

Armstrong Bank.

The consideration of this Bill involves the policy of extending the banking capital of the State, as well the character of its particular provisions.

I In regard to the latter, a more careful examination than was practicable during the first months of my official duty, has convinced me that some modifications further protection ought to be secured to the community, by our bank charters than has heretofore found a place in them. The rule that the shareholders, who derive the profits from a Corporation, should incur a correspondent liability for its engagements, seems to be imperfectly developed in the bill before me. The principle applies ~~also to all~~ <sup>also to all</sup> ~~any~~ <sup>classes of</sup> ~~engagements.~~ <sup>contracts</sup> ~~contracts.~~ All the contracts of a Bank, like those of an individual, are incurred voluntarily. It may refuse to accept a deposit, or to draw a bill of exchange or to incur any form of liability whatever, as readily as it may decide issuing its promissory notes. Whatever may be its authorized functions under its charter, those only will be exercised by which it, which it regards as profitable or otherwise expedient. One contract may by the policy of the Law be advanced to a higher grade than others in the order of payment, where the fund is inadequate to pay all, but there is no meritorious reason for exonerating a solvent debtor from the payment of any of his debts. If then it be right to hold individual bankers responsible for engagements made in a corporate character, <sup>on the ground that liability</sup> ~~the principle of right~~ ~~is not satisfied when any engagements are exemplified~~ ~~for the sake~~, some special reason should be assigned for limiting the application of the principle to engagements of a <sup>special</sup> ~~particular~~ class. None such occurs to my mind. Indeed the depositor of money for safe keeping is in general regarded as a creditor of the most meritorious rank. As he receives bargains neither for interest or profit, and receives none in any event, his debt partakes of the trust character. As such, the <sup>analogous</sup> ~~analogous~~ ~~reason~~ of our legislation would ~~also provide~~ ~~for its claim~~ for its peculiar sanctity & protection <sup>as well as principle,</sup>

3. ~~The Bank~~<sup>for</sup> in point of fact, (deposits & currency) are not distinguishable. It is a breach of faith, <sup>on the part of a bank,</sup> to refuse to pay back the entry of a deposit in the Bk. bk. entitles the owner to convert it at any time into bank notes, and it is a breach of faith to refuse him. Let it be well understood that bank notes are from the secured by the personal ~~estate~~<sup>assets as well as the joint property</sup> of the corporators, who's depositors<sup>(con)</sup> have recourse only against the ~~joint stock~~ corporate effects; and at the first approach of panic, at the first doubt of bank solvency, the depositor will make himself a noteholder; ~~it will be the ignorance~~ The only parties, <sup>unavoidable</sup> to whom this resort will be impracticable, will be the remote and the ignorant; there to the firm to avail themselves of it will be the bank officer, and the friends whom he may desire to favour.

2. It is true, that the Legislature which authorizes the creation of a paper currency) ~~should guard it against~~ <sup>is specially under special obligation</sup> ~~to secure it~~ as far as practicable from vitiation and to guard the community which accepts and uses it from loss in consequence. But while this furnishes an additional reason for protecting the stockholder, it leaves the argument in favour of the general liability of Corporators unimpaired & ~~and~~ Indeed so far as regards depositors, both views are applicable,



An objection is often and forcibly urged against the introduction <sup>into our charter, or</sup> of ~~a provision~~ the Indent. liability provision, that it renders <sup>unnecessary</sup> ~~a~~ <sup>the</sup> multiplicity of details <sup>not</sup> ~~for the purpose of giving~~ <sup>not</sup> ~~needed in their operation, and~~ <sup>which are</sup> ~~not~~ in harmony with the general course of our legal system. It is resp. subm<sup>d</sup> to the Leg<sup>s</sup>, that a single clause giving to Creditors of a Corp<sup>n</sup> all the rights <sup>not only</sup> ~~all~~ belong to Creditors of an Ind<sup>t</sup>, ~~but~~ <sup>as</sup> against the Stockholders <sup>when discovered in proportion to their interests in the stock</sup>, but also ~~is equally~~ <sup>is</sup> primarily against the Dir<sup>s</sup> or Mgmt<sup>s</sup> as the Agents of unknown principals, <sup>would</sup> ~~effectively~~ carry out the gen<sup>l</sup> principle effectively and with <sup>justice</sup>. The Ct<sup>l</sup>, <sup>at the time of acceptg</sup>, ~~its~~ <sup>the</sup> note, or depos<sup>g</sup> money in its vaults, cannot be supposed to know <sup>who are</sup> the Ind<sup>t</sup> members of the Corp<sup>n</sup>. It knows or may readily know <sup>who</sup> the Dir<sup>s</sup>, <sup>and</sup> they in turn know the Stockholders. ~~It is therefore~~ <sup>It is</sup> ~~may~~ <sup>is</sup> ~~be~~ <sup>is</sup> ~~against them~~ <sup>against them</sup> ~~would~~ <sup>would</sup> ~~be~~ <sup>be</sup> ~~the obvious end in~~ <sup>the obvious end in</sup> ~~all~~ <sup>all</sup>. Thus his ~~recourse~~ <sup>recourse</sup> resort is ~~made~~ <sup>made</sup> easy against the Ind<sup>ts</sup> who ~~control~~ <sup>control</sup> ~~repre<sup>s</sup>ent~~ <sup>repre<sup>s</sup>ent</sup> the Corp<sup>n</sup> at the time of the contr<sup>l</sup>, and they may without difficulty resort to their principal, the Stockholders at large. On the other hand, such a ~~dispropr<sup>g</sup>~~ <sup>dispropr<sup>g</sup></sup> liab<sup>l</sup> of the Dir<sup>s</sup> <sup>is</sup> ~~is~~ <sup>is</sup> ~~entirely~~ <sup>entirely</sup> ~~inconsistent with justice~~ <sup>inconsistent with justice</sup>; - they have the means of judging <sup>when acceptg deposits or making advances to the bank</sup> ~~the~~ <sup>the</sup> ~~condition~~ <sup>condition</sup> of the bank ~~and~~ <sup>and</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <sup>decline</sup> ~~to~~ <sup>to</sup> ~~do~~ <sup>do</sup> ~~business~~ <sup>business</sup> ~~with~~ <sup>with</sup> ~~it~~ <sup>it</sup> ~~on~~ <sup>on</sup> ~~a~~ <sup>a</sup> ~~safe~~ <sup>safe</sup> ~~condition~~ <sup>condition</sup>, and ~~it~~ <sup>it</sup> ~~may~~ <sup>may</sup> ~~decline~~ <