

get proper indorsements upon his paper, proper outside indorsers, without any secret understanding. It is no hardship, but a guaranty. I think it would be the wildest thing this convention could do, to loosen rather than to restrict the liabilities from corruption in bank officers; especially at the present time when the spirit of speculation is so rampant in the land, when the temptation to indulge in the purchase of stocks and everything else is so overwhelming. Re-enact the old clause as it stood, and I guarantee that there will be no more instances of fraud in bank officers and bank directors in the next ten or fifteen years than there have been in the past.

Mr. STOCKBRIDGE. The gentleman from Washington (Mr. Negley) has the advantage of most members of this convention in his intimate knowledge of the character of bank directors and officers and bank rule. Perhaps we were too credulous in the former part of this discussion when we gave full faith to his statement that persons could not obtain discounts at banks unless they had a certain line of deposits there. That was the statement here this morning; and in our vote upon the former provision I gave full faith to that statement. But now it seems that any one, without having deposits, without having any stock, without having any proper indorsement, without any practical security, may procure loans to an extent to justify suicide. I confess that I do not see the force of all this. Why may not banks like every other man, as the phrase is now, loan their money to anybody that will give them good security for it? That is the question. If a man, being a director or an attorney for a bank, brings good security, having a line of deposit enough to entitle him to discount, the bank is of course safe. The bank loses nothing, in the event that he chooses to go into such wild speculation and blow his own brains out. That is a matter between himself and his family, and does not affect the bank.

If we are to protect the community against fraud on the part of the banks, let us give them the largest liberty in their business operations consistent with the public safety. I do not see, the rules of the banks being such as were portrayed this morning, any peril whatever in adopting the report of our committee.

Mr. NEGLEY. The very objection that the gentleman urges against this proposition is with a *u*e the strongest argument in its favor. It is not the requirement of country banks that the borrower shall have any line of deposit. That is the rule in the city of Baltimore; and it discriminates still more against the outsider and in favor of the director. The director may not have any deposits at all in the bank, or they may be very slight. Still they may borrow out the capital of the bank, indorsing each other's paper, and sit-

ting in judgment upon their own applications, the majority admitting only those whom they choose into the arrangement.

Mr. PUGH. Is there any difficulty whatever in the way of these rascally directors to whom the gentleman alludes, borrowing money, by having a third party, an outsider, in the ring? If they set out with the intention of robbing the bank and consequently the community, can they not do it just as effectually with this provision in the constitution, as without it, by having an outside party to operate with them?

Mr. NEGLEY. They do it at the risk of the pains and penalty of imprisonment and fine. That is the difference.

Mr. PUGH. They do not discount their own paper, but the paper of an outside party.

Mr. NEGLEY. The constitution says "directly or indirectly." If they borrow the money through a third party, by indirection, they are just as liable in a court of law as if they borrowed it directly.

Mr. STIRLING. Suppose one man borrows the money, and lends it to somebody else, who lends it to a director and takes his note. How is it to appear that the money is borrowed by a director from the bank?

Mr. NEGLEY. He is liable if he obtains it by a hundred removes. If he has directly or indirectly obtained that money, even if there has been secret connivance between a hundred parties, he is still liable; as in a case where a party puts away his property fraudulently. I do not care through how many removes you trace it; if you can trace the fraud through the whole, you may take it. This is precisely the same case.

The efficacy of this section may be seen from the fact, the incontrovertible fact, that in no single instance, in no solitary case, in the last fifteen years, has it been violated. Bank officers have not been brought up before courts of justice, and there has been no speculation in this direction. That is the guaranty.

This requires the bank director to do what other business men must do when they seek discounts. Why should not a bank director any more sit in judgment upon his own paper, than a judge upon his own offence?

Mr. STIRLING demanded the yeas and nays upon the amendment, and they were ordered.

Mr. CHAMBERS. If I believed that the mischief pointed at by this provision could be effectually cured by it, I should certainly vote for it. But I do not believe it can be in fact executed in the mode in which alone it would be of any possible advantage to any human being. I believe it will only invite an indirect course to accomplish that which without it would be accomplished directly. There is no prohibition against these officers indorsing paper; and whenever you permit