So said motion was lost—said bill was ordered to be engrossed for Monday.

The Senate then adjourned until Monday.

MONDAY, March 1, 1841.

The Senate met pursuant to adjournment and Saturday's proceedings were read.

Mr. McLean asked and obtained leave to be absent for the remainder of the session.

Mr. Dupont from the Committee on the State of the Territory, reported favorably on a bill to incorporate the Iola and St. Josephs Canal and Rail Road Company.

Which was ordered for to-day.

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

The Committee on Banks to which was referred the memorial of the Union Bank of Florida, asking permission to sell the Territorial Bonds below par respectfully report:

That they have had the memorial under consideration, and to enable the Senate to decide upon a subject of so much importance and difficulty report the following facts: The Committee has conferred with the President and Cashier of the Bank and find from their statement, the following to be its situation, (in round numbers.)

Liabilities payable out of the Territory to January 1842.

Bank Bonds due 1841 to persons in New York,	$ 26,000
Interest due on post notes to Jan'y 1842.	15,200
Due U. S. Bank of Pennsylvania 304,000, which may be postponed by payment in London in July of	145,000
Interest due on bonds for capital July,	72,000
Do do do Jan'y 1842,	72,000
	$330,200

Similar Liabilities to Jan'y 1843.

Debt to U. S. Bank	$304,000		
To be paid in 1841,	145,000		
	$139,000	with expenses say	$160,000
Interest on post notes,			15,000

Principal of Do due about July 1842,	263,000
July and January, Int. on Territorial Bonds,	144,000
	$582,000
	330,200
Total liabilities payable abroad to Jan'y 1843,	$912,200

It is believed, however, that the further payment to the U S Bank of Penn., can be without difficulty postponed for a p riod of one or two years longer by the payment of the $145,000, mentioned in London, in 1841. What effect the recent failure of the creditor Bank will have upon the implied understanding, the committee is not prepared to say.

Liabilities in Florida.

Circulation,	$330,000
Certificates of Deposite,	193,000
	523,000
	912,200
Total liabilities to Jan'y 1843,	$1,435,200

The Committee have also enquired into the resources of the Bank, and how far the same can be rendered available by the utmost diligence and a severe pressure upon the debtors of the Bank, and find the following statement to be the utmost which can be relied upon, from *other resources besides the* 704 *unsold bonds.*

Territorial bonds for military services of which payment is promised by the Government of the U S	$ 50,000
Arrears of interest due the Bank,	110,000
Int. falling due in the 12 months,	270,000
Notes &c of other Bank and Companies,	15,000
	$445,000

Paper due 1st Jan'y 1841 apart from stock debt,	$1,356,962	
At Agencies,	80,000	$1,436,962

From this must be deducted as not liable to immediate curtailment,

Debt at Agencies,	80,000
Do having time to run or precarious if pressed rapidly, (rough estimate.)	156,962
Possible ultimate loss,	50,000
	$286,962

Which deducted from $1,436,962 leaves 1,150,000 liable to cur-

tailment. It is supposed by the Bank officers that it would be possible to obtain twenty five per cent of this amount by a system of curtailment rigidly enforced, if there should be an average crop at averaged prices—this would be $287,500
To which add the interest, &c above, 465,000

And we have, $752,500
The largest amount which the Bank can reasonably be expected to realise within 12 months by the severest pressure.

If we make a similar estimate for 1842.

Floating Debt,	$1,150,000	
Less by curtail of 1841,	287,500	
Curtail of 25 per cent in 1842 on	$862,500	$215,625
Interest for 1842 on same debt,		69,000
Do on stock debt given as $1,910,461,		152,836
		437,461
To which adding our estimate for 1841,		732,500
We have total resouaces to January, 1843,		$1,169,961

Which would leave the Bank still $265,239 short of redeeming its whole liabilities on the first of January 1843. This is but a rough estimate made by the committee from data furnished by the President of the Bank, but it is still an approximation which will enable us to judge of its situation.

It must be remembered, however, that the means of payment of our people are derived only from their crops, which are available only once a year,—and that we have estimated for the *two* next crops—whilst most of the heavy foreign liabilities of the Bank, though here divided between the years 1841 and 1842, come due before or during the summer of 1842, before the crop of that year is available, and they must be met by an extension of credit or the sale of the bonds, or from the crop of 1841, which is impossible by our estimates.

It will be observed also that we have based our estimates upon the idea of all the liabilities of the Bank being presented for payment on or before January, 1843, which would leave a deficit as above of $265,239. But some of the circulation of the Bank would remain out under any circumstances. Some of it is probably lost by casualties. It consists of the remaining circulation of the Bank of Florida, the Central Bank and the Union Bank. The amount lost is estimated by some as high as $50,000; we think it may fairly be considered at least $25,000.

