

[From the National Gazette.]
BANK OF THE UNITED STATES.
 Third Letter from Nicholas Biddle, Esq. to the Hon. John M. Clayton.
 ANBALUSIA, Bucks County, }
 April 14, 1841. }

Hon. John M. Clayton, Dover, Delaware:
 My Dear Sir:—I am about to explain to you some singular details of what would otherwise be unintelligible—the origin and nature of the late proceedings touching the Bank of the United States.
 To you who have been wholly unconnected with either the old or new Bank of the United States—to you who have never borrowed a dollar or received a favor from either—nor been responsible for a dollar as principal or surety to either—what concerns the Bank possesses but little interest—but the story should be preserved, not merely to show to the suffering stockholders the influences which have misled them, but as a curious illustration how obscure and insignificant causes may produce great disasters. I pray you therefore to follow me down through these mysteries.

On the docket of the Court of Common Pleas of Philadelphia—on the Equity side—is the following entry.

Cheyney Hickman for the use of the President, Directors and Company of the Bank of the United States, and the President, Directors and Company of the Bank of the United States, vs. Manuel Eyre & Charles Massey.

Dec'r. Term, 1840.

No. 1.

Here is a suit the purpose of which is to decide a claim for a sum varying from 15,000 to \$40,000, according to an account which the Bank wishes to compel the parties to render.
 Without meaning to give an opinion about that case, the simple fact that the Bank had just brought a suit against Mr. Charles Massey, was of itself sufficient to prevent his being a member of that Committee of Investigation. Before any tribunal he would have been rejected as a juror, and a sense of propriety should have induced him instantly to decline the appointment. His partner, Mr. Manuel Eyre, had been a director in 1840, but in consequence of complaints against him was left out of the Board at the last election—a source of keen disappointment. These feelings found other stimulants to support them. Mr. Eyre is understood to be the largest stockholder in the Schuylkill Navigation Company, of which Mr. Lippincott is the President, and these three persons, Mr. Massey, Mr. Lippincott, and Mr. Eyre, and their friends, are believed to have nearly all their fortunes dependent on the success of that work, while they have no interest in the Bank—Mr. Massey owning only two shares, Mr. Eyre three, and Mr. Lippincott five. It was at one period thought a profitable speculation, but every day it is encroached on by later improvements, and more especially by a railroad going directly to the very mouth of the river, so that its stock which was sold at 170 or \$180 a share, is now on its decline, and has already reached 65 or \$70. These parties are extremely sensitive on the subject of every new improvement which may interfere with them, and they are more particularly bitter against this Reading Railroad, which, when completed, will probably supersede the river navigation. Now the Bank of the United States has been obliged to take for debts a large number of shares in the Reading Railroad, and with a view to protect its own interests has given facilities to finish the road so as to make it productive; some of the officers and Directors were also holders of shares in the road, and what was still more criminal, Mr. Jaudon while in England negotiated some loan or got some iron for the company. Now the owners of the Navigation Company saw clearly that if these persons should be rendered odious, if the Bank of the United States could be broken down, it would carry down this Reading Railroad, and thus increase the profits of the company. This is really the foundation of the whole of this attack upon the Bank. It is the vengeance of the Schuylkill Navigation Company against the Bank of the United States for lending money to the Reading Railroad.

