

school fund, and the amount deposited by the general government in our treasury. These funds are now yielding more than legal interest under the operations of the bank. It would be difficult, if not impossible, to find any safer or more profitable investment of these funds. If they were invested in the purchase of the State bonds, the interest on so much thereof as might be purchased with the school funds would necessarily have to be provided out of the State treasury. These are some of the obstacles to liquidation which strike my mind as insuperable, and induce me to invite your serious consideration to the necessity of relieving the bank of some of its burdens.

My examination of this subject has satisfied me that the true policy to be adopted in regard to the bank, is to require the profits made annually to be paid into the treasury, to constitute part of the revenue of the State, and to be disbursed by the treasury in meeting the liabilities of the State, in the same manner that the other revenue of the State is now disbursed. If this were done, and the liabilities now imposed upon the bank were transferred to the treasury, the bank would be entirely relieved, and our financial system would be reduced to entire simplicity. The bank would continue to be the depository of the public revenue, as at present, and might act as the agent of the treasury, as it now does, in paying the accruing interest on the State bonds which are held at distant points. The comptroller's report each year would then exhibit a full and intelligible view of our financial condition, and our system would be relieved of that complication which now makes it somewhat difficult of ready comprehension. I submit these suggestions to your attentive consideration, and indulge the anxious hope that if they fail to meet your approval and adoption, your own wisdom will devise some other efficient plan for giving relief to the bank. In connexion with this subject, I invite your consideration to the propriety of resuscitating the three branches which are now in a process of liquidation. These branches were all located at important commercial points, surrounded by rich country and an enterprising population. In such locations banking operations are usually carried on with profit, and I knew no reason to doubt a similar result if these branches were restored and placed under prudent management.

U.—BANKS OF KENTUCKY.

Statement of the condition of the banks of Kentucky, July 1, 1849.

Doc. No. 68.

STAN

Name.	Capital.	Loans and discounts.	Stocks.	Real estate.	Other investments.	Due by other banks.	Notes of other banks.	Specie.	Circulation.	Deposits.	Due to other banks.
Bank of Kentucky.....	\$3,700,000	\$4,890,855	\$450,000	\$197,381	\$527,612	\$605,448	\$334,761	\$1,241,063	\$2,453,002	\$905,388	\$283,907
Northern Bank of Kentucky.....	2,250,000	3,753,337	27,400	117,668	.....	822,271	465,834	918,536	2,432,761	793,234	274,142

STAN

Statement of the condition of the banks of Kentucky, January 1, 1850.

Name.	Capital.	Loans and discounts.	Stocks.	Real estate.	Other investments.	Due by other banks.	Notes of other banks.	Specie.	Circulation.	Deposits.	Due to other banks.
Bank of Kentucky	\$3,700,000	\$5,476,611	\$450,000	\$191,823	\$476,495	\$625,969	\$227,433	\$1,165,906	\$2,716,396	\$1,198,720	\$276,637
Northern Bank of Kentucky.....	2,250,000	4,392,415	21,000	125,423	8,750	613,530	385,549	937,473	2,717,760	769,412	381,435
Bank of Louisville.....	1,080,000	1,768,181	75,000	100,066	.....	361,804	87,072	579,994	1,248,368	240,903	235,938
Total of 3 banks and 13 branches..	7,030,000	11,637,207	546,000	417,312	485,245	1,601,303	700,054	2,683,373	6,682,524	2,209,035	894,210

NOTE.—The Bank of Kentucky, at Louisville, has branches at Hopkinsville, Bowling Green, Greensburg, Danville, Lexington, Frankfort, and Maysville. The Northern Bank of Kentucky, at Lexington, has branches at Richmond, Paris, Covington, and Louisville. The Bank of Louisville, at Louisville, has branches at Flemingsburg and Paducah.

Report of the Joint Committee on Banks.

The Joint Committee on Banks, in obedience to a resolution of the legislature, and in discharge of the duties intrusted to them, have visited in person the Bank of Kentucky, Bank of Louisville, and the Northern Bank of Kentucky, and have made a careful examination into their condition, and have, by interrogatories propounded to the mother banks and their branches, obtained such information as the committee deem of importance both to the legislature and the country. Although the reports of the banks are voluminous, we have carefully examined those of the mother banks, and by a comparison of them with the books of those banks, and those of the branches with the separate reports of each furnished the mother bank, and have invariably found them to be correct.

