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"Truth is omnipotent, and Public Justice certain."

FOR GOVERNOR
HENRY JOHNSON.

NEW-ORLEANS:
THURSDAY MORNING, FEB'Y. 3, 1842.

OFFICIAL.

LEGISLATURE OF LOUISIANA.

FIRST SESSION.—SIXTEENTH LEGISLATURE.

JOURNAL OF THE SENATE.

WEDNESDAY, JANUARY 26th, 1842.

The Senate met agreeably to adjournment.

Members present—Messrs. Felix Garcia, president; Armant, Bossier, Downs, Davidson, Hoa, Hiriart, Lacoste, Scott of Baton Rouge, Scott of Feliciana, Sparrow, and Walker.

On motion of Mr. Bossier, leave of absence was granted for a few days to Mr. Thibodeaux, senator from Lafourche.

On motion of Mr. Hoa, the Senate took up the bill entitled 'An act for the relief of Municipality number One of New Orleans.' Said bill was read for the second time.

On motion, the rules were again dispensed with, and the Secretary requested the concurrence of the House thereto.

The Secretary also requested the concurrence of the House to the bill entitled 'An act supplementary to the several acts relative to elections, and to digest the same into one act.'

The Secretary further informed the House that the Senate had concurred with amendments, to the bill entitled 'An act for the organization and discipline of the Militia of the State of Louisiana.'

The bill entitled 'An act to amend article 3,333 of the Civil Code of Louisiana,' was read for the second time, the rules were, on motion, dispensed with, the said bill underwent its third reading and passed, and

On motion of Mr. Hoa, the said bill was reconsidered, and referred to the judiciary committee.

On motion of Mr. Scott of Feliciana the Senate took up the resolution supplementary to a resolution to protect the interest of the State, approved March 8, 1841.

Said resolutions underwent their second readings, The rules were dispensed with, they were read for the third time, and were adopted.

Mr. Armant, of the Committee of Enrollment, reported the following bills of the House as correctly enrolled

'An act to forbid the relief of William Ryan.'

'An act to exempt the auctioneers for the parish and City of New Orleans from serving as jurors.'

'An act to amend the act entitled 'An act to annex a certain district of country to the parish of Ouachita and for other purposes,' and 'An act to create three additional election precincts in the parish of Claiborne and for other purposes.'

And the President signed said bills.

Mr. Armant also reported the following bills of the Senate as correctly enrolled.

'An act to amend an act entitled 'An act relative to advertisements of sheriffs' sales.'

'And 'An act for the relief of William McQuiston.'

On motion of Mr. Hoa, the Senate took up the bill entitled 'An act to incorporate the People's Lyceum.' Said bill was read for the second time, the rules were dispensed with, it underwent its third reading and passed.

The bill entitled 'An act to incorporate the Shamrock Benevolent Association of New Orleans,' was read for the third time, and was amended; on motion the rules were dispensed with, it was read for the third time, and passed as amended.

The Secretary informed the House that the President of the Senate had signed the following enrolled bills of the House entitled

'An act for the relief of Michael Ryan,'

'An act to amend the act entitled An act to annex a certain district of country to the parish of Ouachita and for other purposes,' and 'An act to create three additional election precincts in the parish of Claiborne and for other purposes.'

'An act to exempt the auctioneers for the parish and City of New Orleans from serving as jurors.'

He also requested the signature of the Speaker of the House, to the enrolled bills of the Senate entitled.

'An act to amend an act entitled An act relative to advertisements of sheriffs' sales,' and 'An act for the relief of William McQuiston.'

The Secretary further requested the concurrence of the House to the following bills and resolutions.

'An act to incorporate the People's Lyceum.'

'An act to incorporate the Shamrock Benevolent Association of New Orleans,' and

Resolutions supplementary to a resolution to protect the interest of the State approved March 8, 1841.

Mr. Sparrow, of the committee to whom was referred the memorial of Wm. Ferriday and others, in relation to a road in the parish of Concordia, reported a bill entitled

'An act to change part of the road from Vidalia in the parish of Concordia to Hartsuonburg in the parish of Catahoula, and to authorize William Ferriday and others to build and keep a toll bridge over the Bayou Cocodile,'

Which bill was read for the first time.

On motion of Mr. Walker the Senate took up the bill entitled 'An act to amend the article 425 of the Code of Practice.' Said bill was read for the second time.

The rules were dispensed with, it was read for the third time, and passed.

Mr. Hoa, of the Finance Committee, made the following report, which was read.

I am instructed by the finance committee to lay before your honorable body the following report:

The finance committee has had under their earnest consideration the amendment of the honorable the House of Representatives to the bill which originated in this House, concerning the banks of this State; which amendment consisting in the substitution to the bill of the senate of 42 new sections, immediately after the enacting clause of said bill, have been referred to them.

