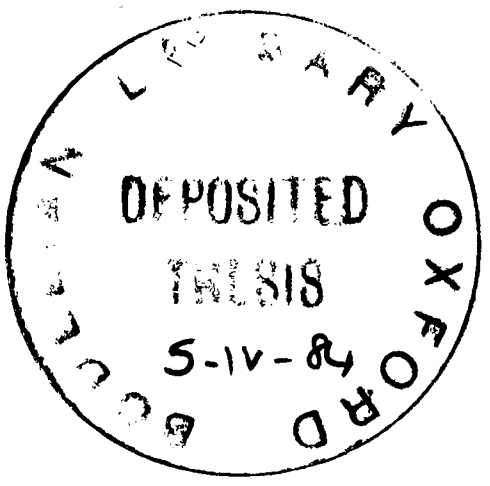
THE UNDERLYING STRATEGIC ELEMENTS IN THE MANAGEMENT OF BRITISH COLONIAL BANKING : WITH EMPHASIS UPON THE WEST INDIAN CHARTERED BANKS AND PARTICULARLY THE COLONIAL BANK BETWEEN 1836--1856

submitted towards partial fulfilment
of the requirements for the
Doctor of Philosophy
at Oxford University
1983



Foad Katirai
Trinity College
Oxford

VOLUME TWO

CHAPTER VII

THE CONTROL SYSTEM AND ITS STRATEGIC SIGNIFICANCE

A discussion of the organizational strengths and weaknesses of a colonial banking company would not be complete without a reference to the control system used to manage a multi-branch, multi-colony banking concern from London. Having succeeded in raising the needed capital and establishing a branch network, a colonial banking company had to be able to monitor and control both its operations as well as its personnel. As a joint-stock company this was not just an essential tool of management but a legal and public duty to the shareholders. This chapter will focus upon the managerial control system of the Colonial Bank. A discussion of the personnel management of the bank will be relegated to the next chapter.

The managerial control system of the Colonial Bank consisted of both

-- a formal corporate hierarchy and accounting system, as well as

-- the information and the data collected by it.

Aside from certain detailed features unique to the Colonial Bank and West Indian companies, there was not much in the corporate hierarchy and the formal control system of the bank that is significant enough to warrant more than a brief explanation. The information and data collected by the system, however, is worth a more detailed analysis. Particularly of interest is the

strategic uses of this information by the directors.

The control system generated information for two different purposes :

-- to monitor the operations of the bank and draw the needed internal conclusions about its progress; and

-- to report, as required by the charter, the well-being and progress of the bank to its shareholders, HMG, and the general public.

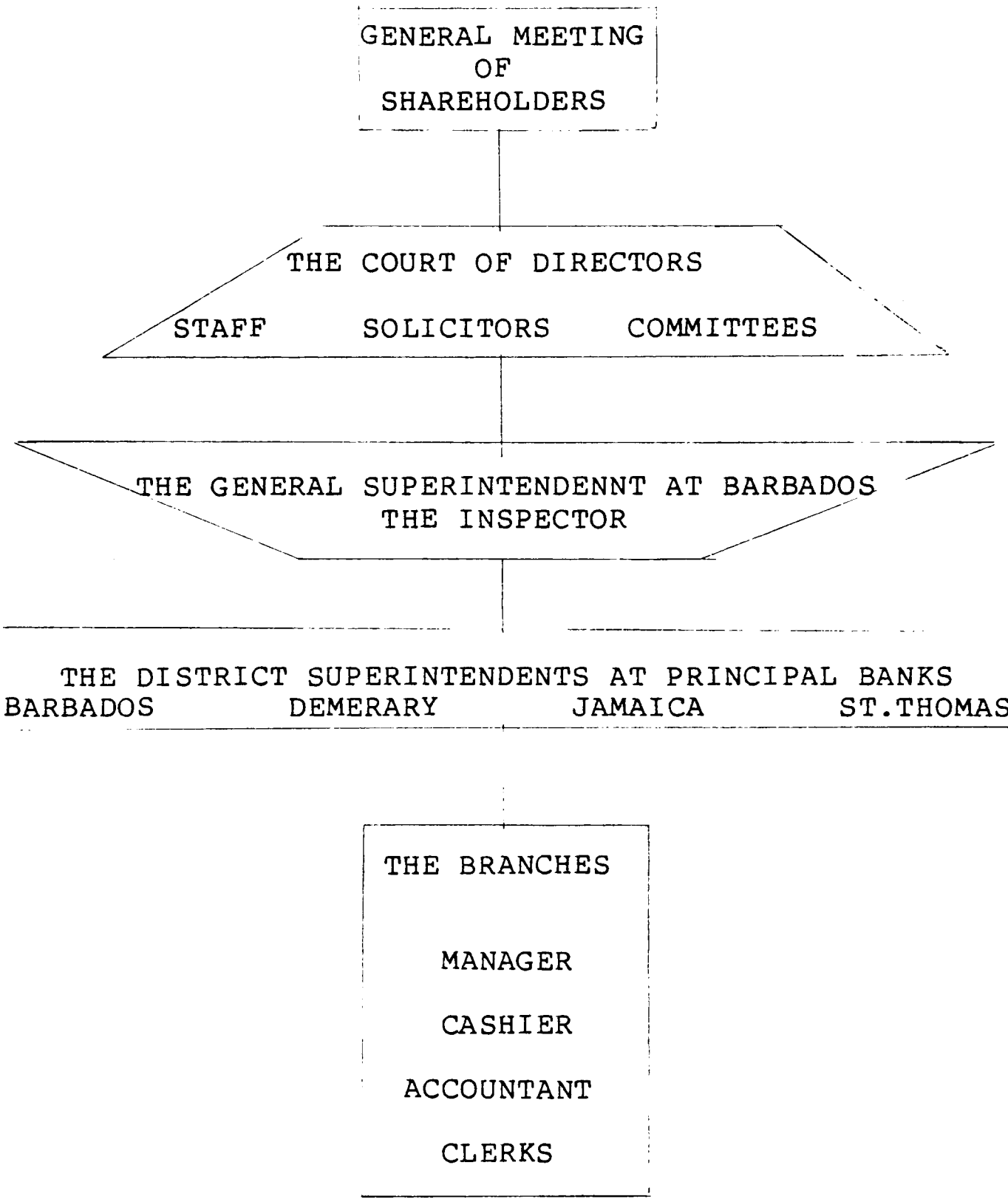
Obviously, the directors employed the information reported by the system to control the operations of the bank. On the other hand, they were also able to use this information to depict and reinforce the particular image (such as the amount of bad and doubtful debts) it was strategically desirable to convey to their shareholders, HMG, and the public. The archives enables a look at both the internal accounts as well as the emphasis and the manner in which they were disclosed. Here, the discussion will focus upon the control and the strategic uses of this information, by the directors, in their disclosures to the shareholders, HMG, and the general public.

(1) THE FORMAL CONTROL SYSTEM OF THE COLONIAL BANK

Diagram 8 depicts the formal structure of the bank's control system. Ultimately, of course, everyone in the corporation was answerable to the shareholders. Due to an unfortunate gap in the archives, however, it is not possible to determine exactly who controlled the general meetings. It is clear from the charter that a minimum of 5 shares were necessary

for admission to the general meetings and entitled the [250] bearer to one vote. A minimum of 20 shares were needed to be eligible for election as a director or auditor and entitled the owner to a minimum of 3 and a maximum (if 50 shares or more) of 4 votes. This meant that the 15 directors and 3 auditors carried with them a minimum of 54 votes. So long as the total votes held by the rest of those eligible (including any proxies) to attend a general meeting did not exceed another 50 votes, the directors held a majority of more than 51%. It is precisely the exact number of respective shareholdings which are not extant in the archives. Without these it is impossible to suggest who may have controlled the general meetings. Whoever did, the powers of the general meeting did not extend very far. Beyond the right to accept or reject the dividend recommended by the directors, to elect directors as vacancies opened up in rotation, and the duty to set the remuneration due to the directors, the general meeting neither had the perogative to examine the books nor dismiss the directors. These were reserved for a special general meeting which required the assent of at least ten shareholders, each with more than 10 shares, before it could be convened. [250] Neither could the shareholders move to dissolve the corporation. When this was suggested at the 21st general meeting held on July 11, 1848, the bank's solicitor pointed out that no resolution to dissolve the company could be passed at a general meeting. This was the perogative of a special general meeting. [522]

DIAGRAM 8
THE FORMAL CORPORATE HIERARCHY
OF THE COLONIAL BANK
1836--1856



The design of the formal corporate hierarchy concentrated power and control in the court of directors. The court, of course, consisted of the directors but also relied upon the auxillary staff, the solicitor, Joseph Maynard, and the various committees discussed below. There is almost no reference in the archives to the auditors of the bank, suggesting that the office may have been more honorific than real. Within the court two powerful sub-groups existed :

-- the chairman and the deputy-chairman

-- the secretary and the chief-accountant.

Most of the directors of the bank were prominent social, political, and commercial men (described in the next chapter) who, inevitably, had other responsibilities and distractions. The power of the secretary and the chief-accountant, of course, lay in their knowledge of the day-to-day details of the business. The power of the chairman and the deputy-chairman can be found in their membership in almost all of the important committees.

It gradually becomes clear from reading the voluminous minutes of the court that they were mostly a venue for the directors to hear reports, read the correspondences, consider new problems and/or proposals, appoint committees to deal with them, and approve or send-back their recommendations for further appraisal. It was, in other words, in committees where the detailed work of the control system, including

-- monitoring and regulation of branches,

-- establishment of rules and regualtions,

-- appointment of personnel,

-- determination of salaries, and even

-- drafting of correspondence

was conducted. Table 29 below shows a list of the standing committees of the Colonial Bank, before 1843. The chairman and the deputy-chairman served on all of them. It is interesting to note from Table 29 the lack of a quorum necessary to convene these committees, thereby allowing the chairman and/or his deputy to effectively act in the name of the committee as and when necessary. Even after 1843 when the standing committees were reappraised, the number of directors required to be on duty at meetings--besides the chairman and deputy-chairman--were an absolute minimum. These are summarized in Table 30. Table 32, on the other hand, shows most of the numerous ad-hoc committees appointed between 1836-1856. Between them the chairman and the deputy-chairman served on two-thirds of the committees. The chairman alone served on one-half of them. The average committee being small in size, where they served together, the chairman and the deputy-chairman held a controlling interest in it.

This feature had critical strategic significance for the flow of information and accounts from branches, particularly after 1843. The standing committee to examine the reports from branches had only three members : the chairman, the deputy-chairman, and one rotating member for each subcommittee shown in Table 31. This meant that besides the chairman and the deputy-chairman (and perhaps the secretary and chief-accountant) no one

TABLE 29
STANDING COMMITTEES
OF THE COLONIAL BANK
1836--1843 [523]

DATE FORMED	NAME	PURPOSE	SIZE	QUORUM	FREQY MTNGS
1837					
5.22	General Purposes	To execute court decisions design procedures, forms, etc.	All directors in 3 groups rotating once a month	0	1/wk
11.22	Correspondence	To deal with the correspondence	Nine	0	Any time
11.22	Accounts	To regulate the accounts and prove balance with banks	Eight with experts when needed	0	1/wk
11.22	Treasury	To record and keep safe securities and oversee loans and borrowings	Five	0	Daily
1841					
3.2	Establishment	To deal with appointmts, salaries, and personnel	Five	0	-

TABLE 30
STANDING COMMITTEES
OF THE COLONIAL BANK
AFTER
THE RECOMMENDATIONS OF THE AD-HOC COMMITTEE
ON SYSTEMATIZING THE WORK OF COMMITTEES
1843 {524}

NAME	PURPOSE	DIRECTORS ON DUTY	IN ROTATN	SIZE	FRQY
Branch	Examine Branch reports	2	1	3	4/wk
Accounts	Examine the accounts	2	4	6	1/wk
Treasury	Transact the business of the treasury	1	2	3	1/wk
Corres pondence	same	-	-	6	Any time
Estab lishment	appointments, salaries, etc.	-	-	4	Any time

TABLE 31
THE SUBCOMMITTEES OF THE COLONIAL BANK
BRANCH COMMITTEE
1843--1856 [524]

NO.	MEETING ON	IN CHARGE OF .... BRANCHES
I	Monday	Demerary, Berbice, Jamaica
II	Wednesday	St.Thomas, St.Croix, Porto Rico, Caracas
III	Thursday	Barbados, Grenada, Tobago, St.Lucia, Trinidad
IV	Friday	Antigua, St.Vincent, Dominica, St.Kitts

TABLE 32: AD-HOC COMMITTEES OF THE COLONIAL BANK 1836--1856 [525]

DATE FORMED	PURPOSE	SIZE	CHAIR	DEPTY
1836				
5. 5	To plan J.M^{C}Queen's Intinerary	3	?	?
8.11	To prepare a system of accounts	4	-	-
10.27	Re powers to be given to officers	6	-	X
12. 8	To print Bank Notes etc	3	-	-
12.15	To purchase Specie from Mexico	4	X	X
1837				
1.14	To consider job applications	6	X	X
2.16	To revise instructions to branches	7	X	X
2.23	To further revise above	2	-	X
3.14	To negotiate loan to Overend Gurney	2	-	-
11.13	To consider appointment of Gough	3	-	X
12. 7	To negotiate agreement with BBNA	4	X	X
1838				
7.19	To prepare report to proprietors	5	X	X
10. 2	Re charges against porter in London	3	-	-
11. 6	To decide upon branch in Caracas	4	X	X
1840				
12. 5	Re charges against manager Trinidad	4	X	X
12. 8	Further to above	4	X	X
1841				
2.23	Re increases in branch salaries	5	X	X
1842				
4.26	To negotiate bad debt collection	-	-	-
1843				
1.17	To prepare new system of committees	3	-	-
10.31	To consider closing minor branches	6	-	-
1844				
9.24	Re changes in the Porto Rico Branch	2	-	-
1846				
7.28	To purchase Specie from Mexico	3	X	X
1847				
6.29	Re charges against the Inspector	6	X	X
10.26	To consider loan to Reid Irving Co.	5	-	-
1848				
5.12	To draw-up instructions to branches	4	-	-
5.12	To draw-up letter to Lord Russell	5	-	-
12. 5	To consider loans to J. Laing	5	X	X
12.12	Further to above	5	X	X
1849				
9.11	To meet Lord Palmerston	3	-	X
1850				
4.23	Re Inspector's trip to Mexico	5	X	X
4.23	To review instructions to branches	4	-	-
6. 4	To negotiate commissariat business	6	X	X
1851				
4. 1	To meet Lord Palmerston	4	X	X
4. 8	Further to above			
1856 12.10	To check dividend warrants	4	X	X
12.31	To check dividend lists	2	-	-

else in London had access to all the branch reports. In other words, none of the other directors had a first-hand knowledge of the general state of the bank's operations. In fact, only one other person in the colonies had access to this information, the general superintendent of branches in Barbados. As Diagram 8 revealed, each branch reported to its regional superintendent or principal bank as well as the general superintendent in Barbados. It also reported to the court in London. Diagram 8 differs slightly from the branch network discussed in the previous chapter and, therefore, needs a brief explanation.

The British Guiana branches originally fell within the jurisdiction of the Barbados district. Berbice was first intended as a sub-agency of Demerary and then launched as an independent branch within the Barbados district. [526] Even then, however, it was closely supervised by the Demerary manager, Peter Rose, who wrote London on April 14, 1838 that

> "... although the account of the Berbice Branch is now kept at Barbados, they still forward me a copy of the Abstract, and act under my direction in all matters regarding the affairs of the Bank." [527]

It was therefore not illogical to extricate British Guiana from the Barbados district and make it independent. The chairman recommended this at the court meeting of May 30, 1848. The letter conveying the above instructions, however, was tabled at the subsequent meeting of June 6 by Thomas Masterman and the deputy-chairman, Charles Marryat, who objected to the separation. It was abandoned at the next meeting of June 13. [528] Although

the nature of their objections was not recorded, it may well have had to do with not offending the incumbent superintendent in Barbados, Thomas Milner (1844-1849). [529] When he retired, the manager in Berbice wrote (on Oct. 17, 1849) to the new superintendent, George Estridge, that he understood he was now under the sole supervision of Demerary. [530] As much of the discussion later will concern the period immediately preceding and soon after 1849, Diagram 8 shows Demerary as an independent district.

Diagram 9 depicts the flow of information and reports within the bank. The particular risks as well as the advantages of correspondence, at the time, have already been referred to in another chapter. The diagram serves to graphically illustrate the point made above that only the superintendent and the committee to examine the branch reports were in a position to know the general state of the bank at any time. Although the directors corresponded with the branches directly, the branch reports were filtered through the committee.

(2) THE ACCOUNTING SYSTEM

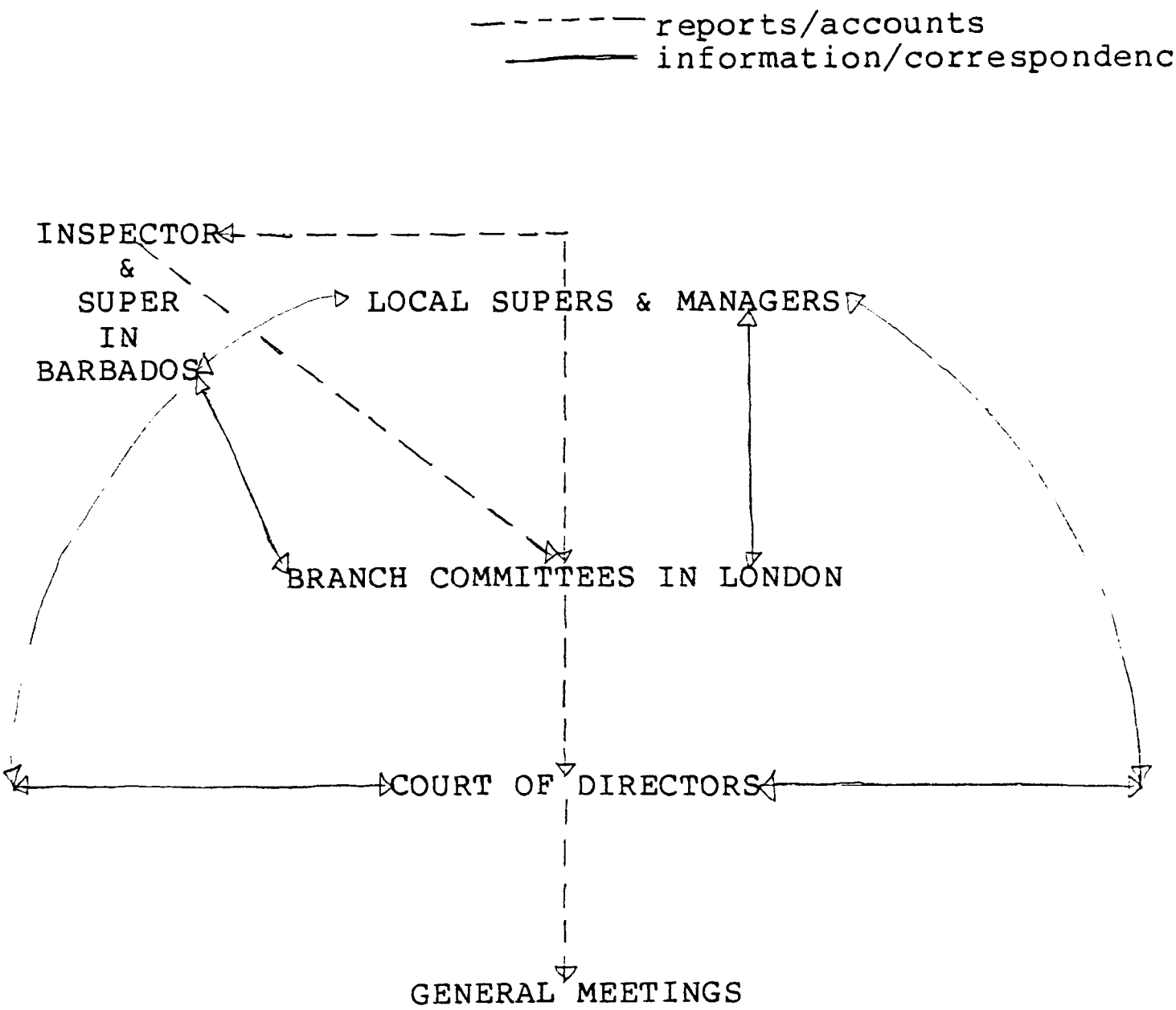
In order to discuss what these reports contained, that made them so sensitive, it is first necessary to understand the basic outlines of the accounting system used by the bank. Firstly, the bank was obliged to keep two sets of accounts, one denominated in dollars in the colonies and another denominated

DIAGRAM 9

FLOW OF INFORMATION & REPORTS

COLONIAL BANK

1843--1856

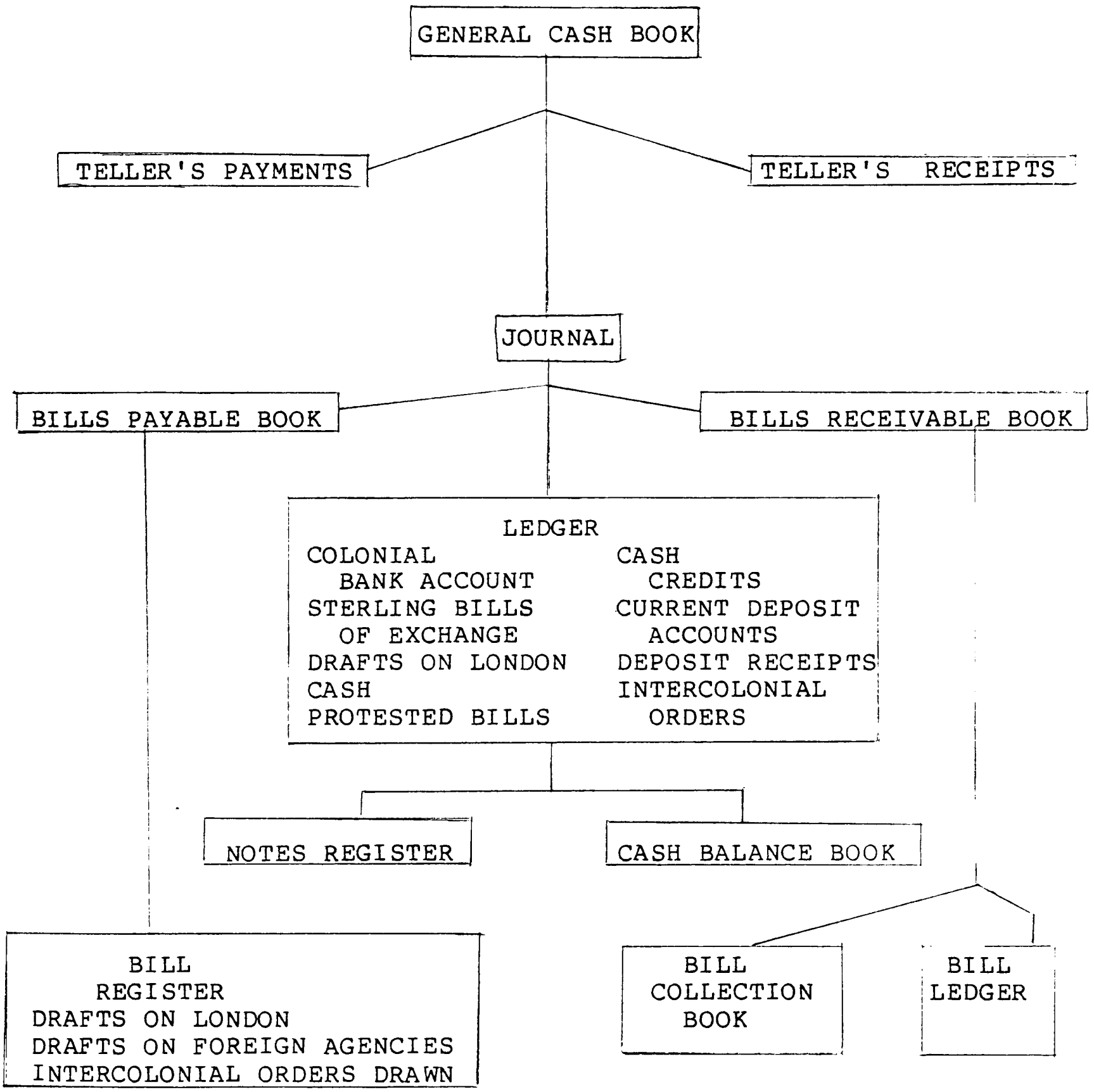


in sterling in London. Ironically, very little is extant explaining how the dollar accounts reported by the branches were consolidated and converted into the sterling accounts in London. Therefore, very little can be discerned about the allocations of overheads, in London, etc. Neither is it possible to reconcile the two extant sets of accounts. But more about this later on in the chapter. The discussion here pertains to the dollar-based accounting system developed by Masterman, Hoare, Hibbert, and Hankey, on Aug. 11, 1836, for use by the branches in the colonies. [531]

Diagram 10 illustrates the basic outline of the Colonial Bank's accounting system. Each transaction began as either a payment or a receipt which was entered into the general cash book. In turn, each teller kept his own teller's receipts and teller's payments books. From these sources, each day, a journal was posted. From the journal, a general ledger, a bills payable and bills receivable book were kept. Registers were also maintained to show, at any time, the exact amount of bills payable, bills receivable, notes in circulation, cash on hand, as well as a bill ledger to show "... to what extent [any customer] stands bound to the Bank, in all or in either of the three [532] categories of Drawer, Acceptor, or Indorser of Bills Discounted". Each branch also kept a letterbook, an optional minute book and/or petty charges book.

This information was summarized in 12 returns sent to principal banks, the superintendent in Barbados, and the court in

DIAGRAM 10
AN OUTLINE
OF THE
ACCOUNTING SYSTEM
OF THE COLONIAL BANK



London. Although no complete copy of any of these returns, known as 'abstracts', is extant, it is clear from the instruction manuals issued to managers and their correspondence that the returns at least contained the following information:

Return No.	1	Debtors and creditors
	2	Weighed money on hand
	3	Abstract of the Colonial Bank account= the net position of the branch vis-a-vis the bank
	4&5	Cash credits and current accounts overdrawn
	6	Payables at the branch
	7	Receivables of the branch
	8	Drafts on the court in London
	9	Sterling bills remitted
	10-12	Protested bills, bad loans, and bank notes.

Initially, the abstracts were to be prepared and reported on a weekly basis. This, however, was found to be impracticable for serveral reasons:

-- in a rush to file their abstracts branches made numerous clerical errors--Rose explained this to the superintendent in Barbados on Nov. 11, 1837 : "... errors will at times occur in the hurry of business with the most correct and expert calculator"; [533]

-- not enough time existed to allow for a few days of illness on the part of accountants and clerks or delays in the mail--the agents in Berbice wrote Rose on March 16, 1839: "The Directors seem to think that we can command vessels to take home the abstracts the moment they are ready"; and

-- the work load was more than could be handled by the small branches. [534]

In the case of the agents in Berbice, for example, their lack of understanding and experience in banking prevented them from grasping the importance of these returns. They wrote apologetically to Rose, on Feb. 9, 1838 :

> "We were in the habit of sending them in large parcels but we shall now forward them regularly seeing they are required to enable them to make up their accounts in London." [535]

Notwithstanding their willingness, weekly abstracts proved to be a technical impossibility. The correspondence in March 1840 from both Berbice [536] and Antigua (below) noted :

> "I this week commenced the new regulations of making up our Abstracts once a fortnight only." [537]

In addition to the abstracts each branch also filed at the end of each half-year a complete report which included:

1. List of all LOCAL BILLS on hand,
2. BRANCH BILLS for collection,
3. PROTESTED BILLS on hand,
4. DEPOSIT RECEIPTS outstanding,
5. Full copy of the INTEREST ACCOUNT,
6. EXCHANGE ACCOUNT,
7. DISCOUNT ACCOUNT,
8. CHARGES OF BUSINESS,
9. BANK PREMISES & FURNITURE,
10. Abstract of weekly DRAFTS ON THE COURT in both sterling and dollars (indicating the "... rough average Rate of Exchange obtained weekly" as well as the nominal rate of £1=$4.8,
11. List of every BRANCH BILL RECEIVED for collection both individually and weekly totals,
12. List of all INTERCOLONIAL ORDERS,
13. DRAFTS ON FOREIGN AGENCIES,

14. Abstract of the weekly STERLING BILLS REMITTED,
15. List of all INTERCOLONIAL BILLS remitted,
16. FOREIGN BILLS remitted,
17. INTERCOLONIAL ORDERS PAID,
18. SPECIE RECEIVED AND PAID OUT,
PROTESTED BILLS,
LETTERS OF CREDIT,
EXCHANGES WITH OTHER DISTRICTS,
Colonial BANK NOTES REDEEMED,
19. MSC. SUMS AT DR. OR CR. TO NO. III and not included above,
20. Statement of CASH CREDITS ACCOUNTS,
21. General abstract of NO.III ACCOUNT=Colonial Bank Account.

In addition to these fortnightly and half-yearly returns, the court received copies of any minute-books [538] kept by the branch managers and periodic reports from the inspectors attached to the superintendent in Barbados. The meeting of the committee for general purposes on July 19, 1837, for example, discussed the detailed explanations of each of the transactions entered into by the manager in Jamaica (in this case cash credits extended) and recorded in his minute-book. This enabled the committee to maintain detailed control over the individual transactions entered into by managers. [539] The inspector's reports, on the other hand, provided a random check against the accounts submitted by the managers. A typical inspection recorded in the Berbice letterbook of June 9, 1849, for example, suggests what may have been the salient points to be extracted from an inspection of the branches: [540]

I. details about the personnel and premises;

II. details about the security precautions followed by the officers and clerks, such as the joint-custody of keys, balancing the teller's books, etc.;

III. the accuracy of the specie reported to be on hand in the treasury as well as explanations for any changes thereof since the last report;

IV. the state of the bookkeeping done by the branch;

V. the accuracy of the local bills reported;

VI. the accuracy of the branch bills reported;

VII. the whereabouts and the value of the cash credit bonds held;

VIII. the amount of protested bills; and

IX. any comments relevant and useful to the court.

(3) THE STRATEGIC CONTROL OF INFORMATION

Although appropriate for internal purposes the information that flowed into the court was not, in its detail, presentable to the public, HMG, or even the shareholders. Each of these audiences would have used such information to evaluate the bank. Part of the strategic significance of a control system was the opportunity it afforded to influence this evaluation in such a way that it protected and enhanced the interests of the company-especially, as no legal compulsion existed to force the bank to reveal its detailed information. The charter merely required the publication of an annual return in one of the newspapers where it did business:

> "... shewing [sic] the whole amount of its debts and assets at the close of the past year, and shewing also the amount of its Notes payable on demand which had been in circulation during every month of such year, together with the amount of specie distinguishing each kind, and other assets immediately available in every such month for the discharge of such Notes...." [250]

What was meant by the 'whole amount of debts and assets' was, of course, wide open to interpretation. The amount of disclosure was dependent upon the degree of aggregation. Though no mention is made in the charter of reporting the revenues, net income, and/or profits to HM Tax Commissioners, after the Act of 1842 [541] the bank was accountable to HMG. Finally, the performance of the bank and its dividend record were important, both to shareholders and to the public, in sustaining the price of the shares and in retaining their confidence in the management of the directors. The regular payment of an ever increasing dividend, for example, was not necessarily a wise strategy. Too regular a payment could easily lead to suspicions, in the public mind, as to the possibility of such dividends being paid out of the capital rather than the current profits. Retaining the confidence of the public required a disclosure which, if not accurate, was, at least, plausible.

No discussion is devoted in this section to the annual reports published in the media. They did not contain any reference to revenues, had no explanatory notes, and were based upon an annual rather than a half-yearly returns. Their significance was more formal than strategic. The reports to HM Income Tax Commissioners were, in hindsight, based upon a given formulae (described later) and had little room for strategic manipulation. A brief explanation will be made at the end of the section. The bulk of the discussion is devoted to the control

excercised by the directors in their disclosures to the shareholders at the half-yearly general meetings.

(a) REPORT TO THE SHAREHOLDERS

Though the charter required that

> "... an account shall be prepared by the Court of Directors of the debts and assets of the said Corporation with an account of the profits made in the half year, next but one preceding such half-yearly meeting... which account shall be laid before such Meeting to be audited and settled...." [250]

only a special general meeting had the power to examine the veracity of the reports submitted by the directors.

Given the strategic significance, stated above, of such reports as well as the earlier reference to the limited number of people who had access to the accounts received from the branches, there was an undeniable opportunity to disclose only particular accounts and in such a manner as to sustain a continued confidence in the bank and its directors. Nowhere was this as critical as in disclosing the amount of the bank's bad and doubtful debts.

The discussion in the previous section suggests the three different places where a measure of the bank's bad debts might have been found:

-- the director's reports at general meetings,

-- the London internal accounts, and

-- the branch abstracts and the superintendent's reports.

Unfortunately, only the directors reports are complete from 1837-1856. The internal accounts both from Barbados and in London are only extant after 1846. The disability however is not as critical as it appears. Enough exists in the archives to be able to estimate what the missing magnitudes (if not the exact figures) may have been.

(i) THE BAD AND DOUBTFUL DEBT REPORTED AT GENERAL MEETINGS BEFORE 1846

Reference was made in earlier chapters to the financial crisis and decline in the commercial opportunities in the West Indies, particularly after the Act of 1846 reduced the disparity between slave-grown and free sugar. Reference has also been made to the vulnerability and the exposure of West Indian commerce to declining exports. Finally, reference has been made to how these, in turn, directly affected both the volume as well as the profits of the bank. The inability to sell sugar meant the inability to pay for drafts sold to the bank, reimburse overdrawn current accounts and/or pay back cash credit advances. All of these meant the bank had to write-off irretrievable bad debts. It was the amount of these bad debts and their disclosure to the proprietors that is an excellent example of the control excercised by the directors over the information received from branches. First, it is important to see to what extent and how much of the known internal reports were being disclosed. Then a discussion of what strategic advantages there may have been will

perhaps be easier to understand.

Ever since the first general meeting in 1838 when a balance sheet was exhibited, the aggregation of the assets, in particular, were of such an order to disclose virtually nothing of the nature of the assets held. The balance sheets consisted of a bare minimum of information :

--DEBTS--	--ASSETS--
CIRCULATION	SPECIE
DEPOSITS AND OTHER LIABILITIES	OTHER ASSETS
PAID-UP CAPITAL	PRELIMINARY EXPENSES
CURRENT PROFITS	

Neither was a detailed profit and loss statement given. The balance sheet was constructed to show current profits as being equal to the net difference between assets and liabilities. This, in turn, meant that the current balance of the reserve fund (or bad debts) did not actually appear on the balance sheet until the next period. Furthermore, it was impossible for the public to estimate the write-offs of bad debts. The reserve fund appeared in the balance sheet as a contingency only. How much of it was needed against losses was not disclosed. This was not lost on the shareholders who attempted to secure more information at the 9th general meeting, on July 5, 1842. The London Times, the next day, reported :

> "Some objection was taken by one or two of the shareholders to the inexplicable state of the accounts, which it must be supposed in some way alluded to the indefinite item called 'other assets', which certainly seemed to take many of those present who heard it read by surprise. One of the

> shareholders appeared to wish that the accounts should be left open for inspection a fortnight at least before a meeting was convened, in order that any individual might be prepared to ask the directors explanations concerning them. In the present system of public meetings, it was remarked, there was no opportunity of entering fully into discussion, as the shareholders, without there was [sic] some palpable fraud or public charge of mismanagement, were unable to get at anything like detailed facts connected with such undertakings." [542]

The directors parried the enquiries by attempting to plead ignorance themselves of the actual amounts :

> "The transactions from which those losses are expected principally to arise, are not yet in a state to enable the Directors to determine the amount which ought to be written off as loss." [543]

Such an evasive attitude however merely angered the shareholders. The London Times of July 5, 1843 carried an account of the general meeting of the bank held the day before :

> " The meeting of the shareholders in the Colonial Bank held to-day at the London Tavern was a very stormy affair, a further reduction in the dividend being announced. There appeared to be a feeling among some of the body that the directors had not candidly placed before their constituency an accurate estimate of the losses which the establishment has sustained in the course of general business, and that the accounts presented at the meetings were not calculated to give the clear insight into its real condition, which is absolutely necessary when laying statements before the public with the view of gaining increased confidence." [544]

The shareholders began "... urging investigation as the surest check upon management...." [544]

(ii) THE INTERNAL ACCOUNTS IN LONDON

None of the internal accounts before 1846 are extant in the archives. This, however, is not as much a disability as it may seem because no bad and doubtful debt account existed before 1846. The court resolved only on May 26, 1846 to open a bad and doubtful debt account and to credit it with the undivided profits held in the reserve fund. [545] The first entries are summarized in Table 33. Furthermore, the minutes of the establishment committee for 1842-1846 contain details of the returns made to Her Majestys' Tax Commissioners. These returns contain reports of the bad debts written-off against declared profits. Clearly, there would not have been any incentive to under-report these figures, as there may have been at the general meetings.

In conjunction with the account summarized in Table 33 these returns can be a useful measure of the disclosure practices of the bank before 1846. Furthermore, the 1846 return to the commissioners contains both the timing as well as the actual losses between 1842-1846. This evidence then provides a measure of the accuracy of the director's estimates of bad debts. These and the respective write-offs against revenues and accumulated reserves are all summarized in Table 34.

Table 34 suggests that the directors may have been really ignorant in the first half-year of any losses before 1842. Table 34 shows that they declared no bad debts to the Tax Commissioners in 1841 (which was the first accounting period taxable under the Act of 1842) and merely applied their reserves

plus preliminary expenses. This is consistent with the optimistic reports made to the shareholders at their meeting on July 5, 1842. In other words, it does not appear to have been the chairman's intent to mislead the shareholders at the meeting, for example, on July 5, 1842 when he said :

> "... as to what may be the result of the business of the current half-year... they think it right to state for the information of the Proprietors, that the accounts in their possession, up to this time, shew [sic] an improvement upon the last; and they trust it may continue, and enable them at the next Meeting to exhibit a larger extent of business, and amount of profit, than on the present occassion." [543]

He, very likely, did not know of the large losses being incurred in the colonies. It was clear by Jan. 1843, however, that large losses had been made in 1842. The directors applied more than £82394 against their tax liability in July 1843 for losses in 1842. It is noteworthy that they were reluctant to disclose this at the general meeting on Jan. 2, 1843 when the results for June 1842 were published. All the directors were prepared to say, in the report was, "... that the loss will exceed the amount of reserved profits". [546] Only when questioned :

> "The Chairman communicated to the Meeting... the loss might exceed the undivided profits hitherto reserved, by about £50,000." [546]

This was further broken down into :

£192000	protested bills as of June 1842
22000	since paid
170000	
87000	expected to be good
83000	doubtful and bad
33000	undivided profits = reserves
£ 50000	further losses beyond reserves

TABLE 33
COLONIAL BANK
BAD AND DOUBTFUL DEBT
ACCOUNT
1846 [547]

1846				
JUNE 30	Barbados	24083	General Profit and Loss	£ 98498
	Demerary	25259	Balance to New Account	48431
	Trinidad	14348		
	Berbice	2546		
	St.Vincent	127		
	St.Lucia	2786		
	Antigua	4240		
	St.Kitts	1399		
	Kingston	4721		
	Mo. Bay	52243		
	St.Thomas	1541		
	Porto Rico	3696		
	Caracas	5574		
	Maitland Comrie & Co.	229		
	Tobago	1589		
	Belvidere	2541		
		£146930		£146930
JULY 1	Bal.Brt.Dwn	£ 48431		
1847			General Profit and Loss	10986
JAN 5				
1846				
DEC 31			Barbados	123
			Trinidad	37
			Mo. Bay	91
			Caracas	21
			Bal.to New Acct.	37171
		£ 48431		£48431

NEW BAD AND DOUBTFUL DEBT

1846			General Profit and Loss	2000
JUNE 30			--do--	8000
DEC 31			BDD [above]	2800
31				12800
1847				
DEC 31	St.Thomas	4908		
	Porto Rico	1891		
	St.Croix	520		
	Bal.to New Acct	5479		
		£12800		£12800

TABLE 34
COMPARATIVE RETURNS FOR
PROTESTED BILLS,
CASH CREDITS & CURRENT ACCOUNTS
MADE BY THE COLONIAL BANK
BEFORE 1846 [548]

PROTESTED BILLS + (CASH CREDITS + CURRENT ACCOUNTS) = BAD DEBTS

ACTUAL YEAR	ACCTNTG YEAR	TAX COMMERS	GENERAL MEETNG	KNOWN IN 1846	WRITTEN-OFF	REF:
AUG 1842	DEC 1841	51231 (Reserves + Preliminary Expenses)				[A]
JAN 1843	JUN 1842		83000 0 83000			[B]
JULY 1843	DEC 1842	82394 0 82394		93222 0 93222		[C]
JAN 1844	JUN 1843		115000 30000 11000	93222 24123 12352		
		ROBBERY	156000	129697		[D]
JULY 1844	DEC 1843	99646 30000 12311 141957		99646 24123 12352 136121		[E]
JAN 1845	JUN 1844		99797 28237 12352 140386		140388	[F]
JULY 1845	DEC 1844	101514 29649 12352 143515	101514 29649 12352 143515	101514 29649 12352 143515	3127	[G]
JAN 1846	JUN 1845		106029 30206 148590		5075	[H]
JULY 1846	DEC 1845	107043 30724 12352 150119	107043 30724 12352 150119	107043 30724 12352 150119	1529 150119	

These details appear to have been reliable. They match with the 1842 losses applied by the establishment committee to their tax liability in 1843. They, however, underestimated the actual losses, later confirmed from hindsight in 1846, by £10000. This, in turn, can be explained by the need to have waited until securities held were realized. Certainly, such a small magnitude does not suggest any reluctance on the part of the directors to disclose the extent of their bad debts.

The vehemence of the shareholders' complaints that the directors should reveal more of the bad debt appears to have been responsible for the over-estimation of the expected bad debts for 1843. The general meeting of Jan. 2, 1844, when the results for June 1843 were published, estimated losses to be £156000. This estimate included £115000 of bad protested bills. In hindsight, this figure was £15354 more than the actual losses. What is interesting, however, is that it was also larger (by the same amount) than the sum (correctly) applied against the bank's tax liability on July 26, 1844.

