

## Y 1—BANKS OF ILLINOIS.

*Report of the Joint Select Committee appointed to examine into the condition of the Bank of Illinois at Shawneetown.*

Mr. Gatewood, from the select committee appointed to examine into the condition of the Bank of Illinois at Shawneetown, made the following report:

The joint select committee, appointed by a resolution of the Senate and House of Representatives on the 20th of January, 1837, to examine into the affairs and condition, conduct and management, of the Bank of Illinois, located at Shawneetown, and report without delay, beg leave respectfully to report:

That, as soon as convenient, they proceeded to Shawneetown, and on the 27th of January addressed a note to the president of the bank, as follows:

SIR: The undersigned, forming a joint select committee of the Senate and House of Representatives for the State of Illinois, appointed to examine into the affairs and condition, conduct and management, of the Bank of Illinois, located at Shawneetown, with a view to ascertain whether the said bank would be a safe depository of the public moneys of said State, would respectfully say, that in pursuance of a joint resolution of the General Assembly, (a copy of which is herewith transmitted,) they have repaired to this place; and although they are aware that the State has no power to interfere or inquire into the affairs and condition of the bank over which you have the honor to preside, yet, inasmuch as the Bank of Illinois has submitted propositions for the reception on deposit of the public moneys of the State, and inasmuch as the safety of the public funds require such investigation, and since it is expedient to place those funds in some bank or banks of this State, and since it is also expedient that (for public convenience) the Bank of Illinois should receive a portion of them, the undersigned hesitate not to believe that the bank will be willing to submit to such examination. The undersigned are now near the "Bank of Illinois," and are ready to proceed to the examination thereof, and desire a speedy determination of their labors. They await your answer.

With great respect, we have the honor to be your obedient servants,  
WM. J. GATEWOOD, *of the Senate.*  
E. B. WEBB, and  
GEO. SCARBOROUGH, *Ho. of Reps.*

JOHN MARSHALL, Esq., *President*  
*of the Bank of Illinois at Shawneetown.*

And received the following note in return:

BANK OF ILLINOIS AT SHAWNEETOWN,

January 27, 1837.

GENTLEMEN: I have received your communication of this date, enclosing a copy of a resolution passed by the honorable the Senate and House of Representatives of the General Assembly of the State of Illinois, authorizing you, as a joint committee, to examine into the affairs and condition, and also into the conduct and management, of this bank, and have laid them before the board of directors, by whom I have been instructed to say that they have no objection whatever to the examination proposed; and the cashier and a committee of the board have been instructed to be present, or in attendance, to render you every possible aid to facilitate your labors. The board of directors fully appreciate the motives which appear to have actuated the Legislature in instituting the inquiry, as well as the delicacy of manner with which their committee have introduced the subject.

I have the honor to be, very respectfully, your obedient servant,  
JOHN MARSHALL,  
*President of the Bank of Illinois.*

To Messrs. GATEWOOD, WEBB, and SCARBOROUGH:

Whereupon they proceeded to the banking-house in Shawneetown, and, upon examination, found the affairs and condition of the Bank of Illinois to stand as shown by the accompanying statement, marked [A.] The statement thus furnished your committee believe to be correct up to the date of our examination, and will take occasion here to say, that their duties were greatly facilitated by the promptness with which our request was met, and the regularity and clearness with which the books were managed and posted.