The committee deeply impressed with the magnitude of the duty they have been called to perform, and fully alive to the imperative necessity of quick and energetic action on the part of the Legislature, to avert the greatest calamity that can afflict a country—general bankruptcy—act on yesterday soon after the adjournment of this House, with the strongest desire to adopt some of the amendments of the lower House as in their opinion could have carried effectual relief to a distressed community, and guarded Louisiana against the disgrace that awaits her, if the laws of the State be suffered much longer to remain a dead letter, and it is with sincere regret that they find themselves under the painful necessity to report that in these amendments of the Lower House, after the most careful and earnest examination, they have not been able to perceive any remedy for present evils, or any guards for the future.

By the effects of the suspension of 1837, of specie payments, the banks have gradually brought the whole commercial agricultural and industrial interests of the State to the same pay day; or nearly so. There is no country in the world, however wealthy it may be, that could resist such a state of things.

Real estate has declined 50 to 60 per cent. Produce has been accumulating these last two months without finding purchasers. Every branch of industry is prostrated and yet we have not been visited by war or pestilence. Our soil is as fertile as ever, our crops have never been more abundant; our interior commerce never larger. Indeed our State now presents the strange anomaly of a country actually perishing under the weight of its own national wealth. For such evil, no partial legislation can be of any avail. The disease pervades the whole community, the remedy, be it what it may, must apply to the whole community.

It was under this conviction that the Senate passed the bill to which have been substituted the 42 sections now brought for the action of this House. In this bill, the banks, the debtors, the bank notes, the depositors and the State were equally protected, and all banks were submitted to the same test. Life was given to all yet possessing life and aide to sustain it, and effectual means were taken to free the action of all that was solvent, from the contaminating effect of all that was insolvent.

It may be said, that this bill contained only one section, to wit: the 1st, for nearly the whole of the other sections are with a view to the execution of the 1st, which is intended to act hereafter as the regulating power in effect.

The 1st. section revives the charters of the banks and lays down fundamental rules for their future guidance. The impulse cannot be suddenly given, time is therefore allowed, that every bank that can work under them, may prepare accordingly. The moment they regain their proper banking condition, the 1st. section becomes their only regulator. The board of currency have nothing to do with the capital of the banks, it is private property, and so it remains under the direction of such agents as the stockholders may appoint. Their mission is confined to the deposits and the circulation of paper money based thereupon. This is the only department where the interference of the State is provided for.

The second section creates the board of currency with a view to the 1st section and lays down their duties.

The 3d. section provides for the protection of the debtors, with a view to creating the movement contemplated by the first section, whilst every guarantee is furnished to the banks, relieving at the same time millions of property from the hammer of the sheriff; this could not fail to have produced a most favorable reaction in the value of real estate. The action of this section comes with the first operation required.

The 5th Section provides for the emission by the Banks of paper stamped " payable 30th September, 1842," to an amount including their notes in circulation, not exceeding double their specie funds.

This would increase the circulation to nearly $7,000,000. This section whose action also comes after the first operation authorized is with a view to the 1st Section, that there may be a fund for short paper to sustain the resumption contemplated for September next; affording at the same time the means of carrying on the exchanges of our products during their transits from the producer to the consumers—the present prostration of our produce in market is mainly to be attributed to the want of such a fund.

For these emissions the banks are to lodge satisfactory security in notes guaranteed by mortgage on real estate or in State bonds.

The 6th Section provides, that all stamped notes shall also be stamped by the Board of Currency—that they shall keep a record of the same—that all security for such notes shall be submitted to the approbation of the State Treasurer and Board of Currency, and shall then be lodged in one of the banks, subjected to the joint order of the State Treasurer and Board of Currency.

These holders of Bank notes would be most effectually protected against over issues during the suspension, and would be protected by a special fund against all contingencies. This could not fail exercising a most beneficial effect in restoring confidence in our paper money. This section ceases to have any effect after the resumption.

The 7th and 8th provide for the liquidation voluntary or otherwise of all Banks that will not be able to work under the 1st Section—provide also for the protection of their debtors, and for the payment of their circulation by the Banks remaining in operation.

These sections are to rid the solvent Banks from the insolvent, and their effect terminate with the liquidation. By these sections, the holders of notes of the weak Banks would be protected, whilst the Banks assuming the payment of such notes, are also to be satisfactorily guaranteed.

Sections 9 and 10, Provide for the execution of the contemplated act, that the solvent Banks may be freed from the action of the insolvent.

Section 11th, Provides penalties against Directors for all infractions to the fundamental rules laid down in the first section.

Section 12th, makes it the duty of each Bank to use their own notes at their counters in their daily payments; requires daily exchanges of notes, and weekly settlements in specie for all balances between the Banks. This would put an end to the solidarity now existing between these institutions, and would place every bank on its own bottom—this section is also with a view to the 1st section.

Section 13th, Provides that after the 30th September next, the protest by a notary public of notes of any bank, shall constitute, de facto its forfeiture. This section would prevent prudent Banks ever being injured by the action of imprudent institutions.

