

REPORT

OF THE

JOINT COMMITTEE

TO EXAMINE THE

BANK OF VIRGINIA AND FARMERS' BANK OF VIRGINIA.

The joint committee of the senate and house of delegates, appointed to examine into the condition of the bank of Virginia and the Farmers' bank of Virginia, have discharged the duties assigned them, and now submit the following report and statements, shewing the condition of those institutions on the first day of January, 1834:

By a reference to the statement presented by the bank of Virginia, herewith offered as part of this report, and marked A, it will be seen, that the outstanding debt of that bank is \$ 6,200,402 45, specie, \$ 435,925 83, notes of other banks, \$ 130,754 54, balances due from other banks, \$ 109,365 52, foreign bills of exchange, \$ 177,070 09, stock of James river company, \$ 100,000, which constitute the means of the bank, and amount to \$ 7,153,518 43. From this sum, if the bad and doubtful debts be deducted, shewn by the statement A, at \$ 61,008 65, you have the total funds of the bank, which may be considered as available, amounting to \$ 7,092,509 78.

The bank, on the other hand, owes for its capital stock, \$ 2,740,000, its notes in circulation, \$ 2,969,760, balances due to other banks, \$ 214,444 41, balances due the treasurer U. States, \$ 50,533 39, and for deposite money, \$ 1,491,667 88 cents, amounting together to the sum of \$ 7,406,425 68; from which deduct the real estate held by the bank, estimated at cost at \$ 312,907 25, and it will reduce the sum for which the bank is responsible, to \$ 7,153,518 43. The means of the bank being \$ 7,092,509 78, leaves a balance against the bank, of \$ 61,008 65.

In the report of the bank committee to the legislature in 1833, the deficiency on the 1st of January of that year, was stated at \$ 146,751, shewing an improvement in the condition of the bank of Virginia since then, amounting to \$ 85,742 35.

The said statement A, also shews the exact condition of the outstanding debt contracted during the last year, amounting to \$ 2,629,082 62, all of which is good.

The profits of the bank of Virginia for the year, are shewn by the same statement A, at \$ 11 64 per cent. in which is included \$ 35,518 88, profit on bank stock sold.

From the statements herewith submitted as part of this report, and marked B, C, D, and E, it will be seen that the Farmers' bank of Virginia has an outstanding debt of \$ 4,471,336 32, specie, \$ 375,268 91, foreign notes, \$ 128,929 31, and bank stock, \$ 34,591 50, which constitute the means of the bank, and amount to \$ 5,010,126 04. From this sum, if the bad and doubtful debts be deducted, shewn by statement C, at \$ 112,460 30, you have the total funds of the bank, which may be considered as available, amounting to \$ 4,897,665 74. The said bank owes for its capital stock, \$ 2,000,000, notes in circulation, \$ 1,887,608, to other banks, \$ 128,188 15, and for deposite money, \$ 1,225,373 54, amounting together to the sum of \$ 5,241,169 69; from which deduct the real estate held by the bank, estimated at cost at \$ 231,043 65, and it will reduce the sum for which the bank is responsible, to \$ 5,010,126 04. The means of the bank being \$ 4,897,665 74, leaves a balance against the bank, of \$ 112,460 30.

In the report of the bank committee to the legislature in 1833, the deficiency on the 1st January of that year, was stated at \$ 176,011, shewing an improvement in the condition of the Farmers' bank of Virginia since then, of \$ 63,550 70.

Statement D, shews the exact condition of the outstanding debt contracted during the last year, so far as ascertained, (the office at Lynchburg not having been heard from on this point.) The amount ascertained is \$ 2,090,900 24, all of which is good.

Statement E, shews the profits of the Farmers' bank of Virginia for the year 1833, at \$ 9 07 per cent., in which the profit on bank stock purchased some years ago, and sold in 1833, is not included.

(A.)

Detailed Statement of the BANK OF VIRGINIA, including its Branches, January 1st, 1834.

