

Statement of the operations of the Bank of the State of Arkansas, from its commencement to this day.

1837				
June 12	Received from William E. Woodruff, Esq., treasurer of the State of Arkansas, 1,000 bonds, of \$1,000 each, amounting to \$1,000,000, of which there has been endorsed for negotiation and sale, as provided for in the 17th section of the charter, 300 bonds, and of these 100 have been sold leaving for negotiation and sale 900 bonds, amounting to			\$900,000 00
July 8	The amount of sales of State bonds, per 17th section of the charter			\$100,000 00
31	Received from the State treasurer, on account of the surplus revenue, being a part of the capital, per 13th section of the charter, as follows:			
	Specie	\$90,000 00		
	Kentucky bank notes	33,000 00		
	Cincinnati (Ohio) bank notes	33,000 00		
			\$156,000 00	
Aug 8	Received from treasurer, on account of surplus revenue, Commercial Bank bank notes, New Orleans, Louisiana	\$16,800 00		
24	Received from State treasurer's drafts on New Orleans	17,000 00		
			33,800 00	
	Received from State treasurer, on account of surplus revenue, United States Treasury draft on Planters' and Agricultural Banks at Natchez, Miss., and received in their bills	\$95,583 83		
Oct. 19	Received from treasurer, on account of surplus revenue, in New Orleans and other bank notes	772 66		
			96,356 49	
Aug. 12	Received from treasurer, on account of the 5 per cent. on sales of public lands	\$10,535 00		
Oct. 9	Received from treasurer, on account of the 5 per cent. on sales of public lands	9,200 00		
23	Received from treasurer, on account of 5 per cent. on sales of public lands, and November 10, received from treasurer	6,990 00		
			26,725 00	
Aug. 22	Received from treasurer, on account of seminary fund		96 30	
22	Received from treasurer, on account of saline fund, per 13th section of the charter	\$27 50		
Oct. 30	Received from treasurer, per saline fund	100 00		
			127 50	
				\$26,984 80
	Total means derived from State deposits			\$413,105 29

Aug. 9	Notified president of the branch bank at Fayetteville, and set apart, for delivery to the order of the board of that branch, to put the same in operation			50,000 00
Sept. 7	Delivered president of the branch bank at Batesville, to put that branch in operation			50,000 00
	The amount of deposits in this bank by State agents, in specie and United States Treasury warrants and current bank notes			13,886 45
	The amount of deposits by the United States agents, in specie, as special deposits for safe keeping			150,000 00
	The amount of deposits by other depositors, in specie and Treasury warrants and current bank notes			55,911 12
	Total amount of deposits			219,797 57
	The amount of circulation of bills payable after 12 months from 8th August last			91,255 00
	The amount of circulation of bills payable on demand			

[Doc. No. 79.]

SS 324

	November 10, received from treasurer	6,990 00		
Aug. 22	Received from treasurer, on account of seminary fund		26,725 00	
22	Received from treasurer, on account of saline fund, per 13th section of the charter	127 50	96 30	
Oct. 30	Received from treasurer, per saline fund	100 00		
			127 50	
				26,984 80
	Total means derived from State deposits			413,105 29

Aug. 9	Notified president of the branch bank at Fayetteville, and set apart, for delivery to the order of the board of that branch, to put the same in operation		50,000 00	
Sept. 7	Delivered president of the branch bank at Bateryville, to put that branch in operation		50,000 00	
	The amount of deposits in this bank by State agents, in specie and United States Treasury warrants and current bank notes		13,886 45	
	The amount of deposits by the United States agents, in specie, as special deposits for safe keeping		150,000 00	
	The amount of deposits by other depositors, in specie and Treasury warrants and current bank notes		55,911 12	
	Total amount of deposits			219,797 57
	The amount of circulation of bills payable after 12 months from 8th August last		91,255 00	
	The amount of circulation of bills payable on demand		8,310 00	
	Total circulation			99,565 00
	The amount of specie belonging to this bank, including Treasury warrants equivalent to specie		211,033 14	
	Total amount of specie, including deposits now in bank, is			361,033 14
	The amount of notes and bills under discount is		322,141 98	
	The amount of discount received on loans and premiums on exchange is		16,433 15	
	From which deduct expenses of the bank—being for plates, for printing bank paper, bank books, rent, fitting banking-house, and furniture for same, stationery, transportation of specie, officers' salaries, clerical assistance, &c.	\$7,972 87		
	And this amount, bills for which not having been presented—being for plates, for printing bills of exchange, cashier's checks, &c., and expenses of negotiating State bonds, purchasing and transportation of books, &c., amounting to, say	900 00		
	Total expenses		8,872 87	
	Which, deducted from profits, leaves a nett gain to the State of			7,560 28

JACOB BROWN, *President State Bank.*

[Doc. No. 79.]

Dr.

General Exhibit of the affairs of the Bank of the State of Arkansas, at Little Rock.

Cr.

Amount received as part of capital from sale of State bonds	\$100,000 00		Amount of bills and notes discounted	\$22,141 98
Surplus revenue of the United States	286,156 49		Specie capital furnished the Batesville branch	50,000 00
Five per cent. fund on sale of public lands	26,725 00		Amount of specie on hand, per cash book	\$145,233 14
Seminary fund	96 30		Amount of United States Treasury warrants on receivers of public money, payable in specie	47,800 00
Saline or salt-spring fund	127 50		Balance due by United States Treasurer, in specie	18,000 00
		\$413,105 29		
Amount of circulation, viz:			Total of specie and its equivalent	211,033 14
In notes payable on demand	8,310 00		Balance due by United States Bank at Philadelphia	1,845 35
In notes payable 12 mos. from Aug. 8	91,255 00		Balance due by Commercial Bank at New Orleans	4,991 67
		99,565 00	On hand, in Kentucky, New Orleans, and other notes	916 00
Amount due State House fund \$10,000 00				
Amount due E. Cross, sur. gen. 3,790 00				
Am't due W. E. Woodruff, treas. 96 45				
	13,886 45			
Due to individual depositors	23,441 12			
Due (in notes) to Merchants' Bank, Balt.	1,470 00			
Special deposits, branch at Batesville	31,000 00			
		69,797 57		
Balance of profit and loss for gain, viz:				
Cr. Received for discount and premiums	16,433 15			
Dr. Expended in rent and outfit of banking-house, purchase of bank-note plates and paper, books and stationery, officers' salaries, &c.	7,972 87			
		8,460 28		
		590,928 14		
				7,753 02
				590,928 14

NOTE.—In addition to the above amount of specie, there has been placed in bank, by a disbursing officer of the United States, the further sum of \$150,000, but which, being deposited solely for safe keeping, is not entered on our books, or included in the above statement.

[Doc. No. 7911]

BANK OF THE STATE OF ARKANSAS, City of Little Rock, November 6, 1837.

J. H. CREASE, Cashier.

Oct. 8	Received in New Orleans
Oct. 24	Received in notes and cl.
Aug. 24	Received in bank notes
Nov. 10	Received in specie
Oct. 19	Received in specie
Sept. 12	Treasury draft on New Orleans
Oct. 19	Treasury draft on New Orleans
July 31	In specie
Aug. 31	In bank notes
Aug. 31	In New Orleans bank in Planters' and Agricul. in New Orleans and out.

The amount and description and embraced in it.

The amount and description of funds received from the State treasurer, and embraced in the foregoing statement, were as follows.

1837.		SURPLUS REVENUE.		
July 31	In specie Bank notes	\$90,000		
		66,000		
Aug. 8	In New Orleans bank notes and check		\$156,000 00	
24	In Planters' and Agricultural Bank notes		33,800 00	
Oct. 19	In New Orleans and other bank notes		95,583 83	
			772 66	
				\$286,156 49
		ON FIVE PER CENT. FUND.		
Sept. 12	Received in specie			
Oct. 9	Treasury draft on New Orleans		10,535 00	
21	Treasury draft on Natchez		9,200 00	
Nov. 10	In specie		4,600 00	
			2,390 00	
				26,725 00
		SEMI-ANNUAL FUND.		
Aug. 24	Received in bank notes and change			96 30
		SALINE FUND.		
24	Received in notes and change		27 50	
Oct. 8	Received in New Orleans bank notes		100 00	
				127 50

590,928 14

J. H. CREASE, Cashier.

BANK OF THE STATE OF ARKANSAS, City of Little Rock, November 6, 1837.

8,460 28

590,928 14

AS.
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 whereby the public may
 a measure of expediency;
 e part of said bank and
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 with adopt that measure.

R 1—Continued.

Dr. *General exhibit of the Principal Bank of the State of Arkansas, at Little Rock, November 11, 1839.* Cr.

Amount of capital arising from sale of State bonds, including dividend declared	\$396,900 00		Amount of bills and notes discounted	\$720,529 25
Amount derived from surplus revenue, and other State deposits (received under the charter as capital)	354,988 09		Outstanding admitted balances due by the branches, for expenses advanced to put them in operation	9,269 55
Due to depositors in specie - \$8,000 00		\$751,888 09	Real estate paid on account of banking-house and lot	21,803 94
Due to depositors in current notes 69,339 96*	77,339 96		Due by eastern banks	\$56,867 35
Due to banks in current notes -	8,459 20		Due by banks in this and the neighboring States	13,310 34
Total amount of circulation		85,799 16	Amount of specie in the vault	75,454 64
Amount of contingent fund reserved from dividend		43,420 00	Amount of post office drafts	1,223 53
Amount of profit for the present year, arising from premium and discounts received, after deducting expenses of the bank to the present date, and interest paid on State bonds to 1st July		16,558 34	Amount of notes of other (solvent) banks	30,670 00
		31,463 01		107,348 17
		929,128 60		929,128 60

* A portion of this deposit is made in anticipation of curtail and interest on notes of the depositors, and will be absorbed (to the credit of the bank) so soon as said notes arrive at maturity.

J. H. CREASE, Cashier.

Doc. No. 1791

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R 1—Continued.

DR. *General exhibit of the affairs of the Branch of the Bank of the State of Arkansas, at Arkansas, Oct. 31, 1839.* CR.

Capital stock	-	-	\$250,000 00	Bills, bonds, and notes	-	-	\$241,567 16
Stock deposite	-	-	\$1,123 60	Specie and equivalents	-	\$33,957 46	
Due other banks	-	-	2,870 73	Due by other banks (eastern credits)	-	34,286 76	
Individual deposites	-	-	4,603 08	Arkansas bank notes	-	895 00	
Circulation	-	-	48,775 00	Other bank notes	-	240 00	69,379 22
Profit and loss	-	-	3,573 97				
			60,946 38				
			310,946 38				310,946 38

LUTHER CHASE, *Cashier.*

DR. *General exhibit of the Branch of the Bank of the State of Arkansas at Batesville, November 1, 1839.* CR.

Amount of capital stock	-	-	\$250,000 00	Amount of bills and notes discounted	-	-	\$220,227 00
Total amount of circulation	-	-	\$52,700 00	Real estate, banking house and lot	-	-	5,493 00
Due to depositors	-	-	10,202 00	Due by the North American Trust and Banking Company, New York	-	-	34,046 00
Profit and loss, for gain up to this date	-	-	7,999 00	Specie in bank	-	\$55,812 00	61,195 00
			70,961 00	Notes of other (solvent) banks	-	5,383 00	
			320,961 00				\$20,961 00

J. RINGGOLD, *Cashier.*

R 1—Continued.

DR. *General exhibit of the Branch of the Bank of the State of Arkansas at Fayetteville, October 25, 1839.* CR.

Amount of capital stock	-	-	\$250,000 00	Bills and notes discounted	-	-	\$362,293 94
Amount due to depositors	-	-	\$75,176 57	Specie on hand	-	\$98,875 37	
Total amount of circulation	-	-	156,355 00	Notes of other banks	-	2,125 00	
Profit and loss	-	-	231,531 57				

468

Doc. No. 172.

Due to depositors	10,342 00		Due by the North American Trust and Banking Company, New York	\$55,812 00	34,010 00
Profit and loss, for gain up to this date	7,999 00	70,961 00	Specie in bank	5,383 00	61,195 00
			Notes of other (solvent) banks		320,961 00
		320,961 00			

J. RINGGOLD, Cashier.

R 1—Continued.

DR. *General exhibit of the Branch of the Bank of the State of Arkansas at Fayetteville, October 25, 1839.* Cr.

Amount of capital stock		\$250,000 00	Bills and notes discounted		\$362,293 94
Amount due to depositors	\$75,176 57		Specie on hand	\$98,875 37	
Total amount of circulation	156,355 00	231,531 57	Notes of other banks	2,125 00	101,000 37
Profit and loss	-	15,660 36	Banking-house and real estate		7,142 15
			Due by the North American Trust and Banking Company, New York	17,685 04	
			Due by other banks	9,070 43	26,755 47
		497,191 93			497,191 93

WM. McK. BALL, Cashier.

Doc. No. 172.

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		Principal bank	\$720,529 25	
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	\$1,501,888 09	Branch at Fayetteville	362,293 94	
Notes in circulation:			Specie on hand:		
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	301,310 00	Branch at Fayetteville	98,875 37	
Amount due banks and depositors:			Balances due, and notes of other banks,		
Principal bank (\$8,000 in specie)	85,799 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	179,775 14	Branch at Batesville	34,046 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:			Real estate:		
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	58,696 34			31,439 09
		2,058,227 91			2,058,227 91

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

Extract from the message of the General Government, and two millions of dollars in six stock to that amount in the five per cent. bonds, sold to the Union Bank: amounting in all and eighty-two thousand three cents; and the annual interest amounts to the sum of three hundred and thirty thousand dollars to preserve the honor of the State of the last importance that the places designated, and ample principal. It is usually match provide the means of payment. My recorded votes on the floor during the canvass preceding that I never was in favor of

By bills receivable (bills and By real estate (lots for bank) By amount due from banks By cash—specie notes of other banks

To capital stock (including To bills payable (notes in To deposits (including am To profit and loss (net gain

Statement of the condition of Arkansas, on

Doc. No. 179

470

R 2.

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

DR.

To capital stock (including profits to 31st October last)	\$355,164 14
To bills payable (notes in circulation)	102,320 00
To deposits (including amount due to banks)	27,443 53
To profit and loss (net gain since October 31st last)	10,849 56
	<hr/>
	\$495,777 23

CR.

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
notes of other banks	31,295 00
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	60,003 97
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	\$495,777 23

C. A. HARRIS, *Cashier.*

S. I.

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

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

2,058,927 91

58,090 34

2,058,927 91

15,660.36

branch at Fayetteville

Dr. Condensed statement of the Bank of the State of Arkansas, and Branches, November 1, 1839. Cr. R 1--Continued.

To capital stock: Principal bank (including dividend) Branch at Arkansas Branch at Batesville Branch at Fayetteville	\$751,888 00 250,000 00 250,000 00 250,000 00	\$1,501,888 00	By bills and notes discounted: Principal bank Branch at Arkansas Branch at Batesville Branch at Fayetteville	\$720,520 25 211,567 16 220,227 00 363,203 91	\$1,511,617 35
Notes in circulation: Principal bank Branch at Arkansas Branch at Batesville Branch at Fayetteville	43,420 00 48,775 00 52,700 00 156,355 00	301,310 00	Specie on hand: Principal bank Branch at Arkansas Branch at Batesville Branch at Fayetteville	75,678 17 33,957 46 55,812 00 96,875 37	905,323 00
Amount due banks and depositors: Principal bank (\$8,000 in specie) Branch at Arkansas Branch at Batesville Branch at Fayetteville	85,229 16 8,597 41 10,203 00 75,176 57	179,775 11	Balances due, and notes of other banks, viz: Reserv. Wadsw. Principal bank \$66,867 35 \$53,919 89 Branch at Arkansas 31,365 76 1,135 00 Branch at Batesville 31,046 00 5,383 00 Branch at Fayetteville 17,685 01 11,165 43	110,177 21 35,421 76 30,429 00 96,860 47	913,816 47
Contingent fund reserved by the principal bank out of her dividend declared	-	16,558 34	Real estate: Principal bank Branch at Batesville Branch at Fayetteville	21,803 91 5,493 00 7,142 15	31,439 00
Profit and loss: Principal bank (since last dividend) Branch at Arkansas Branch at Batesville Branch at Fayetteville	31,463 01 3,573 97 7,999 00 15,660 26	58,696 31			9,058,927 91
		\$2,058,927 91			

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

R 2.

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

Dr.	
To capital stock (including profits to 31st October last)	\$355,164 14
To bills payable (notes in circulation)	102,320 00
To deposits (including amount due to banks)	27,443 53
To profit and loss (net gain since October 31st last)	10,849 56
	<u>\$495,777 23</u>
Cr.	
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	\$25,708 97
notes of other banks	31,295 00
	<u>60,003 97</u>
	<u>\$495,777 23</u>
C. A. HARRIS, Cashier.	

S. 1.

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

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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

of their business in such notes in specie in banks in Tennessee and

our honorable body did
 of all her notes in
 remittance to the bank of
 the principal bank came
 were transmitted to
 to co-operate in the re-
 named, (1st October)
 branches declined to
 to resume at the time
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 institution, were by the
 of the general board,
 ready to comply with
 general board might pass
 if the different branches
 section of a committee
 mission in his report,
 rated a branch of this
 capital of \$300,000, to
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 Kansas, at their first
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 other act required of
 will appear by a copy

and spring of 1840,
 Governor,) visited the
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 Bank, and
 General Board.

Dr. A.—Condensed statement of the Bank of the State of Arkansas and branches. Cr.

LIABILITIES.			ASSETS.				
Capital stock:			Bills and notes discounted:				
Principal bank, (including dividend)		\$752,706 29	Principal bank		\$762,313 04		
Branch at Arkansas		250,000 00	Branch at Arkansas		265,174 30		
Batesville		250,000 00	Batesville		253,611 60		
Fayetteville		250,000 00	Fayetteville		398,726 65		
		\$1,502,706 29			\$1,679,825 49		
Notes in circulation:			Specie on hand:				
Principal bank		26,395 00	Principal bank		66,120 90		
Branch at Arkansas		76,425 00	Branch at Arkansas		16,007 31		
Batesville		65,520 00	Batesville		61,135 00		
Fayetteville		218,520 00	Fayetteville		60,550 75		
		386,860 00			203,813 96		
Amount due to banks and depositors:			Balances due from, and notes of other banks:				
	In specie.	Notes.		Eastern.	Western.		
Principal bank	\$10,557 74	\$119,125 14	129,682 88	Principal bank	\$25,509 37	\$94,063 14	119,572 51
Branch at Arkansas		7,973 95	7,973 95	Branch at Arkansas	31,635 90	16,710 69	48,346 59
Batesville	5,605 00	27,253 60	32,858 00	Batesville	4,087 95	30,179 80	34,267 75
Fayetteville		38,257 54	38,257 54	Fayetteville		64,089 40	64,089 40
			208,772 37				266,276 25
Contingent fund reserved by principal bank out of dividend November 3, 1838			16,558 34	Amount due the principal bank for general expenses of general board			406 00
Profit and loss:				Real estate:			
Principal bank, (since dividend)		50,305 20		Principal bank		27,235 26	
Branch at Arkansas		7,437 56		Branch at Arkansas		12,308 31	
Batesville		9,408 82		Batesville		8,772 57	
Fayetteville		23,790 41		Fayetteville		7,201 15	
			90,941 99				55,517 29
			2,205,838 99				2,205,838 99

J. H. CREASE, Cashier Principal Bank,
 and Secretary to the General Board.
 Little Rock, October 31, 1840.

WM. FIELD, President Principal Bank.
 T. FARRELY, President Branch at Arkansas.
 D. W. LOWE, President Branch at Batesville.
 W. L. WILSON, Pres. Branch at Fayetteville.

Doc. No. 111

1085

55 385

Statement of the situation and condition of the Real Estate Bank of the State of Arkansas.

LIABILITIES.

1. Capital stock—		
for State bonds sold	\$1,530,000 00	
for State bonds unsold	500,000 00	
		\$2,030,000 00
2. Bills payable, notes in circulation		609,045 00
3. Due depositors		146,018 35
4. Due to banks		28,308 91
5. Falling due in 1841 and 1842		250,000 00
6. Profit and loss, net gain		18,364 74
		<u>3,081,737 00</u>

MEANS.

1. Bills receivable	\$2,158,869 57
2. Real estate	11,679 00
3. State bonds unsold	500,000 00
4. Due from banks	8,157 97
5. Funds on hand, specie, specie means, notes of other banks, &c.	403,030 49
	<u>3,081,737 00</u>

REAL ESTATE BANK OF ARKANSAS,
Little Rock, November 20, 1840.

BANKS OF MISSISSIPPI.

T 1.

Report of the Agricultural Bank.

At a meeting of the stockholders of the Agricultural Bank of Mississippi, at the banking-house in the city of Natchez, on Thursday, the 26th day of March, 1840, it was

"Resolved, That a committee of five persons be appointed to investigate the condition of the bank, and make a report of the same, to be printed, and sent by the bank to the stockholders, in the form of a circular."

The chairman appointed Stephen Duncan, Francis Surget, James Schott, Samuel Davis, and Jared D. Fyler, on said committee."

The undersigned, in the performance of the duties assigned to them by the prefixed resolution, having carefully and minutely examined the bills receivable and other assets of the bank, and strictly scrutinized the securities, with a view to arrive at a true knowledge of her condition, have great pleasure in reporting as follows:

The amount now to the funds, and the profit and the back interest on the receivable in suit, is

From which deduct as for losses on doubtful and sale of post-notes, and with a view to the discountment debt; on the depreciated funds on hand; and the notes and bonds, not yet For interest on the debt (compound interest incl

Making the aggregate of

And leaving a surplus of (unforeseen) or for future

Thus showing conclusively bank not only to discharge her capital *entire* to her stock

It is known to your committee the condition of the bank, the truth; and that efforts expressions, whose object was and credit. Indeed, your committee of their examination has been

by those who were most severely

It has been most unfortunate while the Executive and the sought to sustain the credit course has been pursued her as of the banks. Your committee banking institutions of other their debts to the public, as

stockholders, than ours, with has a higher value, specie

It is difficult for our banks suddenly public confidence,

ing, when a change so much banks become creditor institu

Your committee believe

comparative degree, nearly liquid amount which remains un

policy has been to allow the afford all the protection in

collections since 1836 have the whole, avails of the prod

due out of the State. It is

collections hereafter will be no them, and thus enable them and domestic, more promptl

ARKANSAS.

Extracts from the Governor's message.

The financial history of the State exhibits a series of blunders. The first legislature under the constitution provided for the levy of one-fourth of one per cent. upon the sworn assessed valuation of such kinds of property as that body saw proper to subject to taxation; which, when the assessment was made, discovered to the executive the prospect of a large surplus, and induced that officer to issue his proclamation for a called session with a view to its reduction, which convened in the following fall.

At the called session, the committee upon "banks" appear to have conferred with that upon revenue, and immediately an idea was entertained (and it must have prevailed pretty generally) that the establishment of a State bank, the property of the State, afforded the means, and, when once put into successful operation, would serve the purpose, of freeing the people from taxation altogether! The levy was consequently fixed at one-eighth of one per cent.; and until the bank should have declared a sufficient dividend for that purpose, the legislature authorized drafts to be drawn upon the surplus revenue of the general government, then deposited with the State; and which, in the body of the charter of the State Bank, was placed as so much capital, and upon the faith of which, as a basis, the directors were authorized to issue the usual amount of circulation.

It appears to have been at least doubted, at the time whether one-eighth of one per cent. would be sufficient to meet the current expenses of the State government, as this provision for drawing upon the surplus revenue affords abundant evidence. The legislature, by the unfortunate connection of the bank with the revenue of the State, set out in the establishment of a system which contained the seeds of its own destruction.

The rapid withdrawal of this surplus revenue, in large amounts of from \$40,000 to \$60,000 annually, to supply a deficiency so great, without any regard to its reimbursement, soon deprived the bank of the use of that deposit upon which she must, judging from the usual and settled policy of banking, have based at least one million of her circulation, thus tending to some extent to destroy, and, with other very palpable causes combined, produced the destruction of that institution, and in no small degree brought dishonor upon the credit of the State.