If that intrigue the Stockholders of the Bank have been already the dupes, and I am very much afraid will be the victims.
 To carry it on, availing themselves of the confusion of the annual meeting in January, Mr. Lippincott proposed a Committee, of which he was of course made Chairman, Mr. Massey, another member, and four others completed the committee, which had power to fill their own vacancies. Three out of the six members declined serving, the remaining three filled their places, and as of these remaining three Mr. Lippincott and Mr. Massey were the majority, the committee is in fact a committee of the Schuylkill Navigation Company. All this our gallant friend Capt. Stockton began to explain to the meeting, but he was silenced, as you saw, by the impatience of the crowd. Very soon after they began their labors, which were originally confined to an examination of the Assets of the Bank, came the last suspension of specie payments—and then for the first time they received from the Board of Directors a resolution declaring that the Board is ready to afford them every facility in the prosecution of any investigation which the Committee may be willing to make of the affairs and transactions of this Bank and the causes of its actual situation, and that it is the wish of this Board that the Committee should make such investigation. Up to the date of the suspension, and while the Board believed that they could go on continuing specie payments, they determined to keep this Committee of Investigation to their proper sphere of verifying the assets, and had so instructed the Committee of the Board appointed to meet the Committee of Investigation. But the moment they found that they could no longer continue specie payments—in the alarm and confusion which followed they appealed to the Committee of Investigation and begged them now to examine the causes of their prostration. That the purpose of this was to relieve themselves by throwing the blame on their predecessors, cannot be doubted, nor is it less evident that the Committee as perfectly understood it as if it had been in the resolution, for the most remarkable character of the Report is this—that from the beginning to the end there is not censured, nor scarcely mentioned any transaction of the Bank within the last two years. There seems to have

been a tacit understanding that the Committee might investigate what they pleased if they would only abstain from touching the present Board. "We commenced," says the Committee, "an examination of the affairs and transactions of the Bank, and the causes of its actual situation"—and yet they find no cause, no transaction, no reason for the actual situation of the Bank that is not at least two years old. It seems to me as if my administration had been sold to the Committee by these Directors at the price of their own safety. Had they nothing to say about the protest by Messrs. Hottinguer & Co.—nothing of the injury to the credit of the Institution by the sales of Post notes in the fall of 1839—nothing of the publication of the 1st of January—nothing of the resumption—nothing of the third suspension! Not one single word. The Stockholder wanted to know why his stock was reduced from 116 in March 1839, to 17 in March 1841. Well—the protest by Messrs. Hottinguer & Co. reduced the stock \$16 a share—that was a loss of \$5,000,000—the publication of the 1st of January, 1841, brought it seventeen dollars a share lower—that was a loss of about \$6,000,000—the suspension in February still further reduced it thirty dollars a share—that was a loss of about \$10,000,000. None of these trifles seemed worthy of these anxious enquirers after truth—but having at last obtained permission to examine the private accounts they repaid it by confining their attention to those only whom they hoped to injure, and abstained from all serious notice of what concerned those in power at present. Accordingly during these three months' investigation, they could find nothing more interesting than to seek, with a microscope in hand, the accounts of certain officers and parade them before a crowd of irritated stockholders to excite their indignation—accounts, moreover, finally settled and therefore incapable of yielding any thing but reproaches, and on which, according to their own showing, it is impossible that a loss of any magnitude can be sustained.

Accordingly, when they have finished these gossipings they seem to have done their work, and all that they have to say of the general administration of the Bank is that during the existence of the late Bank of the United States on the 6th of March, 1835, the Committee of Exchange was authorized to make stock loans at five per cent, and they object;

That such power ought not to be delegated; That the Committee made too large loans to individuals and firms; That they ought not to discount but—only by bills of Exchange.

That they kept no minutes but gave verbal orders to the officers of the Bank; and that Their transactions "were never submitted to the Board at its regular meetings nor is it anywhere mentioned on the minutes as having been reported to that body for their information or approval."

Now, what I mean to prove is this—
 1st. That these exchange committees have been in use since the foundation of the bank—very beneficially to the Bank.
 2d. That the Board have from time to time granted to other Exchange Committees the same powers here delegated in 1835.
 3d. That the Board have instructed them not to confine themselves to exchange—but to make discounts, and expressly exempted them from the necessity of reporting their proceedings to the Board.
 4th. And finally, I mean to prove that of all the Directors of the Bank, from its commencement to this hour—the man who has been the most decided in his support of the doings of the committee of Exchange—the man who again and again declared that the Committee of Exchange should not confine itself to mere bills, but should make discounts, and should not report its proceedings to the Board—that person is the very identical Mr. Joshua Lippincott, who now, as Chairman of the Investigating Committee, denounces these Committees and Boards for not doing this very thing, which he himself insisted they should not do. I shall at the same time prove that next to Mr. Joshua Lippincott, the individual who was most zealous in the same cause, is Mr. Manuel Eyre, the real member of this Committee, through his partner, Mr. Massey.

