are eminently agricultural. When a community, by speculation, over-trading, and inflated prices, has become deeply involved, greatly increased banking facilities only increase the violence and malignity of the disease. To a great degree, such had become the condition of a considerable portion of the people of this State at the time the Mississippi Union Bank was chartered. Upon the wisdom or folly of the creation of that institution it would be unnecessary to speak. From the time the present managers of the Union Bank were placed in office, they have mistaken the great leading objects of the corporation: instead of consulting the permanent interests of the institution and the State, by a deliberate, cautious, and wary policy, the leading object of the managers appears to have been (doubtless from benevolent but mistaken views) to force the bank at once into operation, in order to relieve the embarrassed by discounts alone. In the opinion of the committee, the bank should have endeavored to confine its business to solvent customers, whose embarrassed condition would have secured punctual and prompt payment. There were unquestionably many men, at the time the bank went into operation, in temporary want of moneyed facilities, whose affairs might have been relieved by a moderate accommodation; and the interest of the bank in the safety of the loan at the same time secured. Men thus circumstanced might, with propriety, have been recipients of bank facilities; but that bank which conducts its business merely upon the principle of relieving the improvident and embarrassed, must, in the end, become insolvent—for the reason, that those who so conduct their pecuniary affairs as to be dependent upon bank accommodation and bank relief, are seldom safe borrowers. It is unfortunate for the bank and the country that the managers have been governed too much by the relief principle—by a charitable wish to sustain those who could not be sustained consistently with the interests of the bank, and justice to the more deserving portion of the public. As soon as the five millions of State bonds, issued to secure the State stock, could be prepared, commissioners were despatched to the eastern cities to effect a sale, and, if

sale could not be made, with instructions signed by the president of the bank, to hypothecate them, in order to enable the bank to commence operations "for the relief of the country". The commissioners disposed of the bonds upon a credit, payable in five instalments. It is the opinion of the committee that this sale was not made in pursuance of any authority conferred by the charter of the bank, which provides that the bonds shall not be sold under their *par value*. Money on time is not par, which means specie or its equivalent; money on time of unquestionable payment is not par, because the amount stipulated for cannot be collected without deducting the amount of interest from the principal. This is a mathematical proposition, demonstrable by figures, and therefore too plain for argument. It is the opinion of the committee that the bonds at that period could have been sold at par, for cash in hand, either in the United States or Europe, because State stocks were then in good demand; but though they could not have been thus disposed of, it is no reason why they should have been sold on a credit. It was the duty of the bank and its agents to sell them in pursuance of the authority given in the charter, for this was the only power of attorney; and if a sale of the bonds could not have been effected in pursuance of legal authority, no negotiation should have been attempted—for the reason, that the State, for its own protection, had prescribed the terms of sale; and those terms should not have been violated by the bank, for any reason of expediency.

By the credit sale of the bonds for the payment of the State stock, the State has incurred a loss of at least \$150,000, as will be proven by the most rigid calculation.

The committee conceive that the first act of the board of managers under the charter, after the negotiation of the bonds, should have been the organization and establishment of the branch banks. The State was divided into districts by act of incorporation, and a specified amount of the whole capital allotted to each district; the mother bank is permitted to retain a portion of the capital, only by virtue of doing the business of one of those districts. The object of the Legislature in creating districts obviously was to furnish banking facilities to every section of the State, by bringing these accommodations as near to each citizen as could be effected in view of the extent of territory to be thus provided for. The spirit of the charter evidently required that this capital should be divided *pro rata* among the branch districts, as soon as it was acquired by a negotiation of the bonds. Equity and good faith alike called for this course; because, if the whole capital could not be commanded at once, so as to afford all the advantages contemplated by the charter, it was nevertheless the duty of the managers to distribute the capital of the branch districts in a manner calculated to secure as many of the advantages as a negotiation would afford; for such is the manifest provision of the charter. The reason rendered by the managers for not establishing the branches as soon as any portion of the capital of the bank was available, is, that the seventeenth section of the charter requires that each director be the owner of at least thirty shares of the capital stock of the bank. It is the opinion of the committee that there is no force or validity in the objection. It will be perceived, by reference to this section, that it relates entirely to the directors of the mother bank, and has no application whatever to the branches. The word *branches* does not occur in the whole section, and the section also uses the phrase "the bank," and refers to the preceding sections, the subject-matter of which is expressly confined to the mother bank alone. The provision of the latter

clause of the section is also obviously confined to the mother bank, and shows that the whole section was intended for the mother bank alone. The thirty-fourth section of the act of incorporation prescribes the qualifications of the directors of the branch banks. They are required to be "citizens of the State, residing and domiciliated in the counties for which said offices shall be established;" this is the only qualification prescribed in the charter as requisite for the directors of the branches; they are in no portion of the charter required to be stockholders. The thirty-fourth section of the act, which does prescribe all the qualifications, must be regarded as conclusive on this branch of the subject; for it is a well-settled rule for the construction of statutes, that a specific enumeration of qualifications or requisites precludes every thing else not thus specifically set down. The nature of the rule, that nothing further should be left to inference when there is a specific enumeration, is so obvious and well recognized in judicial tribunals as to supersede further illustration. It cannot fail to be remarked, that a studious distinction is kept up, throughout the charter, between the qualifications of the directors of the mother and branch banks, as well in the mode of their election as in the respective duties to be performed.