Before ending this section a curious feature of the accounts reported at general meetings is noteworthy. Table 34 shows the whole amount of the £140388 bad debt reported for June 1844 being written off at once against undivided profits. Repeated small amounts were then written off until, by Dec. 1845, £150119 had been written off as bad debt--in fact, the actual amount was £146930, the difference consisting of £391 of bad debt collected in 1845 and £2800 erroneously debited. In 1844,

however, the internal accounts would not have shown this. There was no bad and doubtful debt account! The internal records would have continued to show accumulating reserves in the profit and loss account. This account can be reconstructed and is summarized in Table 35. It also portrays the amounts reported in the balance sheets. Because the balance sheets were constructed in such a way as to show current net profits as being equal to the net difference between assets and liabilities, the balance of the accummulated profits, for any half-year, would only have appeared in the next balance sheet. The accumulated undivided profits in Dec. 1845, of £98498, were equal to the first credit entry in the bad and doubtful debt account opened in 1846 and exhibited in Table 33. The strategic reasons, once again, of writing-off such large amounts eventhough no internal records were kept of them is relegated to the next section. Here it is merely important to note that the directors begining with June 1844 to Dec. 1845 were disclosing balance sheets which contained the balance of a bad and doubtful debt account which did not exist! These balance sheets also provided more detailed information about what had hitherto been aggregated as 'other assets': [549]

--DEBTS--	--ASSETS--
CIRCULATION	DUE TO THE BANK IN THE COLONIES ON BILLS DISCOUNTED AND PURCHASED INCLUDING THOSE PAST DUE BUT REPORTED GOOD
DEPOSITS AND OTHER LIABILITIES	DUE TO THE BANK IN THE COLONIES ON CASH CREDITS AND CURRENT ACCOUNTS

PAID-UP CAPITAL

CURRENT PROFITS

DUE TO THE BANK IN LONDON ON BILLS REMITTED AND CASH AT BANKERS

BANK PREMISES AND FURNITURE IN LONDON AND THE COLONIES

BALANCE OF PRELIMINARY EXPENSES

(iii) BAD DEBTS AFTER 1846

In addition to the balance sheets (submitted at the general meetings) and the London accounts, for the period after 1846, there are also the general superintendent's half-yearly summaries of branch reports which are extant. These enable a further comparison of the London returns with what the branches were reporting as bad debts. Unlike the pre-1846 accounts where the reported balance sheets, the directors' reports, and the internal balances more or less agreed, the post-1846 accounts are more complex, particularly between 1846-1852. Table 36 shows how they are different. None of these differences, however, looked at carefully appears to have been motivated by an intent to mislead or withhold information from the shareholders. The difference between the balance sheets reported in June 1846 and the internal accounts was due to a £2800 referred to earlier. The differences between the June 1848 internal and balance sheet figures were due to both the June and Dec. profits being internally credited to bad and doubtful debts in June. The profits allocated in June 1849, then, were posted in Dec. 1848. The two balanced again when no credits were made internally in

TABLE 35
ACCUMULATED PROFITS OF THE COLONIAL BANK
1837-1856
£

PROFITS = NET PROFITS - (£1000 OF PRELIM EXPENSE EACH HALF YEAR BETWEEN DEC 1837 TO JUN 1846 AND ONE FINAL SUM OF £1505 IN DEC)
- BONUS TO DIRECTORS OF £3499 IN DEC 1838

YEAR	PRO FITS	COLLEC TIONS+	DIVI -DENDS	ADDED TO ACCOUNTS	INTERNAL ACCOUNTS	WRITE -OFFS ADJMTS	NEXT REPORTED BAL.SHEET
1837							
JUN	0	0	0	0	0	0	0
DEC	16804	0	10000	6804	6804	0	6804
1838							
JUN	15074	0	12500	2574	9379	0	9379
DEC	15553	0	15000	552	9931	0	9931
1839							
JUN	20893	0	17500	3393	13325	0	13325
DEC	23169	0	20000	3169	16495	0	16495
1840							
JUN	24461	0	20000	4461	20957	0	20957
DEC	23189	0	20000	3189	24147	0	24147
1841							
JUN	23067	0	20000	3067	27215	0	27215
DEC	14104	0	12500	1604	28819	0	28819
1842							
JUN	14361	0	10000	4361	33180	0	33180
DEC	13907	0	7500	6407	39587	0	39587
1843							
JUN	9412	0	0	9412	48999	0	48999
DEC	8212	0	0	8212	57212	-140388	(83175)
1844							
JUN	10120	0	0	10120	67331	-3127	(76182)
DEC	9776	0	0	9776	77107	-5075	(71481)
1845							
JUN	15905	0	5000	10905	88012	-1529	(62105)
DEC	17982		7500	10482	98498	+391	(51231)
		-146930			(48431)		

TABLE 35
CONTD

YEAR	PRO FITS	COLLEC TIONS+	DIVI -DENDS	ADDED TO ACCOUNTS	INTERNAL ACCOUNTS	WRITE -OFFS ADJMTS	NEXT REPORTED BAL.SHEET
1846							
JUN	18486	+274	7500	11260	(37171)	0	(39971)
DEC	19331	-1591	10000	7740	(29431)	+2800	(29431)
1847							
JUN	22236	+1020	0	23256	(6175)	0	(6175)
DEC	20458	+388	0	20846	14671	0	14671
1848		+13224				-13224	
JUN	21959	+ 1004	5000	31187	45858	0	32634
DEC	18223	+ 1959	5000	10067	55925	0	7817
		- 5116				+ 5116	
1849		-8108				+8108	
JUN	13108	+479	5000	479	56404	0	56404
DEC	12004	+407	5000	7412	63816	0	63816
1850							
JUN	12571	+374	5000	7945	71761	0	71761
DEC	14210	+622	5000	9832	81593	0	81593
1851							
JUN	15417	0	7500	7917	89510	0	89510
DEC	16753	0	7500	9253	98763	0	98763
1852							
JUN	17281	0	7500	9781	108545	0	108545
DEC	16676	0	7500	9176	117721	0	117721
1853							
JUN	18213	0	10000	8213	125935	0	125935
DEC	18524	0	10000	8524	134460	0	134460
1854							
JUN	19508	0	10000	9508	143969	0	143969
DEC	19656	0	12500	7156	151125	0	151125
1855							
JUN	21086	0	12500	8586	159711	0	159711
DEC	20868	0	12500	8368	168080	0	168080
1856		-204768					
JUN	25967		12500	-191300	(23220)	0	(23220)
DEC	28141		15000	13142	(10078)	0	(10078)

TABLE 36

BAD AND DOUBTFUL DEBT

PREDICTIONS, ESTIMATES, BALANCE SHEET RETURNS,

INTERNAL ACCOUNTS IN LONDON & SUPERINTENDENT'S BRANCH REPORTS

THE COLONIAL BANK

1846--1856

£

YEAR	PREDICT -TIONS	CURRENT ESTI -MATES	COLLECT -TIONS	NEXT BALANCE SHEETS	INTERNAL LONDON	SUPER'S REPORTS
1846				2800 (error)		
JUN		40245	274	39971	37171	------
DEC		30641	1210	29431	29431	143407
1847						
JUN		7195	1020	6175	6175	142197
DEC	100000	(14283)	388	(14671)	(14671)	141177
1848						
JUN		(31631)	1003	(32634)	(45858)	140841
DEC		(45858)	1959	(47817)	(55925)	139760
1849						
JUN	>100000	(55925)	479	(56404)	(56404)	137801
DEC	>100000	(63409)	407	(63816)	(63816)	131532
1850						
JUN		(71387)	374	(71761)	(71761)	134619
DEC		(80971)	622	(81593)	(81593)	127739
1851						
JUN	210000	(89510)	0	(89510)	(89510)	127159
DEC		(98763)	0	(98763)	(98763)	217680
1852						
JUN		(108545)	0	(108545)	(108545)	208663
DEC		(117721)	0	(117721)	(117721)	209608
1853						
JUN		(125935)	0	(125935)	(125935)	202366
DEC		(134460)	0	(134460)	(134460)	199119
1854						
JUN		(143969)	0	(143969)	(143969)	193513
DEC		(151125)	0	(151125)	(151125)	189671
1855						
JUN	210000	(159711)	0	(159711)	(159711)	189360
DEC	204768	(168080)	0	(168080)	(168080)	186183
1856						
JUN		23220	0	23220	23220	167013

June 1849 :

	Balance Sheet	Internal
Balance Dec. 1847	14671	14671
Credit : Profit & Loss	16959	30182
Credit: collections	1004	1004
Balance June. 1848	32634	45858
Credit : Profit & Loss	13223	8108
Credit : collections	1959	1959
Balance Dec. 1848	47817	55925
Credit : Profit & Loss	8108	
Credit : collections	479	479
Balance June 1849	56404	56404

It would be unfair to read any sinister motives into the postings eventhough a as yet undeclared profit was being allocated to bad and doubtful debts. The profits may well have already been known to the bank. Due to the stipulation of the charter that each general meeting was to receive accounts for the period preceding the current one, the directors in Jan. 1849 already may have had a good idea of what the results were for December as well as those for June 1848. No particular advantage was sought by this posting. The directors' report did not try to suggest, for example, that a large reduction had been made in the bad debts. The estimated balance for bad and doubtful debts made in Dec. 1848 (see Table 35 and 36) was based upon the allocation of current profits, i.e., £16959, alone.

The small differences between the directors' estimates for bad debts and the balances shown in the balance sheets were mostly due to small amounts of the bad debts which were recovered. It is noteworthy that no particular mention was made of these recoveries in the directors' reports. Furthermore, it appears as if, after Dec. 1851, no attempt was made to credit any

further recoveries made. This is a more plausible explanation then that there were no recoveries made at all. Once again the magnitude of the undisclosed details are of such an order that it is unfair to draw any sinister conclusions.

Unlike the pre-1846 data, the post-1846 analysis can be extended one step further. The half-yearly summary of accounts forwarded by the superintendent in Barbados are extant for June 1846 to June 1856. These returns depicted the detailed results, by branches, of the operations in the colonies. Because of the focus upon change rather than the comparative statement of assets and liabilities, at any time, these accounts were not prepared in such a way as to balance and therefore do not readily allow a comparison with the amounts reported at the general meetings. Furthermore, because they were denominated in dollars, they need to be converted into sterling. No indication, however, is extant of what rate of exchange (perhaps even variable) was used. Finally, because they contained only the relevant facts pertaining to the operations in the colonies, any balance sheet constructed from these accounts required the necessary adjustments to reflect the overheads, etc., of the London Office.

The first of these limitations would have been impossible to overcome if it were not for a lucky inclusion of an account showing the 'average funds really employed', on June 30, 1847, in protested bills, local bills, cash credits, and agencies--in other words, an account showing the net receivables of the bank. These receivables (r) were exhibited as simply the

arithmetic sum of the liabilities, (L), and (E), the No.III Colonial Bank account (which in toto was equal to the capital of the bank plus any accummulated profits), less its other assets (a).

$$\text{i.e., } r = (L+E) - a$$

From this formulae it was possible to construct what the relevant accounts must have been for the assets (A) of the balance sheet to balance properly with its liabilities (L) and capital (E):

$$\text{i.e., } r + a = L + E$$

$$r + a = A$$

$$A = L + E$$

It did not matter, of course, that the actual figures were averages. The formulae would have equally pertained to the individual accounts which were used to construct the average--extant in the superintendent's reports. But the balance sheet for 1847 may well have contained accounts not relevant to other years. It was, therefore, necessary to place together those non-recurring accounts and call them 'other assets'. Though they were, no doubt, different from any one year to another, it enabled a similar looking balance sheet to be constructed for each half-year with the following headings:

--LIABILITIES--	--ASSETS--
CIRCULATION	PROTESTED BILLS
DEPOSIT RECEIPTS	LOCAL BILLS
CURRENT DEPOSITS	BRANCH BILLS
BILLS PAYABLE	CASH CREDITS
NO.III ACCOUNT	BRANCH ACCOUNTS
	SPECIE
	OTHER ASSETS

Table 37 depicts the balance sheets, in detail, for both dollars and sterling. As stated earlier, it was necessary to assume an arbitrary rate of exchange to convert the dollar figures into sterling. As no indication was made in the archives of such a rate, after 1846, it was assumed $4.80 (the rate used in the early years) was still an adequate approximation.

These balance sheets, however, are still beset with the third limitation in the analysis, referred to at the beginning of this section. The balance sheets depicted in Table 37 are in sterling and they balance. But it would be wrong to assume that they are compatible with the balance sheets reported at the general meetings. They cannot be. The data used to construct these internal balance sheets did not reflect the operations of the London office. They did not, for example, include the investments and loans entered into by the London office. Nor did they reflect the losses written-off by London. The fact that the total balances do not match is an unfortunate limitation. It, however, does not preclude an analysis of the two sets of returns. The balance sheets submitted to the general meetings contained accounts which pertained exclusively to operations in the colonies. The circulation of notes, for example, was exclusive to the colonies. Furthermore, two of the asset accounts actually specified receivables in the colonies. It was receivables in London, cash at bankers in London, any specie held in London and/or Mexico, bank premises and furniture in London, and preliminary expenses which might have been different. As for

TABLE 37
INTERNAL TRIAL BALANCE SHEETS
COLONIAL BANK
1846--1847
$ & £ {550}

		JUN 1846	DEC 1846	JUN 1847	DEC 1847
ASSETS					
BAD & DOUBTFULS	$	------	688352	682546	677650
	£	------	143407	142197	141177
PROTESTED BILLS		212658	210406	374719	648765
		44304	43835	78067	135159
LOCAL BILLS		2845753	3472119	2184688	2146987
		592865	723358	455143	447288
CASH CREDITS		708652	698346	791699	839668
		147636	145489	164937	174931
BRANCH BILLS		196377	154494	135930	110498
		40912	32186	28319	23021
BRANCHES		24004	10143	16408	27162
		5000	2113	3419	5659
SPECIE		1337779	1129611	835898	615645
		278704	235336	174146	128259
OTHER ASSETS		859272	(221239)	(51326)	198606
		179015	(46092)	(10693)	41376
TOTAL		$6184498	6142232	4970566	5264984
		£1288436	1279632	1035535	1096870
LIABILITIES					
CIRCULATION	$	990832	985864	1133942	945627
	£	206424	205388	236238	197006
DEPOSIT RECEIPTS		865959	855618	832517	818120
		180408	178254	173441	170442
CURRENT DEPOSITS		1044409	960747	944317	733001
		217585	200156	196733	152709
BILLS PAYABLE		24879	29324	25477	22171
		5183	6109	5308	4619
NO.III ACCOUNT		3258417	3310676	2034311	2746063
		678837	689724	423815	572096
TOTAL		$6184498	6142232	4970566	5264984
		£1288437	1279631	1035535	1096872

Note: The figures for 1848--1850 are in the Appendix.

the liabilities, deposits were clearly exclusive to the colonies but other liabilities may have well included payables in London. Liabilities also included the accummulated profits. The profit account only reflected current profits. Furthermore, because of its loans and investments in London, the bank's profits did not necessarily come from the colonial operations alone.

This then left only the bad and doubtful debt accounts. It was conceivable for the bank to have incurred and/or written off bad debts in London as well as in the colonies. But it was not likely that the bank collected any large proportion of its bad debts, due in the colonies, in London. In other words, though the London office may have added to the bad debts reported by branches they would not have substantially decreased them. A large difference in the bad and doubtful debt account reported by branches and submitted to the shareholders could not, therefore, have been attributable to operations in London. They were more likely due to a reluctance to disclose the extent of the bank's bad debts to the public.

Table 38 compares a selection of compatible--i.e., both limited to operations in the colonies--assets and liabilities reported at the general meetings and found in the superintendent's internal reports. A sample of the trial balances between 1846-1847 is found in Table 38. The detailed reports and other balance sheets are relegated to the Appendix. It is noteworthy that the balances reported for both cash credits and current accounts were, in fact, only those of the cash

TABLE 38
A COMPARISON
OF
THE BALANCE SHEET ACCOUNTS
REPORTED BY THE SUPERINTENDENT AND
THOSE SUBMITTED TO THE GENERAL MEETINGS
OF THE COLONIAL BANK
1846--1847
£ {551}

1846: ACCOUNTS	JUNE REPORTED	JUNE INTERNAL	DECEMBER REPORTED	DECEMBER INTERNAL
CIRCULATION	206425	206424	205388	205388
BILLS DSCTD PROTD BUT GOOD	716498	678081	802148	799379
CASH CREDITS & CURRENT ACCOUNT GOOD	147636	147636	145488	145489
BAD & DOUBTFUL DEBTS	39971	------	29431	143407

1847: ACCOUNTS	JUNE REPORTED	JUNE INTERNAL	DECEMBER REPORTED	DECEMBER INTERNAL
CIRCULATION	236137	236238	207726	197006
BILLS DSCTD PROTD BUT GOOD	593663	561529	622133	605468
CASH CREDITS & CURRENT ACCOUNT GOOD	164937	164937	174930	174931
BAD & DOUBTFUL DEBTS	6175	142197	(14671)	141177

Note: The figures for 1848-1849 are in the Appendix.

credits. The bank's dislike of ordinary deposits has already been cited elsewhere. No doubt these amounts were not very large. Such a small residual is difficult to identify when the reported balances have been aggregated. It is clear from Tables 37 and 38 that the balances for bills discounted, for example, consisted of the internal balances for protested bills, local bills, branch bills, and a small residual from other assets.

Dec. 1846	Table 10
Protested Bills	43835
Local Bills	723358
Branch Bills	32186
Miscellaneous	2769
Bills in Table 11	802148

It is convenient to assume that these may be explained by the small balances of current deposits. The balances for circulation reported also matched--with one inexplicable exception in Dec. 1847--those found in the internal returns. The only plausible explanation for this being that it was simply an error. Finally, the accounts reveal the different disclosures of bad and doubtful debt.

Table 36 shows a comparison of the various amounts of bad and doubtful debt disclosed by the bank after 1846. Occasionally, as before 1846, the directors commented at the general meetings about the amount of expected bad debts. At the 21st general meeting held on July 11, 1848, for example, the directors' report gave bad and doubtful debt for the period ending June 1847 as being £6175. This was £1020 less than the estimate at the last meeting. It also coincided with what the internal accounts in London showed. But the chairman certainly

must have known better! The returns from the superintendent in Barbados for 1847 showed the balance of bad and doubtful debt to be more than £142197! It was therefore merely stating in the form of a prediction what he already knew, when he said:

> "... additional losses must be anticipated... and they are sorry to state that they cannot calculate the probable loss at less than £100,000.- It is extremely painful to the Directors to have to make this communication, but in doing so, they think it due to themselves to point out to the Proprietors, that the losses of the Bank have not arisen from any want of caution on their part...." [552]

This prediction had to be re-evaluated in June 1851. The superintendent's reports were now showing bad and doubtful debts of more than £217000! The chairman predicted:

> "... that the Directors had estimated the eventual loss at £210000, &y [sic] that in framing this estimate, they had in many cases increased the estimates of the Managers, but had not diminished any." [553]

This was not precisely accurate. The internal balances given in Table 36 were the totals of all receivables declared bad. After 1851, however, they included all the protested, doubtful, and bad debts before 1849 and only those declared doubtful and bad after 1850. They, in other words, did not include those merely protested after 1850 but considered good. Including these would have increased the estimates of bad debts even further:

	Protested Bills	+ Bad & Doubtful	= Total
before 1849	£83004	134296	= £217300
after 1850		380	= 217680
" "	33919		= £251599

In June 1856, the directors gave their final estimate of the bad and doubtful debts as being the £204768 written-off for the current period. The internal balances, however, showed that this was also an understatement of the actual losses. Interestingly, the London bad and doubtful debt account which had all along matched the reported balances at general meetings was now reconciled with the superintendent's balances. This reconciliation is summarized below :

June 1856:	
balance from superintendent's report	£167013
written-off for closure of Porto Rico Branch	38546
" " Caracas "	16365
" losses from Manning & Mackintosh in Mexico	20000
	241927
balance carried over into next year	31392
	210535
reserves held at branches	5672
	£204863

The bank had in fact lost more than £240000!

It is undeniable that these write-offs, discussed earlier, and the large amount of bad debts had been withheld from the London internal accounts until 1856 and not even then wholly disclosed to the shareholders. A most interesting entry is extant in the court minutes of March 25, 1851. It suggests that at least the chairman and the superintendent, Thomas Milner, knew of these large undisclosed bad debts--although whether Milner knew that they were not being entered into the London books is less certain. Milner had proposed that the pre-1849 inoperative accounts be transfered to an old bad and doubtful debt account. The secretary dutifully recorded the reasons why the court could

not (and did not) accept his recommendation :

> "... the transfer suggested by Mr. Milner would cause inconvenience in the London Books, and occasion discrepancy between them and the statements laid before the Proprietors." [554]

(b) NON-DISCLOSURE OF BAD DEBTS BY BRANCHES

Allowing old debts to remain on the books was not the only means of disclosing smaller amounts of bad debt. Converting the bank's bad receivables into any real assets held by the defaulter was another way of reducing the amount of bad debt to be disclosed--particularly in the case of managers who were concerned about the judgement of the court. Of course, the sale of the real assets could conceivably retrieve the value of the bad debt. In such a case the debt was no longer bad and no disclosure problems need have arisen. An argument however could be made in favour of converting a bad debt into a real asset even when it was clear that a resale would not realize the value of the banks outstandings. This argument centered around the strategic advantage in reducing the amount of bad debt to be disclosed. Eventhough no immediate purpose was served by a resale, by changing one asset for another the bank could avoid classifying a receivable as bad debt. The bad debt would only reappear when the asset was later sold for less than the face value of the original receivable. In the meantime it would not be necessary even for managers to report the debt as bad.

One obstacle however stood in the way of managers freely exercising such an option. The charter forbade lending on the security of real assets such as land and precluded the purchase of real assets unless they were

> "... actually and bona fide necessary and proper for the purpose of managing, conducting, and carrying on the affairs, concerns, and business of the said Corporation, but not for any other purposes, nor so as to be in any manner made instrumental for the purposes of speculation, and to sell, convey, and dispose of the same respectively...." [250]

The court minutes of Oct. 17, 1843 recorded Masterman's suggestion "... that an order be sent to the different Managers in no instance to purchase Real Property as being against the Constitution of the Bank". [555] The branch managers however cleverly side-stepped this difficulty by asking for the title deeds of the acquired asset to be registered in the names of individual directors, who then appeared on the accounts as owing these amounts to the bank. The bank, of course, indemnified them by acknowledging that the arrangements were one of convenience. The strategic advantage lay in the reclassification of the asset from protested and bad debt to a good debt in the name of the directors.

A resolution is extant in the court minutes of Dec. 11, 1849 authorizing the manager in Demerary, Thomas Nimmo, to bid for the purchase of property belonging to bad debtors, in order to prevent them from being sold at such a price which would leave the bank with substantial amounts of bad debt. This, in turn,

allowed managers to convert a bad debt into another asset and to wait until a more strategically convenient time (when, for example, the debts of the branch were lower) before disclosing the debt as bad.

Although no conclusive evidence for this is possible without the detailed branch accounts, enough circumstantial facts about large assets can be found in the court minutes to suggest that the strategic opportunity was not lost on the branch managers. The court authorized the manager in Trinidad, for example, on July 12, 1853 to bid up to £10000 for the St.Marie Estate and if bought to register it in the names of Thomas Naghten and George Hankey, both directors of the bank. That the bank had bought the estate is clear from the following entry in the court minutes of June 20, 1854 :

> "Madame de Barre's, the Widow of S. de Barre's former Proprietor of St.Marie Estate, Trinidad, having written several letters to the Chairman reporting her destitute condition, and soliciting some pecuniary assistance from the Bank, the Court had the case under consideration, and in consequence of the Report of the Trinidad Manager (Mr. Rennie) in his letter of 10th May last, that Mad^{e}. de Barre's did not oppose his proceedings in foreclosing the Bank's Mortgage on St.Marie Estate, nor set up her assumed dotal claim, and that the Bank is now in the clear undisputed possession of the Estate as Owner,
>
> Resolved, That the Manager at Trinidad be authorized to pay Madame de Barre's One Hundred Pounds as a Gift from the Bank, and that he be directed to do so through Mr. Scott and Mr. Warner, in order that Mr. Warner may take care that any further claim by herself or her daughter is abrogated." [556]

Unfortunately no indication was given of the price paid for the estate. Neither is there any reference to what the value of the bank's receivable may have been. An entry in the court minutes of Aug. 13, 1856, when the court resolved to dispose of the estate, suggests what may have been the value of the bad debt. Coming soon after large write-offs which had reduced the bad debt balances the timing of the sale is also noteworthy. The court instructed the manager in Trinidad to endeavour to acquire £12000 for the sale. The court noted, however, in its meeting of Oct. 29, 1856, that the estate had been valued at only £10000. The directors resolved to wait even longer. The court minutes of May 13, 1857 recorded an offer from one of the directors, Charles McGarel, to purchase the estate for £12000. This was approved and the court instructed Naghten and Hankey to sign the deed of transfer on behalf of the bank. What would have been a bad debt had been converted into another asset which may have taken four years to realize but which had also--assuming the original price was £12000 or less--not incurred any further losses for the bank. In the meanwhile, any gains (mostly losses--see Table 40) from the sale of the estate's produce was added to the profit and loss account. Other examples of the bank's purchase of such estates can be seen in the archives.

The paper mill sold to realize part of the debts of Manning & Mackintosh has already been discussed. This debt was also conveniently kept in the form of another asset until 1856.

The minutes of a special committee appointed by the

court on April 25, 1842 recorded the debts of a Dennistoun MacGregor & Co. endorsed by Reid Irving & Co. The bank had only bought £2344 of the total £5000 the Glasgow firm owed Reid Irving & Co. but were prepared to buy all of it if the Glasgow firm transfered its shares of 3 estates (Belvidere, Exchange, and Friendship) valued at £8020 to the bank. These were once again registered in the names of two of the bank directors, Marryat and Hankey. [557] The estate itself (or its other owners) must also have been indebted to the bank. The court minutes of Jan. 17, 1843 noted the increase in the bank's holding to three-quarters of the estate or £4500. [558] This would explain why it was strategically advantageous for the bank to accept the bad receivables of the Glasgow firm. By combining the bad debts held earlier with these to form a controlling share of the estates, it could convert the debt into another asset and choose when to sell them off. The first instructions to the manager in Trinidad to begin selling the shares were not until June 1846--when again large write-offs had reduced the bad debt balances. The bank's internal accounts show the following write-offs from the sale of the bank's holdings in the estates:

written-off against profits in

June 1846	£2541
" 1847	521
Dec. "	1197
Dec. 1850	868
June 1851	22
	£5149

Unfortunately it is not clear how much the book value of the outstanding receivables were. Clearly more was written-off then

Reid Irving & Co.'s £5000. The important suggestion here is not so much the amount as the timing. The bank would have had to declare the £5000 as bad debt in 1842. By converting it into another asset it had written it off at its convenience.

(c) THE STRATEGIC ADVANTAGES & RISKS ATTENDING NON-DISCLOSURE OF BAD AND DOUBTFUL DEBTS

Non-disclosure and deliberate fraudulent representation of financial accounts (which was not the case with the Colonial Bank) were not uncommon in joint-stock companies, even where eminent directors and auditors were represented on their boards of directors. This was partly due to the lack of punitive laws to protect shareholders from such fraudulent directors.

Reference has already been made to the fact that HMG regulations for banking in the colonies merely required adequate security to be shown to exist for protecting the public against misconduct by the directors of a bank. In the case of the Colonial Bank, for example, the large paid-up capital was seen to be adequate enough. When punitive laws were considered in 1857, the London Times of July 9 summarized the background and need for such laws:

> " A better era in joint-stock management is confidently anticipated under the operation of the Bill now in progress to provide for the criminal punishment of fraudulent Directors. Among all the instances of delinquency on the part of such establishments there is scarcely one on record in which there have not been a few comparatively respectable persons on the Board who would have entirely stopped the mischief if they had had some disgraceful penalty before their eyes as the consequence of recklessly appending their names to accounts prepared by dishonest colleagues. Under such a system it may be hoped we shall see no more of those

strange combinations of the respectable and disrespectable which have of late years characterized almost all second-rate companies. Of course, however, one consequence of this altered state of affairs will be that the office of Director will be less ardently sought. When it is found that there can be no safety without vigilance, and that the post is not an offering from the shareholders to the vanity of the recipient but involves a regular contract for work on one side in consideration of pay on the other, many of the most flaming personages at present in this sphere of occupation will become less eager for its duties, while the new men who enter the field will in many instances require higher remuneration, and a great reform in the system on which their reponsibilities are to be undertaken. The question of higher pay is easy of solution, since the cost of a few efficient well-paid men will be less than that of a vast number, such as have usually hitherto been induced to join on the understanding that their names only were wanted, and that the time required would be but an hour a week in the Board room, where they might take their coffee and read the papers." [559]

The strategic importance of the approbation of the general public as well as HMG both in the colonies and London have already been discussed. The bank needed to maintain and enhance their confidence in its operations.

HMG was both a regulatory body as well as customer. The same might also have been said of the general public. In addition to being customers, as shareholders (both actual and potential) they had the most interest in the smooth operation of the bank and provided the means for the enhancement of its share-value. They are sufficiently different, however, to warrant separate discussions about the incentives (and disincentives) for disclosures.

It was strategically advantageous for the bank to disclose such information, at such times, as was most appropriate to the particular audience it had to address. It is in this

light that the disclosures, discussed earlier, can be most clearly understood.

This section will look at the particular incentives in disclosures :

(i) for dividend purposes to shareholders;

(ii) for tax purposes to HMG; and

(iii) for on-going confidence to customers.

(i) DIVIDEND PURPOSES

It is quite clear from the way the reports at the general meetings were prepared that the shareholders were primarily interested in the ability of the bank to continue dividend payments. The balance sheets exhibited were balanced in such a manner as to equate current net income with the difference between assets and liabilities. In turn, the net income was reported in terms of the amount of dividends that could be paid out of them (see Table 35).

This is collaborated by the fact that the dividends paid by the Colonial Bank between 1836-1856 were highly desirable rates of return, measured against the rates of return, noted in an earlier chapter, to be prevalent at the time.

Reference was made in an earlier chapter to the relative rates of return for capital invested in England in the mid-nineteenth century. Table 1 showed the short-term rates of interest prevailing in England between 1830-1840. The annual

average was never more than 6.5% This would have been comparable to a half-yearly dividend rate--given the same amount of risk, etc.--of 3.25%. The average rate of dividends paid by the Colonial Bank over its first 20 years was 3.5% per annum. Table 39 shows the actual half-yearly dividends paid out in % terms. Table 35 earlier showed their sterling values.

Dividends had an indirect effect upon the disclosures of bad and doubtful debt. The shareholders' demands for large and continued dividends could not be met if large amounts of bad debts were disclosed for which more reserves and/or provisions had to be made out of current profits. Non-disclosure enabled the bank to pay the dividends while waiting until sufficient reserves accummulated before writing-off bad debts against them.

So long as the bank did not have to worry about the total loss of its large capital, it could continue to pay satisfactory dividends while also building a moderate reserve fund. This was the case before 1843. Table 39 shows the bank paid an average dividend of 3% per half-year between 1837-1843, with four periods when, in fact, the rate had been 4%. This implied, in turn, an annual return of 8%, or better than anything suggested, in Table 1. Table 35, on the other hand, showed that this meant only a gradual build-up of the reserve fund. An average of about £3600 had been added to the reserve fund, each half-year, for the same period.

Under severe pressure from its shareholders, the bank had been induced, as seen earlier, to disclose the majority of

TABLE 39
HALF-YEARLY
COLONIAL BANK DIVIDENDS
AND SHARE PRICES*
1836--1856

YEAR	% JUNE	£ NEXT JULY	& DECEMBER	£ NEXT JANUARY
1836		12.75-13.00		8.50
1837	-	22.50	2	24.50-25.50
1838	2.5	27.50	3	29.50
1839	3.5	30.25	4	31.00-32.25
1840	4	38.75	4	35.50-36.00
1841	4	32.50	2.5	29.00
1842	2	21.00	1.5	17.50
1843	0	14.50	0	10.75-11.25
1844	0	13.50	0	(Feb) 14.50
1845	1	15.25	1.5	16.00
1846	1.5	(Sept) 15.25	2	-
1847	0	15.75 (ex.div.)	0	(Feb) 9.00
1848	1	(Sept) 4.00	1	(Feb) 9.25
1849	1	6.625	1	7.75
1850	1	(Aug) 8.00	1	10.00
1851	1.5	11.50	1.5	11.25
1852	1.5	15.50	1.5	16.75
1853	2	18.00	2	18.75-19.50
1854	2	17.00-17.25	2.5	18.25-18.50
1855	2.5	20.75	2.5	20.50
1856	2.5	23.00-23.25	3	24.875-25.00

*Source: The London Times

both periods of 1843 and 1844. Table 35 shows, in fact, its pre-1846 bad debts at its meeting on Jan. 7, 1845. This, however, required abstaining from the payment of dividends in even this was inadequate and no dividend could be declared in 1847 either. Abstinence from a dividend had been the direct consequences of a premature (i.e., before sufficient reserves had been built up) disclosure of bad debts. No dividends, furthermore, meant even more shareholder dissatisfaction and loss of confidence. It was the second no dividend recommendation for June 1843 that made the shareholders hostile. The London Times of July 3, 1844 reporting on the Colonial Bank general meeting noted their threat to dissolve the company:

> " At the Colonial Bank meeting held to-day at the London Tavern... many of the shareholders seemed inclined to propose a dissolution as the readiest way of getting rid of an unprofitable concern. Dissatisfaction was also expressed at the expense incurred for management, both at home and abroad; and notwithstanding any positive information on that head, sufficient was elicited to show that, while large salaries had been paid to the Officers of the Bank, they had in certain cases been inefficient and negligent of their duties." [560]

This, as noted earlier, was not a real threat as long as the angry shareholders could not convene a special general meeting. Furthermore, as the Times explained in an article on July 12, 1848, the cost of such a move would, in itself, have prevented rational shareholders from ever exercising it.

> "... abruptly terminating the business of the establishment might possibly have the effect of placing the shareholders in a worse position than they at present stand." [561]

It however illustrated the inherently irreconcilable objectives of the shareholders. They wanted high immediate dividends as well as large reserves to protect them against future contingencies. Failing to achieve one or the other, they blamed the directors. It is evident from the directors' report, for example, that even larger dividends had been sought by the shareholders in 1838.

> " It may appear to the Proprietors, that the Amount of Profits would justify the Directors in recommending a larger Dividend; but in the present early stage of the proceedings of the Bank, they consider it the better course to limit themselves to this Amount." [563]

But when it was necessary to practise abstinence the shareholders placed the blame squarely upon the directors once again. The London Times noted on Jan. 8, 1845 that

> "... the other shareholders who addressed the meeting... blamed the board for making large dividends in the first two years of the company's operations, without making a proper reserve to meet contingencies such as had now arisen." [563]

There was, therefore, understandably little incentive after this for the directors to unhesitatingly disclose the amount of bad debts. Withholding the amount of bad debts allowed the pursuit of both of those irreconciliable objectives--higher dividends and protection against bad debts. So long as the amount of undisclosed bad debts could be carried as assets while provision for it was made out of the residual from net income (remaining after an acceptable dividend had been paid), the

shareholders could not complain. The embarrasment and damage to the bank's good name and reputation could be avoided. The public's image of confidence in the bank could be sustained.

These arguments serve to explain the changed disclosure practise of the bank after 1846. It withheld the disclosure of the bad debts on its dollar books (see Table 36) untill 1855 when as Table 35 showed the incremental additions to the reserve fund were adequate to write them off. In the meanwhile, Table 39 showed--if not a spectacular--an acceptable and increasing dividend for the shareholders.

(ii) TAX PURPOSES

Taxes had an important bearing upon the disclosures of bad and doubtful debt. This, however, was for exactly the opposite reasons for which the bank may have sought to withhold disclosures to the shareholders.

The Income Tax Act of 1806 had been abandoned after the Battle of Waterloo. Consequently, the bank had no tax liability until the Act of 1842 reinstated income taxes. [541] Because of its peculiar accounting years, the bank's first tax liability was for 1841.

Being answerable to HM Tax Commissioners implied a different set of disclosure practices. It was in the interest of the bank to disclose a healthy stream of profits to its shareholders and withhold as much information about its bad debts as it could get away with. In the case of HM Tax Commissioner the opposite was true. The bank wanted to show as little profit

as it could. This, in turn, implied disclosures of its bad debts. The bank adopted the ideal compromise. It disclosed its profits to both but reported its bad debts only to HM Tax Commissioners.

The method of calculating taxable income was based upon a formulae which is extant in the minutes of the establishment committee--with the exception of 1844 and 1846. Unfortunately, however, the amount of tax due or paid was not recorded.

The Colonial Bank calculated its tax liability by taking the preceding three years' revenue figures and deducting from the total any reserves and/or provisions for bad debts, etc. This net sum was then divided by three to arrive at an average sum which was returned as the taxable income for that year.

Table 40 shows how much the bank saved in its average returns by disclosing its bad debts. The undisclosed column has been divided into two alternatives reflecting the different disclosures exhibited in Table 35. The 'one-off' method corresponds to the internal accounts in London where the first write-offs were delayed until June 1843. The 'gradual' method uses the data found in the undisclosed profit and loss statements prepared in the London accounts. They are the same as the balance sheet figures found in Table 35. The revenue figures are those for net income, before any of the deductions described in Table 35.

TABLE 40
THE IMPACT OF BAD AND DOUBTFUL DEBT DISCLOSURES
ON THE TAX LIABILITIES OF THE COLONIAL BANK
1841--1848
£

		UNDISCLOSED One-off	UNDISCLOSED Gradual
NET PROFITS	1839	46062	46062
	1840	49650	49650
	1841	39171	39171
		134883	134883
LESS BAD DEBTS			
	1839	0	16495
	1840	0	7652
	1841	0	4672
		134883	106064
		-/- 3 =	-/- 3 =
		£44961	£35354

		UNDISCLOSED One-off	UNDISCLOSED Gradual
NET PROFITS	1840	49650	49650
	1841	39171	39171
	1842	30268	30268
		119089	119089
LESS BAD DEBTS			
	1840	0	7652
	1841	0	4672
	1842	0	10768
		119089	95997
		-/- 3 =	-/- 3 =
		£39696	£31999

		UNDISCLOSED One-off	UNDISCLOSED Gradual
NET PROFITS	1841	39171	39171
	1842	30268	30268
	1843	19624	19624
		89063	89063
LESS BAD DEBTS			
	1841		4672
	1842		10768
	1843	140388	17625
		(51325)	55998
		=	-/- 3 =
		£0	£18666

		DISCLOSED
1839-1841		
NET PROFITS	1839	54625
	1840	55651
	1841	42672
		152949
LESS FUNDS FOR BAD DEBTS		10578
LESS RESERVES		24147
LESS PRELIM EXP.		16505
		101717
		-/- 3 =
		£33905

		DISCLOSED
1840-1842		
NET PROFITS	1840	49651
	1841	37172
	1842	28268
		115092
LESS BAD DEBTS		72394
RESERVES FOR DOUBTFULS		10000
		32697
		-/- 3 =
		£10899
LESS EXCESS PAID		1750
		£9149

		DISCLOSED
1841-1843		
NET PROFITS	1841	37172
	1842	28268
	1843	17624
		83065
PAST DUE BILLS & CASH CREDITS		129646
ROBBERY		12311
ALREADY CHARGED		(24147)
		(34745)
		=
		£0

TABLE 40
CONTD

		UNDISCLOSED One-off	UNDISCLOSED Gradual
NET PROFITS	1843	19624	19624
	1844	21896	21896
	1845	35887	35887
		77407	77407
LESS BAD DEBTS			
	1843	146930	17625
	1844	8202	19895
	1845	1138	48431
		(72321)	(8544)
		=	=
		£0	£0

		DISCLOSED
1843-1845		
NET PROFITS	1843	17624
	1844	19897
	1845	33888
		71410
LESS BAD DEBTS		
	1843	6424
BANK ROBBERY		12352
	1844	7393
	1845	6604
		38637
		-/- 3 =
		£12879

		UNDISCLOSED One-off	UNDISCLOSED Gradual
NET PROFITS	1845	35887	35887
	1846	40322	40322
	1847	42694	42694
		118903	118903
LESS BAD DEBTS			
	1845	1138	48431
	1846	-2800	21800
	1847		14671
		120565	10779
		-/- 3 =	-/- 3 =
		£40188	£3593

		DISCLOSED
1845-1847		
NET PROFITS	1845	33888
	1846	37817
	1847	42694
		114400
LESS BAD DEBTS		
	1845	1075
	1846	5529
1845-1846		125500
		(17704)
		=
		£0

		UNDISCLOSED One-off	UNDISCLOSED Gradual
NET PROFITS	1846	40322	40322
	1847	42694	42694
	1848	40182	40182
		123198	123198
LESS BAD DEBTS			
	1846	-2800	21800
	1847		14671
	1848		40846
		125998	48273
		-/- 3 =	-/- 3 =
		£41999	£16091

		DISCLOSED
1846-1848		
NET PROFITS	1846	37817
	1847	42694
	1848	40182
		120695
LESS BAD DEBTS		
	1846	46222
	1847	40000
	1848	3153
		31320
		-/- 3 =
		10440
AVERAGE LOSS ON BELVIDERE ESTATE		761
		£9679

All three methods wrote-off a total of £146930 before 1846. This is summarized in Table 41. The timing of the disclosures, however, meant different tax burdens for the bank. Table 41 shows, for example, that the 'gradual' method distributed the weight of the bad debts more evenly through the period than the 'one-off' method which set-off the major part of the £146930 against the earnings of 1843. The latter, of course, was the method of least disclosures. The maximum amount of disclosures including the declaration of bad debts equal to £51230 for 1839-1841 and £82395 for 1840-1842 brought the most tax relief in 1842-1843. Table 40 shows these to have been made at a timely period when the revenues of £152949 for 1839-1841 and £115092 for 1840-1842 were at their highest before 1846.

It is clear from Tables 40 and 41 which disclosure method had the most impact upon the bank's tax liability. The worst alternative is not surprisingly the one with the least disclosures--the 'one-off' method. The 'gradual method' would have been a more strategically advantageous alternative in every case--except 1843 when nearly the whole amount of the bad debts were written-off at once. The establishment committee's returns are, of course, the most advantageous. In 1842, for example, when even the 'gradual' method only disclosed bad debts of £23092, the committee had declared bad debts of £82394. Between 1845-1847 when the both the non-disclosure methods were declaring small amounts of bad debts after the write-offs between 1841-1843, the committee placed another £132104 of bad debts against

TABLE 41
COMPARATIVE TAX RELIEF
USING DIFFERENT DISCLOSURES
COLONIAL BANK
1839--1846
£

YEAR	GRADUAL CHANGE	REPORTED RESERVES BAD/DEBT	ONE-OFF WRITE-OFFS	3 YEAR BALANCES	TAX RETURNS ANNUALLY
1839	16495	16495	0	-	10419
1840	7652	24147	0	-	13728
1841	4672	28819	0	51230	27083
1842	10768	39587	0	88639 -5836*** -408* 82395	47828
1843	17625	57212	140388	117810	42899
1844	19895	77107	8208	-	7394
1845	48431	(48431)	1138	56897 (24124) 32773	6604
1846	21800 -408*	29431 -2800**	-2800**	132104 24124 -273* 155955	0
	£146930		£146930		155955
	*** OVERESTIMATED IN 1843 RE CASH CREDITS				-5877
	UNDERESTIMATED IN 1843 RE ROBBERY				+41
					150119
				**ERROR	-2800
				*RECOVERED	-389
					£146930

their tax liabilities. What is unfortunately unclear from the archives is how much tax the bank actually paid. This, in turn, would have given an indication of the attitude of HM Tax Commissioners about the way the bank disclosed its bad debts. Finally, the actual return for 1848 was not £9678. The establishment committee recommended that

> "as the above average approaches so nearly to the amount of Dividend paid for 1848, the Committee recommend that sum, or £10,000.- to be returned." [564]

Almost every consequent return was then based upon this formulae. Two exceptions however exist which are inexplicable because the minutes of the committee no longer recorded their calculations. In 1851 £10000 was returned where £15000 of dividends had been paid. In 1853 £15000 was returned where £20000 of dividends were paid.

(iii) PUBLIC CONFIDENCE

Last but not by any means least, disclosures had an important bearing upon the confidence placed in both the directors and the bank itself. The interest of the shareholders and HMG have already been discussed. The bank's strategy, as noted earlier, took these interests into account and disclosed as little of the bad debts to shareholders as it could get away with while disclosing as much as it could to Her Majestys' Tax Commissioners. The amount it could get away with, in turn, was dependent upon the degree of confidence held by the shareholders in the directors. Because they could not verify the veracity of

the directors reports, the confidence of the shareholders was primarily based upon what was plausible. It was unbelievable, for example, during the financial and commercial crisis of 1842 and 1846 for the bank not to have suffered any losses. Disclosures before 1846 had won the directors little confidence and much hostility. Their reticence after 1846 brought along nothing but praise. This change was brought about because of the increased shareholders' confidence in the directors. This confidence had not been secured by a mere increase in disclosures. After 1846 the directors disclosed even less. Confidence was partly due to their clever disclosure of what was plausible. For example, the confidence of the shareholders was not merely based upon the dividend percentages but whether and how they changed. In 1843 and 1844 a nil trend had continued for four consecutive periods. A large dividend was not what evoked confidence. In fact, large dividends could be indicative of serious problems during a monetary and/or commercial crisis. Suspicions would have been raised about where the high dividends were being paid from. An increasing, even if small, dividend trend implied improvement and further strengths which the shareholders understood and could place their confidence in. This is clearly evident from the change in the share prices quoted in the London Times. Table 39 shows how the nil dividends in 1843, 1844 and particularly 1847 resulted in a sharp fall in the Colonial Bank share prices. A continued improvement in the dividends--even modest ones--soon revived share prices.

Confidence was also the result of the directors increased preparedness and aggressive defense of their reports. The London Times of July 9, 1851 noted how the directors had silenced further pressure at the general meeting by interpreting the demands for more details as a censure upon their leadership and threatening to resign :

> "The feeling entertained by some of the directors that the observations made upon the report and the accounts appeared to imply a vote of censure was thoroughly disowned, and their threatened resignation was therefore premature. All that the shareholders desired was to be made acquainted with the same general aspect of affairs which it was asserted gave the directors themselves so much confidence in the conditions of the bank." [565]

This aggressive response had not existed before 1846. The directors balanced this public attitude with an open door policy at the bank. Individual shareholders who sought details were invited to raise their objections and hear the directors' explanations, in private, at the bank. A good example of this strategy can be seen in the behaviour of the deputy-chairman at the 28th general meeting held on Jan. 6, 1852 :

> "... Mr. Joesph Russell wished to be informed what was the amount of the expences of the half-year, to which the Chairman replied that he did not consider it expedient to state the amount.
>
> Mr. Russell having repeated his question, Mr. John Alexander Hankey expressed his opinion, that it would be very injudicious to give the information required by Mr. Russell, and he hoped the Directors would withhold it.
>
> ....
>
> Mr. Cave [the deputy-chairman] then said, in reference to the question which had been asked relative to the expences of the Bank, that he did not wish the honorable [sic] Proprietor who had asked that question, or any other

> Proprietor, to leave the room under the impression, that the Directors declined to answer a question to which he considered himself entitled to a reply. He (Mr. Cave) therefore begged to say, that although the question could not be answered there, if the gentleman who asked it would call at the Office of the Bank, he would be afforded every information on the subject which the Directors had it in their power to give." [566]

No measure of the success of the bank's post-1846 strategy is as revealing as the remark made by a shareholder at the general meeting on July 8, 1857 :

> "... Mr. Pagliano highly complimented the Directors for the way in which they had conducted the business and wiped off a very heavy loss which had been incurred many years ago instead of having given large dividends." [567]

Finally, the archives contain an interesting reference to the effect of disclosures of bad and doubtful debts upon the debtors of the bank. The minutes of the 25th general meeting held on July 9, 1850 recorded :

> " a conversation [which] ensued upon the form of the Account laid before the Meeting--Mr. Harrison and Mr. Arrundell wishing for more specific details both as regards past due bills and expences of management--the Chairman replying, that it would be inexpedient to state the amount of past due bills, as it would tend to mislead; parties in the West Indies not being so punctual in the payment off their obligations, as was customary here." [568]

Disclosure of the past due bills would have enabled the debtors to make a comparison with the available reserves and draw conclusions about the ability of the bank to absorb their debts. This, the chairman implied, would have served as a disincentive for them to pay their debts. The converse of this argument,

however, could also be made and was referred to in a letter from the manager in Demerary, Thomas Nimmo, to London, dated Feb. 25, 1848. The failure of the bank to pay a dividend in 1847, though undoubtedly a short-term weakness, could be interpreted as a long-term strength, invoking confidence in its responsibility to its depositors instead of its shareholders:

> " I have read with great interest and attention the Report of the Directors. I think the self-denial excercised by the Proprietors in abstaining from appropriating the apparent profits was itself wise, and is besides well calculated to strengthen the confidence entertained throughout the West Indies in the stability of the Bank." [569]

However fickle, public confidence had to be not just appeased but strategically influenced. The directors' discretions over what information was disclosed, arising from their control system, was undoubtedly a strength.