1. With regard to the Exchange Committee, in the year 1821, a committee of the Senate of the United States was appointed to investigate the Bank of the United States, and of that Committee Mr. Tyler was the chairman. The recent elevation of this gentleman to the Chief Magistracy could not induce me to say it, but shall prevent me from saying it, that no man ever went into that Bank with a more sincere disposition to seek the truth, and to expose what he should find wrong; but then his inquiry, though thorough and severe, was conducted in a tone so decided and at the same time so gentlemanly, that it was a pleasure to give him every information he sought. One of the objects of his enquiry was the history and formation of the Exchange Committee. He traced it from its beginning in 1817 to its more regular form in 1821, and he concludes with this: "The Committee on Exchange was created at the same time with the committee on the offices and other committees, has continued ever since, and exists as your committee believes not only in strict conformity with the charter but with advantages to the Bank and convenience to the public."
 2d. As to the power heretofore conferred on such committees.—On the 9th of July, 1830, on motion of Mr. Alexander Henry,
 Resolved, That the Committee of Exchange be authorized to loan on the collateral security of approved public stocks large sums of money at a rate of discount not lower than five per cent.

On the 17th of September, 1830, this power was extended by a resolution offered by Mr. J. C. Fisher, as follows:
 Resolved, That a resolution adopted by the Board on the 9th day of July last, authorizing the Committee of Exchange to loan on the pledge of public stock, be so modified as to permit such loans to be made on the same, or other approved securities, at a rate of interest not less than 4 per cent. per annum.

Now let us see what was done by this Committee of Exchange of which Mr. Eyre himself was Chairman. Under this resolution of 1830, a loan was made which happened to attract the attention of the Committee of Congress, in 1832, on which occasion Mr. Manuel Eyre, made, under his own hand, the following startling statement:

"The Board of Directors passed resolutions authorizing the Exchange Committee to make investments at any rate of interest not less than four and a half per cent. As chairman of that committee I called upon Messrs. T. Biddle & Co. several times and particularly requested them to make all their great operations with us, and urged them to take two or three millions of dollars or more at five per cent., and for as long a time as they wished.—They were not willing to take the loan for as long a time as the Committee wished, but reserved the right of paying off as might suit their convenience. The committee upon undoubted security loaned them upwards of 1,100,000 dollars at 5 per cent.—which loan is now repaid, as your committee has observed, to \$6,000,000, and will pay an interest of six per cent. It was thought a very advantageous arrangement to obtain such a large investment at 5 per cent. on such undoubted security, when the committee were authorized to loan at four and a half per cent. I have always regarded this operation as one in which the bank was the favored party, and I think it may be safely and truly said that the account of Messrs. T. Biddle & Co. has been one of the most advantageous accounts in the Bank."
 MANUEL EYRE.

April 5, 1832.
 Here is a chairman of a Committee of Exchange, who urges a single house to take two or three millions of dollars or more for as long a time as they wished, and by an odd coincidence, this very house on whom Mr. Eyre urged a loan of two or three millions of dollars or more, at five per cent., and for as long a time as they wished, is the very house the amount of whose loan is the subject of complaint, by the Committee of Investigation.

3. The next complaint is that the committee made discounts as well as purchase of bills. Now this was done in consequence of instructions in fact given by Mr. Lippincott and Mr. Eyre themselves, of which the proofs is as follows:

On the 12th of April, 1833, the following preamble and resolution were offered:
 "Whereas it is proper that the ordinary business of the Board should not be transacted by a smaller number of directors than that required by the charter and the business of discounts can be conveniently transacted as heretofore it has been at the meeting of the Board. Therefore,
 Resolved, That the duties of the Committee of Exchange shall not extend to the business of discounts."

On this resolution you will of course suppose that these great champions of loans exclusively by the Board would have heartily embraced this proposal.