*Debt outstanding :			Capital stock,	2,740,000 00
Richmond,	2,498,175 44		Notes in circulation :	
Norfolk,	726,273 81		Richmond,	821,000 00
Petersburg,	1,037,956 94		Norfolk,	186,140 00
Fredericksburg,	648,335 12		Petersburg,	585,065 00
Lynchburg,	681,046 79		Fredericksburg,	375,360 00
Danville,	340,529 22		Lynchburg,	435,240 00
Charleston,	268,085 13		Danville,	310,065 00
		6,200,402 45	Charleston,	256,890 00
Specie :				2,969,760 00
Richmond,	179,076 16		Balances due to other banks :	
Norfolk,	16,943 83		Richmond,	106,308 78
Petersburg,	86,750 15		Norfolk,	15,774 24
Fredericksburg,	45,363 60		Petersburg,	87,774 87
Lynchburg,	16,366 84		Lynchburg,	3,686 38
Danville,	55,561 85		Danville,	900 14
Charleston,	35,863 40			214,444 41
		435,925 83	Balances due the treasurer United States :	
Notes of other banks :			Richmond,	15,759 94
Richmond,	24,155 00		Norfolk,	9,000 00
Norfolk,	33,745 00		Petersburg,	25,669 26
Petersburg,	3,615 00		Fredericksburg,	20 98
Fredericksburg,	34,541 15		Lynchburg,	83 21
Lynchburg,	13,323 39			50,533 39
Danville,	10,745 00		Deposite money :	
Charleston,	10,630 00		Richmond,	999,070 42
		130,754 54	Norfolk,	151,356 96
Balances due from other banks :			Petersburg,	95,016 33
Fredericksburg,	90,029 06		Fredericksburg,	153,492 57
		109,365 52	Lynchburg,	56,447 78
Foreign bills of exchange :			Danville,	27,129 22
Richmond,	145,766 52		Charleston,	9,174 60
Petersburg,	29,716 34			1,491,687 88
Fredericksburg,	1,587 23			
		177,070 09		
Stock of James river company 6 per cent. stock,		100,000 00		
Real estate :				
Richmond,	114,465 89			
Norfolk,	64,783 63			
Petersburg,	78,658 52			
Fredericksburg,	29,155 44			
Lynchburg,	25,843 77			
		312,907 25		
		<u>\$ 7,466,425 68</u>		<u>\$ 7,466,425 68</u>

* In this item is included domestic or inland bills of exchange at Richmond, 698,270 61
at Petersburg, 383,556 34
\$ 1,081,826 95

The amount at other branches does not appear, as the returns do not distinguish.

Capital stock :		Nett profits for the year.	Rate of per cent.
At Richmond,	1,000,000	*171,715 49	17 17 15-100
Norfolk,	440,000	16,728 81	3 80
Petersburg,	450,000	42,750 29	9 50
Fredericksb'g,	300,000	28,640 00	9 54 1/2
Lynchburg,	300,000	32,047 87	10 68 1/2
Danville,	150,000	15,687 17	10 46
Charleston,	100,000	11,349 92	11 35
	<u>\$ 2,740,000</u>	<u>\$ 318,919 55</u>	making an aggregate of \$ 11 64.

* Includes \$ 35,518 88 profit on bank stock sold.

[Doc. No. 49.]

Whole amount of bad and doubtful debts reported last year, -	-	-	-
Whole amount of surplus fund, after payment of the last dividend, -	-	-	-
Total of bad and doubtful debt to be provided for, -	-	-	<u>\$ 61,003 66</u>

From which may be deducted whatever may be collected from the doubtful debts, and any gain by the destruction of notes in circulation, which may be fairly considered as equal to the balance of bad and doubtful debts.

Debts contracted and unpaid between 1st January, 1833, and 1st January, 1834, viz :			
Richmond,	-	-	875,312 04
Norfolk,	-	-	223,973 00
Petersburg,	-	-	413,272 68
Fredericksburg,	-	-	189,983 78
Lynchburg,	-	-	477,680 00
Danville,	-	-	336,251 00
Charleston,	-	-	112,610 12
Making a total of	-	-	<u>\$ 2,629,082 62</u> all of which is good.

(B.)