The almost entire absorption of that fund, at or about the close of the last session of the general assembly, left the State no other means to meet the heavy appropriations then made for the current expenses of government for 1845-'6 (and the payments out of which amount to the sum of \$107,221) than the limited means afforded by a levy of one-eighth of one per cent. on \$20,500,000 worth of taxable property, which produced a sum less than one-half the required amount. The attempt, at the late session, to improve the finances of the State by the issue of treasury notes, calling them par funds, and requiring the payment of all public dues to be made

TARY OF STATE,
January 14, 1847.
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reply that no reports
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y inquiry. Herewith
als of both branches of
since which they have
ur obedient servant,
HEMMINGWAY.

, January 14, 1846.
t of your note of this
may possess in refer-
orted to this office; in
f the State (the Com-
ing the last two years.
gaged solely in liqui-
than that of any other
y so, in its immediate
ll amount of its paper,
State, so far as I am
e of them have been
fore the courts of the
rich has been a judg-
ners to wind them up.

MATTHEWS,
of Public Accounts.

in gold and silver or par funds, in place of worthless bank paper, without providing the necessary means to meet such requirement, was as futile as it was ill advised.

It was upon that occasion—and it was the only one—that I felt it my imperious duty to withhold my assent to a law enacted by that enlightened body. The evil was then in view; and I took occasion to point it out in a special communication, in advance of the passage of the appropriation law to which I allude.

The report of a special committee upon the subject of providing for the deficiency I had foreseen, pointed to imaginary means—the “increase of population and wealth.” The published tabular statements of the auditor of public accounts will prove the fallacy of relying with the least degree of certainty upon such a source; for in 1840 the population of this State amounted to 97,109 souls, and gave a revenue of \$27,514 30. And for 1846 the population amounts to nearly 145,000 souls, yielding a revenue of not more than \$25,000, each being under the same law, without any variation either in the amount of assessment or the character of taxables; this result, however, proceeds mainly from causes of discrimination, by which buildings and other improvements have not been subjected to taxation.

And until this is done, we are not likely to avail ourselves of the progressive advantages of an influx of population, except from the southern States, there being already in the hands of individuals land sufficient for the profitable use and cultivation of thrice the amount of our present population.

The receipts into the treasury from all sources for the two fiscal years preceding the 1st of October, 1846, are as follows, to-wit: Amount paid in for the redemption of forfeited lands, \$2,115 02; by sheriffs and collectors, for the same period, \$47,393 88; and by non-residents, under the act of the 8th of January, 1845, \$2,409 52; making the sum total of \$51,918 42, of which only \$7,381 99 was paid in specie, \$20,392 19 was paid in treasury warrants, and \$24,144 24 in Arkansas bank paper. The latter sum, it will be seen, was paid in under the law operating prior to the 10th of January, 1845, and the discrepancy in the amount received for taxes in treasury warrants and the amount stated as having been redeemed, proceeds from the fact that treasury warrants were redeemed with the amount of specie paid in by collections, \$7,381 99, and the further amount of \$3,780 19 turned over to the land agent in the way of reimbursing the treasury for money obtained therefrom, and expended previously in the location of the 500,000 acre donation, which was provided for by the act of the 10th January, 1845.

By reference to the report of the treasury, it will be seen that the apprehended evasions on the part of tax-payers and their agents, and particularly the collectors of the revenue, have been fully verified, and that less than one-fourth of the revenue under the appropriation law of the 10th January, 1845, has been paid in specie or its equivalent. And in the absence of proper guards, the plain letter of the law has been evaded, by making these warrants receivable for taxes. The sheriffs were compelled to receive them regardless of number and date; consequently we find a portion of the issues of every quarter, up to the last, redeemed, while there remains an unredeemed portion of the issues for each quarter, from first to last; thereby destroying the distinctive and equitable value of warrants between those falling due in a month and those which might not, under the sense of the law, be paid in two years, and thus depreciating the value of such as would

command something except by agents of large who pay through agents footing than our own are necessarily compelled. The free issue of the believed to be most ruin should be no necessity more than could fairly treasury, of actual cash. the principle of “demand but to insure depreciation for exclusive influences a state of depreciation tion.

The producing class the depreciation to a State officers, are alike is a fair salary for a amount of scrip, worth recurs to that portion of such salaries shall neither in office. In the prescription every week—rarely ranges in the middle, either from the representatives, or the penses of the State comparatively low, it would vice of the State to down to a maximum what may be promise and men of superabundance would alone be applicable.

Without laying claim ed to present to your but well suited, I think the abilities of the payable by our present which I find is near a ber of years. One-eighth reduced, in the two fiscal ponding to which for under those of any other to about \$107,221 7. There are individual something like \$30,000 treasury; and the further building the penitence the aggregate of these the outstanding treasury \$100,000 ordinary ex-

command something near par value; by destroying the demand for them, except by agents of large tax-payers, and placing non-resident land holders, who pay through agents, the only purchasers of this scrip, upon a better footing than our own citizens, who, in paying to sheriffs their small amounts, are necessarily compelled to pay in specie.

The free issue of this description of paper beyond a certain limit is believed to be most ruinous to the interests of the State and people. There should be no necessity sufficient to induce the issue of one single dollar more than could fairly be anticipated by the receipts of the year into the treasury, of actual cash, for their redemption. They ought to be based upon the principle of "demand and supply;" but to extend their issue beyond, is but to insure depreciation. Their use as a medium should be deprecated for *exclusive influences* alone, which such a medium must ever exercise in a state of depreciation, as it will remain in that state a subject of speculation.

The producing classes, the tax-payers, ultimately may have to make up the depreciation to a very considerable extent. It is true that they, with the State officers, are alike injured; all to some extent are affected. If \$1,500 is a fair salary for a judge of the supreme court, and he receives that amount of scrip, worth \$750, he feels himself at least disappointed when he recurs to that portion of the constitution of the State which provides that such salaries shall neither be raised nor diminished during his continuance in office. In the present state of our finances his salary is subject to variation every week—dependant upon jobbers in this species of paper, that rarely ranges in the market above one-half its face. If the State is incapable, either from the proper disposition on the part of the people, through their representatives, or the want of ability, to pay in good faith the current expenses of the State government, as now graded, to what it is believed comparatively low, it would doubtless be far more desirable to those in the service of the State to graduate the salary of every State officer and agent, down to a maximum corresponding with the ability to pay in good faith what may be promised, and in which event none could be disappointed; and men of superabundance of wealth, who had the leisure and public spirit, would alone be applicants for such offices.

Without laying claim to financial talents of a high order, I am constrained to present to your respectful consideration a scheme of finance, simple, but well suited, I think, both to the immediate necessities of the State and the abilities of the people. I take \$20,000,000 worth of property, made taxable by our present revenue laws, as a maximum for the last eight years, which I find is near the truth by an inspection of the tables for that number of years. One-eighth of one per cent. upon this valuation has produced, in the two fiscal years now closing, the sum of \$51,918 42; corresponding to which for the same period, the expenditures, although much under those of any other two of the last eight years in the series, amount to about \$107,221 77, exhibiting a deficit of \$55,303 35 for 1845-'46. There are individual judgments now existing against the State Bank for something like \$30,000, which must be provided for, and paid out of the treasury; and the further sum of at least \$40,000 will be required for rebuilding the penitentiary. If paid in four years, \$35,000, or one-half of the aggregate of these two sums, will fall due within 1847-'48, which, with the outstanding treasury notes, amounting to \$37,779 09, added to only \$100,000 ordinary expenses for the two next years current, will make the

enormous sum of \$172,779 09. To meet this, it will be necessary to make a levy upon a wider range of articles of property, embracing buildings and other improvements, ornamental as well as useful, in all our towns and cities, as well as in the country—improvements on confirmed land, and embracing likewise incomes and salaries, which it may be found necessary to subject to a fair proportion of taxation. By these means an additional valuation, it is believed, of \$10,000,000, will be added to the present amount of \$20,000,000, making \$30,000,000, which at a rate of one-fourth of one per cent. will produce the sum of \$75,000 annually, or \$150,000 in two years; a sum much greater than that of 1845-'46, and nearly equal to the actual expenditures of the years 1843-'44, and which, with a judicious curtailment of expenses of bank officers, and special judges, whose services may be dispensed with in two years to come, will produce a surplus sufficient to pay off and redeem the outstanding treasury warrants.

Should the present legislature take the responsibility upon themselves thus to place the finances of the State upon a sound and firm basis, it might be well, in order to give immediate credit to the treasury, to authorize the treasurer to effect quarterly loans of the State land agent of all sums collected on account of the 500,000 acre donation, to be reimbursed as the means of the treasury may justify within the next five years: giving the land agent evidences of debt in the form of scrip, bearing six per cent. interest. By the provisions of the appropriation act of the 10th of January, 1845, the whole of the specie, constituting the principal amount of the balance of the surplus revenue in the State Bank, amounting to the sum of \$32,732 91, was paid out to members of the legislature first, and to the State officers and other creditors afterwards; which sum, together with \$69,333 46, the amount of treasury warrants issued up to the 30th of September, 1846, and \$6,155 40 of the surplus revenue in bank paper under act of the 10th January, 1845; to complete the boundary line, and provide for the insufficiency of the appropriation made on account of the penitentiary, embraces the whole amount of expenditures for the two fiscal years then ending, except small balances due public officers who resided at a distance, and had not drawn for the amount of their quarter's salary.

The amount of warrants redeemed up to the 30th September, 1846, as reported by the treasurer, is \$31,554 37; and assuming that the whole of the revenue for the present year, payable into the treasury on the 10th proximo, will be paid in scrip, or cash for the redemption of scrip, under the law, and which will not vary far from the estimated amount, \$25,000, there will remain of treasury warrants in circulation on the 30th December the sum of \$12,779 09, which will in the next few days, under ordinary issues for current expenses, be again augmented to the former amount.

But should the legislature continue to pursue the ruinous policy of paying off that body, with its necessary expenses, ranging from \$20,000 to \$30,000, in these depreciated "promises to pay," without providing proper and present available means to sustain and give additional credit to this almost worthless paper, its further depreciation will be such as to sink the credit of the State beneath any stretch of calculation. For this purpose, nothing is plainer than the absolute necessity of augmenting the levy and extending the range of taxable articles. Should the representatives of the people be unwilling to assume this responsibility, they will doubtless feel the necessity of making the first move towards the abrogation of

the State government have proven is now, a for the fortuitous circumstance of the surplus revenue. The picture here, of the State, although dark, of a high toned responsibility to the general assembly.

The subject of the present expenses, involving deep concernment to the State, prepared to a responsible disposition to disclaim responsibility upon the ability to grapple with from that responsibility assume.

The history of our operations were based into the Union. into existence.

There were issued bonds of the State, and \$121,336 59 received was regularly paid on since which time, to the enormous sum of bonds, on which payments justly due thereon from is \$44,136 15½, making on account of the Receiver, 1846, the sum of leaves, outstanding principal and interest \$2,139,287 59, with \$1,622,336 59, equal that this bank went in various kinds estimates and notes, and stock we deduct the expense total of circulation the so much of the last September, 1846, the immediately stand responsible at the close of ever, after making due are believed to be correct.

The total number 187,810.89; the appraisal believed high at the leaving a responsibility over two millions.

the State government—a government which, ten years of experience will have proven is now, and would have been at the outset, impracticable, but for the fortuitous circumstances of the distribution by the general government of the surplus revenue among the several States!

The picture here drawn in reference to the immediate finances of the State, although dark, is nevertheless true, and calls for a manly exercise of a high toned responsibility on the part of each and every member of this general assembly.

The subject of the embarrassment of the State in its ordinary and current expenses, involving only thousands, although a matter very justly of deep concernment to every patriot, sinks to insignificance when compared to a responsibility involving that of millions. And without any disposition to disclaim participation in the early inception of this heavy responsibility upon the State and people, and while I acknowledge my inability to grapple with a subject of so much importance, I will not shrink from that responsibility which the nature of my position calls upon me to assume.

The history of our legislature immediately following our admission into the Union informs us of the establishment of two banks, whose operations were based upon the faith and credit of a State then just sprung into existence.

There were issued and sold on account of the Real Estate Bank 1,530 bonds of the State, of \$1,000 each, besides 500 others hypothecated, and \$121,336 59 received thereon. On the 7th September, 1840, interest was regularly paid on the first mentioned bonds up to the 1st July, 1841, since which time, to 30th September, 1846, interest has accumulated to the enormous sum of \$472,815; and as nothing has been paid on 121½ bonds, on which payment was received of those hypothecated, the interest justly due thereon from the date of the hypothecation to the same period is \$44,136 15½, making total amount of interest due on State bonds sold on account of the Real Estate Bank, and unpaid up to the 30th September, 1846, the sum of \$516,951, which, after deducting 29 bonds redeemed, leaves outstanding 1,622½ bonds, or \$1,622,336 59 principal, or, total of principal and interest on account of the Real Estate Bank, the sum of \$2,139,287 59, with a running interest at 6 per cent, on the sum of \$1,622,336 59, equal to \$97,340 19½ per annum; to meet which, we find that this bank went into a state of liquidation in April, 1842, with assets of various kinds estimated at \$2,405,966 15, with accruing interest on bills and notes, and stock notes, amounting to \$1,923,241 39; from which, if we deduct the expenses of winding up the bank, together with the sum total of circulation then outstanding, and add the interest account due on so much of the last mentioned sum as may have accrued up to the 30th September, 1846, the balance will show for what amount the State will ultimately stand responsible, and for which the lands of stockholders will be liable at the close of the charter. This calculation should be made, however, after making due allowance for all bad and uncertain debts, which are believed to be considerable.

The total number of acres mortgaged by subscribers for stock is 187,810.89; the appraised valuation amounted to \$3,380,772 38, which was believed high at the time. The estimated depreciation is \$1,368,212, leaving a responsibility resting on lands under mortgage of something over two millions.

The bank having possession of stock mortgages in her fiduciary capacity, holding them as an agent under a clause in the charter, for all the parties concerned, had no right, in making a voluntary surrender to trustees of her assets for liquidation, to appoint such agents to take the management and control of those mortgages, which in the hands of the trustees have been placed in a state of foreclosure, and in some instances mortgaged property sold at a sacrifice, for the payment of money borrowed of the bank, upon the credit of stock held in that institution. It will be seen by an inspection of the charter that such mortgages were given to the bank, and by the 14th section of the charter were transferred, not by any act of the bank, but by operation of law, going into effect the moment of their execution to the State and bond holders, without providing for the contingency such as happened by the surrender of the assets to trustees. It remains a matter of doubt, now that the bank has ceased to exist with her original powers and privileges under the charter, which party in law shall have the custody, control, and final foreclosure of these mortgages. It is believed that the parties most interested, the State and bond holders, are bound to look to the legislature, the source from whence the bank derived her agency, as possessing the power to confer the same agency upon the trustees, under suitable restrictions, and guarding the rights of bond holders and the State. The main condition should be that the sales of such mortgaged property should be equivalent to the amount of stock, or the balance of stock, after the payment of the whole of the stock money and interest. This power being conferred upon the trustees, would enable them to coerce the payment of stock notes by foreclosure, carrying with them all a clear and legal title, which if not redeemed by the stockholders, would insure from other persons a fair price, and thereby save the State from any considerable loss.

Of the bonds sold on account of the State Bank, amounting to 1,176, there have been 7 returned and 22 redeemed by the bank, leaving outstanding 1,147; 150 of which are bearing interest at the rate of 5 per cent, and the unpaid coupons due thereon up to the 30th September, 1846, make the sum of \$36,715. The remaining 997 bonds are at 6 per cent, and interest on these up to the same date is \$294,165; or total interest \$330,940; or principal and interest on bonds sold on account of State Bank, is \$1,477,940.

The annual accruing interest on the principal of \$1,147,000 is \$67,320. Thus it will be seen at a glance, that, apart from the liabilities of the State on account of current, ordinary, and incidental expenditures of government, the State stands responsible, and has assumed in the most solemn manner (by pledging her faith and credit for the payment of bonds on account of two banks) the enormous sum of \$2,769,336 59, with the accumulated amount of interest thereon of \$847,891, making the grand total of \$3,617,227 59, with an annual accruing interest of \$164,660 19.

To meet the bonds and interest on account of the State Bank, that institution reports bills and notes, and supposed interest thereon, to the amount of \$1,269,608 86 Real Estate Bank paper, and other means \$205,695 36, and real estate and banking houses \$98,064 86; making the sum of \$1,573,369 08, from which may be deducted the sum of \$490,342 50. Of this, \$317,402 21 is on account of uncertain bills and notes, \$5,695 36 is on account of uncertain money, and \$49,032 43 on account of depreciation, being one half of the original cost of real estate and banking houses, and \$118,212 50 being the amount of circulation unre-

deemed; leaving under the supposition of bank officers, with a probable deficiency, to the State Bank. This has reason to fear, in my opinion is strengthened by causes already assigned, plus revenue, which will increase the circulation of the bank, and the payment of all liabilities afforded by mortgages. There has been a withdrawal of branches of the State Bank since 1846, the sum of \$1,000,000 principal during a period of 10 years. A substitution may be adopted, which are supposed to be necessary.

The growing unpopularity of these debts, and, a general assembly of the debtor, and in the branches, and in the prompt payment. The State will in the end save the people of the State, they made themselves responsible for its final settlement. There is already an opinion upon the part of the general assembly, consistent with the charging the deficiency for, but fully satisfied.

And in looking after having point I would further for this purpose the revenue, that the pro after 1st October, payment of the bonds thereon, to an extent exhibited upon the

A continuation may justly subject of those who are to the bank; who such as I have pointed out, and an attention of a lasting

deemed, leaving the probable productive sum of \$1,083,026 58. Thus, under the supposition that the judgments against the bank, and the salaries of bank officers, will continue unpaid by the treasury, there is still a palpable deficiency, to be met by the State, of \$394,913 42 on account of the State Bank. This is believed to be a sum larger in amount than we have reason to fear from loss on the part of the Real Estate Bank. This opinion is strengthened by two very important considerations: first, the causes already assigned in withdrawing, for purposes of the State, the surplus revenue, which represented as a basis a corresponding amount of circulation of the State Bank, and the more reliable guarantee for the full payment of all liabilities to the Real Estate Bank, based upon the security afforded by mortgages on lands of increasing value.

There has been collected by the receivers of the principal bank and branches of the State Bank, from the 6th of April, 1845, to 30th September, 1846, the sum of \$80,567 29, or about one year's interest on the principal during a period of 18 months. The expenses of winding up the institution may be about \$8,000 per annum, to say nothing of costs of suits, which are supposed to be considerable.

The growing uncertainty in collections, taken in connexion with slight manifestations in some portions of the State to repudiate the payment of these debts, and, as is believed, a growing prejudice against the system of liquidating the claims of this bank, induce me to recommend that the general assembly devise some other plan more congenial with the wishes of the debtor, and the immediate interest of the State; either by calling in the branches, or by disposing of the assets to the highest bidder for part, in prompt payment, and the balance on one, two, and three years. The State will in this latter course suffer an immediate nominal loss, but in the end save much by the operation. This is an institution in which the people of the State are alone interested. Through their representatives they made themselves responsible for its creation, its operations, and for its final settlement, and it is now time not only to give an expression of opinion upon the subject, but the time for action has arrived.

There is already a heavy deficiency shown to exist, and it behooves this general assembly to close the concern in the most speedy way possible, consistent with the general safety, and to point to the means of discharging the deficit, which the State must feel itself not only responsible for, but fully competent to discharge.

And in looking to means to meet this heavy and pressing responsibility, after having pointed to the proper means of defraying the current expenses, I would further most earnestly recommend, lest we be tempted to use for this purpose the internal improvement fund, as we did the surplus revenue, that the proceeds arising from the sales of the 500,000 acre donation after 1st October, 1848, be applied in the most profitable way towards the payment of the bonds sold on account of the State Bank, and the interest thereon, to an extent corresponding with the amount of the deficiency exhibited upon final settlement of that institution.

A continuation of the present tardy policy in winding up this institution may justly subject us to a charge, which may prove too true, on the part of those who already threaten to repudiate the payment of their liabilities to the bank; when the State having for the present little other means than such as I have pointed out, might, under the influence of a high state of excitement and an erroneous conception of distinctive rights, lay the foundation of a lasting stigma upon the name of our State and people. In conclu-

...I renew to you the assurance of my sincere co-operation in all measures for the public good.

EXECUTIVE OFFICE, LITTLE ROCK, November 3, 1846.
RECEIVER'S REPORT.
RECEIVER'S OFFICE, STATE BANK, Little Rock, October 1, 1846.

Sir: I have the honor of transmitting herewith a full statement (marked A) of all moneys placed in my hands by the former receivers, or transmitted by the branches; also those collected at the principal bank since the 6th April, 1845; showing also the amount of moneys paid out, and on what account, and the amount and kind now on hand.

Also, statement (marked B) giving a condensed view of the cash and other assets now on hand, as compared with the amount and kind of assets turned over by the former receivers. No particular statement has been prepared in relation to the amount of bank notes in circulation, or the amount and condition of the outstanding State bonds; but by reference to the exhibits here presented, and to the statement made by the receivers of this bank to the last legislature in relation to these subjects, it will be seen that \$188,442.50 of the issues of this bank and branches remain unburnt; from which amount deduct \$54,580 now on hand and ready to burn, and it will leave \$133,862.50 in actual circulation. Of the State bonds issued for this bank, \$1,147 remain unredeemed, upon which the interest due and unpaid, on the 30th September, 1846, amounted to about \$343,556.

When the present receiver of this bank came into office, he found that every dollar of her specie means had been exhausted; and in consequence of which, he has had no little difficulty in meeting the demands on the bank. In some instances the property of the bank has been sold under execution, at a sacrifice, for the want of means to protect it; and in others, the receiver has been compelled to resort to the sale of Real Estate Bank paper at the current price in the market, to provide specie means with which, to redeem her real estate, and meet incidental expenses, court fees, &c.

In April, 1845, the general government obtained judgment against this bank for \$5,520; an execution from which has been run upon her property, and sales made at a great loss to the bank. But an order has been obtained from the solicitor of the treasury to suspend proceedings against the bank until the meeting of the legislature, with the calculation that provision will be made for the payment of this debt. Other judgments to a large amount have been obtained against the bank; and although an appropriation of funds in the State treasury was made by the last legislature to pay these judgments, yet I am not aware that any party has been prevailed upon to apply to and rely upon the treasury for the payment of his judgment.

Although it is the intention of the receiver, in his report to the legislature, to present these subjects for the consideration and action of that

body; yet he has thought now, with the hope of the legislature, in reference to the provision, and the administration of the affairs of this bank.

Recent information days I shall receive in which, when received, will be a great delay.

Any information in relation to the condition of this bank, now may be desired by the legislature, will be very respectfully,

To His Excellency Governor of the

Sir: Accompanying amount of assets and reports from Little Rock, October, and from Arkansas.

It is not pretended believed to be as near session of this office. in suit, &c., could on and time. I suppose years, at 8 per cent. interest.

The \$30,000 for judgment not having been made.

The item of \$118, is made to vary from since reported by the

The item of \$98,000 expenditures for repairs, and Fayetteville, including \$2,500 for state has been sold under (\$30,000) but it is un by the bank, by the p I have the honor to

To His Excellency Governor of the

body, yet he has thought it proper to place the facts before the executive now, with the hope that he may be induced to make such suggestions to the legislature, in reference to them, as may aid in procuring some ample provision, and the adoption of a more liberal policy, for the final liquidation of the affairs of this bank.

Recent information from the branches induces the belief that in a few days I shall receive their general exhibits; and the information contained in which, when received, will be transmitted to the executive without delay.

Any information in the possession of the receiver, in relation to the condition of this bank, not furnished in the statements here presented, that may be desired by the executive, or deemed necessary to be presented to the legislature, will be furnished with the greatest pleasure.

Very respectfully, your obedient servant,

A. E. THORNTON,
Financial Receiver.

To His Excellency THOS. S. DREW,
Governor of the State of Arkansas.

RECEIVER'S OFFICE, STATE BANK,
Little Rock; October 24, 1846.