Well—This resolution was made the order of the day for the 19th of April, on which day it was called up, when, strange to say, Mr. Eyre moved that said resolution be postponed until the next meeting of the Board, on the Rules of the Bank, and said motion, equivalent to a rejection, was agreed to by yeas and nays, as follows:
 YEAS—Messrs. Eyre, Lippincott, White, Henry, Sergeant, Fisher, Newkirk, Lewis, Holmes, McKim, Biddle—13.
 NAYS—Messrs. Macalester, Gilpin, Sullivan, M'Eldey, Wager—5.

On the 2d of May, 1833, the Board proceeded to the order of the day, the consideration of the new rules and regulations for conducting the business of the Bank, [being the same which were adopted and are now in force in April, 1841.]
 On that occasion, the following amendment was offered:

"The Committee of Exchange shall act as a daily committee to the Bank, and afford their aid and advice in all cases relative to the interest and affairs of the institution, but their duties shall not extend to the business of discounts. They shall lay before the Board at every stated meeting, a statement of their proceedings, which shall be read before the discounts of the day are settled."

This amendment was rejected by yeas and nays as follows:
 YEAS—Messrs. Sullivan, Wager, Gilpin—3.
 NAYS—Messrs. Lippincott, Eyre, Bevan, White, Fisher, Chauncey, Newkirk, Macalester, Lewis, Holmes, Potter, Biddle—13.

At the same sitting, this amendment to the rules was proposed:
 "A statement of the proceedings of the Committee on Exchange since the last stated meeting shall be reported in writing and read," which was rejected by yeas and nays by the same inflexible haters of loans by the Committee of Exchange. The vote were—
 YEAS—Messrs. Gilpin, Wager, Sullivan, Williams, White, Macalester, Potter—7.
 NAYS—Messrs. Lippincott, Eyre, Bevan, Fisher, Chauncey, Newkirk, Lewis, Holmes, Biddle—13.

The decision by this vote, was in fact an instruction to the committee that they ought to include discounts in their business, and that they need not report their doings to the Board.

Mr. Lippincott and Mr. Eyre as members of the Committee of Investigation, think it wrong for the Exchange Committee to discount—still more wrong for a Cashier alone to discount—and they would doubtless have added, if they had thought such an enormity conceivable, that the extremity of wrong would be for a director to obtain discounts from the Cashier without the knowledge of the Board—yet I am assured by the late Cashier that both Mr. Lippincott and Mr. Eyre, while sitting as directors, frequently asked and obtained from him large loans which they did not submit either to the Board or to the Committee. These acts of kindness ought to have prevented any very violent indignation on their part against loans by the Cashier.

But say the Committee, the Exchange Committee keep no minutes—make no entries—but having decided any thing, give verbal orders to the officers to carry it into execution. Well, in what other way do committees act? Mr. Lippincott has been a Director for more than twenty years, has been a member of many of the Committees, and Chairman I believe of them. Did he ever keep minutes? Did he ever propose such a thing—think of such a thing? Does any Exchange Committee of any bank in Philadelphia keep minutes? And now at the end of these twenty years he comes to reproach his ancient colleagues with not doing what he did not himself.

And now we come to the final and most important part of this report.
 In a year or two after the veto of the bill rechartering the bank in 1832, it prepared by degrees to retreat back to Pennsylvania by the gradual sale of the branches, and by the concentration of the assets in stocks which might at any time be available in any aspect of its affairs, either to wind up or to expand under a new charter.

Accordingly on the 6th of March, 1835, there is the following entry on the minutes:
 "The president submitted to the board a general view of the situation of the bank; its means and liabilities; its circulation and deposits; and the probable future demands upon it; showing its ample resources and power of expansion."
 "Whereupon, on motion of Mr. Coxe, seconded by Mr. Henry,
 Resolved, That the committee of exchange be authorized to make loans on the security of the stock of this bank or other approved security—and if necessary, at a lower rate than six but not less than five per cent. per annum."

