

Such outstanding circulation is used by the associations formed by the stockholders of safety fund banks to succeed the expired safety fund banks respectively, and the association is thus relieved to that extent from procuring other registered circulation by the deposite of securities in this department. There is no direct legal obligation on the part of the new banking association to redeem such bills, unless it is under the contract of sale existing between the new association and the trustees of the expired corporation, and that obligation must necessarily be worked out through the intervention of such trustees. The notes being thus continued in circulation by the new banking association for its own immediate benefit, after the expiration of the charter of the bank by which they were issued, it would be right that such association should be made directly and immediately responsible for their redemption, and the personal liability of its stockholders under the provisions of the constitution be made to attach therefor. The advantage gained by the stockholders of the new association is more than a compensation for the risk encountered by its guaranteee, and they should not be allowed thus to use and issue that for their own immediate benefit which they will not thus guarantee.

The associations using such circulation should be required, in their quarterly reports, to state the amounts of such notes in circulation and held by them; otherwise their reports do not exhibit the true amount of the circulation issued and used by them.

The statute, chapter 138 of the laws of 1854, has prescribed a limit of three years, within which the outstanding circulation of an expired safety fund bank must be returned to the bank department to be destroyed, one-third in each year.

On the 1st day of May last, the first year provided in the act expired as to all the safety fund banks whose charters had terminated before the passage of the act. At that time the provisions of the act were fully complied with by the trustees of such institutions. As to the banks whose charters have expired since the passage of the act, the first year will terminate as to five of them on the 1st of January, 1856, two in the month of June, 1856, and two on the 1st of July, 1856.

This law wisely creates a limit to the use of the currency, and thereby to a certain extent, at least impliedly, if not directly, sanctions its use. This fact cannot lessen, but rather increases, the obligation of the association using such circulation for its own purposes, to secure it as suggested above.

## H.

TRENTON, N. J., February, 19, 1856.

SIR: I have the honor to enclose herewith a tabulated statement of the banks of New Jersey, showing their condition on the first day of the present year. It includes all the banks.

There are six banks operating under the general banking law; the rest have special charters, with the stockholder liability for the circulation, which is esteemed a better security for it than that of stocks and mortgages. The tendency of the free-bank system in this State has been to encourage the issue of notes of the smaller denominations, which you properly condemn in your recent report to Congress, and in which opinion you have the support of all intelligent bankers who look to the preservation of a sound currency throughout the whole of the United States.

The root of the evil is in the State of New York, with her detestable system, which should be struck at by an excise, or some such stringent measure, under the authority of the Union.

I am, very respectfully, your obedient servant,

PHIL'N DICKINSON.

Hon. J. GUTHRIE,  
Secretary of the Treasury.