Your committee take pleasure in returning to the different officers of the banks their thanks for their promptness in furnishing them with such books and papers as they deemed necessary to have, for the opening of their vaults and exhibiting their gold and silver, and, in short, for furnishing them with everything calculated to facilitate their labors and give them such information as they desired.

We examined carefully the monthly reports as made up by the mother banks and their branches; and also the notes discounted and due the mother banks, to ascertain whether these corresponded with their books and reports, and in every instance they were found to agree.

We submit a condensed statement of the aggregate condition of the banks on the 31st day of December, 1849:

Notes under discount at the Bank of Kentucky and branches	\$2,756,911 60
Notes under discount at the Louisville Bank and branches	536,781 86
Notes under discount at the Northern Bank of Kentucky and branches	1,826,387 32
Bills of exchange due and owing the Bank of Louisville and branches	1,152,961 96
Bills of exchange due and owing the Bank of Kentucky and branches	2,619,098 76
Bills of exchange due and owing the Northern Bank of Kentucky and branches	2,486,866 71
Notes of the Bank of Kentucky and branches in circulation	2,716,396 00
Notes of the Bank of Louisville and branches in circulation	1,248,368 00
Notes of the Northern Bank of Kentucky and branches in circulation	2,717,760 00
Gold and silver in the vaults of the Bank of Kentucky and branches	1,165,906 81
Gold and silver in the vaults of the Bank of Louisville and its branches	569,219 94
Gold and silver in the vaults of the Northern Bank of Kentucky and branches	937,473 69

Your committee feel assured that the banks have been conducted with a prudent regard to the interest of the stockholder as well as the note-holder, and that their present condition is highly flattering to the officers

and to the State. Whilst the paper of other banks of our sister States is daily depreciating, and is scarcely at par at home, our paper is at par all over the west and south.

We believe the banks can redeem their entire circulation without pressing the note-debtors, as will be seen by a careful examination of the detailed reports hereto annexed.

We fully recognise the necessity for banks to deal in bills of exchange, as it is thus alone they can keep up a supply of specie; but we cannot fail to point out and to deprecate the increasing transactions on the part of all the banks to concentrate their capital into operations of this description, especially when such exchange becomes of a domestic character. In pursuing this course to an improper extent, one of the first objects for which banks are created is defeated, and they who mostly need money to carry on their business transactions at home are deprived of that character of accommodation which it should ever be the aim of banks to afford.

Your committee, looking to the demand for more banking capital in the State, examined with some care the several "offering books" of the mother banks, and found that the banks were unable to accommodate the legitimate wants of the community; and as some expression of opinion upon the propriety of increasing the banking capital in the State is looked for from us, we are convinced, after a careful and thorough investigation, that the banking capital of the State might be increased, and not endanger the safety of the banks now in existence, or in the slightest degree impair the credit of the State.

We know the consequences that flow from an indiscriminate grant of banking privileges and of over-banking; but with the rapid increase of population, of business, and of improvement in our State, the present banks are utterly unable to supply the just demand in all portions of the State. The legislature, with its usual wisdom and prudence, will carefully guard against granting too many privileges; and where any privileges are granted, it will guard well the possibility of injury to the community.

Your committee, for a more general understanding of the condition of the banks, refer you to the various reports hereto annexed.

All which is respectfully submitted.

GEO. W. WILLIAMS,
Chairman Senate Committee.
W. B. MASON,
Chairman House Committee.

BANK OF KENTUCKY AND BRANCHES.

In answer to the several interrogatories, Nos. 1, 4, 5, 6, 7, 8, 13, 14, 15, 16, 18, 19, 20, 22, 23, 24, 27, 28, 31, 32, 33, the several tabular statements herewith furnished will be found to contain the desired information, so far as the returns from the branches afford it.

Question 2. Has your bank been made secure against the overissue of stock by the Schuylkill Bank? If so, in what way has it been done?—if not, what is the present condition of your claim against that bank?