The 14th and 15th sections, provide penalties against directors, officers, &c., rendering false statements—provide also for the payment to the Charity Hospital of all fines recovered under the bill.

The 16th section provides for the appointment of commissioners by the stockholders of the Banks entering into liquidation.

The 17th section provides for the distribution of the funds of the Banks between the country and city, in accordance with their respective charters.

Section 18th excludes the stockholders in the property Banks from the benefits of the bill as regards stock loans.

Section 19th provides for the emission of State bonds in payment of debts due to the Bank, which they might use as a security for their emissions of stamped notes pro tanto.

Section 20th provides that no notes of a less denomination than $5 shall be hereafter issued, and that no dividend shall be paid before the resumption of specie payments.

The bill returned by the House of Representatives, on the contrary, appears to have been framed altogether with a view to the Banks. It provides no remedy for present evils, no guard for the future. The debtors are left altogether to the action of the Banks.—The Banks themselves are left without any protection against insolvency among them. Five Banks are submitted to a scale of circulation, whilst others are left to manage as they please—a resumption of specie payment is ordered for the first Monday in November next, and no means whatsoever are taken to insure the execution of this measure. In the opinion of the Committee, this bill, were it to be adopted, would bring little or no change in the present miserable condition of our banking institutions. Let the bill, however, speak for itself:

The 1st section orders the resumption of specie payments for the 1st November next, and leaves the Banks to prepare as they may think fit, for this measure.—Any Bank again suspending after such resumption to forfeit its charter; this is only a repetition of the laws now in existence, and which have remained a dead letter before the supposed exigencies of the times.

Section 2d limits the circulation of five banks, and requires monthly curtailments of 10 per cent. until the resumption, when they are to be within the limits prescribed—which limits appear to have been based upon the supposed capital of said bank, although it is well known that the circulation being the result of deposites, must ever fluctuate with such deposites; that a Bank with a capital of $100,000 may be safely to sustain a circulation of $1,000,000, whilst another with a capital of $10 millions may be made to break under the circulation of half that amount. All the other Banks, with another exception, to wit: that of the Merchants' and Gas Banks, are left undone by this section. They are permitted to stamp their paper, and they are permitted to emit any amount they may deem fit, during the authorised suspension, without being submitted to the supervising action of any power whatever;—they are made to use their own notes in their daily payments, without provisions being made for their daily exchanges.

Then it is made the duty of the Governor, on any of said banks failing to comply with the provisions of this section to order the Attorney General to sue said bank for a forfeiture of its charter—this can only apply to the five named banks for acts or omissions prior to the passage of this act; for the others are left to their free action. The banks designated are to furnish the Governor monthly statements of their condition.

Section 3rd. Excludes the Merchants' and Gas Banks from the benefit of this act.

Section 4th. Requires that from and after the day fixed for the resumption, the circulation of each of the banks should be represented by at least one-third in gold or silver in their vaults, and the remaining two-thirds by notes or paper—no provision is made for the deposites which are a cash responsibility, and if any thing, of a more sacred nature than circulation.—The requirement of two-thirds in notes or paper is altogether defective. Banks would be within the rules with twelve months paper—and such paper can no more enable a bank to meet its circulation on demand or its deposites, than a planter can pay his note when matured, with his plantation, be its value ten times more than the amount of his obligation. This section affords no better guarantee than we now have for the future, and in the opinion of your Committee the evils pressing upon us have been brought by the deposites having been used by the banks, as if forming part of their capital, and no resumption will be practicable or safe as long as these deposites are not represented by short paper payable at maturity, that this short paper thus received in exchange for circulation, may at all times create as it were a counter current in favor of each bank equal to any run upon its vaults by the holders of its notes or by its depositors.

Section 5th. This section provides that until the banks of this city, or a majority of them, shall have resumed specie payments, they shall be bound to make and publish monthly statements of their respective accounts, and to pay up their respective balances in specie, or secure the same to the satisfaction of the creditor. Penalty—rejection of their notes by the other banks, and any bank so receiving the same to be liable to a fine of not more than $5,000 and not less than $500. No provision is made to guard the public against the confusion always resulting from the refusal to receive chartered institutions of paper money in general circulation.

The Committee is of opinion that under this act nothing would prevent weak banks to discount paper to any amount, and at the close of each month, forcing in payment of balances such paper, the condition thereof being known to the creditor notwithstanding—he is so, however, or otherwise, would not such a mode of settlement be a source of continual disputes between the banks, and of confusion for the public?—Would it not be, in some measure, systematizing the very solidarity which has brought our banks to their present condition?

Section 6th. Revives the act of 14th March 1839, and subjects the banks to its action after resumption of specie payments.

This act requires weekly settlements of bank balances in specie, and recognises the right of the legislature—1st. To reduce the security of third parties, to wit: Depositors and holders of notes and of all other bank creditors, to one half and more, by reducing the capital of debtor banks, to the amount actually paid, and exonerating their stockholders from all liabilities over that amount. No one can deny that the bank stockholder is a kind of partner in commendam, and that he is bound to the creditors of said bank to the extent of his stock. Hence reducing his liability one half, by reducing his stock to one half, is reducing exactly to that extent the security of the creditor of said bank.

