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THE NATIONAL GAZETTE.

UNITED STATES' BANK. IN THE HOUSE OF REPRESENTATIVES FRIDAY, MAY 11, 1832.

Ic. M'Duffie, from the Select Committee appointed to

Figure, May 11, 1832.

Ac. M'Duffie, from the Select Committee appointed to examine the books and proceedings of the Bank of the United States, submitted the following as the views of the minerity of the said committee appointed to examine the books and proceedings of the Bank of the United States, and the Committee appointed to examine the bank of the United States, dissenting from the crown the report of the majority, beg early to present the grant of the their dissent, for the consideration of the Mourn of the Mourn

a ne manority of the committee will barely remark, up-n these transactions, that being free from all imputation of intentional usury, and never having been sanctioned by the directors of the mother bank, but, on the contrary, corrected, they cannot furnish the slightest ground for leging that the charter has been violated.

The second ground of imputation noticed by the majo-ty of the committee is, "the issuing of branch orders as usualtion."

by of the committee is, "the issuing of branch orders as regulation."

On this point, the simarity deem it sufficient to remark, that a branch order is nothing more nor less than a draft or bill of exchange drawn by a branch upon the mother lank; and that the charter expressly authorises, as one of the primary operations of the bank, the buying and selling of bills of exchange. If the bank has a right to issue these drafts at all, it cannot, surely, be made a ground of just complaint against it, that they are used as circulation.— That is exclusively the affinr of the community. The bank eannot be justly made responsible for the use which the public may choose to make of these drafts. It is the kigh credit of the bank that gives the character of circulation to this paper; and it is the voluntary set of the community receiving it as such.

In fact, there is no part of the bank circulation which has been so beneficial to the public. It has, in practice, furnished the Southern and Western States with the means of effecting their exchanges with the North, without any expense whatever.

of effecting their exchanges with the North, without any expense whatever.

It may be well doubted, however, whether an extensive and permanent issue of these drafts might not prove very inconvenient to the bank itself, in a certain state of the domestic exchanges, and it would be, therefore, a judicious measure to supersede the necessity in which these drafts originated, by authorizing other officers than the president and easilier of the mother bank, to sign notes for circulation.

The third ground of imputation, as relates to the violation of the charter, is, "the selling of coin, particularly American coin."

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The minority would respectfully suggest, that the majority have entirely overlooked the nature and essential purposes of the bank. It may be well defined to be "an institution established for the purpose of dealing in money." Now money is a current coin; yet, a committee of Congress very gravely bring it forward as a charge, touching the violation of its charter, too, that it has been guilty of dealing in current coins, and particularly, American coins, the very end for which it was created.

As relates to dealing in current coin, the right to do sis involved in the right of lending money and of receiving it back. The authority to deal in bullion is expressly granted in the charter, because bullion is not current coin, and, of course, the right to deal in bullion is expressly granted in the charter, because bullion is not current coin, and, of course, the right to deal in it is not necessarily involved in the right of carrying on banking operations.

The fourth ground of imputation is "the sale of steck, obtained from Government, under special acts of Congress."

This charge is, if possible, more extraordinary than the last. If the acts of Congress, which expressly authorized the bank to subscribe the right to feel this stock at pleasure, is of the very essence of the right of property, and is as clearly conveyed to the corporation by the extendation of the committee seem to suppose that the policy which forbids the bank to speculate in stocks, with its immense resources, by which the price night be raised and depressed at pleasure, 'equally forbale the bank to sell the stock for which it had subscribed by the express?

But the majority of the committee seem to suppose that alle policy which forbids the bank to speculate in stocks, with its immense resources, by which the price might be tracked and depressed at pleasure, 'equally forbade the bank to sell the stock for which it had subscribed by the express swinority of the Government. Now it is apparent that the citil of dealing in stocks, by such an institution, can only eitst in cases of buying and selling stocks at the pleasure of the bank. To raise and depress prices, the bank must twee the right, both to buy and to sell alternately, as may it it is purposes of speculation. But it has never pretended to the right, but he buy and to sell alternately, as may it it is purposes of speculation. But it has never pretended to claim, much less to exervise the right of buying Government stocks, except under the express authority of Congress, and by an express, stipulation with the Treasury Department. And after it has obtained a large amount of Government stocks in this mode, it is difficult to conceive how it could raise the price of these stocks by coming into the market as a seller, or how it could promote the purposes of a stock jobbing speculation, by depressing the price, the only effect which could result from Griffic for sale. When these stocks were sold in 1825, there wasan extraordhary pressure upon the money market of the whole commercial world. They constituted the very resource which the bank most required in such an emergency; and it is now matter of history, that it was partly by the wise, judicious, and timely use of this resource, that the Bank of the United States averted from this country the calamity of a general failure of the banks, and a witchy extended seem of commercial bankruptey.