It is estimated by the President and Cashier of the Bank, from comparison of different years, that at least $210,000 of its circulation would remain out under any circumstances short of an

absolute cessation of business by the Bank. They say that the lowest amount of circulation of the Union and Central Bank combined was $257,000 in September, 1837. But it must be remembered that there was not then, and never has been, such a pressure since the establishment of those Banks, as we have supposed in our estimates. It is true that such a pressure if it can be actually enforced, would cause Union paper to rise continually until it became equal to specie, but until it arrived at that limit it would flow in in preference to any other means of payment and even after reaching that limit, being the chief medium of the country, it would still come in in greater proportion than any other funds; and the community would accommodate itself to the change by the gradual introduction of specie and other bank paper, by the more active circulation of the money remaining afloat, by the more extended use of individual credits, and by the fall of prices. We believe that the circulation of the Union Bank might be reduced under the pressure described to the amount of $100,000 and perhaps less. If this idea is correct the deficit in January 1843 would still be $165,239; which however would be a small amount for a Bank of such resources and could easily be paid in the year 1843, if the system supposed *could be carried out.*

We have entered into the details here given to show the true situation of the Bank, and that with its present resources, *without a sale of the Bonds*, it cannot possibly meet its liabilities, by even the utmost degree of severity deemed practicable But we deem it highly inexpedient if not dangerous to resort to such measures. We doubt the practicability of enforcing them.—We are satisfied that they would not only deprive us of all the alledged benefit which has accrued by the introduction of foreign capital through the Union Bank, but produce effects of a demoralising and disorganising tendency, ruinous to the resources of the Bank, impairing the security of the Territory, and convulsing society itself. We have no disposition to see men reduced to madness and despair by the ruin of all their hopes, the loss of their property, and the reduction of their families from luxury and comfort to distress and want. The secret removal of property—fraudulent conveyances—the resistence of process by mobs—combinations to prevent bidding, and the purchase of estates at nominal prices, by friends for the families of debtors have ensued from such a pressure in other states and times, and produced ruin to the parties exercising the severity, which has thus defeated its own object. We trust never to witness similar scenes in Florida, and would seek to avoid any action calculated to produce them by every means in our power. We are satisfied then that such measures alone will be impolitic, and if adopted inefficient.

The Bank officers speak of payment of the foreign debt by the purchase of cotton or bills drawn on cotton, (the same thing in effect) with her own notes as a practicable though ruinous measure, and as the only alternative, if permission to sell the bonds below par is refused. We are unable to say whether this is a measure seriously contemplated, or merely thrown out as an argument to show the propriety of granting their prayer by exhibiting the possibility of a more disagreeable contingency.

Be this as it may, we look upon such a course as entirely out of the question. When it is admitted that the loss by this attempt hitherto has been about forty per cent. and that forty per cent loss is the lowest estimate at which cotton or cotton bills could now be purchased with Union paper diminished as its amount now is, who can estimate the extent to which that depreciation would go if the Union Bank was to throw itself into the market to buy $500,000 worth of cotton or exchange. It would be found that the loss hitherto would be as nothing to the loss which would ensue. The depreciation would be so rapid that this resource would speedily exhaust itself, and the Bank would in the mean while be destroying those valuable assets which alone give it true credit and entitle it to ultimate confidence, to preserve for a short time longer the phantom of credit which such dearly bought punctuality would give it abroad, and which could under those circumstances be of no practical benefit, and must instantly evaporate when the means failed to continue its existence; the very time when it should be useful *if ever*. The Bank would for a time pay its debts abroad by creating a new debt at home at a loss of 40, 50, 60, and 70 per cent, whilst this new home debt would flow in upon the Bank at par and pay off and destroy that large amount of securities upon which the Bank so plumes itself as proving her ultimate solvency, and which are really so valuable and should be so carefully cherished as the means of safety to all, and profit to the stockholders.

In other words the Union Bank would be paying off her foreign creditors with her present assets all of which are reported good, at 40, 50, 60, and 70 per cent discount, whilst at the same time she would be deranging business affairs by flooding the community with a depreciated currency. If such a preposition were directly made, it would be rejected with scorn, and yet it is seriously talked of as the only alternative; if leave is refused to sell the bonds below par. It would be better for the Bank at once to suspend payment and endure discredit upon her foreign liabilities as she has long since done upon those at home.—Those creditors themselves would see and approve the propriety of such a course in preference to one which must lead to the same result, after diminishing the resources on which they depend to an extravagant extent. They would see that by such

a suspension the Bank could restore its credit at home, and in a short time be enabled to resume payment abroad.

It is no argument to say that these are losses which would fall upon the stockholders, and if they choose to bear them, the community and the Territory have an interest no the matter. The Stockholders are the *largest Debtors* to the Bank & *they make* every cent of the depreciation of the currency in paying their Debts to the Bank, and thus the immediate individual interest outweighs the ultimate interest in the profits of the Bank whilst the community encounters all the evil of the depreciated currency, and the Territory the risk of ultimate loss, without a shadow of countervailing advantage, whilst the risk to the stockholders of ultimate loss is more than counterbalanced by a present and immediate gain. We should look upon such a course as an unwarrantable determination (to use no harsher epithet) to put money into the pockets of the Stockholders at the expense of the rest of the community, under the specious pretence of preserving credit abroad.