Sir: Accompanying this is a statement, hastily drawn, showing the amount of assets and liabilities of this bank and branches, taken from reports from Little Rock, Fayetteville, and Batesville, up to the 1st October, and from Arkansas to 15th October, 1846.

It is not pretended that in every particular it is correct, though it is believed to be as nearly so as can be made from the information in possession of this office. The item of \$92,193 24, interest on bills and notes in suit, &c., could only be made up from a calculation of average amount and time. I supposed one-half of the notes to be in suit, running two years, at 8 per cent. interest.

The \$30,000 for judgments against the bank is supposed to be full large, not having been made up from any precise information at hand.

The item of \$118,212 50 for bank notes in circulation is correct, and is made to vary from every former report, by deducting the \$15,650 since reported by the branches to be on bonds with them.

The item of \$93,064 86 for real estate embraces the original cost, and expenditures for repairs, &c., for the banking houses at Little Rock, Arkansas, and Fayetteville, together with all the lands bought at these offices, including \$2,500 for land bought at Batesville. Most of this real estate has been sold under some of the judgments to which I have referred, (\$30,000) but it is understood that most if not all of it can be redeemed by the bank, by the payment of these judgments.

I have the honor to be, most respectfully, your obedient servant,

A. E. THORNTON,
Financial Receiver.

To His Excellency T. S. DREW,
Governor of the State of Arkansas.

of the State of Arkansas
ber; 1846.

d judgments, viz:

504,383 84
258,105 68
197,941 18
216,984 92
92,193 24
-----\$1,269,608 86

79,250 74

565 03

3,986 56

7,625 03

4,268 00

205,695 36

2,131 81

2,405 76

At Arkansas Branch
Batesville Branch

\$21,027 29
2,500 00

\$98,064 86

To balances wanting to meet liabilities

110,257 14

1,683,626 22

Cr.

By amount of individual balances at Little
Rock Bank, as per report 1st October, 1846,
being payments in part for renewal, but no
new note being furnished, they now stand
to credit of individuals

\$36,012 92

By State bonds outstanding, 1,147 at \$1,000
each

\$1,147,000 00

Interest on the same to 1st October, 1846

345,895 00

1,492,895 00

By bank notes in circulation, being issues of
the principal bank and branches unredeem-
ed, as per report of 1st October, 1846, (except
Arkansas to 15th October, 1846)

118,212 50

Certificate of deposits at principal bank, out-
standing

126 20

Surplus-revenue account, being amount re-
served to pay

6,379 60

6,505 80

Amount of judgments against the principal
bank and branches, including some claims
now in suit, say about

30,000 00

1,683,626 22

OFFICE OF TRUSTEES OF THE REAL ESTATE BANK,
Little Rock, October, 23, 1846.

SIR: In compliance with your request of yesterday's date, I furnish you
the information desired.

The 500 bonds hypothecated by the agents of the Real Estate Bank
with the North American Trust and Banking Company, N. Y., are the
bonds which were issued by Governor Conway under the provisions of
the act of the general assembly, entitled "An act to authorize the stock-
holders of the Real Estate Bank of the State of Arkansas to establish a
branch in the western part of this State," approved 24th February, 1838.
I herewith furnish you a copy of the certificate of the president of the
bank, upon which the governor issued the bonds in question, the ori-
ginal of which ought to be on file in the executive department. These
bonds are dated 1st January, 1840, but were actually executed and delivered
to the bank 10th March, 1840; they are numbered from 1 to 500 inclu-
sive, letter C, and, like all the Real Estate Bank bonds, bear 6 per cent.
interest. They were hypothecated 7th September, 1840, for a loan of

\$250,000, but the whole amount ever paid on them was \$121,336.59. None of them have been redeemed by the bank.

Of the other bonds issued for and sold by the Real Estate Bank, the following have been redeemed and taken up, viz: 29 bonds of \$1,000 each, letter C, dated 1st July, 1838, being part of those sold originally to Joseph D. Beers.

The whole number of bonds ever put into market or sold by the Real Estate Bank are as follows, viz:

To the United States Treasury Department 500 bonds of \$1,000 each, dated 1st July, 1838, letter A, numbered 1 to 500 inclusive, signed by Sam. C. Roane, governor, William E. Woodruff, treasurer	\$500,000 00
To Joseph D. Beers 1,000 bonds of \$1,000 each, dated 1st July, 1838, letter C, numbered 1 to 1,000 inclusive, signed by Sam. C. Roane, governor, William E. Woodruff, treasurer	1,000,000 00
To Richard M. Johnson 30 bonds of \$1,000 each, dated 1st January, 1838, but not actually executed and delivered to the bank until 19th November, 1839, letter A, numbered from 501 to 530 inclusive, signed by James S. Conway, governor, John Hutt, treasurer	30,000 00
	1,530,000 00

Hypothecated to North American Trust and Banking Company 500 bonds of \$1,000 each, dated 1st January, 1840, but actually executed and delivered to the bank March 10, 1840, letter C, numbered 1 to 500 inclusive, signed by J. S. Conway, governor, John Hutt, treasurer	500,000 00
	2,030,000 00

The interest on the above 1,530 bonds was regularly paid by the bank up to the 1st day of July, 1841.

The interest due and unpaid up to the 1st day of October, 1846, is as follows, viz:

On 500 bonds sold United States Treasury Department from 1st July, 1841, to 1st October, 1846	\$157,500 00
On 971 bonds sold J. D. Beers, (after deducting 29 redeemed,) is	305,865 00
On 30 bonds sold R. M. Johnson	9,450 00
	472,815 00
Undisputed interest (not including foreign exchange)	472,815 00
On 500 hypothecated bonds the interest would be, from time of sale, 7th September, 1840, to 1st October, 1846	181,915 00
	654,730 00

Very respectfully, your obedient servant,

THOS. W. NEWTON,

Cashier and Secretary.

His Excellency THOMAS S. DREW,
Governor of the State of Arkansas.

OFFICE OF THE

SIR: In response to your statement, and proceed to a discussion propounded by you, in the following points, viz:

1st. "The amount of the bonds in liquidation by the direct-

Answer. As near as I can ascertain, the amount of bonds issued by officers, in a hurried examination, consisting of the items as shown-

2d. "The amount secured by the mortgage-

Answer. The amount of bonds secured by the mortgaged lands is as follows: A portion of notes also secured in same manner - \$300,000 more, and less than -

3d. "The valuation of the bonds pledged to the State, and the probable amount so pledged has been estimated by the general causes other than the general -

Answer. The value, as stated in the report, was \$2,603,932.32; and on the 1st day of July, 1841, it was \$776,840; making total value pledged to the State, \$3,380,772.32. The value in 1837 was an average amount. Without having any doubt that some of it, in the hands of the mortgagees, would reduce the valuation of 1837 to the bonds \$1,073,692. The branch was at an average of 60,290 acres, average more or less, and the valuation of 1839, and less than \$294,520; so that the total value, I think, may be safely set down at \$3,086,252.32. The mortgage lands which were issued by the State being valued at \$2,012,550 would approximate the value of the State. Whether these lands will, or will not, be populated and improved, so as to be of value by the time the bonds are redeemed hereafter, and one of vast importance.

There has been no abatement of knowledge, with the exception of the overflow of the Mississippi, the bank for the ultimate purpose of the value in the estimation of the State of land in our State;"

OFFICE OF TRUSTEES OF REAL ESTATE BANK,

Little Rock, October 16, 1846.

SIR: In response to your letter of 13th inst., I herewith submit a tabular statement, and proceed to answer more fully than shown by it the questions propounded by you, in regular order. You desire to be informed upon the following points, viz:

1st. "The amount of the assets of the bank at the time it was placed in liquidation by the directors."

Answer. As near as I can ascertain from the returns of the several officers, in a hurried examination, the amount was \$2,405,966 15, consisting of the items as shown by the accompanying table.

2d. "The amount secured by stock on real estate."

Answer. The amount of stock notes proper was \$663,906 60, which is secured by the mortgaged lands alluded to in the next question and answer. A portion of notes and bills, being for loans on stock account, is also secured in same manner, and would probably swell this item some \$300,000 more, and lessen the amount of notes and bills that much.

3d. "The valuation of the whole of the real estate pledged by mortgage to the State, and the probable value now, and whether any considerable amount so pledged has been abandoned, or become of less value, from causes other than the general depreciation of lands in our State."

Answer. The value, as shown by the table, on lands appraised in 1837, was \$2,603,932 32; and on those appraised in 1839 for Van Buren branch, was \$776,840; making total valuation of real estate pledged by mortgage to the State, \$3,380,772 33. It will be perceived that the appraised value in 1837 was an average of over twenty-one dollars per acre on the total amount. Without having a personal knowledge of the land, I have no doubt that some of it, in the cotton region, is now worth from 20 to 40 dollars per acre; but taking the whole 127,520 acres, it is probable a fair average price at this time would not exceed 12 dollars per acre, which would reduce the valuation of 1837, and lessen the security for the payment of the bonds \$1,073,692. The land appraised in 1839 for the Van Buren branch was at an average of near \$13 per acre; and though these lands may be equal in fertility to any in the State, yet they are situate generally out of the cotton region, and I suppose would not, on the whole 60,290 acres, average more than \$8 per acre, which would reduce the valuation of 1839, and lessen the security for the payment of the bonds \$294,520; so that the total depreciation from the original appraisement, I think, may be safely set down at \$1,368,212; or, instead of the whole of the mortgage lands which were pledged for the final payment of the bonds issued by the State being worth, as estimated, \$3,380,772, the sum of \$2,012,560 would approximate more nearly to the true value at this time. Whether these lands will, or will not, increase in value as the State shall populate and improve, so as to bring them back to the original appraisement by the time the bonds fall due in 1861, is a question to be solved hereafter, and one of vast importance to the State.

There has been no abandonment of the lands mortgaged within my knowledge, with the exception of a plantation in Chicot county, injured by the overflow of the Mississippi. The fact that land is under mortgage to the bank for the ultimate payment of the bonds has no doubt lessened its value in the estimation of many persons, aside from "the general depreciation of land in our State;" and some of it has also been injured by the

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Real Estate Bank, the
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181,915 00

654,730 00

rvant,
W. NEWTON,
hier and Secretary.

floods in the Arkansas and Mississippi rivers, but not, I believe, permanently so, or to any very great extent.

4th. "The annual amount that has been paid in, on bills receivable and stock notes, designating the amount on each character of indebtedness."

Answer. The total amount paid in since the assignment is about \$274,000, or an average of \$68,500 per annum. What proportion of this amount was paid on each class of notes, I cannot at present ascertain correctly; but suppose it may be stated as follows, viz: On stock notes, \$22,125 per annum, making \$88,500; on bills and notes, \$46,375 per annum, making \$185,500.

5th. "Your reasons for any opinion you may entertain for the tardiness on the part of stockholders in meeting the demands on them in favor of the bank."

Answer. The only reasons I can give, in answer to this question, for the seeming "tardiness" of stockholders, are drawn from the following considerations and suppositions, the most of which are equally applicable to other debtors to the bank. First, in most instances I presume it arises from *inability*. With some there may be an indisposition to pay. The great floods of 1844 and 1845, in all our rivers, destroyed the growing crops of the large stockholders and many other debtors to the bank, and rendered it impossible for them to meet the demands upon them, and operated so injuriously upon all the citizens of the State as to require several years of prosperity to wipe out entirely the effects of the general calamity. Five more years at least will be required for the State to recover from the disasters spoken of. Second, the money at first borrowed from our banks, to a great extent, was expended in the payment of *prior debts out of the State*—in the purchase of additional negroes, and in the clearing up and cultivation of more land. When notes fell due, new loans were needed to make payments, as some time must necessarily elapse before the increased expenditures would be reimbursed by the products of the soil. Third, when the banks were discounting freely, *credit was so cheap*, that many were induced to borrow more largely than prudence would ordinarily dictate; and they have not yet recovered from this imprudence. Fourth, the stock of some was secured by lands at an exorbitant valuation, who borrowed, no doubt intending in good faith to pay; but self interest now prompts them to surrender their lands in discharge of their debts. Others mortgaged estates, the value of which has increased by the clearing up and bringing more land into cultivation, who became alarmed when they found the bank in failing circumstances, lest their estates might be lost in making up the deficiency of the other class in the final payment of the bonds; and seeing the rapid decline in the value of Arkansas money, they supposed, very naturally, that when the bonds were thrown into market for sale, a still further decline would take place, and enable them to pay on easier terms. In waiting thus, however, they seem to forget that the *interest*, "like an eating moth," is still accumulating on their debt, and keeping pace with the decline in the value of the bonds. Fifth, the excitement which grew out of the assignment, in 1842, of the effects of the bank to trustees, and the successful efforts which were made in many instances to frustrate their attempts to make collections: the difficulty experienced in parts of the State in getting judgments where the bank was a party, led many to imagine that they might escape without paying any thing. This delusion has hap-

pily passed away, with heretofore the most "to now making arrangements cotton. The strange feeling of a great many of the management or other, tness without an effort pulse, growing out of t as abundant crops shall upon them, they will r obligatory upon them, l
Very respectfully, yo

To His Excellency

but not, I believe, permanently passed away with the excitement which gave rise to it; and those heretofore the most "tardy" in meeting the regular calls of the bank, are now making arrangements to pay largely out of their growing crops of cotton. The strange feeling which seems to have been excited in the minds of a great many of the debtors to all the banks in our State, that, by some management or other, they would be entirely released from their indebtedness without an effort to pay, it is to be hoped was but a momentary impulse, growing out of the pecuniary embarrassments of the times, and that as abundant crops shall crown their labors, and prosperity once more smile upon them, they will remember that their bank liabilities are not only as obligatory upon them, but are as sacred debts as any other promises to pay.

Very respectfully, your obedient servant,

THOMAS W. NEWTON,
Cashier and Secretary.

To His Excellency THOMAS S. DREW,
Governor of Arkansas.

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Very respectfully, your obedient servant,

THOMAS W. NEWTON,
Cashier and Secretary.

To His Excellency THOMAS S. DREW,
Governor of Arkansas.

Tabular statement accompanying preceding letter.

<p>Total number of acres of land originally mortgaged by subscribers for stock in the Real Estate Bank of Arkansas.</p>	<p>In 1837 127,230.65 In 1839 60,230.24</p>	<p>187,810.89</p>	
<p>Number of acres in cultivation when mortgaged.</p>	<p>14,460 4,831</p>	<p>19,291</p>	
<p>Total value affirmed by the appraisers in 1837 and 1839.</p>	<p>\$2,603,932 32 776,840 06</p>	<p>\$3,380,772 38</p>	
<p>Number of slaves awarded.</p>	<p>22,500 5,640</p>	<p>28,140</p>	
<p>Question 1st. The amount of assets of the bank at the time it was placed in liquidation by the directors?</p>	<p>In notes and bills - \$1,259,334 79 In stock notes - 663,906 60 Real estate, town lots, &c. - 34,394 93 In amount due from banks - 30,242 82 In specie means - 53,551 62 Bank notes of Arkansas - 364,335 40</p>	<p>2,408,966 15</p>	
<p>Question 2d. The amount secured by stock on real estate?</p>	<p>Stock notes - \$663,906 60 Part of notes and bills - 300,000 00</p>	<p>963,906 60</p>	
<p>Question 3d. The value of the whole of the real estate pledged by mortgage to the State, and the probable value now; and whether any considerable amount so pledged has been abandoned, or become of less value, from causes other than the general depreciation of lands in Arkansas?</p>	<p>Estimated - 963,906 60</p>	<p>2,012,560 38</p>	<p>Appraised valuation 1837 & 1839 \$3,380,772 38 Estimated depreciation in value, as explained by accompanying letter and remarks - 1,368,212 00 Supposed value now - 2,012,560 38</p>
<p>Question 4th. The annual amount that has been paid in on bills receivable and stock notes, designating the amount on each character of indebtedness?</p>	<p>On stock notes \$22,125 per annum, making total of \$88,500; on bills and notes \$46,375 per annum, making \$185,500; being total paid in such assignment \$274,000.</p>		
<p>Question 5th. Your reasons for any opinion you may entertain for the tardiness on the part of stockholders in meeting the demands on them in favor of the bank?</p>			

Sir: I observe, by your letter, that the amount of the subscription which I and other holders have received.

I remark, with satisfaction, your over expenditure in the acquisition of a friend and advocate of the State, to offer one suggestion of the State, in relation to the State.

You notice that the total amount of the State was, on the 1st of October, 1839, \$1,000,000. I would recommend prompt and energetic measures to be taken to interest upon all the bonds of the State. In Europe, the holders of the State bonds are low; the example of Spain, the bond holders, and has been created. The State of South Carolina has prevented the treasury of the State of Arkansas from discharging their obligations.

Let us have proof that the State assembly, by making that effort to pay the interest on the bonds, even 2½ or 3 per cent. of the principal; and these may remain obligations in full.

For the character of Arkansas, efforts should be made to redeem your character in the eyes of the people.

I remain, your obedient servant,
To the Honorable the Secretary of the State

Sir: Your favor under which, in reply, I have \$125,409, which appears to be an appropriation of the last money in the State treasury deposited with this State banks, and was intended to be drawn on at all times applied to State purposes. In drawing upon the banks, having failed, it was discontinued in bank when the legislature last fall, as shown.

was little over \$30,000 in specie. This amount was drawn and applied to the discharge of the per diem pay of members, and contingent and other expenses attending the late session of that body.

It has also been the custom of our legislature to appropriate a much larger sum than is likely to be used. It is frequently done a year, and sometimes two, in advance of the collection of money intended to be appropriated. Thus you see it is much easier to draw money from our treasury when there is a sufficiency, than to persuade the representatives of the people to replenish the treasury by assessing a direct tax upon their constituents.

The sum you note as a surplus in our State treasury in actual cash is nothing more than the balances of appropriation made by the legislature, without regard to the amount of cash in the treasury. Such appropriations are necessarily made at the biennial sessions of that body, to meet the requirements of that portion of our constitution which provides that "no money shall be drawn from the treasury but in consequence of an appropriation by law."

The legislature took no action upon the subject of paying the accruing and unpaid interest upon our State bonds. The State was known not to have the means to discharge any portion during this year.

And as that body made no provisions for capitalizing the interest, I have to inform you that it does not lie in the scope of my powers, as the chief executive of this State, to afford you any relief without the co-operation of that co-ordinate department, and that its regular sessions will not again convene before November, 1846. For my particular views upon this subject, I refer you to my opening message to the legislature, which is this day forwarded to your address.

Your remarks in reference to the message of my predecessor, (for it is in reference to his message you write,) when you say, "Let us have proof that you are sincere in your address to the general assembly, by making the proposition public, and by making an effort to pay the interest on the debt as it shall half-yearly become due;" and again, "for the character of Arkansas, and for the honor of the Union, some such efforts should be made honestly to pay your debts in whole or in part, and redeem your character in Europe," require from me, perhaps, one single remark—that notwithstanding the people of this State feel themselves morally and legally bound for the payment of their State debts, and entertain the honest intention of doing so, yet they do not intend to make a foolish sacrifice of their individual limited capital, when by doing so they place the ultimate payment of both principal and interest of the State debt to a much more extended period, when it would result in ruin to the great mass of our population, merely for the sake of an ephemeral reputation in Europe, eked out in proportion to the interest that inspires it.

I have the honor to be, your obedient servant,

THOS. S. DREW.

The Right Honorable JOSEPH HUME.

TENNESSEE.

Condition of the banks of Tennessee, January, 1847.

Name and place of the bank | Capital. | Loans and dis- | Stocks. | Real estate. | Other investments. | Due by other

290

Doc. No. 68

R—Continued.

No. 1.

Statement showing the amount of cash collected at the principal bank and branches, from the 31st October, 1846, to 1st October, 1848.

AT LITTLE ROCK, VIZ:	
In State Bank paper.....	\$1,385 00
In State Bank paper, received in exchange for real estate bonds.....	17,535 00
	<u>\$18,920 00</u>
In State bonds and Real Estate Bank paper, which has been exchanged for bonds, and now on hand in bonds.....	154,000 94
Deduct the amount exchanged for State Bank paper.....	17,535 00
	<u>\$136,465 94</u>

Whole amount of cash collected at Little Rock..... \$155,385 94

AT ARKANSAS POST BRANCH, VIZ:	
State Bank paper transmitted.....	5,315 00
Real Estate paper and bonds.....	46,207 78
	<u>\$51,522 78</u>

Whole amount collected at Arkansas Post..... \$51,522 78

AT FAYETTEVILLE BRANCH, VIZ:	
State Bank paper transmitted.....	12,000 00
Real Estate Bank paper and bonds.....	15,803 71
Cash means collected since, and reported to be on hand at Fayetteville 1st October, 1848.....	47,761 92
	<u>\$75,565 63</u>

Whole amount collected at Fayetteville..... \$75,565 63

AT BATESVILLE BRANCH, VIZ:	
State Bank paper transmitted.....	1,975 00
Real Estate paper and bonds.....	12,599 75
Cash of various kinds since collected and on hand.....	217 05
Real Estate paper collected, but reported to be expended for costs and other expenses.....	4,290 00
	<u>\$19,081 80</u>

Whole amount collected at Batesville..... \$19,081 80

Whole amount of moneys collected and reported..... \$301,556 15

The above funds now stand in bank as follows:

303 bonds, issued for the State Bank, principal and interest....	137,626 53
61 bonds, issued for the Real Estate Bank, principal and interest	87,750 00
State Bank paper.....	38,210 00
Real Estate paper and other funds, and paid out for expenses...	37,969 62
	<u>\$301,556 15</u>

R—Continued.
No. 2.

Statement showing the number of State bonds received from the 6th of April, 1845, to the 1st of November, 1848, and the amount of interest paid thereon.

Principal	Interest	Total
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at the principal bank and
1st October, 1848.

\$18,920 00
\$138,465 94
\$155,385 94
5,315 00
46,207 78
51,522 78
12,000 00
15,803 71
47,761 92
75,565 69
1,975 00
12,599 75
217 05
4,290 60
19,081 80
301,556 18
197,628 33
87,750 00
33,210 00
37,969 62
301,556 18

R—Continued

No. 2

Statement showing the number of State bonds received from the 6th of April, 1845, to the 1st of November, 1848, and the amount of interest paid thereon.

	Principal	Interest	Total amount
Bonds taken in by the bank, as per report to the Legislature 31st October, 1846, viz:			
19 5 per cent bonds, each \$1,000	\$19,000 00		
3 5 per cent bonds, each \$1,000	3,000 00	\$3,682 35	
Bonds taken in by the bank since the 31st October, 1846, and up to 1st November, 1848, in collections made in exchange for Real Estate Bank paper, viz:			
65 5 per cent bonds, each \$1,000	65,000 00		
28 5 per cent bonds, each \$1,000	28,000 00	\$1,656 33	
Bonds at the Fayetteville branch, received since 31st October, 1846, viz:			
5 5 per cent bonds, each \$1,000	5,000 00		
2 5 per cent bonds, each \$1,000	2,000 00	\$2,970 00	
Bonds issued for the Real Estate Bank, viz:			
60 6 per cent bonds, each \$1,000	60,000 00		
1 6 per cent bond, at Fayetteville	1,000 00	\$6,750 00	
	61,000 00	\$26,750 00	\$87,750 00
			\$51,258 68

A. E. THORNTON, Financial Register.

Brown & O'Brien, State Bank,
Lancaster, Oct 27, 1848.

RECEIVER'S OFFICE,
STATE BANK, LITTLE ROCK, Nov. 1, 1848.

Sir: Since my report to you of the 27th instant, I have taken in at this office, in exchange for Real Estate Bank paper, twenty-one bonds issued for the State Bank, and twenty-five bonds issued for the Real Estate Bank—

Say, twenty-one bonds, each \$1,000	\$21,000 00	
Interest on same	7,838 36	\$28,838 36
Twenty-five bonds, each \$1,000	25,000 00	
Interest on the same	10,370 00	35,370 00
		<u>64,208 36</u>

I have the honor to be, &c.,

A. E. THORNTON,
Financial Receiver

His Excellency T. S. DREW.

LITTLE ROCK, ARKANSAS, November 2, 1848.