It occurs to the committee, that had the managers been anxious to establish the branches according to the contemplation of the charter, they could have done so consistently with the view they had taken of the charter, by perfecting the mortgages and titles of those stockholders whom they intended to appoint directors. It would have been easy to obtain men competent as directors in each district, whose stock would have exceeded thirty shares, according to any possible graduation of stock that could subsequently have been made by the board. But it does not appear, from the course of the board of managers, that they entertained a great solicitude for an early establishment of the branch districts, and an appropriation of their respective capitals.

The evils attendant upon this refusal of the bank to establish the branches are—

1st. That the branch districts have been deprived of their legal portion of the capital; the same having been unduly appropriated in the district of the mother bank, and other districts, contrary to the provisions of the charter.

2d. Citizens from the remote portions of the State have been compelled to journey to Jackson for loans, incurring great delay and expense, which would have been avoided had the branches been established:

3d. Many good notes have been rejected because the directory could not possibly be acquainted with the condition of all applicants for loans from distant portions of the State:

4th. The notes of insolvent individuals have often been discounted for the same reason:

All of which would have been avoided had the loans been made through the branch offices, where the true condition of the applicants could have been known to the directory of the respective branches. The evils of the non-establishment of the branches have been sorely felt, and will be still more so if a further negotiation of the bonds be effected. Without imputing any improper motive to the managers, the committee cannot but regard the refusal to establish the branches as a reprehensible violation of the charter of the bank, seriously detrimental to the public.

One of the great inducements of the people and the Legislature in chartering the Mississippi Union Bank, was to produce a sound currency, al-

ways equivalent to, and convertible into, gold and silver. It was believed that the bank would introduce a large amount of foreign capital and specie into the State, and would infuse into our circulation a quantity of precious metals, which would operate as a sheet-anchor to our State currency. With proper management, no doubt, much of this anticipation would have been realized; but the policy of the bank has certainly disappointed all expectations of this character. The committee cannot but esteem it a public calamity that almost the first act of the bank should have been one of suspension. Such was the anxiety to make loans and discounts, for (as the committee believe) the laudable but mistaken intention of relieving the country that nearly as soon as the bank had been advised of the negotiation of the bonds, viz: on the 27th September, 1838, the board commenced discounting paper on personal security, and issuing *post-notes* payable on the 1st of August, 1839. The *post-note* policy is one indefensible in every point of view. It is a currency which can never be at par, but must, under all circumstances, be below a specie standard. The issuing of *post-notes* is regarded by all banks and financial men as a virtual suspension of specie payments. It is an open acknowledgment and avowal, by the bank issuing them, of an inability to sustain cash payments, and support a demand circulation. A bank which issues this species of currency is at once discredited in the commercial world, and becomes an object of suspicion and distrust. The Union Bank, which was expected to re-establish cash payments in this State, and take the lead in reforming the currency, was at the very outset found flooding the country with depreciated bank paper, and, in a convention of the banks assembled in Vicksburg, late in the following autumn, resisting the resumption of specie payments, by refusing to provide for the early redemption of her *post-notes* already issued. Thus the Union Bank, a great State institution, instead of leading the way in reform, became its opponent and the great exemplar of bank abuse to other banking institutions. The position of the bank at this period was the most unfortunate for its own interest and the public welfare. The course which it pursued not only rewarded the resumption of specie payments, but forced and induced the other banks in the State to adopt the *post-note* policy; for they found it difficult to maintain cash payments while the Union Bank, with a large capital, was pursuing a contrary policy in issuing depreciated currency. Had the Union Bank adopted a sound policy at that time, there is every reason to believe that our general currency would now have been in a different and far better condition. From her *post-note* issues, the Union Bank was discredited abroad; the public necessarily lost confidence in its management and good faith. When her first issues of *post-notes* began to sink in value, the bank endeavored to sustain them by checking on the north and New Orleans. Her notes being at a depreciation, and exchange in great demand, her issues returned rapidly for the purchase of exchange. The citizens of neighboring States, as well as foreign creditors, obtained the issues at a depreciated rate, and presented them for exchange; in this way the specie funds of the bank rapidly diminished, while the credit and character of the bank, and her ability for usefulness, were not enhanced. No law of currency is better established, than that a bank which redeems its issues in specie can maintain a much larger permanent circulation than one which meets them with exchange. Especially is that the case in this State, when the balance of trade is largely against us. It is a simple question of values; exchange being worth more than specie, and being of greater

demand, will always be more greedily sought after. One reason urged for the *post-note* policy of the Union Bank, was, that if it issued notes on demand, the specie would be at once extracted and leave the State; but the policy which the bank adopted had the effect of diminishing her specie capital in a much greater degree, without entitling her to the credit and character of a specie-paying bank.

