

ago deposit-account for the last three months, held by such member, on his executing to the Committee of Five, to be selected by the Clearing-House Association, an ordinary note of collection, with interest at 10 per cent per annum, with power of sale of collaterals without notice. Such demand note not to exceed 50 per cent of bills receivable and of the amount of collaterals lodged as security with the said Committee as a special deposit for the redemption of the loan-certificates hereinafter named. And such collaterals to consist either in bills receivable, to be approved of by the Committee, or in bonds of the City of Chicago, of Cook County, or of the State of Illinois, or warehouse receipts of grain and provisions stored in regular warehouses, or such other stocks and bonds as the Committee may approve of. And in case any member depositing United States or silver, or United States gold bonds, or United States gold-certificates as a security, his note shall be taken for the par value of such security. Said loan-certificates shall be executed in the following form, to-wit:—

"CHICAGO CLEARING-HOUSE ASSOCIATION, CHICAGO, Oct. 20, 1873.—For value received, the Chicago Clearing-House Association promises to pay to the holder hereof the sum of \$1,000 on demand, with interest at 10 per cent per annum. This certificate has been issued to a member of the Clearing-House Association as National, against his call note secured by collaterals in accordance with the action had by the Clearing-House Association at their meeting held Sept. 27, 1873. Chicago Clearing-House Association Loan-Certificate Committee."

Such certificate shall be receivable at the Clearing-House in payment of balances, and received by creditor banks in the proportion their respective credits bear to the aggregate amount of debtor balances paid into the Clearing-House. And in case any holder desires to receive the currency for any of the loan-certificates he may hold, he shall give one day notice to the Clearing-House Committee, who shall immediately, on receiving such notice, make a pro-rata demand on all the members to whom certificates have been issued, and whose collaterals not duly held by the said Committee, to an amount sufficient to cover the amount of loan certificates for which the currency has been called for. And, in case any member called shall fail to respond at once, the Clearing-House Committee shall sell a sufficient amount of the security lodged by such defaulting member to realize the amount of his pro-rata call.

And in case such sale shall in any way reduce the margin of the security left in the hands of the Committee as security for the balance of the indebtedness of such member remaining unpaid in the hands of said Committee, and such member shall fail, within forty-eight hours of such notice of sale, to deposit additional security sufficient to make up the required margin of 25 per cent, he shall be suspended from membership in the Clearing-House, and the Committee shall call a meeting of the Clearing-House Association, to be called to decide what further action shall be had in the premises. The parties holding any of the Clearing-House certificates shall be entitled to receive interest at 10 per cent per annum for the time they may have voluntarily held them.

THE MINORITY REPORT.

Mr. Rumsey presented a minority report, as follows: The banks of New York, having adopted the plan of issuing Clearing-House certificates, their experience of its workings induces us to believe that it is advisable to adopt some such plan by this Association, but we have not had time to consider any plan which we feel fully prepared to advise. J. S. RUMSEY.

ISAAC G. LOMBARD. MR. GREENEBAUM MOVES TO ADOPT THE LAST ONE. Mr. Greenebaum moved that the minority report be adopted. The motion was seconded by Mr. Rumsey.

Mr. Clark, one of the Committee, said it seemed to him the Clearing-House had been doing all Mr. Rumsey wanted done. The business of the Committee was to make a report for the present meeting to act on. In the limited time the Committee had, having only met at 6 o'clock, it did all it could, and the members would like to have the matter discussed, and new ideas elicited. To adopt the minority report was simply going over the same ground again and leading to the choice of a new committee.

Mr. Rumsey thought these remarks pertinent. There were many valuable ideas in the majority report, but, as he could not see his way clear in some things, he had submitted the minority report out of a sense of duty. Still he would like to hear the majority report discussed. He himself might be convinced, and it was due to the Committee to consider what they had submitted. The minority report should not be adopted at once.

Mr. Clark said the Committee had pretty nearly agreed, even in the limited time they had.

Mr. Greenebaum hoped his motion would prevail. The minority report simply said it was desirable to adopt a plan somewhat like the New York one, but that they were not agreed as to details. That was the condition of the Association, for it was not yet quite agreed as to the details of a plan. When his motion was agreed to, he should move to take up the other and consider it section by section.

THE MOTION AGREED TO.

His motion was agreed to, and the majority report was taken up in order that it might be voted down or amended.