Your committee were of opinion that they should inquire into the character of the discounts, &c. They found that, upon the subject of exchange, the bank charged one per cent. for bills payable at Philadelphia and New Orleans; and in the purchase of bills of exchange on New Orleans they discount one per cent. and interest for the time it has to run. As to the purchase of bills of exchange on Philadelphia, there are few transactions, because the balance of trade is against the country, and but few are bought. We find, also, from the discount book, that there are no loans made to individuals out of this State, and that the whole operations of the bank are confined to the southern part of the State. As to the issue of bills payable at New Orleans, Louisville, Philadelphia, or elsewhere than at the banking-house at Shawneetown, the bank redeems all notes upon presentation, wherever payable, whenever they are presented at the banking-house in Shawneetown; and of the \$14,900 payable at Philadelphia, \$8,500 has been already redeemed, as appears by the correspondence of the bank. The bank issues but few notes payable elsewhere than at Shawneetown. The following is the amount, with the places at which it is payable, viz: Payable at Shawneetown \$83,178; payable at Philadelphia, \$14,900; payable at Louisville, \$2,325; payable at New Orleans, \$4,660; whole amount in circulation, \$105,563; of which \$8,500 has been redeemed, as before mentioned.

Your committee, also, upon examination, find that the amount of issues of paper payable elsewhere than at the banking-house in Shawneetown is small, and generally confined to those who wish eastern funds, which accounts for the issue of paper payable at Philadelphia. There is now no notes issued by the bank of a less denomination than five dollars, although the bank is not prohibited by the charter, and probably there will not be again; at least such is their determination at present. We will also take occasion to remark, that bills of exchange, bought or discounted, are chiefly in New Orleans, payable at short dates, and will be collected without renewal or delay. The amount, it will be perceived, is \$69,944, and will shortly add not only to the specie in the bank, but to the security of the institution. This amount may be accounted for from the fact that larger shipments of produce have been made this year from Shawneetown than ever were made before; as an evidence of which your committee would state that two steamboats are owned at this place, and were exclusively engaged in this trade; and although our stay at Shawneetown was short, two steamboats were loaded, and departed, with produce of the immediate vicinity, for the southern market, and several more will be loaded during the season.

The committee were shown some of the correspondence of the bank, particularly a letter from their agent, by which it appears that there is, in addition to the sum of \$47,278 in specie now in bank, \$21,000 on the way from New Orleans to Shawneetown, in bills of the notes on the various banks in New Orleans, which is set down as notes on other banks in the statements herewith furnished; and the further sum of \$9,000 in specie is also expected, in payment of bills of exchange on New Orleans. From the heavy shipments making this season, it is confidently expected that a large accession of specie will be obtained in the course of the first spring months.

So far as we have been able to judge, the conduct of the bank shows great impartiality in their discounts, and is confined to those of the State, as before mentioned, and to those who are actually engaged in commerce, in purchasing and exporting the produce of the country at heavy prices. The discount book was presented to us, and, as far as we could judge, no complaint ought to be entertained of its accommodations, on the score of political preferences. The Bank of Illinois went into operation in 1817, under a charter passed that year by the Legislature of the Illinois Territory, and did not close operations until the pressure of the times forced them to collect their debts and cease discounting in 1822 or '23, leaving, however, no paper unredeemed, except what might be supposed to be lost, say some few hundred dollars. The bank has redeemed some of this paper since going into operation, which had been out over fifteen years. The books of the bank show but little of paper unredeemed. Such was the management of the bank in its early age; and the conduct and management of the bank is chiefly in the same hands now that it was then.

The present directory consists of Messrs. John Marshall, president; P. Redman, T. F. Vaught, E. H. Gatewood, A. Kirkpatrick, O. C. Vanlandingham, Timothy Guard, James C. Sloo, M. M. Rawlings, Henry Eddy, W. A. G. Posey, W. A. Docker, directors; John Siddall, cashier; and Allen Redman, clerk—men who have been long in the country—

most of them over twenty years in the immediate vicinity of the location of the bank, of excellent standing, and unimpeachable integrity and honor; and, without designing to pay a compliment to individuals, your committee cannot refrain from making this expression in relation to that branch of the resolution under which they now act, requiring us to inquire into the "management" of the bank.

Since the examination, and before making this report, your committee have been informed, by the communication of the cashier of that bank, that the sum of \$23,300 has been received of the funds of the bank, in silver, from New Orleans; which makes the amount of specie now in its vaults seventy thousand five hundred and seventy-eight dollars.

All of which is respectfully submitted.