State of the FARMERS' BANK OF VIRGINIA, including the Branches, 1st January, 1834.

Debt outstanding :			Stock,	-	2,000,000 00
Richmond,	1,572,546 20		Notes in circulation :		
Norfolk,	682,482 78		Richmond,	552,688 00	
Petersburg,	642,170 54		Norfolk,	155,600 00	
Fredericksburg,	562,310 61		Petersburg,	376,635 00	
Lynchburg,	576,851 93		Fredericksburg,	257,325 00	
Winchester,	378,614 26		Lynchburg,	397,640 00	
Danville,	56,360 00		Winchester,	147,720 00	
	<u>4,471,336 32</u>			<u>1,887,608 00</u>	
Specie :			Due to other banks :		
Richmond,	204,831 20		Richmond,	126,958 76	
Norfolk,	28,397 61		Norfolk,	29,455 94	
Petersburg,	40,139 70		66,998 96 Petersburg,		
Fredericksburg,	41,779 30		Fredericksburg,	33,387 80	
Lynchburg,	36,917 00		5,116 05 Lynchburg,		
Winchester,	22,486 40		Winchester,	11,625 31	
Danville,	717 70		1,124 65 Danville,		
	<u>375,268 91</u>			<u>201,427 81</u>	
Foreign notes :			73,239 66	73,239 66	128,188 15
Richmond,	50,636 16		Deposite money :		
Norfolk,	37,204 52		Richmond,	811,080 29	
Petersburg,	4,663 66		Norfolk,	91,161 43	
Fredericksburg,	4,365 00		Petersburg,	137,383 33	
Lynchburg,	9,205 00		Fredericksburg,	75,746 22	
Winchester,	22,239 97		Lynchburg,	91,704 47	
Danville,	615 00		Winchester,	18,036 14	
	<u>128,929 31</u>		Danville,	261 66	
Bank stock :				<u>1,225,373 54</u>	
Richmond,	23,715 50				
Fredericksburg,	10,876 00				
	<u>34,591 50</u>				
Real estate :					
Richmond,	91,918 09				
Norfolk,	38,488 67				
Petersburg,	35,731 48				
Fredericksburg,	17,421 65				
Lynchburg,	22,993 58				
Winchester,	24,490 18				
	<u>231,043 65</u>				
	<u>\$ 5,241,169 69</u>				<u>\$ 5,241,169 69</u>

(C.)

Statement of bad and doubtful debts due the FARMERS BANK OF VIRGINIA, on the 1st January, 1834, and also the Contingent Fund.

Bad debt last year,	-	-	-	-	-	-	-	178,833 45
Doubtful,	-	-	-	-	-	-	-	155,231 26
								<u>334,064 71</u>
Contingent fund,	-	-	-	-	-	105,015 14	-	
Profit on stock,	-	-	-	-	-	53,038 50	-	
								<u>158,053 64</u>
Deficiency,	-	-	-	-	-	-	-	\$ 176,011 07
Bad debt as above,	-	-	-	-	-	-	-	178,833 45
Extinguished during the year,	-	-	-	-	-	-	-	46,507 52
								<u>132,325 93</u>
Doubtful as above,	-	-	-	-	-	-	-	155,231 26
								<u>287,557 19</u>
Contingent fund, including January 1834,	-	-	-	-	-	159,488 39	-	
Profit on 502 shares of stock valued at par,	-	-	-	-	-	15,608 50	-	
								<u>175,096 89</u>
Total bad and doubtful debt to provide for,	-	-	-	-	-	-	-	<u>\$ 112,460 30</u>

From which should be deducted whatever may be received from debts reported doubtful, and any gain by loss of notes in circulation.

(D.)

Amount of debts contracted at the Farmers' Bank of Virginia and its branches, during the year 1833, and which remained unpaid on 1st January, 1834.

Bank at Richmond,	-	-	-	-	-	-	-	965,387 13
Fredericksburg,	-	-	-	-	-	-	-	496,180 23
Petersburg,	-	-	-	-	-	-	-	357,122 26
Norfolk,	-	-	-	-	-	-	-	176,163 62
Winchester,	-	-	-	-	-	-	-	96,047 00
								<u>\$ 2,090,900 24</u>

All these debts, from information given the president of the bank at Richmond, are believed to be good.