The majority of the committee seem to regard it as a matter of complaint that the Government, and not against she bank. When Congress expressly authorizes the Secretary of the Treasury to obtain a loan from the bank, and the Secretary atjudates the terms of that loan, it is impa

p-weits,

The fifth ground of imputation presented in the report of the majority, is "making donations for roads, canals, and other objects."

In two instances, the directors subscribed small sums to certain internal improvements in the vicinity of the read estate of the bank. This they did in the exercise of the proprietary right, and with a view to the improvement of the value of their property. For this exercise of power, they are responsible to the stockholders alone; and the question is, whether they have or have not made a proper application of the funds of the corporation, with a view to the promotion of its interests! To what extent the value of the read estate of the bank has been increased, by the internal improvements in question, has not been ascertained; but it may be well supposed that it exceeds the sum appropriated by the directors to aid in the construction of these improvements.

of its interests? To what extent the value of the real estate of the bank has been increased, by the internal improvements in question, has not been ascertained; but it may be well supposed that it exceeds the sum appropriment.

The other "donations" to which the report refers, consist of small sums contributed to fire insurance companies, for the safety of the bank property, and against which it is not prejended that any objection can be fairly raised.

The last ground of imputation, as touching the violation of the charter, is, "building houses to rent for sell, and erecting other structures in sid of that oldjed."

The bank is expressly sultiprized to purchase real estate, which has been mortgaged to secure debts previously contracted, and also such as may be sold under judgments and executions in iteown favor. In the exercise of this right, the debtors of the bank are as "much interested as the bank itself." For it must be apparent, that if the bank were not permitted to hid at these sales, the property of its debtors would be frequently sacrificed, at a sum greatly below its value. It has been only for the purpose of saving itself from loss, and the property of its debtors from being thus sacrificed, that the bank has ever purchased any real estate, except what has been necessary for its banking houses. There is no description of property which a banking institution is contirely onsuited to the management of such property, as much so as a farmer would be to manage the discounts of a bank.

Owing to the extensive failures of the persons indebted to the Bank, in the western country, prior to 1819, the directors were unavoidably compelled to take a very large quantity of real estate, as the only means of avoiding still greater losses than they have actually austained. They have disposed of this estate as rapidly as they could, consistently with the interests of the Institution. On a portion of it they have a created in the save has a subject to which the report of the majority adverts is the losses.

It is a

transactions, or I should not have consensed the request of the committee I will explain the reasons of that opinion.

"I I in making loans every transaction was perfectly safe, and every borrower perfectly good, banking would be an easy office; but as men generally burrow to employ the funds in some profitable pursuit, subject, of course, to vicissitudes, all that can be expected in making loans is a fair and reasonable caution as to the situation and prospects of the borrower. Tried by these, the only tests, I think the loans in question are unexceptionable. The first was done fair and reasonable caution as to the situation and prospects of the borrower. Tried by these, the only tests, I think the loans inquestion are unexceptionable. The first was done by a board of directors, consisting, besides the presiding officer, of six gentlemen, Mr. Lippincott, Mr. Fisher, Mr. Bohleo, Mr. Neff, Mr. Platt, and Mr. Willing, merchants and men of business, with no partialities towards the applicants, with whom none of them had the least sequaintance. The grounds of their judgment may be thus stated. In making ordinary loans, the board judge by the general standing of parties, without any examination of their affairs. But in this case the parties began by, an exposition of their whole situation. This was forwarded by Walter Bowne, Eaq. Mayor of the City of New York, where the applicants resided, who, in addition to his being personally known and respected by all the members, had been one of the oldest directors of the Bank of the United States, and for many years sat at the board around which the directors were then assembled. In this letter le says, "I cheerfully forward "the papers" and I see no reason against this application being treated as a fair_business transaction." He does not expressly say it ought to be granted, because he transmits at the same time some of the materials on which the directors were to form their own judgment, to which others were added by Mr. Webb. But when an old director of the bank forwards "cheerfully" an application to his ancient colleagues, which he says should be treated as "a fair business transaction," it implies certainly no responsibility, but it may be well regarded as a declaration that were he still a member of the board, he would sanction it. Under these auspices the board proceeded to consider it.

locard, he would smeetion it. Under these auspices the courd proceeded to consider it.