2d. To impose restrictions upon all the banks of this State.

The adoption of this section was at once recognizing all the doctrines of the bill of the senate, and even more, for the senate clearly lays down that the capital of banks is private property, and that the directors of said institutions may do with it what they please, whilst deposits and circulation thereupon, are public property, and here and here only, the senate deemed it their duty to interfere and to establish rules for present evils, and guards for the future to prevent their recurrence.

Section 12th. Leaves it to stockholders of banks forced into liquidation, to grant or not, time to the debtors of said banks. A quid pro quo is here offered to said stockholders for granting time by the state, abandoning all its privileges on said banks. This is the only provision, nominal as it is, in behalf of the debtors of the banks—and it may be said that the debtors of the banks directly or indirectly comprehend the whole community. Such banks as may grant time as above stated, are authorised to charge 8 per cent. discount.

Section 25th. Makes it obligatory upon the banks, as a condition for the restoration of their charters, to take up the circulation of all banks forced into liquidation, each for an amount in accordance with a scale established in the same section—securities are to be furnished, and commissioners of the liquidating banks are to be the sole judges of the sufficiency of such securities.

Section 26th. Authorises the banks so assuming the circulation of the liquidating banks, to issue post notes to the extent of $1,000,000, payable in one year, yet they may have to meet double that amount, which will act as a diminution of their means pro tanto.

Section 27. Provides that hereafter no bank shall purchase any shares of its capital stock. To adopt this section would be to approve the violations of which, some of our banks have been guilty. The supreme court has decided that the purchase by a Bank of its own stock is a fraud upon its creditors, &c. &c.

Section 29. Provides that all the banks of this State are prohibited from buying produce &c. The adoption of this section would be a quasi approbation of acts by banks in direct violation of their charters.

All the other sections of the bill relate to their liquidation.

It would have afforded great pleasure to the committee to have had it in their power to adopt some of the provisions contained in the amendments of the House of Representatives regarding the banks going into liquidation voluntarily or otherwise, but after every attempt to introduce these provisions into the bill of the Senate without destroying or impeding the unity of its action, the committee has come to the conclusion, that it will be much better legislation to have a separate bill of liquidation embodying all that may be necessary into one complete and distinct system. These provisions besides carry out views in direct opposition to those entertained by the Senate regarding the power to be vested in commissioners of liquidation.

1st. By the 8th section of the amendment of the Lower House, where a bank is forced into liquidation, three commissioners are to be appointed, two by one person, the judge of a court and one by the Governor. Under the 17th section, power is given to the judge to remove any one of the commissioners and to fill the vacancy. Thus it may be said that the whole power of appointment is in the hands of the judge. In case of voluntary surrender of bank charters, power is again vested in the judge to appoint two commissioners and the stockholders have the right to appoint one colleague. The power of removal is here again given to the judge as above stated.

2d. The powers vested in these commissioners, and their qualifications are as follows:

They must be resident of Louisiana and in solvent circumstances.

They are each to give a bond in favor of the judge for the behalf of all concerned with the two securities for a sum not to exceed $50,000, conditioned for the faithful performance of the duties to be imposed upon them.

They are then fully qualified and empowered to take possession of all the property, assets, books, accounts, papers, &c. of the liquidating Banks.

These assets may amount to millions and millions of dollars guaranteed by what? Bonds for $150,000.

The Board of Currency contemplated by the Senate has nothing to do with the property of the Banks.—The proprietors of said Banks, to-wit: their stockholders select and appoint their own commissioners. The Board of Currency retain their power of supervision and interference only so long as the public debt of said Bank remain unpaid. The members of said Board of Currency are appointed by the Governor and Senate. This shows at once the striking difference between the views of the Senate and those of the framers of the amendments in the lower House.

How is it that such sweeping and dangerous power should have been given to commissioners appointed by one man, and furnishing security only for $150,000 whilst millions may be received by them.—When in cases of insolvency the statutes now in force in this state require Syndic's appointed by the creditors to furnish security to the extent of one-fourth over and above the amount due said creditors, unless two-thirds of said creditors should dispense with said security.—And even then, such syndics are bound to furnish security for the amount of debts, secured by mortgage or privilege.

These are only some of the many objections of the committee against the amendment proposed by the Lower House regarding the powers to be vested in the Commissioners of Banks in liquidation—they suffice to show that their admission into the bill of the Senate would have at once destroyed all the principles of that bill.

The committee feel that they have had a most painful duty to perform. The fate of Louisiana depends upon the action of this Legislature.

Let the Senate decide not to separate before providing for present evils and guarding the future against their recurrence. Let the Senate remain in session until July next if it be necessary to accomplish such an end.—Louisiana the pride of the West, must not be suffered to fall a victim to bankruptcy.