The Stockholders have adopted the more honest course of exposing their situation, and asking leave to sell the bonds below par.

The only question which remains is whether we shall grant this request, and if so under what conditions, or whether we shall leave the Bank to recover from its difficulties in the best way she can, by pressing her Debtors and by resorting to that boasted foreign credit which it seems must be maintained even for a season at the hazard, or even certainty of ultimate ruin. We will consider the last proposition first. We see no more disgrace in failing to pay the Bank bonds given to the United States Bank for its post notes, (which were protested) or the post notes of the Union Bank given to redeem its circulation, or in asking extension or renewal upon them, than in failing to pay its ordinary certificates of deposit or circulation, or asking extension upon them. The only difference is, that to the last the Bank has become so accustomed as well as the other southern Banks, as to cease to blush. Whilst she modestly shrinks from the former, because though the same act, she is accustomed to do it in a different manner.

We see no reason why such an extension may not be asked and received. The credit of the Bank is as good now *abroad* as when the loan was made or her sacrifices have been in vain. Her resources are even greater, she yet has the bonds and an accumulation of individual paper, as her lossss have not exhausted her annual interest. If she can obtain such an extension, and stop her exhausting and ruinous method of payment, she will be enabled fully to redeem her faith hereafter, and her creditors in the meanwhile have better security than before.

It is true that the non payment of the interest upon the Territorial Bonds, would be more disgraceful than the dishonor of ordinary liabilities, because it would violate the faith of the Bank to the Territory, as well as to the foreign creditor, and lower the character of the Territory abroad, which has been in this respect placed in the keeping of the Bank.

But it might be possible for the Bank if its other foreign debt was postponed, to be enabled to meet its interest. Perhaps the holders of the Territorial Bonds, to whom the interest has been hitherto paid punctually, and who seek investments and not money, might be induced to take more Bonds in payment of the interest or a part of it, rather than suffer the property in such Bonds which they already hold to be depreciated, either by the non payment of the interest or by other Bonds of the same character being thrown into the *market below par*. Their interest to

prevent such a depreciation is clear. And they might be satisfied by investigation that the security of the money they have already invested and the punctuality of the payment of the future interest would be effected by taking a few more of the same Bonds which they have hitherto deemed a good investment. It is true that if the Bank meets them with a power to sell the new bonds under par, their cupidity might be aroused, and a counter-vailing interest excited, to obtain more of the same Bonds at a lower rate.

It may also be questioned whether a departure from our previous policy, by permitting a sale of the bonds below par, might not have as injurious an effect upon our credit abroad, as a temporary suspension of payment of the interest. The one is as much an acknowledgement of present weakness as the other. Such a suspension arising from absolute present inability to pay, and with a view to provide certain ultimate means of payment at the earliest possible day, accompanied with a refusal on our parts to allow our bonds to be sacrificed, would strengthen their credit, it would seem by manifesting a determination to pay when able, and be in effect a ratification of their validity, whilst a willingness to permit a sale at any price, would seem to imply a carelessness arising from a determination not to pay them.

If the bonds are to be sold below par to the present bond holders, it is a voluntary sacrifice to their cupidity. If to other persons, it is a depreciation upon our parts of the market value of the property of those who have loaned us their money, upon the faith of existing laws, and the belief that this Bank would not be permitted to throw other bonds into the market at a depreciated price.

Indiana and Illinois bonds have sold at 62 and 65 cents, we have no reason to suppose that the Florida bonds could bring more than 70 cents, though sustained by the mortgages, unless bought by those who already hold such instruments to prevent deprecation. We do not profes to be learned in modern financiering or the principles which influence stock jobbers, but in the transactions of ordinary life, if a man was to borrow money at 30 per cent. discount on his paper and *pay interest as for a hundred*, for the purpose of paying his debts, and preserving his credit he would scarcely be considered sane. Merchants sometimes make heavy sacrifices to meet immediate engagements and preserve their credit, but we doubt if many ever encountered loss like this, on any large amount, and proved ultimately solvent. And a merchant may conceal such transactions, and the loss is encountered to avoid an exposure of his true situation at a critical period, by passing which, he supposes he can recover himself. But it is not so with our Bank, her situation is known and her sacrifices must be exposed—will such exposure preserve her credit? And after all it may be asked what is this credit worth which requires our bonds strengthened by all the assetts and mortgages of the Bank, to be sold at a sacrifice so heavy to meet present engagements, when there is an absolute certainty, that a temporary suspension will enable the Bank to pay all her liabilities and her interest punctually ever afterwards?