"One of the parties had been appointed by the President and Semate of the United States to a confidential and lucrive post under the Government; the other had already invested \$33,000 in the paper, and his father-in-law, Mr. Stewart, whose letter accompanied the application, was moven to be a weathy man. Both were emissidered men fit talents and peculiar aptitude for the lusiness in (which hey were engaged. Then what was that business?

of talents and peculiar spittinge for the mississes of they were engaged. Then what was that business?

"It was the conducting of the largest newspaper in the country, requiring, of course, considerable means, and giving employment to a great mass of active industry. Its situation was represented to be this:

Mr. Webb declared that there were then 3300 daily subscribers at \$10, \$13,300 daily subscribers at \$10, \$10,350 \$75 yearly advertisers at \$30, \$1,350 \$75 yearly advertisers at \$30, \$1,050 \$10 days advertising, at 55 per day, \$1,7050

Making ...
Deducting from this, IO per cent, on the daily subscriptions and adjectisements, (of which

out bne-sixth is paid in advance,) say 5,830 120 per cent on the other subscribers, -7,900

There remains a gross income of The annual expenses were stated at

Leaving a nett annual income of

This statement is confirmed by the affidavits of the bookkeepers and pressmen of the establishment.

The total value of the paper was thus stated: James
Watson Webb had invested in it \$33,000, for which
\$40,000 had been offered, provided the other half could had for \$25,000. This the declined, but it is mentioned to
prove that the whole might have been sold for

Then it was an improving establishment.

It had owed a debt to the Banks of

which it had noted of the April Lord May, 1831.

I had owed a debt to the Banks of which it had paid off in April and May, 1831, out of the collections of the last six months, which had amounted to II had, in 1829, owed a total debt of which it had sinse paid off.

And at the present moment its outstanding laims were more than its debt sby for its responsibilities and means stood thusous transportations of which could be collected on presentation of bills.

Due in New York, more than four months subscription, which, with the unpaid arrears ofthe last six months, may be safely estimated at And the property owned by the applicants amounted to

That they had been deemed worthy of credit in New

Leaving an excess of 10,000

That they had been deemed worthy of credit in New York, appeared from two facts.

1. That the banks of New York had lentthem \$15,000, which they had repaid.

2. That the trespeciable mercantile, bouse of J. L. and J. Joseph & Co., a firm well known to the Directors, had lent them \$20,000, which had been repaid out of the profits of the establishment, as those genttlemen themselves certify in a document accompanying the papers.

Finally, they had no accommodation, direct or indirect, out of any bank.

The case then stood thus: Here are two persons of skill in their profession, engaged in an establishment of which the capital is used.

The expenditures, 55,000

And the nett income, 60,750

The expenditures, 35,000

And the nett income, 25,750

"In conducting such a business, where the receipts are semi-annual, the payments daily and weekly, they naturally require, like other men in business, some credit. They accordingly apply to borrow \$20,000. They wish to borrow it, not to pay previous debts, not to spend it on objects unconnected with their business, but for the purpose of employing it all in a way to increase the profits of the concern itself, by procuring a new press and enlarging their means of obtaining early commercial information, and thus make the paper more valuable.

"Now the statements may be presumed to present the most favorable aspect of the case. From the sanguine tem-

and the first in addition to the belief of its degree-wished and supplied and suppl

quariers of having brought the power of the institution to beer upon the politics of the country, and particularly with having taken sides against the present administration. Having invariably pursued a course in their tration. Having invariably pursued a course in their transactions which recognised no distinction of political parties, it was very natural that, while labouring under the imputation just stated, they should lave been scruptous to avoid giving any colour of foundation for the benefit and accommodation of the bank than of the transaction more for the benefit and accommodation of the Bank than of the transaction more for the benefit and accommodation of the Bank than of the transaction more for the benefit and accommodation of the Bank than of the transaction more for the benefit and accommodation for the bank than of the bank than the bank than

As the ovidence and recommendation produced sa-tisfied all the directors of the safety of the lean, they coull not but feel that, if they refused to grant it, they wordd give countenance to an imputation which they were laudibly anxious to avoid.

It is proper to add, that James Watson Webb & Co

wee laudibly anxious to avoid.