(Signed,) A. HOA,
Member of the Finance Committee of the Senate.

On motion of Mr. Hoa, the above report was ordered to be printed in the Bee Gazette, and five hundred copies in English and in French were ordered to be printed in pamphlet form.

Mr. Walker moved to take up the House's amendment to the bill entitled 'An act to revive the charters of the several banks located in the City of New Orleans, and for other purposes.'

Which bill was the special order of the day for today at 12 o'clock M.

On motion of Mr. Downs the Senate disagreed to the amendments of the House.

The yeas and nays being called for on this motion, gave the following result:

For the disagreement to the amendments, which were as follows:

AN ACT

To revive the Charters of the several Banks located in the city of New Orleans and for other purposes.

Section 1. *Be it enacted by the Senate and House of Representatives of the State of Louisiana in General Assembly convened:* That all the incorporated Banks of this State shall on or before the first Monday of November, 1842; resume the payment of all their obligations in specie; and in case that any bank shall not have resumed at said date, or having resumed shall again after said date suspend the payment of its obligations in specie, it shall be the duty of the Governor to give notice of such fact to the Attorney General of the State, who shall thereupon apply for a decree of forfeiture against such bank or banks in pursuance of the provisions of this act.

Sec. 2. That the following named banks shall be bound to have their circulation reduced on or before the first Monday of November next, within the following limits:

The Carrolton Bank	$250,000
The Exchange and Banking Company,	250,000
The Improvement Bank,	250,000
The Atchafalaya Bank,	150,000
The Bank of Orleans	150,000

And it shall be the duty of the President and Cashiers of each of said banks to furnish once a month to the Governor a statement under oath shewing that it has reduced the excess of its circulation over the above limit at the ratio of ten per cent. per month of said excess, and at the expiration of the time fixed by this section, a similar statement shewing that each of said banks has actually reduced its circulation within the limits prescribed by this section. And that all the banks of this state except those above named shall be and they are hereby required to pay out on all their obligations, their own notes or specie, at their option, from and after the promulgation of this act until a resumption of specie payments; Provided, that any of said banks may stamp the notes that they may hereafter issue, payable in specie on the day fixed for the general resumption of specie payments by the banks of this state. And if said banks or either of them should fail to comply with the provisions of this section, it shall be the duty of the Governor to inform the Attorney General of the fact, and of the Attorney General to take immediate steps to obtain a decree of forfeiture against such bank or banks on account of any acts or omissions of such bank at any time prior to the passage of this act.

Sec. 3. That the Merchants Bank and Gas Light and Banking Company are hereby prohibited from issuing any circulation whatever until after the resumption of specie payments.

Sec. 4. That from and after the day fixed for resumption by this act the circulation of each of the banks of this state shall be represented by at least one third in gold or silver in their vaults, actually belonging to them, and the remaining two thirds by notes or other paper; and it shall be the duty of the President of each bank to deposit semi-annually in the office of the State Treasurer a statement certified by him under oath agreeably to the best of his knowledge and belief, shewing the amount of specie and unsuspended paper actually held and owned by such bank and its cash liabilities, and whenever the amount of notes in circulation of any bank shall be increased above the amount authorised by this section, the directors of said bank who shall vote for said increase or under whose administration said increase shall hereafter happen shall be liable to the amount of said increase and for the redemption of the same in their private capacities, jointly and *in solido*, for the use and benefit of the creditors of said bank.

Sec. 5. *Be it further enacted, &c.,* That until the banks of this city or a majority of them shall have resumed specie payments, they shall be bound to make and publish monthly statements of their respective accounts, and to pay up their respective balances in specie, or secure the same to the satisfaction of the creditor bank; and all balances due, shall, from the day of settlement till paid up, bear an interest at the rate of five per cent. per annum, and if any bank shall fail or refuse to make such settlements, or to pay or secure its balances to the creditor bank or banks at the time, and in the manner provided for, then the notes of the bank, so failing or refusing, shall no longer be received in payment or on deposit by any of the other banks of this state, under penalty of a fine which shall not exceed five thousand dollars nor be less than five hundred dollars, against each and every director who shall have authorized such act or omission.

Sec. 6. That after a resumption of specie payments, if any bank shall hereafter fail to comply with the third section of the act entitled "An Act to relieve such of the banks of this state whose charters may have been forfeited by a suspension of specie payments from such forfeitures," each and every director who shall have voted for or authorized such omission, shall be liable to a fine which shall not exceed five thousand dollars nor be less than five hundred dollars.

Sec. 7. That no bank in which the state is a stockholder or for the obligations of which the state is liable shall ever advance money to any other bank unless they offer good and sufficient mortgage security for said advances, or become in any other manner responsible for the debts or obligations of any other bank, with a view to aid and assist such bank in continuing its operations; and all directors who shall vote in favor of such a measure shall be held personally responsible to the state for all damages that may ensue therefrom: Provided, however, that nothing contained in this section shall be so construed as to exempt any bank in which the state is a stockholder or for the obligations of which the state is liable, from advancing its due proportion of funds to aid any liquidating bank as prescribed in the ——— section of this act.