These are questions which, we admit, we are too ignorant of the subject to answer, but are thrown out for the consideration of the Senate, with the acknowledgment that wiser and older men differ with us, and especially the officers and stockholders of the Bank who know at what expense their credit has been maintained, and what it is now worth. We cannot put an estimate upon it, but it seems it is not sufficiently high to enable them to borrow money upon Florida bonds, secured abundantly by mortgages, and all the other resources of the

bank, and by bank bonds endorsed by wealthy individuals, without a discount, which would seem to an individual to be absolutely ruinous.

We understand from the officers of the bank that it is not proposed to sell these bonds below par, but to renew their loans, or borrow more money upon the bonds of the bank endorsed by individuals, with an hypothecation of the Florida bonds, to be sold at not less than a certain stipulated price, if the bank bonds should not be met at maturity. And they are *sanguine* that by obtaining such a loan, all their obligations may be met, and such bonds redeemed, so as to prevent any loss. It would seem from this, that Florida faith and honor is yet held in some estimation abroad, and that Florida credit still stands higher than Union Bank credit, endorsed by individuals, otherwise the Territorial bonds would be no more security than the bank bonds alone. This credit is based upon a well-founded idea that no community can exist among the American Republics which can deliberately repudiate its solemnly plighted faith and honor, after pledging them for a loan of money, however impolitic and unwise may have been the appropriation of that money, and although accident and misfortune might compel a temporary suspension of payment.

If the bank bonds in question are to be sold *at par*, with an hypothecation of the Territorial bonds to secure them, it is difficult to see why the Territorial bonds may not be sold at par, with an hypothecation of the bank bonds, with individual endorsers to secure the interest, if such further security is deemed necessary. The giving par for the bank bonds, under such circumstances, would prove that the security was perfectly satisfactory, and yet if the Territorial bonds were bought, and the bank bonds hypothecated, the security would be the same. It is true that the Territorial bonds have a longer time to run; but when bonds sell at or above par, which implies that the security is perfectly satisfactory, we are told by the President of the bank that the longer time the bond has to run, the higher price it will bring. If, on the other hand, the bank bonds are to be sold below par, and the Territorial bonds to be hypothecated, with a privilege to sell *them also below par*, if the bank bonds are not paid at maturity, there is a prospect and possibility of a loss double that which we have been considering, and it would seem that foreign capitalists were taking advantage of the necessities of our bank to impose most onerous terms.

Whether the bank will be able to realize the *sanguine hope* expressed by its officers, of meeting such new debt at maturity, the Senate must judge for itself from our previous estimates based upon data furnished by the bank.

The committee will only remark that hopes equally sanguine, and based upon foundations apparently firmer, have hitherto proved fatally deceptive. When the bank received its first million of dollars, and breathed life and energy into all around, it was fondly hoped that with such a capital, and such a country, so well repaying the wages of labor and profits of capital, no difficulty could ensue, the bank must always meet its engagements. Intoxicated with the belief, the bank was lavish in its favors, & the country grew wild with idle extravagance, & unwholesome speculation, and in 1837 the Union Bank suspended before the Banks of New York. In 1838, she purchased the Central Bank, which gave a large supply of specie, and removed the only restraint from her freedom of action. In that same year it received its new bonds, upon which $1,296,000 were obtained. *Sanguine* and well founded *hopes* were entertained that even this amount would place in an impregnable position a bank whose original capital was only a

million, but it disappeared as if by magic, and we can scarcely say that its paper appreciated in value.

It borrowed upwards of $500,000 of the United States Bank, and the *hope was sanguine* that this would relieve the bank, and would be easily payable at maturity, and yet the notes have all the time sensibly depreciated, and this last loan is one of the very difficulties we have now to encounter, though the bank has made heavy sacrifices to maintain itself in the interval. In all these cases, the *sanguine hopes* of the Bank and the country have been disappointed. Is she better off now? Compare her immediate resources and liabilities *now*—and *then*. Are the former greater or the latter less now? Compare her credit at home and abroad now and then. When she borrowed post notes of the U. S. Bank at eight per cent. to pay interest accrued on bonds bearing six, or to redeem her ordinary circulation, could it have been imagined that she would now be asking leave to borrow at a loss of 25 or 30 per cent and eight per cent interest on the amount received, to pay that debt?

If $300,000 would not relieve her *then*, will $500,000 *now*? Was it contemplated by the framers of the charter, that the bank should borrow at eight per cent in Philadelphia to lend at eight in Florida, where too much paper was already afloat? and then borrow at a heavy loss to pay that debt? Was it expected that the bank should borrow abroad till its credit was exhausted, to lend at home till its paper depreciated?

These are questions which your committee, acknowledging their ignorance of the science of banking, and the mystery of financiering, cannot pretend to answer, but which the Senate must answer before it can determine whether or not the sanguine hopes entertained of relief from the measure proposed, are well founded.