Question 3. What amount was set apart by your bank to meet the loss of the Schuylkill Bank fraud, and how has that fund been disposed of?

Answer to questions 2 and 3. By the act of the legislature, in 1842, the net profits of this bank, over 5 per cent., after covering other losses, was set apart as a fund to purchase and cancel stock to the amount of this fraudulent issue of thirteen thousand one hundred and eighty-five shares. With these excessive profits, the entire fraudulent issue has been covered by the purchase and withdrawal of that number of shares. The entire account of this fund and its disposition is attached to, and made part of, this report. The supreme court of Pennsylvania having, at their last spring term, confirmed the judgment of the court below, for the sum of \$1,184,738, and the entire assets of that bank being wholly inadequate to pay this decree, an arrangement was made for a voluntary assignment and conveyance of all their property, which terminated the litigation on the subject. Part of the property has been disposed of, and \$145,930 69 in cash been received of those assets; out of which an *extra* dividend, of three dollars per share, has been paid to the stockholders during the present month. The estimated value of all the effects received was put down at six hundred thousand dollars; and we think, with care and good management, near that sum may ultimately be realized. For a more particular account of these assets, and the property, reference is made to the circular attached; to the state of the bank last July, herewith furnished:

BANK OF KENTUCKY, July 2, 1849.

We have the satisfaction, on resuming our regular dividends, to present to the stockholders the annexed statement of the condition of this bank and branches.

It will be perceived that the entire overissue of the stock, amounting to \$1,318,500, has been purchased and cancelled, from that portion of the profits reserved from dividends, under the act of assembly authorizing the bank to recognise and purchase shares to the extent of the overissue.

The arrangement made with the State, in 1843, by which one million of their bonds, bearing 5 per cent. interest, was returned, and the stock held therefor cancelled, with the purchase of the overissue, leaves the capital of the bank

\$3,700,000 00

There has also been appropriated, of the earnings of the bank, since July, 1839, a fund to cover losses by bad debts, &c.

\$397,946 03

And losses charged to this fund, amounting to

337,081 00

Leaving balance of this fund

60,856 03

This includes all the losses sustained from the business of the bank, commencing in 1835; and the principal amount of bad debts had their origin in the revulsions of 1837 and 1839.

Since the last report, the supreme court of Pennsylvania affirmed the decision of the court below, giving us a judgment for \$1,184,738; and, subsequently, arrangements have been made so as to procure a voluntary

transfer of all the property and effects, subject to our judgment, which we now have in our possession, and will dispose of as soon as practicable. These effects consist of—

Cash and effects realized	\$87,930 69
Real estate in Schuylkill county, Pennsylvania; which includes about one thousand acres of coal lands, in several tracts—houses and lots in Pottsville, Port Carbon, Tuscarora, and Minersville—estimated value	177,361 00
Real estate, mostly in Philadelphia—valued at	176,702 00
Mortgage loan, Beaver Meadow Railroad and Coal Co.	98,757 69
Sundry stocks, ground rents, bonds and mortgages, debts, &c., &c.	59,248 62
Total estimated value	600,000 00

During the autumn of the present year, we design making a public sale of the property in Philadelphia, and, as soon as a sufficient sum can be realized, to make an *extra* dividend among the stockholders. Our regular dividends hereafter, it is hoped, will be from 7 to 8 per cent. per annum.

The annexed statement shows a surplus sufficient to justify the conclusion that the stock of the bank is worth more than par, and that the holders may expect their dividends, hereafter, without interruption.

VIRGIL McKNIGHT, *President*.

Statement of the Bank of Kentucky and branches, July 1, 1849.

RESOURCES.

Notes discounted.....	\$2,645,531 38	
Bills of exchange.....	2,137,699 10	\$4,783,230 48
Suspended debt in suit.....	107,625 33	
Real estate for debt.....	99,316 80	
Bonds of State of Kentucky for stock in Northern Bank, 5 per cent.....	250,000 00	
Bonds of the city of Louisville, 6 per cent.....	200,000 00	
Due from banks.....	656,942 13	
Due from other corporations.....	605,448 69	
Assets received from Schuylkill Bank and assignees of H. J. Levis.....	15,543 24	
Less amount realized.....	600,000 00	
	87,930 69	
Real estate for banking-houses.....	512,069 21	
Gold and silver.....	98,035 79	
Notes of other banks.....	1,241,063 85	
	334,761 00	
	8,247,124 48	

LIABILITIES.