CHAPTER VIII

THE HUMAN STRENGTHS AND WEAKNESSES

The structural strengths and weaknesses of colonial banking companies were discussed in the previous chapters. The last chapter looked at the control system of the Colonial Bank.

Organizational structure however was merely a potential strength. Realization of the potential required competent and reliable officers and clerks. The extant instruction books and accounting manuals merely described the ideal roles envisioned for the officers and clerks and thereby already assumed their competence and reliability.

Unfortunately, neither the court minutes nor those of the relevant committees dealing with appointments and personnel matters are detailed enough to reveal any premeditated personnel strategy for the Colonial Bank.

Enough material exists only to be able to :

--identify some of those directors and shareholders whose influence was a strength, in obtaining the charter, appealing to HMG, negotiating with the Commissariat, etc, or who, as customers, could prove to be a source of embarrassment;

--construct a career map of some of the officers and clerks, showing the underlying patterns of promotion and appointments as well as the weakness of security taken against misconduct when most needed; and

--note the weaknesses in the control system which allowed losses from thefts and defalcations.

(1) THE STRENGTH OF PROMINENT DIRECTORS

Among the first 15 directors and 3 auditors of the Colonial Bank there were highly reputed bankers, powerful Members of Parliament and wealthy merchants, prominent in the Committee of West India Merchants.* In fact, some directors qualified for more than one of these classifications. Both Prof. Baster [12] and the Barclays Bank Centenary [9] have identified some of these individuals. Closer examination suggests that there were more than the five West Indian merchants Prof. Baster named :

John Andrew James	Irving, M.P. Colvile Cavan	John Alexander Charles	Hankey McGarel

and that the Barclays Bank Centenary would have been more accurate in placing Patrick Maxwell Stewart and Samuel Gurney, rather than David Barclay, M.P., with

John Gurney Hoare and
Abraham George Robarts

as bankers. Samuel Gurney was the financial genius behind the rise of Overend, Gurney & Co. Having died a decade before the failure of the company in 1866, Gurney was associated more with its success than its failure. His services as auditor of the Colonial Bank from its inception to July 1850 invariably gave the bank both prestige and public confidence. Patrick Maxwell

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*Footnote: Although incomplete the shareholders list in the Appendix shows that the Colonial Bank also had very eminent shareholders, including The Lord Mayor, Sir George Carroll, Knt., and Thomson Hankey, West Indian merchant, appointed director of the Bank of England in 1835 and subsequently Governor of the bank between 1851-1853. {571}

Stewart, M.P., was both a prominent West Indian merchant and 'Agent for Tobago' as well as a manager of the London and Westminster Joint-Stock Bank--in addition to being M.P. for Lancaster between 1831-1837 and for Renfrew between 1841-1846. [572] David Barclay, M.P., though a son of Robert Barclay, was more properly a merchant by profession. Besides being M.P. for Penryn between 1826--1847 [573] he was a partner in the firm of Barclay Bros. & Co. and a colleague of John Irving, M.P. As Agents for Mauritius in 1831, they had both become shareholders in the 'Banque de Maurice'*. Like Irving, merely owning such shares did not make him a banker.

The strategic strength of having such men as Stewart lay in their connections and contacts in government--though it did not necessarily follow that such contacts were all-powerful or able to always tip the balance in favour of the bank. A private note, for example, is extant in the PRO from Stewart to a Treasury official in 1837. The bank's suggestions for increasing the circulation in the colonies by the Royal Mint issuing coins for the bank's use (at the expense of the bank) received little sympathy given the lack of approbation for the bank in the Treasury--discussed earlier. This lack of success however was not as important in this context as the obvious familiarity shown in Stewart's letter to Spearman. The casual tone of the letter

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*Footnote: The role of John Irving in the affairs of the 'Banque de Maurice' were found in Mr. Hugh Norris' (a now retired executive of Barclays Bank International) collection of material about banking in Mauritius which he kindly let me study.

is a marked departure from the formal letters addressed by the bank (and its officers) and reveals the kind of connections between such directors and civil servants which were (though not in this case) a strategic strength for the bank.

"Private

11 Upper Broad St
5th July 1837

Dear Spearman

Pray get us our 'little shillings' for the Colonial Bank!

I mean the fractional pieces as specified in a recent letter to you wh[sic] I caused the Board to write.

It is of great importance to our success; + [sic], depend upon it, we are worthy of the Ty's [sic] favouring regards, for we shall do a world of good in the West Indies.

I shall be much obliged to you to give your able, + unly [sic] attention to this matter,-- + to let me know the results.

We should not require above 50, to £70,000-- of each coins.

Yrs sincly [sic]
P.M. Stewart"
[574]

In marked difference, just such connections broke the deadlocked negotiations for the Commissariat business. The private note from J.G. Hoare to Trevelyan at the Treasury which was cited in the earlier discussions is extant in the PRO :

Lombart S^{t}
March 10 [1857]

My dear Sir Charles.

Marryat + [sic] I want to have a few minutes with you about the Commissariat in the West Indies. Would it suit you to see us at four o'clock on Friday afternoon. If that hour does not suit you, perhaps you will kindly appoint another.

very faithfully Yours

J Gurney Hoare

Sir Charles Trevelyan, Treasury." [575]

As cited earlier, the difference between Stewart's failure and Hoare's success was the antipathy of the Chancellor of the Exchequer, Spring-Rice. With his retirement things became easier once again for the Colonial Bank in the Treasury. The potential advantages from such contacts was unchanged.

Prof. Baster called the Colonial Bank, "... in truth... the child of the Committee of West India Merchants...." [576] A closer scrutiny of the empirical evidence suggests an even more precise pedigree. It was the brain-child of John Irving, M.P. No less than his colleagues in the court of directors said so. In the testimonial (recorded in the minutes upon the retirement of certain directors) given at his death on November 10, 1845, he was singled out for

> "... the value of his exertions in the formation of this company and in procuring from H.M. [sic] Government its Charter of Incorporation...." [577]

No other director was remembered for this. The colonial press

also attributed the founding of the bank to him--though mostly in a critical tone. Unfortunately, few details are extant either in the archives or the PRO to be able to show how Irving's contacts may have helped him in founding the bank. Queries about the negotiations for the charter at the first general meeting of shareholders were brushed aside. [578] Yet it is clear, in hindsight, that it was John Irving and his firm of Reid Irving & Co. which arranged the legal, physical, and technical details needed to launch the bank. They placed all the legal and official announcements in the news media and handled the correspondence for placing the shares on the market. They even provided the first office equipment and fixtures--albeit for the sum of £45„10„4. [579]

The achievements of John Irving, M.P., were not limited to the founding of the Colonial Bank. Fortunately, the obituary written in the January 1846 Gentleman's Magazine has a thorough biography. [580] John Irving was born in 1767 and educated at the Middlebie parish school. After some years of training in business, he became a partner of Sir T. Reid, the Chairman of the East India Company. Having lived abroad and travelled widely he returned to England and entered Parliament, as a Conservative, in 1806, for Bramber, sponsored by the Rutland family. A change in the borough meant a change in his constituency to that of Antrim. As a prosperous and first class merchant he naturally expanded into trade finance and lending. An indication of his wealth and prominence was the 1823 loan he helped negotiate, with the

Rothschilds and Barings, to help Austria repay her debts to England. A farsighted entrepreneur, he recognized the growth potentials in colonial and international trade and actively promoted new ventures in shipping, insurance, and banking. In 1825, he founded, once again, with the Rothschilds and Samuel Gurney (the auditor of the Colonial Bank), the 'Alliance Fire' and 'Life and Marine Assurance' companies serving as their first President. In 1831, as co-Agents for Mauritius, with Barclay Bros. & Co., he founded the 'Banque de Maurice'.* The Colonial Bank followed in 1836. In 1839, with James McQueen (who had been instrumental in alleviating the hostility of the colonists against the bank) he launched the Royal Mail Steam Packet Company and became its Chairman--making him simultaneously the chairman of a bank, insurance, and shipping company. According to Mr. Bushell's history of the company its first deputy-chairman was none other than Andrew Colvile who served in the same capacity at the bank. Half of its first directors, in fact, bore surnames found in the known bank shareholders list. [581]

The strategic strength of a powerful and eminent promoter is most obvious in a comparison with the promoters of

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*Footnote: The Gentleman's Magazine failed to mention the 'Banque de Maurice' and compared against a letter that appeared, criticizing John Irving in The Royal Gazette of British Guiana, August 11, 1836, it may have mistaken the insurance companies as well. The letter gives 1824 as the founding date and the 'Allied British and Foreign Life and Fire Assurance Company' as the firm he founded. Finally, Stenton, despite suggestions to the contrary by McCalmont places Irving's death at 1853. The archives support McCalmont, giving it as Nov. 10, 1845.

the other colonial banking companies. The difference in the ease with which Irving negotiated a charter with HMG and the concessions which he received are a marked departure from the experiences of the other West Indian banks. The prospectus of the British Guiana Bank, in 1836, and the West India Bank, in 1839, for example, both identified the same Hugh Robertson as their promoter. [582] Unlike Irving, Robertson was neither very wealthy nor prominent in England. His financial track-record was limited to having been a one-time employee of the Bank of Scotland at Inverness. Furthermore, unlike Irving, instead of leading his fellow directors, Robertson fell-out with his colleagues in the British Guiana Bank over its scope of operations and became its avowed critic. [583] His limited influence in government circles, as evidenced by his inability--as secretary of the West India Bank--to ameliorate the strict terms demanded by HMG for a charter or to negotiate a rescue operation when the West India Bank was failing, were another marked difference to the influence held by Irving and the directors of the Colonial Bank.

The petition of the Union Bank of Jamaica for a Royal charter read at the privy council meeting held on Nov. 29, 1838 bore the names of ten Liverpool merchants. [584] The Royal Gazette of British Guiana (Thursday, May 19, 1836) had identified one of these merchants, William Smith, as the promoter of that bank. [585] The petition sought to benefit from the precedent established by Irving.

> " That your [Majesty's] Petitioners humbly trust that the circumstances of His Majesty [King William IV] having been pleased to grant His Royal Charter to the Colonial Bank will induce your Majesty [Queen Victoria] graciously to extend the same privilege to your Petitioners; whereby your Petitioners as Merchants of Liverpool may enjoy a similar Boon to that which has been already conceded to the merchants of London." [584]

The privy council referred the petition to the Treasury--via its 'Committee on Trade and Foreign Plantations'. The reply from the Treasury Lords sheds light on the strategic strength of the right promoter. Not everyone could negotiate the exceptional privileges--outlined in an earlier chapter--which the Colonial Bank had been given.

> " With reference to your letter of the 3rd ultimo transmitting the Draft of a Charter of the 'Union Bank of Jamaica', I am commanded by the Lords Commissioners of Her Majesty's Treasury to request you will state to the Lords of the Committee of Privy Council for Trade that... altho'[sic] My Lords were induced [to make exceptions for the Colonial Bank], in consequence of the very peculiar circumstances under which the arrangements relating to the Colonial Bank had been made... they conceive that the case of the Bank now proposed is more analogous to those of other Banking Companies, [and therefore must adhere to the strict rules and regulations established by the Treasury]...." [586]

(2) POTENTIALLY EMBARRASSING WEAKNESSES

It was undoubtedly a strength for the bank to have eminent and powerful directors. There were however serious potentially embarrassing weaknesses when conflicts of interest arose. A serious example would have arisen when such directors sought financial accommodation from the bank. Charters were

required by HMG regulations, as seen earlier, to limit the ability of the bank to

> "... discount any Bills of Exchange, Promissory Notes, or other negociable [sic] paper on which the name of any Director or Officer of the said Corporation shall appear as Drawer, Acceptor, or Indorser, to an amount exceeding one-third of the whole amount of the sum for the time being under discount by the said Corporation." [250]

For a bank with a large turnover, such as the Colonial Bank, this problem would have been manageable. It was the conflict of interest between the director as an ally of the bank and his being another customer which had serious strategic significance.

The archives contain a record of the bank's dealings with a director whose political position would have been immensely valuable to the bank but for his indebtness to it. This record is therefore interesting from three points of view: It showed a director and therefore a large shareholder of the bank becoming a governor in several of the colonies where the bank operated. It also showed why this potentially advantageous strength could not be realized, on account of the director being a substantial debtor to the bank (the strategic disadvantage of losing the approbation of a governor has already been discussed). Finally, it allowed an insight into the delicate way in which the bank and the managers went about collecting, as much as they could, of a bad debt. Most cases would not have warranted detail reporting to London. Because this bad debt concerned a prominent director and the incumbent governor of the colony, it was ascribed more than the usual space in the correspondence.

Aneas Barkly was one of the founding directors of the bank. His untimely death, however, necessitated the appointment of a substitute on Nov. 10, 1836. His shares, in turn, passed to his only son, Henry Barkly (1815-1895). Stenton described him as "... an eminent West Indian Merchant in London." [587] The Demerary and Berbice letterbooks attributed to him the ownership, in British Guiana, of the firm of Davidson Barkly & Co. The company operated two plantations. Plantation Highbury had been operating before 1840. Table 15 containing the respective cash credit accounts in Berbice, between 1837-1840, shows its account to have been opened in 1838 and to have increased 1524% between Dec. 1838 and June 1839! Plantation Reliance, on the other hand, did not have an account before 1840 and appears from the letterbook to have been acquired only in Aug. 1842. [588]

In common with many other of the bank's customers in Berbice, Davidson Barkly & Co. needed to continously over-borrow the limits of their cash credit accounts. The Berbice letterbook contains a request, to Peter Rose in Demerary, dated April 20, 1842, for permission to extend this facility. [589] In a subsequent report to London, dated May 14, the agents noted that the extra facility had been approved. [590] Not unexpectedly (given previous discussions of bad debts in 1842, the undesirable management of the agents in Berbice, and the general risks associated with cash credit accounts) London disapproved. The agents wrote the directors on June 13 acknowleding their instructions that the cash credit account for Davidson Barkly &

Co was not to be renewed and certainly not increased. [591] Despite repeated admonitions now from London and Demerary, the agents merely procrastinated. In a letter to Rose dated Sept. 9, they continued to express, in hindsight, an illusionary optimism:

> "We are using all the means in our power to bring the affairs of this Branch into a satisfactory state, and hope, without forcing matters, to succeed. Shipments of Produce, will from this time to the end of the year be going forward pretty freely which will enable us to make collections from parties whom we might have distressed at an earlier period, without placing ourselves in a better position, and who now having the means, will cheerfully meet their engagements." [592]

The changes in the agency at Berbice and the appointment of a manager in 1842 percipitated the court to take the matter up directly with Henry Barkly in London. In a letter to London dated Jan. 1843, Nimmo acknowledged the report he had received that a new cash credit account had been negotiated with Davidson Barkly & Co. in London. [593]

Although no further account can be traced of the affairs of Davidson Barkly & Co. as no letterbooks are extant for 1843-1848, the rapid rise to prominence of Henry Barkly himself can be seen from other sources. In 1845 he was elected to Parliament (representing Leominster). [594] In Jan. 1846 he became an auditor and subsequently in July 1847 a director of the Colonial Bank. [595] In 1848 he was appointed governor of British Guiana while still a director of the bank. In 1853 he was made a Knight Commander of the Bath and later in 1874 a Knight Commander of St.Michael & St.George. [594]

To the colonists and particularly the directors of the British Guiana Bank, things must have appeared to have come full circle. The Colonial Bank had opened its branches in British Guiana despite the fierce opposition of Governor Smyth. More than a decade later, one of its directors was now the governor. But unfortunately for the bank, Henry Barkly's debts were a delicate and sensitive point of friction between him and the bank and a potential source of embarrassment in the public eye.

Upon Barkly's arrival in British Guiana, in Dec. 1847, to take up his post as governor, the manager in Berbice, Thomas Nimmo, approached him for bills to settle the £1500 ($7200) outstanding balances in his cash credit accounts. Henry Barkly's response had all the signs of a desperate borrower seeking accommodation. He drew two bills for £1051„13„ 5 and £591„17„-- upon himself payable in London and, as Nimmo reported to the directors :

> "As there is no one in England to accept these bills Mr. Barkly has required me to keep them until next mail and he promises to accept them from the proper date when he gets home. As the bills have gone thro [sic] our books this is somewhat irregular but I have consented to do so...." [596]

Having succeeded in selling his bills Barkly then applied for a renewal of his cash credit account--no doubt in order to borrow, once again, the money he needed to pay the bills which he had drawn on London. This was not lost upon either Nimmo or Rose-- particularly since both the bills sold and the application for

renewal had been made in Berbice. If the application had been made in London, where no intelligence of the bills drawn would have yet arrived, Barkly may have successfully obtained the accommodation he sought. Nimmo explained this in his letter to Rose on Jan. 8, 1848 :

> " I received an application from Mr. Barkly to open a credit of £1500 for each of his Estates. This of course I declined for the present and he has gone down to see you on the subject. Had Mr. Barkly not happened to be here the arrangements would have been made at home and would then have been imperative on us." [596]

Knowledge of what Barkly intended, however, was not sufficient grounds to refuse him the accommodation. Rose found it difficult to say no to a director and the new governor of the colony. Nimmo reported to London that Rose had devised a strategem to deny Barkly the accommodation. He had said yes subject to the availability of specie in Berbice, leaving it to Nimmo to say that he was deficient therein. [597] Nimmo and Rose however did not hold all the cards. Barkly's attorney, Alexander Winter, who managed the estates on behalf of the company, threatened to close them down if he were not given the £200 needed for wages to operate them. Nimmo reported to Rose that he could not be responsible for such drastic measures and had lent him $900.[598]

Although this sum was sufficient to keep up the estates, it was inadequate to meet the £1500 Barkly needed to cover his bills due in London. Nimmo acknowledged the report from London that they had been protested for non-payment and that he was now "... to discontinue advances to Mr. Barkly's Estates

unless well secured by bills of lading...." [599]

The practice of attaching bills of lading to shipments was a well understood means by which the bank could cover its advances to exporters (or sellers) by a lien upon the importer in England (i.e., the ultimate customer or buyer). The bank bought the exporter's bills on London and attached the original copy of the ocean bill of lading to it* so that it could be certain that the importer would have to pay for the bill before he could take delivery of it from the vessel. Should the importer, in the meantime, have failed (or refuse payment), the bill of lading enabled the bank to sell the goods to someone else and once again be certain of covering their bill which had been bought from the exporter. This became standard practice for the bank as bad debts increased after 1842.

Although legally simple and secure, the practice had commercial complications--particularly when the value of the consignment was less than the amount paid for the bill (as it was if the price of sugar had suddenly fallen or the value of the consignment had been misrepresented in volume and/or value by getting "... Bills of Lading signed before the produce was actually on board...." [600]) Furthermore, the bank had to leave a surplus for the exporter from each shipment to enable

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*Footnote: It is noteworthy that although some of this risk is now averted by the modern letter of credit, to the colonial banker a letter of credit meant something different. It signified a letter given to travellers, etc., authorizing them to draw upon the issuer to a maximum sum stipulated in the letter.

him to continue on. The difficulty arose in determining how much was sufficient and, as the price of the produce invariably varied between the beginning and the end of the crop, at what price (or when) the bank's repayments were to be valued. In order to maximize the repayments the court insisted upon collecting the first consignments. This, then, left the estate with the problem of raising its operating capital against a diminishing market price. Nimmo explained the predicament in his letter to London on March 28, 1848 and again on April 15th :

> "Were I to insist very strictly on the letter of the Court's instructions being carried into effect and to require the very first sugar to be given for the bills there would be no means to carry on the estate at all." [601]
>
> "... I cannot conceal from the Court that unless more ample means be afforded to Mr. Winter the Estates must stop altogether and of course in that case you will require to recover the balance due in England without reference to the probable shipments from home." [602]

When the estates could not raise the needed operating capital the bank found itself in the undesirable position of either claiming less for its outstandings or having to re-lend to a bad customer in order to retrieve its debts. Nimmo upon repeated admonitions from London not to do so finally put the case bluntly :

> " I trust all I have done [lending to Barkly again] may meet with the approbation of the Court, although I am aware it is not in accordance with the letter of their instructions.- I had to choose between on the one hand the certainty of damaging most materially Mr. Barkly's fine properties and thereby retarding the recovery of the Bank's claim against him, and on the other hand by making moderate advances keeping things going and making some progress in recovering the amount due to the Bank. I have endeavoured to act for the best for all parties concerned, and I am sure I run no risk." [603]

The directors had no choice but to be patient. Nimmo outlined a schedule of repayment in his report dated July 17, 1848 :

Repayment of Barkly's Debts in Berbice 1848

Sugar Produced			Debts Recovered	Further Advances Made
100 hhd	x £12 =	£1200	£1080	£120
100	12	1200	840	360
61	6	366	0	366
39	12	468	468	0
300		£3234	£2388	£846

	£2388
less paid again in cash	746
2 bills prot'd in London	£1642

[604]

Although the two bills had been recovered and £746 paid back to the estates from the shipments, another £846 had had to be extended to Davidson Barkly & Co. Furthermore, the interest and damages on the two bills had not yet been resolved. Nimmo suggested in his letter to London that

> "... one half of the further sugar made should be appropriated to the payment of the advances of £846, the other half being available for further advances at £6 per hhds for the purposes of the estate." [605]

In other words, besides the 300 hogsheads (hhds) already delivered, Davidson Barkly & Co. would produce 282 hhds which could then be divided into two 141 hhds @ £6: to recover the advance and contribute towards the operating capital of the estates. Davidson Barkly & Co. were not opposed to this proposal. They refused, however, to accept any responsibility for the damages on the protested notes. They knew the bank would

not be able to press for these without embarrassing itself.

Nimmo noted :

> " With regard to the damages on the protested bills returned to the Colony, Mr. Winter is certainly liable for them and I think also Mr. Barkly-- I am most unwilling to have recourse to legal proceedings, not from an apprehension of the result, but because it will be most unpleasant to make the matter public." [606]

It was not surprising, therefore, to see Davidson Barkly & Co. not wanting to pay the damages or consigning any more sugar to the bank. In a letter to Winter, dated Sept. 28, 1848, Nimmo reminded him that the $2675.65 damages were still left unpaid and had continued to accummulate interest of $580.71 to date, raising the total due to $3256.36! [607] But in his correspondence with London, he was both less optimistic and even sympathetic with Davidson Barkly & Co., who had been starved of operating capital.

> " It is possible that the Court may imagine that by renewing the arrangement with Mr. Barkly and putting it in such form that it cannot be deviated from, matters may again go on smoothly-- It is my duty however to give it as my opinion that this would not answer; in the meantime, before the news of such a renewed arrangement can reach this, a large quantity of produce will have been put past the Bank by Mr. Winter, in fact the bulk of the crop, and after that time the sugar made will be barely sufficient to pay expenses-- Our only and last chance of recovering the money on this side was in the produce to be made up to the end of the year. I do not therefore seen [sic] anyway of recovering the balance still deficient (which must be about £3000) excepting by getting it from Mr. Barkly. I regret this very much but see no help for it.-" [608]

Mr. Barkly was still a director of the bank at this time and received a salary both from the bank as well as the Colonial Office. One way of getting it from him was to obtain

"... the necessary engagement from Mr. Barkly securing the payment of £500 per annum from his salary...." [609] When, in March 1849 [609], Barnes (the new manager in Berbice) consulted with Mr. Winters about such a move, he was warned that Mr. Barkly had only been verbally consulted about such a measure and would be surprised and definitely annoyed by any move to implement it. It is not clear whether this was ever put to Barkly but soon after, on May 29, 1849, the court was presented with his resignation. [610]

Now there was even less of a choice for the bank. Barnes like his predecessor urged London that despite the strong legal position it was strategically unwise for it to be used against an ex-director and the governor of the colony. He expressed relief in his letter of Jan. 17, 1850 to London as they had decided to wait for Mr. Barkly to pay his debts at his own discretion. [611] This in fact took the whole period of Barkly's governorship of British Guiana. It was not until his term of office had come to an end and he had received a knighthood and a new appointment as governor of Jamaica that the court minutes of Feb. 1, 1853 recorded that :

> "In reference to Mr. Nimmo's announcement, in his letter of 24th Dec^{r} [sic], read at last Court, that he had finally settled Mr. Barkly's Account, the Secretary was directed to authorize him to relinquish the damages on two Bills, drawn by Alex^{r} [sic] Winter, for £1051„13„ 5 and £591„17„-- and refused acceptance by Mr. Barkly--it having been understood in all the Bank's arrangements with Mr. Barkly, that the damages on these Bills should be left open for final settlement whenever it might be thought proper." [612]

Mr. Barkly had won. The bank had waived the damages for the two bills. If he had merely been the governor of British Guiana (1848), Jamaica (1853), Victoria (1856), Mauritius (1863) and the Cape of Good Hope (1870) [587], the bank may have had the upper hand. Publicity would have been as embarrassing for him, if not more. But as a large shareholder and ex-director, the publicity would have been more revealing about the bank than him. This plus the lost opportunities of having a governor as an ally were human weaknesses the bank had to accept with the strengths of having prominent men as directors.

(3) OFFICERS AND CLERKS

The strategic significance of gaining the approbation of the colonists has already been discussed in a previous chapter. It was therefore a strategic strength for the bank to have officers who were well respected in the colonies where they served. The chairman noted at the first general meeting on Jan. 25, 1838 that

> " The Directors have much satisfaction in stating that they have been extremely fortunate in their selection of Managers and Officers, and that all these Establishments are under the Management of Gentlemen of great local knowledge and commercial experience, assisted by Officers and Clerks of the greatest respectively [sic]." [613]

When the directors found, for example, that the manager selected for Trinidad, in 1836, was unpopular with the colonists, his

appointment was immediately rescinded. [614]

Unfortunately, in the large majority of cases, it is now impossible to ascertain the personal strengths or weaknesses of these officers. Even for the small number of exceptions, for whom biographical facts emerge from the archives, little detail is extant.

Such details as pertained to the Demerary manager, Peter Rose, have already been cited in a previous chapter. He was a prominent member of the colonial legislature of British Guiana and had once been in business himself. His appointment was one of the earliest--when McQueen and McChlery visited British Guiana in 1836. Rose must have been known to McChlery through the firm of Cavan Bros. & Co. of Barbados (whose James Cavan was one of the founding directors of the bank). Like Reid Irving & Co. in London, Cavan Bros. & Co. worked closely and coordinated their operations with the bank in the colonies. As noted earlier, the Barbados branch was located in the Cavan Bros. & Co. premises. In Demerary, for example, the two firms worked closely together to defeat the British Guiana Bank in competing for the redemption of the colonial paper currency. [615] When they retired from the bank, both Rose and McChlery returned to work for Cavan Bros. & Co. Rose became their attorney in British Guiana and, according to Nimmo's report to London, on May 2, 1848, was taking his instructions from McChlery in Barbados. [616] The chairman had described McChlery at the first general meeting as "... having been established at Barbados many years in

connection with one of the first Mercantile houses in that Island [i.e., Cavan Bros. & Co.]. [617] When he resigned as superintendent of branches on Dec. 31, 1839, the court of directors recorded, in their minutes,

> "... the high sense the Court have always entertained of the zeal, ability, and integrity he has uniformly displayed during the period he has been in the service of the Bank and the regret felt by the Court at the retirement of a Gentleman who has discharged the arduous Duties of the important office entrusted to his charge in a manner so satisfactory to them and so eminently conducive to the best Interests of the Corporation." [618]

Even after his resignation, the archives contain reference to McChlery--noting for example, on Sept. 11, 1849 [619], that he was the chairman of the Demerary Railway Company.* It went to show once again the type of men who were responsible for the operations of the Colonial Bank in its formative years as well as the tightly interconnected nature of commerce at the time. Like John Irving who served as king-pin linking the bank with shipping, insurance, and capital in London, Cavan Bros. & Co. provided the bank with trustworthy employees and connected it with major companies in the colonies.

Of the officers, after the first decade, perhaps the most colourful was Edward Carpenter. Although no particularly

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*Footnote: Launched in 1845 with the backing of Cavan Bros. & Co. as well as the Colonial Bank it failed to achieve its overly ambitious objectives and only constructed a 5 mile line from Georgetown to Plaisance. Halsey, in his book, Railway Expansion in Latin America, described it as "... actually the oldest railway in South America." [620]

significant achievements or qualifications appear in the extant biographical details of his life, Carpenter impressed the directors and was steadily promoted from a clerk in Barbados in 1853 [621] to inspector of branches in 1854 [622] to manager in Barbados in 1861 [651] and secretary to the court in 1886 [9]. He also compiled the most extensive--though not always accurate--chronicle of the early years of the bank.

The court minutes of April 13, 1859 identified him as the son of William Hookham Carpenter and brother of the artist William Carpenter. W.H. Carpenter (1792-1866), in turn, is listed in the Dictionary of National Biography as a London bookseller and publisher who married the artist Margaret Sarah Geddes in 1817 and served as the keeper of prints in the British Museum from 1845-1866. The minutes of the Trustees of the British Museum, of Oct. 14, 1848, curiously enough, shed light upon what Edward Carpenter may have been doing before joining the bank.

> " Mr. [W.H.] Carpenter reported that it being very desirable that some arrangement should be made and a catalogue compiled of the Moll Collection of Portraits, which was for the most part German, and amounted to 11,000 in number, he took the liberty of asking if he might be allowed to have the assistance of his youngest son in order to effect this, who was a good German Scholar, and would be able to proceed with the undertaking without difficulty.
> The Trustees did not think it expedient to accede to Mr. Carpenter's request." [623]

The cataloguing took until Dec. 1852 when the minutes recorded :

" Mr. Carpenter laid before the Trustees the following catalogues;

1. Of the Moll Collection of Portraits.

....

Mr. Carpenter begged to add that he had employed his youngest son in compiling these Catalogues under his superintendence...." [624]

Despite the fact that such a background was as remote to the West India colonies as it was to banking, the establishment committee of the bank noted on Feb. 27, 1853 that

"Mr. Ed^{wd} [sic] Carpenter attended before the Committee and replied fully to their inquiries as to his qualifications and previous occupation.
The Committee were very favorably [sic] impressed by Mr. Carpenter's manner and address--and although he has not the advantage of experience in business, his qualifications and general ability appear to be such that the Committee consider him a desirable person for the service of the Bank, and one whom it would be advisable not to lose." [625]

It is impossible from the scattered and limited details available to identify any particular set of qualifications as being consistently important to the committee for selecting officers and clerks. Like the case of Edward Carpenter, above, each selection seems to have been based upon its own merits rather than any common policy or criteria. While at the general meeting the chairman made reference (cited above) to officers with business experience clearly this was not seen to be an obstacle in hiring Carpenter. Yet, another applicant was turned down because "... he had no experience in business being now at school". [626] But being at school had, in another case, little bearing on their decision. W.B. Davis was employed as a clerk in

London while at St. John's College, Cambridge. [627]

Neither is it possible to correlate any particular kind of background or business experience with success in being selected by the committee or being promoted. Most of the first managers had come from commerce and business rather than banking. Only two of the long-standing employees who had risen through the organization to ultimately become managers were known to have come to the bank from banking. W.K. Martin who entered the bank's service as clerk in Barbados on April 20, 1837 to become the manager in Demerary in 1856 was from the British Linen Co. of Glasgow. [628] William Rennie who joined the bank as the accountant in Demerary on Dec. 22, 1836 and ultimately served as manager in Trinidad before retiring in 1854 had come from the London and Westminster Bank. [629] Resignations, deaths, and dismissals necessitated moving and promoting personnel. The abolition, in 1842, of the joint-management system used in some of the branches and agencies required further relocations and promotions. The court on Aug. 9, 1842 gave the establishment committee the "... authority to instruct the secretary to give the directions necessary to carry into effect the changes they determine upon" [630] but set no guidelines or policies for doing so. The committee minutes, in turn, contained no indication either of any policy or guidelines.

Unfortunately, the extant personnel information is neither detailed nor easy to relate with other known facts in order to deduce any strategic conclusions. The picture that

emerges is merely descriptive. Diagram 11 depicts the careers of a sample of 45 officers and clerks for whom comparatively more information could be found. Tables 42, 43, and 44 reveal, at a glance, how difficult it is to draw any significant conclusions from the diagram. The observed frequencies for any of the patterns of promotion and/or career endings are scattered and, therefore, of even little statistical significance. As many clerks, for example, became cashiers as accountants. Neither is there any appreciable difference between internal versus external promotion or even the length of service before promotion. Even when a relatively large number of cashiers were seen as being promoted to accountants (or accountants to managers), the absolute numbers are too small a proportion (6 or 8 in a population of 45 officers and clerks) of the sample to make them statistically significant.

This leads to the inevitable conclusion that perhaps no consistent policy existed. Or that the policy was an ad-hoc one taking each case on its own merits. The lack of a policy would have, of course, been a weakness, in terms of good human relations as well as manpower planning. The increased flexibility, on the other hand, may well have been a strength. No policy or a flexible one was undoubtedly better than a strict but mis-matched and unsuitable one.

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(4) Weaknesses in Personnel Control

(a) HOLIDAYS AND LEAVE OF ABSENCES

Unlike the promotion practices of the bank, the strategic weakness of its 'holidays and leave of absence' policies are much more obvious. The bank began its operations in 1837 without any consistent or strictly enforced 'holidays and leave of absence' policy. By March 24, 1843, however, it was clear to the directors that their unregulated and laissez-faire approach had adversely affected branch operations. The ease with which officers and clerks took leaves of absence as well as their prolonged length imposed lost opportunity costs as well as direct expenses when replacements had to be found. In a letter, dated Feb. 19, 1839, for example, Thompson (the manager in Antigua) acknowledged the St.Thomas manager's return from a leave of absence of more than six months (since Aug. 11, 1838), only a year after the branches had commenced operations. [631] The minutes of the establishment committee, on March 24, 1843 recommended

> "... the adoption of the following regulations respecting leave of absence: viz: No officer or clerk in the service of the Bank, in the West Indies to be considered entitled to leave of absence until after having been three years in the service of the Bank, excepting under Certificate of ill health. Leave of absence, on full salary, not to exceed four months. If extended, under any circumstances, after that to be placed on half-salary." [632]

The directors revised these regulations again in April 1845, making leaves of absence for non-medical reasons on half-pay and requiring medical certificates, confirmed by the superintendent

in Barbados, for medical leaves of absence (which were not to exceed 4 months in any case). [632]

Even at half-pay the system was weak and open to abuse. Officers and clerks who wanted to resign from the bank took their leaves of absence with pay before submitting their resignations. The court pointed the matter out to the establishment committee on March 31, 1846. [633]

Instead of new rules--such as making it impossible to resign while on leave and/or without months of advance notice--the committee merely sought to reduce the monetary damages to the bank by recommending

> "...that they [officers and clerks on leave of absence] be paid their Salaries only for the first two months of their absence--the remainder not to be payable till they resume their duties." [634]

This, however, also penalized loyal employees who had to now wait for 2 months until they returned from their leaves of absence before receiving their salaries.

Unwarranted leaves of absence were only one symptom of the strategic weakness of the bank's control system. Not enforcing an obligatory periodic leave of absence was another. It reduced the effectiveness of inspections and allowed officers and clerks to practise frauds such as the ones in Trinidad (1854 and 1855) and St.Lucia (1861) and to keep them hidden. Carpenter described these frauds at length and attributed their success primarily to the failure of

"...insisting upon our officers taking leave of absence from time to time...." [635]

The extent of the risk can be seen from the numerous examples of managers who had not had leaves of absence for many years:

Officer	Without Leave For	At
Manager Tobago [637]	10 years	March 30, 1847
Manager St.Lucia [638]	9 "	August 10, 1847
Manager Demerary [639]	8 "	Sept. 30, 1851
Manager Trinidad [640]	8 "	Nov. 8, 1853

Not having had a leave of absence for 8 years, for example, William Rennie, the manager in Trinidad, had asked for 9 months leave. Although the court had given him only 6 months, this afforded the cashier, with the assistance of the accountant and clerk, sufficient opportunity to defraud the bank in March 1854. In turn, the ability of the accountant, J.A. Tench, to abstain from any leave allowed the fraud to go undiscovered until 1857! In St.Lucia, the frauds were the result of E.J.T. Daubaignon's uninterrupted control over the accounts from 1849, when he was appointed accountant, to their discovery in 1861!

Both cases involved the ability of the perpetrators to make debit and credit enteries to the accounts of customers by forged cheques and false bills--in their own favour--while keeping these enteries from both the customers as well as the inspector. It was easily kept from customers if they seldom brought their pass books into the bank. The chairman told the

general meeting that the Trinidad "forgeries" had not been discovered earlier because the pass books did not come back to the branch as often (once every three months) as they could be expected to do in England (once every fortnight). [641] Even when they did, however, temporary adjusting enteries could be made to make the balances appear to be there. The inspector's eyes, in turn, were deceived by his being shown only a select sample of pass books--others being said to be in the hands of their owners.

In each case, furthermore, the perpetrators needed the help or passive compliance of their colleagues. The accountant in Trinidad was able to solicit the help of the cashier, Charles Brown, and the clerk, E.B. Tinling, who was Brown's son-in-law.* The manager in St.Lucia was also able to act freely as the accountant, J.D. Cleare, was his son-in-law and the clerk, J. Camsell, was according to Carpenter "... a young man of poor intellect... much under the influence of Mr.Daubaignon-". [642]

The frauds in Trinidad were discovered in Jan. 1856 because Brown finding it more and more difficult to continue disguising the tellers' books had attempted to destroy the evidence by spilling a bottle of ink over them. The inspector's report reached the directors on Feb. 20, 1856. [643] Carpenter was immediately sent out to investigate [644] but could not

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*Footnote: Although the bank feared such collusion and did not appoint brothers to the same posting, it could not control officers who acquired family ties with colleagues at work.

directly link the crime with Brown and/or Tench. His account in the chronicles recalled that :

> "At first there was no clue connecting Mr.Brown with these Forgeries and he was promoted to the office of accountant at Kingston, but in consequence of a further set of Forgeries [of 1854], having come to light at Trinidad in 1857 in addition to those discovered in 1856; he [i.e., Brown] was ordered to return there [i.e., Trinidad] : he went as far as St.Thomas, then crossed over to St.Croix, where his Family resided and refused to go to Trinidad; he was then dismissed as was also Mr. J.A. Tench, the Accountant at Trinidad.... Mr. E.B. Tinling, the brother-in-law of Mr.Charles Brown, had succeeded him in the office of Cashier at Trinidad; he left his post to proceed to St.Croix without leave in 1857 and he was dismissed...." [645]

Carpenter's account is corraborated by the general meeting of July 9, 1856 where the directors reported the robbery and noted

> "...that all endeavours to ascertain the perpetrators have hitherto been unsuccessful; notwithstanding a reward has been offered by the Bank and a free pardon by the Governor of the Colony, to anyone, but the actual forger, who will give such information as will lead to the conviction of the delinquent." [646]

By March 1857, though still no positive evidence existed to incriminate either Brown or Tench, the close resemblance with the forgeries in 1854 suggested to the directors that the same individuals were involved and that both should be dismissed. "But as this was a serious measure, and one which required due consideration, the Court referred the question to the Chairman and Deputy Chairman, to look into the circumstances of the case, and to report what they considered had best be done". [647] The chairman recommended at the meeting of April 1, 1857 that both be suspended. [648] At the next meeting on April 8th, he reported

having sent instructions to Brown to return to Trinidad from his new post in Kingston to "... clear up the mystery enveloping the alleged Forgery of a Cheque for $4000.-". [649] Brown, as reported by Carpenter, did not. Following a final report from the inspector, read at the meeting of May 20th, the court minutes of June 3, 1857 resolved to dismiss Brown for being guilty of the fraud and Tench for having been a passive accessory. [650] The strategic weakness in the bank's control system had not only cost it the stolen funds but the added costs of investigation and failure to bring the defalcators to justice.

The weakness of the bank was even more clear in the case of the manager of St.Lucia. It was not until he had absconded that the frauds became known. According to Carpenter:

> " These frauds were never even suspected, so long as he remained at St.Lucia, but in July 1861 he went up to Barbados, in the steamer, nominally to consult the General Superintendent about the affairs of the branch, and when the Steamer returned, instead of landing, he went on to St.Thomas and thence to the States; his non-appearance of course caused comment and on customers receiving notice of bills falling due or accounts being overdrawn, of which they knew nothing, led to the discovery of the frauds:....
>
> As the whole amount he thus fraudulently obtained could hardly have been expended by him in St.Lucia, he is generally supposed to have taken some with him in 1861, which he employed in the purchase of land in Canada, whither his wife and family followed him, accompanied by his 2 sons-in-law Mr. J.D. Cleare, the Accountant (who was dismissed immediately after the discovery of these robberies) and Captain Russwurm.-" [651]

Cleare's dismissal was recorded in the court minutes of Sept. 25, 1861. [652]

Although both of these examples were detected after 1856, their perpetration had roots in the weakness of the personnel policies and control system of the bank before 1856. Carpenter summed up the lessons:

> "Both Mr. Daubaignon and Mr. Tench were always at their offices; i.e. did not take any leave of absence; I believe there is a rule in this country [England] that every officer or clerk in a Bank must take leave of absence once during the year, so that all his duties are necessarily performed by others so that the Books must change hands, this I consider a very important means of preventing any systematic tampering with the accounts and it is very desirable that all our Managers should be periodically relieved by some independent officer (I mean not by the Accountant of the Branch) for such a length of time as will ensure the maturing of all the bills left by the Manager under discount, so as to lead to the detection of accommodation notes, etc. made by customers for the Manager. I am told there is a rule for the periodic departure on leave of our staff; but it is certainly not enforced so far as our senior officers are concerned...." [642]

(b) SECURITY GIVEN BY STAFF

In the words of Hugh Robertson [653], the promoter of the West India Bank, the Scotch system of banking required officers "... giving such Security for making good all losses by bad debts...". The practice of the Colonial Bank was to require security bonds from each officer, clerk, and/or agent. The agents in Berbice, for example, were required by Rose, in 1837, to provide sureties for £3000 sterling. The cashier (who was employed by the bank) gave security for £2000. [654] Two signatures were required. Although, as the agents noted, Mr. Cox "... has a good deal of property of his own, and Mr. Schroeder,

his Security, is, considered very independent" [655] one signature was not deemed sufficient. In their letter to Rose, dated Aug. 5, 1837, the agents wrote: "We note what you say of Mr. Cox's Bond, the Security is quite sufficient, but if you consider it necessary he will have another made out with two securities." [656] Once again, however, these regulations were very loosely defined and enforced. A uniform scale for securities, for example, did not exist until Nov. 25, 1842.

> "The Committee had under consideration the subject of securities to be given by Officers and Clerks in the employ of the Bank recommend that the following scale be adopted in future viz.
>
> | | | | | |
> |---|---|---|---|---|
> | Managers | of | Principal Branches | | £5000 |
> | do | of | Minor | do | 3000 |
> | Accountants | at | Principal | do | 3000 |
> | do | at | Minor | do | 2000 |
> | Cashiers | | | | 2000 |
> | Clerks of all denominations | | | | 1000" |
>
> [657]

Furthermore, exceptions, such as "... certain wharf property in Jamaica offered by Mr. Gunter, Clerk at Kingston...." [658], in 1854, where no external sureties were given, appear to have been acceptable to the court.

Clearly such security was a poor substitute for the proper controls to prevent losses and/or frauds. The archives reveal that it was even then a highly unreliable system with innate weaknesses. The best of sureties, at the time, were liable to become insolvent and/or deceased. Even if they hadn't, as will be seen later, there were legal complications in proving liability.