It will be remembered that in the loans hitherto, the bank had its 704 bonds still under its control, as a final resort. But if they are sold now below par, there is nothing left, but the debtors in Florida, from which the bank can hope for relief. If the hopes entertained should fail, we shall still be driven to the last extremity, to suspend payment on the foreign debt, accumulated in amount. If there is no hope of extension and forbearance now, without a privilege of sacrificing the bonds, there will be still less then, as the bonds will be no longer ours. If these hopes fail, the bank will be forced at last to call upon its debtors, with a rapidity and severity which will be oppressive to the people, ruinous to the bank, and dangerous to the Territory. No one can doubt —not even the most sceptical—the mind most obtuse, in perceiving the obligations of national honor—or the most acute in discovering modes and reasons for evading its dictates—that the Territory would be fully liable for the bonds thus to be allowed to be sold below par, after all the discussion on the subject, by a deliberate act of the Legislature.

We do not doubt the ability of the bank to meet all these bonds in time, by judicious management, but we do doubt such ability to meet them in a short time by immediate pressure, under circumstances which would exhaust the country of money with which to buy the property of its debtors.

The only question which remains with those who doubt the realization of the hopes of the bank by the sale of the bonds, and who also doubt whether it can obtain further credit abroad with its present resources, and by the use of the bonds, is, whether it is better to suspend payment now, and prepare to resume under better auspices, or to sacrifice the bonds and then suspend payment.

The committee cannot part with the bank memorial without noticing a portion of it which is of too extraordinary a character to be passed

without comment. At page three, the memorial states—"The public mind has been impressed with the belief, that the existing evils are all attributable to the banks, who, by an imprudent extension of discounts, have made over issues of bank paper. Hence every remedy proposed, has for its object to compel the banks to reduce their circulation.

The evils complained of are—

1. Extravagant rates demanded for northern exchange;

2. An alledged depreciation in the value of our bank currency;

3. And at the same time an acknowledged and distressing scarcity of that very currency.

This last admitted fact should induce a doubt whether the public mind has not mistaken the true cause of our embarrassments. And that doubt must be strengthened by two other undeniable facts. That the bank circulation of the Territory is less by one half than it was before the suspension of specie payments; and that the circulation of this bank is much less in amount than will be due and payable to it, in the course of the year, for interest upon its discounts. Surely these facts ought to disabuse the public mind.

The true cause of the high rate of northern exchange, *is the northern indebtedness of the Territory;* an indebtedness exceeding the value of her exports. And if by curtailments, the bank could have withdrawn every dollar of its notes from circulation, the measure would neither have paid one dollar of northern debt, nor have reduced the rate of northern exchange 1 per cent. Although it would have received money, & have added to the embarrassments of the country, by depriving it of its chief currency.

The obvious remedy for the derangement of inland exchanges, as well as for most of the other evils endured by our community, is the payment of the northern debt; and the obvious means of paying a large amount of it, is a sale of the 704 Territorial bonds, held by the bank. Without such sale, the bank and the community must continue to suffer."

The bank memorial in other places speaks of the depreciation as "real or imaginary." The committee will not venture to express an opinion upon a subject with which the bank and its officers should, from their avocation, be so much better acquainted, but only venture to suggest the reasons why the public mind seems to have entertained the unfortunate delusion, that the *depreciation was "real."*

First—Because Union Bank money will not pass more than one hundred miles from the door of the bank, and there only at 40 or 50 per cent discount for real money.

Secondly—Because lands, negroes, merchandize, or any other article of intrinsic value, can be bought for 40 or 50 per cent less in money, or specie paying bank notes, than in Union money in Tallahassee.

The community also thought that one reason of the "distressing scarcity of that very currency," was because it takes *twice* as much of it to buy any article of value, as it does of any currency not laboring under a similar delusion. And thus the $330,000 of circulation will buy no more articles of intrinsic value, than would $115,000 of sound currency. And thus the scarcity of money is as severely felt as if the bank paid specie, and had only $115,000 out, which is less than the bank officers contend is absolutely necessary, and $95,000 less than they think would remain out under any circumstances.

The price of northern exchange is no higher now in some funds, than it has always been. Specie or its equivalent in value, will buy northern exchange for about three per cent. or the price of freight an

insurance, and something over for the greater convenience and savin of trouble; which is the natural rate of exchange. To complain' the high rate of exchange in Union money, is only another mode complaining of the depreciation. The price of exchange and specie Union money, varies little. The only way to "disabuse the pub mind," would be, if practicable, for the Bank to pay specie; and th exchange in Union money, would be at the same price which it n bears in specie. And if half the circulation were to go in, money wou be no more distressingly scarce than at present; because all that mained out, would double in value.

The object in wishing to force the Banks to reduce their circulat has not been based upon the idea that we should thereby be enabled rectly to pay our northern debts, but because the banks by reducing their culation would in time compell its debtors to pay in cotton or cotton or money, or something else of a real intrinsic exchangeable value, thus enable the Banks to put out a sound currency with which the ders could buy exchange near the natural rate, or draw specie and it in payment of Northern debts.