Capital stock.....	\$3,700,000 00
Contingent fund reserved by charter.....	\$100,000 00
Fund to cover losses on banking-houses.....	40,670 84
Fund to cover losses by bad debts, &c.....	60,865 03
	201,535 87
Surplus fund for property, &c., received from Schuylkill Bank and assignees of H. J. Levis.....	600,000 00
Dividends uncalled for.....	6,070 36
Dividend No. 23, of 4 per cent., for July, 1849.....	148,000 00
Profit and loss.....	13,290 06
Due to depositors.....	791,644 63
Due to banks.....	283,907 35
Notes in circulation.....	2,453,002 00
Treasurer of the State of Kentucky.....	49,674 21
	8,247,124 48
Net profits for last six months.....	\$161,290 06
Dividend No. 23, of 4 per cent., for July, 1849.....	148,000 00
Balance to credit of "profit and loss".....	13,290 06

GEO. C. GWATHMEY, *Cashier*.

BANK OF KENTUCKY, Louisville, July 2, 1849.

Question 9. Does your journal, or does the record of the proceedings of your board of directors, show any order in reference to the relative proportion of capital to be employed in the purchase of bills of exchange, and in the discount of notes? If so, state what it is. If not, state by what rule your bank is governed in settling the proportions between the two classes, and by whom the rule is adopted.

Answer. We have no order of the board in reference to the amount of capital, or money, to be used in the discount of notes or purchase of bills of exchange; it is a matter for the discretion of the boards and officers of the bank, and governed by the character of the paper offered, and the business on which it is predicated—the wants and necessities of the bank for funds at particular places and periods at which the paper will be paid. At no time have the bills of exchange been *equal* in amount to the notes discounted in the Bank of Kentucky and branches, although we have over six hundred thousand dollars invested in State and city bonds, real estate, and suspended debt; which investments, if added to the amount of notes discounted, would make an aggregate of about three million three hundred thousand dollars for the average of the year 1849; during the same time our bills of exchange will be found to average about two and a half millions: making the proportion of our means used in the purchase of bills of exchange, about *two-fifths* of the whole investment.

Question 10. What is the true cost to the individual who deals with your bank by bills of exchange on time of from one to six months? and what is the longest time any bills had to run, purchased by your bank during the year ending December 31, 1849?

Answer. The table of rates of exchange on the various points will show the rates charged during the year; but the dealer does not lose the entire amount of this exchange if his funds or property are at the point where the bill is payable, as it should be; he saves the time and cost necessary to transmit his funds back. We have taken some few bills

having over six months to run, but for most of the year we restrict the time to four months.

Answer to question 11. It frequently occurs that persons purchasing up the stock, or packing provisions, get notes discounted, and when their property goes to a distant market those notes are taken up by a bill, as mutually agreed on when the loan was made. The party owing, however, in all cases would have the right to sell his bill to others, and pay the bank the money.

Answer to question 12. We never make calls on debtors for the purpose of forcing them to sell the bank a bill; we consider bills only desirable when they are based on the real transactions and trade of the country.

Answer to question 17. They are not. The quarterly returns from all the branches containing, in alphabetical order, the name of every debtor, either as principal or surety, on "bills of exchange," notes discounted, or suspended debt, with a like statement of all the debtors at the principal bank, are open to your examination and inspection. These lists contain the amount and names of all parties indebted on the 1st January, 1850, to this bank and branches.

Answer to question 21—

In the name of the Commonwealth of Kentucky, 7,000 shares,	\$700,000
In the name of the Board of Education, 735 shares -	73,500
In the name of the Commissioners of the Sinking Fund, 2,399 shares -	239,900
Total -	<u>1,013,400</u>

Answer to question 25—

Vigil McKnight, President	-	-	111 shares.	} Directors on the part of the State.
Dr. U. E. Ewing	-	-	10 shares.	
James Trabue	-	-	10 shares.	
John I. Jacob	-	-	16 shares.	} Directors on the part of the private stockholders.
D. S. Benedict	-	-	10 shares.	
Andrew Buchanon	-	-	10 shares.	
David L. Beaty	-	-	12 shares.	
Isaac Everett	-	-	10 shares.	
Tho. Smith, (of New Castle, Ky.)	-	-	10 shares.	