On the 23d November, 1847, as land attorney, I recovered, in the circuit court of Pulaski county, on bonds given for purchases of seminary lands, two judgments against James Trigg, Richard Pryor, and John W. Paup—

One for	\$6,099 44
And one for	10,709 10
Aggregate	<u>16,808 54</u>

These judgments bear ten per cent. interest, from date till paid.

The defendants in these cases tendered, in payment of the bonds, the paper issues or bank notes of the State Bank of Arkansas, which tender was of course refused.

Contending that they had the right to pay in this kind of funds, they interposed defences to the suits, setting up the tender as a bar to all recovery.

The circuit court overruled the defences.

The cases were then carried to the supreme court of the State—where again the defence set up was held to be invalid.

From this decision the parties have again appealed to the Supreme Court of the United States, with the view of reversing the judgments, and compelling the State authorities to receive the funds tendered, (for this would be the necessary result of a reversal of the judgments.)

If these parties have the right to pay the above claims in State Bank paper, it seems to follow, as a necessary consequence, that they could as well pay in the bonds issued by the State to each of the banks in the State, and further, that the debtors to the 500,000 acre fund, and the tax payers to the State, could pay their respective debts in the same kind of funds.

In this point of view, the principle involved in these cases is of vital importance to the State.

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To his Excell

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OFFICE,
Little Rock, Nov. 1, 1848

I have taken in at this
agency one bond issued for
the Real Estate Bank—

\$21,000 00
7,838 36

\$28,838 36

25,000 00
10,370 00

35,370 00

64,208 36

THORNTON,
Financial Receiver

November 2, 1848.

recovered, in the circuit
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\$6,099 74

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I understand the same principle substantially, if not identically, the
same is involved in another case, in which the State is a party, and
which has also been removed to the Supreme Court of the United States.

It will probably be deemed necessary, in view of the importance of the
question involved, to employ counsel to defend these cases in the Supreme
Court of the United States.

My object in addressing your Excellency is to place you officially in
possession of the facts, that your Excellency may call the attention of the
legislature to the subject at an early period, to the end that they take such
steps in the matter as to their wisdom shall seem proper.

The cases will stand for trial at the January term, 1849, of the Supreme
Court.

Your obedient servant,

E. CUMMINS, *Land Att'y, &c.*

To his Excellency THOS. S. DREW,
Governor, &c.

OFFICE OF THE TRUSTEES OF THE REAL ESTATE BANK
OF THE STATE OF ARKANSAS, Little Rock, 30th October, 1848.

Sir: I herewith give you the information requested in regard to the af-
fairs of this institution.

When the deed of assignment was made, on the 2d April, 1842, the
Real Estate Bank was indebted, at a rough estimate, as follows:

Outstanding sold bonds, 1,530 in number, for principal	\$1,530,000 00
Interest on same then due	75,735 00
Amount received on 500 hypothecated bonds	122,389 77
Interest due on same	7,648 00
Notes issued by the bank then outstanding	495,735 00
Due to banks and depositors	165,410 00
	<hr/>
	2,396,907 77

To meet these demands, it had, in specie	\$53,251 62
Principal and interest of loans	2,000,192 00
Real estate, valued then at	34,394 92
Amount due from other banks	30,242 82
In notes of Arkansas banks and loan to State	364,535 40
	<hr/>
	2,482,916 76

But of these loans, about \$663,906 60 was on stock credit—that is to
say, repayable by equal annual instalments, running to 1856, and only
secured by mortgages on lands.

It was obvious in the beginning that only by one course could the
means of the bank ever be realized, so as to take up its circulation and re-
deem the bonds; and that was, to pursue the policy of securing the debts,
so that they would ultimately be good, rather than to push collection by
legal process, when it could be avoided. Such was the distressed condi-

tion of the country, and the depreciation of all kinds of property, that to sue on a debt, and attempt to collect by execution, could result only in sacrificing the debtors' property, and collecting nothing for the institution. Property worth thousands was every day seen to sell under the hammer for a few dollars; and the larger the creditor, the more likely was he to be bankrupted by paying costs and expense of litigation. Had the trustees proceeded to enforce collections stringently, a large portion of the community would have been inevitably ruined, and an incalculable amount of indebtedness totally lost, which, by patience, caution, and indulgence, has been saved.

The condition of our laws, the misguided favor extended by them to debtors, the uncertainty of what legal decision would be, all combined to indicate to the trustees the policy which they ought to pursue; and they have followed out that policy steadily, and with the happiest results.

In any circumstances, however, have combined to thwart and embarrass the bank in the discharge of their duties. The refusal of the stockholders at Washington to deliver over the property there, until some of the debts were barred by limitation—the refusal of the legislature to authorize suit to be brought by the trustees at Little Rock, or the trustees to sue in their aggregate name, without regard to any change in the number of individual trustees—the change in the delivery bond law, by which it was rendered so uncertain as to cause unexampled delay, and the total loss of many debts—the taking away of the charter by the State, by which the trustees were precluded from carrying on suits commenced in the name of the bank, or enforcing judgments obtained by her, thus compelling them to revive and carry on the one, and to enforce the other, by a multitude of suits in chancery—all threw difficulties in the way of the trustees, with but few of which, and those the least important, has the State Bank had to struggle.

The decision of the Supreme Court, that the mortgages of stockholders did not secure the moneys borrowed on stock credit, has lost to the creditors of the bank some fifty thousand dollars. This question is again before the court, and hopes are entertained that it will be decided differently, and thereby prevent much heavier losses.

With all the difficulties and embarrassments thrown in their way, the trustees have labored faithfully in behalf of the creditors and the State.

The amount of debt now due the bank, for principal and interest, is about \$1,648,077.00
Amount of lands taken for debts 180,506.00

1,828,583.00

Of this amount, \$863,249 is secured by individual notes, with security; and the residue, being stock credit, principal and interest, \$784,828. If the supreme court should reconsider its decision, and hold this debt to be a lien on the lands mortgaged, it is better secured than any in the bank; so far from its being true, as has been erroneously supposed and stated, that this (stock) debt was not secured and lost, it is almost wholly good.

The amount of debt absolutely lost, from all causes, since April, 1842, thus far ascertained, is \$61,000.

The amount which is considered bad, or doubtful, is not more than

\$150,000—leaving \$1,4

at eight per cent. per an.
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The trustees have, in
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They have received the
40 bonds issued to the St
Interest thereon

25 Real Estate Bank bond
Interest thereon

Exchanged with State Ba

\$150,000—leaving \$1,498,077 good debts, on which interest is accruing at eight per cent. per annum.

Since April, 1842, the attorney has brought over 650 suits, of which some 75 were suits in chancery to foreclose mortgages. The amount of judgments obtained by him, exclusive of stock debt, is about \$330,000; and of stock debt, \$170,000; of the judgments, the larger portion have been renewed or paid. Of the stock debt, (except those lost by the decision of the supreme court,) the trustees hold, by sales under decrees, the lands mortgaged, which, generally, are every day increasing in value.

Thus, although the trustees have not oppressed the debtors, nor sacrificed any man's property, yet they have succeeded in securing, by renewals and otherwise, by far the larger mass of the debts; and they entertain the most sanguine hopes that, with the aid of the legislature, they will succeed in ultimately redeeming the whole circulation, and the larger portion of the bonds of the bank, with its assets.

There is now outstanding only \$92,460 of the notes of Real Estate Bank, \$403,265 having been redeemed since the assignment was made. This has been done partly by receiving the money itself in payment of debts, and partly by receiving bonds, and exchanging them for the paper. This has been done with the State Bank to the amount of \$37,947.50.

Some very large debts have been completely secured, amounting in all to about \$120,000, by paying off prior liens, without which they would have been totally lost.

The expenses of the trust have been diminished, as far as possible, by concentrating the business, as fast as it could be done, at Little Rock.

It is believed that the legislature can, without detriment to any other interest, very much facilitate the securing of debts to the institution, and enable the trustees more rapidly to pay off its liabilities, and thereby lessen the chances of loss to the State. If that honorable body will authorize all suits by the trustees to be brought at Little Rock, and the trustees to sue and defend, receive and execute notes, transfer deeds, conveyances, &c., by their aggregate name of "the trustees of the Real Estate Bank of the State of Arkansas," without regard to any change in the individual trustees, and provide that no such change shall abate, change, or in any way affect any suit brought or pending, it will greatly facilitate the collection of debts and prevent delays, and will not in any way, it is believed, prejudice the State or offend against correct principles.

The trustees have, in some instances, received specie in payment of debts, at the current rate between it and Arkansas paper; but the whole amount so received has been turned into Arkansas paper at the same rates, except about \$5,000 used in paying the indispensable expenses of the trust.

They have received the following in payment of debts, viz:

40 bonds issued to the State Bank	\$40,000 00
Interest thereon	11,085 86
<hr/>	<hr/>
25 Real Estate Bank bonds	\$25,000 00
Interest thereon	10,370 00
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	35,370 00
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Exchanged with State Bank for Real Estates notes	86,455 86

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We have now on hand:	
26 bonds issued to Real Estate Bank, with interest	\$36,270 00
39 coupons from Real Estate bonds	1,170 00
In notes of the Real Estate Bank	371,815 00
In specie	1,200 00
	410,455 00

Very respectfully, your obedient servant,

THOMAS W. NEWTON,

Cashier and Secretary

To his Excellency THOS. S. DREW, Governor

LITTLE ROCK, October 30, 1848.

DEAR SIR: I hardly know what to respond to the questions stated by his excellency the governor. It is extremely difficult to arrive at any conclusion as to the rights of the State and bond-holders under the charter of the Real Estate Bank. My opinion in regard to the mortgages always was that the lands mortgaged were charged first with the lien of the State and bond-holders for the principal and interest of the bonds; and second, with the lien of the bank for the money loaned on stock credit; that the bank was a junior mortgagee and could foreclose, leaving the land still charged after foreclosure and sale with the ultimate lien of the State and bond-holders. This opinion is not in the least shaken by the glaringly erroneous decision of the supreme court.

The interest of the State in the matter is hard to define with certainty, because it is hard to say what is the extent of the provision in the charter that the mortgages are transferred to the State and bond-holders. As far as I have an opinion, it is that if the State pays any of the bonds or interest on them for the bank, she becomes entitled to sue as mortgagee; and that she may also at any time perhaps file a bill as the security of the bank, in order to secure herself by requiring the bond-holders to proceed to foreclose. It is certain that the trustees have nothing whatever to do with the lien of the State or the bond-holders. Their interest in the mortgages is precisely co-extensive with the amount of the debts assigned them, and secured by the mortgages. If the supreme court be right, and the debts are not so secured, the trustees have nothing to do with the mortgages.

Beyond this I do not see my way clear. A thousand questions spring up. Can the bond-holders foreclose for interest due? If so, can one, or two, or three foreclose by themselves? If so, can they select any one mortgage and proceed to foreclose it? If so, for how much? If the State files bills, must she file separate ones against each mortgagee, or sue all at once? If she recovers, how much of each? What is to be done with the money she recovers?

The true equitable rights of the bond-holders and stockholders are easily stated—the former have the right to a *pro rata* division of all the moneys collected; the latter a right to require that the ultimate deficit be paid by all the stockholders equally, in proportion to the amount of their stock. But how to work out these equities is the question.

Let us then suppose that the State, holding thirty bonds, recovers by

foreclosure thirty, it does the same. That any bill filed, because that is impracticable, can come in, provided dividends. Any dividend called for. So far I of it, because she present. If she recovers could again have re-

I think, therefore, foreclosure the bond for the benefit of all and administered by nature cannot usurp.

But as to the right to the amount of the for thirty thousand bonds. For how much ultimate loss sustained dollars. If a bill is

Now it is clear, that it is collected of him holder for contribution of the excess he has. Suppose twenty stock-gage collected of each for contribution. Who tribute? When would or his legal representative separate court of chancery.

Has the State, or one or any twenty of gages? Can this be contribution from the too uncertain to allow

Would all the bond mammoth bill, to fore it would be necessary the deficit among the of all the lands, the vesting an immense tion? And as every tract of the land, would sand defendants. That at every term one would

Or, must the State administered, and then from each? Suppose each for his proportion not pay its proportion *infinitum*.

A table exhibiting the amount of specie received at the Bank of the State of Arkansas, from April 6, 1849, to October 1, 1850, and the amount paid out by the receiver during that time.

24

Date.	Receipts.	Amount.
April 17, 1849	To amount received from A. E. Thornton, late receiver	\$16 48
April 28, 1849	To amount received from L. Robinson, on a compromise of a note due to Fayetteville branch, by E. E. McConnel	200 00
June 6, 1849	To amount of cost paid by the sheriff of Arkansas county	11 12
July 27, 1849	To amount paid by Charles J. Krebs, in full of note executed by him to the bank, in 1848	473 62
Jan. 11, 1850	To specie received from Crabtree, for rent	20 00
Feb. 4, 1850	Do. do. T. D. Merrick, for copying press	15 00
Feb. 4, 1850	Do. do. L. B. Fort, for cost	4 52
Jan. 21, 1850	Do. do. S. M. Rutherford, for cost	6 00
May 28, 1850	Do. do. W. C. Trice, for cost	10 41
May 28, 1850	Do. do. W. D. Ferguson, by sheriff of Crittenden county	80 13
May 28, 1850	Do. do. Joseph Scott, for cost	9 22
		846 50
Oct. 1, 1850	To specie due me this day by the bank, being the amount paid out over amount received	7 38
		853 88

H. Doc. 122

Date.	Expenditure.	Amount.
July 28, 1849	By amount paid C. A. Downer for stationery, got by Thornton, late receiver	38 00
July 15, 1849	Do. General George W. Clarke, bank agent, to bear expenses	100 00
Oct. 15, 1849	Do. Same	60 00

Oct. 1, 1850

To specie due me this day by the bank, being the amount paid out over amount received

846 50

7 38

853 88

Date.

Expenditures.

Amount.

July 28, 1849	By amount paid C. A. Downer for stationery, got by Thornton, late receiver	38 00
July 15, 1849	Do. . . . General George W. Clarke, bank agent, to bear expenses	100 00
Oct. 15, 1849	Do. . . . Same	60 00
Oct. 18, 1849	Do. . . . D. W. Carroll, as bank attorney, to bear travelling expenses	50 00
Jan. 23, 1850	Do. . . . cost to A. Alexander, sheriff of Independence county, for Batesville branch	32 00
Jan. 23, 1850	Do. . . . for stationery for W. C. Bevins, attorney at Batesville	25 03
Jan. 23, 1850	Do. . . . for postage for do do do	9 60
Sept. 4, 1849	Do. . . . steamboat "J. B. Gordon," for freight on books of the Fayetteville Branch Bank	2 00
	By repairs on bank house and fence, and materials furnished	197 00
	By amount of cost paid on fee bills	271 55
	By amount paid for stationery and printing blanks	47 88
	By amount paid for postage at the principal bank, from April 6, 1849, to October 1, 1850	50 32

853 88

H. Dec. 1850

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S.
REPORT OF THE ACCOUNTANTS, APPOINTED UNDER THE ACT OF
JANUARY 15, 1855, TO INVESTIGATE THE AFFAIRS OF THE REAL
ESTATE BANK OF ARKANSAS.

LITTLE ROCK, October 20, 1856.

SIR: In compliance with the law under which we were appointed, and of your requisitions made in conformity with that law, we have diligently examined the books and papers relating to the Real Estate Bank of Arkansas. The general result of our researches is to be found in our answers to the questions proposed by you, and in the various abstracts thereunto appended.

The work has been one of no small difficulty. The accounts extended through a period of fourteen years, and embraced the transactions of five banks, in some respects independent of, and in others involved in peculiar ways, with one another; besides which, the accounts of different boards of trustees, and different members of said boards, as well as those of cashiers, clerks, and attorneys, had all to be examined.

The labor has been not a little increased by the fact that the accounts at the different offices were not kept on uniform principles. And also by the fact that at some of the offices but little attention was paid to some of the plainest rules of book-keeping, such, for example, as recording every business transaction as soon as possible after its occurrence, and of recording it in such a way that it could not be misunderstood.

In some instances, transactions were not brought on the books till months, or even years, after their occurrence. In other instances, various items which ought to have been kept distinct, were mixed together. Thus, at one of the offices, whatever was paid out for salaries and other expenses of the trust, was, as a general rule, stated as so much for "expenses," without specifying for what object those expenses had been incurred.

If a note was renewed, though not one cent was paid on it, all the formalities were gone through with, of making entries under the heads of deposits, interest, and notes discounted. In this way the accounts were unnecessarily complicated.

Nor was this all. The trustees had two standards of value: the first, the legal coin of the United States; the second, Arkansas bank paper, which was subject to great variation. Sometimes, when payments were made to them in specie, or its equivalent, "good money," as they called it, credits were granted on the books to those who paid it in Arkansas funds, at the rate of two or three of Arkansas for one of "good money." Sometimes, on the contrary, when payments were made in Arkansas funds, credits were entered on the books for what was regarded as the equivalent thereof in specie.

What is most remarkable is, that the accounts of "good" and "bad money" received and paid away were not kept in distinct columns. If we suppose a merchant to have receipts and payments in French francs, English sovereigns, and American dollars, and to carry all out in one column, without regard to their different values,

we shall have a correct notion of the principles on which were kept the cash accounts of the trustees of the Real Estate Bank.

In some cases it is left to inference whether receipts and payments and settlements were in "good money," or in Arkansas funds. In most cases we have been able, by a careful collation of particulars, to arrive at a satisfactory conclusion as to the medium used; but not in all. The records of the bank are not only very complicate, but in some respects they are very deficient.

The assignment of the effects of the Real Estate Bank was made on the 2d of April, 1842. No pains were then taken to ascertain the exact condition of the principal bank and its branches; but, from the best accounts we can gather, their assets and liabilities were as follows:

ASSETS.

Loans and discounts.....	\$1,923,241.39
Back interest due on the same.....	76,950.61
Arkansas State bonds, 5 per cent.....	38,000.00
Real estate.....	34,394.42
Due from banks in other States.....	430.78
Due from State Bank of Arkansas and branches.....	3,245.12
Notes of banks in other States.....	491.00
Notes of State Bank of Arkansas and branches.....	20,410.00
Notes of other banks, and of other offices of Real Estate Bank.....	32,280.00
Chicot county warrants.....	5,584.16
Due by State treasurer.....	550.00
Certificates of deposit at New York, bearing 5 per cent interest.....	13,948.96
Cotton and corn account.....	33,342.10
Other investments.....	1,154.31
Specie.....	47,602.67
	<hr/>
	2,231,624.92

LIABILITIES.

Notes in circulation.....	\$394,869.56
Deposits.....	119,529.76
Due to banks in other States.....	27.87
Due to State Bank of Arkansas and branches.....	10,296.54
Bonus due to the State, Dec., 1841.....	5,000.00
For 1,530 bonds sold.....	1,530,000.00
For interest due on the same January 1, 1842.....	45,900.00
For additional interest that had accrued on the same to April 1, 1842.....	22,950.00
For money borrowed on 500 bonds hypothecated.....	121,336.59
For interest that had accrued on the same to April 1.....	7,648.00
	<hr/>
	2,257,558.32

According to this \$25,932.90 in the stockholders had in the account, there was amounting to 207,101 under oath, at \$3,380. Under the powers trustees proceeded to a statement, made slowly in the work, at the rate of only a few collections were made of bonds, then worth only so much, the equal to only about the United States.

Under this mode of had on hand at the time the trustees and office against the bank, and raise more specie, then to the bank, by receiving at the rate of one dollar. In other words, if a received a full acquit if the rate of Arkansas specie, or on paying way were the assets decrease in its outstanding.

After this policy was in the collection of the system enough "good officers their salaries dependent was resorted bank notes at a discount of the face value of 75 cents in the dollar. bank notes for \$3,648 loss to the bank was 100 dollars paid for brokerage two dollars.

On other occasions their salaries, two or three dollars due to them in Arkansas bank notes standing liabilities of the bank. The aggregate loss or one-third of their bonds and Arkansas the trust in Arkansas one of specie, were,

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430 18
3,245 12
491 00
20,410 00
32,280 00
5,584 16
550 00
13,948 96
33,342 10
1,154 31
47,602 67
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2,231,624 92
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\$394,869 56
119,529 76
27 87
10,296 54
5,000 00
1,530,000 00
45,900 00
22,950 00
121,336 59
7,648 00
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2,257,558 32

According to this account, there was at that time a deficit of \$25,932 90 in the means of the bank. But if the lands which the stockholders had pledged for their stock subscriptions be taken into the account, there was a surplus of \$3,354,839 48; the said lands amounting to 207,101 acres, and having been valued by commissioners, under oath, at \$3,380,772 38.

Under the powers granted to them by the deed of assignment, the trustees proceeded to collect the debts due to the bank; but, according to a statement made by the cashier and secretary, they proceeded so slowly in the work, that, in the first four or five years, they collected at the rate of only about sixty thousand dollars a year. As these collections were made chiefly in Arkansas bank notes and Arkansas State bonds, then worth on an average only fifty cents in the dollar, if worth so much, the payments made by the debtors to the bank were equal to only about thirty thousand dollars a year in the legal coin of the United States.

Under this mode of procedure, the specie and specie funds the bank had on hand at the time of the assignment were exhausted in paying the trustees and officers their salaries, in satisfying judgments obtained against the bank, and in defraying other expenses of the trust. To raise more specie, the plan was then adopted of commuting debts due to the bank, by receiving in payment for them specie or specie funds, at the rate of one dollar in specie for two or three in Arkansas paper. In other words, if a man owed one thousand dollars to the bank, he received a full acquittance on paying in five hundred dollars in specie, if the rate of Arkansas paper in the market was then two for one of specie, or on paying in \$333 1/3 if the rate was three to one. In this way were the assets of the bank diminished, without a proportionate decrease in its outstanding liabilities.

After this policy was adopted, the trustees proceeded more rapidly in the collection of the debts due to the bank. But even under this system enough "good money" was not collected to pay the trustees and officers their salaries and the other expenses of the trust. Then the expedient was resorted to of selling Arkansas State bonds and Arkansas bank notes at a discount. On one occasion they sold bonds and coupons of the face value of \$20,362 for \$4,000 in specie, or for less than twenty cents in the dollar. On the same day they sold \$12,150 in Arkansas bank notes for \$3,645, or at the rate of thirty cents in the dollar. The loss to the bank was, by this transaction, (including seventy-five dollars paid for brokerage,) twenty-four thousand nine hundred and forty-two dollars.

On other occasions, the trustees and officers received in payment of their salaries two or three dollars in Arkansas bank notes for one dollar due to them in specie. This was practically a scaling down of Arkansas bank notes, and by every transaction of this kind the outstanding liabilities of the bank were increased.

The aggregate losses to the bank, by commuting debts for one-half or one-third of their face amount in specie, by sales of Arkansas State bonds and Arkansas bank notes, and by paying various expenses of the trust in Arkansas funds at the rate of two or three in paper for one of specie, were, according to an account that has been rendered,

\$220,250 26. In the total is not included what was lost in this way at Columbia, the accounts of that office having been kept on such principles as to make it impossible to say what was there lost.

From the manner in which the books were kept, it is not practicable to give the precise amount of the different kinds of means in which the trustees received payment. But from the best accounts we can gather, between the 2d of April, 1842, when the assignment was made, up to the 25th of April, 1855, when the affairs of the bank passed into the hands of a receiver, appointed by the court of chancery, there was collected from the debtors of the bank—

In gold and silver, par drafts, etc.....	\$102,708 03
In State bonds and coupons.....	683,124 78
In Arkansas bank notes.....	489,378 67
In slaves.....	47,323 07
In real estate.....	566,255 85
In real estate and negroes.....	4,000 00
In Chicot county scrip.....	50 00
In swamp land scrip.....	2,482 90
	<hr/>
	1,895,323 30

Since the affairs of the bank passed into the hands of receivers, appointed by the court of chancery, there has been collected:

In Real Estate Bank bonds and coupons.....	\$81,827 49
In State Bank bonds and coupons.....	77,752 75
In Real Estate Bank notes.....	35 00
In specie and other par funds.....	27,246 71
	<hr/>
	186,861 95

Making a total of \$2,082,185 25 received from debtors to the bank since the day of the assignment.