The committee cannot but believe that, had the bank brought home the specie as the instalments fell due, established the branches, and made her issues payable at the respective branches, in proportion to the stock of each, the bank could have maintained a circulation payable on demand, if not quite as large as her *post-note* circulation, at all events as considerable as the necessities of the community would have required. The solvency of the bank would have then been secured against all contingencies, and its character and credit established on a firm basis. It is true, the bank might have lost something in the shape of interest, by not anticipating on its instalments; it is quite certain that much more will be lost in the shape of bad debts, contracted through the expanded operations of the bank by *post-note* issues. The policy of always maintaining specie payments would, through that bank, and its operations upon others, have always afforded a sound circulating medium to the State; whereas the *post-note* system is likely, in a short time, to leave us destitute of any currency which will be received even at the greatest sacrifice. The character of the Union Bank *post-notes* sufficiently evinces the effect of such a currency upon any pursuit and branch of industry. Its depreciation has always been immense, averaging about 20 per cent.; and it is said to be as low as 25 per cent. in New Orleans at this time. This depreciation is a direct tax upon the labor and product of the country, and one which no people can endure for any length of time without hopelessness and irretrievable ruin.

The committee are of opinion that the Union Bank never possessed any authority to issue *post-notes*. The 21st section of the charter declares that the bank shall never refuse specie payments, or suspend payment of any of her notes; and imposes damages at the rate of fifteen per cent., in case of refusal or suspension. A subsequent provision of the charter provides that the notes of the bank shall always be paid according to their face. The charter certainly contemplates no other but specie-paying paper; and in no part of the charter is the issuing of notes payable after date authorized. A power to issue *post-notes* could not be inferred, for it is not necessary to carry out any other grant made or conferred in the charter; but the right to issue specie-paying paper is expressly given, and therefore the only paper authorized by the charter.

The right of the bank to issue *post-notes* has been claimed under the *post-note* law of May, 1837; but that law was confined to banks chartered previous to its passage, and the charter of the Union Bank was not approved until February, 1838. The charter of the bank required the action of two successive Legislatures before it became a law; the first action was had in 1837, the second in 1838. It has been contended that the first action conferred complete charter powers, and that therefore the issue could be made under the *post-note* law of 1837. This position the committee conceive to be a sophism hardly worthy a passing notice. The life and blood of the charter was the pledging of the faith of the State; all the other provisions depended upon this; and could not have been carried out, had this provision to pledge been stricken out or failed. The constitution requires *the law*

to go on upon the journals, and receive the sanction of two Legislatures; this would not be complied with by inserting a part of the law. Thus much the committee have thought proper to say upon this subject, and here dismiss it.

The cotton transactions of the bank appear to the committee to be highly censurable in every view which can be taken of the subject. In the first place, the committee question the right of the bank to loan on cotton security. There is no such right given in the charter, nor can any such be necessary to carry out the ordinary business of banking, properly considered. The right to advance upon cotton has been claimed by the bank under a clause in the 9th section of the charter, which, in general terms, gives the bank the right "to discount on such terms and such securities as they shall judge proper." Had there been no further provision in relation to securities, there would have been some plausibility in the construction contended for; but even then, the better opinion would be, that the bank must be confined to the ordinary securities of bank loans and discounts. But the 36th section of the charter places the question beyond controversy, by specifying clearly the character of the security to which the bank is confined. It declares "that the directors of said offices of discount and deposit shall appropriate two-thirds of the capital of each office to loans on mortgages, and one-third to loans on promissory notes and bills of exchange, as far as practicable, and the nature of the applicants will enable them so to do." Here, then, is presented the manner in which *all* the capital of the bank shall be loaned; and it will be remarked, that cotton traffic [has] no restingplace in the section. The general expression of the 9th section was only intended to apply to the quality of the security specified in the 39th section. At all events, the specific enumeration of the subsequent section would prevail over the general terms of the former, according to the settled rules of construction, even if there were really any discrepancy between the two provisions. The terms of the 36th section afford other proof that the charter did not contemplate any loans until the capital was apportioned among the districts. It also proves that the charter of the bank has been violated in the manner of making the loans, as two-thirds of the capital already acquired has not been loaned on mortgages. The committee have been unable to discover but one loan (and that of \$15,000) on mortgage; and the debt created by this act will probably prove a total loss to the bank, and the necessary steps were not taken to ascertain the prior incumbrances, under which the property has since been sold.

Had the contracts for loans on cotton been legal, (which the committee are far from admitting,) still the objection to them as a measure of finance is scarcely less forcible. The bank advanced sixty dollars per bale for cotton, taking the planter's note, with a security, as collateral pledge for the debt, and sold the cotton at an average of about \$36 per bale. Here, then, is a large reclamation of the planter; and admitting his good faith, it will be often out of his power to pay; so that the bank must suffer considerable loss in this respect. This cotton business is also disastrous to the planter. At the time of the shipment of the cotton, the planter could have sold for fifteen cents per pound, cash in hand; he is kept out of the proceeds for many months, and at last gets a return of only 9 or 10 cents per pound, and he has in the mean time been paying interest to the bank on his loan. Another great evil of the cotton business was its tending to create a monopoly of bank facilities in the hands of a few large planters and cotton spec-

ulators, to the prejudice of other meritorious classes of the community, and contrary to any principle of discounts prescribed by the charter of the bank. The amount of loans on cotton, as ascertained by the committee, and shown in the foregoing statements, is \$1,292,345 15; the number of persons to be having accommodations on cotton notes appear by the calculation, to be about five hundred; and even in this distribution, the bank does not appear to have been governed by a desire to make her accommodations equal to the diversified wants of the community, as will appear by reference to the statement of cotton notes hereinafter reported. The losses of the bank in the cotton speculation, by the defalcation of its agents, by the difference in prices paid and received for the cotton, and by the failure of commission houses, must, in the sequel, be immense. A controversy will also spring up between the planter and the bank, as to which will bear the loss on the cotton, where it has occurred by the failure of the house chosen by the bank itself as the consignee.