MR. GREENEBAUM EXPLAINS HIS PLAN.

Mr. Greenebaum said that, the idea of issuing such certificates having been approved, how was it as to the security of his plan? Could they issue one safe in all respects, and which would bring the money wanted? He believed the one submitted would do it. They could appoint a good committee of trustworthy men to supervise the matter, and a call-note thus guaranteed was sufficient for all purposes. If they could get 25 per cent on a wheat receipt, they regarded it safe, or when they gave 25 per cent on Cook County bonds. They would have certificates running for a short time, which could be cashed at one day's notice. If any one deposited \$25,000 with him, he was individually responsible for it all, but if any one had \$25,000 in Clearing-House certificates, and was called on for money, all the members of the Association could respond, and it would be but 2 1/2 per cent on each member. A man who had \$50,000 of certificates issued to him paid up only \$1,000. It would create an additional currency, bearing 10 per cent interest, payable and collectable at call. He wanted nothing better in his vaults.

HOW ABOUT THE INTEREST.

Mr. Ives wanted to know how they would manage about settling the interest.

Mr. Greenebaum said every certificate would be registered. The Clearing-House manager knew where they were lodged and he would make out the statement and charge the 10 per cent to the banks entitled to it. Mr. De Koven could figure it out to a cent. He would know just how long a certificate had been out. Being payable on call when the necessity for it had passed, it could be called in at once. By November every member of the Association would cease to lean upon the others, though feeling grateful to their associates for their aid.

Mr. Blair understood from Mr. Greenebaum the Association favored issuing the certificates without a dissenting voice. He did not so understand it, and did not favor issuing certificates.

Mr. Rumsey called for the reading of the minority report so Mr. Blair could see just what had been adopted.

The Chair said no resolution had been adopted in relation to issuing certificates. They had adopted the minority report, but are not now discussing the question of issuing certificates.

The minority report was read.

MR. RUTTER EXPLAINS.

Mr. Rutter said the Committee was aware of the difficulty of making a satisfactory plan, but they had tried to present something which, if adopted, would lead to united action. The minority report expressed what all felt, the necessity of doing something, but doubt as to what to do. Still the majority felt it their duty to present something which would be an expression, a plan, on which they could proceed at least in one part. They had to do it in the limited time it had, and he was prepared to stand by any plan, and hoped the Association would at least adopt something on which they could go forth to the public and say the banks here and elsewhere were united.

A GLOOMY VIEW OF THE CASE.

Mr. Reed voted for the minority report, since it had in it the principles of concerted action. The Northwest demanded it. "The panic was beginning, and the banks must do what Judge Douglas once said they must—have a long pull and strong pull all together. Any man who set up his individual advantage whenever any of any banks had been out. Being payable on call when the necessity for it had passed, it could be called in at once. By November every member of the Association would cease to lean upon the others, though feeling grateful to their associates for their aid.

MR. BLAIR WANTED NO CERTIFICATES.

Mr. Blair wanted united action. But how? His opinion was, they did not want these certificates. He did not think it politic. They wanted money, and these things could not be converted into them. A bank with a lot of them could not convert them. As to individual interests, he did not think his bank had any. Individual interest would induce the banks to slant down, and keep the money of other people which they had looked up. Still, it was a hard time for the banks. People did not trust them. How was confidence to be restored? Business had stopped for want of action. These certificates would not move the crops. They were clogged here for want of money, not for want of something to make settlements between the banks. The country bankers wanted money, and ought to have it on ungrudging terms.

If a man could pay, he ought to. If not, let him stop. His bank could pay. Why should people object to his bank paying its debts? He did not fight other banks, but he did not want any of these certificates, and did not see how they could be used. Other banks besides his were going through, and he would do all he could to help them. But these certificates could not pay the country

bankers the money they required to move the crops. There was united action among the banks as far as they agreed.

IF CERTIFICATES ARE ISSUED THIS BANK WITHDRAWS. Mr. Blair said every bank must have a surplus of money, several hundred thousand. They must all have it. You can't do the business of a day without money.

Mr. Greenebaum asked if drafts drawn by country correspondents came to the city and were presented through the Clearing-House, would not his certificates pay them at the Clearing-House?

Mr. Blair said a rule could not be made to apply to all cases. If a man's check was presented it must be paid.

Mr. Greenebaum said that in New York they were certified "good" through the Clearing-House.