Sec. 8. *Be it further enacted, &c.,* That whenever any bank of this State shall, by any act or omission, have forfeited its charter, and particularly by not resuming the payment of its obligations in specie, on the first Monday of November, 1842, or by not paying out its own notes, or specie, at its counter, from and after the time fixed by the second section of this act, the Attorney General shall present a petition in the name of the State to a court of competent jurisdiction, setting forth such acts or omissions, and praying that the charter of said bank be declared null and void, and the corporation dissolved. The court shall try said case summarily, and without the intervention of a jury; and if, on the trial thereof, it shall appear to the court that the charter of said bank has been forfeited, it shall declare the same null and void, and that the corporation be dissolved; and in order to proceed to the liquidation of the affairs of said bank, there shall be appointed three commissioners, in the following manner—one by the Governor of the State, and two by the Court, one of whom may be a stockholder.

Sect. 9. *Be it further enacted, &c.* That when the Board of Directors of any bank, or six stockholders thereof, owning together at least one-fourth of its capital stock, shall present a petition to a court of justice, setting forth that the charter of such bank has been forfeited; or that, from the reduction of its capital, such corporation no longer affords a reasonable security to such persons as may deal with it; that it is expedient to the stockholders that the same be dissolved, and praying that a meeting of the stockholders thereof be convened for the purpose of deliberating and determining on the expediency of surrendering the charter of such bank, and in case it should be determined to surrender the same, of appointing commissioners to liquidate the affairs; the court to which such petition is addressed, shall render an order that a meeting of the stockholders of such bank shall be held before some notary public, for the purposes mentioned in the petition, and shall appoint an attorney to represent absent stockholders and creditors, whose compensation shall in no case exceed five hundred dollars. A reasonable delay shall be fixed for said meeting, in no case exceeding sixty days, and public notice hereof shall be given in French and English, twice a week during such delay.

Sect. 10. *Be it further enacted, &c.,* That at said meeting, every stockholder present, in person or by attorney, shall have the right to vote, both on the question of surrendering the charter, and for one commissioner; and the opinion of the majority, in number and amount of the stockholders, shall prevail.

Sect. 11. *Be it further enacted, &c.,* That it shall be the duty of the notary before whom such meeting shall be held, to record the proceedings thereof, and to return a duly certified copy of such record to the court which rendered the order; and also, in case the surrender of the charter be determined upon, to deposite a copy thereof in the office of the Secretary of State.

Sect. 12. *Be it further enacted, &c.* That if, at the meeting of the stockholders of any bank that shall surrender its charter, or enter into liquidation, voluntarily or otherwise, at any time after the passage of this act, a majority in number and amount of the stockholders, shall consent and vote that such of the debtors of said bank, or any branch thereof, as can furnish security by mortgage, to the satisfaction of the commissioners, shall be entitled to an extension of time, not to exceed one, two, three and four years, and that all its debtors who can furnish good personal security to the satisfaction of said commissioners, shall be entitled to an extension of time not to exceed six, twelve, eighteen and twenty-four months, then said bank shall enjoy the following privileges, to wit:

1. The bank shall be relieved from the payment of any *bonus* to corporations, or from the further performance of any public work or improvement not yet completed, imposed by its charter; Provided, that this privilege shall not apply to any bank in which the State is a stockholder, or for the debts or obligations of which the State is liable; or to the Atchafalaya Railroad and Banking Company.

2. The said bank shall be authorized to charge interest at the rate of eight per cent per annum on all sums, the time of payment of which shall be thus extended.

3. In case such bank shall, in conformity with its charter, have constructed and completed any public work or improvements, such bank may retain its corporate powers and all the other privileges conferred by its charter, so far only as the continuance of such powers and privileges may be necessary to enable it to retain the property in such works and improvements, and to manage and to carry on the same until the termination of the period fixed by its charter; provided, that, as regards the Gas Light and Banking Company, the time shall not extend beyond forty years from the date of its charter; And, Provided, further, that said Gas Light and Banking Company shall, within six months after the passage of this act, consent to transfer to the different municipalities, or any corporate body or bodies representing the city of New Orleans, the right given by the 42d section of the charter of said bank, of purchasing the Gas Works.

That the debts contracted before the passage of this act, shall alone be entitled to the extension of time granted thereby: and that no person who was a director of a bank at the time his debts to the same were contracted, shall enjoy any privilege and extension of time, in the payment of said debts, for a sum exceeding ten thousand dollars, on personal security, and twenty-five thousand dollars on mortgage security.

Sect. 13. *Be it further enacted, &c.,* That any stockholder who may consider himself aggrieved by said proceedings, shall have the right to file his opposition thereto, which opposition shall be tried summarily. If the same be sustained, the proceedings may be dismissed entirely, or remanded before the notary, to be proceeded in according to law, as the justice of the case may require.