An employee's choice of sureties had to be vetted by the bank and, if unacceptable, others had to be found. Various guarantee societies provided security for employees whose own sureties were not acceptable. Even these societies however were prone to insolvency, or voluntary dissolution. On the other hand, they would have been of little help, if in order to continue they had to resort to prohibitive premiums. The Colonial Bank found it could only rely upon such societies for half of the needed security. [659] This can be better understood by looking at the example of the West of Scotland Guarantee Association of Glasgow. The minutes of the establishment committee of Dec. 12, 1845 recorded Nimmo's election of them as security for his appointment as manager in Berbice. [660] Within 3 years, Nimmo was writing to the directors that

> " I notice with regret that the 'West of Scotland Guarantee Association' is winding up its business and that consequently my fidelity bond which expires in February will not be renewed-. I am somewhat uncertain as to my future arrangements on this subject, although I doubt not in the least being able to make them perfectly satisfactory to the Court, perhaps even more so than they are now. I beg however to be allowed the delay of a mail or two (there being still plenty of time) before forwarding the new application to the 'British Guarantee Association' which you enclose." [661]

And later on Dec. 16th :

> " I beg to enclose an application to the 'British Guarantee Association' of Edinburgh which will I hope secure in case of need the renewal of my fidelty bond--I have however to request that you will not use this application until it is absolutely necessary as I am in great hopes of a more satisfactory arrangement being concluded." [662]

Nimmo's hesitancy to use another guarantee society may well have had to do with its costs. Unlike personal sureties, such as relatives or friends, the guarantee associations charged a premium. It is not clear how much Nimmo's premium may have been when he joined the 'West of Scotland Guarantee Association'. [663] When the bond came up for renewal in 1848, Nimmo acknowledged in a letter to London, dated March 17, 1848, that £18„15„-- had been paid on his behalf to the society. [664] Assuming this was the premium for the full one-half of Nimmo's £3000 security as manager, it would have constituted a premium of 1.25%. The British Guarantee Association which Nimmo was obliged, in the end, to use cost him £20 [665]--a premium of 1.33%! This extra cost was objectionable to his successor--particularly as the salaries in Berbice, discussed later, had been reduced. Barnes wrote the directors on April 2, 1850:

> "Regarding the increase of my own Bond from £2000 [for accountants] to £3000 [for managers] if the Court insist upon it I should feel obliged by your arranging the same with the Guarantee Society, when the present Bond requires renewing which will be in the course of a few months. But as this payment to the Guarantee Society comes rather heavy upon me the Court will perhaps take into consideration the reduced amount of business done and the smaller salaries received, and allow the matter to rest as it is for the present." [666]

The directors were sympathetic to the burden upon their employees. At the general meeting of July 5, 1853, in answer to shareholders who asked why more securities were not being taken from societies

> "... as offering better security than private parties. The Chairman explained that... a great many of the Officers and Clerks had given Security through the Gurantee Societies; but where young men had solvent friends who were willing to become their Sureties, the Directors did not think it fair to tax them by obliging them to pay a Society." [667]

In a subsequent letter dated June 17, 1850, Barnes thanked the court for accepting his lower security as manager. [668]

The unpopularity of the security schemes with both management and employees was not its only weakness. When put to the test, the securities proved often to be uncollectable and useless.

The guarantee society did in fact pay £3000 for the frauds of E.J.T. Daubaignon in St.Lucia. [669] But in the other large defalcations the bank discovered legal obstacles to its claims on the sureties.

The bank found, for example, it could not claim against the sureties of the Barbados managers, Murray and Malassey, for negligence which had occasioned the most famous of all the Colonial Bank frauds--the robbery of £12352* [670] from the Barbados branch. The robbery had been committed over a period of eighteen months before being discovered at the end of 1843. The attendant publicity made it impossible to contain the news and

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*Footnote: £10812 lost + 1540 paid by the bank to John Scaly, the Solicitor-General of Barbados to prosecute [671] the thief, H.P. Thomas who had been appointed clerk at Barbados on June 15, 1837 [672]; promoted on Dec. 31, 1839 to cashier [673]; and on Aug. 10, 1842 to accountant in Barbados [674]

news and the directors promptly informed the shareholders at the general meeting of Jan. 2, 1844. [675]

> " The property stolen consists of Colonial Bank Notes; [which in his testimony at the trial, reported in The Liberal Barbados of April 13, 1844, Milner identified as part of the $84000 surplus notes he had brought from Trinidad for safe-keeping in Barbados] and the individual charged with the theft is one who has been in the service of the Bank ever since its commencement of business in the colonies in the year 1837; and in whom, from his apparent steadiness and attention to his duties, great confidence was reposed." [676]

Once again the bank's control system had failed to even note the theft, little less catch the thief. Milner linked the theft with Thomas, he testified, "... from the intelligence which he had of his extravagance". [676]

Although the chairman noted that "the mode in which he contrived to evade the checks in operation for the prevention of such occurrences, has not yet been fully reported upon to the Directors" [675], Milner's testimony in court revealed that it was not so much an evasion of the system which had led to the robbery but human weakness the system could not control. Milner testified that the regulations had been followed when the notes were, in the presence of Malassey and Thomas, in March 1842, counted, recorded and deposited in the inner treasury. Furthermore, the rule of double custody of the keys of the inner treasury (to be held by the manager and cashier separately [677]) should have made it impossible for an individual to enter the treasury alone. These safe-guards however depended upon the vigilance of these officers--the weak element in the system.

> "Mr. H.P. Thomas... obtained possession for a short time, of all the keys of the Treasury and took out several bundles of new notes from the box in which they were kept and substituted bundles of newspapers.... In the meanwhile he had forged the signatures of Mr. C. Malassey and W.M. Cromartie and by sending an accomplice of the name of Thomas Rebitt down the islands in a small vessel, calling at each and there changing a portion of them into specie he succeeded in obtaining cash to the extent of £10816. The law expenses attending his prosecution amounted to £1540.- In April 1844, he was convicted and sentenced to imprisonment [according to The Liberal Barbados, "the jury retired for a half-hour and returned with a verdict of 'Guilty'. Sentence of two years imprisonment with hard labor [sic] was passed by the Chief Justice...." [676]] but he contrived to escape in the June following and left the island: he ultimately returned and died there not many years ago in great poverty." [678]

Given the human causes for the robbery, the court referred the case to the solicitor

> "... for his opinion as to whether by any negligence on the part of either of those Gentlemen [i.e., Malassey and Murray] which afforded H.P. Thomas the opportunity of committing the Robbery..., their sureties are liable to make the same good to the extent of their obligation." [679]

Crowder & Maynard advised the directors that it was extremely difficult to prove mala fides against Malassey and Murray and the sureties could successfully counter any move by the bank to sue them. In this respect, the Thomas case defined the limits of the securities taken from staff. Although they may have been applicable to the specific acts of a defalcator, they could not be extended to protect the bank from such negligence as afforded others the opportunity to commit fraud.

Even the former, however, was not as solid a security

as it appeared. In a case in Kingston, Jamaica, which was revealed during the questions put to the chairman at the general meeting of July 5, 1853, and was given publicity in the next day's London Times [680], even the sureties for the perpetrators were found to be unapproachable :

> " Mr. Pickard [a shareholder] asked if security had been taken--the Chairman answered that Security had been taken, but on consulting the Solicitors it was found that the fraud had been committed in such a way as to render it very doubtful how far the Sureties could be compelled to pay, and they therefore advised that proceedings for that purpose should not be taken.-" [681]

Although the exact details of the fraud are not extant, it is possible to make an educated guess from Carpenter's account and the minutes of the establishment committee why the sureties were not available. Carpenter recorded that

> "at Jamaica a series of frauds were committed by Mr. Henry Passley, senior clerk, by which the Bank lost £1170„15„ 0 These were effected by means of false debits and credits, passed through his own and other Current Deposit accounts during the years 1847 to 1852 both inclusive: he was dismissed." [682]

The establishment committee, on the other hand, meeting on April 8, 1853 gave as a reason for prohibiting any officer or clerk from opening an account to "... leave in the Bank any portion of their Salaries they may not require...." the dangers of "... allowing opportunities for a repetition of Passley's frauds". [683]

Passley had most probably opened an account in his own

name and gradually siphoned small amounts from other accounts into his own without changing the overall balance in the abstracts checked by the accountant and/or manager. It was this unchanged balance which the accountant and manager confirmed as correct which discouraged any legal action against Passley. Unlike Trinidad and St.Lucia where the perpetrator had obviously been guiltly of forgery of cheques and/or false bills, in Kingston, Passley's balances were being confirmed by his superiors in the branch who were unbiased assessors of the accuracy of the balances. By their admission, Passley, it could be argued, had committed no error, little less any crime. Once again the only measure the court could take was to dismiss the accountant and manager, after the crime. [684] Particularly, as it became clear that they had also known and failed to report the defalcations of another clerk, A.W. Perkins in 1852.

Perkins, according to Carpenter, simply made personal use of money paid into the bank, either as deposits or for the payment of bills which he was sent to collect. The inspector, George Estridge, had also known of it and allowed it to pass when Perkins offered to make good the losses. The establishment committee recommended, on April 8, 1853, that Estridge also be dismissed. [685]

Like Passley, Perkins' sureties were also unapproachable. Unlike Passley, however, Perkins must have had close friends or family who were embarrassed, since Carpenter noted that other parties had made up the losses. [682] That

the loss was not collected from any surety is given credence by other examples. When J.C. Campbell had stolen £2975 from the Demerary branch in 1847, the bank found it was more certain to recover what they could (£1694) "... from the sale of his furniture &c : and from his wife's property...." [686] than to refer to his sureties. In Dec. 1850 the Demerary branch was found to have been robbed of $5000 in Colonial Bank notes. The porter working at the bank was suspected but nothing could be proved against him or any of the officers. Because no "... evidence to fix it on any individual...." could be found the directors could not recover anything from any of the sureties, however glaring the "... ample proof of such departure from the standing regulations of the Bank, and of such a loosness in the mode of conducting the daily operations of cash...." [687] there may have been. Unable to gain satisfaction from the sureties, they dismissed the accountant and cashier, retaining the manager, Thomas Nimmo, on the condition that he make good the losses from his salary. It is not clear how the directors, or even Nimmo, felt about being made to pay for a loss which could not be charged against any surety, including his own! In fact, after a year and the payment of $2920, the court relieved Nimmo of any further obligations, raised his salary from £900 to £1000, and charged the outstanding balance to bad and doubtful debts. [688] Whatever the justice of the case, it clearly manifested the sterility of securities as a punitive measure, to say nothing about a preventive one.

(6) SALARIES AND OTHER BENEFITS

The salary policy of the bank evoked criticism--albeit for different reasons--from the employees, the shareholders, and even Edward Carpenter. It therefore cannot be said to have been an unequivocable strength. None of these critics however could be said to have been unbiased. Employees, not unexpectedly, felt that they were entitled to more. The shareholders regarded the extravagant costs of management as responsible for their small dividends. Carpenter, in turn, was judging the past by the standards of his day :

> "At starting, the Salaries in the West Indies were much higher in every instance, than it was afterwards found expedient to make them, consequently they were reduced almost immediately...." [689]

The failure of the policy to satisfy each or all of these parties, however, need not necessarily have been an unequivocable weakness either. Seen from the perspective of the bank's objective to attract the best personnel, given the constraints of the labour market at the time, the flexibility and sensitivity to their objectives that is apparent from the archives was an undoubted strength.

The Colonial Bank salaries in 1836 were high by later standards. This was as much due to the fact : that at its commencement, the bank was an unknown establishment without the approbation of the majority of the colonists; that competent and reliable personnel had to be attracted away from commercial jobs

often of their own or in small partnerships; as well as the 1830s boom and high cost of living in the colonies. By the 1850s (when Carpenter became associated with the bank) the bank had established itself as a major employer in the colonies. Furthermore, the steady decline in the fortunes of the West India colonies had lowered salary expectations. The bank consequently, it can be argued, had successfully optimized its needs within the changing market conditions. As such its flexibility was a strength. In turn, the archives also show that this flexibilty was not a mere accident. The bank in fact had a scale of salaries. The strength of the policy lay in the recognition that such scales were arbitrary and not to be rigidly adhered to.

Though not extant, it is clear from the correspondence that one of the earliest tasks of the superintendent, in Barbados, was to draw up a scale of salaries for the directors to consider. [690] Such a scale however by its very nature was an abstraction from the particular realities of any given colony. This, in turn, led to the establishment of salaries which were more than necessary in one colony while inadequate given the particular circumstances of another one. By setting salaries based upon the highest colony, the bank found itself paying more than it needed to in other colonies. The directors, for example, realized that they needed to offer only £1500 to employ the managers at Barbados and Jamaica but were paying an extra £500 per annum because salaries in St.Thomas had raised the scale of salaries for managers of principal branches. [691] Setting the

scales at the lowest level or below prevalent standards in a colony also caused problems and dissatisfactions. Rose argued, for example, that the scales based upon the islands surrounding Barbados were out of line with the realities in British Guiana.

> "I would respectfully submit that the officers at this Branch taking into consideration the great expense of living are not so well paid as those in the Islands--it is impossible for the Accountant or Cashier to save a shilling on their present Salaries and I do think the Court ought to allow them £600 each per annum." [692]

> "With respect to the Accountant and Cashier, they [the directors] seem to be under some misapprehension as to the justice of their claims--in place of being put on a footing with the officers in Barbados and Trinidad--if justice is done them, they ought to have about 25% more than at either of these Establishments and <u>then</u> this would not be so well off.- The Acc^{t} [sic] and Cashier of the Guiana Bank receive each more than £600 per annum." [693]

£600 was more than twice the salary forseen, by the superintendent's scales, for accountants (£250) and four times that of cashiers (£150). [694] Rose was the first to appreciate the impossibility of such demands. His letter of July 3, 1837 sought sanction from the court to pay Campbell (the accountant) £350 and Nimmo (the cashier) £250. [695] These salaries he justified, at length, in a subsequent letter to the directors dated July 31, 1837:

> " I observe what you state respecting the Salaries of Mr. Campbell and Mr. Nimmo and that they had been fixed on a scale drawn up and sent home by Mr. McChlery. These Salaries might be sufficient in Barbados where all the necessaries of life cost about one third of what they can be procured for here--in this Colony they are quite inadequate. No person of respectability will accept a situation for such remuneration--I shall state what the Board Lodging and

Washing and Medical attendance costs a young man here

Board and Lodging exclusive of liquors per month	$55
Beer a Bottle per diem [i.e., day]	7.5
Wine 1 dozen per month	12
Washing	$83.5[sic]

per month or $812 [sic] per annum. This is exclusive of a servant. Mr. Nimmo who goes as economically to work as it is possible for any young man to do informs me that his Board Washing and Lodging costs him $650 per annum being only $350 for all other expenses including Medical Attendance which is $36.67 per annum. Mr. Campbell gave up a situation Sec^{y} [sic] to the Board of Police now Clerk of the Town Council which gave him $1866.66 being $186.66 more than the Salary which I agreed to give him--the only inducement for his accepting the situation was his being an old friend of mine and my giving him the use of the Bank Premises.

In an Establishment like this it is of great importance to have persons of respectability in it and I consider myself extremely fortunate in having secured Mr. Campbell and Mr. Nimmo. I trust the Court of Directors on reconsidering the subject will see that the Salaries I have fixed $1680 for Mr. Campbell and $1000 for Mr. Nimmo are reasonable--Mr. Campbell is known and respected by the whole community--and I consider his services to the Bank are worth much more than I have named--Mr. Nimmo is also a most valuable young man--quite competent to assume the Accountant's department--indeed he has done so already during Mr. Rennie's indisposition--I would respectfully take leave to refer the Directors to Mr. Henry Bruce of the House of Rennie Bruce & Co. [Henry Bruce was a shareholder and director from 1846-1864] for a confirmation of my statement in regard to the Expence of living and the rate of Salaries paid to young men in stores--and the advantage of employing persons of respectability." [696]

This letter is significant in that it links salaries to both the costs of living as well as the alternative remuneration for similar jobs, in the colony. But even more significant is the fact that notwithstanding an established scale of salaries the directors recognized that each case had to be seen against its own set of circumstances. The directors agreed, on Sept. 12, 1837, to make exceptions for British Guiana. [697]

This flexibility was not limited to geographical differences alone. The directors were also sensitive to changes in the labour markets, within a colony, over time. The fact that the Colonial Bank had started from a high scale of wages did not exempt her from the natural demand for raises as the business of the bank appeared to be steadily improving between 1838-1842. Rose, for example, took up the matter with the secretary in London again on Oct. 15, 1838 :

> " I have to request you will be pleased to bring under the notice of the Court of Directors the Salaries of the officers of the Bank here--in your despatch of the 15th March 1837 you stated that the Court would take this subject into consideration when the affairs of the Bank were such as to warrant an increase of Salary. ....And I trust the Directors have had sufficient experience of my zeal for the Interests of the estab^{t} [sic] to warrant their increasing my Salary. I think the operations of the Bank for the present half year will be such as to give satisfaction--trusting the Court of Directors will take this matter into their favourable consideration." [698]

An idea of the response the directors may have given such an application can be discerned from a consequent letter from Rose to London dated Feb. 9, 1839.

> " I note what you state on the subject of Salaries and feel satisfied that the Court of Directors will, at the earliest period they can with propriety increase them, do so--" [699]

Pressure for increased wages was also brought upon by the formation of new banking companies who also sought reliable and competent personnel. The West India Bank, for example, advertised that

" The officers of the West India Bank will, it is anticipated, be placed on a similar footing, with regard to Salaries and duties, as those of the Colonial Bank...." [701]

The correspondence committee minutes of Oct. 30, 1840, for example, suggest that the bank was prepared to reconsider a raise, even after it had been approved, and raise it even further, when necessary :

" The new arrangements made by the Directors on the 1st. Aug^{t} [sic] last respecting the Salaries of Officers at Antigua having occasioned representations from the Accountant and Clerk at that Branch shewing that further change is necessary the Secretary is instructed to acquaint the Manager that the arrangements of the 1st. Augt are rescinded and requesting him to furnish them with information respecting the ages and previous occupations of the Accountant and Clerk and whether they devote their whole time to the Bank telling him that when they are in possession of his reply they will come to a final determination respecting the Salaries of himself, the Accountant and Clerk." [701]

That this was not an isolated case is clear from a resolution in the court minutes of Feb. 23, 1841.

"A Committee was appointed... to take into consideration and report to the Court upon sundry applications from the Branches for increase of Salaries...." [702]

Although neither the minutes nor the recommendations of that committee are extant, the court meeting on May 11, 1841 continued to show a sympathetic attitude to salary increases in the branches:

"At the recommedation of the Inspector It was Resolved that the Salaries of Junior Clerks to be hereafter appointed at Kingston Jamaica be not less than £150„-- Stg [sic] per ann: [sic]-" [703]

Only by paying the market wages could the bank ensure its continued ability to attract the personnel it needed.

Market changes had a time-lag before being reflected in the salaries paid by the bank. Once established employees' salaries could not be reduced--unless they agreed or volunteered to accept such, as seen below. Otherwise the market changes contributed to the cost savings of the bank only when (and if) changes were made in the offices and/or vacancies arose. It was therefore not as easy to reduce the costs of management by lowering wages as the shareholders suggested.

On the other hand, it was only possible to hold wages constant where turnover was very low as in the London office. Unlike the officers and clerks in the colonies, the non-clerical staff in London (which included the secretary, his assistant, the chief-accountant, and his assistant), had no opportunities for promotion and/or job changes. Although their salaries reflected similar work in London, they had few opportunities for a raise. The secretary, Charles Calvert, was formally employed on Feb. 23, 1836 at £700 per annum [704] rising in 1839 [705] to £1000 per annum. The chief-accountant, Robert Wight, on the other hand, was employed on Nov. 10, 1836 at £600 [706] rising to £700 per annum in 1841 [707]. His assistant employed on March 1, 1838 at £150 [708] was given a raise in 1841 to £200 per annum.[707] The assistant secretary began at £200 per annum [709] and received no rise until 1846 [710] when his salary was raised to

£300. When Carpenter was appointed assistant-secretary in London, in 1856, his salary was still only £300 per annum [711] unchanged since 1846.

Even when it was possible to reduce salaries, the magnitudes were often not large enough to make perceptible differences, for example, to the bank's ability to pay dividends. This, then, could hardly be construed as a unequivocable weakness in the policy.

It was not until the outcries from the shareholders in 1843 and the nil dividends of 1844 that the directors were forced to take any action to reduce wages in the branches. The court minutes of Dec. 17, 1844 recorded that "Mr. Bruce gave notice that it was his intent to propose on the 14th January next certain Resolutions relative to a reduction of salaries in the West Indies". [712] The establishment committee meeting began, the next day, to prepare for the Jan. 14th meeting by an appraisal "... into the Salaries paid to Officers and Clerks at the Branches with the view of ascertaining if any and what reductions could be made...". [709] Their appraisal on a branch-by-branch basis however revealed the entrenched difficulties the bank faced. With the exception of Demerary, where Rose had voluntarily accepted a reduction in his salary from £1500 to £1200 per annum, and Montego Bay, where the accountant was discovered to be earning £150 more than the going wage of £250 , no changes were possible until vacancies opened up and new managers were promoted. In a majority of the minor branches the

committee noted that

> "so long as it shall be deemed expedient to retain Branches in these Colonies, the Committee see no room for reduction either in the number or salaries of Officers." [709]

Furthermore, it was painfully clear from the committee's analysis that even where savings were possible, the sum was not substantial. Like the £200 saved in Demerary, another similar savings could be made by reducing the superintendent's salary from £1400 to £1200 on the grounds that

> "... Mr. Milner is now relieved from the necessity of travelling from place to place, and that his salary was originally fixed at £1400 on the understanding that it comprised his travelling expences as Inspector General of Branches." [709]

Altogether an immediate savings of £550 (£200 + 200 + 150) per annum was possible. The savings from cut-backs on the passage-money, made available to officers and clerks who were sent out to the colonies and moved from one branch to another, were also negligible--such passage money seldom exceeded £100 per staff. The principle however was more important here than the amounts in question. The bank could not be seen to be encouraging extravagance or abuse of its supplementary benefits.

It was clear, for example, that the movement of officers and clerks on bank business would require compensation. This was brought to the attention of the directors in one of Thompson's letters from Antigua, on Sept. 2, 1837 . [713] The bank regarded such expenses as its responsibility. The

question however of what accounts, or more accurately whose accounts, such expenses were to be charged against was not settled until the establishment committee meeting of Aug. 10, 1842.

> "In all cases of removal of officers or clerks from one Branch to another the Bank will pay the expences of passage, an amount of which to be furnished to the Manager of the Branch at which the party arrives.- The Salary to be paid by the Manager of the Branch from which a party is removed to the period of his departure, his new Salary commencing from the same period." [714]

Before 1843, furthermore, the bank appears to have been generous with the associated personal costs of being moved long distances. This however was one of the first cut-backs during the cost saving measures adopted after 1843. The establishment committee meeting of March 24, 1843 laid down the exact extent to which the bank would henceforth be responsible.

> "The Committee recommend that in cases of removal from Branch to Branch where the removal is accompanied by an increase of Salary, the passage money of the Officer or Clerk by steamer be allowed, but nothing more.--When there is no increase of Salary, the passage money by steamer and such extras as the Inspector shall consider reasonable. Mr. Milner being authorized to make such allowances but without reference to Families as the Bank cannot recognize the distinction." [715]

The bank also discovered in 1853 that this fringe benefit was being abused by individuals who sought employment as a clerk solely to pay their passage to the colonies. The court minutes of March 22, 1853 resolved

> " that in future all Clerks sent out to the West Indies from England be required to give letters undertaking to return the sums advanced to them by the Bank to defray the expenses of their passages, in the event of their voluntarily quitting the service within two years of their appointment." [716]

More substantial reductions had to await a vacancy in the office before being feasible and implemented.

Given such severe constraints, Carpenters insinuation that the directors had not managed their salary policy efficiently is less tenable. The fact that they had paid high salaries and not reduced costs may well have been because it was impossible to do otherwise and even where possible would have made only insignificant contributions.

It was not until 1848, for example, (i.e., 4 years) before a vacancy opened up in Demerary. The court minutes of Oct. 31, 1848 recorded the appointment of Nimmo to succeed Rose with a saving in the salary of £400 per annum (from £1200 to £800)! [717] Remarkably, even Nimmo himself was happy with the reduction. He wrote the directors on Dec. 16, 1848 when the above resolution of the court had reached him that:

> " I received just as last Mail was closing the Court's despatch of the 1st November announcing my appointment as Manager at Demerary in the room of Mr. Rose who has resigned.
>
> ....
>
> I am obliged by what you say on the subject of salary; no one feels more convinced than I do of the absolute necessity of keeping the expenses of the Bank within the narrowest possible limits, and I cheerfully submit to the reduction that has been made in the salary of the Manager at Demerary being quite satisfied that the Court will raise the salary should circumstances at any further period justify them in doing so." [718]

But not all the officers were prepared to accept such a state of affairs. When Nimmo was promoted, the vacancy, in Berbice, was offered to the accountant Barnes at £350 per annum--one-half the salary paid to Nimmo. [719] He had applied for a raise as an accountant from £300 to £350 in July 1846 to be turned down by the establishment committee who regarded his length of service as being still too short. [720] To be offered the same salary, three years later, as manager was unacceptable. He was supported in this by the superintendent [721] as well as the inspector whose report on the branch dated June 9, 1849 noted that

> "I fear however that this [i.e., £350] is scarcely adequate not only to the increased responsibility but to the increased expense attending Mr. B's [sic] promotion. I would recommend that £400 be allowed." [722]

Barnes himself also appealed directly to the directors on June 8, 1849:

> "Sir
>
> The Court will have received ere this reaches you, Mr. Milner's recommendation that I be appointed Manager of the Berbice Branch at a salary of £350-. I cannot feel otherwise than gratified by the confidence thus reposed in me and I can safely say that no one has greater cause to be satisfied with his progress in the Bank than I have with mine--These feelings make me the more unwilling, what at the same time candour compels me, to state, that I cannot fill the situation with justice to myself and credit to the Bank at the salary named--On my salary as Accountant for more than the last three years, I have been just able to live respectably, the small increase contemplated by Mr. Milner would by no means meet the additional expense which as Manager of the Bank, I would unavoidably be put to. I think Mr. Nimmo would corroborate this--Under the present depressed state of business in these colonies, I would expect but a small salary, but I hope it will be such as to

meet the additional expense to which I shall be put--I send this letter through Mr. Milner that he may report upon it and I also send a copy to Mr. Nimmo that he may make any remarks to the court he may think proper.

I am, Sir, your most obedient servant

signed RB Acting Manager"
[723]

No doubt, its success, noted by Barnes [724], on Sept. 3, 1849 was justified. It however manifested the difficulty the directors' faced in seeking to restrain salary increases. Entertaining special exceptions, furthermore, did away with the comparative differentials between the various offices. Soon after Barnes' increase, Nimmo submitted his case to the superintendent. The court minutes of March 12, 1850 recorded :

"The Chairman having brought under the notice of the Court a private letter from Mr. Nimmo, the Manager at Demerary, which had been placed in his hands by the General Superintendent Mr. Milner, to whom it was addressed, wherein Mr. Nimmo mentions that his present Salary (£800 per Ann [sic]) is <u>really</u> £100.- less than he had in Berbice (£700 per Ann) and that it is not very encouraging after 13 years service to find that he has, as Manager, only £200 per ann: [sic] more than Mr. Rennie had as Accountant at Demerary." [725]

Nimmo's request was passed to the establishment committee who were prepared to award him £100 "... as a mark of the court's appreciation of the zeal and ability he had displayed since he took charge of the Demerary Branch...." but left any further increase until "... circumstances will permit". [725]

The remuneration to the directors and auditors was an exception. Here the market forces were weaker and larger

substantial cuts could be made without jeopordizing the continued services of the personnel.

According to the bank charters, the directors and auditors salaries were not within their control and therefore not a part of their salary policy. Provision for the costs of the court and remuneration for the directors and auditors were ostensibly left to the discretion of the shareholders at the general meetings. This, however, was more of a formality than it appeared. A detailed study of the archives clearly shows how much ultimate control the directors in fact excercised over their own remunerations. This was strategically significant because these salaries would have been the first and most convenient adjustment to make in management expenses at a time of low profits. Unlike the other employees of the bank, the directors' services were not solely in exchange for a salary. They had an equity stake in the continued operations of the bank. The directors of the British Guiana Bank, for example, were happy to forego their salaried claims upon the bank. As shareholders, they were prepared to work for the growth of their company, taking their remuneration in terms of capital growth. The minutes of their general meeting held on Jan. 24, 1838, extant in the PRO, recorded that :

> " It was moved by John Pearson, Esquire, and seconded by W.E. Pierce, Esquire:
> 'That this Meeting records its cordial thanks to the Chairman and Directors of the Bank for their zealous and successful exertions... and as some remuneration for such Services , and to meet the expenses they have incurred, this

> Meeting places at the disposal of the Court of Directors, a Sum of f14,000, to be paid out of the reserved Profits of the Bank.'
>
> On the foregoing motion being made, the Chairman stated, that on behalf of himself and Co-Directors, they returned their acknowledgements for the proposed Vote of thanks; but declined altogether for themselves, to receive any remuneration for their Services; the motion was amended accordingly, and carried nem.con." [726]

The directors of the Colonial Bank (though not prepared to go so far as this) were also sensitive to the claims they were making upon the retained earnings of the bank during bad times. This would explain why no move was ever made at the general meetings of the Colonial Bank to reduce the salaries of the directors and/or auditors. The focus of attention during the outcries was always directed at the salaries of officers and clerks. No doubt seems to have existed that the directors would forego or reduce their salaries during hard times. The archives reveal that though the Colonial Bank directors were not prepared to forego all their remuneration, they were happy to reduce them during bad times. Although at the general meeting of July 2, 1839

> "it was Resolved unanimously....
> That the sum of £3,500, be placed at the disposal of the Court of Directors, as a remuneration for their services during the year 1838 and that the same sum be annually placed at their disposal for the same purpose.-" [727]

and the meeting of the court on July 9, 1839 had divided the amount as follows :

Chairman	400			£400
Deputy-Chairman	350			350
Each Director	200	x	13 =	2600
Each Auditor	50	x	3 =	150
				£3500

Carpenter [728] reported that the directors had voluntarily reduced their salaries by 50% as soon as the bad debts were reported for 1842. The internal profit and loss accounts, extant after 1845 and against which the salaries were charged every half-year, corroborate this. They are summarized in Table 45 below. The annual salaries for 1845 and 1846 were one-half of the amount accorded by the shareholders. After 1848, they vary from year to year but can be seen as deviations (due to fines imposed by the court for non-attendance at meetings and other duties, etc. [524]) from £2625 or three-fourths of the £3500. Obviously, the directors had in 1847 hoped to be able to once again draw £3500. After 1848 they had to settle for three-fourths of their allowances. Interestingly, this £3500 in 1847 had slipped unnoticed by Carpenter who claimed that £3500 had not again been drawn until 1857. Juxtaposed against the discussion of bad debts in the last chapter (where the bank wrote-off a large amount in 1846 only to be burdened by more after 1848), it is easier to understand not only why in 1847 (when the results of 1846 were published) the directors may have felt they deserved a return to the full salary but why in 1847 (with new debts mounting) they had to revert to a three-fourths scale in order to reduce management expenses. Their control over their salaries was a advantage in doing so and showed the directors salary

TABLE 45
DIRECTORS AND AUDITORS SALARIES
CHARGED AGAINST HALF-YEARLY
PROFITS AND LOSSES
OF THE COLONIAL BANK
1845--1856
£ [729]

YEAR	JUNE	DEC	ANNUAL TOTAL
1845	875	875	1750
1846	875	875	1750
1847	1750	1750	3500
1848	1237„10	1331„5	2568„15
1849	1237„10	1312„10	2550
1850	1293„15	1281„5	2575
1851	1293„15	1293„15	2587„10
1852	1293„15	1293„15	2587„10
1853	1293„15	1293„15	2587„10
1854	1293„15	1293„15	2587„10
1855	1293„15	1293„15	2587„10
1856	1218„15	1293„15	2512„10

policies to have been a strategic strength instead of the weakness alleged by some shareholders at the general meetings.

While not necessarily as generous as their employees would have been pleased to see nor feasible as a cost saving measure, given the small magnitudes allowed by the labour market, the bank's salary policy was flexible enough to change with the market conditions. This flexibility, from the perspective of attracting the needed personnel at the going market wages, was a strategic strength.

P A R T D

S U M M A R Y

CHAPTER IX

SUMMARY

The preceding chapters have looked at the underlying strategic elements in the management of colonial banking, by studying the opportunities/threats and strengths/weaknesses of the West Indian chartered banks and the Colonial Bank, in detail.

Part A was devoted to a discussion of the salient opportunities and threats facing the prospective colonial banking company. Following an introduction in chapter I, chapter II focused upon the opportunities in colonial commerce in the mid-1830s. Sample alternative rates of return available from capital investments in England and the colonies suggested why an opportunity had existed for banking in the colonies. Before the emancipation of slavery in 1833, mortgages upon colonial property (i.e., plantations, etc.) were the major investment opportunity in the West Indies. The abolition of slavery and the growth of a moneyed economy brought about new commercial opportunities which, in turn, gave rise to a demand for banking services. Two of these opportunities were of strategic importance to colonial banking companies : discounting and the exchange business. While discounting was constrained by the usury laws to rates of of less than 6%, the exchange business was a more lucrative opportunity. The 1837 gross margins, for example, in Berbice for 90 d/s bills on London sold (2.37-3.19%) or bought (1.95-2.87%) were clearly attractive opportunities relative to the rates of return from

capital investments, such as the open market rate (1.11% on a quarterly basis) or the bank rate (1.25%).

These opportunities, however, were not without risks. The major threats to the colonial banking companies operating in the colonies were to be found in : their geographical distance from England which gave rise to both physical risks as well as difficulties for managerial communication and control; climatic threats both physical as well as the risks to colonial commerce (particularly the agricultural exports of the colonies) and thereby the revenues of the bank which were, inevitably, tied to them; and the risks inherent in the nature of colonial commerce itself--legal obstacles to debt collection, unreliable protection for colonial exports in their markets in Britain and the highly speculative nature of colonial busines which made each firm highly susceptible to failure, bringing down those interconnected with it.

Chapter III focused upon the opportunities and threats in the anomalous state of the colonial currency. The state of the colonial currency was best characterized as

--consisting of too many varied forms of money, and

--not enough of any one to form an effective circulating medium.

This, in turn, presented the colonial banking company with an opportunity to buy and sell the varied types of money, particularly if and when they had intrinsic value as bullion or specie. These opportunities were more within the interests of bullion merchants than proper banking companies. Furthermore the

c.i.f rates of return for buying and selling silver dollars, for example, show that selling bills on London (the exchange business of a banking company) was more profitable than to import dollars from England to the colonies. Exporting dollars furthermore was a sub-optimum strategy for a colonial banking company. It led to a shortage of specie, raised the rate of exchange, hurt the colonies terms of trade, and thereby the colonial exports on which the bank's revenue was based.

The anomalous state of the colonial currency threatened the bank's reserves, placing its ability to repay deposits at risk, lowering its profitable circulation of bank notes, and diminishing its resources for discounting.

Currency reform was espoused by the colonial banking company. But without the efforts of HMG no colonial institution was capable of imposing its will on the colonial economies. That HMG was unwilling to do anything made the risks of the anomalous state of the colonial currency a major constraint to the success of colonial banking companies.

Chapter IV was devoted to a study of the support and opposition to banking companies in the colonies. From a purely marketing point of view, the prejudice and ignorance of the colonists threatened the successful exploitation of the opportunities discussed in the previous chapters. On the other hand, the approbation of HMG was strategically important for obtaining the special privileges only she could grant, such as limited liability, the right to issue notes, etc. HMG was also

the only lender of last resort to which the colonial banking company could turn. Finally, both HMG and the colonial governments constituted a potential customer for the colonial banking companies--to service their needs which included revenue from customs, taxes, as well as expenditure for military purposes, etc.

The banks needed to do more than to merely secure the privileges of a Royal charter from HMG. It was just as important to bring these privileges to the attention of the colonial governments, where the bank's operations were located, before they could be enjoyed or receive the assistance and/or protection of the government from unchartered competitors.

The chapter began with a look at the attitude of the public to banking, in general, and their particular hostility towards a non-indigenous bank based in London. The Colonial Bank responded to this threat by launching upon a marketing and promotional campaign to win over, monitor, and sustain the approbation of the colonists.

Hostility to the bank was not confined to the colonists. The account of the governor and the local legislature of British Guiana were a detailed case-study of the strategic threats the lack of such approbation implied. The public officers in the colony were the only strata in the colonial government to cooperate with the bank and patronize it. The underlying reasons for this exceptional behaviour were to be found both in the fact that the objectives of these officers

coincided with those of the bank as well as the interesting personal incentives provided by the bank to attract such officers.

Finally, the chapter focused upon some of the underlying explanations for the varied attitudes held by the different departments in HMG which were either an opportunity or a threat to the successful operations of a colonial banking company. The Colonial Office, for example, enthusiastically supported the Colonial Bank and aided its operations. In marked contrast, the Treasury, particularly under the Chancellor of the Exchequer, Spring-Rice, was hostile and posed a threat to the progress of the bank.

Having discussed some of the salient opportunities and threats in the external environment, Part C turned to the internal strengths (weaknesses) which enhanced (hampered) the bank's successful exploitation (avoidance) of these opportunities (threats).

Chapter V focused upon perhaps the most important internal strengths and weaknesses of chartered banking companies--their Royal charter. The privileges endowed by HMG upon chartered banking companies, such as limited liability, the right to issue bank notes, etc. were clearly strategic strengths while rules and regulations such as minimum paid-up capital, redemption of notes in specie, territorial limitations ,limited corporate life-spans, etc. were weaknesses.

The relative ease with which capital could be raised in London for investment in the colonies was, no doubt, a strength arising from the possession of a Royal charter. Raising capital, in itself, however, was far from a certainty in mid-nineteenth century Britain and/or her colonies. The Colonial Bank archives reveal the underlying strategic reasons why it was difficult even with a Royal charter.

Chapter VI was devoted to the strengths and weaknesses of multi-branch banking. The archives of the Colonial Bank enabled an estimate of both the direct (the capital outlays) and indirect costs (losses and write-offs due to the closure) of a network of branches and agencies. These estimates, in turn, suggested why it was easier to open new branches and agencies than to close them down. Finally, using the extant financial accounts of the Colonial Bank, the chapter attempted to estimate the synergistic strengths of multi-branch banking. The majority of the branches made positive contributions to the bank's intercolonial orders (both business and private transfers) business. Furthermore, multi-branch banking was a strength in capturing government business--such as that of the military Commissariat in the West Indies. These strengths, however, were limited to operations within the British Empire. Branches outside the empire were exposed to : arbitrary laws against which the bank had no recourse; threats to its personnel and assets; and the risk of being unable to collect its debts in a hostile foreign judicial system. The Colonial Bank experienced

all of these weaknesses in its operations in Venezuela. Furthermore, while synergistic strengths appeared to exist for certain operations, the extant accounts revealed diminishing returns in revenue from an increasingly larger network. Expanding a multi-branch network could not be relied upon to continue to make a positive contribution to revenues.

Chapters VII and VIII focused upon the control system of the bank--both managerial as well as personnel. Chapter VII studied the outline of the formal corporate hierarchy, information flows, and accounting system of the bank. This, in turn, enabled a most interesting look at the strategic control over disclosures--of bad and doubtful debt--such a system gave the bank for dividend purposes, for tax purposes, and to instill confidence in the shareholders and the general public.

Chapter VIII discussed the human strengths and weaknesses. Eminent directors were both a strategic strength as well as a potentially embarrassing weakness--as customers. The same could also have been said about the officers and clerks. The latter, however, unlike the directors were employed by the bank. Their various defalcations highlighted the inherent weaknesses in the bank's controls. For example, the bank's failure to enforce its 'holidays and leave of absence' regulations allowed--if not encouraged--some of these frauds. Neither was the security taken from staff very reliable. The chapter shows that there were legal limitations aside from the ability of any of the sureties to pay. Finally, the chapter

concluded that little evidence could be found in the archives of any premeditated policy for hiring, promotion, and/or salaries in the bank. Even where evidence of one was suggested, its significance was diminished by the exceptions which the directors continously made to it. The only thing to be said for such an ad-hoc policy may well have been its flexibility--the chapter showed that even this flexibility was constrained by a time-lag. Given the extant evidence, the bank's personnel policies appeared to have been more of a weakness than a strength.

P A R T E

N O T E S

APPENDIX
FOR SOME OF THE ORIGINAL SOURCES
CITED IN THE TEXT
BY ORDER OF CITATION

39 "... The Colony of Trinidad stands apart and distinguished by certain most important advantages of situation and Commercial Intercourse from all other the British Islands in the West. Closely approximating to the great neighbouring continent, or to that part of it, which is yet called the Spanish Main, with a short and secure Navigation thither at all seasons of the year and to vessels of every size, an extensive export Trade in British Manufactured Goods is constantly carried on by us extending from as low as Barcelona and the Island of Margaritte without the Gulf, from the surrounding country within, and from the Orinoco at its Mouths almost to its sources. The principal Depot on that River to which our shipments are made is the old and populous town of San Tomas de Augostura, and from thence and the Shores within the Gulf, the Returns are received in Mules, Oxen, Cotton and Hides, and the Balance in Doubloons; whilst from without, the Returns are in Doubloons only."

44 " In 1839 the great change from a state of slavery to freedom, having deprived the proprietors of a command of labour, sufficient to keep up circulation, distress was most severly felt; the Merchants of Great Britain who had supported the West India land owners, found themselves called on for additional advances, where they had been promised a return of their capital, while their friends who formerly kept balances in their hands, required not only all their own means, but further assistance. This same British Merchants who had capital remaining invested elsewhere, feared to give, others were unable to afford it, and others very shortly after were unable to continue their original advances or to repay the balances which they held of their West India friends, and parties previously not in the West India trade, were deterred from entering into it, so that properties clear of debt were unable to obtain credit sufficient to keep up cultivation on the strength of their crop, + in all of the Islands, this [i.e., Barbados] alone excepted (from the population being great in proportion to its extent) a Sugar Estate once out of cultivation, was considered of little or no value."

" Among its unavoidable results (in addition to the dissipation of all fears fo negro rebellion) must be enumerated the adoption of a totally different system of cultivation. While slavery existed, the clothing and other supplies were imported from England by the proprietor, and the produce exported, without, in either case, distributing in England the proceeds of the crop, or the bare expenses of production. It is evident, however, that whatever may in future be the ultimate value of the produce, the payment of wages in lieu of clothing and supplies must bring about a much increased circulation.

....

By sale and partition of such large estates (now owned by absentees) as cannot from many causes be profitably worked under the new system, the number of smaller and resident proprietors will be greatly augmented while the practical planter, no longer obliged to incur the heavy outlay of capital in the purchase of negroes... [will have to pay wages and, therefore, will need operating capital or financing].

....

In bringing our inquiries to bear more immediately upon such a project [i.e., establishing a bank in Jamaica], we shall find a concurrence of facilities, rarely met with, to warrant a reasonable and well founded anticipation as to the result."

45 " The British Guiana Bank started into existence, and at once received the decided support of the community, from a general and spontaneous view taken of the want and advantage of such.

From the influx of Capital consequent on the payment of the Compensation Money, there arose a great demand for its profitable investment and security, more especially from many persons, who were either unaccustomed or disinclined to engage in Agricultural or Commercial pursuits on their own accounts. From the same cause, as well as from a succession of favourable seasons, combined with highly remunerative prices, obtained for the staple productions of the Colony, an extraordinary impetus was given to Agriculture; every exertion being used by the increased application of machinery, by stimulating the Peasantry to industry by rewards and payments in money for their labor, and by the immigration of laborers from other countries, in order to reap the utmost advantages derivable from the natural fertility of the soil. Simultaneously, and hand in hand with this state of Agricultural prosperity, Commercial enterprise was excited to meet and supply an increased and unprecedented demand for all articles of general consumption.

Hence have arisen the necessity for, and usefulness in the establishment of a Local Bank...."

56 "You [i.e., the secretary, Charles Calvert] may say, on the principle of argument used in your Letter to me, that business which does not pay is not worth having but in the first place (as I shall afterwards take occasion to shew) Capital invested in the West Indies does pay better than when it is invested by you [in London], and in the second, it is not the mere profit derived from the Interest and Commission that is a benefit to the Bank, but the transactions which customers of the Bank naturally have with it seldom fail to afford it a profit."

57 " In the latter [i.e., colonies], the only way in which Capital, up to this time, could be derived from the local banks was by an application for discounts ...endorsed by two or more of his friends. ...In its very inception it was thus made a matter of delicacy and embarrassment. It compelled him [i.e., the borrower] to disclose his plans to others. It involved the fortune of every man too deeply in the general circumstances of the community. It stood in many cases as an insuperable barrier to enterprise; and frequently led to suspicion and enquiry among the local directors, who, being engaged in active trade, refused the accommodation sought for, and then embraced the speculation themselves."