A DEFENSE OF CERTIFICATES.

Mr. Clarke said the Committee had made these loans payable on demand, on one day's notice; strictly a demand loan. Those who wanted to go on a currency basis could best afford to wait twenty-four hours. Mr. Blair knew the trouble was owing to the lack of currency. He knew there was a good crop; that the wheat crop would need \$50,000,000 to remove. If the crops had been removed by credit, the modus operandi of which he explained. What institution in the city could move the crops? These banks here could not take the risks, for they might want their money for their depositors. If these certificates could be converted in twenty-four hours, where could a safer security be found? Here was a good note, and the responsibility of the bank on top of it, or they got a warehouse receipt similarly guaranteed. Was not corn at 25 per cent below value a good security? What was the risk of issuing them? Why did Mr. Blair object, if they made him secure? If there was no risk, then all these men should come in. Cook County bonds were good security, and so was gold. To meet all objections, it had been made a time loan with 25 per cent margin.

MUCH MONEY, BUT NO CONFIDENCE.

Mr. Blair said if a man could not pay to-day, the presumption was he could not to-morrow. There was a need of money. There was as much as a month ago, but it was hoarded up as it left the banks, which could not collect their bills receivable. Lots of them were going to protest. There were heavy collections for Eastern banks, half of which would not be collected. The trouble came from not paying the country banks. The crop could not be moved, because there was a panic. It was dishonest for a banker here to give the country banker his money, even if it led to a failure, for otherwise the reputation of Chicago would be ruined, and they would never get any credit again. He did not want to come, but he had to. It was his duty to express his opinion.

EVERYBODY SINCERE.

Mr. Greenebaum moved the adoption of the report. He was sure Mr. Blair was sincere and logical in what he said. It was sound from the gentleman's standpoint, which was, to pay till you had to stop. His other men had a different standpoint, had not so much money, and would not be so long in getting through it. All he wanted was a general consent in the sincerity of one another's motives.

Mr. Rumsey would like a little more talk (this was 10 o'clock) so he moved to take it up by sections, in order to discuss and amend it, reserving the right to vote against the whole of it if it did not suit him in its final form. He would like to try his hand and see if he could not improve some of the sections.

A DIRECT VOTE WASTED.

Mr. Smith suggested that they had better vote, and not talk till midnight. They had had meetings enough to decide something. The question was whether they would issue loan certificates. He hoped all pending questions could be withdrawn and a vote taken on the naked question of issuing loan certificates. Then they would know where they stood.

Mr. Greenebaum withdrew his report, and the question came up on Mr. Smith's suggestion.

Mr. Nash failed to see, even if they had certificates, where they would get money to send into the country. How would it be of any avail to move the crops?

MR. LOEWENTHAL.

Mr. Loewenthal said one question had been overruled. Mr. Blair said one question must be sent to country correspondents. That was true. But how did New York stand now? Once it applied us. Now it did not, since it had not it to send. Did not Chicago occupy the same position to its country bankers? There was currency enough, if not locked up. It would come when New York let it out. The certificates were merely temporary relief.

Mr. Blair wanted to know how the currency came to be locked up.

Mr. Loewenthal set it down to lack of confidence.

Mr. Blair said it would not be restored if Chicago banks did not get it.

ANOTHER MAN THREATENS TO WITHDRAW.

Mr. Blair was willing to do anything to sustain our business credit, but he did not see how general suspension and loan certificates would afford relief. A draft on New York had been offered at 5 per cent discount for currency. A manufacturing establishment here had often called on him for \$30,000 for his pay-roll. How could the speaker pay him and replace it, except at a premium of 5 per cent? It was impossible for Chicago to do as they did in New York in the use of loan certificates. How could they get along for a day by paying checks with loan certificates? Lots of them were going to protest. As for his bank he proposed to pay out every dollar he had so long as checks were presented, and then go into liquidation. He would not run it on the basis of a depreciated currency. In one week, on his hour as a banker and man, if the bankers stood up, there would be more currency here than for a twelve month. Every check presented at his counter Saturday had been paid, and the deposits made good about two-thirds or 67 per cent of what was drawn. He regretted to differ and oppose any plan which seemed to look to relief. He had a large stake in Chicago, and would do anything, but he did not see any proposition which would enable him to pay his creditors, so if the Association paid loan certificates he must withdraw from it.