Answer to question 26. One individual residing in Virginia holds 1,175, and is the largest private stockholder.

Question 29. To what extent have your bank and branches been unable to meet the wants of the community asking for accommodations on good paper, either by notes or by bills of exchange?

Answer. This bank and branches have occasionally, for a short period, been unable to take all the good bills and notes offered. They cannot always keep a fund on hand unemployed to meet those large demands, which are generally most urgent in the months of December and January.

In seasons of great excitement in the sale and purchase of produce, the number of speculators multiplies very rapidly, and the sales from one dealer to another, each producing notes or bills of exchange, makes an amount of what may be esteemed good paper, that no prudent system of banking could safely discount all of. Much of this paper, occasionally offered, is made payable at different points within the State, when the property on which it is predicated is intended for distant markets out of the State.

There are frequent applications for loans, by persons who may be very solvent, but their condition and punctuality being unknown to the directors, and the uncertainty as to the time at which such loans would be repaid, makes it necessary to limit the discounts on such applications.

The banks in Kentucky are in the habit of taking paper having longer to mature than is usual with most of the banks in other States. When the long bills are purchased in the summer, and mature in the months of November, December, and early in January, payable in New Orleans, or the eastern cities, to a limited extent, it is beneficial, by giving a large fund at the season and place where most wanted, to furnish an eastern or southern fund to pay for our imports, and meet the dividends and State interest—of which so much is held abroad—as to require a large fund at New York in July and January each year; but to take such paper payable at other periods, produces, to some extent, the apparent inability to supply the wants at the season referred to—when the demand becomes larger than was anticipated. But after a careful examination of the business of this bank and branches, we think it will appear that the prudent and reasonable wants of all classes have been as nearly supplied as it is possible to do, and that it would be found entirely impracticable with any amount of bank capital to do more, without probable injury to both the borrowers and lenders.

Question 30. Could or not an increase of banking capital be made by the incorporation of another bank in this State without endangering the safety of your bank in its credit, or in the value of its currency; and could or not it be done without diminishing the amount of your dividends? And if so, to what extent might such an increase be carried?

Answer. Believing that the incorporation of another bank in this State, at this time, would prove prejudicial to the interest of the State as a large stockholder in the present banks, and tend rather to diminish than to increase the banking facilities now so generally diffused to all classes, it may not be out of place to make a careful examination of the past and present condition of our own banks, and also to notice those of other States.

The amount of banking capital now in this State, in the three banks of circulation, (all paid up in cash by the State and foreign stockholders, or domestic stockholders who are not borrowers,) is \$7,130,000. These banks have now in circulation bank notes to near seven millions of dollars—\$6,683,524 on the 1st January, 1850.

The loans and discounts in notes and bills of exchange, State and city bonds, suspended debt, and real estate taken for debts, are as follows:

In the Bank of Kentucky and seven branches	-	\$6,020,037	92
Northern Bank and four branches	-	4,413,415	94
Bank of Louisville and two branches	-	1,943,247	58
Making the aggregate loans and investments of	-	<u>12,376,701</u>	<u>44</u>

Of this sum, there is less than half a million of State and city bonds, leaving near twelve millions of banking facilities by all the banks named.

During the inflation of the currency, from 1835 to May, 1837, which resulted in the first suspension of specie payments, the highest circulation of all the banks above named was in February, 1837, and amounted to

\$4,812,590; and the amount was reduced to less than four millions before the suspension in May, 1837.