58 " Many of our Planters require a weekly supply of Cash to pay wages and contigencies on the Estates, and are desirous of being supplied by the Bank.... As some of our Negroes may be desirous of depositing small sums of Money in the Bank I think it might be advisable for us to receive deposits for sums as low as $20 until the Establishment of our Saving Bank now in contemplation."

59 " Until the establishment of the Bank there did not exist in this Colony, a place for the investment of Trust monies under the jurisdiction of the Court of Justice, nor those in the hands of Executors, and Guardians of Minors. These funds (unless they were in any instance of large amount when they were remitted to Europe) always remained in the hands of the Administrators, Guardians or other Trustees, unprofitable, and in many cases hazardous to the Estates in trust. Now... the Bank has offered a secure and advantageous place of investment....

....

As civilization advances among the labouring classes, from the higher value of their services, they will acquire the means, and will naturally be desirous of accumulating money, either for the support of their old age, for the periods of sickness or for the benefit of their families; hence will arize a necessity for the general extension of Savings Banks throughout the District of the Colony."

61 " In the Treasury of the island a chest is kept for the sole use of the Treasurer called the current detail chest, in this all the monies paid into the Treasury + required for the public use + for the purpose of meeting any demands in the shape of current deposits are supposed to be kept."

62 "There was, however, a calamity hanging over the colonies--the cholera had broken out in Jamaica, and if it should spread to the other Colonies, the Bank might in consequence sustain injury--but he [i.e., the chairman, at a general meeting] hoped it was not necessary to anticipate much loss from that circumstance."

63 " It will be satisfactory to the Proprietors to be informed that the Bank Premises escaped damage from the extensive conflagration by which a considerable portion of the commercial quarter of Bridgetown, Barbados, was devastated on 14th February last [1860]; and the Directors consider it due to all the Members of the Branch of the Colonial Bank situated in that City, to bear testimony to the judgement displayed by the superior Officers in the precautions they orginated for the preservation of the Premises, and to the zeal and energy manifested by all to carry out these precautions efficiently.

The Directors are happy to add that, although some of the customers have suffered more or less by the Fire, the Bank will not, as a consequence sustain any loss."

65 " The Directors had flattered themselves they would have been enabled on the present occasion to report an encreased amount of profits as compared with that of the previous half year but the sudden termination of the crop in many of the Colonies at an unusually early period, by an unlooked for accession of bad weather, and its consequent diminuation, had the effect of materially checking the Bank's operations and of decreasing its profits even to a slight degree below those of the preceding six months."

66 " On the 30th November last we drew a Bill No. 35 favor Peter Heywood at 90 days sight £150. Mr. Heywood went to sea the following day in the Brig Alexander bound to the United States and neither vessel crew nor passengers have since been heard of. He had in his possession the 1st and 2nd of the set and the third was sent after him--The latter having reached his mother Mrs. F. Heywood she has returned it to Dr. J^{ns}. Beresford and Mr. Peter Nicolson whom she has apppointed as her Attorneys--they applied to us for a new Bill which we declined granting but in order to facilitate the recovery of the money we offered to advise you of the circumstances and that they have endorsed the third in their capacity as above described, should none of the others appear the set now forwarded so indorsed may be paid."

67 " We regret to inform you that the Conducta which left Guanaxuato in the early part of this month, was attacked in the immediate neighbourhood of that city, by a party of 80 well armed Robbers, and plundered of $23,500.- this success is attributed to the supiness and bad conduct of the escort, who it appears had not even their musquets loaded at the moment of attack--In this conducta we had $7366.4.11 for your account (remitted by the Anglo Mint Company) and at a meeting held at Guanaxuato of the principal remitters, it was determined to make the loss a general average, which has accordingly been done, and the amount declared 6% on the whole amount of the funds."

THE CONVEYANCES USED BY THE COLONIAL BANK BRANCH IN ANTIGUA FOR CORRESPONDENCE JULY--DEC. 1837

69

Date	Addressed To	1st Mailing	2nd Mailing
July 14	Barbados	Steamer Alban	-
15	"	" "	-
21	"	Express Packet	-
21	London	" "	-
22	Barbados	Ship Dolphon	-
Aug. 1	"	H.M. Steamer Eike	-
3	St.Kitts	Packet Lyra	-
9	New York	Halifax Schooner Philistia	via St.Thomas
10	London	Packet Lyra	-
11	Barbados	Steamer Echo	-
10	St.Thomas	H.M. Packet Lyra	-
14	Barbados	H.M. Steamer Carron	-
15	"	" "	-
21	"	Steamer Homer	-
22	St.Kitts	Packet Rein Deer	-
--	-	- -	-
Sep. 2	Barbados	Steamer Echo	Sloop Mary
7	Tobago	" "	-
7	Barbados	" "	-
8	Dominica	" "	-
8	Barbados	" "	-
11	London	Packet Pigeon	-
11	Barbados	Brig 'Sir W Scott'	-
20	St.Vincent	Sloop Goodstope	-
23	Montserrat	Schooner Elize c/o Capt. Ritchard	-
20	Dominica	H.M. Steamer Carron	-
28	Barbados	" "	-
28	Dominica	" "	-
30	London	" "	-
Oct. 3	St.Thomas	H.M. Packet Lord Melville	-
5	Halifax N.S.	Schooner Neptune c/o Capt. Bryer	-
9	Barbados	H.M. Steamer Homer	-
15	London	Packet Briseis	-
17	St.Thomas	" "	-
17	London	" "	-
23	Trinidad	Sloop Never Despair c/o Capt. O'Neal	-
24	St.Thomas	- -	-
24	Grenada	H.M. Steamer Echo	-

Oct.	25	"	"	"	-
	25	Barbados	"	"	-
	31	St.Thomas	-	-	-
Nov.	2	London	Mail Boat	Swordfish	-
	2	St.Vincent	Sloop	Mary & Elizabeth	-
	3	"	Schooner	Emma	-
	4	London	H.M. Packet	Linnett	-
	4	St.Thomas	"	"	-
	13	Trinidad	"	"	-
	17	St.Kitts	Sloop	Beatrice c/o Capt. Brasier	-
	17	London	Packet	Express	-
	18	St.Thomas	"	" c/o Commander Cooke	-
	19	London	"	"	-
	20	Barbados	H.M. Steamer	Carron c/o Commander Owen	-
	24	St.Kitts	Sloop	Victoria c/o Capt. Reape	-
	26	St.Thomas	H.M. Packet	Delight	-
	26	London	"	"	-
	26	Barbados	Steamer	Homer	-
Dec.	4	St.Thomas	Mail Boat	Carrol	-
	8	Barbados	H.M. Steamer	Echo	-
	10	St.Thomas	H.M. Packet	Skylark	-
	10	London	"	"	-
	16	Barbados	Steamer	Allen	-
	20	"	Steamer	Flames	-
	20	St.Kitts	-	-	-
	21	Halifax N.S.	Schooner	Elgirco	-
	22	Barbados	Steamer	Carron	-
	27	London	Packet	Lapwing	-
	30	"	"	"	-
	31	Trinidad	Sloop	Union	-

70 "We regret to find our letter of the 14th [i.e., Sept. 14th 1837] was so long in reaching you. We forwarded it by a private hand who went with the Despatch Boat and promised to deliver it immediately on his arrival. We shall in future put all letters in the Bag [i.e., Post Office Bag]."

76 " In submitting a plan for the establishment of a Bank in the island of Jamaica, it will be well... to glance at some of the obstacles which have hitherto existed to prevent its accomplishment.

....

That the prejudice against the climate and institutions of the island, were sufficient to deter any capitalist from embarking in a project requiring his personal superintendence;...."

91 THE AMOUNT OF STERLING BILLS PURCHASED
BY THE COLONIAL BANK IN BERBICE
AND THE EXCHANGE REVENUE OF THE BANK
1848--1850
IN DOLLARS

DATE	AMOUNT	DIFFERENCE	% <>	REVENUE	DIFFERENCE	% <>
JUN 1848	98792.34			4787.49		
DEC 1848	153633.80			6401.02		
		+54841.46	+56		+1613.53	+34
DEC 1849	111168.88			2978.34		
		-42464.92	-28		-3422.68	-53
DEC 1850	143580.88			3315.66		
		+32412.00	+29		+ 337.32	+11

110 "That Managers whenever they find that Merchants are departing from the regular course of their business by speculations in produce either on their own or on joint account or by speculative purchase of Estates, necessitating a withdrawal of their capital from their business and entailing upon them the finding money for cultivation purposes, such merchants should be called upon to satisfy the Manager that he has ample Capital, apart from his business to warrant such investment or speculation, the circumstances of which should be reported to the Directors and in the event of this surplus of Capital not being satisfactorily proved, our Manager should, at once inform such customer, that his future transactions with the bank will be restricted and all outside accommodation, such as overdrawn accounts or occasional accommodation notes, will be withdrawn."

111 " Since the last meeting of the Proprietors, the Directors have deemed it essential to the interests of the Bank materially to curtail the Business of the Branch in Berbice conceiving that the same was attended with too much risk and not generally characterized by what might be fairly termed legitimate transactions of Trade."

112 "British Guiana
Private or Separate

Government House
Demerara July 15th 1841

My Lord

....

Your Lordship will learn with surprise, that one of the leaders of the Financial representatives, has, in the opinion of most men here, and in which opinion I have full reason to consider, taken advantage of his reputation of power to oppose the Government, to sustain his credit in a system of speculation, not to say fraud, during the time he has been a Financial representative, that has ended by a bankruptcy, to the amount of one hundred and thirty thousand pounds Sterling, unheard of before, in the annals of this Colony. A Bankruptcy in which the poorer classes of traders and agriculturists have chiefly been the victims, and whose number, but for the fortunate delay of the sailing of the 2d May packet from Falmouth, would have been augmented.

Some nine or ten years ago the firm of Troughton and Neurse, became bankrupt here: I have understood, for the 2d time--the sons of Troughton, some time after, set up a store here, while the Father continued to establish himself in London and connected himself with his son's business--the credit of the two houses encreased. The bills of Troughton and Brothers of Demerara, were accepted by the Troughton of London, and vice versa--Bills on England could always be obtained at a cheaper rate from Troughton and Brothers, than from the Banks. The trade flourished, in spite of warnings at times, of prudent men, that the security of the house in London, was very much like a simple note of hand from the house in George Town.

It is fully ascertained that the Troughton's of Demerara knew that the London house would declare itself Bankrupt on the 18th May and that the ordinary sailing of the packet on that day, would prevent the failure being known here, till the following packet--fortunately the packet did not sail on the 18th May, and the news arrived to prevent more mischief--thirty thousand pounds sterling, amount of Bills, for sugars purchased, came back, protested; more were returned by the 1st June packet--and yet to the very last moment before the arrival of the previous packet, the House of Troughton and Brothers were purchasing sugars,

112 drawing bills on the London house for the consignments, or taking money for bills from petty traders.

Your Lordship will readily imagine the dire effects of this failure. Many purchasers of estates, pay down a portion of the purchase money. The rest is on mortgage--to be paid off by produce--The high price offered for sugars by the Troughtons, and the moderate exchange for their bills, enabled them to command the market; the sugars being consigned to the London house formed part of the assets of that house, and in many instances it appears they were handed over to other parties in London, to support the credit of the house, while the Bills, when payments were expected, were sent back debited to the fate of the Demerara house.

In the mean time, the victims calculating on their consignments to obtain money to pay their laborers, find their credit gone, and will probably have to sell their estates.

A case of great hardship has occurred in the course of these transactions--The head of the Firm here, the Financial representative, purchased an estate in Berbice, for which he gave Bills to the amount of sixteen thousand pounds sterling and procured a transport in due form without any lien on the estate in favor of the seller--The bills have come back valueless--The estate falls into the list of Assets for the bankrupt, the seller is ruined.

Petty storekeepers in the Rural districts relying on the position of the Bankrupt entered into partnership with him for their particular stores, confided their profits to him in return for Bills on England,--not only is their money lost, but their stores pass from them as partners of Mr. Troughton, and they are ruined.

....

I have the honor to be
My Lord
Your Lordship's
Most Obedient
Humble Servant
[signed] Henry Light

The Right Honorable
The Lord John Russell

Poets Corner
Confidence and Credit

The day was dark, the markets dull,
The 'change was thin, Gazettes were full
And half the town was breaking:
The countersign of cash was 'STOP!'
Bankers and bankrupt shut up shop
And honest hearts were aching!

When near the bench, my fancy spied
A faded form, with hasty stride,
Beneath grief's burden stooping:
Her name was credit, and she said
Her father, Trade, was lately dead;
Her mother, Commerce, drooping!

The smile that she was wont to wear
Was withered by the hand of care:
Her eyes had lost their lustre;
Her character was gone, she said,
For basely she had been betray'd
And nobody would trust her!

That honest Industry had tried
To gain fair Credit for his bride,
And found the lady willing:
But ah! a fortune hunter came,
And Speculation was his name,--
A rake not worth a shilling!

The villain was on mischief bent,
He gained both dad and mam's consent,
And then poor Credit smarted:
He filched her fortune and her fame,
He fixed a blot upon her name
And left her broken hearted!

While thus poor Credit seem'd to sigh
Her cousin, Confidence, came by:
(Methinks he must be clever,)
For, when he whispered in her ear,
She checked the sigh, she dried the tear,
And smiled as sweet as ever."

116 " That the existing laws of debtor and creditor were, until very recently, in a most unsatisfactory condition, for enforcing regularity in contract.

....

The recent improvements in the law of debtor and creditor [in Jamaica], and the probability that when the facilities of discount were found to keep pace with these improvements, the nearer would be the approach to the bankrupt laws of England."

118 "... it [i.e., the reforms advocated by the Colonial Bank in the debtor and creditor laws] endeavours to remove the bond of confidence which has hitherto existed between the planter and the merchant, and without which the labouring population would frequently have been in absolute want of the necessaries of life, and the planter in many cases utterly ruined."

126 "The continuance of slave trade, in spite of emancipation, and in spite of treaties, is viewed as formidable in two points of view. In the first place, humanity is shocked at the aggravated cruelties that have followed the Emancipation Act, the slave dealers' fear of detection stimulating to barbarities before unknown, and violating the frightful methods of concealing, and in many instances of destroying, the unhappy negroes and, in the next place, the position of our colonies, vainly contending with slave labour, which threatens to absorb the trade in cotton and sugar and every other article of tropical produce, is viewed with serious apprehension. As far as concerns the purposes of the English public, in procuring important articles of consumption at a cheap rate, the body of grocers showed some time ago that much might be effected by an admission of foreign sugars for consumption, but, turning the attention to the colonial, as well as the home interests, it appears that the only way to secure a furtherance of both will be a strenuous and uncompromising endeavour to destroy the slave trade wherever it may be found. The difference of prices at present offers a premium to slave labour, and every plantation return from the West Indies shows a formidable decrease in production, which is regarded with extreme concern by all who remember the same estates in a flourishing condition."

132 " The comparative prices of British Plantation Sugars (of the same quality) at the commencement and termination of the year 1847, as stated below, will shew the ruinous depreciation which has occurred in the value of this principal product of the West Indies; mainly if not entirely caused by the admission to home consumption, of slave grown sugar, in contravention of the pledges to the contrary given bythe Government and the Country through Parliament.

Sugars, which on 16 Feb^{r} 1847 were quoted in Bond 33/. to 42/. per Cwt. on 24th Decr. 1847 were quoted in Bond 19/. to 27/. per Cwt.

In order to estimate the full extent of the depreciation, it is necessary to explain that the charges to be deducted from the above prices remain as nearly as possible without variation. Taking freight, insurance and other charges, therefore to be 6/. per Cwt. 33/. will leave a nett price of 27/. whilst 19/. will leave only 13/. or a fall of upwards of 51 per Cent.

....

With the produce market in such a state, and with the numerous failures which have occurred, Proprietors will not be surprised to learn that many bills have been dishonoured, and are at present in abeyance; from which the Bank must sustain loss, but to what extent it is at this period impossible to ascertain.

....

The Directors cannot conclude this Report without reverting to that measure which, in their judgement, is to be considered as almost the entire cause of the unexampled depression under which the West Indies, and all connected with them are now suffering, viz: The Act of Parliament of 1846 by which foreign slave grown sugar is admitted to home consumption at such rates of differential duty as even now, allow it to be brought into successful competition with British free labour sugar; and by which it will be admitted in the year 1850 [This was successfully forestalled until July 5, 1854. The chairman reported at the general meeting held on July 11, 1854 that from that day slave grown sugar would be imported at the same duty as free grown sugar] at the same rate as British. The Directors do not hesitate to express their opinion, founded upon their intimate knowledge of the operations of that act to the detriment of British Colonial prosperity. That unless the Act of 1846 shall be amended in such a manner as will admit of the cultivation being carried on to a profit, the West India Colonies must be ruined. This has been earnestly represented to Her Majesty's Government by the Directors, and by almost all parties having a stake in the colonies, but hitherto without

132 effect--The Directors now urge upon the Proprietors generally to exert whatever influence they may possess, direct or indirect, to induce Her Majesty's Government to make such a change as will afford that degree of support to British Colonists, against the competitors of foreign slave owners, which alone will have the effect of recovering them from the prostate condition to which that competition has reduced them.

Until some such change as this is effected, the Bank will be compelled, for its own safety, to restrict its assistance to Colonists more and more, the consequence of which must be, a continued diminution in the business of the Bank. The interests of the West India Colonies and of the Colonial Bank are so indentical, that Proprietors in both should combine in their exertions for the promotion of their common welfare."

133 " The private letters from Trinidad... with regard to the general state of affairs it is remarked,--

'Nothing but utter ruin to the West Indies can ensue. Jamaica will go first from its present deplorable state, as reported in the public journals, and by the House of Assembly; Trinidad next, and Guiana last. The smaller islands cannot hold out. If our Government continues to treat the West India islands in the present manner, and either cannot or will not assist us and deal with us justly, why not, before our ruin is quite sealed, give us up, or tell us to seek some other nation, or let us be independent of her...? This is no fanciful idea, but is one which is daily gaining ground, and is spoken of openly. You [in England] can form no possible idea of the distressed state of all classes of the inhabitants; one half of the estates must be abandoned after July. Merchants are giving up their stores and leaving the island, selling off their goods at public auction. A great number of persons are weekly claiming the benefit of the Insolvent Court; and but for some importations of specie from home to two or three first-rate men, we should be literally at a stand-still.

The letters from Jamaica and St.Vincent are also in the same strain."

144 " To the Labouring classes a very great benefit has already been derived from the establishment of the Bank, and the commencement of a pernicious system of payment to them has been put an end to. Previous to the Bank being in operation, the Planters in general found a considerable difficulty in procuring small denominations of Silver coin for the purpose of paying the extra-wages of the labourers--they had often to give as much as 5 p Cent premium to obtain it, and even then not without difficulty, nor in sufficient quantities.

There were also some Planters, who perhaps from necessity, were glad to avail themselves of an easy, and to them convenient mode of settling with workpeople. In consequence of this state of things there was growing up in several parts of the Colony a 'ticket and truck' system, which system it is well known has caused much ill-feeling between Employer and Labourer in the Mother Country, and it is a source of gratification to see, that a means has been devised to render it wholly unnecessary in this Colony. To the Planter, whose necessities may have compelled him to resort to such a mode of anticipating his revenue, the Bank has afforded accommodation and facilities on liberal terms--The Bank now supplies a large number of Estates with such denominations of Currency as they require without charge or premium;"

145 " My Lords request you [i.e., Denis Le Marchant] will also acquaint the Lords of the Committee [of the Privy Council on Trade and Foreign Plantations] that the attention of Her Majesty's Government has been called to the inconvenience that has attended the issue and circulation by the Colonial Government in Jamaica of a large amount of Paper under the designation of Island Checks, without any provision for redeeming the same by payments, in specie or in any other manner; and... the expediency of making arrangements for withdrawing or redeeming these checks has been pointed out by Her Majesty's Secretary of State to the Local Authorities of the Island...."

145 "... there exist in the Colonies of Jamaica + British Guiana Paper Currencies issued by the Local Authorities of those places to a large amount neither of which are convertible into specie on demand and

That the Paper Currency of British Guiana has by Local Enactment been made a legal tender for Debt."

146 "

BY THE QUEEN
A PROCLAMATION

Whereas by our Proclamation given at our Court at Windsor the 14th day of September 1838 We deemed it proper to declare and ordain that throughout the whole of our West India Colonies the Gold Coin called the Doubloon should circulate and be received as being of the value of Sixty four shillings Sterling money of the United Kingdom of Great Britain and Ireland and the Silver Coin called the Dollar should circulate and be received as being of the value of Four shillings and two pence of like--money of the United Kingdom And whereas it is necessary that the Currency rate at which the said Doubloons and Dollars as well as the Coins of the United Kingdom shall circulate in the Island of Nevis should be ascertained and fixed. Now therefore we do declare and ordain that from and after this day the said Doubloon and the said Dollar and the fractional parts thereof and the Coins of the United Kingdom shall be received and taken at the rates undermentioned:--

GOLD--Doubloons	64 shillings					or	£	3	4	0
	144 " currency					or	£	7	4	0
SILVER--Dollar		£	0	4	2	or	£	0	9	4.50
Half Dollar			0	2	1			0	4	8.25
Quarter Dollar			0	1	0.50			0	2	4.13
Eigth Dollar			0	0	6.25			0	1	2.01
Sixteenth "			0	0	3.38			0	0	7.00
Shedee			0	0	0			0	2	0
Half Shedee			0	0	0			0	1	0
GOLD--Sovereign			1	0	0			2	5	0
Half Sovereign			0	10	0			1	2	6
SILVER--Crown			0	5	0			0	11	3
Half Crown			0	2	6			0	5	7.50
Shilling			0	1	0			0	2	3
Sixpence			0	0	6			0	1	1.50
Four Penny piece		0	0	4				0	0	9
Three " "			0	0	3			0	0	6.75
Penny Half " "			0	0	1.50			0	0	3.38
COPPER--Penny			0	0	1			0	0	2.25
Half Penny			0	0	0.50			0	0	1.13
Farthing			0	0	0.25			0	0	0.56

Witness His Honor James Daniell President Administering the Government of the said Island of Nevis Chancellor Vice Admiral and Ordinary of the same &c. &c. &c. this tenth day of December in the year of our Lord One thousand eight hundred and thirty eight.

By His Honor's Command
Thos Slater
Col. Secry

Nevis Decr 11th. 1838
Duly published by beat of Drum
Walter Maynard
Provost Marshal

A true Copy
ho^{s} Slater
Col. Secry

GOD SAVE THE QUEEN
James [SEAL] Daniell"

147

a) " The quantity of British Silver required in this Island for the payment of labourers being great, I do not think the quantity at present here more than sufficient for that purpose." [Antigua. Jan. 22, 1838]

b) " We have daily enquiries for Dollars, as the Labourers here do not like paper money... [and] as there are few Dollars in circulation and hardly any small change to be seen." [Berbice Sept. 12, 1838]

c) "Money continues very scarce here and it is very difficult for people to meet their engagements in consequence of the insufficiency of Silver for the wants of the Community." [Berbice. March 6, 1843]

170 " With regard to the four penny pieces-: These pass here as the twelfth part of a dollar, so also do the Colony bits. I am quite aware that this is not their legal value, but when I came here in 1844 I found that neither of the Banks had paid any attention to the Ordinances excepting in regard to f2 and f3 [Guilder] pieces--Had I made a stand it would not in any way have checked the practice out of doors, but storekeepers would have refrained from lodging their small change here--I have therefore been in the habit of taking small parcels of small change from the storekeepers without the percentage, which I pass very readily to the planters--in fact I am constantly running short of small change and thus often obliged to disappoint my country friends--were I to issue four penny pieces or such Colony Coins as come into my possession, at the exact legal value, it would just be making a present of the difference to the parties to whom I happen to pay them--as in paying their wages they would issue them at the rate of 12 to a dollar--I quite allow the truth of your remarks in an enlarged point of view and I admit that the introduction of a large amount of British Silver and its being in circulation at 4/ to the dollar would materially affect the currency, in our case however so far from there being too much in circulation there is too little and £1000 or so put into circulation would be felt as a benefit--If the Bank largely imported 4^{p} pieces--put them into circulation--caused a superabundance and <u>then</u> refused to take them except at 4/2, I think it might be blamed. If on the contrary they only import a moderate amount to satisfy the wants of the planters and confer a favor on them by so doing, it cannot be charged against the Bank as a fault even if we should at any further time refuse to take the Silver except at its legal value owing to <u>other</u> parties having over-imported and thus caused a superabundance.-- It will be a very great drawback to business here if I am obliged to refuse to take small change from the stores except at its legal value.-- As you have expressed so decided an opinion on the subject I shall retain the British Silver (when I get it) in my Treasury until the question is fixed--As for the profits I do not care about it, it is the convenience of the public that I think of. We have seldom more than $1000 of small coin in the Bank and often none at all."

173 " Even to this day there is no fixed sterling value attached to the 'moco piece' by the Merchants. Its value in the market place, at the Bank, and in Merchants Stores are all dissimilar, for while in the Market place it circulates at full 10^{d} sterling + in the smaller shops has the same nominal value, the Merchants receive it at 9.5^{d} only, + the Bank at even at less value. The Colonial Bank for every Note of 5 Spanish Dollars (at $4^{s}/2^{d}$ sterling) issuing 26 Moco Pieces in change. The Sol^{r} General of this Island values the Moco at 9^{d} + 3/5ths of a penny thus establishing fractional parts in our sterling currency.--a thing unknown to the British Nation + its Laws. The difficulties, nay absurdities, involved in treating the 'cut money' as a legal instead of a conventional tender, are too numerous to mention--One however is obvious vizt. suppose a person in St.Lucia to purchase an Article for 6^{d} sterling, + tender a Moco to the Vendor, where is the Vendor to find 3^{d} + 3/5ths of a penny to give back as change to the purchaser.

I consider the whole argument, as to the legality of the tender of 'cut money' in this Island fallacious not sustained in Law or sound in principle."

203 "'CASH CREDITS
The Directors are of opinion that 1/2 percent is the proper commission to be charged on these accounts, but if you find competition such as to oblige you to reduce this to 1/8th you are at liberty to do so--the Interest is to be 6 percent."

205 " The Secretary having communicated to the Court that $Mess^{rs}$ Perkins Bacon and Petch, the Engravers had applied for instructions as to what was to be done with the following notes which were ordered in the years 1836 and 1837 and had intimated that if not required for use at present they were willing to receive payment for the same at the rate of 38/ per thousand, or £138„15„6 being the actual cost of paper printing and numbering exclusive of profit.... The Secretary was authorized to pay $Mess^{rs}$ Perkins & Company the above mentioned sum on condition that they keep the notes for account of the Bank, excepting the Jamaica Notes which they may deface and send to the Bank to be destroyed, whenever the Bank hereafter requires any of tthe other Notes for use they will pay $Mess^{rs}$ Perkins & Company 15/6 per thousand to make up the price to the usual charge of 50/ per thousand exclusive of numbering."

207

a) "Our Bank Notes do not circulate freely as I had expected they return to us in most cases for Dollars and many from the neighbouring Islands come to us in the same way." [Antigua. Sept. 28, 1837]

b) " With regard to the circulation of Notes I am of opinion that it is not advisable to issue notes to a large extent at present, when the present high rate of exchange is taken into consideration and the state of the circulating medium which is not convertible into specie of any kind--I mean the Colonial Paper and the Notes of the Local Bank are payable in Colonial Paper. Had I circulated Notes to any extent they would have been brought to the Bank to be exchanged for Dollars and they in return would have been exported to England and America--Since the Bank has been in operation the Guiana Bank alone has returned to us $69.775 of our Notes in the weekly settlements." [Demerary. Oct. 12, 1837]

c) "It is now a common practice with them [i.e., the British Guiana Bank] to refuse Dollars for their notes to everyone almost who applies and we find that in consequence of this every person that can do so exchanges the Guiana Notes for ours and then come and demand Specie, so that our Notes are no sooner out than they are returned for dollars--We have therefore determined to issue as few of them as possible and will only do so in cases where we are assured they will be taken to the Country and circulated amongst the Labourer."

214 " The Directors cannot conclude their Report without adverting to the difficulties they have had to contend with in the commencement of their operations arising from the very defective and unsound state of the currency in the West Indies generally and the imperfect state of the Law relating to Legal tender for Debt. They have long been in communication with the Government on this important subject and they have now reason to hope, that ere long, the currency in the West Indies will be settled upon an uniform and sound basis which will prove no less beneficial to the Colonial Public than to the Bank."

218 " That your Petitioners further propose + submit that the accounts of such Bank shall be kept + its issues made in British money; which by a late proclamation of your gracious Majesty has been made a legal tender in the Colonies, and your Petitioners humbly submit that the Introduction of British Coin into the Colonies, to which such a plan would be instrumental, would tend to assimilate the currencies of the Mother Country + the Colony, and thereby produce a great mutual benefit to both."

224 "The failure of a Bank in Great Britain or America (we are, of course, speaking of private banks,) affects but a small portion of the population of those countries. Each particular Bank is limited in its operations; and, in the event of failure, the evil is proportionately limited.

...The operations of The Colonial Bank will extend throughout the colonies...: need we add, that its failure would murder the trade, and cripple the natural resources of the Colonies? That the Colonies would be irretrievably ruined by its failure!"

225 " Mr. Irving, who is at the head of the great Mammoth, or Colossal, or Colonial Bank (this is a sad country for calling names) has determined that we, the lieges of Jamaica shall have a Bank, whether we will or not. By some this determination of Mr. Irving's is considered very kind and very obliging; others think it a great piece of presumption, and the gentleman's threat to disregard the opinion or the hostility of the Legislature such a manifestation of arrogance as ought to be resented. It is scarcely worth enquiring which of these are right in the opinions they have formed. Mr. Irving is a very wealthy man, and perhaps a very proud one. The possession of wealth too frequently engenders pride, and he is determined having the means, to carry his plan into execution. So far then as he, and those who have joined him in the proposition, are concerned, the question has been answered--we are to have a Bank."

226 "To the Hon. Hector Mitchel, Esq., Chairman of The Committee to which is referred the Consideration of the Proposal of a 'Jamaica Bank'.

Sir.-

....

In 1824, a Company called 'The Allied British and Foreign Life and Fire Assurance Company', was formed at the instance, and through the instrumentality of Mr. Rothschild. The Capital was £5,000,000 sterling; and the Board of Directors consisted of the greater part, or possibly the whole, of the following most respectable and influential Gentlemen, the present Directors:-

Presidents - John Irving, Esq., M.P.; Francis Baring, Samuel Gurney, Moses Montefiore, and N.M. Rothschild, Esqrs.

Directors - G.H. Barnett, ... Sir R.T. Farquhar, Brt., M.P., Edward Fletcher, ... Thos. Masterman....

After a very flattering annunciation of public utility and individual benefit.... The Company puts forth its Prospectus....

....

In 1836, to the West India People is offered, a Bank, to be called, 'The Colonial Bank for the service of the West India Colonies....

You will observe that the Business of 'The Alliance British and Foreign Life and Assurance Company (whose Chairman, is the same Gentleman who is to occupy the first seat at the 'Colonial Bank') was to consist of assurances of Fire and Life; but very shortly after they had commenced operations, their professions to the Shareholders were altogether forgotten, or, rather boldly broken through; and the company embarked in various other branches of business...

...If the Members of a Company formed for an especial purpose, as that of the 'Alliance...' unequestionably was, will coolly turn around upon their immediate next door neighbours, and break faith with them, think you they will be very scrupulous in doing so with persons so distant as you are? You have no right to suppose it; because 'The Colonial Bank...' is to be composed of the same Chairman, and some of the same Directors, of which the Fire and Life Assurance Company ITSELF is composed.... Who knows whether one of the objects of the Company may not be to put a degree of consequence and confidence, between this and that period, in colonial property, to induce others to take off their hands (knowing as they must the difficulty of cultivating them even if matters proceed smoothly) the lands, which will then be the only link, and a very slender one too, that binds them to the West Indies at all.

I have the honour to be, Sir
Your Most Obedient humble Servant
[signed] John Francis Badley"

Kingston
May 26, 1836

227 " A Memorial has been laid before the Court of Policy [of British Guiana] by the Manager of the Colonial Bank, praying for various alterations in the Laws now existing regarding debtor and creditor, which if carried into operation will very materially affect the Mercantile Community; and this circumstance having transpired yesterday, a Meeting of the parties interested was convened, to attend at the Commercial News-Room this morning at 8 o'clock.

The Meeting was very numerously and respectably attended, and H.O. Seward, Esq., - being called upon to take the chair - stated the object of the Meeting, and briefly pointed out the discrepancy between the professions and the acts of the Colonial Bank. In the first place - said Mr. Seward - that Corporation endeavoured by insisting that its Charter secured to it a monopoly of the banking business of the colonies, to discourage the supporters of the local establishment; and lastly, it endeavours to remove the bond of confidence which has hitherto existed between the planter and the merchant, and without which the labouring population would frequently have been in absolute want of the necessaries of life, and the planter in many cases utterly ruined."

233 " By the advertisement [i.e., the prospectus of the Colonial Bank] now published, our readers will see that this precious concern is wholly undeserving the name of 'Colonial Bank'. The 'liberal reservation of the shares for parties resident in the Colonies, turns out to be <u>less than one sixth</u>! and the pretence of forwarding the interests of the proprietory, is most preposterous in the face of that provision by which they are precluded from relieving themselves, by its assistance, from their grevious European mortgages.

This establishment is palpably any thing but a Colonial Bank, it is essentially a mortgagees' Bank, and the usurpation of the liberal title under which its insidious approaches have been made, is indefensible. We dispute not the right of the European mortgagee to insist on his bond to the uttermost farthing.... What we complain of is, the underhand manner in which this Company puts itself forward as an agent of great public good, while its objects are so palpably selfish."

234 " By the Colonial files received per last Mail, we observe that the Prospectus of the General Colonial Bank has gone the rounds of the Island papers, and in most instances is favourably spoken of. We do not participate in this general approbation.... That circumstance of our position which holds paramount influence with us on the subject, is the fact, that a vast number of productive estates are now subject to mortgages of the most oppressive nature, and to relieve the burdened planter, we would waive our objections to the system which wil enable him to raise money at a fair rate of interest to discharge the obligations which now crush him to the earth.

...The General Colonial Bank, therefore, entirely loses favour in our eyes by the abnegation of what we consider by far the most important object of its intromissions couched in the sentence 'It is precluded from lending on mortgage of fixed property'!

It was not until this remarkable clause of the Prospectus met our eye, that we scanned the composition of the Directory; on doing so, however, we were not surprised to find that the capitalists who took such excellent care of the interests of the West India Mortgagees, were themselves, to the number of ten, large holders of such securities, and in the enjoyment of all the advantages derivable therefrom. Of the remaining two, we cannot speak so confidently; but it is by no means impossible that they, like the rest, are also West India Mortgagers.

Having pointed out to our fellow colonists this insidious provision, for neutralizing the advantages which may reasonably be expected from the proper management of a Bank uncrippled in its most legitimate operation, the loan of money on fixed security; we call upon them to reject the advances made by individuals possessing an interest antagonist to their own, and who, in their desire to secure that interest at the expense of the colonists, seek to pre-occupy the ground by an establishment of at best but equivocal benefit, in order to prevent the adoption of a more liberal and unexclusive system."

241 " Under present circumstances, decidely as the opinion of our fellow-colonists has been pronounced upon the eligibility of the proposed Local Bank, (the whole number of shares allotted to the Colony being already, we understand, subscribed for) yet, should Mr. McQueen present himself at a public meeting in this Colony, and, in the specious, yet glowing language which has so often been the subject of eulogy throughout the West Indies,--of whose interests he was long considered the most distinguished advocate,--should he, we repeat, thus present himself, and develop in good set terms the advantages derivable to the Colony from the establishment of that Bank which he is commissioned to set on foot, and which the great majority of the Colonists have joined us in denouncing as an imposture on false pretences,--we question seriously, is there any one among the leading supporters of our Local Bank competent to enter the lists against him, and confute, by argument, his plausible fallacies? We fear the answer must be in the negative, and that the only alternative of the majority will be silent dissent."

242 "... the 1st. June 1836... the Charter received the Great Seal. On the same day Mr. James McQueen, the Gentleman who from his known experience and popularity in the West Indies, had been selected by the Directors to visit the Colonies and to make preliminary arrangements for the establishment of Branches, left London on the prosecution of his mission. He proceeded in the first instance to Jamaica and after having concluded part of the necessary arrangements in that Island, he went to Barbados.--Mr. McQueen, accompanied by Mr. Michael McChlery, (who having been established at Barbados many years in connection with one of the first Mercantile houses in that Island has been selected to fill the office of Manager at that important station), then proceeded on a Joint Mission to British Guiana, Trinidad, and most of the other British Colonies, as also the Island of St.Thomas; and made arrangements for commencing business wherever it might seem expedient to the Directors to give instructions for so doing. After this Mr. McQueen again visited Jamaica to complete the arrangements there and finally returned to London on the 8th May 1837."

244 "Report by the Chief Accountant of the Colonial Bank upon an Account of Disbursements made by James McQueen, during his Mission to the West Indies on the Affairs of the Bank.

....

In performing these Journies, and in discharging the duties for which they were undertaken, Mr. McQueen has expended various sums of Money, whereof he has lately given in an account, accompanied by vouchers for some of the principle items; while in regard to the unvouchered articles, he explains, that generally speaking, they are of that nature, for which vouchers are not usually given.

The Account so furnished by Mr. McQueen, has been kept, partly in British Money, and partly in Dollars and Cents;--but, these two parts of the Account are so blended or intermixed, that it has been thought better to prepare a separate abstract of the whole in a condensed form, for the information of the Directors,--It is with this view then, that the Chief Accountant now submits to the Court, the following

Abstract of Mr. McQueen's Disbursements

1.--	Travelling Expenses from London to Falmouth, and his Passage thence to Barbados and Jamaica.-perAccount	£ 76„14„--
2.--	Paid Hire for the Schooner Carib from Barbados to Jamaica 23rd November 1836	£200„--„--
3.--	Paid Mr. Andrews for sundry writings performed for the Colonial Bank. 16th March 1837	£ 64„11„ 4
4.--	Paid Levi Barred for Gig and Horse Hire, at various times 15th March 1837	£ 82„ 9„ 8
5.--	Paid Passage Money from St.Thomas to Falmouth by the 'Goldfinch' 11th April 1837	£ 55„--„--

Here Mr. McQueen changes the shape of his Account, and states the remainder of his outlay, in Dollars and Cents; and atho' from the manner in which all sorts of outlay are frequently mixed up together and set down in one sum, it would be difficult to analyze them correctly under so many specific heads, yet, for any practical purpose of setting Mr. McQueen's Account, it may be sufficient to give a general and nearly correct abstract of his additional Expenditure as follows, viz:--

244 1.-- Tavern Bills, Board and Lodging at various places during his stay in the West Indies $1199.85
2.-- Passage Money in Steam Vessels and other Craft from Place to Place 871.00
3.-- General Travelling Expences in the several Islands 238.65
4.-- Horse Hire in -- do-- 144.00
5.-- Sea Stores in going from Island to Island 78.65
6.-- Gratuities to Servants 104.25
7.-- Postages 64.30
8.-- Clerks for writing 165.00
9.-- Interpreters 58.00
10.- Printing +c 171.00
11.- Advertisements and Newspapers 314.13
12.- Miscellaneous Items 278.52
-- sum of these -- $3687.35

which reduced to Sterling Money at $481.89 per £100 Stg, being the average rate of Exchange obtained by Mr. McQueen for his Drafts on the Court,
-- is equal to £ 765„ 3„ 8
[carried from above 478„15„--]
Total sum expended by Mr. McQueen between 1st June 1836 and 8th May 1837 £1243„15„ 8
On account of which he has drawn upon the Court and received Money as follows, viz

....

sum £1355„12„ 2
He received from Stubbs & Company St.Thomas on Accountof Mess Cavan & Company; and for which the Bank will account to its Barbados Branch, say $128 at $481.89 per £100 Sterling £ 26„11„ 3
£1382„ 3„ 5
From which deduct the expenditure by Him, as before 1243„18„ 8
Balance due by Mr. McQueen as at 8th May 1837 when he arrived in London from the West Indies 138„ 4„ 9
Besides which, the following further sums have been paid to or on his account

....

sum of these £ 510

(signed) 'Robert Wight',
Chief Accountant, London
5 July 1837"

245 "

Kingston
July 29, 1836

Sir,--Allow me to place before you a short Epitome of the Charter and objects of the Colonial Bank. It was my intention to have waited upon you personally at this time, but have seen several of the most influential individuals in the Colony on the subject, and finding their views very favourable to the establishment, and also that it is desirable that I should be here on the part of the Bank when the Legislature of the Island next assembles; I have thought it most advisable to inform the Directors to this effect, and to proceed to the Windward Colonies without delay, to finish everything that requires to be done in them, in order to establish the Bank, so that its operations may commence on the first of January next; and having accomplished this, be able to return to Jamaica again early in November. This general Bank was originally a plan devised by myself when I was in the West Indies four years ago, and submitted on my return in July 1833 to the Government, and one or two gentlemen who take the lead in it, and by whose exertions, more especially the labour and influence of Mr. Irving and Mr. Colvile, the great plan could not have been perfected and matured as it has been. The Colonies, I trust, know me too well ever for a moment to suppose that I would engage in anything that I knew was contrary to their interests or their independence; or that I did not believe would be greatly for their advantage, as this princely Banking establishment will most unquestionably be; and which conviction has induced me to take upon myself, at my advanced period of life, and under a separation from my family, the severe task of coming to this quarter of the world, and to travel through it, in order to see the undertaking established in every Colony, British as well as Foreign.

....

I shall, I hope, have the honour of waiting on you when I again return to Jamaica.

I remain, Sir, your faithful and obedient servant

[signed] James McQueen"

GU-23

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THE CHARTER OF THE COLONIAL BANK.

Incorporated the 1st day of June, 1836.

LONDON:
PRINTED BY WILLIAM BROWN & CO. LIMITED, 36-42, ST. MARY AXE, E.C.

1917.

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TO

THE COLONIAL BANK CHARTER,

Dated the 1st of June, 1836.

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WILLIAM THE FOURTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland, King, Defender of the Faith.

To all to whom these Presents shall come Greeting.

Whereas the several persons hereinafter named, and others have united together to establish Banks of Issue and Deposit in the West Indies and British Guiana, and elsewhere, as hereinafter provided; and the said persons propose to open a subscription for raising a Capital of Two Millions Sterling for the purpose of carrying on the business of the said Banks, and have humbly besought us to grant to them and the other Subscribers of such Capital, a CHARTER of INCORPORATION, which we are minded to do, on condition, that before commencing such Business such part or proportion of the said Capital as hereinafter mentioned shall have been previously paid up. Now know ye that as well upon the prayer of the said persons and others, as also of our special Grace, certain knowledge and mere motion, we Have given granted made ordained constituted declared and appointed, and by these presents for us our heirs and successors, Do give grant make ordain constitute declare and appoint, that JOHN IRVING, ANDREW COLVILE, ÆNEAS BARKLY, DAVID BARCLAY, JAMES CAVAN, JOHN ALEXANDER HANKEY, WILLIAM TETLOW HIBBERT, JOHN GURNEY HOARE, JOHN IRVING the younger, CHARLES MCGAREL, WILLIAM MILLER, THOMAS MASTERMAN, ABRAHAM GEORGE ROBARTS, PATRICK MAXWELL STEWART, ALEXANDER STEWART, SAMUEL GURNEY, CHARLES MARRYAT, and THOMAS MOODY, Esquires, or such of them as shall become Subscribers of not less than Two Thousand Pounds each towards the Capital or Joint Stock hereinafter mentioned, in the manner hereinafter provided: together with such and so many other person or persons, bodies politic or corporate, as shall become Subscribers of or towards the Capital or Joint Stock hereinafter mentioned in manner hereinafter provided, and such other person or persons, bodies politic or corporate, as shall from time to time in the manner hereinafter provided, become a Proprietor or

Grant of Charter in perpetuity.

some or one of the said Islands and Colonies shall be adjudged and settled by a Court of Directors, who shall have power to determine what number of Shares shall be appropriated to Subscribers resident in each of the said Islands and Colonies, and to regulate the modes and places in and at which the several instalments upon such Shares shall be paid, and the nature and form of the notices to be given or sent to the Subscribers requiring payment thereof, and in what manner, and at what time such notices shall be sent or delivered.

And to settle the mode of payment of the Instalments on theShares subscribed for in the Colonies.

And we do further will and declare, that it shall not be lawful for the said Corporation to commence or carry on the said business of Banking under and by virtue of these presents until the sum of One Million Five Hundred Thousand Pounds shall have been subscribed for, and the sum of Five Hundred Thousand Pounds shall have been actually paid up.

£1,500,000 to be subscribed for, and £500,000 actually paid up before commencing business.