The proper to add, that James Watson Webb & Co., in their paper, the Courier and Enquirer, had declared the temperature of the sank some mouths before the application for their first loan; and that they stated to the directors, on making application for the first loan, that the bank of N. York had, cut, then off from their accustomed facilities, as they believed, in consequence of their esponsing the loan of \$17,975 which was made in March, 1831, was mot a loan to Webb and Nosh, or to either of them. The money was borrowed by Silas E. Burrows, a man of large fortune, upon his own responsibility, without the knowledge of either Webb or Nosh. They both testify that they had never been apprised that Mr. Burrows had obtained this loan from the bank, until a very short time previous to the visit of this committee to Philadelphia. They had, until that time, been under the impression that the money was obtained for them of Mr. Silas E. Burrows, in Connecticut. The following extract from the testimony of Mr. Biddle will exhibit a clear view of this transaction;

"These notes were discounted by the exchange committee, under the resolutions just referred to. They were done at the request of Mr. Silas E. Burrows, in Connecticut. The following extract from the testimony of Mr. Biddle will exhibit a clear view of this transaction;

"These notes were discounted by the exchange committee, under the resolutions just referred to. They were done at the request of Mr. Silas E. Burrows, of New York. Mr. Burrows had, some time before, brought me a particular lot Mr. Monroe in his pocuniary misfortunes; and he had recently received from the President of the United States particular thanks and commendations for his generous conduct towards a Russian ship of war. I understood him to, to be a very rich spectant, of kind and benevolvent disposition, and constantly engaged in doing acts of liberality. In one of his visits to Philadelphia, he ead, he was desirous of befriending Mr. Noah, and assisting him i in an opercase of a share in a nowspaper, and he asked if the bank would discount the notes of these parties, adding that, although, as a merchant, he did not wish to appear as a borrower, or put his name on a paper not increantile, yet he would at any time do so whonover it might be necessary to secure the bank." "The committee being authorized to discount any paper, the security for which they might approve, agreed to do them. As Mr. Burrows was going out of town, I gave him the money out of my own funds, and the notes were afterwards put in my possession. They remained with me for a long time, as I had no occasion to use the funds, nor was it till the close of the year that my attention was called to them by the circumstance that, as a new board of directors, and a new committee of exchange would soon be appointed, the same committee which made the lean should consummate it.

mate it.

I had seen, also, in the public princip, many repreaches
against the bank for lending money to printers and
editors, and I wes unwilling that any loan made by the
bank should seem to be a private loan from one of its bank should soom to be a private loan from one of its officers. Having no use for the money, it would have been perfectly convenient to let the loan romain as it was, but I thought it right that every thing done by the bank should always be distinctly known and avowed, and I therefore gave the notes to the chairman of the committee, Mr. Thomas P. Cope, who entered them on the books. On the 2d day of March, Mr. Burrows, called at the bank and paid the notes. I ought to add that the loan was made at the request of Mr. Burrows, and that neither I nor any of the committee had ever seen Mr. Neah or Mr. Webb, or had any communication with them, direct or indirect, about the loan. It was made on the credit of Mr. Burrows, who afterwards paid it."

stagks could, on any emergency, be sold and converted into cash; so that this investment had, in some sort, the twofold attribute of money in the vaults of the bank, to meet any pressing demands against it, and money, at the same time, drawing interest.

All the directors, who were examined on the subject, stated that they considered this transaction more for the benefit and accommodation of the bank, than of Thomas Biddle & Co.; and the president of the Bank of Pennsylvania stated, on eath, that the bank over which he was president, would have been very glad to

same time, and upon the same terms—the board of di-rectors of that bank having authorized such loans at

which he was president, would have been very glad to have made large loans to Thomas Biddle & Co. at the same time, and upon the same terms—the board of directors of that bank having authorized such loans at 45 per cent.

There was one occurrence during the examination of the transactions of Thomas Biddle & Co., with the bank, which merits perticular notice.

An informer and witness, by the name of Whitney, who had formerly been a director of the bank, was produced, who declared, inpun, 2dil; that, in May, 1824, two of the cashiers of the bank, and one of the discount extends of the same such as a count clerks, had informed him that Thomas Biddle & Co. had been in the habit of drawing money out of the bank had discounted two notes, one for Thomas Biddle & Co., and one for Charles Biddle, without the authority of the directors. This witness stated, that he went with these officess of the bank, and examined the facts which had been stated to him verified by the examination. He also stated, to give additional certainty to his averments, that he made a memorandum at the time, with the dates of the transactions, which memorandum he produced to the committee. Having thus unalterably fixed the date of the transactions, as if by some fatality, he went on to say, that he immediately proceeded into the room of Mr. Biddle, the president, and remonstrated with him against these irregular proceedings; and that Mr. Biddle promised him that they should not occur again.

Mr. Biddle was present during the examination of this witness. On that day, being on eath, he said that he was utderly astonished at the testimony of the witness, and conditions the carring the proceeded into the room of Mr. Biddle promised him that they should not occur again.

Mr. Biddle was present during the examination of this witness. On that day, being on eath, he said that he was utderly astonished at the testimony of the witness and entered the said of the bard and the committee of the bank, from whom the witness alleged that he derived this informati