In the year 1838, the banks all resumed specie payments, having an aggregate circulation of about four millions. After the resumption of specie payments in 1838, the banks increased their circulation up to the sum of \$5,418,320 on the 1st of January, 1839. The circulation of the banks returning rapidly for redemption, and the general embarrassment of all classes, produced in no small degree by excessive bank capital, incorporated in most of the States, brought on the suspension of specie payments by all the banks south of New York in October, 1839. The prostration of public and private credit, the bankruptcy of thousands, and the failure of banks that followed before the resumption of specie payments in 1842, are too fresh in the memory of all to be soon forgotten; and the States that attempted to relieve the pressure for money of their people by the creation of more banks in the States of Illinois, Mississippi, Arkansas, and Alabama, broke down all the new banks, which carried with them, in the general ruin, all the old banks in each of the States named. Tennessee, also, made a new bank, which so affected the credit and business of all, that their credit has not recovered from the shock.

The banks of Kentucky, from the suspension in 1839, went on preparing for resumption until June, 1842—the circulation having been reduced below three millions. The report of all the banks, at the close of the year 1842, showed an aggregate circulation of only \$2,801,219. Since that period there has been a gradual increase each year, being now about a half million more than it was on the 1st of January, 1849, and more than double the amount that all the banks had in circulation on their resumption in 1842. The data from which these statements are drawn will be found in the several bank reports made to the legislature from year to year, and must afford strong presumption that the increased wants of the trade and business of the country have been fully met by the present banks; it should also be remembered that the past few seasons have been those of more than average prosperity, and of course the profits of the present banks have been greater than could with confidence be anticipated in a series of years to come, even if there should be no additional banks created.

The banking capital of this and some other States, and the amount of bank notes in circulation, from the last official returns furnished to the "Banker's Magazine," published in Baltimore, are as follows:

	Capital.	Circulation.	Date.
Kentucky—3 banks of issue and 13 branches.....	\$7,130,000 00	\$6,683,524 00	January, 1850.
Indiana—13 branches.....	2,082,874 00	3,552,210 00	Decem., 1849.
Missouri—1 bank, with 5 branches.....	2,208,167 00	1,264,480 00	August, 1849.
Ohio—56 banks and branches.....	7,029,187 00	8,052,612 00	August, 1849.
Michigan.....	660,000 00	.....	.....
Alabama, Mobile.....	1,500,000 00	.....	.....
Georgia—18 banks and branches, omitting capital in railroad.....	3,319,840 00	2,257,000 00	October, 1849.
North Carolina—18 banks and branches.....	3,525,000 00	.....	.....
Tennessee—20 banks and branches.....	8,056,800 00	5,512,889 00	.....
Maine—31 banks (1848).....	2,920,000 00	2,252,764 00	October, 1849.
New Hampshire—20 banks (1848).....	1,890,000 00	.....	.....
Vermont—22 banks (1848).....	1,626,190 00	.....	.....
Massachusetts—113 banks (1848).....	33,285,000 00	.....	.....
Connecticut—33 banks (1848).....	8,985,916 00	4,511,571 00	.....
New York—179 banks.....	44,330,553 00	.....	.....
Pennsylvania—51 banks.....	17,712,870 00	.....	.....
New Jersey—25 banks.....	3,690,700 00	2,410,000 00	January, 1849.
Delaware—8 banks.....	1,390,000 00	.....	.....
Maryland—23 banks.....	8,930,742 00	2,567,379 00	January, 1849.
Virginia—35 banks.....	9,714,970 00	.....	.....
Louisiana—6 banks.....	17,663,300 00	4,251,337 00	October, 1849.

Illinois, Arkansas, Mississippi, and Florida, some years since having put all their banks in liquidation; gives at this time a field for the business and circulation of the banks in other States most convenient to them, or with which they may trade. This field cannot be relied on for any period of more than a year or two to come. Should the banks in other States find advantage in giving a currency to those States having none, the destitute States will soon establish banks of their own.

In the States of Massachusetts, New York, Louisiana, and Pennsylvania are the great commercial cities, in which the foreign trade and commerce of the whole Union are concentrated, and where also the products of American manufactures and agricultural products are exchanged; and the banking capital in New York, Boston, Philadelphia, and New Orleans, employed in this vast trade, can form no proper basis to estimate the point to which the banking capital of Kentucky could with safety, profit, and prudence be increased.

The State of Indiana, with a larger population, their agricultural products, manufactures, and trade but little short of ours, has less than one-third of the amount of banking capital, and only about one-half the amount of bank notes in circulation.