And we do further declare and ordain, that all and every person and persons, bodies politic or corporate, by and from whom any subscription shall be made and accepted, and any payment on account thereof made pursuant to the provisions herein contained for that purpose, for or towards the raising of the said Capital sum of Two Millions of Pounds Sterling as aforesaid, his, her, or their successors, executors, administrators, and assigns respectively, (no such subscription being for less than One Hundred Pounds Sterling) shall have and be entitled to a Share of and in the said Capital or Joint Stock of the said Corporation in proportion to the monies which he, she, or they, shall have so subscribed towards making up the same; and shall have and be entitled to a proportionable share of the profits and advantages attending the Capital Stock of the said Corporation, and shall be admitted to be a Proprietor or Proprietors of and in the same.

Persons subscribing to be entitled to a share in the Capital and the profits thereof.

And we do further declare and ordain, that the said Corporation shall cause the names and designations of the several persons who shall subscribe for or become entitled to any Share of the Capital Stock of the said Corporation, with the amount of such Share, to be fairly and distinctly entered in a Book or Books, to be kept by the Clerk or Secretary; and that the several persons, bodies politic or corporate,

Names of Subscribers to be entered in a Book.

who shall subscribe for or have or hold any Share or Shares of the said Capital Stock shall, and they are hereby required, to pay the sum or sums of money by them respectively subscribed, at such times and places to such persons and in such manner as shall be ordered and directed by any Court of Directors for the time being of the said Corporation pursuant to the provisions herein contained.

The person of two or more joint Proprietors whose name stands first in such book to be deemed the Proprietor of their Shares.

And we do further declare and ordain, that whenever two or more persons shall be jointly possessed of or entitled to any Share of the Capital Stock of the said Corporation, the person whose name shall for the time being stand first in the Books of the said Corporation as Proprietor of such Share, shall for all the purposes of the said Corporation and of this our Charter, be deemed and taken to be the sole Owner or Proprietor of such Share.

Power to transfer Stock (not being a fractional part of £100.)

And that it shall be lawful for the several Proprietors of the said Corporation, their executors, administrators, successors, and assigns, to sell and transfer any Share of the Capital Stock of the said Corporation of which they shall respectively be possessed, or any part thereof, (not being less than One Hundred Pounds of such Stock, and being either the sum of One Hundred Pounds or some Multiple of One Hundred Pounds of such Stock) and that every such transfer shall be in such form and to such effect as shall be devised by the Court of Directors for the time being of the said Corporation ; and every such transfer shall be under the hand or hands of the Proprietor or Proprietors

Transfer to be signed and accepted by signature of purchaser.

so transferring such Stock, or of some person or persons lawfully authorised for that purpose by some writing under the hand or hands of such Proprietor or Proprietors, underneath which transfer the person or persons, bodies politic or corporate, to whom such transfer shall be expressed to be made, or some person by him, her, or them lawfully authorised by writing, shall sign his, her, or their name or names, signifying the acceptance of such transfer ; which said transfer shall be made and entered or registered in a Book to be kept by the said Corporation for that purpose, and for which Entry or Registry a fee to be from time

And to be entered in a book.
Fee for Registry to be fixed by Directors but not to exceed ten shillings.

to time fixed by the said Court of Directors (not exceeding the sum of Ten Shillings) for each such transfer shall be paid to and for the use of the said Corporation, in addition to any Stamp Duty which shall be payable in respect of such transfer. And that such transfer so to be

executed as aforesaid shall effect the transfer of such Stock, and shall convey the whole estate and interest therein of the person or persons so transferring, or authorising the same to be transferred, to the person or persons, body politic or corporate, so taking or accepting the same which person or persons, body politic or corporate, shall thereby forthwith become in all respects Proprietors of the said Corporation in respect of such Stock, in the place of such persons so transferring the same ; and that until such transfer shall be made and entered into such Book in manner aforesaid, no person or persons claiming an interest in any such Stock by purchase or otherwise, shall be deemed the Proprietor thereof. And that a copy of such transfer to be extracted from the same Book wherein the same is entered, and signed by the Clerk, Secretary or other Officer of the said Corporation duly authorised thereto, shall be sufficient evidence of every such transfer, and be admitted and received as such.

No person to be deemed Proprietor until Registry of Transfer of the Stock has been made.

A Copy of such Transfer to be evidence thereof.

Provided always, and we do further order, declare, and ordain that after any call for money shall have been made and become due and payable, by virtue of this our Charter, no person or persons, body politic or corporate, shall sell or transfer any Share in the Capital Stock of the said Corporation, until the monies called for in respect of such Share shall have been paid.

Previous calls to be paid up by the Proprietors before Transferring.

And whereas, in cases where the original Proprietor of any Share of the Capital Stock of the said Corporation shall marry, die, become Insolvent or Bankrupt, it may be difficult to ascertain who is the Owner or Proprietor of such Stock, in order to give notice of Calls made on such Stock in manner hereby required, or to maintain any Action or Actions against him or her for the recovery of the same, or for the purpose of safely paying to him or her the interest or dividends to which he or she may be entitled by virtue thereof. **Now, therefore,** we declare and ordain, that before any person who shall claim any Part or Share of the Capital Stock of the said Corporation, or of the profits arising therefrom in right of marriage shall be entitled thereto, a solemn declaration in writing (in the form prescribed by the last Act passed in the present year of our reign for the abolition of Oaths in certain cases), containing a Copy of the Register of such Marriage may be required to be made and

Regulation as to the acquisition of Shares

Persons claiming by marriage to send in a Copy of Marriage Register duly certified.

subscribed by a credible person before a Master Extraordinary in Chancery or a Justice of the Peace, or a Judge of some Court of Record, and such declaration shall be transmitted to the Clerk or Secretary to the said Corporation for the time being, who shall file the same and make an entry thereof in the book or books which shall be kept by the said Clerk or Secretary for the entry of transfers of Shares in the Capital of the said Corporation, and that before any person or persons who shall claim any Part or Share of the said Capital Stock or of the profits arising therefrom by virtue of any bequest or will or in a course of administration shall be entitled thereto, the said will or the probate thereof shall be produced and shewn to the said Clerk or Secretary or such solemn declaration in writing as aforesaid, containing a copy of so much of such will as shall relate to the appointment of the Executor or Executors thereof and the probate thereof, or of the Letters of Administration in case the Proprietor shall have died intestate, shall be made and subscribed by the Executor or Executors of such will or by the Administrator or Administrators of the estate and effects of such Intestate (as the case may happen to be) before a Master Extraordinary in Chancery or a Justice of the Peace or a Judge of some Court of Record, and such declaration when so made and subscribed shall also be transmitted to the said Clerk or Secretary who shall file and enter the same in the manner hereinbefore mentioned, provided that no bequest, clause, matter, or thing, in any such will contained shall bind or affect the said Corporation with notice of any trust or disposition of any Share of the said Capital Stock, but the Registry of every such Share shall be in the name or names of the Executor or Executors who shall prove such will, or of the Administrator or Administrators of such Intestate. And in all cases (other than those hereinbefore mentioned) where the right and property in any Share of the said Capital or Joint Stock shall pass from the original or other Proprietor thereof to any other person or persons, body politic or corporate, by other legal means than by such a transfer or conveyance thereof as herein directed, such solemn declaration in writing as aforesaid shall be made and subscribed to by two credible persons before a Master Extraordinary in Chancery or a Justice of the Peace or a Judge of some Court of Record, stating the manner in which the Right and Share in such property hath passed to such other person or persons, and such

Persons claiming by bequest or as administrator, to produce the probate or a copy of the will as far as same relates to the appointment of Executors or of the Letters of Administration.

Corporation not to be affected by any notice of Trust, but the Registry to be in the names of the executors or administrators.

Persons claiming by any other means to send in a Certificate duly verified of the manner in which the right of property had passed to them.

declaration shall be sent to the Clerk or Secretary of the said Company, to the intent that he may and he is hereby required to enter and register the name or names of any such Proprietor or Proprietors in the Register Book or List of Proprietors of the said Corporation.

The names of such new Proprietors to be registered.

And we do further will and ordain, that General Meetings of the Proprietors of the said Corporation shall from time to time be assembled, and that the first General Meeting of the said Proprietors shall be held on such day in the month of July, One Thousand Eight Hundred and Thirty-seven, and at such hour and place in London or Middlesex as the Court of Directors shall direct; and that a half-yearly General Meeting of the Proprietors of the said Corporation shall be held on the first Monday in the month of January and the first Monday in the month of July in every year after the year One Thousand Eight Hundred and Thirty-seven, or on such other days in those two months respectively and at such hours respectively and at such place or places in London or Middlesex as the said Court of Directors for the time being may direct, and notice of the said first General and of every other subsequent General Meeting shall be given by public Advertisement in two daily Morning Newspapers, printed and circulated in London, at least twenty-one days before the time to be appointed for holding the same respectively, or in such other manner as the said Corporation at any General Meeting shall from time to time direct. Provided that the failure or omission to hold any such General Meeting at the several times and in the manner prescribed by this our Charter shall not affect the validity of this our Charter, nor cause the Corporation hereby created to be dissolved, but that all proceedings at any General Meeting which may be holden in lieu or instead of the Meeting so omitted to be holden shall be as valid and effectual as if such last mentioned Meeting had been duly holden and such proceedings had taken place thereat.

As to *General Meetings.*

First General Meeting of the Proprietors to be held in July, 1837, time and place to be fixed by Directors.

Half-yearly General Meetings to be held in January and July every year after 1837 times and places to be fixed by Court of Directors.

Notice of General Meetings to be duly advertised 21 days previously.

Validity of Charter not to be affected by omission to hold such General Meetings.

All proceedings at any General Meeting holden instead of the Meeting so omitted to be holden to be valid.

And we do further will and ordain, that at any time it shall be lawful for the Court of Directors or for any ten or more Proprietors of the said Corporation each holding not less than One Thousand Pounds of the Capital Stock of the said Corporation in his or her own right, if they shall think necessary, to call a Special General Meeting of the said

Power for Court of Directors or ten Proprietors of £1,000 Stock to call Special General Meetings at any time.

Notice of such Meetings to be advertised 21 days previously.

Proprietors, to be held at any time and place in London or Middlesex by Public Advertisement in two or more daily Morning Newspapers printed and circulated in London, twenty-one days at least before the time to be appointed for holding such Meeting, and in such notice shall be specified

The object of such Meetings to be stated in the advertisement

the reason of such Special General Meeting and the time and place at which the same shall be held and the Proprietors of the said Corporation are hereby authorised to meet, pursuant to such notice. **And further,** that

Power to adjourn half-yearly or special General Meeting.

any Half-yearly or Special General Meeting may be adjourned from time to time and from place to place in London or Middlesex as shall be thought expedient, and if any such adjournment shall be made for a longer time than two days, notice thereof shall be given by such advertisement as aforesaid at least fourteen days previously to the time to be appointed for

As to business to be transacted.

holding the same. **And further,** that no business shall be transacted at any Half-yearly, or Special, or Adjourned General Meeting, unless ten Proprietors, holding in the aggregate at least Ten Thousand Pounds of the Capital Stock of the said Company, shall assemble and proceed to business within one hour from the time appointed for holding such Meeting, and that no business shall be transacted at any Special General Meeting besides the business for which it shall have been called, and no other business shall be transacted at any Adjourned General Meeting than the business left unfinished at the Meeting from which such adjournment shall have taken place. **And further,** that at every General Meeting of the

Proprietors to vote at General Meetings according to their number of Shares.

Proprietors of the said Corporation, every Proprietor holding Five Hundred Pounds of the said Capital Stock and less than One Thousand Pounds shall be entitled to one vote, and holding One Thousand Pounds and less than Two Thousand Pounds two votes, and holding Two Thousand Pounds and less than Five Thousand Pounds to three votes, and holding Five Thousand Pounds or upwards to four votes, and no person shall be entitled to more than four votes although possessed of more than Five Thousand Pounds of such Stock, and no person holding less than Five Hundred Pounds shall be entitled to any vote or to be present at any General Meeting of the Proprietors of the said Corporation and in the case of Proprietors of the said Corporation residing out of the United Kingdom of Great Britain and Ireland, all such votes may be given by proxy, to be appointed by writing under the hand of the Proprietor so resident out of the United Kingdom of Great

Britain and Ireland, and entitled to such votes respectively. **And further,** that any body politic or corporate, holding any Share of the Capital Stock of the said Corporation, shall be entitled to the same vote or votes (if any) in respect thereof as any other Proprietor of such Share would have been entitled to, and such vote or votes shall be given by a proxy to be appointed by writing under the seal of such body respectively. **And further** that if the Holder of any Share of the Capital Stock of the said Corporation shall be an infant or lunatic, the Guardian or Guardians of such Infant or the Committee or Committees of such Lunatic respectively shall be entitled to the same vote or votes (if any) in respect of the Share of such Infant or Lunatic respectively as the Holder thereof respectively would have been entitled to if of full age and of sane mind, and such vote or votes shall be given by a proxy, to be appointed by writing under the hand or hands of such Guardian or Guardians, Committee or Committees respectively. **And further,** that every Female holding any Share in the Capital Stock of the said Corporation shall be entitled to give the vote or votes (if any) which she may be entitled to in respect thereof, by a proxy appointed by writing under her hand.

Corporations entitled to vote by proxy.

As also Guardians of Infants, &c.

Power for female Proprietors to vote by proxy.

And WE DO FURTHER WILL and ORDAIN, that the appointment of every proxy to vote under and by virtue of this Charter, shall or may be made in the form, or to the effect following, (that is to say,)

Form of appointment of proxy.

"I residing at
" Proprietor, (or Guardian, or Committee of a Proprietor) of
" pounds of the Capital Stock of the Colonial
" Bank, do hereby nominate, constitute and appoint
" to be my proxy, (or the proxy of the said)
" in my (or his or her) name, and in my (or his or her) absence, to
" vote and give my (or his or her) assent or dissent to any business,
" matter or thing, relating to the said Corporation, which shall
" be mentioned or proposed at any Meeting of the said Corporation,
" or any adjournment thereof, until I or the said
" shall revoke this appointment, by notice in
" writing to the clerk of the said Corporation. IN WITNESS whereof,
" I have hereunto set my hand the day of ."

Appointments of proxies to be entered in a book.

And every such appointment of proxy shall be produced to the Clerk or Secretary of the said Corporation, and be entered in a book to be kept by him for that purpose, before any vote shall be given in respect of such appointment, which book shall be sufficient authority for any proxy to give his vote or votes, without production of his appointment at the time of voting, until the same is revoked or determined, and notice thereof shall have been given to the said Corporation, provided always, that every Proxy shall be a Proprietor of the said Corporation.

After first General Meeting Proprietors not to be entitled to vote unless possessed of their Stock three months previously and Calls paid up.

Provided always, and we do further will and ordain, that after the first General Meeting to be held under this Charter, no Proprietor shall be entitled to vote by proxy or in person at any half-yearly, or special, or adjourned General Meeting of the Proprietors of the said Corporation, in respect of any Stock held by him or her, unless his or her name shall have been entered as the Proprietor of such Stock in the book hereinbefore directed to be kept for that purpose, for the space of at least three calendar months next preceding such Meeting respectively, and no Proprietor shall be entitled at the first or any other General Meeting to vote in respect of any Stock held by him or her, unless the sums of money from time to time to be called for by the Court of Directors for the time being, and due and payable at or before any such meeting in respect of the share of the Stock held by such Proprietor, and all arrears thereof shall have been duly paid up.

All questions to be decided by the majority of votes.

And we do further will and ordain, that at every General Meeting all questions shall be decided by a majority of the votes given by Proprietors and proxies present, and not declining to vote according to their respective number of votes, and upon any difference of opinion, any Proprietor may require such votes to be taken by ballot, but no ballot shall be kept open more than two hours.

Chairman—how to be elected—to have a casting vote.

And further, that at every half-yearly and special, or adjourned General Meeting, the Chairman for the time being of the said Corporation, shall be Chairman of such Meeting, or in his absence the Deputy Chairman for the time being of the said Corporation shall be the Chairman of such Meeting, and in the absence of both of those Officers, one other of the Directors of the said Corporation shall be Chairman of such Meeting, or

in the absence of any such Director, then any Proprietor shall be appointed Chairman of such Meeting by the Proprietors present thereat, and every such Chairman shall be entitled to his vote or votes as a Proprietor or Proxy, and in case of any equality of votes, he shall in addition thereto, also have the casting or deciding vote, and the orders and proceedings of every General Meeting shall be entered in a book or books to be kept for that purpose, and shall be signed by the Chairman of such Meeting and such orders and proceedings signed as aforesaid, shall be allowed to be read in evidence in all courts and places whatsoever.

General Meetings to elect future Courts of Directors.

And we do further will and ordain, that the said Corporation shall have power and authority at any Special General Meeting convened for that purpose, or at any half-yearly General Meeting to remove any Member of the Court of Directors, or any Auditor of the said Corporation for the time being nominated, or to be elected by virtue of this Charter for misconduct or any other reasonable cause, and to elect any other Proprietor who shall be at least entitled to Two Thousand Pounds in the Capital Stock of the said Corporation in his stead, and from time to time to elect any other Proprietor qualified as aforesaid, instead of any Chairman, Deputy Chairman, Director or Auditor for the time being of the said Corporation, who shall go out of office by selection or rotation as is hereinafter provided for, or shall die, or resign, or cease to be a Proprietor in the said Corporation, or to be entitled to Two Thousand Pounds Stock therein.

General Meetings to examine accounts and declare dividends.

And we do further will and ordain, that previously to every half-yearly General Meeting, an account shall be prepared by the Court of Directors of the debts and assets of the said Corporation with an account of the profits made in the half year, next but one preceding such half-yearly meeting for the time being, as near as the same can be ascertained, and with all such other information as may to the Directors seem necessary to be given, or as may be required by any bye-laws of the said Corporation, which account shall be laid before such Meeting to be audited and settled ; and that at every such half-yearly General Meeting or some adjournment thereof a dividend or dividends shall (if recommended by the Court of Directors) be made out of the interest, profits, or advantage of the said Corporation, unless such Meeting shall declare otherwise, and a Special General Meeting shall at any time have full

Dividends to be made out if recommended by Directors.

And Accounts to be produced if called for.

power to call for and examine and settle the accounts of the said Corporation.

Constitution of Court of Directors.

And for the better ordering and governing the affairs of the said Corporation, and for making and establishing a continual succession of persons to be Directors of the said Corporation, we do by these presents, for us, our heirs, and successors, grant unto the said Colonial Bank and their successors, and we do hereby order and appoint that there shall be from time to time constituted in manner hereinafter mentioned out of the Members of the said Corporation a Chairman and Deputy Chairman of the said Corporation (who shall also be Directors), and thirteen other Directors, as hereinafter mentioned, and three Auditors of the said Corporation, which Chairman, Deputy Chairman, and thirteen other Directors, or any five of them, shall constitute and be called a Court of Directors, for the ordering, managing, and directing in the manner and under the provisions hereinafter contained the affairs of the said Corporation ; and that the said John Irving shall be the first Chairman, the said Andrew Colvile the first Deputy Chairman ; and the said Æneas Barkly, David Barclay, James Cavan, John Alexander Hankey, William Tetlow Hibbert, John Gurney Hoare, John Irving the younger, Charles McGarel, William Miller, Thomas Masterman, Abraham George Robarts, Patrick Maxwell Stewart, and Alexander Stewart, the first thirteen other Directors of the said Corporation, in addition to the said Chairman and Deputy Chairman ; and that the said Samuel Gurney, Charles Marryat, and Thomas Moody, shall be the first Auditors of the said Corporation ; and that the said Chairman, Deputy Chairman, and thirteen other Directors and Auditors, shall continue in their respective offices until the Half-Yearly General Meeting, to be holden in the month of January One Thousand Eight Hundred and Thirty-eight and afterwards, until others shall be duly elected in their stead in manner hereafter in that behalf provided, unless they or any of them shall sooner die, resign, or become disqualified as herein mentioned ; and that if before the said Half-Yearly General Meeting to be holden in the said month of January, One Thousand Eight Hundred and Thirty-eight, there shall happen to be any vacancy or vacancies in the office of Directors or Auditors, then the Court of Directors shall from time to time fill up such vacancy or

vacancies, so as to continue the number of Directors at fifteen, and the number of Auditors at three.

And we do further order and ordain, that no Proprietor shall be eligible or qualified to act as a Director or Auditor of the said Corporation unless he shall, at the time of his Election, be the holder of at least Two Thousand Pounds of the Capital Stock of the said Corporation; and if any Director or Auditor shall at any time after his Election cease to be the holder of at least Two Thousand Pounds Stock, such Person shall thereupon immediately cease to be a Director or Auditor, as the case may be.

As to remuneration of Directors and Auditors.

And we do further order and ordain, that the remuneration to be received by the Chairman, Deputy Chairman, Directors, and Auditors for the time being, for their services, shall be fixed by the Proprietors assembled at the General Meeting to be held in the month of July, One Thousand Eight Hundred and Thirty-seven, or at some subsequent Half-Yearly General Meeting, and that any Half-Yearly General Meeting shall from time to time have power to vary the same; **and further,** that, with the exception of the Directors and Auditors hereinbefore named, and of any Directors or Auditors to be appointed by the Court of Directors previously to the Half-Yearly General Meetings to be holden in the month of January, One Thousand Eight Hundred and Thirty-eight, as hereinbefore is provided, all Directors and Auditors shall be elected at a General Meeting; **and further,** that at each of the Half-Yearly General Meetings to be holden in the month of January, in the years One Thousand Eight Hundred and Thirty-eight and One Thousand Eight Hundred and Thirty-nine respectively, five of the Directors and one of the Auditors to be respectively nominated and selected for that purpose by the Court of Directors, or (in default of their making such nomination and selection) by the majority of the qualified Proprietors present at such Half-Yearly General Meetings respectively, and not declining to vote, shall go out of office, and five Directors and one Auditor shall be elected or re-elected; provided nevertheless that in case the five Directors, or any of them, or the Auditor nominated and selected to go out of office at the Meeting to be holden in the month of January, One Thousand Eight Hundred

As to appointment of future Directors and Auditors.

and Thirty-eight, shall be re-elected at that Meeting, such Directors or Auditor so re-elected as aforesaid shall not, nor shall any Director or Auditor elected in the place of any of such last mentioned Directors or Auditors upon any occasional vacancy as hereinafter mentioned, be nominated or selected to go out of office at the Half-Yearly General Meeting to be holden in the month of January, One Thousand Eight Hundred and Thirty-nine; **and further,** that, at the Half-Yearly General Meeting to be holden in the month of January, One Thousand Eight Hundred and Forty, the remaining five Directors and the remaining Auditor hereinbefore appointed, or the Directors or Auditor (if any) elected in the place of them or any of them on any occasional vacancies as hereinafter mentioned, shall go out of office, and five Directors or one Auditor shall be elected or re-elected; **and further,** that, at the Half-Yearly General Meeting to be holden in the month of January, One Thousand Eight Hundred and Forty-one, and at every Half-Yearly General Meeting to be holden in the month of January in every subsequent year, the five Directors and one of the Auditors who for the time being shall have been the longest in office (reckoning from the time of the last Election of each Director or Auditor) shall go out of office by rotation, and five Directors and one Auditor shall be elected or re-elected; **and further,** that any Director or Auditor for the time being going out of office shall (if in other respects duly qualified) be considered immediately or at any time afterwards re-eligible to supply the place vacant by the going out of office of himself or of any other Director or Auditor: **and further,** that upon any vacancy in the office of Director or Auditor after the Half-Yearly General Meeting to be holden in the month of January, One Thousand Eight Hundred and Thirty Eight, from any cause whatsoever (except that of going out by selection or rotation as aforesaid), the same shall be filled up either at the first Half-Yearly Meeting which shall be held after such vacancy shall have occurred, or at a Special General Meeting to be called and holden for that purpose or for that and other purposes: **and further,** that any person who shall, in consequence of an accidental or occasional vacancy, be appointed a Director or Auditor, shall be a substitute only for the person whose place he may supply, and shall be considered to have been elected at the same time, and shall continue in office only for the same period

as the person whose place he may supply would have continued if he had not vacated his office before the time at which he must necessarily have gone out of office by rotation or by such selection by the Court of Directors as aforesaid; and that at every General Annual Meeting the Directors and Auditors going out of office on that day shall for all the purposes of such Meeting be considered as continuing in such their respective offices until such Meeting shall break up or adjourn: **and further,** that no person shall, after the Half-Yearly General Meeting to be holden in the month of January, One Thousand Eight Hundred and Thirty-eight, be capable of being elected a Director or Auditor of the said Corporation, unless the name of such person shall have been included in the list which the Court of Directors are required to cause to be posted up as hereinafter mentioned, and that not more than one Candidate shall be proposed by any one Proprietor.

And we do further declare and ordain, that upon any vacancy which after the General Annual Meeting, to be holden in the month of January, One Thousand Eight Hundred and Thirty-eight shall happen in the Office of Director or Auditor, from any cause whatsoever, (except that of going out by selection or rotation as aforesaid), the Court of Directors shall at least Thirty days before the meeting, at which such vacancy is to be filled up, give notice of the vacancy, by advertising the same in some daily Morning Newspaper, printed and circulated in London, and shall state in such advertisement, that every Proprietor intending to become a Candidate, or to propose some other Proprietor as a Candidate for the vacant office of Director or Auditor, (as the case may be), must within ten days from the time, when such advertisement shall be inserted, signify by some writing under his or her hand, to be left within the same ten days at the office of the said Corporation in London or Middlesex, either his own intention to become a candidate, or the name and place of abode of the Candidate intended to be proposed by him or her, and that thereupon the Court of Directors shall at least fourteen days before the day on which the election of such Director or Auditor, (as the case may be), is to take place, cause the name of every Candidate for the Office of Director or Auditor, and in every case where any such Candidate shall be proposed by any other Proprietor, the name also of such Proprietor,

coupled with the name of the Candidate proposed by him or her, to be fairly written out or printed in one List, which shall be posted up in some conspicuous part of the Office of the said Corporation in London or Middlesex, and be there kept posted up until the time of the election.

And we do further will and ordain, that the Chairman and Deputy Chairman of the Corporation respectively, shall from time to time be elected from amongst themselves by the Court of Directors for the time being, and for such period as to them shall seem meet.

And we do further will and ordain, that any Member of the said Court of Directors, or any Auditor may at any time vacate his Office, by sending in his resignation in writing to the Office of the said Corporation, and in case any Member of the said Court, or any Auditor shall, during the continuance of his respective Office by transfer, forfeiture, bankruptcy, or otherwise, reduce the amount of Stock held by him in the said Company, below Two Thousand Pounds, or otherwise shall become disqualified to be a Member of the said Court, or shall be removed by any General Meeting as aforesaid, then, and in every such case, the Office of such Member of the said Court, or of such Auditor, as the case may be, shall instantly become vacant.

Regulations as to the Court of Directors

And we do further will and ordain, that the Court of Directors of the said Corporation, shall meet one day in every month at the least, and at such other times as they shall think fit and proper, and any one of the said Directors may at any time call a Meeting of the said Court by notice in writing, sent to the residence, counting house, or Office of every Member of the said Court, but no business shall be transacted at any Meeting of the said Court, unless five Members shall be present, and that all questions at any Court shall be decided by the votes of the majority in number of the members present, and that at every Court the Chairman, or in his absence the Deputy Chairman of the Corporation, shall be Chairman of such Court, and in the absence of both those Officers, some other Member of the said Court shall be chosen Chairman of such Court by the Members present, and in case of an equal division of votes, such Chairman of the Court for the time being, shall have the casting vote, besides his own vote, and that the proceedings of every Court shall be entered in a book

to be kept for that purpose, and be signed by the Member in the Chair : **and further,** that the said Court of Directors shall have full power to manage, superintend, regulate, and control all the affairs and concerns of the said Corporation, and to appoint all the Agents, Officers and Servants thereof, as well in the United Kingdom of Great Britain and Ireland as abroad, and to fix their respective salaries or wages, and from time to time to remove or discharge any such Agents, Officers or Servants, and to appoint others in their stead, and to make such rules, orders, and bye-laws, for the good government of the said Corporation, and of their said Agents, Officers and Servants, and generally for the superintendence and management of the said Corporation, and from time to time to alter and repeal the said rules, orders, and regulations, or any of them, in such manner as the said Court shall from time to time think expedient or proper : Provided always, that all such rules, orders, and bye-laws as shall from time to time be in force, shall be fairly entered and written in a book or books to be kept for that purpose at the Office of the said Corporation in London or Middlesex, and open to the inspection of the said Directors and other Proprietors at all seasonable times.

Powers of the Court of Directors.

And we do further ordain and declare, that in all cases where the provisions and regulations contained in these presents shall not be applicable to the local situation or circumstances of such Subscribers or Proprietors, or other holders of any share or shares in the Capital of the said Corporation, as are or shall be resident in or at any of the several Islands and Colonies hereinbefore mentioned or elsewhere than in the United Kingdom of Great Britain and Ireland, it shall and may be lawful for the Court of Directors from time to time, when and as often as occasion shall require, or they shall think fit to make all such rules or bye-laws, regulations and provisions, relative to any such subscribers, proprietors or holders as last aforesaid, and with regard to their respective shares and interests in the Capital of the Corporation, as the circumstances of the case or cases for the time being to be provided for shall, in the judgment and at the sole discretion of the Court of Directors, appear to demand or require, and from time to time to alter, vary, and repeal all or any of such Rules, Bye-Laws, Regulations, and Provisions, and to make others in their stead.

Duties of Court of Directors.

And we further will and ordain, that the Court of Directors shall appoint the place and hour of holding every Half-Yearly General Meeting, and shall cause at least twenty-one days' notice of every Half-Yearly General Meeting, and fourteen days' notice of every adjourned General Meeting which shall adjourn for a longer time than two days, to be given by advertisements in manner aforesaid: and further, that (subject at all times to the Rules, Orders, and Directions of the General Meetings of the said Corporation), the said Court of Directors shall have full power to order and dispose of the custody of their Common Seal and the use and application thereof, and execute all the powers hereby given to the said Corporation.

Power for the Court of Directors.

Proprietors to pay Calls.

And we do further will and ordain, that the said Court of Directors shall have power from time to time to call for the amount subscribed by the several Subscribers and Proprietors for the time being, which amount shall be paid by the said Subscribers and Proprietors at such times and places and in such sum or sums as shall be appointed by the said Court, so that no such call shall exceed the sums of Twenty Pounds for every One Hundred Pounds subscribed, and fourteen days' notice at least shall be given of every such call as aforesaid by advertisements in two or more of the Daily Morning Newspapers printed and circulated in London.

And we do further will and ordain, that the respective bodies and persons who shall be Proprietor or Proprietors of any Stock in the said Corporation, shall pay the sum or sums by them respectively subscribed, or such parts and proportions thereof as shall from time to time be called for by the Court of Directors of the said Corporation, by virtue of and agreeably to the powers and directions of this Charter, at such times and places and in such manner as shall be directed by the said Court; and in case any body or bodies, person or persons, being a Subscriber or Subscribers, or Proprietor or Proprietors of any Share or Shares of the Capital Stock of the said Corporation, shall neglect or refuse to pay his, her, or their rateable or proportional part of the money called for as aforesaid at the time and place appointed by such Court, or within thirty days next ensuing, he, she, or they, so neglecting or refusing, shall

forfeit and pay the sum of Five Pounds for every One Hundred Pounds he, she, or they shall have subscribed, or held, or be entitled to in the Capital of the said Corporation ; and in case such person or persons shall continue to neglect or refuse to pay his, her, or their rateable call or calls as aforesaid for the space of two calendar months next after the time so appointed for payment thereof, then and in every such case it shall be lawful for the said Court of Directors (whether they shall or shall not previously have sued for the same as hereinafter mentioned) if they shall think proper, to declare that the respective Shares of the Capital Stock of the said Corporation held by the body or bodies, person or persons, so refusing or neglecting, shall be forfeited, and thereupon the said Share or Shares, and all the profits and benefits thereof, shall be forfeited to and become vested in the said Corporation.

Power to sell forfeited Shares.

And we do further will and ordain, that when any share of the said Capital Stock shall by virtue of this Charter have become forfeited to, or vested in the said Corporation as aforesaid, then and in every such case it shall be lawful for the said Corporation, or the Court of Directors for the time being, and they are hereby authorised and empowered at any time thereafter, to sell or cause to be sold by public auction, or private contract, and by writing under the common seal of the said Corporation, to assign and transfer such share unto any person willing to become the purchaser thereof, his or her executors, administrators or assigns, and such assignment and transfer shall be good, valid and effectual against the owner of every such share, and all persons claiming under him, her, or them ; provided always, that in case the money produced by the sale of any such share shall be more than sufficient to pay any such arrears as aforesaid and legal interest thereon, together with the penalties incurred by non-payment, and the expenses attending the sale thereof, then and in such case, it shall be lawful for the Court of Directors for the time being, if they shall think fit so to do, but not otherwise to pay the surplus arising from such sale to the person or persons to whom such share shall have belonged : Provided also, that the said Corporation shall not by virtue of this Charter at any time or times, sell or transfer, or direct to be sold or transferred any more of the

Stock of such defaulter or defaulters, than shall be sufficient as near as may be at the time of such sale to pay the arrears due from such defaulter or defaulters, for or on account of such call or calls, and the interest, penalties, and expenses attending the same, and from and after the payment of every call or calls to be made by virtue of this Charter, and the interest, penalties, and expenses as aforesaid, any Stock vested in the said Corporation as aforesaid which shall remain in their hands unsold, shall revert to and again become the property of the person or persons, body or bodies politic or corporate, to whom such Stock shall have before belonged, in such manner as if such calls had been duly and regularly paid; so, nevertheless, that nothing in this proviso contained shall be deemed or construed to compel the said Corporation to sell any fractional part of One Hundred Pounds of the said Stock.

Power to sue Proprietors on non-payment of Calls.

Provided always, and we do further will and ordain, that in case any person or persons, body politic or corporate, who shall have subscribed for or be entitled to any Share or Shares in the Capital of the said Corporation, shall neglect or refuse to pay his, her, or their rateable or proportionable part of any sum of money to be called for at the time and place and in the manner to be directed for that purpose by the said Court of Directors as aforesaid, the said Corporation are hereby empowered to sue for and recover the same in any of our Courts of Law or Equity whatsoever.

Regulations as to the payment of Calls of deceased Proprietors.

And we do further will and ordain, that if any deceased Subscriber or Subscribers, Proprietor or Proprietors shall not have left assets sufficient, or in case the Executor or Executors, Administrator or Administrators, Trustee or Trustees, Committee or Committees, Guardian or Guardians, shall refuse or neglect to answer such call for the space of three calendar months next after notice thereof, by Advertisement as aforesaid, shall have been given of such call, the said Corporation shall be and they are hereby authorised and required to admit any other person or persons to be a Proprietor or Proprietors of the Stock of such deceased Proprietor or Proprietors, on condition that he, she, or they so admitted do and shall on or before such admission pay to the Executor or Executors, Administrator or Administrators of such deceased Pro-

rietor or Proprietors, or to the Trustee or Trustees, Committee or ommittees, Guardian or Guardians of the Infant or Infants or other erson or persons who may be entitled to his, her, or their effects, the ull sum or sums of money which shall have been paid by such Proprietor r Proprietors in his, her, or their lifetime, by virtue of any call or calls r otherwise upon such Stock, or such other sum or sums of money as he same can be sold for, and in case no person or persons shall be ound who is or are willing to be admitted upon such condition as afore-aid, then and in every such case such Share or Shares shall be forfeited o and become vested in the said Corporation.

Power for the poration to ca business.

And we do further, for us, our heirs, and successors, Grant unto the aid Colonial Bank and their successors, and we do will and direct and ppoint, that it shall and may be lawful for the said Corporation for the eriod of twenty years, commencing from the first day of May One Thousand Eight Hundred and Thirty-six, to carry on the business of Bankers by dealing generally in Bullion, Money, and Bills of Exchange, nd lending money on Commercial Paper and Government Securities, nd in such other lawful ways and means as are usually practised among Bankers, but it shall not be lawful for the said Corporation to lend or dvance money on the security of lands, houses, or tenements, or upon hips, nor to deal in goods, wares, or merchandise of any nature or kind whatsoever.

And we do further will and ordain, that it shall and may be lawful o and for the said Corporation, during the same period to establish ne or more principal Bank or Banks in the Islands of Jamaica and Barba-os, and in such other Islands or places in the West Indies and British uiana as by them shall be considered expedient, with such Branches r Agencies as from time to time may be found convenient, and at and rom such principal Bank or Banks, Branches and Agencies, or any of hem, to make, issue, and circulate Notes payable in Dollars to Bearer on emand or otherwise, provided that no such note shall be issued for less han the sum of Five Dollars, and provided that all such notes be made ayable in Dollars of acknowledged weight and fineness to Bearer on emand, as well at such principal Bank or Banks and every of them, if

more than one of such principal Banks shall be established, as at the Branch or Agency from which the same shall have issued. And provided also, that the said Corporation shall not discount any Bills of Exchange, Promissory Notes, or other negociable paper on which the name of any Director or Officer of the said Corporation shall appear as Drawer, Acceptor, or Indorser, to an amount exceeding one-third of the whole amount of the sum for the time being under discount by the said Corporation.

And we do further ordain and declare, that it shall be lawful for the said Corporation, notwithstanding the Statutes of Mortmain, or any other Statutes or Laws or any thing herein contained to the contrary thereof, to purchase, take, hold, and enjoy to them and their successors, as well in the United Kingdom of Great Britain and Ireland as in any of the said Islands and Colonies hereinbefore mentioned or referred to, such houses, offices, buildings, lands, and other hereditaments, and also such Ships and Vessels as shall or may from time to time be actually and bona fide necessary and proper for the purpose of managing, conducting, and carrying on the affairs, concerns, and business of the said Corporation, but not for any other purposes, nor so as to be in any manner made instrumental for the purposes of speculation, and to sell, convey, and dispose of the same respectively when not wanted for the purpose of their said business. And we do hereby grant unto all and every person and persons, and bodies politic or corporate, who are or shall be otherwise competent, our special licence and authority to grant, sell, alien, and convey in Mortmain unto and to the use of the said Corporation and their successors any such houses, offices, buildings, land, and other hereditaments, and any such ships or vessels whatsoever as aforesaid, accordingly.

And we do further will and declare that these presents are upon this express condition, that if the said Corporation shall become Insolvent, all and every the Proprietors for the time being of any interest or share in the Capital thereof, shall be liable to be called on to contribute to the payment of the debts and liabilities of the said Corporation to the full amount of all the Stock held by them in the said Corporation, although the same shall not have been heretofore called for and paid

up, and that all the powers, privileges, and authorities hereby given, shall utterly cease and be void in the event of the said Corporation suspending Cash payments in the manner hereinbefore provided for the space of sixty days whether such suspension shall take place at any principal or branch Bank. **And further,** that the said Corporation shall be bound to make up and publish in some Newspaper or Newspapers circulating in each of the Colonies in which a Bank shall be established, and also in the London Gazette once in every year an Account or Statement shewing the whole amount of its debts and assets at the close of the past year, and shewing also the amount of its Notes payable on demand which had been in circulation during every month of such year, together with the amount of specie distinguishing each kind, and other assets immediately available in every such month for the discharge of such Notes, and that the said Corporation shall furnish copies of such yearly account or statement to the respective Governors of each Island or Colony in which a principal Bank or branch shall be established. And further that the said Corporation shall not become purchasers of any of the Capital Stock of the said Corporation.

As to publication of Accounts.

And we do further will and ordain that on the determination of the said term of twenty years the business so to be carried on by the said Corporation shall cease, and the debts and engagements thereof shall be liquidated and discharged, and the assets and property thereof sold, disposed of, and converted into money, and the surplus divided amongst the Proprietors according to their shares and interests in the Capital thereof. **And** we do for us, our heirs and successors, Grant and Declare that these our Letters Patent or the Enrolment thereof shall be in and by all things valid and effectual in the Law according to the true intent and meaning of the same, and shall be recognised as valid and effectual by all our Courts and Judges in our United Kingdom of Great Britain and Ireland, and by the respective Governors and Courts of Judicature of and in our said Islands and Colonies, and all other Officers, Persons, and Bodies Politic or Corporate whom it doth shall or may concern. And that the same shall be taken, construed, and adjudged in the most favourable and beneficial sense, and for the best advantage of the said Corporation as well in our several Courts of Record in our United Kingdom

of Great Britain and Ireland, and in our several Islands and Colonies aforesaid, as elsewhere notwithstanding any non-recital, mis-recital, uncertainty, or imperfection, in these our Letters Patent. And we do hereby require and enjoin the respective Governors of our said several Islands and Colonies for the time being, to give full force and effect to these our Letters Patent, and to be in all things aiding and assisting to the said Corporation and their successors. In witness whereof we have caused these our Letters to be made Patent. Witness ourself at our Palace at Westminster, the First day of June, in the sixth year of our Reign.

By Writ of Privy Seal,

EDMUNDS.

THE

SUPPLEMENTARY CHARTER

OF

THE COLONIAL BANK.

October 30th, 1838.

LONDON:

PRINTED BY WILLIAM BROWN & CO. LIMITED, 36-42, ST. MARY AXE, E.C.

1917.

VICTORIA, by the Grace of God, of the United Kingdom of Great Britain and Ireland, Queen, Defender of the Faith.

To all to whom these Presents shall come Greeting.

Whereas by Letters Patent under the Great Seal of the United Kingdom of Great Britain and Ireland, bearing date at Westminster the first day of June, in the sixth year of the Reign of his late Majesty King William the Fourth, his said late Majesty was pleased to grant a Charter incorporating certain persons therein named, and such other persons as should become Subscribers towards, or Proprietors of, the Capital Joint Stock therein and hereinafter mentioned by the name of "THE COLONIAL BANK." And it was thereby declared, that the said Corporation should be established for the purpose of carrying on the business of a Banker in Jamaica and the other West India Islands and British Guiana, and not elsewhere; subject nevertheless to such restrictions and provisions as were thereinafter contained. And by the said Letters Patent it was also declared, that the Capital or Joint Stock of the said Corporation should consist of the sum of Two Millions sterling, and that it should not be lawful for the said Corporation to commence or carry on the said business of Banking, until the sum of One Million Five Hundred Thousand Pounds should have been subscribed for, and the sum of Five Hundred Thousand Pounds should have been actually paid up. And by the said Letters Patent it was also ordained, that it

should be lawful for the said Corporation for the period of Twenty Years, commencing from the first day of May, One Thousand Eight Hundred and Thirty-six, to establish one or more principal Bank or Banks in the Islands of Jamaica and Barbadoes, and in such other Islands and places in the West Indies and British Guiana as by them should be considered expedient, with such Branches or Agencies as from time to time might be found convenient; and at and from such principal Bank or Banks, Branches, and Agencies, or any of them, to make, issue, and circulate Notes, payable in Dollars to bearer on demand, or otherwise, provided that no such Note should be issued for less than the sum of Five Dollars, and provided that all such Notes were made payable in Dollars of acknowledged weight and fineness to bearer on demand, as well at such principal Bank or Banks, and every of them, as at the Branch or Agency from which the same should have issued.

And whereas by an order in Council made by and with the advice of our Privy Council, and bearing date the fourteenth day of September last, we have approved of a royal proclamation, whereby after stating that the Coin current in our West Indian Colonies, including our Province of British Guiana, consists partly of the current Coin of our said United Kingdom of Great Britain and Ireland, and partly of Spanish, Mexican and Columbian Gold Coin called Doubloons, and of Spanish Mexican and Columbian Silver Coin called Dollars; and that it was expedient that the rate at which the said Doubloons and Dollars should circulate in our said Colonies should be ascertained and fixed, we have declared and ordained that throughout the whole of our said Colonies the said Doubloon shall circulate and be received in payment, as being of the full value of Sixty-four Shillings sterling, current money of our said United Kingdom, and that the said Dollar shall circulate and be received in payment as being of the full value of Four Shillings and Two-pence sterling, like current money of our said United Kingdom; and that in all payments to be made in any of our said Colonies, tender of payment made in Doubloons and Dollars, or either of them, at the rate aforesaid, shall be deemed and taken to be a lawful tender, in the same manner as if such tender had been made in the current Coin of our said United Kingdom.