The committee cannot avoid expressing the opinion that banks should never be permitted to speculate in the products of the country, or deal in any species of property, real or personal. It is a practice in itself liable to great abuse, and dangerous in the extreme; when corporations are thus permitted to go into the market, and speculate on the various subjects of property, there is an end to individual enterprise and competition. The overgrown corporation becomes the king of the mart and the supreme arbiter of prices. The prices of commodities are alternately depressed and elevated, until the community becomes a helpless prey to their lawless rapacity. This abuse in Mississippi has grown to such a magnitude, that it cannot be longer tolerated without endangering the interests and liberties of the people.

The committee, after a candid view of the management and resources of the bank, are fully persuaded that the State will ultimately be compelled to pay a great portion, if not the entire amount, of the bonds already negotiated. It is altogether impossible that the profits of the bank will meet its expenses, even if no losses have been incurred by bad debts. It has been shown that an immense loss has accrued to the banks by the insolvency of its debtors. The estimate heretofore made of that loss is doubtless less than the real amount, and will, in all probability, be much augmented by the future operations of the bank. It is the opinion of the committee that it would be an act of great improvidence on the part of the State to issue more bonds to the Union Bank, or any other institution, for the purpose of borrowing money to invest in the business of banking. The committee learn that the interest on the bonds issued on account of the Planters' Bank has not been paid, and that they have been protested in New York. The first instalment of those bonds, amounting to \$250,000, falls due in 1841, and it is altogether impossible that the bank will be able to pay either the principal or interest. There will be, in all probability, no means of payment, except by direct taxation. With this prospect before the State, in relation to her bonds, the committee are of opinion that it would be a most suicidal policy to increase the present liability by a further issue or sale of bonds riters. They urge the propriety of withholding the further issue of bonds to the Union Bank, and of withdrawing, if not cancelling, the \$5,000,000 now in vaults and unsold. It is the opinion of the committee that the act of the Legislature authorizing the issue of these bonds is a mere *agreement without consideration* to borrow money for the use of the bank, upon certain

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\$ 18,462,255.74

conditions, provided it could be effected. The agreement is inchoate, and vests no right unless the money is actually borrowed. It has been ascertained that this money cannot be borrowed upon the conditions prescribed; and it is, therefore, competent for the State to recall her securities. The loan of the credit of the State to the bank is a mere gift, and, like all other gifts, may be revoked before delivery. There cannot be the least shadow of doubt that the State has the right to withhold the bonds not yet executed and delivered.

The committee submit, whether there can be any stockholders in the Union Bank until the bonds issued for the benefit of private stockholders are negotiated. The five millions already negotiated belong to the State, exclusively. As yet the subscribers for stock are bound for nothing; no money has been paid in on their account; they are not bound by the mortgages executed, because that these mortgages cover only the individual stock of the subscribers, and no money has yet been furnished by a negotiation of the bonds to pay in that stock with. If the bank is involved at this time, the loss must fall exclusively on the State, because the present mortgages cover only the individual stock, and are binding on the subscribers only in proportion to that stock. In order to create a right, both parties should be mutually bound and liable. The 11th section of the original act, and the 18th section of the supplemental act of incorporation, require the subscribers to pay in two and one-half per cent. upon the amount of subscription. This must be done before they become stockholders in any sense; and, in default of this, it is certainly competent for the bank to declare their subscriptions void and entitled to no stock whatever. In no instance has this subscription-money been paid—the subscriber having been released from this requisition of the charter by the board of managers; the subscribers have paid nothing for appraisalment or perfection of titles; this expense having been borne by the bank, must be paid by the State, as the only stockholder.

The committee see no legal objection to cancelling the bonds already issued and unsold; there is no prospect of a negotiation of them, at present, on any terms; nor eventually, without a ruinous sacrifice. When the true condition of the Planters' Bank bonds are known, the credit of our State securities will be still more depressed than at present. The bank has no right to hypothecate them, or sell them, below their specie value; and were an illegal negotiation attempted, it would be the duty of the State authorities to interpose and avert it. Any other negotiation than a sale at par would be illegal, and not binding upon the State or its citizens. As to the expediency of withdrawing these bonds, there can be no difference of opinion. The State has already a frightful amount of liabilities staring it in the face, with no prospect of liquidation but by a direct and oppressive taxation. Justice and the honesty of human dealing call loudly for a pause in this journey to State insolvency and national ruin. Justice to those who may be disposed to lend money upon the pledge of the faith of the State demands that we should stop in our mad career, for it cannot be honest for the State to borrow money of capitalists for the use of bankers who will never refund, and when, too, it is absolutely certain the State itself will have no means of discharging the debts.