Ohio, with a population, commerce, and manufacturing interest, &c., more than double that of Kentucky, has only about the same amount of bank capital, and their bank note circulation but little over each of those States last named having no slave population. The laborer is paid his wages either daily, weekly, or monthly, and in turn having to pay mostly cash for the necessaries for the support of themselves and families,

produces a demand for a much larger circulation than exists where the laborer is owned by the possessors of the soil, or is paid for at the end of the year.

Tennessee, perhaps, approximates nearer to Kentucky, in its population, products, trade, and commerce, than any other State. In consequence of running their banking system too far—which was but little beyond ours—the value of their bank stocks has been reduced to about fifty cents on the dollar paid in. One bank at Memphis exploded a few years since, with the entire loss of its capital, and its notes not yet redeemed. To relieve themselves from this excessive banking, it is now urged that they liquidate their State bank, with a capital of nearly three millions, which will reduce their capital to about five millions, in order to attain a more healthy condition.

The State of Kentucky holds, in all the present banks, stock to the value of about one and a half million of dollars. This stock, with its dividends, makes the principal item in the effects of the sinking fund, for the payment of the interest on the debts of the State, and the final redemption of the principal. There is, perhaps, no other State in the Union where banking facilities are so generally diffused to all classes and occupations, and at rates so low to the borrower and dealer. Our bank notes are received and held in nearly all the States in the valley of the Mississippi with perfect confidence; and whilst enjoying these advantages, to launch forward in the creation of more banks, would most probably *diminish* the amount of bank notes which all the banks are able to circulate—impair, to some extent, the credit of the present banks and those created—get up a spirit of speculation—reduce their means of doing the healthy business of the country—curtail their dividends, without coming as near supplying the legitimate wants of the country as is now being done.

All which is respectfully submitted.

VIRGIL McKNIGHT, *President.*
GEO. C. GWATHMEY, *Cashier.*
D. S. BENEDICT,
JAMES TRABUE,
JNO. I. JACOB,
Committee of Directors.

JANUARY 23, 1850.

STATE OF KENTUCKY, *Jefferson coun'ty, sct:*

This day the president and cashier of the Bank of Kentucky, who have signed the above, personally appeared before me, a notary public for the county and State aforesaid, and severally made oath that the statements here made are true, to the best of their knowledge and belief. Given under my hand the day and date above.

PHIL. R. THOMPSON,
Notary Public.

THE SOUTHERN BANK OF KENTUCKY.

IN THE SENATE OF KENTUCKY, JANUARY 17, 1849.

Mr. GREY, from the Committee on Banks, made the following report:

The Committee on Banks, to whom was referred a bill which had been reported to the Senate from a select committee, entitled "An act to amend an act to establish the Southern Bank of Kentucky," respectfully ask leave to submit to your honorable body a report in writing. By reference to the report of the second auditor of Kentucky, it will be perceived that the southern portion of this State, usually called the "Green River country," and including those counties west and south from Salt river and "Muldraw's hill," (it being that region of the State in which the "Southern Bank" is intended to operate,) contains taxable property to the valuation of about eighty millions of dollars; whilst the valuation for the whole commonwealth is only about two hundred and seventy-two millions. Those same counties have also more than 60,000 of the 140,000 qualified voters of the State. This vast region of country, equal in wealth to nearly one-third of the whole State; paying annually into her treasury almost one-third of the State's revenue; having also about one-half of the qualified voters, and constituting quite half of the territory of this commonwealth, has set apart for its portion only about one-eighteenth part of the banking facilities of Kentucky. At present there is employed—

At the branch bank at Hopkinsville	-	-	\$250,000 00
Do Bowling Green	-	-	175,000 00
Do Greensburg	-	-	125,000 00
Do Paducah	-	-	100,000 00
			<hr/>
			650,000 00

The aggregate capital of the three principal banks, located at Louisville and Lexington, will, by reference to their charters, be found to be as follows:

The capital stock for the Bank of Kentucky	-	-	\$5,000,000 00
Do Northern Bank	-	-	3,000,000 00
Do Bank of Louisville	-	-	2,000,000 00
			<hr/>
			10,000,000 00