We do hold the Banks responsible for all the excess of our Nort indebtedness, because independent of her own large debt abroad w causes her to be a large purchaser of exchange rhereby raising the upon others and preventing them from paying. She has also crea large amount of local debt to herself upon which she has been so gent, as to permit and encourage extravagant expenditures in fo luxuries and comforts, to an amount, including the Banks' debt a exceeding our exports, as the memorial states. And thus still f enhancing the price of exchange, by causing the demand to exceed probability of supply. If the Bank had been less liberal in its or more punctual in exacting payment, the produce which has gone to buy luxuries, and to establish credit upon which more might be t would have came to the Bank in return for its loans, and the ex foreign debt complained of, could not have existed. The Bank h plained that its debtors paid their produce to their merchant ins to the Bank. This fact of itself proves our views to be correct

The Bank has now due ro it a domestic debt of	$1,
Besides a debt of the Territory,	
	1
Of its own voluntary creation, besides the stock debt created by its charter of	$1
Making an aggregate of	$
Whilst its whole actual capital is	
Making a surplus of debt of	$

On deducting its stock debt which was created by charte actual capital, we have a surplus for banking of $385,549, up the Bank has contrived to produce an indebtedness on the p country of $1,486,962, or nearly four dollars for one of its capital. Under these circumstances we might with more pro that the high price of Northern exchange is produced by the amount of debt we owe to the Bank, which we are now call pay at the same time and with *the same means* with our nor which her indulgence permitted and encouraged us to contrac

This Bank being compelled to lay out of so much of her long loans by her charter, should have banked with more tha

caution upon her small remaining capital. Because in addition to the ordinary difficulties of Banks, to meet their circulation, she had a heavy annual debt to pay abroad, which she could not meet if her circulation was extended in the usual banking proportions, and at the same time meet that circulation.

The Bank proposes as an inducement to us to grant her prayer, that she shall be compelled to pay specie in six months from the sale of the bonds, and that she shall annually appropriate two per cent. of the amount of the bonds as a sinking fund.

If the Bank *hypothecates* the bonds as she seems to contemplate, then the *six months* will never arrive, unless the Bank fails to redeem her own bonds and permits ours to be sold, in which case she will not be able to pay specie.

And even if the bonds are sold *at once* we see no use in specifying such a limit, because if unable to pay then, she would not, and the act would be a dead letter, and if able, we have sufficient confidence in the integrity of the Bank officers, to believe that they would resume.

And as to the sinking fund proposed, we consider all the assetts of the Bank and all profits, as a fund for the payment of these bonds, and we do not see that calling a particular portion a sinking fund will increase our security.

It is purposed by the report from another portion of this committee, and by the committee of the House of Representatives with which we were ordered to confer upon this subject, that the mortgages and bonds given to secure stock, should be deposited with the Territory. But the eighth section of the orriginal charter already requires that those bonds and mortgages shall be given to *secure the Territory*. And they are recorded. They are in the name of the Bank, but for the benefit of the Territory. The charter prescribes the only mode in which they can be cancelled, viz: by substituting other property of equal value. And the directors have the right to judge of the substitution as they had the right to judge of the original mortgages, and the Territory is represented in that body. The committee cannot discover any additional safety which would be secured by placing the original mortgages in the custody of the Territory.

Believing that most of the misfortunes of the Bank have arisen from defects in its constitution, and believing that similar causes will continue to produce similar effects, your committee can see no remedy other than a reform in that constitution. To effect which would require the assent of the stockholders; and only upon such assent given, would your committee advise under any circumstances, a consent to the prayer of the Bank. The committee would propose,

1st. That the Bank should issue no more paper under any pretence, till specie payments are resumed, and that such resumption should take place at least as early as April 1842.

2d. That the Bank be divided into two distinct departments. The Union Loan Office—and the Union Bank. The former to be under the control of three Commissioners, one to be selected by the Territory, and one by the Stockholders, and a third by those two, who should give proper security, be paid by the Bank, keep their funds in separate vaults of the Bank, take charge of the bonds and mortgages, report annually upon the situation of mortgages, the deaths and births of slaves &c.; and collect the interest due on stock by summary process, always in specie after the resumption of specie payments; who should make arrangements abroad for the payment of the interest, and the purchase of bonds, under regulations to be prescribed in the act. Whose accounts and funds should be subject to the inspection of the President of the

Bank, but not under his control, or be liable to appropriation to any other purpose than payment of the interest and bonds.

3d. All the other rights and credits of the Bank, and all other liabilities, should be subject to the Bank Department, which should always pay specie, or instantly forfeit all banking privileges, and be placed in the hands of commissioners to wind up. Which should make an estimate every year of its profits, and pay over the same in specie, to the loan office, to pay interest and bonds. Which should have a smaller number of Directors than at present, who should never lend to any of their own body.

4. The 704 unsold bonds should be made redeemable at the pleasure of the loan office, in the order of their numbers, and all other bonds be first redeemed when at par or below it.

