

and partaking of the same character, and that he should decline to exhibit their accounts, without the direction of the board, and he suggested to the commissioners the necessity of submitting their views in writing to the board. The undersigned thereupon suspended their examinations, and addressed a note as follows:

*Baltimore, February 6th, 1840.*

*To the President and Directors*

*Of the Western Bank of Baltimore:*

Gentlemen,—The undersigned commissioners, directed by the House of Delegates “to examine the affairs of the Western Bank of Baltimore,” and to “extend their inquiries to the fullest extent into all the business transactions, which in their opinion, should be officially made known to that body,” think it will be necessary, for the due execution of that duty, to have submitted to their inspection, all the books and documents, recording the transactions of the bank, except the cash-accounts of individuals, and at the request of the Cashier, they make known their views to the board.

We are, very respectfully, your ob’t serv’ts,

Signed,

JOHN WHITE,

WM. BAKER,

Commissioners.

The undersigned conceive it due to your honorable body, to state the considerations, which, in their judgment, render indispensable a reference to individual transactions in examining the affairs of a bank.

The business of a bank, consists essentially in lending the resources, at the legal rate of interest.

These resources comprehend its capital, its deposits, and its issues, whether in current notes or post notes; and it is evident, that no opinion can be correctly formed of the security, propriety, or the legality, with which the funds of the bank have been loaned or appropriated, unless the accounts of the borrowers of these funds are investigated.

The general statement of accounts furnished by a bank, exhibits the extent of its business, the source which furnishes the funds, the denomination of the investments, and the relative proportions of its liabilities and means of payment. But the judgment and prudence of its managers, their observance of the requisitions of the charter, the security of its investments, and the means wherewith to redeem its notes and other obligations, so important to the public interest, cannot be ascertained without examining the accounts of its borrowers, the conditions upon which the loans were made, the securities held by the banks, and the amount of its available means.

The undersigned have heretofore supposed that the direction “to examine the affairs” of a bank, required the inspection of all the records of its transactions, its concerns, and its effects; and they have yet to learn, that the fullest investigation of the affairs of a well managed bank, can result otherwise, than in strengthening, or confirming the public confidence, so favorable to its pros-