The above is a statement from the mother bank, and the branches, except Lynchburg, which has not furnished one. A letter has been written to that branch, requesting it to be furnished without delay; but it is believed, from a conversation with the president of the same, that no bad debt has been contracted during the year at that branch. The statement, when received, will be communicated to the committee.

January 30, 1834.

P. N. NICHOLAS, Pres't.

(E.)

State of the FARMERS BANK OF VIRGINIA, including the Branches, 1st January, 1834.

Debt outstanding,	4,471,336 32	Stock,	2,000,000 00
Specie,	375,263 91	Notes in circulation,	1,837,608 00
Foreign notes,	128,929 31	Due to other banks,	128,188 15
Bank stock,	34,591 50	Deposit money,	1,225,373 54
Real estate,	231,043 65		
	<u>8 5,241,169 69</u>		<u>8 5,241,169 69</u>

Profits of Richmond,	8 13 58	per cent.
Norfolk,	3 18	"
Petersburg,	11 08	"
Fredericksburg,	12 41	"
Winchester,	6 71	"
Danville,	3 97	"
Aggregate profits,	9 07	"
Contingent fund,	8 159,488 39.	

In this estimate, the profits on bank stock purchased some years ago, and sold in 1833, are not included, not belonging to the usual business estimated—but being actually received, add that to the current profits, and the Profits of Richmond are 8 21 60 per cent., and Norfolk 4 10 "

1832-33

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Pays.

UNIT 1 :

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UNIT 2 :

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REPORT

OF THE

SPECIAL COMMITTEE

ON BANKS AND SAVINGS INSTITUTIONS.

The special committee, to whom were referred the various petitions on the subject of banks and savings institutions, have had those petitions under consideration, and respectfully submit the following report and resolution: They have given to the subject all the attention which its high importance merits; and after mature deliberation, have come to the conclusion that the banking capital of the state, and especially that part of it employed on the western side of the Blue Ridge ought to be increased.

There are now in Virginia four state banks with an aggregate capital of six million two hundred thousand dollars, viz: the bank of Virginia, created in 1804, with a capital of one million five hundred thousand dollars; afterwards, in 1814, increased to two million seven hundred and forty thousand dollars, and again in 1833, increased five hundred thousand dollars more. The farmers' bank, created in 1812, with a capital of two millions. The North-western bank at Wheeling, created in 1817, with a capital of six hundred thousand dollars; afterwards reduced to one hundred and fifty thousand dollars, and which is now only three hundred thousand; and the bank of the Valley at Winchester, created in 1817, with a capital of six hundred thousand dollars. In addition to this, between one and two millions of the stock of the United States' bank has found employment in Virginia, making the whole banking capital of the state for the last sixteen years, about seven millions five hundred thousand dollars.

It is remarkable, that during this long period, the only increase of banking capital was the addition of five hundred thousand dollars to the stock of the bank of Virginia in 1833. Yet the population of the state has, within the same period, increased more than two hundred thousand, and her wealth, commerce and improvements have been advancing in an unprecedented manner. No inconvenience, that your committee are aware of, resulted to the community from the amount of banking capital thus employed. On the contrary, every dollar of it was necessary, from the time of its creation, to the purposes of commerce and the advantageous development of the resources of the state. During the greater portion of that period, and until within a few years past, the scarcity, rather than the redundancy of money, was a subject of heavy complaint—and now, when the people are relieved from the heavy pressure of debts, contracted during the visionary times of 1815-17, they are far from suffering inconvenience from an excess of the circulating medium. Is it not reasonable then to conclude, that if the present banking capital was not more than equal to the necessities of trade in 1820, it is now insufficient for those necessities when our population, wealth and business are so much increased? Money is the representative of property. It has no intrinsic value of its own. Whether gold and silver, or paper, it is intrinsically the same valueless commodity except in its representative character. Nor is there that difference between gold and silver, and paper which is frequently imagined. Let men consent that any thing should serve them as a medium of exchange—whether gold and silver, or paper, or even iron, and if means can be devised for regulating the quantity, and preventing imposition, it would be precisely the same thing to commerce. If then, money is the mere representative, or substitute of property, it follows that any fluctuations in the money market, or any alteration of the proportion, which the money in circulation bears to the quantity of property in market, must produce a greater or less shock upon the community, and that in order to preserve evenness in the price of property, it is necessary to increase or diminish the circulating medium as the property or wealth of the country is increased or diminished—otherwise property is depressed in market, and ruin to many is the consequence. This single view of the subject would have brought your committee to the conclusion above expressed, viz: that since the population, the property and the commerce of the state have experienced so great an increase, some addition should also be made to the banking capital for their accommodation.