All of which is respectfully submitted.

HANSON ALSBURY, *Chairman.*

No. 1.

Statement of the Mississippi Union Bank, at Jackson, January 13, 1840.

State bonds	\$5,000,000 00
Cash	3,405,587 11
Bills receivable	5,011,680 32
Cotton notes	2,176,917 23
Cotton notes, in 1841	59,343 33
Western and southern exchange	558,317 68
Domestic exchange	158,341 83
Northern and eastern exchange	16,000 00
Suspended debt	638,089 69
Suspended debt in suit	25,267 66
State loan	150,000 00
Office of Commercial Bank, Canton	33 92
Office of Commercial Bank, Clinton	727 62
Bank of Lexington	4,880 10
Bank of Vicksburg	38
Commercial and Railroad Bank	1,535 70
Mississippi Railroad Company, Natchez	427 85
Vicksburg Water-works and Banking Company	70,941 06
Union Bank, Tennessee	6 00
Commercial Bank, Natchez	7 50
Railroad and Banking Company, Grand Gulf	169 80
Merchants' Bank, New Orleans	9,394 06
Bank of America, New York	2,263 04
Cotton expense	60,749 34
Bonds issued for stock	10,000,000 00
Bank-note account	300,000 00
August post-notes	2,450,000 00
April and May post-notes	3,451,590 00
Post-note account, 1841	400,000 00
Individual depositors	177,392 78
General deposits, on demand	3,854 66
General deposits, April and May	314,335 60
General deposits, 1st January, 1841	1,953 94
Office of Bank of the United States	2,970 57
Bank of Kentucky	1 66
Planters' Bank, Tennessee	17 50
Office of Planters' Bank, Columbus	455 99
Office of Planters' Bank, Woodville	60 00
Office of Planters' Bank, Manchester	70 53
Office of Planters' Bank, Jackson	19 86
Office of Planters' Bank, Vicksburg	98 25
Commercial Bank, Columbus	8 88
Office of Commercial Bank, Brandon	437 25
Office of Commercial Bank, Rodney	328 93
West Feliciana Railroad Bank, Woodville	6,335 78
Planters' Bank, Natchez	28 96
Branch of Grand Gulf Railroad and Banking Company, Gallatin	2,275 36

Commercial Bank, Manchester	\$786 42
Protest account	266 50
Bank expense	535 00
Office furniture	1,193 54
Banking-house account	16,448 19
Office of Mississippi Union Bank, Vicksburg	59,329 29
Office of Mississippi Union Bank, Augusta	4,439 96
Office of Mississippi Union Bank, Lexington	44,987 09
Office of Mississippi Union Bank, Macon	84,691 56
Office of Mississippi Union Bank, Liberty	10,395 41
Office of Mississippi Union Bank, Ponola	8,392 33
Office of Mississippi Union Bank, Ripley	2,048 92
Interest account	653 52
Real and personal estate	20,846 75
Exchange	59 20
Merchants' Bank, Baltimore	520 98
Northern Bank of Mississippi	750 00
Bank of United States	1,009 14
Baring, Brothers, & Co.	268,967 94
W. O. Jackson, & Co.	18,504 12
Brown, Shipley, & Co.	24,099 11
Exchange on sterling bills	15,002 20
Cotton account	618,390 24
Treasurer of State of Mississippi	2,425 80
Profit and loss	5,035 02
Discounts	132,749 83
Suspense account	635 92
Agricultural Bank, Natchez	2,390 26
	4,132 00
	<hr/>
	18,207,968 48

S 16.

AN ACT requiring the several banks in this State to pay specie, and for other purposes.

Sec. 1. *Be it enacted by the Legislature of the State of Mississippi,* That it shall not be lawful for any bank in this State to issue for, and keep in circulation at any one time, more than three times the amount of its specie capital.

Sec. 2. *Be it further enacted,* That from and after the passage of this act, it shall not be lawful for any bank in this State to issue any bank note, bill of exchange, or other evidence of debt, for circulation, before and until the present circulation of such bank shall be reduced to an amount not exceeding three times the amount of specie actually in the vaults thereof, and bona fide belonging thereto, as the basis of its capital. Nor shall any bank issue any notes or bills for circulation at any time to an amount exceeding such proportion of its specie basis at the time of issuing the same, nor shall issue any notes or bills for circulation at any time when the specie in the vaults of such bank shall be less than one-third of its circulation.

Sec. 3. *Be it further enacted,* That it shall be the duty of the president and directors of each bank in this State, twice a year, to make out a statement on oath, to be administered by any civil officer legally authorized to administer oaths, showing the amount of specie at that time remaining in such bank, as the basis of its circulation; which statement so made shall be filed in the clerk's office of the circuit court of the county in which the bank may be located; and the clerk of said court shall record the same in a well-bound book to be kept for that purpose, and shall receive, as his compensation therefor, the sum of fifty cents, payable out of the State treasury.

Sec. 4. *Be it further enacted,* That it shall not be lawful for any bank in this State to issue any post-note, or note, bill, or other evidence of debt, payable at a day subsequent to its date, under any device or pretext whatever; nor to pay from the counter thereof any such post-note, note, bill, or other evidence of debt, in payment of any debt due by such bank.