Sec. 14. *Be it further enacted, &c.,* That if no opposition be made to said proceedings, or if an opposition made thereto be overruled, the court shall examine the same; and if a majority in number and amount of the stockholders be found to have voted for the surrender, it shall render a decree homologating the proceedings and annulling the charter of such bank, and said corporation shall thenceforward be dissolved, and the court shall immediately appoint two commissioners in addition to the one appointed by the stockholders.

Sect. 15. *Be it further enacted, &c.,* That in all cases when an appeal shall be taken from any decree annulling the charter of a corporation, said appeal shall be taken up with the least possible delay, and shall be tried by preference; but said decree shall be provisionally executed, so far as to enable the commissioners to take possession of the property and the assets of the bank, and to do and perform all needful conservatory acts.

Sect. 16. *Be it further enacted, &c.,* That the commissioners appointed under this act, shall in all cases be citizens of the United States, residents of the State of Louisiana, and in solvent circumstances, and shall each of them, before entering on the discharge of their duties, be bound to give bond in favor of the judge, for the benefit of all concerned, with two good securities, in a sum which shall not exceed fifty thousand dollars, conditioned for the faithful and proper discharge of the duties imposed on them by this act, or any other acts which may be passed, amending the same.

Sect. 17. *Be it further enacted, &c.,* That the judge of the court before which the proceedings are pending, shall have the power to remove any commissioner for neglect or misbehaviour; and (in case of such removal, or of death or disability,) to fill the vacancy thus occasioned.

Sect. 18. *Be it further enacted, &c.* That the commissioners shall forthwith demand and receive from the Board of Directors of the bank, or such belonging, and all books, accounts, and papers thereunto appertaining; and any officer who shall refuse to deliver up such effects, or books, accounts and papers, or shall wilfully throw any obstruction in the way of said commissioners, with a view to prevent them from taking possession thereof, or shall wilfully retain or conceal any such property, effects, books, accounts or papers, he shall be imprisoned by order of court, until he delivers up the same, or until he shall cease to throw such obstruction; and in case of fraudulent embezzlement or destruction of any such effects, books, accounts or papers, said officer shall, on conviction of such offence, be imprisoned for a term not less than three months, nor more than twelve months.

Sec. 19. *Be it, &c.,* That at the time the commissioners shall take possession of the property and effects of a bank, it shall be their duty to cause an exact inventory of such property and effects to be made by a Notary Public in the presence of the office s of said bank by whom they shall be delivered. It shall also be the duty of said Notary, at the time of making the inventory of the property and effects of a bank, immediately and on the spot to cancel and destroy under the inspection of the commissioners all the notes of such bank which may be on hand at the time, even those not yet completed, if such there be, and this, in the presence of two witnesses and of the officer or officers of the bank, if any be present, of all which mention shall be made in the inventory.

Sec. 20. That said commissioners are empowered, by and with the authorization of the court, and on such terms and conditions as it may fix to sell at public auction, all the property of the corporation committed to their charge; and to pass and execute all acts and deeds necessary to transfer a title thereto to the purchasers; particularly to release and discharge all mortgages and incumbrances thereon, saving to the parties in whose favor they exist, their right to be paid by preference out of the proceeds thereof, so far as they are entitled to such preference by the laws now in force. In case, however, it should appear that an immediate sale of all, or of any portion of the real estate of the said corporation would be prejudicial to the creditors thereof, or in case there should be no creditors, to the stockholders, the commissioners may with the leave of the court postpone the sale of such real estate for a period not exceeding two years from the date of the appointment of the commissioners, and in case of the expiration of that period the debt of the corporation shall all have been paid off, the stockholders thereof duly convened by a notice given by the commissioners shall have the right to determine the time and conditions of the sale.

Sec. 21. That said commissioners are empowered by and with the authorization of the court to compromise all contested claims and demand whether made by or against the corporation they represent; Provided that ten days public notice of such application be given to all persons interested to shew cause to the contrary.

Sec. 22. *Be it &c.,* That in case the stockholders of any bank shall have authorized the commissioners to grant an extension of time to the debtors thereof in virtue of the tenth section of this act the commissioners shall, as soon as practicable, determine on the sufficiency of the security offered by such debtors, and if they reject the same shall state in writing the reasons for such rejection. If any party deem himself aggrieved by such rejection, and the commissioners were not unanimous in their opinion, he may on bare motion duly notified to the commissioner applying to the court before which the proceedings are pending for a revisal of the decision of the commissioners. This motion shall be tried summarily; and if after examination of the case, the court shall deem the decision of the commissioners correct, it shall confirm the same with cost; but if it should consider such rejection unreasonable, it shall order the security to be received and the commissioners in their capacity to pay cost; Provided that the directors of any branch in the country, who may be in office at the time the bank having such branches shall enter into liquidation, shall judge and determine on the sufficiency of the security offered by any debtor of such branch.