There is, however, another subject to which the attention of your committee has been called. The strong probability that the charter of the United States' bank will not be renewed after the expiration of its present term. The consequence will be, the curtailment, to a very considerable amount, of the present banking capital of the state, already insuff-

sufficient to accommodate the commercial operations of the commonwealth. Should that bank not be re-chartered, that portion of its capital which was employed among us, must then be withdrawn. How is this great and sudden deficiency of the circulating medium to be supplied? How shall we avert the ruin which must ensue upon this sudden appreciation of money and depreciation of property, except by creating an additional sound banking capital, equal to that which is about to be withdrawn? "But," it will be urged, "let us wait until this catastrophe shall have actually happened." We reply, that the remedy would then come too late. It is known, that a considerable time must elapse between the chartering and going into operation of a bank; and again, between its going into operation, and the diffusion, to any extent, of its usefulness. In the mean time, the shock will have been experienced, and its greatest mischiefs endured; a blight will have fallen on the enterprize of our land, and many an adventurer on the road to usefulness will have sunk under irretrievable ruin. The consequences of these fluctuations last not many years. They are violent and destructive, but they pass away, and the community, after a time, accommodates its necessities to the amount of money left in circulation. It is, therefore, better to provide against them, than to look for a remedy when they have actually occurred.

If these reasons are sufficient to have brought your committee to the conclusion, that the banking capital should be increased in the state of Virginia, how much more strongly do they plead in behalf of that particular section of the state from which the petitions come? Western Virginia has been peculiarly destitute of those facilities which it is the province of banking to afford. Of the seven and a half millions of banking capital employed in the state, not more than one million, perhaps not so much, has fallen to the share of the west. Greatly the larger portion of this, viz: upwards of six hundred thousand dollars, is enjoyed by Winchester, an inland town near the lower end of the Valley, and heretofore having no commercial communication up the Valley, or beyond the Alleghany mountains: while Wheeling, a town second hardly to Richmond in white population and commercial importance, has only employed from \$150,000 to \$200,000; and the only other place west of the Blue mountains, at which a bank is located, is Charleston in Kanawha. Botetourt and Augusta, two of the wealthiest counties in the Valley, and all the counties of this commonwealth south and west of them, have not only no institutions of the kind within their limits, but are so situated as to preclude the possibility of their getting accommodation elsewhere, except at great trouble and risk. The most convenient place of accommodation from Augusta being at Richmond, and the most convenient from Botetourt being at Lynchburg. Albemarle too, although on the eastern side of the Blue Ridge, is yet totally destitute of banking accommodations; and situated as it is, with a large navigable stream dividing its centre, there is only wanting the facilities of a bank to develop its resources, and make Charlottesville a place of much commercial importance.

Thus much your committee have thought proper to submit in reference to the bank petitions before it.

As to the savings institutions which are asking the fostering aid of the legislature, your committee cannot conceive of any objection which can be urged against them. They are useful and innocent institutions, intended chiefly for the poor and labouring classes of the community, affording them the opportunity of laying up on safe deposit, and at good interest, a part of their little earnings. This object entitles them to the most favorable regard of the legislature, whose care should be to foster every thing which tends to the promotion of industry and economy.

It is therefore resolved, That it is expedient to increase the banking capital of the state of Virginia.