In order to test the will of the Senate upon the question, and determine at once whether it is willing to grant the prayer of the Bank, we propose the following resolution:

Resolved, That the Committee on Banks be requested forthwith, to report a Bill based upon the foregoing principles, and repealing the thirty fourth section of the charter of the Union Bank, upon condition that the Stockholders first agree to the modifications of the charter, to be contained in such Bill. W. H. BROCKENBROUGH,

Chairman of the minority Com. on Banks.

Which was read, received, and ordered to be printed.

The same from the Judiciary Committee, made the following report, viz:

The Committee on the Judiciary, to which was referred, an act entitled an act to amend an act entitled an act concerning the appointment and jurisdiction of Justices of the Peace, report:

That they cannot discover in what the act proposed varies from the present law, or what purpose will be effected by its passage, and therefore return it without amendment, and recommend its indefinite postponement.

WM. H. BROCKENBROUGH, Chairman.

Which bill was indefinitely postponed.

The same from the same committee reported an act giving the right of lien to shipwrights, material men, &c. in this Territory, with amendments.

Which was read a second time, and ordered for to-day.

Mr. Livingston offered the following resolution:

Resolved by the Governor and Legislative Council of the Territory of Florida, That the Auditor of the Territory be required to audit the account of R. K. Call, late Governor of Florida, respecting the expenditures of the money raised for the defence of the frontier, under an act in addition to the military laws now in force, approved 4th March, 1837; and that a copy of the same be deposited in the office of the Secretary of the Territory, and that the Governor be requested to forward two copies of the account current, to Washington City, one to the President of the United States, and one to our Delegate in Con-

gres. and that he be requested to procure the passage of a law to remunerate the Territory by payment of the same.

hich was read.

The Senate received from the House, a resolution for the relief of John Wooten of Gadsden county.

Which was read and referred to the Committee on the Judiciary.

Also the disagreement of the House, to the amendments of the Senate to a bill to be entitled, an act to secure to the people of this Territory a sound currency.

On the question of adhering to the amendments of the Senate, the yeas and nays were called by Messrs. Pelot and Cooper, and were:

Yeas—Mr. President, Messrs. Brockenbrough, Dupont, Livingston and McLean—5.

Nays—Messrs. Cooper, Pelot and Walker—3.

Also the following message:

HOUSE OF REPRESENTATIVES,
February 26, 1841.

Extract from the minutes.

Mr. Brown from a select committee made the following report:

The committee appointed to confer with his Excellency the Governor, on the resolution passed by the Legislative Council for the relief of the executor of James W. Exum, late Marshal of the Western District of Florida, have performed that duty, and beg leave to report:

That his Excellency is satisfied with the explanation which the committee has had with him, in regard to the justice of said claim, and he has instructed the committee to report to the House, that if they will return the resolution he will sign it.

THOS. BROWN, Chairman.

Which was concurred in, and a copy thereof directed to be transmitted to the Senate.

Attest. J. H. GIBSON, Clerk, H. R.

Also as passed, an act to amend the charter of the Tallahassee Rail Road Company. Which was read a first and second time and ordered for to-morrow.

Also as passed, a bill to be entitled, an act to change the name of Abraham Marshall Trotman. Which was read, the rule waived and passed.

Also as passed, an act amendatory to the several acts incorporating the Central Bank of Florida. Which was read and referred to the Committee on Banks.

Also as passed, without amendment, an act to amend the 3d

section of an act entitled an act to establish two terms of the Superior Court in Columbia county.

Also as passed, a bill to be entitled, an act to encourage the destroying of wolves in the Territory of Florida. Which was read and laid on the table.

Also as adopted, a resolution for the relief of Capt. S. J. Perry. Which was read and referred to the Committee on the Militia.

Mr. Brockenbrough by leave made the following report:

The Committee on the Judiciary, to which was referred, an act to repeal the 4th section of an act entitled an act to amend an act passed January 31st, 1839, entitled an act to incorporate the city of Apalachicola, approved March 2d, 1838, report:

That the section sought to be repealed, requires a registry of voters in the city of Apalachicola. They have consulted the representative from Franklin, who introduced the bill, and ascertained from him that it is the wish of his constituents that the act be passed, as the registry causes trouble, and produces no good effect, being a measure entirely local. The committee report it without amendment, and recommend its adoption.

WM. H. BROCKENBROUGH.

Said bill was ordered for to-day.

A resolution for the suspension of the Territorial Revenue, reported by the Committee on the State of the Territory, was again read and adopted.

A bill to be entitled, an act to repeal the 34th section of the charter of the Union Bank of Florida, was laid on the table.

A resolution "to rescind the 26th rule of the Senate," was again read, and on its adoption, the yeas and nays were called by Messrs. Pelot and Cooper, and were:

Yeas—Mr. President, Messrs. Brockenbrough, Dupont, Livingston and McLean—5.