If to this amount be added the specie, the real estate, the State bonds, and other assets that were transferred under the deed of April 2, 1842, it will be found that the whole value that has passed into the hands of the trustees and receivers, is, (independently of notes and bills discounted,) \$2,263,056.

The total collected by the trustees and the receivers exceeds the amount that was due on notes and bills when the bank was put into liquidation; but so great was the delay of most of the debtors in making payments, that the amounts due by those who paid in full were swelled greatly by increments of interest, while others made only partial payments, and some none at all. In consequence of this, there is still due to the bank, for principal of notes and bills discounted, the sum of nine hundred and twenty-five thousand seven hundred and eighty-four dollars. Of this sum, notes and bills of the amount of four hundred and twenty thousand eight hundred and seventy-six dollars are judged by the receiver to be worthless; ninety-nine thousand six hundred and thirty dollars to be doubtful; and four hundred and five thousand two hundred and seventy-seven dollars to be good. On the

good debts, one hundred dollars are due to the bank for principal million and two hundred it is supposed, and namely, five hundred three dollars for classed as good, the notes classed

In addition to lots and upward sixty-one thousand of debts, or bought execution, and ten acres of other land in the town of V and the banking

Without investment a value on the average, as much teen years ago, the sixty-five thousand only half that of and eighty-two thousand. In addition to and eighty-six thousand of their share to them by the court three hundred and

Supposing the the trustees and remaining stock commissioners, the pledged for the principal seven hundred and hundred and seven half the value at

There are a few value of four thousand value of two thousand hundred dollars with the interest five dollars. They procure capital for money borrowed commenced operation. If we include the interest and the interest worth they were miscellaneous items

It was lost in this way, been kept on such was there lost. It is not practicable of means in which the counts we can gather, ment was made, up to bank passed into the ancery, there was col-

.....	\$102,708 03
.....	683,124 78
.....	489,378 67
.....	47,323 07
.....	566,255 85
.....	4,000 00
.....	50 00
.....	2,482 90
<hr/>	
.....	1,895,323 30

hands of receivers, ap-
n collected:

.....	\$81,827 49
.....	77,752 75
.....	35 00
.....	27,246 71
<hr/>	
.....	186,861 95

om debtors to the bank estate, the State bonds, e deed of April 2, 1842, passed into the hands y of notes and bills dis- e receivers exceeds the the bank was put into of the debtors in making paid in full were swelled made only partial pay- e of this, there is still ills discounted, the sum en hundred and eighty- he amount of four, hun- seventy-six dollars are -nine thousand, six hun- four, hundred and five ars to be good. On the

good debts, one hundred and forty thousand four hundred and fifteen dollars are due for interest. If the interest on the bad and doubtful debts be included in the estimate, the whole amount still due to the bank for principal and interest of notes and bills discounted is one million and two hundred and forty thousand dollars. Of this amount, it is supposed, about six hundred thousand dollars may be collected, namely, five hundred and fifty-five thousand six hundred and ninety-three dollars for the principal and interest of the notes and bills, classed as good, and the residue for principal and interest of part of the notes classed as doubtful and worthless.

In addition to these notes and bills, the bank has seventeen town lots and upwards of eighty-three thousand acres of land, namely, sixty-one thousand and fourteen acres of stock lands, taken in payment of debts, or bought by the trustees under decrees of foreclosure and execution, and twenty-two thousand one hundred and ninety-seven acres of other land obtained in like manner. It has also the four lots in the town of Washington, (bought as a site for a banking house,) and the banking house and lots in the city of Little Rock.

Without investigations in the different counties, it is impossible to fix a value on these lands; but if we suppose them to be worth, on an average, as much as the stock lands were valued at, under oath, nineteen years ago, their aggregate value is one million three hundred and sixty-five thousand dollars. If we suppose their average value to be only half that officially given, their aggregate value is six hundred and eighty-two thousand dollars.

In addition to these, there are one hundred and forty-six thousand and eighty-six acres of the lands pledged by stockholders for the payment of their shares of stock. If they are of the worth officially affixed to them by the commissioners, their aggregate value is two million three hundred and eighty-four thousand dollars.

Supposing the lands taken in payment of debts, those purchased by the trustees under decrees of foreclosures and execution, and the remaining stock lands, to be of the average worth declared by the commissioners, the aggregate value of the real estate secured and pledged for the payment of the debts of the bank is about three million seven hundred and forty-nine thousand dollars, or one million eight hundred and seventy-four thousand dollars, if the lands be of only one-half the value at which they were officially rated nineteen years ago.

There are a few other assets, namely, Chicot county scrip of the face value of four thousand four hundred dollars, swamp land scrip of the value of two thousand four hundred and eighty-two dollars, about five hundred dollars in specie, and six five per cent. bonds, amounting, with the interest on them, to ten thousand one hundred and twenty-five dollars. These bonds are not part of those that were issued to procure capital for the bank, but some of those issued by the State for money borrowed from the bank for State purposes, soon after the bank commenced operations.

If we include the notes and bills discounted of every description, and the interest thereon, if we suppose the lands to be of the average worth they were when valued by the commissioners, and if we add the miscellaneous items, the gross value of whatever is secured and pledged

for the redemption of the bonds and the discharge of the other liabilities of the bank, is five million and six thousand dollars.

If we suppose that only six hundred thousand dollars will be collected on account of what is due for notes and bills discounted, and that the lands are of only half the worth affixed to them by the commissioners, the net value of whatever is or may be made available for the discharge of the debts of the bank is two million four hundred and ninety-two thousand dollars.

The debts due by the bank at this time, excepting those due on the bond account, are of little importance. The notes in circulation have all been redeemed, with the exception of notes amounting to fifteen thousand two hundred and eighty dollars, most of which, it is presumable, have been lost or destroyed, and which cannot consequently be presented for payment. The amount due to depositors and on miscellaneous accounts is eighteen thousand three hundred and sixty-nine dollars. The whole of the outstanding obligations of the bank, exclusive of what is due on the bond account, is only thirty-three thousand six hundred and forty-nine dollars.

Of the one thousand five hundred and thirty bonds that were sold to procure capital for the bank, three hundred and seventy have been redeemed, leaving outstanding one thousand one hundred and sixty bonds for one thousand dollars each, amounting with the interest on them, October 1, 1856, to two million one hundred and forty-seven thousand nine hundred and thirty dollars.

Besides this amount, there is due for money borrowed on five hundred bonds hypothecated with the North American Trust and Banking Company, and for interest on the same, the sum of two hundred and thirty-four thousand one hundred and seventy-nine dollars and sixty cents.

The total amount due on the bond account is two million three hundred and eighty-two thousand one hundred and nine dollars and sixty cents.

The total due by the bank, at the present time, on every account is two million four hundred and fifteen thousand seven hundred and fifty-nine dollars and twenty-six cents.

The present condition of the bank may be presented in another form, as follows:

GROSS ASSETS.

Notes and bills discounted, on hand, of every description, including interest on the same.....	\$1,240,000 00
Lots and lands taken in payment of debts, or purchased at sales under decrees of foreclosure and execution, rating them at the value affixed to them by the commissioners.....	1,365,000 00
Remaining stock lands rated at the value affixed to them by the commissioners.....	2,384,000 00
Miscellaneous assets.....	17,507 53
Total of gross assets.....	<u>5,006,507 53</u>

Notes and bills discounted
 Interest on the same
 Principal and interest of notes classed as
 Lots and lands taken
 Estimated at half the rate
 Remaining stock land
 declared by the commission
 Miscellaneous assets

Total of net assets

Due for notes in circulation
 Due to depositors and
 Due for 1,160 Real Estate
 redeemed, and for
 1, 1856.....

Due for money borrowed
 for interest on the same

It is impossible for
 and even in rating the
 by the commissioners
 their true worth may
 legal and other obstacles
 erred. As great part
 necessary to see that
 taxes, and in other ways

The interest on the
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 must be added the net
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On the other hand,
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 debts is paid, the income

Some facts which are
 subject, but which could
 are appended in the following
 Referring you for further
 rogatories, and to the
 respectfully, your obedient

His Excellency ELI
 Governor

NET ASSETS.

Notes and bills discounted, classed as "good".....	\$405,277 26
Interest on the same to October 1, 1856.....	140,415 85
Principal and interest that will probably be collected of notes classed as "doubtful and worthless".....	54,306 89
Lots and lands taken in payment of debts, and esti- mated at half the rate declared by the commissioners.	682,500 00
Remaining stock lands estimated at half the rates de- clared by the commissioners.....	1,192,000 00
Miscellaneous assets.....	17,507 53
Total of net assets.....	2,492,007 53

LIABILITIES.

Due for notes in circulation.....	\$15,280 00
Due to depositors and others.....	18,369 66
Due for 1,160 Real Estate Bank bonds remaining un- redeemed, and for interest on the same to October 1, 1856.....	2,147,930 00
Due for money borrowed on bonds hypothecated, and for interest on the same to October 1, 1856.....	234,179 60
Total.....	2,415,759 26

It is impossible for us to say what is the true value of the lands, and even in rating them at one-half the price at which they were rated by the commissioners we may have rated them too high. Whatever their true worth may be, only a part of that worth may, owing to the legal and other obstacles that may be interposed, be ultimately recovered. As great part of the assets consists of lands, great care will be necessary to see that they are not lost to the State, through sales for taxes, and in other ways.

The interest on the bonds remaining outstanding, and on the money borrowed on bonds hypothecated, is \$76,880 per annum. To this must be added the necessary expenses of winding up the affairs of the bank.

On the other hand, the interest of the bills and notes discounted, classed as "good," and remaining unpaid, amounts, at 8 per cent, to \$32,400 a year. But in proportion as the principal of this class of debts is paid, the income from this source will be diminished.

Some facts which are necessary for a full understanding of the subject, but which could not be conveniently introduced into this report, are appended in the form of an historical sketch.

Referring you for further information to our answers to your interrogatories, and to the abstracts herewith submitted, we remain, very respectfully, your obedient servants,

WM. M. GOUGE,
W. R. MILLER.

Accountants, under act of 15th January, 1855.

His Excellency ELIAS N. CONWAY,
Governor of the State of Arkansas.

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..... 2,384,000 00
..... 17,507 53
..... 5,006,507 53

this amount was too great, as among the notes stated to be in circulation were included notes of the Real Estate Bank on hand at the different offices, and among the sums due to other banks was included what some of the offices of the Real Estate Bank owed to one another.

According to our compendious view, the liabilities of the bank, about the time of the assignment, were:

For notes in circulation.....	\$394,869 56
For deposits.....	119,529 76
Due to banks in other States.....	27 87
Due to the State Bank of Arkansas and branches.....	10,296 54
Bonus due to the State, December, 1841.....	5,000 00
	529,723 73

To which should be added—	
For 1,530 bonds sold.....	\$1,530,000 00
For interest due on the same, January 1, 1842.....	45,900 00
For additional interest that had accrued on the same to April 1, 1842.....	22,950 00
For money borrowed on bonds hypothecated.....	121,336 59
For interest that had accrued on the same.....	7,648 00
	1,727,834 59

This makes the total \$2,257,558 32, which is \$63,549 90 less than would be inferred from Mr. Newton's estimate. But even our amount is too great, as there is reason to believe that from \$15,000 to \$20,000 of notes of the Real Estate Bank were on hand at the Washington office, and that a large part of the deposits were not demandable, but were part payments on notes discounted.

The probability is, that, independently of what was due on bond account, the liabilities of the bank did not, at the time of the assignment, exceed \$450,000.

2. Of the amount due for bonds, upwards of \$500,000 was due to the United States Treasury Department for an investment made by it of the funds of the Smithsonian Institute. The residue was due to various parties in the Atlantic States and Europe.

The amount due for notes in circulation and for deposits was chiefly owing to citizens of the State of Arkansas.

The amount due on bonds was due in specie. The notes in circulation were, according to the obligation expressed on the face of them, payable in specie; but as the bank had been for about eighteen months in a state of suspension, gold or silver could not be obtained for the notes but by suing for it. A small portion of the deposits were payable in specie, the rest in Arkansas paper.

3. Of the debts due at the time of the assignment, those owing to depositors have (with the exception of \$1,678 52) been liquidated,

partly by payments to their credits on accounts holders of the notes; to April 25, 1855, with of a receiver, except deemed, up to Octob \$15,280.

The manner in w answer to question 2

Of the debt due fo \$572,976 12 has bee payment of debts du

All the bonds bear

4. By paying out of the trust, new del since be liquidated b debts due to the ban

Other debts were deposit and allowing ments against the b notes and sued for t

The debts remain may be summed up

For notes in circula

For deposits made,

For deposits made d

For special deposits

For amount due to

For salaries due to

For salaries due to

For taxes due on 1

year.....

For principal and

sold.....

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For interest on the

IV. The amount time of the assigna

in specie or otherw individuals; how

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ies of the bank;

partly by payments to them and partly by passing the amount to their credits on account of notes due by them. Of those owing to holders of the notes of the bank then in circulation, all were paid up to April 25, 1855, when the affairs of the bank passed into the hands of a receiver, except \$49,905. Since that time, there have been redeemed, up to October 1, 1856, \$34,040, leaving then outstanding \$15,280.

The manner in which the notes were redeemed is given in the answer to question 2.

Of the debt due for bonds sold, and for interest thereon, the sum of \$572,976.12 has been discharged by receiving bonds and coupons in payment of debts due to the bank.

All the bonds bear six per cent. interest.

4. By paying out Real Estate Bank notes in defraying the expenses of the trust, new debts were created to that amount; but these have since been liquidated by receiving such notes back again in payments of debts due to the bank.

Other debts were created by receiving Real Estate Bank notes on deposit and allowing interest thereon. And again, others by judgments against the bank, obtained by private individuals who held its notes and sued for their payment in gold or silver.

The debts remaining due by the bank, on the 1st of October, 1856, may be summed up as follows:

For notes in circulation.....	\$15,280.00
For deposits made previous to the assignment.....	1,678.52
For deposits made during the time of the trust.....	717.76
For special deposits made with the receiver.....	2,664.01
For amount due to D. Ringo on decree in chancery..	1,174.69
For salaries due to trustees.....	5,099.18
For salaries due to receiver and attorneys.....	4,285.50
For taxes due on lands and town lots for the present year.....	2,750.00
For principal and interest remaining due on bonds sold.....	2,147,930.00
For money borrowed on hypothecated bonds.....	121,336.59
For interest on the same to October 1, 1856.....	112,843.01
	<hr/>
	2,415,759.26
	<hr/>

IV. The amount of debts due, or to become due, to said bank at the time of the assignment, and interest; how secured; whether payable in specie or otherwise; debts due from stockholders; debts due from individuals; how much due from those who became trustees or officers of the bank; when due; how secured; and other information to a full understanding thereof?

\$394,819.56
119,529.76
27.87
10,296.54
5,000.00

529,723.73

\$1,530,000.00
45,900.00
22,950.00
121,336.59
7,648.00

1,727,834.59

549.90 less than
even our amount
5,000 to \$20,000
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ment made by it
due was due to
deposits was chiefly
notes in circula-
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deposits were pay-
those owing to
been liquidated,

ferred for cotton and
e date of the assign-
ferred to the trustees

The following table gives a statement of the indebtedness, at the
time of the assignment, of those who became trustees:

As principal	As surety	Total
22,708 33	27,773 33	
Nothing	Nothing	
10,841 00	15,964 90	
5,472 60	11,601 19	
7,926 00	15,281 91	
18,772 63	24,547 63	
25,030 71	36,473 66	
29,693 25	42,578 21	
34,479 60	52,562 11	
14,881 67	18,573 67	
169,734 19	244,354 91	
7,475 00	40,503 76	
Nothing	Nothing	
30,055 30	50,554 18	
11,850 00	29,885 36	
12,810 95	31,200 34	
13,070 00	31,305 30	
7,051 54	21,148 14	
1,810 00	7,080 00	
11,521 89	39,377 89	
20,529 52	49,077 65	
116,254 90	300,032 46	
11,423 30	19,223 30	
1,838 00	2,060 75	
7,360 00	8,560 00	
21,117 00	28,040 30	
8,000 00	8,750 00	
771 25	5,771 25	
9,535 13	10,627 13	
1,580 00	9,968 85	
.....	6,650 00	
7,110 00	13,274 00	
68,734 68	112,225 58	

	As principal	As surety	Total
ORIGINAL TRUSTEES			
C. A. Harris	\$1,850 00		\$1,850 00
Samuel C. Roane	4,416 00	275 52	4,691 52
Daniel T. Witter	5,064 00	22,708 33	27,772 33
George Hill	8,325 21	7,356 00	15,681 21
Enoch J. Smith	12,975 96	29,603 25	42,579 21
H. L. Biscoe	3,412 83	2,011 93	5,424 76
William F. Moore	7,149 60	3,311 53	10,461 13
John Preston, Jr.	5,337 03	3,315 00	8,652 03
John Drennen	8,400 00	11,423 30	19,823 30
Robert S. Gibson	750 00	8,000 00	8,750 00
L. N. Clark	5,000 00	771 25	5,771 25
B. C. Faulkner	33,028 76	7,475 00	40,503 76
A. H. Davies	20,498 88	30,055 30	50,554 18
Bliss Craig	27,836 00	11,521 89	39,357 89
Biscoe & Moore	7,381 05		7,381 05
	151,495 22	145,227 30	296,722 52
ADDED TRUSTEES			
L. Beardon		3,000 00	3,000 00
Ebenezer Walters	1,250 00	523 28	1,773 28
James H. Walker	2,986 67	1,000 00	3,986 67
Luther Chase		3,091 17	3,091 17
D. F. Shall			
	4,236 67	7,414 45	11,651 12

L. Beardon was appointed in place of J. S. Conway, who declined serving; E. Walters in place of S. M. Weaver, who declined serving; James H. Walker in place of D. T. Witter, who resigned December 12, 1842; Luther Chase, in place of E. Walters, deceased; and D. F. Shall, in place of Luther Chase, deceased.

For a further answer to some of the inquiries in interrogatory 5, see the reply to interrogatory 10.

VI. The amount of assets of said bank at the time of the assignment; how those assets have been disposed of, and what amounts are now on hand?

Answer 1. According to the "condensed statement," prepared by Mr. Newton, the assets of the bank at the time of the assignment were as follows:

Bills receivable, including notes discounted, bills of exchange, etc.	\$1,923,241 39
Real estate	34,394 92
Due by other banks	30,242 82
Thirty-eight State bonds, five per cents	38,000 00
Specie and its equivalent	53,551 63
Bank notes on hand	80,228 52
	2,159,659 28

In this statement are included, under the head of "due by other banks," sundry sums due by branches of the Real Estate Bank to one another; and under the head of "bank notes on hand," are included the Real Estate Bank notes on hand at each office, its own issues ex-

As principal	As surety	Total
59	\$72,451 67	\$116,132 26
80	73,253 00	170,658 30
86	116,254 90	300,032 46
72	169,734 19	244,354 91
90	68,734 68	112,225 58
77	109,427 74	241,003 51

s of the notes of each
e notes of those who
made from the amount
in the aggregate as
cannot easily be as-
for one debt, the pay-
course, discharge the

cepted. This statement, therefore, does not give the *net* assets of the bank.

In a letter addressed to Governor Drew, under date of October 30, 1848, Mr. Newton said, "when the deed of assignment was made on the 2d of April, 1842, the Real Estate Bank had, to meet demands against it —

In specie.....	\$53,551 62
Principal and interest of loans on notes and bills.....	2,000,192 00
Real estate valued then at.....	34,394 92
Amount due from other banks.....	30,242 82
Notes of Arkansas banks and loan to State.....	364,535 40
	<hr/>
	2,482,916 76

In making an estimate of what was due on notes and bills, Mr. Newton allowed \$76,950 61 for back interest, and thus swelled the total above the amount he gave in the "condensed statement."

The "notes of Arkansas banks and loans to the State" are here set down as \$364,535 40, while in the "condensed statement" all these kinds of means make a total of only \$118,228 50. In a note appended to the "condensed statement," but evidently prepared at a later day, the items are given which make up the total of \$364,535 40, viz:

BANK NOTES, REAL ESTATE, AND ALL OTHERS.

Little Rock.....	\$73,249 29
Helena.....	35,069 87
Washington.....	32,280 02
Columbia.....	140,579 86
Van Buren.....	45,356 88
State bonds.....	38,000 00

In this account are embraced *all* the notes of the Real Estate Bank then on hand, except \$108,170 of its own issues at the Washington office. But it is evident that "the cancelled notes," spoken of in the "condensed statement," as received from New Orleans, and amounting to \$15,030, could not be used "to meet demands against the bank;" and using any of the notes of the Real Estate Bank then on hand for this purpose would increase the demands against the bank in one way as much as it would diminish them in another.

This statement, therefore, fails to show the *net* assets of the bank at the time of the assignment.

According to our "compendious view," the assets were as follows:

Loans and discounts.....	\$1,923,241 39
Arkansas State bonds, five per cents.....	38,000 00
Real estate.....	34,394 42
Due from banks in other States.....	430 18
Due from State Bank of Arkansas and branches.....	3,245 12
Notes of banks in other States.....	491 00
Notes of State Bank of Arkansas and branches.....	20,410 00

Notes of other banks
State Bank.....
Certificates of deposit
cent interest.....
Specie.....
Due by State treasury
Chicot county warrant
Cotton and corn acco
Other investments.....

Add for bank interest
as estimated by Mr

Total assets at t

This includes sever
of his statements, a
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Governor Drew, bec
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we have been able to
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guish between notes
on hand. The total
able that \$20,000, co
ducted from the st
bank \$2,211,625 42

These assets were

1. A large amount of loans and discounts thereof, and Arkansas State bonds and coupons.
2. Thirty-two of interest on them, to secretary, on the 31st of April, 1842.
3. Of the real estate, including houses and lots at Washington, and still the property of the bank.
4. The small amount of funds have been collected.
5. The amount of funds settled for by those who had deposits.
6. The notes of the bank.
7. The notes of the bank.

the net assets of the
 er date of October
 assignment was made
 l to meet demands
 \$53,551 62
 2,000,192 00
 34,394 92
 30,242 82
 364,535 40

 2,482,916 76

notes and bills, Mr.
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OTHERS.
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 38,000 00

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 sets were as follows:
 \$1,923,241 39
 38,000 00
 34,394 42
 430 18
 3,245 12
 491 00
 20,410 00

Notes of other banks and of other offices of Real Es- tate Bank.....	\$32,280 00
Certificates of deposit at New York, bearing five per cent interest.....	13,948 96
Specie.....	47,602 67
Due by State treasurer.....	550 00
Chicot county warrants.....	5,584 16
Cotton and corn account.....	33,342 10
Other investments.....	1,154 31
	2,154,674 31
Add for bank interest on notes and bills discounted, as estimated by Mr. Newton.....	76,950 61
	2,231,624 92

This includes several items not embraced by Mr. Newton in either of his statements, as the corn and cotton account, and a certificate of deposit of a New York bank for \$3,000; but still makes the total less than it is made in either his condensed statement or his letter to Governor Drew; because we have excluded notes on hand of the principal bank and branches, when we could ascertain the amount. This we have been able to do at all the offices except that at Washington, the returns from which are so indefinite as not to enable us to distinguish between notes of other banks and notes of the Real Estate Bank on hand. The total is given as \$32,280. Of this amount it is probable that \$20,000 consisted of Real Estate Bank notes, which, if deducted, from the sum given above, will make the net assets of the bank \$2,211,625 42.

These assets were disposed of, as follows:

1. A large amount of the notes and bills, included under the head of loans and discounts, were returned to the drawers and endorsers thereof, and Arkansas notes, specie at the rate of two or three for one, State bonds and coupons, and lands and negroes received in exchange.
2. Thirty-two of the five per cent. State bonds, amounting with the interest on them to \$32,666 67, were exchanged by the cashier and secretary, on the 31st of May, 1843, for an equal amount of Real Estate Bank notes. The six that remained were turned over to the receiver in April, 1855, and still remain on hand.
3. Of the real estate included in the deed of assignment, the banking houses and lots at Columbia and Helena have been sold. The lots at Washington, and the banking house and lots at Little Rock, are still the property of the bank.
4. The small amount due from banks in other States appears not to have been collected.
5. The amount due from the State Bank and its branches was duly settled for by those institutions.
6. The notes of banks in other States proved to be unavailable funds.
7. The notes of the State Bank and its branches were exchanged.