And whereas the said Colonial Bank have lately presented to us a petition, whereby after noticing the said Letters Patent, and proclamation, and setting forth that in pursuance of the said Letters Patent, Banks or Agencies have been established by them in Jamaica and all the principal Islands in the West Indies and at British Guiana, and that arrangements have also been made by them for the issue and circulation of Notes, in accordance with the provisions of the said Letters Patent, but that in consequence of the unsound state of the currency in the said Islands and Colonies, they have been prevented from issuing and circulating any material amount of such Notes, and also setting forth that while they are compelled to pay their Notes in Dollars only, and at the same time are obliged to receive payment of debts contracted with them in the currency now established, they cannot with prudence extend the circulation of their Notes, they have humbly besought us to issue new and supplementary Letters Patent for the purposes and in the manner hereinafter expressed, which we are minded to do: Now know ye, that as well upon the prayer of the said Colonial Bank, as also of our especial grace, certain knowledge, and mere motion, We have willed, ordained, and declared, and by these presents for us, our heirs, and successors, Do will, ordain and declare that so much and such part of the said Letters Patent so issued by his said late Majesty as aforesaid as authorizes and empowers the said Colonial Bank to make, issue, and circulate Notes payable in Dollars to bearer on demand or otherwise; and provides that no such Note shall be issued for less than the sum of five dollars, and that all such Notes shall be made payable in Dollars of acknowledged weight and fineness to bearer on demand, shall from henceforth be, and the same is hereby, revoked, determined, and made void; and we do by these Presents, revoke, determine, and make void the same accordingly. And we do further for us, our heirs, and successors, grant unto the said Colonial Bank, and their successors, and we do will, ordain, and declare, that it shall and may be lawful for the said Corporation, for the period of Twenty Years, commencing and to be computed from the first day of May, One Thousand Eight Hundred and Thirty-six, to make, issue, and circulate at and from such principal Bank or Banks, Branches, and Agencies, as heretofore have been, and at any time or times hereafter shall or may be established by them, in

pursuance and by virtue of the said existing Letters Patent or Charter of Incorporation, or at and from any such Banks, Branches, and Agencies. Notes payable to bearer on demand, or otherwise, provided that no such Note shall be issued for less than the sum of five Dollars, and provided that all such Notes be made payable to bearer on demand as well at such principal Bank or Banks, and every of them, (if there shall for the time being be more than one such principal Bank), as at the Branch or Agency from which the same shall have been issued.

And we do further will, ordain, and declare, that it shall be lawful for the said Corporation to tender in full payment, satisfaction, and discharge of all such Notes as hereafter shall or may be made, issued, and circulated by them, in pursuance and by virtue of the said existing Letters Patent, as also of all such Notes as shall or may be made, issued, and circulated by them, in pursuance and by virtue of these presents, the sterling value of such Notes respectively, in any such specie as by our said proclamation, is declared to constitute a legal tender in our said Colonies for such sterling money, or in any other Specie which by any future proclamation we may declare to constitute such legal tender.

And we do for us, our heirs, and successors, grant and declare that these our Letters Patent, or the inrolment thereof, shall be in and by all things valid and effectual in the law, according to the true intent and meaning of the same, and shall be recognised as valid and effectual by all our Courts and Judges in our said United Kingdom of Great Britain and Ireland; and by the respective Governors and Courts of Judicature, of and in our said Islands and Colonies, and all other officers, persons, and bodies politic or corporate, whom it doth, shall or may concern; and that the same shall be taken, construed, and adjudged in the most favourable and beneficial sense, and for the best advantage of the said Corporation, as well in our several Courts of Record, in our said United Kingdom of Great Britain and Ireland, and in our several Islands and Colonies aforesaid, as elsewhere, notwithstanding any non-recital, mis-recital, uncertainty, or imperfection in these our Letters Patent.

And we do hereby require and enjoin the respective Governors of our said several Islands and Colonies for the time being, to give full force and effect to these our Letters Patent; and to be in all things aiding and assisting to the said Corporation and their successors.

In Witness whereof, we have caused these our Letters to be made Patent. Witness ourself, at our Palace of Westminster, the Thirtieth Day of October, in the Second Year of our Reign.

By writ of Privy Seal,

EDMUNDS.

STATEMENT showing the Limitation of the Liability of Shareholders in the British Guiana Bank, and the Extent thereof in relation to its Capital.

1. THE subscribed capital of the bank amounts to *f.* 4,200,000 (guilders); that is, in the present colonial currency, $ 1,400,000 (dollars), in 6,000 shares, of *f.* 700 (guilders), or $ 233. 33⅓ (dollars) each share.

2. The paid-up capital amounts to $ 299,506. 67. (dollars), leaving the sum of $ 470,493. 33. (dollars) as the uncalled-for and unpaid capital of the bank.

3. The liability of shareholders is limited to the amount of the subscribed capital of their respective shares.

And with the proviso that said liability continues to exist for a period of one year from the date of any transfer of shares.

(signed) *Fred. Verbeke,*
Manager of the British Guiana Bank.

Georgetown, British Guiana,
18 August 1857.

CHARTER of the British Guiana Bank, incorporated by Ordinance of the Governor and Court of Policy of British Guiana, 11th November 1836; confirmed by the Queen, in Council, 6th October 1838.

At the Court at Windsor, this 6th day of October 1838.

Present:—The Queen's most Excellent Majesty; The Lord Chancellor, The Lord President, The Lord John Russell, The Viscount Melbourne, The Lord Glenelg, Sir J. Hobhouse, Bart.

WHEREAS, on the 11th day of November 1836, a certain ordinance was enacted by the Lieutenant-governor of British Guiana, by and with the advice and consent of the Honourable Court of Policy of British Guiana, entitled "An Ordinance to incorporate a Bank, to be called the British Guiana Bank," which ordinance was in the following words; that is to say,

(*Ordinance No.* 82, A. D. 1836.)

And whereas, on the 6th day of April 1838, a certain other ordinance was enacted by the acting Governor of British Guiana, by and with the advice and consent of the Honourable Court of Policy of British Guiana, entitled "An Ordinance to amend an Ordinance, entitled 'An Ordinance to incorporate a Bank, to be called the British Guiana Bank,'" which ordinance was in the following words; that is to say,

(*Ordinance No.* 9, A. D. 1838.)

And whereas it is expedient, that, subject to the amendment hereinafter mentioned, the said ordinances should be confirmed by Her Majesty; it is therefore ordered by Her Majesty, by and with the advice of Her Privy Council, that the total amount of the debts, engagements, and liabilities of the corporation in the before-recited ordinances, named and styled "The British Guiana Bank," upon or in respect of any such notes or bills as may be issued by the said corporation, payable to bearer in dollars on demand, or otherwise, shall not in any case exceed three times the amount of the capital of the said corporation which for the time being shall have been actually paid up. And be it further ordered, that so much of the said recited ordinances as is in any manner repugnant or opposed to the provisions, or any of them, of this present order shall be and the same is hereby disallowed; and that, save as aforesaid, the said recited ordinances are hereby confirmed and allowed, and finally enacted.

Provided nevertheless, and it is hereby further ordered, that nothing herein contained applies or shall be construed to apply to prevent the application to the said corporation, and to the payments to be made by them, of an order made by Her Majesty in Council, bearing date 14th September 1838, or of the proclamation in that order mentioned.

And the Right honourable Lord Glenelg, one of Her Majesty's Principal Secretaries of State, is to give the necessary directions herein accordingly.

Wm. L. Bathurst.

Abstract of Proclamation, 14 *September* 1838.

Whereas the coin current in Our West India Colonies, including Our province of British Guiana, consisting partly of the current coin of the United Kingdom, and partly of Spanish, Mexican, and Columbian gold coin, called doubloons, and of Spanish, Mexican, and Columbian silver coin, called dollars; and it is expedient that the rate at which the said doubloons and dollars shall circulate in Our said colonies should be ascertained and fixed: Now, therefore, We, by the advice of Our Privy Council, have thought fit to declare and ordain, and by the advice aforesaid We do hereby declare and ordain, that throughout the whole of Our said colonies the said doubloons shall circulate and be received in payment as being of the full value of 64 *s.* sterling, current money of the United Kingdom; and the said dollar shall circulate and be received in payment as being of the full value of 4 *s.* 2 *d.* sterling, like current money of the United Kingdom. And in all payments to be made in any of Our said colonies, tender of payment in doubloons and dollars, or either of them, at the rate aforesaid, shall be deemed and taken to be a lawful tender, in the same manner as if such tender had been made in the current coin of the United Kingdom.

Abstract of subsidiary Proclamation, 15 *November* 1838.

And whereas it is also expedient, that the currency rate at which the said doubloons and dollars, as well as the silver coins, of the United Kingdom shall circulate in Our colony of British Guiana, should be ascertained and fixed: Now, therefore, We have thought fit to declare and ordain, and We do hereby declare and ordain, that throughout Our said colony of British Guiana, the said doubloon, the said dollar, and the said silver coins of the United Kingdom shall, from and after the 15th day of November 1838, be received and taken at the following rates of the currency of Our said colony of British Guiana; that is to say, the doubloon at the rate of 46 guilders 1 stiver and three-fifth parts of a stiver, and its fractional parts in like proportion: the dollar at the rate of three guilders, like current money of British Guiana, and its fractional parts in the like proportion: the British shilling at 14 stivers and two-fifth parts of a stiver, like current money of British Guiana; and all other British silver coins, and the fractional parts of the British shilling, in the like proportion.

And in all payments to be made in Our said colony of British Guiana, tender of payment in doubloons, dollars, and silver coins of the United Kingdom, or either or any of them, shall be deemed and taken to be a lawful tender at the above specified current rates of Our said colony of British Guiana.

Digest of the Charter.

Body corporate established by name of British Guiana Bank.

1. Such and so many persons, bodies politic or corporate, as shall become subscribers of or towards the capital or joint stock hereinafter mentioned, in manner hereinafter provided; and such other persons, bodies politic or corporate, as shall from time to time in the manner hereinafter provided, become proprietors of any part of such capital or joint stock (not being a fractional part of 700 guilders of such stock), shall be one body politic and corporate, in deed and in name, by the name of "The British Guiana Bank," and by that name shall and may sue and be sued, implead and be impleaded in all courts, whether of law or equity, and shall have perpetual succession, with a common seal, which may be by them changed or varied at their pleasure; and service of process upon the chairman, or any of the directors of the bank, shall be deemed and adjudged to be good and sufficient service.

To carry on business of a banker.

2. The corporation shall be established for the purpose of carrying on the business of a banker in British Guiana, subject nevertheless to such restrictions and provisions as are hereinafter contained.

Joint stock £4,200,000 in 6,000 shares.

3. The capital or joint stock of the corporation shall consist, in the first instance, of the sum of 4,200,000 guilders, to be subscribed in 6,000 shares of 700 guilders each; and so soon as the said sum of 4,200,000 guilders shall have been paid up, and not before, the capital or joint stock shall or may be increased and raised to the sum of 7,000,000 guilders, by adding to the original

sum

sum the further sum of 2,800,000 guilders, to be subscribed in 4,000 shares of 700 guilders each, provided such increase be deemed advisable by the corporation, and be sanctioned by the votes of two-thirds at least of the proprietors of the original capital, present either in person or by proxy at a general meeting convened expressly for the purpose of deliberating on such increase. The votes on this question, either in person or by proxy, to be given, as in all other cases, in the manner hereinafter provided.

May be increased further by *f.* 2,800,000 in 4,000 shares

4. Books shall be opened for taking subscriptions to the capital or joint stock, and of the original capital of 4,200,000 guilders, the sum of 2,800,000 guilders shall be apportioned to subscribers resident in British Guiana; and the sum of 1,400,000 guilders to persons connected with the colony, or with the corporation, as agents, resident elsewhere. But if the sum of 1,400,000 guilders be not subscribed for by persons connected with the colony or with the corporation, as agents, resident elsewhere, within four months from this date, the remaining shares of the original capital shall be apportioned and distributed as may hereafter be agreed on at a general meeting of the shareholders. And should it be decided to increase the capital of the corporation as hereinbefore mentioned, the new shares shall be apportioned and distributed as may be decided upon in like manner: provided, however, that no individual or company, or body corporate, shall hold at any time more than 200 shares of the capital stock of the corporation.

Apportionment of shares.

No individual or company to hold more than 200 shares.

5. The modes and times in and at which the several instalments upon the shares shall be paid, and the nature and form of the notices to be given requiring payment thereof, and also the form of receipts for payments, and the nature and form of notices for meetings, shall be regulated and determined by the directors appointed or to be appointed as hereinafter mentioned.

Directors to regulate mode and time of payment of instalments on shares.

6. One-half at the least of the capital subscribed shall be paid up immediately.

Half of subscribed capital to be paid immediately.

7. All and every person and persons, bodies politic or corporate, by and from whom any subscription shall be made and accepted, and any payment on account thereof made pursuant to the provisions herein contained for that purpose, for or towards raising the capital sum of 4,200,000 guilders; or, should the capital be increased as before mentioned, then for or towards raising the capital sum of 7,000,000 of guilders, no such subscription being for less than 700 guilders, shall have and be entitled to a share of and in the capital stock of the corporation, in proportion to the monies which he, she, or they shall have so subscribed towards making up the same, and shall have and be entitled to a proportionable share of the profits and advantages attending the capital stock of the corporation, and shall be admitted to be a proprietor or proprietors of and in the same.

Subscribers entitled to proportionable shares of profits on stock.

8. The corporation shall cause the names and designations of the several persons who shall subscribe for or become entitled to any share of the capital stock of the corporation, with the amount of such share, to be fairly and distinctly entered in a book, kept by their clerk or secretary; and the several persons, bodies politic or corporate, who shall subscribe for, or have or hold any share or shares of the capital stock, shall and they are required to pay the sum or sums of money by them respectively subscribed, at such times and places, to such persons, and in such manner as shall be ordered and directed by any court of directors for the time being of the corporation, pursuant to the provisions herein contained.

Names of shareholders to be entered in a book.

9. When two or more persons are jointly entitled to any share or shares of the capital stock, the party whose name stands first in the book of the corporation shall be considered to be the proprietor of the whole of such share or shares, for all the purposes of the corporation, save only as regards his eligibility to fill the office of director.

Two or more persons being entitled to any share, person whose name stands first considered proprietor of the whole.

10. The several proprietors of the capital stock of the corporation may sell and transfer any shares of which they shall respectively be possessed, or any part thereof, not being less than 700 guilders of such stock, and being either the sum of 700 guilders, or some multiple of 700 guilders of such stock; provided such transfer be in the form hereafter to be settled by the directors, and be

Proprietors may sell and transfer their shares.

signed by the party transferring, and accepted by the transferee, and registered in the books of this company; for which registration a fee to be fixed by the directors, not exceeding, however, three guilders on each share, shall be paid for the benefit of the corporation; and such transfer, when duly executed, shall convey the whole estate and interest in the stock therein mentioned of the person or persons transferring the same, to the person or persons so taking or accepting the same, which person or persons shall thereby forthwith become, in all respects, proprietors of the corporation in respect of such stock, in the place of such persons so transferring the same; and an extract from the register or book of the corporation, signed by a director and the manager of the bank for the time being, shall be sufficient evidence of transfer, and be received as such.

s transfer of a share be made until 350 ilders be paid ereon, nor after a ll be made, until the oney be paid.

Provided that no share of the capital stock shall be transferred until 350 guilders at least shall have been paid thereon, and that no transfer of any share or shares be permitted after a call for money is made by the directors, until the money called for is paid thereon.

arty transferring able for one year om date of transr.

And notwithstanding such transfer, the party transferring shall for the period of one year from the date of registering the transfer, remain liable for the amount unpaid to the corporation on the shares transferred.

eneral meetings f proprietors to e held in January nd July of each ear.

11. General meetings of the proprietors of the corporation shall from time to time be assembled in Georgetown, and shall be there held in January and July of each year, at such time and place as the directors may appoint; provided that advertisements thereof be inserted in the colony newspapers 21 days at least previous to such meeting; but should the proprietors not assemble at these times, the charter of the company shall not thereby be affected; and the meetings may be held at other times to be appointed by the directors, in lieu of those here fixed: provided that due notice as above be first given of such meeting.

Directors may call pecial general meetings.

12. At any time the court of directors may call special general meetings, to be held in Georgetown, giving notice thereof at least 14 days previously in the public papers.

Thirty proprietors may require directors to call a special general meeting.

13. At any time any 30 proprietors, holding, in the aggregate, 300 shares, or upwards, by writing under their hands left at the bank, may require the directors for the time being to call a special general meeting of the proprietors, provided their requisition expresses the object or objects for which the special general meeting is required to be called; and in case the directors shall refuse or neglect to comply with such requisition for seven days after the same shall have been left as aforesaid, then a special general meeting may be called by such proprietors on giving 14 days' notice thereof in any one or more of the newspapers; and every such advertisement shall express the day and hour and place in Georgetown for holding the same, as also the delivery of the requisition at the bank, and the refusal of the directors to call such special meeting; and shall contain the names and residence of the proprietors signing the said requisition, and may also, if such proprietors shall deem it expedient, express the object of such meeting; and all acts of the proprietors at such special general meeting shall be as valid as if the same had been done at any half-yearly general meeting of the corporation; provided, nevertheless, that at such special general meeting the discussion shall be strictly limited to the objects mentioned in the requisition.

General meeting may be adjourned.

14. Any general meeting may be adjourned from time to time, but no other business shall be transacted at any adjourned meeting than that left unfinished at the previous meeting, and if such adjournment be for more than two days, then seven days' notice must be given previous to such adjourned meeting being held.

Rule to be observed on proceeding to business at general meeting.

15. No business shall be transacted at any general meeting unless 25 proprietors, holding in the aggregate, at least, 250 shares in the stock of this corporation, shall assemble and proceed to business within one hour after the time appointed for holding such meeting.

At general meeting proprietors to have votes according to the number of their shares.

Number of votes defined.

16. At every general meeting of the proprietors of the corporation, a proprietor of 2 shares shall have one vote; of 10 shares, two votes; of 20 shares, three votes; of 50 shares, four votes; of 90 shares, five votes; and of 150 shares and upwards, six votes; and that no person holding less than two shares shall be entitled to and vote at any general meeting of the proprietors of the corporation; and

and further, that in case of proprietors of the corporation residing in the colony ten or more miles from Georgetown, and all resident female proprietors, such votes may be given by proxy, provided such proxy be in the form to be hereafter prescribed by the board of directors, and signed by the proprietor, and provided it be entrusted to a shareholder in the corporation; but no shareholder shall by proxy represent more than six votes.

17. At all general meetings, no shareholder shall be admitted to vote, either in person or by proxy, unless he shall have been registered as proprietor four months at least before the meeting, and shall have paid up all calls for instalments, and unless he shall at the time declare that he is *bonâ fide* proprietor of the shares in virtue of which he claims to vote.

Proprietors not entitled to vote at general meetings unless registered four months previously.

18. At every general meeting, all questions submitted shall be decided by a majority of votes taken by ballot; and the minutes of the several transactions at such meetings shall be prepared during the progress of the business, and be signed by the chairman of the meeting. The chairman of the board of directors shall be chairman of meetings, or in case of his absence, then one of the directors, or, no director being present, then any proprietor holding 20 shares may be called to the chair; and if at any meeting the votes on any question be balanced, the chairman of such meeting shall have a casting vote, in addition to his individual votes, and votes by proxy.

At general meeting questions to be decided by ballot.

19. At each half-yearly meeting, the chairman and directors for the time being shall lay over, for the inspection and consideration of the shareholders, a full statement of the affairs of the corporation, signed by the proper officers, which statement the proprietors may, if so they decide by votes of two-thirds of the number present, refer to any two of their body as auditors, for examination and report at an adjourned meeting, with all necessary powers to the said auditors to call in the officers and servants of the corporation, and to employ necessary assistants to enable them to make such audit and report. And at every such half-yearly meeting, or some adjournment thereof, a dividend or dividends shall, if recommended by the court of directors, be paid out of the profits of the corporation, unless such meeting shall declare otherwise, but in no case shall such dividend exceed three-fourths of the apparent profit, and the remaining one-fourth shall be allowed to accumulate as a surplus fund, to be disposed of as may hereafter be agreed on at a general meeting of the proprietors.

At half-yearly meetings directors to lay over statement of affairs.

As to declaration of dividends.

20. For the better ordering and governing the affairs of the corporation, and for making and establishing a continual succession of persons to be directors of the corporation, there shall be from time to time constituted, in manner hereinafter mentioned, out of the members of the corporation, a chairman, who shall also be a director, and eight other directors, which nine directors, or any three of them, shall constitute and be called a court of directors, for the ordering, managing and directing, in the manner and under the provisions herein contained, the affairs of the corporation; and John Croal shall be the first chairman, and John Groscort Reed, Charles Benjamin, William Johnston, Alexander Glen, John Lane, Ellis John Troughton, junior, Abraham Garnett and James Archibald Holmes, the first eight directors of the corporation, in addition to the chairman.

A chairman and eight other directors constituted.

Any three to constitute a court.

21: Any member of the court of directors may at any time vacate his office by sending in his resignation, in writing, to the office of the corporation; and in the event of any member of the court ceasing at any time to hold 20 shares of the capital stock of the corporation, his appointment shall instantly cease; and in either of these cases, as also in case of the death or departure from the colony of any of the directors, the court of directors shall fill up the vacancy, and elect a person to serve for the unexpired term of service of the party who has resigned office, died, or ceased to hold the necessary amount of stock.

Any member of court of directors may resign his office.

22. In case the conduct of any one director shall at any time be such that his continuance in office shall appear to his co-directors for the time being prejudicial or injurious to the interest of the corporation, the co-directors, at a special court to be convened for that purpose, by a majority of votes, may suspend such director from his office until a special general meeting can be held, which meeting must be forthwith summoned. And further, the proprietors at any half-yearly or special meeting, may remove any director or

If conduct of any director appear to co-directors prejudicial to corporation, such director may be suspended from office.

directors, and elect in his or their room and stead any other duly qualified proprietor; and such director or directors so elected shall serve only for such period as the party in whose room he was elected would have had to serve by rotation.

Shareholders at any general meeting may fix remuneration of court of directors.

23. The remuneration to be received by the court of directors for the time being for their services shall be fixed by the shareholders from time to time, at any general meeting, payable out of the profits of the corporation, and such remuneration shall be apportioned among the directors, as they shall decide.

Directors appointed as above to hold office until 1838.

24. The directors above appointed shall hold office until the first general meeting in 1838, when six of them shall go out in rotation; and further, at the first yearly general meeting to be held each succeeding year, the six directors whose names stand first on the list shall go out by rotation; and the vacancies caused by the directors going out in rotation shall be filled up by the proprietors at the first general meeting in each year, from such of their body as may own at least 20 shares of the capital stock of the corporation. But the directors, whose period of service has expired, shall always be eligible to be re-elected.

Court of directors to choose their chairman, and to meet one day, at least, in every week.

25. The court of directors shall choose their own chairman, and shall meet one day at least in every week; and any one of the directors may at any time call a meeting of the court by notice in writing sent to the residence or office of every member; but no business shall be transacted at any meeting of the court unless three members shall be present, and all questions at any court shall be decided by the votes of the majority in number of the members present; and in case of an equal division of votes, the chairman, or in his absence the member chosen to act in his stead, shall have the casting vote; and the proceedings of every court shall be entered in a book kept for that purpose, and be signed by the member in the chair; and further, the court of directors shall have full power to direct, manage, superintend, regulate, and control all the affairs and concerns of the corporation, and to appoint all the agents, officers, and servants of the corporation, as well in British Guiana, or elsewhere, and at their discretion to remove them and appoint others in their stead, and from time to time to fix the remuneration to be paid to their manager, agents, officers and servants; to use and dispose of the seal of the corporation as they see fit, and to sign, seal, and execute all necessary deeds, contracts, and agreements on behalf of the corporation, and to make all such rules, regulations, and bye-laws as may be necessary for the good government of the corporation, and the same from time to time to alter and repeal; provided that such rules, regulations, and bye-laws, as shall from time to time be in force, be fairly entered in a book kept for that purpose, and open to the inspection of the proprietors, and provided they be not contrary to law or repugnant to the rules and regulations herein set forth, and provided the same be not disallowed by the proprietors at a subsequent general meeting.

No director to vote on question of advance of money to himself or partner.

Limitation of advance to directors and officers.

26. No director shall be permitted to vote on the propriety of refusing or authorising the advance of any money to himself or partner, or in which he is interested as principal or security; but the propriety of granting such accommodation shall be decided apart by his co-directors. And the corporation shall not discount any bills of exchange, promissory notes, or other negotiable paper on which the name of any director or officer of the corporation shall appear as drawer, acceptor, or endorser to an amount exceeding one-third of the whole amount of the sum for the time being under discount by the corporation.

Court of directors may call for instalments in such sums as they think fit.

27. The court of directors shall have power to call for instalments on shares in such sums and at such times as they think fit; but no such call shall at any one time be for more than 140 guilders for each share of 700 guilders, nor shall the money called for be payable until one month's previous notice thereof shall have been given in the public papers, nor shall any such subsequent call be made until two months at least after the date at which the previous call was payable.

Penalties for neglecting to pay instalments.

28. All proprietors who neglect to pay the instalment on their shares, as called for by the directors, shall pay interest on the same from the date fixed for payment, and in addition thereto, if the same be not paid within one month thereafter, they shall be fined 42 guilders for each share, and still not paying within a further period of one month, the share shall be forfeited to and vested in the corpora-

tion; but the directors shall, nevertheless, have power to waive the forfeiture, and accept in lieu thereof a further fine of not less than 42 guilders per share.

Shares forfeited may be sold by order of directors

29. The shares forfeited may be sold by order of the directors, either by public or private sale, and transfer of the same under the seal of the corporation shall be good and valid: provided that if there be a surplus from this sale, it may be given, should the directors see fit, to the former holder; and provided also, that no greater amount of stock shall be forfeited and sold than what is necessary to pay the amount of arrears on the whole shares held by the party, with the penalties, interest, and costs thereon due: nothing in this proviso contained shall be construed to compel the corporation to sell any fractional part of 700 guilders of the said stock.

Corporation may sue for amount of instalment, with penalties.

30. In case any person or persons who shall have subscribed for or be entitled to any share or shares in the capital of the corporation, shall neglect or refuse to pay the instalment on his, her, or their share or shares, as called for by the directors, the corporation shall be entitled, if they see fit, to sue for and recover the amount called for, with the interest and penalties.

Shareholder dying three months allowed for payment of amount of shares called for.

31. In case of the death of any shareholder, three months shall be allowed for the payment of the amount called for in respect of his shares, and should the amount not then be paid, any other party shall be admitted to take over the shares and make the payment, on showing that he has paid the executor, or other person properly qualified, the amount already advanced on such share.

Corporation to exist for 21 years

32. The corporation may, for the period of 21 years from the 11th of November 1836, carry on the business of bankers, by lending money on bonds, bills of exchange, promissory notes, acceptances, open accounts, government security, and all other securities whatever connected with banking; discounting bills of exchange, promissory notes, or other commercial paper, buying and selling bills of exchange, receiving deposits at such rate of interest as may from time to time be fixed by the directors, not exceeding the legal rate; borrowing or taking up money on receipts, bills, promissory notes, or other obligations; also by investments, purchases, sales, or any dealings in bullion, or government or public funds of Great Britain, navy or exchequer bills, or the stock of any chartered company, save only the stock of this corporation; and may enter into and carry on all other business and transactions usual in banking establishments, and make, issue, and circulate notes payable to bearer on demand, or otherwise, provided that no such note be issued for less than the sum of five dollars; and that all such notes shall be payable in dollars on demand, of the acknowledged weight and fineness of Spanish dollars, at the banking house of the corporation; but the corporation may not carry on any other business or trade whatever than that of banking; and they are strictly forbidden to lend money or to make advances on real security, whether the same be lands, houses, or plantations.

Nature of business to be carried on.

Directors to publish statements of specie and assets.

And the directors of the bank for the time being shall, as they are required to, publish, for the information of the proprietors, in the Royal Gazette of this colony, in the months of February and August, general half-yearly accounts ending on the 31st December and 30th June last before respectively, showing the whole amount of its debts and assets at the close of each half-year, and showing also the total amount of its notes payable on demand, which had been in circulation in each week of such half-year, together with the amount of the specie, distinguishing each kind, and other assets immediately available in each week for the discharge of such notes; and copies of such half-yearly accounts shall be laid before the Governor and Court of Policy by the directors; and similar accounts shall be furnished at any time by the directors to his Excellency the Governor whenever required.

Situation of bank, and authority to establish branches.

33. The principal establishment of the bank shall be in Georgetown, and branches and agencies may be established in New Amsterdam and such other parts of the colony as from time to time shall be found necessary.

535

Corporation may purchase and hold lands for their affairs.

34. The corporation may purchase and hold lands, buildings, and any other property necessary for their affairs, and from time to time may sell and dispose of the same and purchase others in their stead, and also, when plantations, lands, buildings, and other property belonging to persons indebted to the corporation are brought to judicial sale, the directors may, if the interest of the corporation so require, bid up, and if need be, purchase in such plantations, lands, build-

253 "

Jamaica

No. 39

The Kings House
27 December 1836

My Lord

I crave the honor to enclose two acts, relating to Banking Establishments;--one giving a legal confirmation to the Charter of the Colonial Bank;--the other, an Act for the establishment of an Island Bank under the style of the Bank of Jamaica.

2./ This subject has occupied much of the attention of the House of Assembly, and naturally enough created considerable excitement, according as the various interests of Merchants and Planters would seem to be affected.

3./ The Jamaica Bank has issued its notes but not to any considerable extent, and quite as paper of private obligation.

4./ Some of the leading Members consulted me if I felt I could support their Establishment. My reply went,--as long as your notes are merely of a private nature, I cannot interfere, any more than I could with other mercantile transactions; but the moment you go to the House of Assembly to have your Bank recognized as a public Institution, and your notes made legal tenders for money payments, I then dissent to your proceedings, under the Royal Instructions; and I cannot receive any Act from the Legislature for this purpose, unless it bears a suspending clause.

5./ Under this restriction, the Act is suspended until July next; which allows time for my receiving His Majesty's decision upon it, before it can come into operation.

I have &c

s^{d}/ Lionel Smith"

255 " The Chairman [John Irving, M.P.] communicated to the Court that he had had an interview with Mr. Stephen UnderSecretary of State for the Colonies, on the subject of the Government extending its protection to the Colonial Bank Charter in the West Indies; and more especially in British Guiana where a Local Bank had been projected with the apparent sanction of the Colonial Authorities; that Mr. Stephen had given him to understand that if a sufficient number of copies of the Charter was furnished to the Colonial Office they would be forwarded to the different Governors with a recommendation to give them countenance and carry them into effect."

256 " The Secretary [Charles Calvert] having laid before the Committee, a letter [dated July 11, 1837] from the Adjutant General [Sir John MacDonald], requesting to be informed of the names of the West India Islands in which the Bank had Branches, with a view to the appointment of Military Sentries, the Committee instructed him to state in reply that although the Bank had branches in several of the other West India Colonies, they were only desirous at present that Sentries should be appointed at the principal ones, viz, at Jamaica, Barbados, Demerara and Trinidad."

257 "That by desire of the Chairman [John Irving, M.P.] he [the secretary] had forwarded to the Adjutant General, the reply from the Colonial Office to the application for a Military Sentry at Barbados and had stated that the Directors were also desirous of procuring the same advantage for their Establishments in the other Islands.--The Adjutant General wished to be informed of the names of the Islands at which the Bank had Branches, and the Secretary replied as instructed by the Committee for General Purposes."

269 "

West India Bank
Barbados 26th February 1848

Sir

I have the honor to deliver herewith to Your Excellency, a Petition to Her Majesty the Queen, and a Letter addressed to the Right Honorable the Secretary of State for the Colonies, (in Duplicate) Praying that Her Majesty may be pleased, to remit the excercise of the Right reserved to Her Majesty, in and by the Thirty Sixth Section of the Royal Charter, granted to the Corporation of the West India Bank, to revoke and make void the said Royal Charter, in respect to the suspension of specie payments by the said Corporation; + which Your Excellency is respectfully solicited to forward, if possible, by the present Packet, with such observations as Your Excellency may consider proper to accompany the subject.

I have the honor to be
Sir,
Your Excellency's
Most Obedient
humble Servant

[signed] J. Heath
Chairman of The
Board of Directors

To His Excellency
Colonel William Reid C.B.
Governor General
&c &c &c"

271 "Circular
Colonial Bank

Colonial Office
January 1837

A representation having been addressed to me on the part of the Directors of the Colonial Bank, expressing their apprehensions that not withstanding the Charter which was transmitted to you in Sir George Grey's Despatch of the 1st of November last, the Notes of the Colonial Bank might, in consequence of the terms of my Circular dated the 31st of last August, not be permitted to circulate in the Colony under your Government without a special order from me for that purpose, I have to inform you that the instructions above referred to is not to be understood as applying to the Notes of the Colonial Bank, that Body having been actually authorized by Letters Patent under the Great Seal to circulate such Notes in the terms therein mentioned.

I have the honor to be
most obedient
humble Servant
[unsigned]"

273 "

Extract from Letter by John Irving Esqr M.P. to the Right Honble J. Spring Rice M.P. Chancellor of Exchequer
&c &c

(Private)

Richmond Terrace
17th March 1838

I take leave to send you a printed circular issued by Major General Sir J. C. Smyth Governor of Demerara addressed to him by Lord Glenelq at the desire of the Lords of the Treasury.--It cannot I am persuaded have been from a desire to throw discredit upon the Notes of the Colonial Bank, but to you who are so well acquainted with the delicate nature of credit I think it must be evident that it must have a tendency to produce an injurious effect upon the circulation in question.--The Bank has never authorized any of its' Establishments to put forth a pretention of its' Notes being a legal or authorized Tender, but they did think and continue of opinion, that, being as they are payable in Dollars on demand it would be for the convenience and for the security of the public that they should be received in payment of Duties and Taxes by the officers of Customs and Colonial Treasurers and such was my request upon the last occasion I had the honor of a conversation with you on the subject.--My request was that the officers of Government might receive the Notes in question provided they saw no objection, and upon their own responsibility--certainly not obligatory.--I cannot yet know what consequences may result from the proclamation but I wish you very clearly to understand that the necessity for it has not been provoked by any Act sanctioned by the Colonial Bank."

280 "Lord Harris
No. 170

CO 7 Septr 47

My Lord

I have recd y^{r} confidential dispatch of the 21^{t} July in which you report the fact that a practice has hitherto existed on the part of the Treasurer of the Island of receiving a percentage f^{m} the Island Banks on account of Deposits of public money made by him in those Banks at his personal risk. I concur with you in the opinion that this practice is highly inexpedient + ought to be immediately discontinued; at the same time I see no cause to impute blame on this account to the Treasurer as he appears merely to have continued an irregularity which on his assumption of his office he found established.--In putting an end to this practice I am not aware of any objection to the employment of the Chartered Banks avowed by + under legal authority as the depositories of all balances of public money not immediately required for the public service. There are various rules however wh: it may be fit to establish in regard to a Banking Au^{t} of this nature,--rules respecting the distribution + the balances between the different Banks,--respecting the interest to be allowed by the Banks on the balances f^{m} time to time in their hands,--respecting the forms to be observed in paying in + drawing out money,--respecting the production at any frequent intervals (perhaps once a week) of a pass book to the Gov^{or} in Council or to the Gov^{or} alone exhibiting the state of the acc^{t} with other topics of a like nature.

I am of opinion that these matter ought to be formally arranged between the Treasurer + the Banks with your concurrence + that they ought then to be reduced into a series of rules to be submitted for the sanction of the Legislative Council.

I have &c
[not signed]"

287 " Previously to this communication from Colonel Banbury the Secretary of State had issued instructions for passing an Ordinance to cause the funds in the hands of the Provost Marshal to be deposited in some safe custody.--An Ordinance was accordingly passed by the Legislative Council providing for the Deposit of these funds in the West India Colonial Bank and as soon as the Branch Bank in this Colony was opened the enactment was complied with.

The Lords Commissioners of Her Majesty's Treasury have proposed... on what grounds... as regards interest on the Moneys lodged in the Colonial Bank.

...the only information I can offer Your Excellency is the following extract from a letter I have received from the Directors of the Colonial Branch Bank in this island.--

> 'From there having been no specific arrangement entered into, we consider the money lodged as a Current Deposit only liable to be called upon at any period and on that account, are obliged to have the amount on hand, so as to be prepared to meet any demand that may be made,

which shews that these Gentlemen consider themselves merely in the light of Stake holders, and can make no use of the money as it may be called for at any moment, and cannot therefore afford to pay any interest."

292 "Gentlemen

My valued friend Mr. Croal is about visiting Barbados and some of the other Islands for the benefit of his health--and may have occasion for money during his tour--I have therefore to request that you will cash Mr. Croal's drafts on England for any sums of money he may require.

I am Gentlemen
Yr. Obed. Servt
[signed] Peter Rose Manager"

293 "A Letter was read from Sir George Grey, in reply to one from the Secretary, dated the 5th Instant [May 1837]...; and the Solicitor [the bank's solicitor, Joesph Maynard of Crowder & Maynard] was instructed to draw up a reply, setting forth the proceedings of the Governor of Demerara in respect to this Bank, and calling attention to the neglect he had shewn to the Charter of the Colonial Bank.

The Secretary was instructed to forward the above Letter to Lord Glenelq...."

297 "... in his speech on the 6 Feby last [1837] on the opening of the Court of Policy for the present year he again took occasion to advert in terms of strong approbation to the Ordinance for the Incorporation of the British Guiana Banking Company + still without noticing in any way the establishment of the Colonial Bank.--A copy of this speech Your Lordship will find in the Royal Gazette of the 9 February last sent herewith.

Again in an address to the combined Court on the 14th March last the Governor adverted to the British Guiana Banking Company as entitled to interest in its favor from the warmest feelings of the Inhabitants for its success. This address Your Lordship will find in the Barbadian of the 1st of April also sent herewith.--"

298 "To His Excellency Major-General Sir James
Carmichael Smyth, Baronet, +++.

The Humble Petition of John Irving, Chairman, Andrew Colville, Deputy Chairman, ...Directors of the 'Colonial Bank', by their Agent in British Guiana, Peter Rose -

Respectfully sheweth : -

That by Letters Patent granted by His Majesty's bearing date, the First day of June, 1836, - your Petitioners and others were constituted a body Politic and Corporate, in deed and, in name by the name of 'The Colonial Bank', for the carrying on the business of a Banker....

That your Excellency will observe from these Letters, that the Corporation is established under certain Rules and Conditions, and under the benefit of various privileges.

....

That His Majesty has been further graciously pleased to declare that these Letters Patent shall be recognized as valid and effectual... and that the same shall be taken, construed, and adjudged in the most favourable and beneficial sense, and for the best advantage of said Corporation... and His Majesty thereby requires and enjoins the respective Governors of the said several Islands and Colonies, for the time being to give full force and effect to these Letters Patent, and to be in all things aiding and assisting to the said Corporation and their Successors.

....

That as Your Excellency is aware, another Bank is intended to be established in this Colony, by parties unconnected with the said Corporation, and Your Petitioners believe that it is the intention of such parties to solicit Your Excellency's countenance and assistance, in the procuring of a Charter, to enable them to carry on the business of Banking in this Colony.

That as such new Charter, if granted, would be unfavourable and injurious to the interests, powers, and privileges of the 'Colonial Bank', and incompatible with the existing Charter, Your Petitioners consider it proper respectfully to solicit Your Excellency's perusal of the said Letters Patent, in the confidence that Your Excellency will not sanction any proceedings which might tend to interfere with or prejudice the same.

Wherefore Your Petitioners respectfully pray that Your Excellency may be pleased at all times to recognize and give full force and effect to the said Letters Patent, and as therein requested to aid and assist the Corporation therey established....

Demerary, 14 October, 1836 [signed] Peter Rose
Provisional Manager of The Colonial Bank in British Guiana

A True Copy H.E.F. Young Gov. Sec. "

300 "

Government Secretary's Office
Demerary
15th October, 1836

Sir,--I have the honor to acknowledge, by His Excellency's desire, your Letter of yesterday's date, together with a Petition signed by you, and a printed Copy of a Royal Charter for establishing a Colonial Bank.

In reply to your Petition as aforesaid, I am to acquaint you that His Excellency can only repeat the same declaration which the Lieutenant-Governor made to Messrs. M'Queen and M'Chlery, when they waited upon His Excellency with a Copy of the Charter, namely, that it was both His Excellency's duty and his wish to afford them every facility and every aid in his power, and which they might require towards establishing a branch of the Colonial Bank in this Province.

I am to add, that although these Gentlemen drew His Excellency's attention towards several matters connected with the prosperity of the said Bank...; they never for one moment expressed an opinion that the establishment of Local Guiana Bank would be incompatible with their Charter. His Excellency cannot, consequently, but suspect that your zeal has caused you to present to the Lieutenant-Governor, the Petition in question, without being authorized to that effect by Messers M'Queen and M'Chlery, at any rate it will be necessary before the Lieutenant-Governor can officially recognize you as the Provisional Manager of the Colonial Bank, and take into consideration any proposition... which you may wish to suggest on the part of the Colonial Bank, or in fact, receive any Communication from you as the Provisional Manager; that the Power of Attorney or other document under which you act should be laid before His Excellency and be duly entered in the office of the Registrar. This is a preliminary indispensable measure, and which will at once show the extent of the authority entrusted to you, and whether you are justified by the instructions under which you act, in petitioning the Lieutenant-Governor to withhold his sanction towards the establishment of a Local Bank.

I have the honor to be
Sir,
Your most obedient, humble Servant

(signed) H.E.F. Young
Gov. Sec.

True Copy H.E.F. Young Gov. Sec."

300 "

Georgetown, Demerary
17th October 1836

Sir,--I have to acknowledge the receipt of a letter dated 15th instant from Mr. H.E.F. Young, Government Secretary, in answer to that which I had the honor to address your Excellency on the 14th.

On the tenor of the reply which Mr. Young's letter conveys to the application I had made on the part of the Colonial Bank, I must beg leave to correct a misconception which your Excellency seems to entertain as to the object of my application, in supposing that I had any intention to offer, on the part of the Colonial Bank, any objection to the establishment in British Guiana of a local Bank; no such views are entertained by one nor by the Institution which I represent. My intention was as my duty dictated, to bring under the particular notice of your Excellency, that the Colonial Bank has been invested by His Majesty's Government with very peculiar and unusual privileges, such as I can undertake to assert would not have been conceded, unless His Majesty's Government had been satisfied that objects of paramount importance to the whole of His Majesty's West India Possessions would be best secured by such concessions, and the purpose of which would be interfered with by similar privileges being granted to any other body.

....

I have no doubt that it will only require the lapse of time necessary to communicate with Barbados to enable me to obtain from Mr. McChlery the full confirmation of what I have just stated.

I notice from the further tenor of Mr. Young's letter, that your Excellency declines to acknowledge me in any respect as the Provisional Manager of the Colonial Bank, until the Power of Attorney or other Document under which I act should be laid before your Excellency, and be duly entered in the office of the Registrar.--With reference to which, I beg leave respectfully to state, that for three days consecutively during the last week I sought the honor of an interview with your Excellency, for the purpose of exhibiting to you the letter of appointment and instructions under which I provisionally act, but which interview, I was informed your Excellency's other engagements at that time prevented you favouring me with. The Document in question, containing my provisional appointment, includes also matters of instruction, which, although I am willing and desirous to

300 submit for your Excellency's inspection, I consider as not intended to be publicly recorded.

If the temporary absence of a more formal instrument should appear--notwithstanding the virtual appointment which I respectfully conceive to be conveyed by the Document to which I allude--to disqualify me from being formally acknowledged by your Excellency, it is a defect which, however I may regret the consequences, I cannot for a few weeks remedy. Meantime, I trust your Excellency will be pleased when you have perused the document under which I act, to regard the Memorial and statements which I have had the honor to submit, not as prompted by an inconsiderate zeal, or by a misconception of the views of any constituents on the point in question, but as justified and called for on my part by the nature of the appointment I hold, and the duty I owe to them under it, although it is not as yet invested with all the usual legal formalities.

I have the honor to be, Sir
Your Excellency's most obedient humble Servant

(signed) Peter Rose

To His Excellency Major-General
Sir James Carmichael Smyth

A True Copy H.E.F. Young, Gov. Sec.

300 "

Government Secretary's Office
Demerary
18th October, 1836

Sir,--I am directed by the Lieutenant-Governor to acknowledge the receipt of your Letter of yesterday's date, and to state that the sentiments it contains, as well as those expressed by you in conversation during the interview with His Excellency yesterday, are at variance with the language of your Petition.

....

I am to add that His Excellency would fain hope that the observations contained in the Reply to your Memorial have induced you to take a more correct view of the subject.

II

I have also to state, that His Excellency having perused the Letter addressed to you by Messers. McQueen and McChlery, and which contains the Instructions under which, as you inform the Lieutenant-Governor, you are acting, His Excellency does not perceive that they contain one word relative to the proposed Local Bank. Your Memorial consequently, to the Lieutenant-Governor, upon the subject of the proposed Local Bank, does not appear to have been authorized or directed by those Gentlemen.

III

With respect to the Local Bank, His Excellency will adopt without fear, favour or partiality, those measures which, after a full, calm, and temperate discussion and investigation of the subject in the Court of Policy, may appear to him to be best calculated to advance the interests of this Colony....

In reference to your statement of having attended three consecutive days without being able to see the Lieutenant-Governor, I am instructed to observe that His Excellency received your Memorial on Friday evening, and answered it on Saturday before breakfast; and that to your application on Saturday for an interview, His Excellency replied by fixing Monday at two o'clock as the time when you would be received. As the humblest individual who addresses the Lieutenant-Governor by letter, is pretty certain of receiving an answer the next day, and as every person who wishes to see the Lieutenanat-Governor has, generally speaking, immediate access, you have only yourself to blame for not communicating to His Excellency your wish for an interview at an earlier period. The moment your request was made known to His Excellency at the office, the earliest period at which His Excellency would be disengaged was named to you.

I have the honor to be,
Sir, Your most obed. humble Servant
[signed] H.E.F. Young Gov. Sec."