Let us see then who are the persons composing these exchange committees to execute this resolution. They were according to the appendix to this report:
 In 1836—March 4. Messrs. Platt, White, Newkirk. Oct. 7. White, Lewis, Price.
 In 1837—Jan. 6. Messrs. Lewis, Price, Platt. July 11. Cope, Humphreys, Vanderkemp.
 In 1838—Jan. 5. Platt, Cabot, Wain. Oct. 9. Wain, Lewis, Vanderkemp.
 In 1839—Jan. 11. Vanderkemp, Price, Cabot. July 5. Cabot, Cope, Wain.
 In 1840—Jan. 7. Price, Lewis, Newkirk. July 7. Price, Cabot, Handy, Oct. 13. Wain, Handy, Cabot.

This then was the settled course of policy of the bank until its future fate could be ascertained. No one can deny that this was the true course for the bank. Now this, according to the committee, is the source of all the disasters of the institution—and they assign as reasons the size of the loans made, and the want of minutes by the committee, which I have already answered, and finally it is declared that the business done by the committee "was never submitted to the examination of the board, at its regular meetings, nor is it anywhere entered on the minutes, as having been reported to that body, for their information or approbation."

"The established course of business," say they, "seems to have been for the first teller to pay on presentation to the counter, all checks, notes, or due bills, having endorsed the order or the initials of one of the cashiers—and to place these as vouchers in his drawer for so much cash—where they remained until just before the regular periodical counting of the bank. These vouchers were then taken out and entered as 'bills receivable,' in a small memorandum book under the charge of one of the clerks." And then we are led to imagine that these irregular loans having once got into this gulph of bills receivable, lay hidden from every human eye.

This was undoubtedly what this committee would have persuaded the stockholders—this is what they meant to insinuate without asserting it. But by one of those lucky accidents which sometimes defeat the worst designs, this very committee have inadvertently and unconsciously put forth a statement, which not only flatly contradicts the whole of their report, but convicts their chairman, Mr. Lippincott, of the grossest negligence or connivance. As long as the committee wished to prove that the officers of the bank and the exchange committee were guilty, it suited their purposes to represent these persons as concealing their proceedings. But having accomplished this, there were still some directors—some stockholders probably of the Reading rail road—who were to be punished, and they therefore turn short round, and declare that these very proceedings were constantly before the directors, who, they insinuate, are guilty of neglect in not examining and stopping them. Thanks to this blind rage for more vengeance, they thus reveal what completely answers all that they have previously written, and never, certainly, was seen at the quarter sessions, any witness caught more completely in his own trap. All this is seen in the following extract from the report:

"By the thirteenth standing rule of the bank, it is provided that the committee on the state of the bank, composed of five members, and elected by ballot every three months, should at least once during their time of service examine and count the discounts of notes; and compare the amount thereof with the balance of the amount of bills discounted in the general ledger; they shall also count the cash, and the printed and unprinted paper in possession of the cashier—examine the evidences of the public debt and property of the corporations, make an inventory of the same, to be compared with the books in order to ascertain their agreement and report to the board." The custom appears to have been for this committee to confine their examination exclusively to the cash, bills discounted on personal and other security, the issues, and the printed and unprinted bank paper on hand. The account, however, of the general state of the bank, submitted to the directors at every stated meeting, contained the items of bills receivable on bank stock and other security, which included as well the bills receivable for sale of branches as the loans made in the manner heretofore adverted to, and foreign bills of exchange, under which head was contained the advances on shipments of merchandise.

Thus, on June 28th, 1835, on which day an examination was reported by the committee on the state of the bank, there stood to the debit of 'Bills Receivable' the sum of 12,106,074 dollars; 55 cents, and of 'Foreign Bills of Exchange' the sum of 7,216,109 dollars, 34 cents."

This is truly astounding. Here it appears by the declaration of this committee itself, that at every stated meeting of the Directors for many years, all these loans now deemed so secret—all these advances on Cotton—every species of investment which is the subject of reproach was submitted to the Directors. Every day did these Directors see on the table before them this statement of loans and advances, and any Director who wished for the particulars had only to ask for it and the whole details

would have been immediately brought into the Director's Room. Not merely might every Director examine it—but there was a committee whose special duty it was to examine it, according to the by-laws, every three months.