CONDITION OF THE BANKS

with those institutions for an equal amount of Real Estate Bank notes, or otherwise used in the business of the trust.

8. The amount of two of the certificates of deposit of banks in New York, \$5,948.56, and of the interest thereon, \$124.69, was collected by Albert Pike, September 31, 1843, and duly accounted for by him. The third certificate, which was for \$8,000, was entrusted to John W. Edmunds, a lawyer of New York. He, on the 3d of June, 1843, drew the amount from the Phoenix Bank, together with the interest thereon, making a total of \$8,476, and appropriated the same to his own use. Mr. Dudley Selden was employed to get it from him. From some papers in the banking house, it appears that Mr. Selden received from Mr. Edmunds the sum of \$3,599.98 in money, and a note for \$1,838.48. Of the residue of the sum of \$8,476 we have no account. Of the amount collected from Edmunds, only \$1,800 was paid over to the cashier and secretary. The balance was expended in paying Mr. Selden's fees, and in defraying other legal expenses in New York.

9. The sum due by the State treasurer was settled when the bank paid the bonus for the year 1841.

10. The corn and the cotton were sold, and the obligations received therefor tended to swell the amount of bills receivable.

11. The Chicot county warrants (except a small amount used in paying taxes) remain on hand.

12. The specie was used in paying the trustees and officers their salaries, and in defraying other expenses of the trust. A small part of it was employed in paying specie certificates of deposit, and another part in satisfying judgments against the bank. In the same way has gone what was subsequently collected from debtors to the bank, as is shown in the various accounts herewith presented.

13. Of the assets of the bank at the time of the assignment, the following remain on hand:

Bills and notes discounted.....	\$925,784.08
Six Arkansas State bonds, 5 per cents.....	6,000.00
Chicot county warrants.....	4,400.00
Uncurrent money.....	484.12
Certificate of deposit in bank in New York for \$8,000, less \$3,599.98 paid.....	4,400.02
Lots at Washington.....	
Banking house and lots at Little Rock.....	
	941,068.22

VII. A detailed statement of all good money received by the trustees, the officers of the bank, or the agents of the trustees or officers, since the 2d of April, 1842, or settled with the cashier and secretary, when received or settled; from what source, or on what account.

Answer: The abstracts herewith submitted, marked Nos. 2, 3 and 4, contain all the information we are able to give in answer to this interrogatory. In not a few instances it has been found impossible to distinguish between good money receipts and good money settlements;

and, in many instances, on the books of trustee's books, less than would be accounted for. According to the settlements were as follows:

By Thomas W. Neff
By Edwin Brainerd
By Simon T. Saurin
By Wm. Van Johnson
By Johnson C. Adams
By E. A. Scott
By C. W. Adams
By G. N. Peay

The amount is so mixed that it is difficult to be separated into distinct items, herewith given, all the information in this account differs widely from that which embraces the whole.

VIII. All good money paid to whom paid;

Answer: As follows:

By T. W. Neff
By Edwin Brainerd
By S. T. Saurin
By Wm. Van Johnson
By Johnson C. Adams
By E. A. Scott
By C. W. Adams
By G. N. Peay

The particular will, so far as abstracts mark.

It will be seen that the good money is \$8,668.83, which can be accounted for.

money receipts at that office were not entered as such, but mixed up with receipts of Arkansas funds, in such a manner that it is now impossible to tell what proportion of the receipts was in the one medium, and what in the other.

IX. Detailed statement of bonds and coupons received by the trustees, whether State or Real Estate bonds, how many have been exchanged, and when or again put into circulation, and sold or disposed of, and when, and by whom, and by what authority, and what number are now on hand, and what amount cancelled and filed with the treasurer, and interest thereon?

Answer 1. The abstract, marked No. 1, herewith submitted, embraces the information called for in this interrogatory. From this it appears that, between April, 1844, when the receipt of bonds commenced, and the 25th of April, 1855, when the affairs of the trust passed into the hands of a receiver, there were taken in—

211 Real Estate Bank bonds and various coupons, amounting to.....	\$491,148 63
111 State Bank bonds and various coupons, amounting to.....	163,833 24
20 Bonds not particularly described, and various coupons, amounting to.....	28,142 91
<hr/>	<hr/>
342 Bonds in all, amounting with various coupons to.....	683,124 78

2. The trustees do not appear to have exchanged any of the bonds received by them for other bonds. But seventy-six bonds in all, (some of them Real Estate Bank bonds, and others State Bank bonds, amounting, with the coupons, to \$92,700 09) were by the cashier and secretary exchanged for Real Estate Bank notes—namely, \$6,827 92 with William H. Gaines, and the residue, \$85,872 17 with the State Bank of Arkansas.

3. Of the bonds that were received, twenty-four, amounting with the interest on them at the time they were received to \$29,896 51, were again put into circulation. If the interest be added that had accrued on some of the bonds between the time in which they were received, and that in which they were passed away, the total will be \$33,836 15.

Fifteen were sold at New Orleans, December 21, 1847, to pay off Russel's lien on lands of Rezin Bowie and Moses Burnett, in Phillips county. Two were, May 19, 1851, paid for the purchase of Adam's land, in Saline county, it being deemed expedient to purchase said land to secure a debt due to the bank. William J. Vason, attorney at New Orleans, received two in compensation for professional services. And two were passed to Albert Pike, attorney, two to Luther Chase, trustee, and one to John Drennen, trustee, in payment of their salaries.

The fifteen sold at New Orleans, and the two paid for Adams' land, were so disposed of by order of the trustees. The others appear to have been applied to defray charges against the bank, without express directions from the board.

4. When the fast April 25, 1855, the

59 State bonds at
175 Real Estate Bank
ing to.....

234

According to the amounting, with a deficiency of eight boxes which cannot be taken from the cash account and credited it with notes, and used in

Since the assets bonds and coupons and filed with the

X. The indebted officers thereof, and diminished, and contracted, and in

Answer. The account bank, herewith submitted, books and papers

Carey A. Harris to the branch at \$1,850. The whole

self or his representative Thomas W. Ne

to it at the time of the amount in Jefferson county

transferring the debtors to the bank William Van

the bank. Edw free from debt to

The indebted reply to interrogatory or diminished, but discharged, is at

The most striking to the bank occurred the bank, as prior

less than \$33.00 December, 1851. transferring to the tr

4. When the assets of the bank were transferred to the receiver, April 25, 1855, there were on hand—

59 State bonds, and various coupons, amounting to	\$99,518 24
175 Real Estate Bank bonds and various coupons, amounting to	450,140 66
234	549,658 90

According to the books there ought to have been on hand 242 bonds, amounting, with the coupons, to \$560,528 18. There is thus a deficiency of eight bonds, and various coupons, amounting to \$10,869 28, which cannot be accounted for. This does not affect Mr. Newton's cash account, as he debited that with the 342 bonds received, and credited it with only the 100 exchanged for Real Estate Bank notes, and used in defraying the expenses of the trust.

Since the assets of the bank passed into the hands of the receiver, bonds and coupons to the amount of \$755,507 have been cancelled and filed with the treasurer.

X. The indebtedness of each of the trustees of the bank or the officers thereof, and whether such indebtedness has been increased or diminished, and how secured, and on what accounts were their debts contracted, and in what manner, and with what funds discharged?

Answer. The accounts current of the trustees and officers of the bank, herewith submitted, contain the best information which the books and papers enable us to give in answer to these inquiries.

Carey A. Harris, the president of the principal bank, owed to it and to the branch at Helena, at the time of the assignment, the sum of \$1,850. The whole of this debt was, in a few months, paid by himself or his representatives.

Thomas W. Newton, the cashier of the principal bank, owed nothing to it at the time of the assignment. He afterwards incurred obligations to the amount of \$80,693 79 by the purchase of the Byrd estate, in Jefferson county, but relieved himself from those obligations by transferring the estate to Hyner & Sutton, who became in their turn debtors to the bank.

William Van Dalsen, the cashier at Columbia, owed nothing to the bank. Edwin Brittin, the cashier at Washington, was equally free from debt to the bank.

The indebtedness of the other officers is distinctly set forth in the reply to interrogatory 5; and whether such indebtedness was increased or diminished, how secured, and in what manner and in what funds discharged, is shown in the accounts current herewith submitted.

The most striking instance of the increase of debt due by a trustee to the bank occurred in the case of Sanford C. Faulkner. He owed the bank, as principal, at the time of the assignment in 1842, a little less than \$33,000. In various ways this debt was swelled by the 1st December, 1851, to about \$180,000. It was discharged by his transferring to the trustees his real and personal estate in Chicot county.

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ARKANSAS

Report of a joint committee of the legislature of the State of Arkansas, on the affairs of the Real Estate Bank.—January, 1857.

Mr. PRESIDENT: The joint committee on banks respectfully beg leave to submit the following report on the affairs of the Real Estate Bank:

On the 12th of September, 1836, the first general assembly of the State of Arkansas began its session at Little Rock, and the first act it passed, being that to establish the Real Estate Bank, was approved by the governor on the 26th of October, following.

This bank was to be of a peculiar constitution. It was to lend money, but the stockholders were not to pay in money. Instead thereof, they were to give mortgages on lands, but small portions of which had then been brought into cultivation, and on this security the State was to issue bonds, to the amount of two millions dollars. These bonds were to be sold and thus the necessary money was to be procured. Each stockholder was to be entitled to a loan equal to one-half the appraised value of his lands, which loan was to be repayable in twenty years, in instalments of five per cent. a year. There were to be no annual dividends, but instead thereof the profits of each year were to be added to the capital of the bank. When the charter expired a pro rata dividend was to be made among the stockholders of all the accumulated profits.

The benefits of the bank were not to be restricted to stockholders. Non-stockholders were to be allowed loans on mortgage repayable in ten years in instalments of ten per cent. a year.

The State also was to share in the advantages of the institution. The bank was to pay it an annual bonus of five thousand dollars a year for ten years, in all fifty thousand dollars, and besides this, to lend it, at five per cent. per annum, fifty thousand dollars a year for ten years in succession, in all five hundred thousand dollars.

This bank was to quicken industry in all its departments, especially agricultural industry, to supply capital to every body, to furnish the people with a sound circulating medium, to raise the value of land, and cause the desert to bud and blossom as the rose. All this was to be done by coining the wild lands of Arkansas into money, which miracle was to be wrought in the manner above described, by private individuals mortgaging their estates and by the State issuing its bonds. A million of dollars of actual capital, borrowed from abroad, was to be made to perform the function of four millions "through the banking privilege of issuing three for one." In this way were the dwellers in Arkansas to be enriched much more rapidly than they could be by the old-fashioned process of industry and economy.—(See report of Mr. Ringgold from banking committee, Senate Journal, October 4, 1845.—See also, report of Mr. Wilson, first president of the Real Estate Bank, House Journal, November 30, 1837, and report of Mr. Davies,

the second pre- 1838, pages 1,

For fear, for bank was to be of Arkansas sh- able after the ex any owner of A of the State.

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Gross Assets

Amount of bills and notes due to the bank and classed as good by the receiver.....	\$405,277 26	
Interest thereon to October 1, 1856.....	140,415 85	\$545,693 11
Amount of notes and bills due to the bank, classed as doubtful by the receiver.....	99,634 23	
Amount of notes and bills due to the bank, classed as worthless by the receiver.....	420,876 59	
Interest on the bad and doubtful debts, as computed by the accountants.....	173,800 07	694,306 89
60,623 acres of stock lands, which, when pledged for stock were valued at.....	952,268 00	
22,587 acres of other lands, valued at the same rates as the stock lands.....	406,566 00	1,358,834 00
Six five per cent bonds of the State of Arkansas.....	6,000 00	
Interest thereon to October 1, 1856.....	4,125 00	10,125 00
Chicot county scrip.....	4,400 00	
Swamp land scrip.....	2,482 90	
Uncurrent money.....	484 12	
Specie.....	499 63	7,866 65
Banking house and lots in Little Rock, and banking-house lots in Washington, valued at cost, say.....		30,000 00
		2,646,825 65
Remaining stock lands, 127,187 acres, on which the bank has such claims only, as are given to it by stock bonds and stock mortgages.....		2,428,475 38
Total.....		5,075,301 03

The estimate differs slightly in the general results from that given by the accountants in their report. This is partly owing to our introducing into it the banking house and lots in the city of Little Rock, and the banking house lots in the town of Washington; and partly owing to the accountants having, after their report was in type, made additional inquiries in regard to the lands pledged to and owned by the bank. The result of these additional inquiries they have given in their answer to interrogatory XIV, and we have been governed thereby in making this estimate.

It is impossible to state the exact value of the assets of the bank.

In regard to the value of the assets of the bank, it is estimated that they are worth at one-half of their value, and this might be estimated on different principles. The following estimates are given:

Bills and notes due by the receiver, 1856.....
 Amount which, according to the accountants, may be collected and bills classed as worthless.....
 Amount of additional countants, due by same to be sustained.....
 60,623 acres of stock lands, valued at the same rates as the stock lands.....
 22,587 acres of other lands, valued at the rate at which they have been sold by the banking house and house lots in Washington.....
 Six Arkansas five per cent bonds.....
 Chicot county scrip.....
 Swamp land scrip.....
 Specie on hand Oct 1, 1856.....

Remaining stock lands, 127,187 acres, on which the bank has such claims only, as are given to it by stock bonds and stock mortgages.....
 rate at which 6,962 acres of stock lands were sold.....

This estimate exceeds the value of the assets of the bank by 175,000 dollars. The accountants, in their report, have ventured to affix a value to the assets of the bank, and the banking-house and lots in the city of Little Rock, and the banking-house lots in the town of Washington, they did not see proper to include, as they have not been sanctioned by the court. All such estimates of the value of the assets of the bank, when they are managed by the receiver, depend on the energy and ability of the receiver, and will bring will depend on the success shown in bringing them to market.

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results from that given partly owing to our in- the city of Little Rock, ashington; and partly report was in type, made edged to and owned by uries they have given e have been governed the assets of the bank.

In regard to the lands, the accountants could do no more than rate them at one-half of their stock valuation, and then they added that this might be estimating them too high.

The following estimate has been made on somewhat different principles

Net Assets

Bills and notes due to the bank and classed as good by the receiver, with interest thereon to October 1, 1856.....	\$520,506.82
Amount which, according to estimate of accountants, may be collected for principal and interest of notes and bills classed by the receiver as doubtful and worthless.....	54,306.89
Amount of additional balances discovered by the accountants, due by solvent parties, presuming the same to be sustained by the court.....	60,000.00
60,623 acres of stock lands, valued at the rate at which 6,962 acres of such lands have been sold by the trustees.....	573,259.00
22,587 acres of other lands, and 21 town lots, valued at the rate at which 2,109 acres of such lands have been sold by the trustees.....	221,350.00
Banking house and lots at Little Rock, and banking-house lots in Washington, worth, say.....	20,000.00
Six Arkansas five per cent. bonds, and interest thereon.....	10,125.00
Chicot county scrip, \$4,400, worth, say.....	2,200.00
Swamp land scrip, \$2,482, worth, say.....	1,737.40
Specie on hand October 1, 1856.....	1,499.63
	1,463,984.74
Remaining stock lands, 127,187 acres, valued at the rate at which 6,942 acres of such lands have been sold.....	1,202,934.64
	2,666,919.38

This estimate exceeds that of the accountants, in the sum of nearly 175,000 dollars. The difference is owing, partly to our proceeding on different principles in calculating the value of the land, partly to our venturing to affix a value to the banking-house and lots at Little Rock, and the banking-house lots at Washington, and partly to our introducing the additional balances discovered by the accountants, but which they did not see proper to insert in their account as they have not yet been sanctioned by the court.

All such estimates are necessarily more or less conjectural. The net value of the assets of the bank will depend on the manner in which they are managed. The amount of debts that will be collected will depend on the energy of the collecting officers. The amount the lands will bring will depend, in a great degree, on the judgment that is shown in bringing them at a proper time into the market. It is with

satisfaction we state that since the receiver made his report he has collected about \$90,000 of the debts due to the bank.

There is no difficulty in ascertaining the liabilities of the bank. They were on the first of October, 1856, as follows:

Due for notes in circulation	\$15,280.00
Due to depositors and others	18,369.66
Due for 1,169 Real Estate Bank bonds remaining un- redeemed, and for interest on the same	2,147,930.00
Due for money borrowed on bonds hypothecated	121,336.59
Due for interest on the same, to October 1, 1856	112,843.01
	<hr/>
	\$2,415,759.00

To this sum should be added what was due by the bank to the State for annual bonus at the time the charter was forfeited. This was on an adjustment of the account by the auditor of State found to be on the 29th day of July, 1844, twelve thousand eight hundred and twenty-six dollars and thirty-seven cents. The accountants, so far as appears, found no note of this in any of the books or papers of the trustees, but they have since met with it in one of the State documents of the year 1844. If interest at six per cent. be added up to October 1, 1856, it will increase the liabilities of the bank in the sum of \$22,189.62, and make the total \$2,437,948.88. In addition to this it is proper to state that of the percentage on sales of public lands due to the State of Arkansas, the United States Treasury Department has, as appears from the governor's message, held back \$59,142.31 on account of interest due on 500 Real Estate Bank bonds purchased for the use of the Smithsonian Institute. A summing up of these accounts will show that, instead of the State being in debt to the bank in the sum of \$10,125, as would appear from the receiver, the bank in reality owes the State a balance of \$71,206.93. It is only, however, what the bank owes for annual bonus and the interest thereon, that increases the total of its liabilities. The amount withheld by the United States Treasury Department is included in the sum reported by the receiver to be due for 1,169 bonds remaining unpaid and for interest on the same. But \$59,142.31 of the total amount of \$2,147,930 is due, not to the holders of the bonds, but to the State of Arkansas.

It is worthy of remark, that whether we estimate the lands held by and pledged to the bank as worth, on an average, only one half of their stock valuation, or whether we estimate them as worth, on an average, as much per acre as the lands that have been sold by the trustees, there will still be enough to discharge all the liabilities of the bank, and leave a surplus. It is true that time must elapse before the debts due to the bank can be collected, and before the land can be disposed of, and all this time interest will be accruing on the bonds, and various expenses incurred in managing the affairs of the institution. But if the nation continues as prosperous as it now is, if Arkansas continues to advance in wealth and population as rapidly as she has of late years, and more especially if our railroads be completed, and a proper use be made of our swamp land fund, such an additional value may be given to the bank lands as will more than pay the interest that is yet

to accrue on the current in wind.

It is pleasing very hard to a great body of task of payin issued for the not to use the in the Real Est citizens; but t speculation fro profits would ought not to be

So great were Bank inflicted in making an that no bank or established i two members o session of 1844 the unanimous supposing pape proper place for deposit, or bona It would be tories in our St and Little Roc money. What industry and e

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to accrue on the bonds, and the expense that must necessarily be in-
curred in winding up the affairs of the bank.

It is pleasing that we can arrive at this conclusion. It would be
very hard to impose on the citizens and residents of Arkansas, the
great body of whom earn their daily bread by their daily labor, the
task of paying either principal or interest of bonds which were
issued for the benefit of a comparatively few speculators. We wish
not to use the word in an offensive sense. Many of those concerned
in the Real Estate Bank have always been among our most respectable
citizens, but they themselves must admit that the whole affair was a
speculation from its very beginning. If it had been successful the
profits would have been theirs. If it has been unsuccessful others
ought not to bear the loss.

So great were the evils which the Real Estate Bank and the State
Bank inflicted on the people, that both whigs and democrats united
in making an amendment to the constitution, by which it is declared
that no bank or banking institution shall be hereafter incorporated
or established in this State. All but one member of the senate, and
two members of the house voted in proposing this amendment at the
session of 1844-45, and it was ratified at the session of 1846-47, by
the unanimous vote of both houses. There was wisdom in this. Even
supposing paper money banking to be theoretically correct, there is no
proper place for such banks, excepting where the people have money to
deposit, or bona fide commercial notes of short dates to offer for discount.
It would be very easy, indeed, to establish paper money manufac-
tories in our State, as has recently been exemplified by the Cincinnati
and Little Rock Slate Company. But Arkansas does not want paper
money. What she wants is capital, and this can be created only by
industry and economy.

BENJAMIN C. TOTTEN,
Chairman on the part of the Senate.
L. D. HILL,
Chairman on the part of the House.

S 2

Report of the joint committee of the senate and house of representa-
tives of the legislature of Arkansas, on the affairs of the State Bank
of Arkansas.

Mr. PRESIDENT: The joint committee on banks respectfully submit
the following report on the affairs of the State Bank:
The first act that was passed by the legislature, was the Act to
establish the Real Estate Bank. The second was the Act to incor-
porate the Bank of the State of Arkansas.
This it was provided should have a capital supplied exclusively by
the State, and be controlled by presidents and directors appointed by
joint vote of the general assembly.

To supply the necessary capital, authority was given for the issue and sale of State bonds to the amount of one million dollars, and it was further provided that the funds arising from the sale of the seminary lands, the five per centum on the sales of the public lands, and the amount due and coming to the State under the act of Congress distributing the surplus revenue among the several States, with all other funds in which the State was concerned, should be deposited in the principal bank, and constitute a part of the capital thereof.

The principal bank was to be at Little Rock, with branches at Batesville and Fayetteville. By a subsequent act a branch was established at the post of Arkansas.

In the spring of 1837, an arrangement was made with the United States War Department for the sale of bonds to the amount of \$300,000; but before it could be carried into effect the banks throughout the country suspended specie payment, and only a part of this sum was realized.

In August, 1837, the banks commenced operations with a paid up capital of \$396,000, which was by November the 6th increased to \$413,105.29 derived from the following sources:

Sale of State bonds.....	\$100,000.00
United States surplus revenue.....	286,156.49
Five per cent fund.....	26,725.00
Seminary fund.....	96.30
Saline or salt spring fund.....	127.50

The total was made up of the following items:

Specie.....	\$102,925.00
Treasury drafts.....	113,800.00
Kentucky bank notes.....	35,000.00
Cincinnati bank notes.....	33,000.00
New Orleans bank notes and checks.....	33,900.00
Notes of Planters and Agricultural Banks of Mississippi.....	95,583.83
Notes of various banks and small change.....	896.46

As the banks throughout the Union were then in a state of suspension, the managers of the Bank of the State of Arkansas did not deem it advisable to issue many notes payable on demand; but instead thereof issued notes payable twelve months after date. One of the objects professedly in view in establishing this bank was that of supplying the State with a sound circulating medium; and it commenced operations by circulating the notes of distant and non-specie paying banks, some of which ultimately proved to be utterly worthless, and by issues of its own which, as they increased the mass of notes not redeemable in specie, served still further to depreciate the currency and increase the difficulty of resuming specie payments. The legislature at its next session sanctioned this policy, by authorizing the president and directors of the principal bank to issue and lend to the citizens of the State \$200,000 in post notes; and by authorizing each of the branches to issue post notes, not exceeding two for one of the capital paid in.

In August, 1838, sold to the North in cash and the 1 to February, 184 circulation of the of which \$83,840 of post notes not and discounts of This was the Bank commenced

In January, 18 the regular paym specie till Novem not universal su west. In Octobe specie payments, According to a bank and its tre discounts to \$1.6 specie to \$203,81 of the principal b

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"The act of th the State Bank a alize the expectat ficial, but in a g bank and the St said act were: the vaults of the ban other purposes, with the said lat also, ordering to selves and for of upwards of \$30,0 tion which had p be appropriated

was given for the issue of one million dollars, and it was in the sale of the semi-public lands, and under the act of Congress for the several States, with all the proceeds thereof should be deposited in the capital thereof.

with branches at Bates and other places. A branch was established at Little Rock, made with the United States for the amount of \$300,000.

banks throughout the State, and a part of this sum was used in its operations with a paid up capital of \$1,000,000.

the 6th increased to \$1,000,000.