Sec. 23. That it shall be the duty of the commissioners to deposit in their joint names all monies received by them in their said capacity, as soon as received, in some bank paying specie and paying interest on deposits (if there be any such) otherwise, in some real estate bank.

Sec. 24. That the commissioners from time to time, and as often as they may have sufficient funds on hand to render it advisable, shall file a tableau of distribution of the funds in their hands, among all the creditors of the corporation according to their rank or privilege.

Sec. 25. *Be it, &c.,* That it shall be the duty of the Banks not in liquidation under the provisions of this act, and as a condition for the restoration of their charters, to receive at par at their respective counters in payment of all debts and obligations due and owing to them respectively, the circulation of the bank or banks that may enter into liquidation under the provisions of this act. And the said circulation when so received shall be distributed among the several banks not in liquidation according to the circulation of each bank—which circulation for the purpose of this distribution shall be deemed to be as follows, to wit:

The Union Bank of Louisiana,	$800,000
The Citizens' Bank of Louisiana,	700,000
The Louisiana Bank,	700,000
The Louisiana State Bank,	500,000
The Consolidated Association,	500,000
The New Orleans Canal and Banking Company	500,000
The Commercial Bank of New Orleans,	500,000
The City Bank of New Orleans,	500,000
The Mechanics' & Traders' Bank,	400,000
The Carrollton Bank,	250,000
The Exchange and Banking Company,	250,000
The Improvement Bank,	250,000
The Atchafalaya Bank,	150,000
The Bank of Orleans,	150,000

And the cash assets of said liquidating bank or banks shall be distributed in the same ratio among the banks thus receiving said circulation. And the whole amount thus advanced to said liquidating bank or banks in receiving said circulation shall be guaranteed by such portion of its State bonds or portfolio as may be secured by mortgage, or by mortgage on the real estate of said liquidating bank or banks; which securities shall be deposited with one of the property banks of this State and so remain as a guarantee to all the said banks for their several proportions; and it shall be the duty of the commissioners appointed under the provisions of this act, to judge of the sufficiency of the said securities, and to see all the other provisions of this section carried into execution.

And it shall be lawful for the banks so receiving the circulation of a bank in liquidation to charge to the said liquidating bank interest at the rate of eight per cent to be counted as in advance on their respective loans.

Sec. 26. *Be it, &c.,* That the banks not in liquidation shall be authorised to issue post-notes payable in one year and bearing interest at the rate of six per cent per annum to the extent of the portion of circulation of the liquidating bank or banks for which they shall thus become severally liable; provided, that said post notes shall be stamped by the commissioners to be appointed under the provisions this act and shall always be receivable in payment of any debt due to the Bank by which they have been issued, reserving to such bank the right of re-issue them until they mature or until the balance due them by the liquidating bank is paid, if paid within one year; and provided further, that the whole amount of post-notes issued by all the banks shall not exceed one million of dollars to be apportioned among the several banks in proportion to the amount of the notes of the liquidating banks which they may be bound to redeem according to the foregoing scale.

Sec. 27. *Be it, &c.,* That whenever a note of a bank in liquidation shall be paid, the bank paying it shall forthwith cancel the same, but shall preserve it as a voucher, and if any note after having been once paid shall be again put in circulation, each and every person concerned in such act shall be imprisoned for a term not exceeding two years and pay a fine equal to the amount thus reissued recoverable for the use of the Charity Hospital of New Orleans before any court of competent jurisdiction.

Sec. 28. *Be it, &c.,* That the commissioners shall keep a book in which the minutes of their proceeding shall be regularly recorded, which book shall be open to the inspection of any creditor or stockholder of the corporation and of the court before which the proceedings are pending; in case of a division of opinion that of the majority shall prevail, but in such case the votes shall be taken by yeas and nays.

Sec. 29. *Be it, &c.,* That for the transaction of all business except pledging or mortgaging property of the corporation so provided by this act, any two commissioners shall be sufficient.

Sec. 30. *Be it, &c.,* That in all matters otherwise especially provided for, the powers and duties of the commissioners shall be the same as those conferred on syndics of insolvent estates, and the proceedings the same as those provided by the acts now in force relative to voluntary surrender of property.

Sec. 31. *Be it, &c.,* That the commissioners appointed under this act shall be entitled to receive, in full compensation for their services, a commission of 3-100 on the nett proceeds of the property of the corporation intrusted to their charge, this commission to be equally divided among them, and to be paid as part of the costs of liquidation out of the assets of the corporation; but if in any case, this compensation should be decreed by the judge of the court an inadequate compensation for their services, he may increase it; provided that in no case whatever the said compensation shall exceed three thousand dollars per annum for each commissioner, for each and every year not exceeding four years, during which the liquidation of such corporation shall continue.

Sec. 32. *Be it, &c.* That as soon as the commissioners shall have paid off all the debts of the corporation committed to their charge, they shall distribute any balance that may remain among the st