Mr. Greenebaum wanted to know: Would the interest of Mr. Smith's bank or the country suffer if Mr. Smith would try the experiment for a day or two, and only withdraw if disappointed, provided he could not get the currency or certificates.

Mr. Smith said it was merely a call loan. He had plenty in his bank, but could not get any money on them. He had no objection to any plan which facilitated settlements at the Clearing-House. He would withdraw if the certificate business was agreed to.

THE RESOLUTIONS ADOPTED.

The motion that the Association agree to issue loan certificates was then modified, or turned upside down, and made to read:

Resolved, That, in view of the improved condition of affairs in New York and in the country generally, the banks represented in the Association deem it inexpedient to issue any Clearing-House certificates.

THE VOTE.

It was adopted—yeas, 12; nays, 4, as follows: Yeas—First National, Fifth National, Merchants' National, Manufacturers' National, Commercial National, National Manufacturers' Bank, Corn Exchange, Traders' National, Central National, German National, Hide and Leather Bank, Union Loan and Trust Company—12.

Nays—Fourth National, Mechanics' National, Cook County National, and Illinoisian—4.

EXPLANATION.

Mr. Greenebaum explained his vote. Inasmuch as he had drawn up the report, and had determined to vote to do anything that seemed good to the majority, and inasmuch as the majority appeared to vote in the affirmative, he would do the same thing and vote "yes."

It was suggested that several banks present had not voted, and that they be requested to put themselves on the record.

Mr. Reed declined to vote, and said no Association could force him to do so. There was no power in an Association to force its members to vote.

Mr. Rutter wanted harmony, and, though a member of the Committee, would vote for the resolution, to keep in harmony with what was evidently the majority.

KEEP ON AS BEFORE.

Mr. Lombard moved the banks continue to do business as they had been doing recently, which was agreed to, and the meeting adjourned about half-past 10 o'clock.

BANKERS' MEETING. GATHERING AT THE CLEARING-HOUSE.

An adjourned meeting of the Clearing-House Association was held last evening, President Sol Smith in the chair.

THE ATTENDANCE.

Among those present were the following gentlemen: Henry Greenebaum, President of the German National; Mr. Smith, of the Merchants' Savings Loan and Trust Company; Mr. Clarke, of the Hibernian; Mr. Nash, of the Illinois National; Mr. Forrest, of the Hide and Leather; Mr. Wheeler, of the Union National; Mr. W. Smith, of the Third National; Mr. Sherman, of the Fourth National; Messrs. Ellis and McGregor, of the Second National; Mr. Sanger, of the Central; J. H. McVictor, of the Bank of Commerce; Mr. Dox, of the Hibernian; Mr. Tyroll, of the Trust Company; Ira Holmes, Manufacturers' National; Mr. Oils, of the Commercial National; Mr. Rutter, of the Traders'; Isaac G. Lombard, of the Fifth National; Chauncey Blair, of the Merchants' National; George Ives, of the Union National; B. Lowenthal, of the International; T. W. Howell, S. W. Rawson, Union Trust Company; L. J. Gage, of the First National; Chauncey T. Bowen, of Cook County National; Julian F. Rumsey, of the Corn Exchange National; C. F. Gray, of the Hide and Leather Bank; John W. Bunn, Esq., Springfield, Ill.

THE MISSING BANKS.

were as follows: The Second National, Third National, Northwestern, Mechanics' National, J. M. Adelt, Prairie State Loan and Trust Company, Bank of Montreal, and State Savings Institution.

We were in error in the report of Friday's meeting in stating that William Sturges was present and represented the the Northwestern National. It was James E. Sturges, Esq.

THE COMMITTEE NOT QUITE READY.

The Chair asked if the Committee appointed at the last meeting was ready to report.

Mr. Rumsey, the Chairman, said on account of a delay in the meeting they could not quite finish. A report, which a majority, at least, would agree to, would be ready in a few minutes.

The meeting practically took a recess for a short time while the Committee continued its consultation. On resuming business, Mr. Greenebaum presented the following

MAJORITY REPORT:

Your Committee, to whom has been referred the subject matter of issuing Clearing-House certificates in an amount not exceeding \$1,000,000, in denominations of \$1,000 each, payable on demand to the holder thereof, with interest at 10 per cent per annum, and to be furnished to any member of the Association in an aggregate amount not exceeding 10 per cent of the av-