Sec. 5. *Be it further enacted,* That it shall not be lawful for any bank in this State to deal in stocks of any kind, to purchase and hold, either in trust, by mortgage, or otherwise, any personal or real estate, except such alone, or so much as may be necessary for the proper conducting of the immediate affairs thereof, and at no time to exceed in value the sum of one hundred thousand dollars: *Provided,* That this section does not apply to the estate owned by any bank in any railroad constructed, or to be constructed, by the provisions of its charter: *And provided, also,* That such prohibition shall not prevent any bank from taking mortgages, or other liens, upon land or other property, to secure debts already existing.

Sec. 6. *Be it further enacted,* That it shall not be lawful for any bank in this State to deal in cotton or other commodity as security, or collateral security, for the payment of any loan or loans made by such bank, or to purchase as an article of trade any cotton or other commodity; and any contract or contracts, of whatever kind, made in relation to such commodities, shall be absolutely null and void.

Sec. 7. *Be it further enacted,* That it shall not be lawful for any bank in this State to transfer, by endorsement or otherwise, any note, bill receivable, or other evidence of debt; and if it shall appear in evidence, upon the trial of any action, upon any such note, bill receivable, or other evidence of debt, that the same was so transferred, the same shall abate upon the plea of the defendant.

Sec. 8. *Be it further enacted,* That from and after the first day of April next, all the banks and moneyed corporations in this State shall be required to pay specie at their counters, respectively, for all their notes or liabilities then due, of the denomination of five dollars and under; and that from and after the first day of July next, they shall be required to pay specie on all their notes and liabilities of the denomination of ten dollars and under; and that from and after the first day of October next, they shall be required to pay specie on all their notes and liabilities of the denomination of twenty dollars and under; and that from and after the first day of January, 1841, they shall be required to resume specie payments upon all their notes, bills, bonds, and other liabilities, of whatever denomination, then due.

Sec. 9. *Be it further enacted,* That should any bank or moneyed corporation in this State, from and after the times prescribed in the preceding section of this act, refuse to pay specie on its respective liabilities as therein specified, and in the manner therein prescribed, it shall be the duty of the president,

cashier, or teller of such bank, to place his name, together with the date, on the back of such note or evidence of liability, on presentation thereof; which said endorsement shall be held and deemed sufficient evidence of protest and refusal of the bank to pay specie; and should the president, cashier, or teller refuse so to endorse the same, he shall be liable to indictment, and, on conviction thereof, shall be fined one thousand dollars, and imprisoned three months.

Sec. 10. *Be it further enacted*, That whenever the Governor, either from the certificate of the president, cashier, or teller, as aforesaid, or by affidavit of the holder of any such note, bill, or other evidence of debt, shall be satisfied that such presentation has been duly made and payment refused, he shall forthwith issue his proclamation declaring that such corporation has forfeited all its banking powers and privileges; a copy of which proclamation he shall forward to said corporation: after which, such corporation shall retain and use its corporate name for the purpose of winding up and liquidating its affairs, and for no other purpose whatever.

Sec. 11. *Be it further enacted*, That whenever any such bank, or other corporation, shall have been adjudged and proclaimed by the Governor or as aforesaid, to have forfeited its corporate franchises, the president and directors of each bank or corporation, (or, in default thereof, the stockholders) shall proceed immediately to appoint one disinterested commissioner; and it shall be the duty of the Governor, on being informed thereof, also to appoint one disinterested commissioner: which said commissioners shall proceed, under oath, to make out a schedule of all the goods and effects, rights and interests, of such corporation, and also of all her liabilities, of whatever description; to effect which, the said commissioners shall examine all the officers of said corporation on oath, which oath shall be administered by any person authorized by law to administer oaths, touching the same: one copy of which schedule shall be forwarded to the Governor, duly certified by said commissioners, and shall remain in his office for the inspection of all persons concerned; and one copy of which shall remain in said bank.

Sec. 12. *Be it further enacted*, That hereafter it shall not be lawful for any individual or firm to become indebted to any bank in this State in a greater sum than twenty thousand dollars on his or their own individual liability, not as endorser on a larger sum than fifty thousand dollars: *Provided*, That nothing in this section shall prevent the renewal of any debts heretofore contracted and now due any bank in this State, in a larger amount.

Sec. 13. *Be it further enacted*, That in the liquidation of the affairs of any bank or corporation, under the provisions of this act, no dividend shall be allowed or paid out of the same until all its other liabilities shall have been first discharged; and in any such case, if it shall appear that any person charged with the liquidation of the affairs of such bank or corporation, have concealed, embezzled, or fraudulently squandered any interest, property, or effects of the same, or shall knowingly permit any other person to do the same, or, knowing the same, shall fail to give information thereof to the Governor, whether the thing so concealed or embezzled be contained in the schedule, lodged with the Governor or not, shall be subject to indictment for the same, and be, on conviction, fined in a sum not exceeding one thousand dollars; and hereafter, no one who shall be a director of any bank within this State shall, at the same time, be eligible for, or act as, the collecting attorney of said bank, or any other bank.