Now who were these committees on the state of the bank, whose business it was to control the Exchange Committee? They were:
 In 1836—March 4. Lippincott, Neff, Brown, Trotter, Beylard. October 7. Neff, Troth, Beylard, Newkirk, Cope.
 In 1837—January 6. Newkirk, Lippincott, Bohlen, Vanderkemp, Hickman.—April 14. Newkirk, Lippincott, Bohlen, Lewis, Hickman.

In 1838—January 5. Lippincott, Lewis, Bohlen, Brown, Connell. October 9. Cope, Neff, Cabot, Alsop, Hickman.
 In 1839—January 11. Wain, Hickman, Alsop, White, Newkirk, Ingersoll. December 17. White, Newkirk, Cabot, Cope, Price.
 In 1840—January 7. Wain, Neff, Connell, Handy, Cabot. July 7. Wain, Taylor, Alsop, Neff, Brown. October 12. Neff, Lewis, Martin, Eyre, Brown.

But more especially let us follow Mr. Lippincott.
 We have just seen by the above extract from the Report of the Committee that on the 28th of June, 1835, on which day an examination was reported by the Committee on the state of the Bank, there stood to the debit of 'Bills Receivable' the sum of \$13,106,074 55, and of 'Foreign Bills of Exchange,' the sum of \$7,216,109 34.

Here then was every item of all these loans and cotton purchases before a committee whose bounden duty it was to examine them. Who was this Committee? What Directors were they, so lost to their duty as not to have examined these doings and exposed them? Who, above all, was the Chairman of that Committee, the natural leader of that great reform? Alas, for human infirmity. In the appendix of the Committee's report is a list of all the Committees for several years, from which it appears that on the very 28th of June, this vigilant committee on the state of the bank, stands recorded, and at their head is JOSHUA LIPPINCOTT, as Chairman.

Lawrence Lewis, John Bohlen, John A. Brown, John Connell.

And now when this Mr. Lippincott goes before the stockholders to complain of abuses, let him be asked by some independent man what he did on that occasion: "Say to him did you examine these statements? If you say no—then you betrayed your duty—then you were faithless to us. If you say then why did you not attend these proceedings, which now nearly three years afterwards you come to us to denounce. You are unjust to us in either way, and we fear that all this pretended zeal in our service is but a mask to conceal your own selfish purposes. Let any stockholder say that to him, and see what he will answer."

On the whole, my belief is, that this movement is a conspiracy got up by the managers of Schuylkill Navigation Company, aided by a few weak persons who did not see that they were the dupes of their selfish associates—that to carry their objects, they have by misrepresentations irritated the stockholders into measures which cannot fail greatly to injure their interests, and that the Bank of the United States has been sacrificed to the jealousy and the despair of the Schuylkill Navigation Company.

And now I have occupied you long enough with these miserable intrigues, and will release you with the assurance of the sincere respect of,
 Yours, N. BIDDLE.

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 Against the WORLD for CHEAP HATS!




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TO THE PUBLIC.—The price of HATS again lowered. TOWNSON is now selling in Eutaw street, one door north of Lexington street, his superior Hats at the following low prices—Fine short Nap Mole Skin Hats at \$2.50, fine Brush Hats \$2.50; Fur Hats from \$1.50 upwards. It may be asked how such Hats can be sold (if as represented) at such very low prices; I answer in the first place, I manufacture very extensively, and am able to purchase materials by the quantity much lower than if I bought by the small; and secondly, I sell for cash, and do not have to charge those who pay a high price, to make up for those who do not pay, as the natural result of the credit system. I think my Hats the best as now offered for sale in this market for the price. Persons will please call and look at my hats before purchasing elsewhere. Remember TOWNSON, one door from Lexington street.

SHOULDER BRACES.
 THESE ARTICLES, for the purpose of keeping the shoulders erect, are highly recommended by the FACULTY, for the prevention and assistance of a WRECK BREAST. They can be had of the best quality and manufacture, of H. WARREN, Stock Maker, No. 4 North street, Next door to the Patent Jail—do OGeo.