.....	\$100,000 00
.....	286,156 49
.....	26,725 00
.....	96 30
.....	127 50

ns

.....	\$102,925 00
.....	113,800 00
.....	35,000 00
.....	33,000 00
.....	33,900 00
Mississippi	95,589 82
.....	896 46

in a state of suspension of Arkansas did not on demand; but instead after date. One of the banks was that of suspension; and it commenced to issue non-specie paying notes, utterly worthless, and by the mass of notes not to appreciate the currency and payments. The legislature authorizing the president to lend to the citizens of the State, authorizing each of the banks to receive one of the capital

In August, 1838, bonds to the amount of one million dollars were sold to the North American Trust and Banking Company for \$300,000 in cash and the residue in monthly instalments from January, 1839, to February, 1840. In three months after this sale was effected, the circulation of the State Bank and its branches amounted to \$461,775, of which \$83,840 consisted of notes payable on demand, and \$377,935 of post notes not yet arrived at maturity. The aggregate of the loans and discounts of the bank and its branches was \$767,737.

This was the condition of the State Bank when the Real Estate Bank commenced operations.

In January, 1839, the State Bank and its branches commenced the regular payments of specie for their notes, and continued to pay specie till November in the same year, when there was a general but not universal suspension on the part of the banks of the south and west. In October, 1840, the principal bank at Little Rock resumed specie payments, but was not imitated therein by the branches.

According to a statement dated October 31, 1840, the capital of the bank and its three branches amounted to \$1,502,706, the loans and discounts to \$1,679,825, the notes in circulation to \$386,860, and the specie to \$203,813. Of the circulation only \$26,395 consisted of notes of the principal bank.

On the 22d of December, 1840, an act was passed, which, among other things, provided that the State Bank and its branches should resume and continue specie payments, simultaneously with the banks of Louisiana, Tennessee, and Alabama, and that they should not again suspend, under any consideration whatever. This act did not prove effective, and on the 31st of January, 1843, an act was passed to place the State Bank in liquidation.

Referring to this measure, Governor Adams said in his message of November 4, 1844, "that its soundness could not be questioned. Since the bank has been undergoing the process of liquidation, its circulation has been reduced from a large to a comparatively small amount, producing at the same time as little oppression to the community as the general assembly could have anticipated."

Two years afterwards, the joint committee on banks, in a report dated December 23, 1846, expressed a very different opinion.

"The act of the legislature, passed at the session of 1842, placing the State Bank and branches in liquidation, has entirely failed to realize the expectations of its authors. Its operation has not been beneficial, but in a great measure disastrous to the best interests of the bank and the State. The very general assembly which passed the said act were the first to disregard its provisions by using from the vaults of the bank a large amount of specie to pay themselves, and for other purposes, thereby lessening the means of the bank to comply with the said law. And the next general assembly followed suit by, also, ordering to be taken from the vaults of the bank to pay themselves and for other purposes, every remaining silver dollar, being upwards of \$30,000, thereby setting at naught the said act of liquidation which had pledged the faith of the State that said specie should be appropriated to pay the debts of said bank. The truth is, the

State mainly lived on the means of the bank from its commencement and as long as it had a dollar.

In reply to this it might have been said, that the bank was entirely the creature of the State, that its whole capital had been supplied by the State, that it had swallowed up all the available means of the State government, and that without taking such specie as remained of the funds the State had supplied, there was no way of defraying the ordinary expenses of government. To raise the amount at that time by taxation was impossible. The two banks had, by their joint operation, first driven specie out of circulation, then made paper money superabundant, then by their subsequent action produced such a state of things that there was not a sufficiency of circulating medium of either specie or paper. There is no reason to regret that the State took the little specie that remained in the vaults of the bank to defray the ordinary expenses of the government. If the money had not gone into the pockets of the members of the legislature in payment of their *per diem*, it would have gone into the pockets of the managers of the bank, their officers and favorites.

On the 9th of January, 1849, the joint committee on banks made a report, in which they said:

"That when the act of liquidation went into force in 1843, the assets of the bank amounted to the sum of \$1,832,120 45, and were sufficient at that time to redeem the circulation and pay off the bonds. On the 6th of November, 1848, according to the report, there was due for bonds \$1,486,847 50, the paper not yet redeemed is \$83,427 50, and, according to the report of the agents, the whole amount of available assets does not exceed \$750,000 or \$800,000, leaving a deficit of at least \$600,000, which will have to be raised by taxation or out of the pockets of the people.

"This is owing, first, to the withdrawal by the legislature of the funds of the bank in 1842 and 1844 to pay themselves and the ordinary expenses of the government, by which the bank was deprived of a large amount of money, and of the only means of defending herself against the judgments rendered against her, and by which all her real estate has been sold and sacrificed for *one-twentieth* of its value.

"And, secondly, that the Real Estate Bank paper (collected and owned by the State Bank) has been sold at the market price to raise the means to pay the salaries of the bank officers, and the expenses of the bank. In the last two years the expenses, salaries, &c., have been \$13,425 36, for which \$50,191 of bank paper has been sold.

"To raise the \$9,500 appropriated for the rebuilding of the penitentiary, \$37,690 of the bank paper has been sold without the authority of law, therefore known to your committee, and to pay the printing of the acts, &c., of the last general assembly, amounting to \$4,667 19 in good funds, \$18,149 36 of bank paper has been sold.

"Whatever may be the value of bank paper in the market, every dollar of it in the vaults of the bank is a dollar to the State, and to raise the amount of \$13,425 36 for bank officers and expenses, \$9,500 for the penitentiary, and \$4,667 19 for printing, the means of the bank and the State to the amount of \$106,030 36 have been used."

The committee then proceeded to descant with considerable severity

on the conduct of a financial receiver.

"It appears that notes, or in other words for notes, and as shown on the books of the

"It also appears engaged in a broke would not presume individual, yet the subserved by an of funds, and particul

About two years I referring to a repor financial receiver:

"Judging from t nary degree of mer bank is but a catalo negligence (to use r the present time sequence

To arrive at th the date of the act c in error and will re tions that might b is the unnecessary t It is a well attested paid the higher, w This has been clear in consequence of t thousands of dollars

Consequent upc was engrated upon tive to the interests a number of officers (too small in some vidvals,) yet, when

ably entertained w their agency was officers have been in in one instance, t

The evidence of th our courts, where t to coerce payment, it will appear from the transactions of t

"The gross negl than two hundred remain in their ha tions.

"The dishonesty

on the conduct of Mr. Abner E. Thornton, who was at that time the financial receiver of the bank.

"It appears," they said, "that the financial receiver exchanged notes, or, in other words, *traded with himself*, for bonds, for exchange for notes, and, as in other cases, no record of the transaction was kept on the books of the bank.

"It also appears that the financial receiver has been extensively engaged in a brokerage of notes and bonds, and while your committee would not presume to interfere with the private transactions of an individual, yet they think the interests of the State would be best subserved by an officer who abstained entirely from all dealings in funds, and particularly from trading with himself.

About two years later, Governor John S. Roane said in his message, referring to a report just then received from Mr. J. M. Ross, the new financial receiver:

"Judging from the facts thus presented, it requires no extraordinary degree of mental acumen to determine that the history of this bank is but a catalogue of the grossest mismanagement and criminal negligence (to use no harsher term) from the date of her charter until the present time; and that heavy loss to the State must be the consequence.

"To arrive at this conclusion we need go no further back than to the date of the act of liquidation, which, as I contend, was conceived in error and will result in misfortune. Among the numerous objections that might be urged against this law, not the least prominent is the unnecessary extension of time granted to the debtors of the bank. It is a well attested fact that the longer a debt remains due and unpaid the higher we feel the obligations resting upon us to pay it. This has been clearly exemplified in the case of the State Bank, and in consequence of this very principle, thousands if not hundreds of thousands of dollars have been lost to the bank.

"Consequent upon, and rendered necessary by this mistaken lenity, was engrafted upon the law another principle, but little less destructive to the interests of the bank, the employment and pay of so large a number of officers. Their salaries, though small, taken separately, (too small in some instances to command the most competent individuals,) yet, when taken in the aggregate, the doubt may be reasonably entertained whether the salaries did not amount to more than by their agency was recovered for the bank. In some instances, these officers have been incompetent; in others, criminally negligent; while in one instance, that of Abner E. Thornton, absolutely dishonest. The evidence of their incompetency will appear upon the records of our courts, where the bank has been not only defeated in the attempt to coerce payment, but left with a heavy bill of costs to pay; again, it will appear from their inability so to keep their books as to exhibit the transactions of the bank.

"The gross negligence will be found to exist in permitting more than two hundred thousand dollars of the notes due to the bank to remain in their hands, till they were barred by the statute of limitations.

"The dishonesty of Abner E. Thornton is manifest throughout his

whole official career, exhibiting but a series of embezzlements and forgeries.

According to a report dated October 31, 1840, the condition of the State Bank and its branches was then as follows:

Liabilities

Capital.....	\$1,502,706.29
Circulation.....	386,830.00
Due to other banks and to depositors.....	208,772.37
Contingent fund.....	16,558.34
Profit and loss.....	90,941.99
	2,205,838.99

Assets

Bills and notes discounted.....	\$1,679,825.49
Specie on hand.....	203,813.96
Notes of other banks on hand, and balances due by other banks.....	266,276.25
Amount due the principal bank for general expenses of general board.....	406.00
Real estate.....	55,517.29
	2,205,838.99

This is a condensation of the latest statement that was laid before the legislature, previous to the passage of the liquidation act.

The committee on banks say in their report of January the 9th, 1849, that "when the liquidation act went into force in 1843, the assets of the bank amounted to \$1,832,120.45." But they do not state in what these assets then consisted; nor does the same anywhere distinctly appear.

In his message of November 8, 1842, Governor Yell said: "The whole amount of bills receivable is about \$1,600,000."

The next statement we have of the condition of the bank and its branches is dated October 26, 1846, and is substantially as follows:

Liabilities

State bonds and interest.....	\$1,492,895.00
Circulation.....	118,212.50
Balance due to individuals on part payment of notes.....	36,012.92
Judgments against the bank.....	30,000.00
Miscellaneous.....	6,505.80
	1,683,626.22

Bills and notes
and lying over
Real Estate Bank
State bonds
Uncurrent money
Change tickets
Real estate
Specie
Miscellaneous
Balance

The next statement of the branches, in October, is on pages 474 to 4

Bonds outstanding
Interest on the same
Notes in circulation

Bills and notes discounted
Interest supposed
Real Estate Bank
Real Estate Bank
Uncurrent money
Specie
Balance

According to the statement of the senate and house, the following have been collected from:
From June 6, 18
From April 6, 18
From September
From April 6, 18
From October 1,
From October 1,
From September
From February 2

embezzlements and
the condition of the

\$1,502,706 29
386,880 00
208,772 87
16,558 34
90,941 99

2,205,838 99

\$1,679,825 49
203,813 96
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406 00
55,517 29

2,205,838 99

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\$1,492,895 00
118,212 50
36,012 92
30,000 00
6,505 80

1,683,626 22

Assets.

Bills and notes with interest on bills and notes in suit
and lying over..... \$1,269,608 86
Real Estate Bank notes..... 176,250 74
State bonds..... 13,986 56
Uncurrent money..... 1,125 23
Change tickets..... 1,410 00
Real estate..... 98,094 86
Specie..... 565 03
Miscellaneous..... 9,363 80
Balance..... 110,221 14

1,683,626 22

The next statement, showing the condition of the bank and its
branches, in October, 1848, has been condensed from the tables given
on pages 474 to 479, of the House Journal for 1848-49.

Liabilities

Bonds outstanding..... \$1,044,000 00
Interest on the same..... 442,847 50
Notes in circulation..... 83,427 50

1,570,275 00

Assets.

Bills and notes discounted..... \$967,946 37
Interest supposed to be due on the same..... 250,000 00
Real Estate Bank bonds..... 17,294 50
Real Estate Bank notes..... 104,195 00
Uncurrent money..... 1,125 23
Specie..... 308 74
Balance..... 154,405 16

1,570,275 00

According to the statements scattered through the journal of the
senate and house of representatives, the following sums appears to have
been collected from the debtors of the State Bank and its branches:

From June 6, 1843, to October 26, 1844..... \$147,781 29
From April 6, 1845, to September 30, 1846..... 80,567 29
From September 30, 1846, to September 30, 1848..... 301,556 18
From April 6, 1849, to October 1, 1850..... 162,327 67
From October 1, 1850, to October 1, 1852..... 178,628 75
From October 1, 1852, to August 31, 1854..... 82,050 12
From September 4, 1854, to December 14, 1854..... 25,326 79
From February 2, 1855, to October 1, 1856..... 150,643 64

1,028,881 73

It does not appear what amounts, if any, were collected between October 6, 1844, and April 6, 1845; between September 30, 1848, and April 6, 1849, or between December 11, 1854, and February 2, 1855. The amounts collected between April 6, 1845, and September 30, 1846, a period of eighteen months, were about equal to one year's interest on the notes and bills discounted, and then remaining due. In this period, according to Governor Drew, the expenses of winding up the institution were about \$8,000 a year, "to say nothing of the costs of suit, which are said to be considerable."

That is, the expenses were equal to ten per cent. on the amount collected, without counting the cost of suit.

The circulation of the bank and its branches was as follows at the date given:

October the 1st, 1840.....	\$386,860 00
October the 26th, 1844.....	172,355 00
October the 31st, 1846.....	115,067 50
January the 9th, 1849.....	83,427 50
October the 1st, 1850.....	50,087 50
October the 1st, 1852.....	47,197 50

We have no returns of the circulation of the bank of a later date than October the 1st, 1852; but the amount of notes now outstanding is believed to be inconsiderable.

According to a statement made by Mr. John M. Ross, financial receiver, the notes and judgments remaining due to the bank on the 1st of October, 1850, amounted, with the interest on them calculated up to that time, to \$1,081,560 17.

These debts he classed as follows:

Solvent.....	\$267,186 81
Doubtful.....	241,404 52
Insolvent.....	276,664 86
Lost.....	296,304 38

Of this amount there was collected in the next two years the sum of \$178,628 75, almost entirely from the class of debts denominated solvent. The amount that will yet be collected, said Mr. Ross, under date of October 1st, 1852, "will not exceed \$200,000."

Mr. Crutchfield, who succeeded Mr. Ross, as financial receiver, said in his report of December 16, 1854, "the amount of debts collected by my predecessor, since his last report to the general assembly of the 1st of October, 1852, and up to the time of his death, amounted to \$82,050 12."

"This sum, if deducted from the amount of debts estimated by him as solvent, would leave of solvent debts uncollected at the time of his death the aggregate sum of \$117,949 88."

"But it is highly probable that a considerable portion of the above sum so collected by him was collected from the amount classed by him as 'doubtful,' one-third of which he estimated would be collected. If so, the amount of solvent debts remaining uncollected at the time of his death would be increased in a proportionate ratio. I know there was a small portion of the amount so collected by him from debts he deemed insolvent."

In the short time of \$25,326 79, and of October 1st, 1855, amount collected day of his death, Deduct this from and \$42,979 45.

What amount bank is necessary part of the money from debtors who have improved, I hope that a large the debtors whom

On the other hand the amount may of the principal by act of liquidation for more than two nor to make an of October 1, 1855 fusion. His subs is even greater the dition of the book- cial receiver, and

There is no di They amounted o receiver's report, then due on accou from the State F is an apparent o Estate Bank bond Bank. But this before it can be m benefit of the Stat

Independently, the State Bank pos in specie, and of r posed only \$35,00 same having been sacrificed for one-t

It is to be hope on the State. It i vent the land own sacrificed in like n

Such is the res body was to gain plan by which the ation. At the enc debt of nearly a n increments of inte

In the short time Mr. Crutchfield was in office he collected \$25,926.79, and Mr. Fagan his successor, has, according to his report of October 1st, 1856, collected \$50,643.64. These sums, added to the amount collected by Mr. Ross between October the 1st, 1852, and the day of his death in August, 1854, will make a total of \$158,020.55. Deduct this from the amount Mr. Ross supposed could be recovered and \$42,979.45 remain yet to be collected.

What amount will ultimately be realized from the debts due to the bank is necessarily matter of conjecture. Mr. Crutchfield states that part of the money collected from October, 1852, to August, 1854, was from debtors whom Mr. Ross classed with the insolvent. As times have improved since Mr. Ross made his estimate, we may venture to hope that a larger amount than he supposed may be collected from the debtors whom he classed as doubtful and insolvent.

On the other hand, unless prompt and proper measures be taken, the amount may be less. Mr. John H. Crease, who was the cashier of the principal bank from the time it commenced operation till the act of liquidation was passed, and who was after that financial receiver for more than two years, was some time since requested by the governor to make an examination of the books and accounts. Under date of October 1, 1856, he made report that he found everything in confusion. His subsequent investigations have shown that the confusion is even greater than he then supposed, and his statement of the condition of the books and accounts is confirmed by Mr. Fagan, the financial receiver, and by Mr. Woodward, his intelligent assistant.

There is no difficulty in ascertaining the liabilities of the bank. They amounted on the 1st of October last, according to the financial receiver's report, to the sum of \$1,420,488.38, that being the total then due on account of State bonds issued for the benefit of borrowers from the State Bank, and interest on the same. Against this there is an apparent offset of \$216,845, that being the amount of Real Estate Bank bonds, coupons, and notes, now the property of the State Bank. But this amount must be collected from the Real Estate Bank before it can be made available in redeeming the bonds issued for the benefit of the State Bank.

Independently of these Real Estate Bank obligations, all the means the State Bank possessed on the 1st of October, 1856, consisted of \$913.35 in specie, and of notes and bills discounted, of which Mr. Fagan supposed only \$35,000 could be collected. All its real estate is gone, the same having been, according to a report made in 1849, sold and sacrificed for *one-twentieth of its value.*

It is to be hoped that this dear-bought experience will not be lost on the State. It is to be hoped that due means will be taken to prevent the land owned by and pledged to the Real Estate Bank being sacrificed in like manner.

Such is the result of an experiment in banking, by which everybody was to gain and nobody was to lose. Such is the result of a plan by which the people were to be relieved from the burden of taxation. At the end of twenty years we find it leaves the State with a debt of nearly a million and a half, and that annually increasing by increments of interest, with nothing to pay this debt but certain obli-

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ARKANSAS

Extracts from the message of his excellency E. N. Conway, governor of Arkansas, November 3, 1858

Notwithstanding the payments on the debt of the State, up to the 1st day of October, 1858, amounted to \$2,146,484 36, namely: \$932,790 03 on account of bonds issued to and sold by "The Bank of the State of Arkansas," and \$1,213,694 33, on account of bonds issued to and sold by "The Real Estate Bank of the State of Arkansas," there still remained, on the 1st day of October, 1858, a liability of the State, on account of bonds sold by the Real Estate Bank, amounting, with the unpaid interest on them, to \$1,815,307 77; and also a liability on account of the Bank of the State of Arkansas, for bonds and unpaid interest on them, amounting to \$1,239,526 82.

The assets of the Real Estate Bank and the lands mortgaged by stockholders, if honestly and prudently managed and applied, will be more than sufficient to pay the liability of the State on account of the Real Estate Bank. It is therefore recommended that no legislation whatever be had, whereby these mortgaged lands might, by any possibility, be released, or the security to the State and bond holders in any manner jeopardized.

The only debt of the State without adequate means to pay it is that of the State Bank, which, after deducting assets which will probably be collected, amounted on the 1st day of October, 1858, to about one million one hundred thousand dollars. This debt is composed of \$616,000 of principal *not due*, and the interest *due and unpaid*. Elsewhere in this communication the affairs of the banks are referred to more in detail.

In the year 1836 "The Bank of the State of Arkansas" was created. One thousand six per cent. and one hundred and sixty-nine five per cent. bonds of this State, each for \$1,000, were issued to and sold by "The Bank of the State of Arkansas," to obtain banking capital. By the report of the auditor you will see that the whole number of these bonds redeemed, cancelled, and filed with the State treasurer, up to the 1st day of October, 1858, was five hundred and fifty-three, and that the interest on the bonds, when redeemed, amounted in the aggregate to \$372,174 35; and to this should be added \$7,615 68 for interest paid at the United States treasury, out of funds of the State, on bonds issued to and sold by this bank, and then the interest paid will be shown to be \$379,790 03, making, with the principal of the five hundred and fifty-three redeemed bonds, \$932,790 03, paid on the debt of the State on account of the Bank of the State of Arkansas. But there are still outstanding and unredeemed 616 of the bonds sold by this bank. Of these, 591 are six per cent. bonds, which will not be due until the 1st day of January, 1868, and 25 are five per cent. bonds, which will not be due until the 1st day of January, 1887.

On the 1st day of these 616 bonds twenty-eight of them by "The Bank of cent. bonds issued of Arkansas," and

The whole amount sales of the public under the compact 1st day of January \$79,125 75. But

lution of Congress time to time, as it and \$71,864 08 of towards the payment to and sold by 7 and the residue, \$

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The land attorney to the bank, but as quires his presence in attention in another, bank which is necess

By the report of t that he has been ene State.

CONDITION OF THE BANKS

On the 1st day of October, 1858, the interest unpaid by the bank on these 616 bonds, amounted to \$631,142.50. One hundred and twenty-eight of the unredeemed six per cent. bonds issued to and sold by "The Bank of the State of Arkansas," and five hundred six per cent. bonds issued to and sold by "The Real Estate Bank of the State of Arkansas," are held by the United States.

The whole amount of the five per cent. of the net proceeds of the sales of the public lands, which accrued to the State of Arkansas, under the compact between the United States and this State, from the 1st day of January, 1841, to the 1st day of January, 1857, was \$79,125.75. But, in accordance with requirements of the joint resolution of Congress, approved March 3, 1845, this money was from time to time, as it accrued, retained at the United States treasury, and \$71,864.08 of it applied by the authorities of the United States towards the payment of interest on the 500 bonds of this State, issued to and sold by "The Real Estate Bank of the State of Arkansas," and the residue, \$7,261.67, towards the payment of interest on the 128 bonds issued to "The Bank of the State of Arkansas." By the tariff act of August 30, 1842, the act of Congress to appropriate the proceeds of the sales of the public lands, approved September 4, 1841, was modified, and the distribution of the land fund to the several States suspended. But before the modification of the act of September 4, 1841, the sum of \$5,012.16 had accrued to the State of Arkansas, and, under section four of this act, was retained at the United States treasury, and \$4,658.15 of it applied by the authorities of the United States towards the payment of interest on the 500 bonds issued to the Real Estate Bank, and the balance, \$354.01, towards interest on the 128 bonds issued to the Bank of the State of Arkansas. Therefore, from the \$631,142.50, interest, unpaid by the Bank of the State of Arkansas on the 1st October, 1858, the sum of \$7,615.68, applied at the United States treasury toward the payment of interest on bonds issued to this bank, should be deducted, and then the whole amount of interest which remained due and unpaid on the 616 outstanding bonds issued to this bank will be shown to be \$623,526.82. The principal, *not due*, was \$616,000, which, added to the interest, will show that the whole amount of the debt on account of the Bank of the State of Arkansas was \$1,239,526.82, on the 1st day of October, 1858.

To the report of the financial receiver of the Bank of the State of Arkansas you are respectfully referred for intelligence in regard to his official transactions. It is recommended that the existing law be amended so as to authorize the receiver to employ special attorneys, and that two years longer be allowed for winding up the affairs of the State bank.

The land attorney and State collector has rendered considerable aid to the bank, but as the other regular business of his office often requires his presence in one direction, and the business of the bank needs attention in another, he cannot, at all times, render that service to the bank which is necessary.

By the report of the land attorney and State collector, you will see that he has been energetic and successful in collecting funds of the State.

William M. Gouge and Archibald H. Rutherford, the State accountants, under the act of January 15, 1857, after a long, tedious and laborious investigation of the confused affairs of the Bank of the State of Arkansas, have made a very elaborate and able report, to which you are respectfully referred as a source of much information concerning the past history and present insolvent condition of this bank.