The capital used in the several branches of these principal banks is—

In the branch at Lexington	-	-	\$650,000 00
Do Frankfort	-	-	350,000 00
Do Maysville	-	-	450,000 00
Do Danville	-	-	220,000 00
Do Louisville	-	-	600,000 00
Do Paris	-	-	370,000 00
Do Covington	-	-	250,000 00
Do Richmond	-	-	150,000 00
Do Flemingsburg	-	-	100,000 00

This great inequality in the moneyed facilities afforded by the State to commercial and other industrial pursuits, cannot be claimed because of any superiority of geographical position for the more favored sections, nor either from the natural course of trade and commerce. The most wise and advantageous use to which bank accommodations can be applied, is towards building up manufactures, and in facilitating the transportation to the more valuable markets for our varied agricultural and mineral productions. The superior advantages and peculiar adaptation for manufactures of those portions of this State situated upon the upper Cumberland and upon Green river, and in the counties of Trigg, Caldwell, and Livingston, will be readily conceded by all who are correctly informed of the extensive beds of coal lying in those counties; and also, of their rich and inexhaustible iron ore, their dense and valuable forests, and boundless water-power. All these important and unrivalled advantages point out those counties as the great manufacturing regions of this great and growing commonwealth. That the organization of the Southern Bank and its branches will facilitate the development of the wealth and valuable resources of this vast portion of the State, your committee cannot entertain a doubt. The citizens of the "Green River country" did, in the month of September, 1838, hold a general convention, in which all their interests were fully and ably represented, and at which they resolved to petition the succeeding General Assembly for an increase of banking capital. In accordance with that resolve, they, at that date, respectfully represented, that the want of sufficiency of moneyed facilities for the south of Green river had depressed their commercial enterprises, reduced the value at home of their agricultural and mineral productions, extensively and ruinously prejudiced the growth of their manufacturing interests, and retarded greatly the prosperity and advancement of that portion of the State. Acting upon these representations, the legislature, at the session of 1838, granted a charter for establishing the "Southern Bank of Kentucky," and authorizing the principal bank and four branches to be located south of Green river, and three branches north of Green river.

The disastrous circumstances which surrounded the period of the date of its charter; the suspension of specie-payments by many of the banks; the repudiation of their bonds by many of the States of the country; and the general prostration of trade, of commerce, and of credit, rendered it impossible at that day to obtain the stock, and at that time to put into operation the "Southern Bank of Kentucky." It is now represented to your honorable body, that with some slight, and, as your committee conceive, unobjectionable amendments to the original charter, the stock can and will be subscribed, and the principal bank and branches now be put into operation.

V.

MISSOURI.

Statement of the condition of the Bank of Missouri and branches, December 31, 1849.

RESOURCES.		
Bills discounted.....		\$2,110,329 48
Exchanges matured.....		361,545 07
Exchanges maturing.....		495,094 30
State of Missouri (account current).....		115,640 91
Loan to State of Missouri (pay of volunteers).....		4,276 93
Real estate.....		114,175 13
Bills receivable (sale of real estate).....		22,848 27
Suspended debt.....		155,643 57
Expense account.....		19,084 88
Protest account.....		222 32
Due from banks.....		28,820 84
Bank notes on hand.....		36,820 00
Warrants on State treasurer, Missouri.....		2,435 70
Certificates, Bank of Illinois.....		191,538 33
Gold and silver coin on hand.....	\$1,902,986 89	
Funds abstracted, as ascertained 11th of August, 1839.....	120,961 62	
		2,023,947 71
		5,682,423 44
LIABILITIES.		
Capital stock paid in owned by the State.....	954,205 22	
Capital stock paid in owned by individuals.....	254,546 61	
		\$1,208,751 83
Due depositors.....		1,372,881 05
Unclaimed dividends.....		4,407 67
Interest and exchange.....		186,674 67
Contingent fund.....		147,126 27
Circulation.....		2,594,790 00
Suspended account.....		17,637 98
Due to banks.....		150,153 77
		5,682,423 44

The Bank of Missouri, at St. Louis, has branches at Fayette, Palmyra, Jackson, Springfield, and Lexington.