Sec. 14. *Be it further enacted*, That hereafter no individual shall have a loan by the discounting of a note, bill, or otherwise, in any bank of which he is director, officer, or clerk; nor shall he procure any one to draw or endorse any note or bill to be discounted for his use, or accommodations; but the said banks may give compensation to their officers and directors for their services; and that the directors of all the banks in this State shall be made liable in their persons and property for any willful violation of any of the provisions of their respective charters; and, before entering on the duties of a director, shall be required to take an oath faithfully and to the best of his understanding, to observe inviolably the provisions of the charter of the bank whereof he is about to become a director, and of the provisions of this act.

Sec. 15. *Be it further enacted*, That it shall be, and is hereby, made the duty of the Governor, in all cases where satisfactory evidence shall be received by him that any bank is acting in fraud, for the purpose of anticipating, or voiding, in any way, the effects of a forfeiture of charter, to instruct the attorney general forthwith to institute proceedings against such bank, and to employ the same according to the provisions of the laws in force and in use in other cases.

Sec. 16. *Be it further enacted*, That it shall be at the option of any bank in this State, within one hundred and twenty days after the passage of this act, to surrender its charter; and that the directors or managers of any bank are hereby authorized to call a general meeting of its stockholders to decide thereon; and if they shall determine to surrender their charter, it shall be the duty of such bank, within the time specified, to deposit in the office of the Secretary of State a certificate of such surrender, under the corporate seal of said bank; but such surrendering bank shall retain, so long as may be necessary to effect and complete the liquidation of their affairs, not exceeding eight years, all the powers of its charter which may be necessary for that purpose, and no other: *Provided, however*, That it shall be lawful for such bank to have and to hold its corporate name for the purpose of prosecuting or defending any suit, either at law or in equity, that may have been instituted before the expiration of its charter.

Sec. 17. *Be it further enacted*, That any bank which shall have surrendered its charter in the manner prescribed in the preceding section, shall extend indulgence to its debtors, upon their giving good security to the bank, by renewing annually for one, two, three, four, five, and six years, the debtor paying at each renewal one sixth of the debt, and the discount upon the remainder; and that in all cases where time is extended to the debtor, the bank shall have power to take mortgages, and any other security, which may be satisfactory.

Sec. 18. *Be it further enacted*, That within thirty days after the deposit of a certificate of surrender in the office of the Secretary of State by any bank, and annually thereafter in the month of January, it shall be the duty of the Governor, to appoint a commissioner, a citizen of the county in which said bank is situated, who shall, together with the cashier of the bank, or other person appointed by the directors for that purpose, proceed, without delay, to take an inventory in duplicate of all the assets and property of whatever kind belonging to said bank; and also, to make a statement in duplicate of all its liabilities of whatever nature; and that they may be enabled, to perform this duty, the said commissioner shall have power to examine, on oath, the directory and officers of said institution,

of any other person, to send for persons and papers, and to compel the attendance of witnesses: and that said duplicate inventory and statement shall be verified by the oath of said commissioner and cashier, or other person appointed by the directors; and one copy thereof left in the possession of the bank, and the other transmitted to the office of the Secretary of State by said commissioner.

Sec. 19. *And be it further enacted,* That such inventories and statements as are provided to be made in the preceding section, or any of them, or any portion thereof, shall be published by the bank in some newspaper, on application from, or direction thereto, by the Governor; and that the commissioner provided to be appointed in the preceding section shall be entitled to receive from the bank six dollars per diem whilst actually engaged in the performance of this duty.

Approved February 21, 1840.

AN ACT supplemental to "An act entitled 'An act requiring the several banks of this State to pay specie, and for other purposes.'"

Sec. 1. *Be it enacted by the Legislature of the State of Mississippi:* That the several banks of this State which have completed, in the whole or in part, any railroad or work of internal improvement, shall only forfeit or surrender their banking privileges in the contingency provided in said act; but their charters shall, notwithstanding such forfeiture or surrender, remain in force so far as regards such railroad or work of internal improvement, which may be constructed, completed, and used according to said charters respectively.

Sec. 2. *Be it further enacted,* That all banks above alluded to, and all other banks in this State, shall at all times receive their respective notes at par in the liquidation of their bills receivable and other claims due them.

Sec. 3. *And be it further enacted,* That this act shall take effect and be in force from and after its passage.

Approved February 22, 1840.

S 17.

A PROCLAMATION.

*By* ALEXANDER G. McNUTT, Governor of the State of Mississippi.