Nays—Messrs. Cooper, Pelot and Walker—3.

So said rule was rescinded.

Mr. Brockenbrough obtained leave to introduce "an act to alter the rate of damages upon protested bills of exchange." Which was read a first and second time, and ordered for to-day.

The Senate then took a recess until 4 o'clock.

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4 o'clock, March 1, 1841.

The Senate met pursuant to adjournment.

Mr. Walker by leave introduced a bill to be entitled, an act for the relief of George Fisher and Wm. Wyatt, and Giles

Stewart. his securities. Which was read a first and second time and ordered for to-day.

The report of the Committee on the *Militia*, on so much of the communication of his Excellency the Governor, as purports to be an extract of a letter from Lieut. Col. Blackburn, &c. was again read and concurred in.

A bill to be entitled, an act regulating the fees of Jailors in this Territory, was read a third time and lost.

An act for the relief of the Tallahassee Rail Road Company, was read a third time and passed—ordered that the title be as above.

An act for the relief J. B. Bull and P. Ker, was read again, amended, and ordered to be engrossed for to-morrow.

An act to incorporate the Tampa Bay, St. Johns Rail Road, Canal and Steamboat Company, was read a third time and passed—ordered that the title be as above.

An act to ascertain the wishes of the people of Florida upon the propriety of going into a state government, was again read, to which Mr. Cooper offered the following amendment:

And whereas, under authority of certain acts of incorporation of the Banks of Pensacola, the Southern Life Insurance and Trust Company, and the Union Bank of Florida, certain *bonds* and guarantees have been issued to said corporations, purporting to pledge the faith and credit of this Territory, for three millions nine hundred thousand dollars, *principal* payable some years hence, and also the interest thereon, amounting to two hundred and thirty four thousand dollars annually; and whereas, it is contended that under said acts, other guarantees to a large amount can be claimed of the Executive of this Territory, and whereas, many citizens of this Territory contend that the said acts attempting to pledge the faith and credit of the people of Florida, for the benefit of said corporations, were and are invalid in that regard, and that the said acts were and are, so far as they purport so to do, an usurpation, and that the whole people of Florida, are not legally or morally bound for the redemption thereof; and whereas, others contend the contrary. Now, for the final settlement of said question,

Be it further enacted by the Governor and Legislative Council of the Territory of Florida, That each and every qualified voter of this Territory be required by the inspectors of elections, at the next election for Delegate, to express his assent or dissent to said acts, by voting *viva voce* at the time of giving his vote for Delegate, either *Faith Bonds* or *No Faith Bonds*, which vote shall be written down by the clerk, opposite the name of the voter, in the poll book, and return made of the number thereof, as asforesaid, to the Governor, who shall proclaim the same, with the other votes, at said election, as aforesaid.

On the adoption of said amendment the yeas and nays were called by Messrs. Brockenbrough and Cooper, and were:

Yeas—Messrs. Cooper, English and Pelot—3.

Nays—Mr. President, Messrs. Brockenbrough, Dupont, Edwards, Livingston, McLean and Walker—7.

On the passage of said bill, the yeas and nays were called by Messrs. Pelot and Cooper, and were:

Yeas—Mr. President, Messrs. Brockenbrough, English, Edwards, Livingston, McLean and Walker—7.

Nays—Messrs. Cooper, Dupont and Pelot—3.

So said bill passed—ordered that the title be as above.

On motion for an adjournment, the yeas and nays were called by Messrs. Dupont and Brockenbrough, and were:

Yeas—Messrs. Cooper and Pelot—2.

Nays—Mr. President, Messrs. Brockenbrough, Dupont, Edwards, Livingston, McLean and Walker—7.

So said motion was lost.

A bill to be entitled, an act to incorporate the Iola and St. Joseph Canal and Steamboat Company, was a again read and passed—ordered that the title be as above.

An act giving the right of lien to shipwrights, material'men, &c. in this Territory, was again read and passed—ordered that the title be as above.

A bill to be entitled, an act for the relief of George Fisher and William Wyatt, [illegible] Giles Stewart, his securities, was read a first and second time and referred to the Committee on the Judiciary.

An act to repeal the fourth section of an act entitled an act to amend an act passed January 31, 1838, entitled, an act to incorporate the city of Apalachicola, approved March 2d, 1839, was read a third time and passed—ordered that the title be as above.

The Senate received from his Excellency the Governor the following message:

EXECUTIVE DEPARTMENT,
Tallahassee, March 1, 1841.

To the Legislative Council of Florida:

In respectfully inform you, that I have approved the following acts of the Legislative Council:

I. An act to repeal an act entitled an act concerning Jurors in the Southern District, and for other purposes.

II. A preamble and resolution relative to the late James W. Exum, late Marshall of West Florida.

ROBERT RAYMOND REID.

The Senate went into secret session on Executive nominations—on motion the door was opened.

The Senate then adjourned until to-morrow.