After deducting all of the assets which will probably be collected, the executive estimates that the debt of the State, on account of the State bank, amounted to about one million and one hundred thousand dollars on the 1st day of October, 1858.

The Bank of the State of Arkansas, and The Real Estate Bank of the State of Arkansas were created in the year 1836. These are the only banks that ever had existence in Arkansas.

The State bank belonged wholly to the State, and no other stockholder has ever had an interest in it. The general assembly elected its chief officers, and they appointed their subordinates. After lingering through a lapse of nearly a quarter of a century, the State bank is about to pass away, but the State accountants have recorded much of its history. This will remain to perpetuate its memory, and to warn the people of Arkansas against the establishment of such institutions in future.

It is recommended that a law be passed, to effectively prevent the circulation in this State of any bank note of less denomination than fifty dollars. Such a policy would cause gold and silver to flow into our State, and would afford substantial benefits to the people.

For information relative to the business of the Real Estate Bank you are respectfully referred to the report of the receiver in chancery. This valuable report shows that the policy established for winding up the bank works well, and if strictly adhered to and faithfully carried out, will protect the State from any loss whatever on account of the Real Estate Bank.

The report contains a complete list of the lands which the receiver is authorized to sell.

By the report of the auditor you will see that 584 bonds of this State, issued to and sold by the Real Estate Bank, and also many coupons for interest, had been redeemed, canceled, and filed with the State treasurer before the 1st day of October, 1858, amounting together to \$1,137,172 10, and that on the 1st day of October, 1858, 948 of the bonds issued to and sold by this bank remained unredeemed, and upon them the interest due and unpaid by the bank was \$845,830, making for principal and interest \$1,891,830; but from this should be deducted \$76,522 23, the amount of money of the State retained and applied by the authorities of the United States, as required by the joint resolution of Congress of March 3, 1845, towards interest on the 500 bonds of this estate, issued to and sold by the Real Estate Bank, which are held by the United States as trust funds, and then the whole amount for principal and interest will be shown to be \$1,815,307 77.

You are respectfully referred to the report of the solicitor general of the State of Arkansas for information concerning the suit of the State against the late trustees and officers of the Real Estate Bank

and also relative to matters intended in behalf of the

After the State commenced suits against the Real Estate Bank to have the assets of the bank applied to the payment of its debts, certain suits were instituted against the State upon bonds issued in 1854, these suits were discontinued, and the State entertained that they were forced sales and the proceeds of the banks, the Real Estate Bank, and finally in 1858 the banks were appropriated on account of bonds issued, and was using efforts to make

In the suits only the interests of the State, and all others concerned of this State, and appropriate in every case in which to enforce the collection of interest thereon, before the bonds should be produced, not withdrawn until final and full payment of the debt, then be withdrawn, can be in order of the court, but in every case in which a writ be instituted, the court may proceed by original or cross bill, produced and filed, and if left to remain filed, the suit, proceeding, or cross

You will see by the report that many of the suits were dismissed under the plaintiffs to file the bond with the supreme court of Arkansas, decrees of dismissal, the Supreme Court of the United States, the governor of this State, in the Supreme Court of Arkansas, decided in favor of the State, sustained. There is but one bond, and in that case a writ of habeas corpus was granted, but, upon appeal to the supreme court, the writ was reversed, and the solicitor general in this case will have to be continued in the circuit court.

The solicitor general has been attending to suits of the State

erford, the State after a long, tedious trial of the Bank of rate and liable report of much information ent condition of this probably be collected on account of the ne hundred thousand

The Real Estate Bank ar 1836. These are sas and no other stock- ral assembly elected nates. After linger- tury, the State bank have recorded much its memory, and to hment of such insti- ectively prevent the s denomination than d silver to flow into o the people. On e Real Estate Bank receiver in chancery shed for winding up nd faithfully carried on account of the which the receiver 584 bonds of this ik, and also many and filed with the amounting together er, 1858, 946 of the redeemed, and upon \$845,830; making should be deducted ained and applied l by the joint reso- interest on the 500 Real Estate Bank, and then the whole be \$1,815,307.77 e solicitor general ng the suit of the Real Estate Bank

and also relative to many other important suits to which he has at- tended in behalf of the State.

After the State commenced suit against the trustees and officers of the Real Estate Bank to have them removed and held to account, so that the assets of the bank might be collected and applied to the payment of its debts, certain suits for large amounts were commenced against the State upon bonds of the State issued to the banks. In December, 1854, these suits were pending, and there were serious apprehensions entertained that they would result in judgments, and under these forced sales and the sacrifice of all the lands and other available assets of the banks, the breaking up of the stockholders of the Real Estate Bank, and finally in driving the State to repudiation. The assets of the banks were appropriated for the payment of the debt of the State on account of bonds issued to and sold by the banks, and the State was using efforts to make the assets available for that purpose.

In the suits only copies of the bonds were filed, and to protect the interests of the State, and of the stockholders of the Real Estate Bank, and all others concerned, an act was passed by the general assembly of this State, and approved December 7, 1854, which provided that in every case in which suits or any proceedings had been instituted to enforce the collection of any bond or bonds issued by the State, or the interest thereon, before any judgment or decree should be rendered, the bonds should be produced and filed in the office of the clerk, and not withdrawn until final determination of the suit or proceedings, and full payment of the bonds and all interest thereon, and might then be withdrawn, canceled, and filed with the State treasurer, by order of the court but not otherwise. This act also provided that in every case in which any such suit or proceeding had been or might be instituted, the court should, at the first term after the commencement of the suit or proceeding, whether at law or in equity, or whether by original or cross bill, require the original bond or bonds to be produced and filed; and if that were not done, and the bonds filed and left to remain filed, the court should, on the same day, dismiss the suit, proceeding, or cross bill.

You will see by the report of the solicitor general that five suits were dismissed under this act of December 7, 1854, for failure of the plaintiffs to file the bonds; that in all the cases appeals were taken to the supreme court of Arkansas, which affirmed all the judgments and decrees of dismissal; that the plaintiffs then removed the cases to the Supreme Court on the United States; that, under an arrangement with the governor of this State, the solicitor general attended to these cases in the Supreme Court of the United States, and that all of them were decided in favor of the State, and the law of December 7, 1854, fully sustained. There is but one other suit pending, against the State on bonds, and in that case a judgment had been obtained in Pulaski circuit court before the passage of the act of December 7, 1854, for \$52,513.06; but, upon appeal to the supreme court of Arkansas, the judgment was reversed, and the solicitor general states that under the existing law this case will have to be dismissed at the present term of the Pulaski circuit court.

The solicitor general has manifested much zeal and ability in at- tending to suits of the State.

ed in depreciated memorialist at the a fact susceptible great skill in financial receive their pay ges due the State, ge of these facts ers would be satis- venue of the State of from two and a dge with a nomi- from \$500 to \$600 icie was paid into tters addressed to ctionaries at Little e ingenuity of the ks. In their report there has been, at e payment of post- t, and as it has to unfrequently pays te sums in them- propose is, that the it into liquidation, State treasurer a tage." l Estate Bank had arkansas proceeded end ceased on the

The following statement of the condition of the bank and its branches, at the time its affairs passed into the hands of receivers, is the result of a careful collation of various documents.

	RESOURCES				Total
	Little Rock.	Fayetteville.	Batesville.	Post of Arkansas.	
Back interest.....	\$95,197 75	\$38,359 83	\$40,361 90	\$26,614 90	\$1,410,563 16
Due by individuals.....	83,198 50	17,538 61	90,378 94	83,596 90	1,941,414 34
Loans to State of Arkansas, with interest to June 1, 1843.....	2,516 04	2,614 21	5,477 66	1,290 79	4,698 70
Five per cent. bonds redeemed from Real Estate Bank.....	161,774 17	.....	.....	.....	161,774 17
Specie.....	32,656 66	.....	.....	.....	32,656 66
Specie in hands of Silvester, New York.....	22 41	19,449 22	35,097 70	17,379 37	62,948 52
Due by North American Trust and Banking Company.....	.....	2,324 26	.....	.....	2,324 26
Due by Real Estate Bank and branches.....	604 72	1,574 99	10,980 90	10,164 84	19,534 36
Due by banks in other States.....	1,634 60	1,044 60	.....	.....	2,679 20
Notes of Real Estate Bank and branches on hand.....	53 91	177 94	.....	.....	231 85
Notes of banks in other States on hand.....	13,900 00	41,200 00	16,350 00	.....	71,450 00
Notes of banks in other States on hand.....	47 85	1,119 00	.....	.....	1,166 85
Corporation tickets on hand.....	885 00	.....	.....	.....	885 00
Due by State treasurer.....	1,376 35	1,760 35	300 00	.....	3,436 70
Real estate, (banking houses).....	27,726 03	7,538 27	15,208 16	.....	50,472 46
Total.....	\$91,444 01	\$39,924 26	\$22,894 73	\$36,911 11	\$1,991,174 12

The accounts of the principal bank at Little Rock are dated June 9, 1843; those of the Fayetteville branch July 21, 1843; those of the Batesville branch July 21, 1843; and those of the branch at the Post of Arkansas June 15, 1843. The "back interest" due at Little Rock has been computed, no separate return of that item having been made by the officers. The notes of banks in other States, and the "corporation tickets," proved to be utterly worthless.

LIABILITIES OF THE BANK AND ITS BRANCHES

For the principal of 169 five per cent. bonds	\$169,000 00
For the principal of 1,000 six per cent. bonds	1,000,000 00
For arrears of interest to July 1, 1842	58,331 87
Interest on five per cent. bonds from July 1, 1842, to July 1, 1843	8,450 00
Interest on six per cent. bonds from July 1, 1842, to July 1, 1843	60,000 00
Total due on account of State bonds	1,295,781 87

DUE TO THE STATE.

Five per cent. fund	\$68,777 20
Seminary fund	2,188 41
Common school fund	1,515 84
Saline fund	151 37
Balance of United States surplus revenue ..	268,045 89
	<u>340,678 71</u>

FOR NOTES IN CIRCULATION.

Little Rock	2,230 00
Fayetteville	164,350 00
Batesville	55,250 00
Post of Arkansas	56,020 00
	<u>277,850 00</u>
Deduct branch notes on hand	60,920 00
	<u>216,930 00</u>

DUE TO DEPOSITORS.

Little Rock	37,469 19
Batesville	7,341 68
Post of Arkansas	9,800 86
Due to Real Estate Bank and branches	2,016 97
Due to banks in other States	4 65
	<u>56,633 35</u>
	<u>1,910,023 93</u>

The nominal assets exceeded the liabilities in the sum of \$81,150 19. Of the sum set down as due to depositors \$34,571 64, at Little Rock, were on account of partial payments on notes discounted by the bank, and as a large proportion of the deposits at Batesville, and the Post of Arkansas were probably of the like description they constituted no active demand against the bank. Of the condition of the notes, bills, and bonds, which formed part of the assets of the bank, we have the following statements:

Notes not due April 1
Notes past due April 1
Bills of exchange past

Notes in hands of atto
Bills of exchange for s
N. Menefee, in hands

Notes running

Judgments

Notes in suit

Notes in constables' ha

Notes retained by attor

Bills and notes not in s
Bills, bonds, and notes
Bills under protest.....

Notes discounted.....

Domestic bills of excha

Estimated amount of de

Estimated amount of de

The whole amount du

At Little Rock.....

At Fayetteville.....

At Batesville

At Post of Arkansas....

CONDITION OF THE BANKS

213

AT LITTLE ROCK.

Notes not due April 1, 1843.....	\$152,108 00
Notes past due April 1, 1843.....	347,672 68
Bills of exchange past due.....	8,507 82
	<hr/>
	508,288 50
Notes in hands of attorneys for suit and collection.....	\$54,770 00
Bills of exchange for suit and collection.....	17,272 08
N. Menefee, in hands of attorneys for allowance.....	2,150 00
	<hr/>
	74,192 08

AT BATESVILLE.

Notes running.....	\$161,582 12
Judgments.....	32,648 47
Notes in suit.....	29,422 75
Notes in constables' hands.....	832 11
Notes retained by attorneys.....	15,875 75
	<hr/>
	240,361 20

AT THE POST OF ARKANSAS.

Bills and notes not in suit.....	\$152,886 25
Bills, bonds, and notes in the hands of attorneys.....	51,146 00
Bills under protest.....	24,582 35
	<hr/>
	\$228,614 60

AT FAYETTEVILLE.

Notes discounted.....	\$33,069 94
Domestic bills of exchange.....	3,319 69
	<hr/>
	336,389 63

Estimated amount of doubtful debts at Fayetteville.....	\$45,074 00
Estimated amount of desperate debts.....	25,500 00

The whole amount due by individuals was, including back interest—	
At Little Rock.....	\$626,340 65
At Fayetteville.....	356,542 45
At Batesville.....	264,542 90
At Post of Arkansas.....	263,193 68
	<hr/>
	1,510,619 68

... \$169,000 00
 ... 1,000,000 00
 ... 58,331 87
 to
 ... 8,450 00
 to
 ... 60,000 00
 ... 1,295,781 87

20
 41
 84
 37
 89
 — 340,678 71

00
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 — 216,930 00

19
 68
 36
 97
 35
 — 56,633 35
 1,910,023 93

of \$81,150 19.
 at Little Rock,
 ed by the bank,
 and the Post of
 constituted no
 formed part of
 ts:

more than one million dollars on account of their claims. And Mr. Palmer has still in his hands a large amount of property which when converted into money will be paid to these same creditors. As to one other trust the court has not yet made a decision.

"With the general creditors, who are not secured by any of the trusts, Mr. Palmer has nothing to do. Mr. Leavitt administers to the *general assets* of the company not assigned to trustees, and all general creditors must present their accounts to him. It is, however, understood that he will have little or no property to pay such general creditors, as nearly all the valuable property of the company was assigned to trustees."

For further information Mr. Bonney referred to John Cleaveland, esq., "Mr. Leavitt's legal adviser in matters of the trusteeship." To him accordingly the financial receiver of the Bank of Arkansas addressed two letters, to the last of which he received the following reply:

"A claim for \$59,608 92 was exhibited against the North American Trust and Banking Company by Wm. Paradise, assignee of the State Bank of Arkansas. This claim was referred to referees in April, 1848, and is now pending before referees, undetermined. But the court of appeals having, in 1857 and in 1858, adjudged that the million trust, first half million trust, and second half million trust deeds, (embracing *all* the valuable assets of their company,) are valid deeds, *nothing* is left for the general creditors not preferred by these deeds."

From this it appears that, as the Bank of the State of Arkansas is a general creditor, there is no hope of its ever recovering any part of the sum due to it by the North American Trust and Banking Company.

In a condensed form, the present condition of the Bank of the State of Arkansas may be stated to be as follows:

	DR.
For 25 per cent. bonds outstanding.....	\$25,000 00
For interest on the same to October 1, 1858.....	22,037 50
For 591 six per cent. bonds outstanding.....	591,000 00
For interest on the same to October 1, 1858.....	609,005 00
For circulating notes yet unredeemed, say.....	6,930 00
	1,254,072 50

	CR.
By notes and bills yet due, with interest thereon to October 1, 1858, as per table E.....	\$1,091,204 75
Due by North American Trust and Banking Company, as per claim filed by Mr. Paradise.....	59,608 92
Banking-house at Post of Arkansas, at cost.....	15,761 29
Specie in the hands of the financial receiver.....	2,003 28
Notes of other banks and corporation tickets.....	2,814 62
	1,171,392 86

To which should be now be ascertained. From this it would nominal assets of the only \$82,680 34.

But to arrive at a ki to deduct the following
 Doubtful notes.....
 Insolvent do.....
 Lost do.....
 The sum due by the N
 ing Company.....
 The banking-house at
 Uncurrent bank notes

This leaves for good
 The notes classed as so
 The specie in the hand
 Total.....

Deduct this from the t
 there will remain...
 From this should be de
 issued for circulation
 been lost or destroyed
 them for taxes.....

There should also be d
 per cent. and distr
 January 1, 1857, re
 wards paying the int
 held in trust for the
 per cent. bonds held
 Institute.....

Whatever amount ha
 the State of Arkansas s
 An additional amou
 uary, 1858, to \$71,864
 and applied to the pay
 bonds held in trust fo
 Real Estate Bank owes
 tional amount may ha
 1857.

ir claims. And Mr. of property, which same creditors. A decision. secured by any of the levitt administers to trustees, and fall him. It is, however, to pay such general of the company was

to John Cleaveland, of the trusteeship, e Bank of Arkansas received the following

the North American assignee of the State o referees in April, determined. But the, adjudged that the nd half million trust company,) are valid t preferred by these

State of Arkansas is covering any part of l Banking Company. he Bank of the State

DR.	
.....	\$25,000 00
.....	22,037 50
.....	591,000 00
.....	609,005 00
.....	6,930 00
	<hr/>
	1,254,072 50

CR.	
.....	\$1,091,204 75
.....	59,608 92
.....	15,761 29
.....	2,003 28
.....	2,814 62
	<hr/>
	1,171,392 86

To which should be added some lands, the value of which cannot now be ascertained.

From this it would appear that (leaving the lands out of view) the nominal assets of the bank fall short of its liabilities in the sum of only \$82,680 34.

But to arrive at a knowledge of the true condition of affairs, we have to deduct the following from the nominal assets as being unavailable:

Doubtful notes.....	\$177,756 65	
Insolvent do.....	317,617 43	
Lost do.....	525,544 00	
	<hr/>	\$1,020,918 08
The sum due by the North American Trust and Bank- ing Company.....		59,608 92
The banking-house at the Post of Arkansas.....		15,761 29
Uncurrent bank notes and corporation tickets on hand.....		2,814 62
		<hr/>
		1,099,102 91

This leaves for good and available assets only the following:

The notes classed as solvent.....	\$70,286 67
The specie in the hands of the financial receiver.....	2,003 28
	<hr/>
Total.....	72,289 95

Deduct this from the total liabilities of the bank, and there will remain.....

.....	1,181,782 55
From this should be deducted the balance of the notes issued for circulation, as so many of them as have not been lost or destroyed will be redeemed by receiving them for taxes.....	6,930 00
	<hr/>
	1,174,852 55

There should also be deducted the amounts of the five per cent. and distribution funds that were, up to January 1, 1857, retained by the United States towards paying the interest on 90 six per cent. bonds held in trust for the Cherokee Indians, and 38 six per cent. bonds held in trust for the Smithsonian Institute.....

.....	7,615 68
	<hr/>
	1,167,236 87

Whatever amount has since accrued on these funds to the credit of the State of Arkansas should also be deducted.

An additional amount of these funds, amounting, on the 1st of January, 1858, to \$71,864 08, has been retained by the United States, and applied to the payment of the interest on 500 Real Estate Bank bonds held in trust for the Smithsonian Institute. This sum the Real Estate Bank owes to the State, and it owes, also, whatever additional amount may have been thus applied since the 1st of January, 1857.

If the amount due by the Real Estate Bank be applied to the liquidation of the State Bank bond debt, it will leave unredeemed of the principal and interest of that debt something less than one million one hundred thousand dollars.

As the six per cent. bonds do not fall due for nine years, nor the five per cents in less than twenty-eight years, there may seem to be no necessity for immediate action, but there is necessity for immediate thought.

"Interest is an eating moth." The longer the redemption of the debt is deferred the greater will be the amount ultimately to be paid. The interest on the State Bank bonds now outstanding is \$37,710 a year.

If the stockholders of the Real Estate Bank pay what they owe, and if the present rate of taxation be undiminished, it will be easy to provide for the residue of the State debt. If suitable means be promptly taken, it will be less in proportion to wealth and population than the debt of three-fourths of the States in the Union.

It is well that we can take so pleasing a view of the subject. If we do not pay what we owe, or make suitable provision to pay what we owe, we cannot borrow. If we cannot borrow, we cannot complete our railroads; and if we do not complete our railroads, the resources of our noble State will remain undeveloped.

Every man in the State has an interest in the proper discharge of the debts of the State, for thereby the value of every man's property and labor will be enhanced.

It is true that the construction of railroads has been intrusted to companies, but the credit of the State abroad affects the credit of those companies; and not only their credit, but to some extent the credit of every man in the State.

At the session of 1852-'53 it was suggested that the remaining assets of the bank should be transferred to the State treasurer, with discretionary power to wind up the institution. But a committee to whom the subject was referred reported that such an act would be a merger of the bank into the State, "thereby destroying its corporate existence, and consequently result in loss to the bank, and thereby to the State, of whatever good debts may still remain unpaid. Or, if such would not be the result, it would, at least, furnish new grounds of defence to the debtors, and thereby cause great delay in the collection of debts."

Even if such should not be the result, it will take the whole time of one man for two years to wind up the bank, and if that man does his duty his time will be fully employed.

Under this impression we would respectfully suggest the continuance of the present law, with such modifications as the case may require.

If authority should be given to the financial receiver to travel, with suitable provision for his travelling expenses, it is probable that many debts, or parts of debts, might be collected, which would otherwise be entirely lost. Waiting in person on debtors sometimes proves effective when all other means have failed. Not a few of the debtors to the State Bank seem not to be aware that fractional parts of State bonds

can be bought at Little Rock will discharge a dollar personally, would probably pay all they owe, would discharge.

It would seem proper in special cases, to employ executive, or under such proper to impose. One of the State Bank, scattered.

The investigation in much more time than a serious one, as may well the accounts. The various both those accompanying financial receiver, may set of books.

In a pecuniary sense in an estimate which Mr. Wilson, the present financial

land attorney, and our collected. And we have already taken, be suitable \$100,000, will be added.

The chief advantage, light it throws on a sum more or less of the after years to come. We have We have given it in the the views each successive assembly entertained of the public documents accessible to hardly any, these facts

We might devote another every day discover something that would thereby accretion would result in the and which might yet be said; enough to show how enough to show why so enough to show the immitious credit has brought

With these remarks, we obedient servants,

State Accountant
LITTLE ROCK, ARKANSAS,
H. Ex. Doc. 112—

can be bought at Little Rock at such rates that fifty cents in specie will discharge a dollar of bank debt. Many others, if waited on personally, would probably make compromises, and though not able to pay all they owe, would gladly pay a part in order to receive a full discharge.

It would seem proper that the financial receiver should have power, in special cases, to employ special attorneys, under the direction of the executive, or under such other checks and restrictions as it may be proper to impose. One lawyer cannot possibly attend to all the cases of the State Bank, scattered as they are all over the State.

The investigation in which we have been engaged has occupied much more time than was originally expected. It has been a laborious one, as may well be supposed from the number and intricacy of the accounts. The various documents we have prepared, including both those accompanying this report and those deposited with the financial receiver, may be said to form a new, though not a complete, set of books.

In a pecuniary sense the investigation has not been entirely in vain. In an estimate which Mr. Fagan, late financial receiver, submitted on the 1st of October, 1856, he set down \$35,000 as all that could be collected after that date. But through his efforts, those of Mr. Wilson, the present financial receiver, those of Mr. McConaughey, the land attorney, and our own, nearly \$38,000 have already been collected. And we have every reason to believe that if the measures already taken be suitably followed up at least \$70,000, perhaps \$100,000, will be added to this amount.

The chief advantage, however, resulting from this inquiry is the light it throws on a subject which must, in different forms, occupy more or less of the attention of the people and of the legislature for years to come. We have traced the history of the bank year by year. We have given it in the words of its own managers. We have given the views of each successive governor and each successive general assembly entertained of the subject. Without similar research among public documents accessible to but few, and bank documents accessible to hardly any, these facts could not be brought together.

We might devote another year to the investigation, nay two, and every day discover something. But we know of no practical benefit that would thereby accrue. We do not believe that such an investigation would result in the discovery of more debts due to the bank, and which might yet be collected. On other points enough has been said; enough to show how this portion of the State debt was incurred; enough to show why so large a portion of it remains unpaid, and enough to show the immense evils this system of false money and factitious credit has brought on the people.

With these remarks, we subscribe ourselves, very respectfully, your obedient servants,

WM. M. GOUGE,
A. H. RUTHERFORD,

State Accountants under the act of January 15, 1857.

LITTLE ROCK, ARKANSAS, October 10, 1858.

H. Ex. Doc. 112—17