Whereas it is provided in the 9th section of the "Act supplementary to an act to incorporate the subscribers to the Mississippi Union Bank," approved February 15, 1838, "that the president and directors of the Mississippi Union Bank, or the managers thereof, shall have ample power to appoint three commissioners to negotiate and sell the State bonds, provided for in the 5th section of the act incorporating the subscribers to the Mississippi Union Bank, in any market within the United States, or in any foreign market, under such rules and regulations as may be adopted by said eigen market, under such rules and regulations as may be adopted by said president and directors, or managers, not inconsistent with the provisions of the charter of said bank: *Provided,* said bonds shall not be sold under their par value; and that said commissioners shall not accept of any commission or agency from any other banking or railroad company whatsoever, for the disposing of any bonds for the raising of money, or act as agents for the procuring of loans upon the pledge of real estate for the benefit of any other corporation." And whereas it is further provided by the charter of

said bank, that two and a half per cent. shall be paid on the stock at the time of subscribing, by each stockholder: And whereas the said advance has not been made by any resident stockholder of this State, either at the time of subscription or since; and, consequently, no individual stockholder has acquired any right to stock in said bank: And whereas no part of said charter authorizes the Mississippi Union Bank to hypothecate all of any portion of the bonds of the State delivered to said bank, or to sell them on a credit, or take less than their par value therefor in gold and silver: And whereas the exchange of said bonds, or any portion thereof, for the present liabilities of the bank, or for any other depreciated paper, would be subversive of the spirit of the charter of the bank, and ruinous to the good people of the State of Mississippi: And whereas no corporation can exercise powers not specially granted in the act of incorporation, and every act transcending its authority is absolutely null and void:

And whereas I have good reason to apprehend that an illegal attempt will be made either to hypothecate five millions of bonds of the State of Mississippi, issued last year, and delivered to the managers of the Mississippi Union Bank, or to sell them on a credit, or for paper money, or to exchange said bonds for the post-notes and other liabilities of the Mississippi Union Bank, now not worth sixty cents to the dollar: And whereas the State of Mississippi is in no manner bound for the redemption of the present circulation of the Mississippi Union Bank, or for her other liabilities: And whereas this State has already incurred a large debt for the purposes of banking; and, from the situation of the institutions to which it has been confined, there is no prospect that the bonds, which are the evidences of said debt, can be paid to the holders thereof by said banks, and the State itself has no means of refunding either principal or interest to said bond-holders, except by onerous taxation, to which, there is every reason to believe, the people of the State will not submit, and which, in all probability, they will not have the ability to sustain if they were disposed to bear the burden; it would, therefore, be a fraud upon the people of this State, were any more State bonds negotiated on other than legal terms: and also a fraud upon the purchasers of these securities, who would take them upon a misplaced confidence of ultimate payment: And whereas the constitution enjoins upon the Executive "to take care that the laws be faithfully executed:"—I have therefore thought proper to issue this my proclamation, warning all persons and corporations not to advance money, or securities, or credits, on the hypothecation of said bonds, or to receive the same in exchange for the circulation or other liabilities of the Mississippi Union Bank, or to purchase any same on a credit, or for a less sum than their par value in specie, or on any other terms not expressly authorized by the charter of said bank: Or all such sales, hypothecations, and exchanges, being unauthorized by law, would not be in any manner binding upon the good people of this State, as they would be in contravention of the terms upon which the faith of the State has been pledged.

In testimony whereof, I, ALEXANDER G. McNUTT, Governor of the State aforesaid, have caused the great seal of the State to be hereunto affixed. Given under my hand at the city of Jackson, this second day of March, A. D. 1840, and of the sovereignty of the State of Mississippi the twenty-third.

A. G. McNUTT

By the Governor: THOMAS R. WOODWARD,  
Secretary of State

1851-1857

1851-1857

B B—Continued.

MISSISSIPPI.

Date.	Number of banks.	Number of branches.	Capital.	Loans and discounts.	Stocks.	Real estate.	Other investments.	Due by banks.	Notes of other banks.	Specie.	Circulation.	Deposites.	Due to other banks.	Other liabilities.
Jan. 1, 1820	1	-	\$900,000	\$1,227,859	-	\$32,338	-	\$56,361	-	\$79,608	\$275,447	\$212,980	-	-
Jan. 1, 1830	1	-	950,600	1,927,435	-	-	-	-	-	77,665	540,190	547,756	-	-
Jan. 1834	1	-	2,666,805	5,461,464	\$24,000	62,609	-	254,592	\$11,995	113,220	1,510,426	545,353	\$1,020,911	-
Jan. 1835	2	8	5,890,162	10,379,650	16,930	128,208	-	353,252	158,410	359,302	2,418,475	1,888,762	680,987	-
1836	5	8	8,764,550	19,124,977	-	196,711	\$1,465,011	599,343	543,085	559,470	4,490,521	6,401,518	1,027,020	2,106,688
Jan. 1837	9	9	12,872,815	24,351,414	52,000	465,430	5,000	1,343,647	638,148	1,369,457	5,073,425	5,345,384	2,226,677	1,723,817
May 1837	15	16	760,951	28,309,448	42,200	1,242,941	-	1,717,005	312,206	765,708	4,961,265	3,668,276	2,584,986	2,285,379
Jan. 1838	15	19	231,123	28,999,984	367,633	1,618,676	4,731,925	2,563,783	1,058,274	766,360	7,472,334	4,638,669	3,039,201	3,505,364
June 1838	23	21	900,081	41,644,256	608,431	2,587,674	3,970,015	2,086,637	1,598,394	751,035	12,410,308	5,226,378	3,954,732	6,525,704
Jan. 1840	-	-	30,379,403	48,333,728	3,573,829	4,839,383	3,863,649	4,638,268	1,693,975	867,977	15,171,639	8,691,601	7,065,489	1,532,220