True Copy
H.E.F. Young Gov. Sec.

300 "

Georgetown, Demerary
19th October, 1836

Sir,--I have the honor to acknowledge the Letter of yesterday, written by the Government Secretary, by your Excellency's direction, in answer to mine of the preceding day.

...It does not appear to me that it would be conducive to any practical purpose of importance, that I should seek to obtrude on your Excellency any prolonged controversy on the points of exception, which seem to be raised in the Government Secretary's Letter, either as to the substance of My Memorial, or as to my authority for presenting it--beyond the few following remarks.

As to the construction of the Charter of the Colonial Bank, I quite coincide that you Excellency must remain the sole judge of how far its provisions are to regulate your proceedings in regard to the privileges sought to be obtained from the local Legislature for another Banking Establishment, there may possibly be room for difference of opinion, as to the effect of the clause to which I refer....

My purpose will therefore be obtained, if the ultimate decision of the question is reserved to His Majesty's Government.

....

As to the alleged discrepancy between the tenor of my Memorial and that of my letter of the 17th, and of my verbal statements to your Excellency on the same day, I am unable to discern any essential inconsistency....

With regard to your Excellency's exception to the absence of Messers McQueen and McChlery's letter to me of provisional appointment, of any specific instruction expressly prescribing the course I was to pursue as to the Local Bank, I must beg leave to remark, that I deem the appointment of Agent or Manager provisional or permanent, to imply, and to confer on the person so appointed, the excercise of a reasonable discretion in the adoption of such measures as he may judge expedient for the protection of the interests confided locally to his charge.

With regard to the interview which I sought with your Excellency, it was no purpose of my last letter to complain

300 that it had been delayed, and that the matter was only adverted to by me, to shew, with reference to Your Excellency's remark in the first letter of the Government Secretary as to my appointment or authority, that I had been in attendance as formerly mentioned, for the purpose of exhibiting to your Excellency the appointment I held. My statement of having called three several days last week with the view of seeing your Excellency is, I beg to assure you, correct, although it would appear your Excellency was not made aware of it, but it is too trivial a matter to be worthwhile to comment on.

I have the honor to be
Your Excellency's most obedient humble Servant
(signed) Peter Rose

To His Excellency Major-General
Sir James Carmichael Smyth, Lieut-Governor
&c &c &c

A True Copy, H.E.F. Young, Gov. Sec."

303 "

Demerary 15th December 1836

Sir,

On the 13th Instant I forwarded to you the Guiana Chronicle containing two Memorials to His Majesty on the subject of the British Guiana Bank and I now forward the Royal Gazette of the 13th containing the same documents.

These memorials have been got up by the Directors of the British Guiana Bank at the recommendation of the Lt Governor in consequence of a Despatch which he is said to have received from the Secretary of State, it is rumoured to be favourable to the interests of the 'Colonial Bank' of the nature of the despatch (except from report) I am ignorant, it has however been made known to the Directors of the British Guiana Bank--the object in putting up these Memorials is to support the Governors representations, and if possible to get a confirmation of the Ordinance incorporating the British Guiana Bank--Great exertions are making to procure signatures. Agents have been sent to every district of the Colony--for the purpose, and I have no doubt they will be signed by all the Managers Workers and Tradesmen--the Shareholders of the British Guiana Bank possess a very small proportion of the Property of the Colony--whilist on the other hand all the principal Proprietors are connected with the Colonial Bank as will be seen by reference to the Local Guide* of the Colony--Should the Directors deem it necessary to bring the Ordinance incorporating the British Guiana Bank under the notice of His Majesty's Government, I would suggest, that they should urge in the strongest terms the impolity of granting any Charter or Act of Incorporation confirming on that Institution exemption from personal liability to the shareholders, and that any Charter or Act of Incorporation should be subject to all the provisions of the 7th George IV Chap: 46.

I trust the document sent by the Packet will afford the Directors sufficient materials to enable them to make the necessary representations to His Majesty's Government--It appears extraordinary that His Excellency has not published the despatch to which I have referred, had its contents been inimical to the Colonial Bank it would not have been in his possession 24 hours before it would have appeared in print.

* Mr. Hugh Hyndman has a Copy

I am,
Your obd^{t} humble Servant
[signed] Peter Rose

C.A. Calvert Esq.
Sec^{Y} Colonial Bank"

304 " In our last paper [Dec. 13th 1836] we adverted to the petitions which it had been deemed necessary to prepare on the subject of the establishment of the Local Bank, and in our remarks alluded to the cause as having arisen out of certain representations which had been made by the promoters of the Colonial Bank; but we were not at the time aware that those representations had been so successful.

We have since learned that these sui disant friends of the Colonies have prevailed on Sir George Grey, the UnderSecretary of State for the Colonies, to address a circular letter to the Governors throughout the West Indies, instructing them to withhold the sanction of the government from any local Banking establishment, until application shall have been made to, and permission obtained from the home authorities.

These are the gentlemen who professed to be highly indignant at the imputation of a wish to monopolise the Banking business of the West Indies, and disclaimed, through their agents, all idea of contemplating or soliciting any exclusive privilege!!

Fortunately, the British Guiana Bank is beyond the reach of this insidious attack, that establishment having already received all the countenance and encouragement which it was possible for the local government to afford it; but had the circular alluded to, arrived a few weeks earlier, it is very probable that the institution which is now prepared to commence business on the first of January, would have experienced such difficulties in overcoming the vexatious opposition which the Colonial Bank is evidently prepared to make, as to render its being carried into operation a matter of doubt or chance."

305 " The Secretary was instructed to send copies of Papers received from Mr. Rose, Demerara, relating to an issue of Notes by five of the Directors of the British Guiana Bank, to Lord Glenelq, The Chancellor of the Exchequer and Mr. Ch^{as} Poulett Thomson and to request an Interview with each of the Chairman and Deputy Chairman."

306 " Demerary 28 February 1837

My dear Sir,

I have considered the questions put to me by you, namely

'1st Whether the issuing of promissory notes, payable to bearer on demand, at the British Guiana Bank, by Messrs Croal, Glen, Benjamin, Johnston, and Lane, is or is not an evasion of the Ordinance No.82 intitled 'An Ordinance to incorporate a Bank to be called the British Guiana Bank'?'

....

In a small community like this, where every man knows or pretends to know every other person's business, a Partnership entered into, if such had been the case, by the five Gentlemen who have signed the Note, could hardly have escaped the notice of either you or myself--Indeed they do not profess themselves <u>as Partners</u> but <u>as Individuals</u> merely. What common or joint Interest they can have in issuing such Notes as the one, copy which has been submitted to me, save and except their connection with one another <u>as Directors</u> of the Bank, is entirely unknown to the public--but any one, reading the Sections of the Ordinance referred to, and coupling those Sections with the form and substance of the note, and the signatures thereto cannot but arrive at the conclusion, that these Gentlemen as Directors are evading by a clumsy manoeuvre the provisions of the act in question.

I say the form and substance of the Note--The Note is payable to Bearer on demand, by them <u>jointly</u> and <u>not jointly</u> and <u>severally</u>, payable at the Guiana Bank, and no where else, and does not express to be for value received.--And the strong fact that Notes of a similar kind are given out as payments for cheques drawn upon the Bank--and that such Notes are directly and immediately issued in this way from the Bank, without ever having previously been in the possession of any person or bearer, save the Directors themselves or their immediate Agents of and in the Bank, and I think that no one, except a party interested, will hesitate to arrive at the conclusion above stated.

....

I am,
My dear Sir
Yours truly
s^{d} William Arrindell
Barrister at Law

Peter Rose Esq.
Manager Colonial Bank
British Guiana"

307 "Copy

To His Excellency Major General Sir
James Carmichael Smyth....
&c &c &c

The Memorial of Peter Rose as
Manager of The Colonial Bank.--

sheweth

....

Your Memorialist has taken leave to lay before Your Excellency the foregoing facts for your information + respectfully submit that claiming as he does the advantages of His Majesty's injunction to Your Excellency as contained in the 45th Section of the Charter of the Colonial Bank he conceives that such measures ought to be adopted by Your Excellency as will prevent the issuing of the Notes in question until His Majesty's Sanction of the Ordinance 82 shall have been obtained.--

All which is respectfully submitted

(signed) Peter Rose

Demerary 1 March 1837"

312 "

(Copy)

To The Honourable
H.E.F. Young
Government Secretary
British Guiana

Sir,

...I was the first to put in motion, in this Colony, the machinery of a Practical Banking System; but the same desire for the promotion of the Public Welfare which then induced me to urge the formation of a Local Bank, influences me now, when I seriously recommend....

...that you yourself, with the cordial permission of His Excellency the Governor, will bring the matter before the Court of Policy, in order that a remedy, late although it is, may be applied, by the timely suspension of all farther proceedings. Why should her Majesty's Representative, or her Law-Advisers, or the Members of our Legislature, connive at an illegality, which, as they are on the spot, they can not but be cognizant of; or, by transmitting to the distant Home Government this deceptious measure, cause the idea to be entertained that the British Guiana Bank complies, or is a Corporation so well-principled as to be likely to comply, with the Act of Incorporation, at the very time when it unblushingly disregards it. Let the Notes of that Body be sent to England, in the same packet that carries thither its renewed application for the sanction of its Charter. Before that application can be granted let Her Majesty's Government be distinctly informed, that the Directors, without waiting to obtain what they ask for, have the preposterous boldness to act as if it were already theirs.

What I have summarily stated, as respects both the illegal Issue of Notes by the Corporation alluded to, and the bad effects of that Issue on the General Welfare, is

312 susceptible of easy proof, as I can not but think that you and your Honourable Colleagues well know. I do humbly hope that, as my long and laborious study of monetary affairs, and my exertions in forwarding the Local Bank, so long as I could conscientiously support its principle, give me some right to express my opinions upon a subject such as this, those opinions may not be suffered to go for nothing, but may meet with such consideration as my sincerity in proffering them, and the importance of the common interests which I wish to serve, may, without arrogance, be supposed by me to merit.

I have the honour to be,
Sir,
Your most obedient,
andmost humble Servant,

Georgetown, March 31
1838

(signed) Hugh Robertson

To The Honourable
H.E.F. Young,
&c &c &c"

315 "[H. M. Treasury Minutes] 19th July 1836

The Chancellor of the Exchequer states to the Board that the Copy of a Charter by which a Company has recently been incorporated for the formation of Banking Establishments in the West Indian Colonies had been forwarded to him by direction of the Secretary of State for the Home Department when the Charter was on the immediate eve of completion, and that he had had occasion to observe that altho' a personal communication had taken place with himself on the subject of this Charter the proceedings relating to it had been carried on without any official notification to and without the concurrence of the Treasury Board, and that it did not contain some of those precautionary conditions for which the Board had considered it advisable to provide in other Charters for similar purposes.

The Chancellor of the Exchequer had however found that the terms of this Charter had been arranged for it by the Committee of Privy Council for Trade, that they had been approved of by His Majesty in Council, and were not considered objectionable by the Secretary of State for the Colonies; and being also informed that upon the faith of such approval the Capital of the Company had been raised and that it was of importance that the completion of the Charter should not be delayed, and concuring that the Interests of the Public would in this instance be adequately secured by the large amount of the subscribed Capital and of the paid up portion of that subscription; with the terms and provisions of the Charter generally he had felt precluded from interposing any impediment to its promulgation; but he now calls the attention of the Board to the Minutes of 11th Nov. 1831 and 9th April 1833 on the subject of Charters for Banking Companies, and suggests that it is most expedient and desirable that steps should be taken for ensuring to My Lords the means of excercising the supervision and control over any future grants of this description which those Minutes so distinctly contemplated.

315 My Lords entirely concur in this suggestion; and they accordingly refer to the Minutes before mentioned, and to the proceedings that have subsequently been adopted by their Board with respect to applications for the incorporation of Banking Companies.

My Lords observe that the Minutes of 11th Nov. 1831 expressed the Boards opinion that it is of the highest public importance that all Charters for Banking Companies should be framed upon a settled and consistent principle; but that this result could not be attained if such Charters granted indiscriminately by various independent Departments of the State, without reference to the Treasury Board; and accordingly directed that a communication should be made to the Secretaries of State for the House + Colonial Departments as well as to the Lords of the Council, requesting that before any application for a Bank Charter was entertained by their Departments a reference might be made to the Treasury Board, in order to obtain the opinion of that branch of the of the Government which is more peculiarly charged with questions relating to the Finances and currency of the Empire.

The Minute of 9th April 1833 stated that the Board on considering the extreme importance of all questions which may affect the currency and the commercial credit of the British Empire and its Colonial Dependencies, was desirous to lay down certain Rules of proceeding with respect to the grant of Charters for Banking Companies at home + abroad; and accordingly directed communication to be made to the Home and Colonial Secretaries of State, and to the Lords of His Majesty's Privy Council, stating that the Board did not consider it advisable that any such Charters should be granted without the privity and approval of the Treasury as the responsible Department for all that relates to the national Finances, but that in order to ensure the fullest consideration for every proposition for establishing chartered Banks, the Board judged it expedient to refer every such application, before, any definitive step should be taken thereon, to the Board of Trade, and to obtain a distinct Report both on the merits of the case and on the provisions it would be necessary to introduce into the Charter.

The Board having at the same time requested to be informed whether the Lords of the Council and the Secretaries of State respectively approved of the mode of proceeding thus laid down, such approval was expressly signified by letters from Mr. Phillipps of 13th April from Mr. Hay of 2d May and from the Honble W. L. Bathurst of 24th April 1833. The Secretary of State for the Colonies requesting it might be clearly understood, that where a Charter concerned any of the Colonies, a due communication would always be made to his Department on the subject.

315 A Copy of this Minute of 9th April 1833 was likewise submitted to Mr. Lack for the information of the Lords of the Committee of Privy Council for Trade and in pursuance of the arrangement therein provided for My Lords observe that this Board communicated with the Lords of the Committee upon the subject of the Acts for incorporating Banking Companies in Upper Canada, + of the Charters for Banking Companies in New Brunswick and in the Australian Colonies.

My Lords further advert to the recommendations of the Lords of the Committee of Privy Council for Trade in regard to the insertion in Charters to Banking Companies of certain conditions specified in the communication made to this Department by Mr. Lack on the 6th June and 1st July 1833; and to the further conditions + restrictions inserted by direction of this Board in the Charter for the Australian Banking Company and enjoined in the communications to the Secretary of State respecting the Banks in Canada and New Brunswick.

Having now reconsidered the arrangements provided for by the Minutes of 11th Nov. 1831 and 9th April 1833, My Lords see no reason to question their propriety or the expediency of adhering to them; on the contrary, it appears to My Lords to be desirable that every precaution should be adopted, to prevent any steps being taken from which it might be inferred that projects for incorporating Banking Companies will be sanctioned by His Majesty's Government, until the proposals of parties applying for Charters shall have received the distinct assent of My Lords Board as well as of His Majesty's Privy Council, and of the Secretary of State under whose cognizance the application may more especially fall.

My Lords must further observe that the previous consideration and assent of their Board, and of the Colonial Secretary of State, are more particularly called for in respect of Banks in the Colonies where the state of the circulating medium may be materially influenced and the transactions of the Military Chests and Revenue Departments under My Lords more immediate control may be prejudicially interfered with, by Establishments of this description, and where peculiar powers or privileges of local Legislative Institutions may be most inconveniently implicated or called in question by inadvertence in framing the provisions of a Charter.

315 In pursuance of these views My Lords are pleased to direct that a Copy of this Minute be forwarded without delay to the Clerk of His Majesty's Council, with My Lords request that their Lordships will give such directions as will for the future prevent the authority of His Majesty in Council being obtained for the incorporation by Charter of any Banking Company until My Lords Board shall have had opportunity for considering the provisions of the Charter, and shall have signified their approval of the object and Terms of it.

Transmit Copy of this Minute to Mr. Le Marchant in order that it may be submitted for the information of the Lords of the Committee of Privy Council for Trade.

Transmit Copy of this Minute to Mr. Stephen in order that it may be submitted for the information of Lord Glenelq; and request that in so doing Mr. Stephen will observe to Lord Glenelq, that the general practice of his Lordships Department, as well as the communication recently made to Mr. Stephen from the this Department on the subject of the Currency and circulating medium in the Colonies, renders it unnecessary for My Lords to add any particular suggestion in regard to the reference to their Board of applications relating to Charters for Banking Companies which may be received from the Colonies.

Transmit Copy of this Minute to Mr. Phillipps in order that it may be submitted for the information of Lord John Russell."

318 "In obedience to the Governor's Commands, the Attorney General has the honor to report how far the Rules contained in the existing Charters of the Banks compared with those lately transmitted by the Secretary of State for the Colonies for observance in Charters for incorporating Banking Companies in the Colonies.

Colonial Bank Charter

First Rule--The amount of Capital is fixed but the period within which the whole is to be subscribed for is not limited.

Second--The Bank was to commence business when 3/4ths of the Capital was subscribed for and 1/4th paid up.

Third--No period is fixed for paying up the whole amount of Capital.

Fourth--There is no regulation in this behalf in the Charter.

Fifth--Is included in Section 33.

Sixth--No Notes issued for less than five dollars.

Seventh--Suspension of specie payments for sixty consecutive days forfeits the Charter.

Eight--This proivision is not contained in the Charter but in the event of insolvency all the Proprietors are liable to be called on to contribute to the payment of the debts and liabilities of the Corporation to the full amount of all the Stock held by them.

Ninth--The Company shall not hold shares in its own stock but the latter part of this provision is not in the Charter.

Tenth--This provision will be found in the 33rd Section.

Eleventh--These provisions are contained in Sections 32 and 34.

318 "Twelfth--The provision in the Charter is as follows; 'That at every half yearly General Meeting a dividend or dividends (if recommended by the Court of Directors) shall be made out of the interest profits or advantages of the said Corporation unless such Meeting shall declare otherwise'.

Thirteenth--Similar provisions will be found in the 35th Section with the following exceptions. First--of the Company's being prepared (if called upon) to verify the Statements referred to by the production of the Balance Sheets--Secondly--to furnish information to the Lords of the Treasury--and Thirdly--no particular form is directed to be observed. ....

Fourteenth--No such provision is in the Charter.

Fifteenth--No provision of this nature is contained in the Charter.

Sixteenth--These cases have not been provided for in the Charter.

Seventeenth--The Charter appears to be confined to the several objects referred to in this Section.

....

British Guiana Bank Charter

318 First--The amount of Capital is fixed but the period within which the whole is to be subscribed for is not limited.

Second--The Bank was to commence business when one half of the Capital was subscribed for and one tenth paid up.

Third--By an Amended Ordinance dated 6th April 1838 one half at least of the Capital subscribed should be paid up immediately."

318 "Fourth--There is no regulation in this behalf in the Charter.

Fifth--Is contained in Section 32. Sec Amended Ordinance No.9 1838 annexed.

Sixth--No Notes are issued for less than five dollars.

Seventh--This provision is substantially contained in Section 35--but is not so stringent on the Bank as in this Rule; the Section runs thus, 'And that all the powers, privileges and authorities hereby given shall utterly cease and be void in the event of the said Corporation suspending Cash Payments for the space of Sixty days whether such suspension shall take place at any principal or branch Bank.

Eight--This provision is not contained in the Charter, but in the event of insolvency all the Proprietors are liable to be called on to contribute to the payment of the debts and liabilities of the Corporation to the full amount of the Stock held by them.

Ninth--No such provisions are to be found in the Charter.

Tenth--This provision will be found in the 26th Section.

Eleventh--These provisions are contained in the Charter.

Twelfth--The Dividends to Shareholders are to be made out of the profits (if recommended by the Directors) but in no case to exceed three fourths of the apparent profits.

Thirteenth--Similar provisions will be found in the 32 Section with the following exceptions--First--of the Company's being prepared if called upon to verify the statements referred to by the production of the Balance Sheets--Secondly--to furnish information to the Lords of the Treasury--And thirdly no particular Form is directed to be observed. ....

Fourteenth--The Charter contains the first provision but not the second."

318 Fifteenth--This is provided for by the 3rd Section of the Charter subject to the sanction of two thirds of the Proprietors. The sanction of the Lords of the Treasury is not contemplated by the Charter.

Sixteenth--These cases have not been provided for.

Seventeenth--The Charter appears to be confined to the several objects referred to in this Section.

All which is respectfully submitted by

(signed) Henry Gloster
Attorney General

Attorney General's Chambers
Guiana Public Buildings
14th September 1840"

329

a) " The Chairman reported that Mr. Bernard Hall of Liverpool and Mr. Joesph Bravo of London had laid before himself and the Deputy Chairman a letter from the Bank of Jamaica proposing to dispose of their business to this Bank for £15000, on condition that this Bank would purchase their Premises, collect their Assets free of charge, and take over their staff of clerks. This proposal was much discussed + afterwards at a further interview between Mr. Bravo, the Chairman + Deputy Chairman, who now submit the matter to the Court. After considerable deliberation and discussion, it was

Resolved that the Proposal of the Bank of Jamaica be declined in toto; but as it appears desirable to be relieved from the competition of the Bank of Jamaica, if it can be done on reasonable terms, it was further

Resolved that the Manager at Kingston, James W. Gordon be authorized to purchase the business of the Bank of Jamaica for the sum of £8000 or less; to undertake the collection of their Assets, without incurring liability, free of charge + to take over their Wharf Property and Bank Premises at the amounts at which they shall stand in the Bank Books at the period of the transfer.

W. Gordon to be instructed to offer £6000 in the first instance + to increase to £8000 only in the event of his considering it advisable to do so. He is also to be a liberty not to make the proposal at all should he consider it desirable first to communicate with the Court."

b) "The Chairman reported that in consequence of information he had received from Mr. Joesph Bravo, he had thought it would be advisable to authorize the Manager at Kingston, Jamaica, Mr. Gordon, to increase his offer for the purchase of the business of the Bank of Jamaica, to £10,000 and having consulted several of the Directors on the subject, who agreed with him, he had directed the Secretary to write to Mr. Gordon to that effect by the mail of the 16th Instant, which was approved and confirmed by the Court."

c) " The Manager at Kingston, Jamaica, Mr. Gordon, to be authorized to sell to Messᵉˢ Davidson, Colthirst, & Company, the Bank and Wharf Premises purchased from the Bank of Jamaica, at the price they now stand to us, viz: £3000„-, as suggested in his letter of 24th December, read above...."

d) "Resolved, that in consideration of the satisfactory manner in which Mr. Theodore Gordon has performed his duties as Manager at Kingston and especially in reference to the negotiation with the Bank of Jamaica for the purchase of their business, and likewise in consideration of the additional labour and responsibility which will devolve upon him in consequence of that purchase, his salary be raised from £1000 to £1200 p. ann: from 1st January last.--"

e) " The Manager at Kingston, Jamaica, Mr. Gordon, to be directed to deduct from the profits of his Branch, each Half Year £2500, and to carry the same to credit of 'Bank of Jamaica Bonus Accᵗ', until the amount paid for the business of that Bank £10,000, is extinguished."

330 "

Treasury Chambers
14 February 1839

Sir

With reference to your letter of the 3d Ultimo transmitting the Draft of a Charter of 'The Union Bank of Jamaica', I am commanded by the Lords Commissioners of Her Majesty's Treasury to request you will state to the Lords of the Committee of Privy Council for Trade that on considering the Draft Charter for the 'Union Bank' of Jamaica it has appeared to My Lords that the precautionary conditions therein provided for are nearly similar to those contained in the Charter granted to 'The Colonial Bank'; and you will observe to the Lords of the Committee that altho' My Lords were induced, in consequence of the very peculiar circumstances under which the arrangements relating to the Colonial Bank had been made, and of the very large amount of the Subscribed Capital upon which that Bank was established, to assent to the terms of that Charter, They conceive that the case of the Bank now proposed is more analogous to those of other Banking companies which have applied for Charters or Acts of Incorporation in the Colonies; and accordingly that any Charter that may be granted in this instance should provide for the observance of those conditions to which it has been considered advisable by this Board that such Establishments should in general be subjected which have not appeared to be at variance with the conditions The Lords of the Committee are understood by My Lords to have approved.

....

I am, Sir
Your very obedt Sert
[signed]

D. Le Marchant Esq.

The Draft Charter herewith returned

331 "Colonial Bank
Charter

Order approving
Report of Trade
for granting Charter

13th of April 1836

Whereas there was this day read at the Board a Report of the Right Honorable the Lords of the Committee of Council for Trade dated the 8th of this Instant April in the words following (viz)

> Your Majesty having by Your order in Council bearing date the 3rd February last, referred unto this Committee a Petition of John Irving, and Andrew Colville Esquires praying a Charter of Incorporation for the Colonial Bank--The Lords of the Committee having taken the said Petition unto their consideration were of opinion that sufficient grounds had been stated by the Petitioners to warrant the grant of a Charter as prayed for, if the Petitioners would consent to the following conditions
> 1st That the business of the said Corporation should be confined to the West India Islands and British Guiana.
> 2nd It shall not be lawful for the corporation to commence or carry on business until the sum of £500,000 shall have been actually paid up.
> 3rd No power shall be given to the Corporation to raise an increased Capital.
> 4th That the Funds of the Bank shall not be employed in loans or advances upon Land or other property not readily converted into Money, nor in the purchase of any such property, but be confined to what are understood to be the legitimate operations of Banking viz[t] advances upon Commercial paper or Governmental Securities, and general Dealings in Money, and Bills of Exchange.
> 5th The Corporation shall issue Dollar notes not under five Dollars in amount, and a clause must be introduced for the conversion into Dollars of the acknowledged weight and fineness, on demand of paper issued by any Branch Bank at the place of issue, as well as at the principal Establishment.

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6th That the power of the Corporation to purchase or hold Land for the purpose of carrying on their business, shall not extend beyond what may be necessary for such a purpose bona fide, and not be made instruments to their buying and selling for the purposes of speculation.

7th A restriction must be placed on the amount of paper discounted, on which the names of Directors, or Officers of the Corporation shall appear as Drawers, Acceptors, or Indorsers, to an amount not exceeding one third of the whole discount of the Bank.

8th That the Charter shall be forfeited on any suspension of Cash payments which may continue for the space of sixty days.

9th That the Corporation should be bound to make up and publish in a newspaper or otherwise in each Colony in which it has a Bank, and also in the London Gazette for the information of the Proprietors generally yearly accounts shewing the whole amount of its Debts and Assets at the close of each year; shewing also the amount of its notes payable on demand, which had been in circulation during every month of such year, together with the amount of the specie distinguishing each kind, and other assets immediately available in every such month for the discharge of such notes, and that copies of such yearly account should be laid before the Government of every Colony in which such Bank shall be established.

Their Lordships accordingly acquainted the Petitioners with the terms upon which a Charter would be approved by their Board, and the Petitioners thereupon submitted to Their Lordships a Charter in which the above mentioned conditions are complied with.--

The Lords of the Committee have this day taken such amended Charter under their consideration, and they are of opinion that sufficient grounds have been stated by the Petitioners to warrant the Grant of the same.

His Majesty having taken the said Report into consideration was pleased by and with the advice of His Privy Council to approve thereof and also of the said Draft of Charter (Copy whereof is hereunto annexed) and to order as it is hereby ordered that the Right Honorable Lord John Russell One of His Majesty's Principal Secretaries of State do cause a warrant to be prepared for His Majesty's signature for passing a Charter under the proper Seals according to the said Draft"

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THE
DEED OF SETTLEMENT
OF
THE PLANTERS BANK
JAMAICA
DATED
1ST JULY, 1839

....

INDEX

....

Clause

72d Indemnity to directors, &c when acting legally"

352 "

No.43
Financial

Kings House
15th February 1839

My Lord

I have had the honor to receive Your Lordship's Despatch No.384, covering a Correspondence between the Secretary of the Colonial Bank and Sir George Grey, in respect to the Jamaica Bank.

2. The Statement of he Account of the Jamaica Bank is no doubt, perfectly correct and they have a vast nominal Sum in circulation, by their prommissory notes signed by their Cashier or Manager as represented in the correspondence, though on whose responsibility I know not, but such notes I should think amount to nearly half a Million of Jamaica Currency and are very generally current.

3. The Colonial Bank have not as yet, issued any notes and this perhaps, held out tempting Profits to the Jamaican Bank, who I understand make considerable advances by their notes to Estates, and for Crops which I should think exposed the Holders of such notes to considerable Risk.

352 4. Your Lordship will no doubt recollect, that the Local Legislature passed an Act of Incorporation for a Jamaica Bank, which was disallowed, but this had no effect whatever in preventing the Bank going on with their promissory notes, though of course, they have no legal obligation.

5. I enclose Your Lordship a literal copy of a Ten Pound note by which Your Lordship will perceive the Bank claim the right of paying their notes either in Island Checks or in British Silver, at their option. This perhaps is their best security because the Commissioners of Accounts can issue as many Island Checks as they please, and as the Receiver General has been a long time without Gold or Silver to cash the Island Checks when demanded, the option of the Jamaica Bank will of course be regulated by the resources of the Receiver General and the Interests of all Parties in this Traffic are so dovetailed, I cant see how the evil is to be got over, as long as Island Checks are allowed to represent the credit of the Government.

6. There has been a good deal of Bickering I believe between the two Banks but being powerless I have never interfered in any way.

7. The Jamaica Bank is a private association; and no man can be compelled to take their notes, or are they commonly refused, but with half a Million in circulation, it may be presumed a great proportion of such notes got into the hands of the Labouring Population, and if anything should occur to render it inconvenient to the Association to grant the optional condition of payment great distress would accrue to a deserving class, who have not intelligence enough as yet to avoid the delusion of such useless Paper as the substitute of money.

8. As Your Lordship desires it I shall consult the Council on the subject, but without the least hope of their suggesting any Remedy.

I have the honor to be
My Lord
Your Lordships
Most Obedient
Humble Servant
[signed] Lionel Smith"

353 " [from an draft amended by Lord Glenelg]
Governor Light
&c &c
B.Guiana

Sir, 27 Sept. 1838

Colonel Banbury's Desp: of the 20th of April No.54 enclosing an Ordinance passed by that Officer with the advice and consent of the Court of Policy of B.Guiana, in amendment of the Ordinance for the Incorporation of the B.Guiana Bank, reached me in the month of June last, and I have since that time been engaged in correspondence with the Lords Commrs of the Treasury, and the Lords of the Committee of Privy Council for Trade as to the course which it might be proper to advise Her Majesty to pursue in reference to this amended Ordinance. In conveying to you the result of those deliberations, I must remind you that my Despatch of the 15th of Decr 1837 No.277 pointed out the amendments which were at that time considered by HM's Govt as indispensable before the confirmation of the Crown cd be given to the original Act of Incorporation. The Ordinance of the 6th of April 1838 No.9, has been passed in order to adopt the amendments thus prescribed.--It has however happened most unfortunately that in yr attempt to fulfill that intention some errors have occurred.

The 32nd Clause of the original Ordinance placed certain limitations on the issuing of Paper Money. In consequence of a misapprehension of the terms of my Dispatch of the 15th of Decr that Clause has been entirely repealed and the Court of Policy has substituted for it a Clause copied from that part of the Charter of the Colonial Bank which relates to the issue of Notes. The effect is to exempt the Guiana Bank from all restrictions as to the amount of their Issues and Liabilities. This however is a state in which it does not appear to HM's Govt that the constitution and powers of this Body could be properly left. It is necessary either that the 36th Clause of the original Ordinance should be reenacted or that provision should be made that the Discounts on Advances, or Securities [which included the bank notes which the bank had been issuing in the name of its officers],on which the names of any Directors or Officers of the Company may appear as Drawers, Acceptors, Endorsers, or otherwise, shall not at any time exceed one third of the total Advances made by the Company. It is true that such are not the conditions of the Colonial Bank Charter. But the great difference between the subscribed Capital of the two Banks has occasioned and demands this distinction.

....

I have &c"

372 "It was Resolved That the 168 shares unappropriated be taken in equal proportions by each Member of the Court of Directors viz. 12 Shares each--and that the same be paid at the office on or before the 13th Instant [i.e., May 1837].

Resolved That all shares upon which the Instalment of £15 per Share, called for on the 13 March last, shall not have been paid up on or before Saturday next the 13th Inst: be forfeited to the Corporation, in virtue of the provision of the Charter to that effect.

In order however to give the Proprietors of such shares a further opportunity of reclaiming them, it was

Resolved That Messrs Barnett Hoare and Company be requested to advance the Amount of the said call upon these Shares, holding them as security until they are reclaimed by the original proprietors, or disposed of by the Directors for the benefit of the Corporation."

375 " On referring to the 'Registry' we find there are 10 Shares of the Capital Stock of the Company which have <u>not been</u> registered--there are also 65 Shares registered (on behalf of the Bank) in the names of the officers of the Company--we would recommend that steps be taken to declare the 10 Shares forfeited, and that these 75 Shares be sold at or above Par, so as to complete the legal number of responsible or 'registered Proprietary'."

376 "It was proposed and Resolved That the following Advertisementbe inserted in the Times, Morning Herald, Post, + Morning Chronicle; Globe + Standard; Observer + John Bull--once in each Paper.

Colonial Bank

The Court of Directors hereby give Notice that the Colonial Bank is now open for the transaction of business, and they also subjoin a copy of the Letter addressed by them to the Chancellor of Exchequer and the Secretary of State for the Colonies on the 18th Inst. [May 1837]

'To The Right Honorable
The Lord Glenelq
Secretary of State for The Colonies
&c &c &c

Colonial Bank
London 18 May 1837

My Lord

I am instructed by the Court of Directors of the Colonial Bank to apprize your Lordship that on the 13th Instant, the full sum of £500,000. was paid up on the subscribed Capital of the Corporation; being the Amount which by the provisions of the Charter it was necessary should be paid up before the Bank could commence business.

I am further directed to apprize your Lordship that the Bank in consequence commenced business on the 15th Instant, at its Establishments in Jamaica, Barbados, Trinidad, British Guiana, and St.Thomas, and that arrangements are in progress for the formation of Branches or Agencies in the other West India Islands.

I have the honor to be
My Lord
Your Lordships most obedient
and very humble Servant

C.A. Calvert
Sec.'

The Court of Directors further give Notice that they are ready to grant Letters of Credit upon the different West India Colonies, and to open Cash Credits in favor of Colonial residents upon satisfactory security;--applications for which may be made at the office of the Corporation between the hours of 10 and 3 o'clock."

377 "The Court had under consideration the course to be pursued with 10 Shares of the Capital Stock of the Corporation, which, notwithstanding the full amount of £25 per Share has been paid upon them, have never been registered,
Resolved,
That the said Ten Shares be and they are hereby declared forfeited, and that they be placed in the joint names of the Secretary (Cha^{S} A. Calvert) and the Chief Accountant (Robert Wight) to be held by them for account of the Corporation.
The Secretary was directed to sell the above named 10 Shares."

392 "
CASE

You will receive herewith a Copy of the Charter incorporating the Colonial Bank.

Preparatory to commencing their operations the Directors are desirous of being advised as to some points on which doubts may arise in reference to the extent of the Powers that are granted by this Charter.

The Preamble to the Charter states that the Parties named had united together 'to establish Banks of Issue and Deposit in the West Indies and British Guiana and elsewhere' as therein after provided; but at that part which followed the Constitution of the Corporation, the Charter states that the Corporation shall be established 'for the purpose of carrying on the business of a Banker in Jamaica and the other West India Islands and British Guiana and not elsewhere' and the Power given to the Corporation is 'to establish one or more principal Bank or Banks in the Islands of Jamaica and Barbados and in such other Islands or Places in the West Indies and British Guiana as by them shall be considered expedient with such Branches or Agencies as from time to time may be found convenient and at and from such principal Bank or Banks Branches and Agencies or any of them to make issue and circulate Notes' &c.

392 The word <u>not</u> was introducted into the Draft Charter when under the consideration of the Law Officers of the Crown after it had been approved by the Board of Trade and it was not discovered till the Charter had actually passed the Privy Seal.

In connection with the Banks to be established in our own Colonies in the West Indies, the Colonial Bank find it necessary to open communications with places both in the West Indies and elsewhere not under the Dominion of Great Britain, such for instance as the Islands of Cuba Puerto Rico and St Thomas' in the West Indies and Mexico and other States in South America.

It will of course be necessary, to obtain the sanction of the respective Governments before any Banks or Branches can be established at the Places we have named; but assuming that no difficulty will arise in that respect, the Question then is whether with reference to the terms of the Charter the Colonial Bank will be at liberty to establish Banks or Branches in those Places. The object would be to assist and further the operations of the Banks in our own West India Islands. The present Charter of course does not and could not give authority to carry on business in Places not under the Dominion of His Majesty; but the Question is whether the Colonial Bank are precluded from establishing them by anything that is contained in the Charter of Incorporation and what would be the consequence of their being so established supposing the doing so to be an infraction of it.

The only provision for making the Charter void is in the event of a suspension of Cash Payments for the space of 60 days. The danger to be apprehended from any departure from the terms of it would of course be more or less serious, as it might or not involve the loss of the Charter or as it might subject the Bank to be attacked by Individuals or only by the Crown.

Your opinion is therefore requested

1st Whether it will be competent to the Colonial Bank to establish Banks or Branches or Agencies in any Places in the <u>West Indies</u> not under the Dominion of Great Britain assuming that they are not prevented by the Foreign Government from doing so.

2nd Whether they may establish such Banks or Branches in Foreign Countries not in the West Indies provided they obtain the sanction of the Foreign Government.

3rd What consequences would attach to their establishing such Branches should you be of opinion that their doing so is at variance with the Terms of the Charter.

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392 We think that it would be competent to the Colonial Bank to establish Banks or Agencies in Places in the West Indies, not within the British Dominions, and in other Foreign Countries not in the West Indies; provided they are not precluded from doing so by the Laws or Government of those Countries.

If the establishing of such Banks in Foreign Countries should be considered as contrary to the terms imposed by the Charter on the Colonial Bank (which however we do not think the case) the Crown might take proceedings to annul the Charter.

(signed) Thos Pemberton
(signed) W. W. Follett
24th May 1837"

The earliest extant contact the bank made with HMG to offer its services to provide silver dollars for the commissariat in the West Indies and Canada was a letter written to the Chancellor of the Exchequer on Jan. 14, 1840. [1] This letter was read at the Treasury meeting of Jan. 24 and a reply drafted. The letter, dated Jan. 29, sought "... more specific intimation of the terms and conditions upon which the Bank might be prepared to enter into engagements for furnishing such supplies". [1] The Colonial Bank quotation, dated Feb. 18, is also extant. The bank offered to supply silver dollars at $4^{s}/2^{d}$ or 50 pence per dollar for the West Indies and at $4^{s}/2.5^{d}$ for Canada on the basis of the commissariat opening accounts with the relevant branch or agency and selling 30 d/s bills on the Treasury for the amounts required. The response of the Treasury to this offer was recorded at their meeting of March 13, 1840. The Colonial Bank was to be told that

> "... from a statement which has been prepared in this office... the rate at which the Mil^{y} [sic] Chests are supplied with Specie by the direct agency of the public officers employed for that purpose, is, after taking every expence into account, much more favourable to the Gov^{t} [sic] then the terms proposed by the Colonial Bank." [1]

The Treasury minutes of April 16, 1840 contained instructions, initialled by Trevelyan, to

458 "Write to the Chairman + [sic] Directors of the Colonial Bank that after a careful consideration of the subject my Lords cannot perceive that there are any sufficient grounds for altering the existing arrangements for supplying the Specie secured for the use of the Government establishments in the West Indies

CET" [1]

The first intimation that an arrangement had, finally, been secured is found in the Court minutes of April 22, 1845 when the Court directed its agents in Mexico to ship £20,000 sterling worth of dollars per month. The Court minutes of May 6 actually contained the reference to the arrangement approved at the Treasury meeting of April 24. The terms appeared confusing to the bank. The Treasury had retained its right to accept tenders for bills at a premium besides the arrangement, at par, entered into with the bank for £200,000. This the directors were told was merely an option retained by the Treasury and "... would be found practically inoperative". [2] It was also not clear how firm the arrangements were.

> "Mr. Trevelyan said he did not consider the Bank legally bound to carry; out the arrangement with the Treasury, but only in honour and good faith." [2]

At the end of the agreement in March 1846, the Court minutes recorded the shipment of specie during the year to have been

St.Kitts	$15000	Grenada	$18000
Antigua	24000	Barbados	60000
Dominica	20000	Demerary	57000
St.Lucia	6000		
		Total	$200000

This trial period was undoubtedly a success. Certainly by the end of the first year both parties were happy to formalize the arrangements. The Court minutes of March 31, 1846 resolved to renew the contract for another year. The reasons for restricting the arrangements to an annual review were clear from such provisos "... that in the event of war, the Bank shall be at liberty to put an end to it, if it should be considered advisable to do so". [3]

The commissariat in Barbados established its needs for 1846~1847 to be £216000. The Treasury approached the Colonial Bank for only £180000. [4] This was partly due to the change in the delivery schedules made to match the 3 regular conductas a year (in March, July and November) coming out of Mexico. [5] The tally made by the bank at the end of the year showed a total of only $150000 divided between:

Grenada	$30000	St.Vincent	$15000
Trinidad	22500	Antigua	15000
Dominica	20000	Barbados	15000
St.Lucia	20000	St.Kitts	12500
		Total	$150000 [6]

Due to the fact that these arrangements had been at par (i.e., 48p) and constituted an opportunity loss (of more than 2p per dollar), the Colonial Bank sought to improve upon them. In consequence, the negotiations for new arrangements broke down. No new contracts were entered into between 1847-1849. Negotiations were reconvened in 1849. The offer of the Bank dated June 19, 1849, once again, at par, is extant. The Treasury

minute of June 22 recorded its acceptance while a letter dated July 31, from the commissariat in Barbados noted the withdrawal of the commissariat advertisements for the sale of Treasury bills in Barbados. Also extant is a report [7] to the Treasury about an agreement between the superintendent in Barbados and the commissariat for the delivery planned for the next five months. The requirements for the next six months were estimated at £73700. By the end of that year the commissariat in Barbados reported, in a letter to Trevelyan, dated May 8, 1851, having received £134931. For the next year, 1850~1851, it had also received £157781. Its estimate for the year after, 1851-1852, was £170000. The Court minutes of June 10, 1851 approved the continued arrangements with the commissariat on the same terms-- i.e., at par-- and communicated this to the Treasury. This letter, dated June 11, 1851, is extant. The Treasury minutes of June 13, 1851 also approved the arrangements and authorized the bank to supply £160000. [8]

The Court minutes of May 21, 1852 resolved to accept a new contract for 1852~1853 at par and to tender for Jamaica, which had hitherto not been a part of the arrangements, at a premium of one-half percent. [9] It is not clear from the evidence whether this was accepted. The Court minutes of May 24, 1853 merely noted the renewal of the arrangements for 1853-1854 on the same terms as before. [10] The Colonial Bank, however, was becoming more and more unhappy at the terms of the

arrangements. The Court minutes of June 6, 1854 noted:

> "The question as to a renewal of the Commissariat arrangements having been discussed,
> It was Resolved, That it is inexpedient to renew the arrangements on the same terms as heretofore and that the Secretary do communicate this determination to the Treasury, with an intimation that the Court will be ready to treat for a renewal of the arrangement on terms more favourable to the Bank." [11]

There was however little room for bargaining against Trevelyan.

At a subsequent Court meeting:

> "The Secretary reported that he had, at the request of Sir Chas [sic] Trevelyan, waited upon that Gentleman yesterday and after some conversation on the subject of the Commissariat arrangements, Sir Charles desired him to state to the Court, that the Treasury would renew the arrangement for a year at 1/2 per cent Discount, but would not make any further concession.
> After some discussion, the Court postponed the further consideration of the subject until Tuesday next. In the event however of Sir Charles pressing for a reply before that day, the Secretary was directed to inform him, that the Court would not renew the arrangement on any less favorable [sic] terms than 1 per cent Discount." [12]

The Court had no alternative but to accept Trevelyan's proposed 1/2% for 1854-1855. [13] The first intimation that Jamaica may not have still been a part of the contracts was the offer, once again, by the bank to supply Jamaica at par and the other outposts at 1/2% discount for 1855-1856. [14] This was conveyed in the bank's letter of May 9th [15] to the Treasury and is extant. The Court minutes recorded the response from the War Department:

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> "The Court having considered Lord Paumure's offer (conveyed in the letter of S. Petrie read above [July 4, 1855] of Treasury bills at 1/4 per cent Discount in payment for Specie supplied to the Commissariat Chests in the Windward and Leeward Islands Command, agreed to accept it rather than dissolve the connexion [sic] which has existed so long a time between the Bank and the Government, although they do not consider the terms by any means adequate--they decline however to enter into any engagement as to the proposition of Gold Silver and Copper coins to be delivered to the Commissariat Officers; considering that to be a point to be arranged in the Colonies." [16]

The May 9th letter above has the following objections (by the War Dept., perhaps ?) written on it:

> "I should say decidedly NO to the proposal regarding Jamaica. It would be par this year + [sic] discount the next, probably when they consider they have got us well into their hands." [15]

The bank again relented and accepted the contract at 1/4% discount--most probably without Jamaica. The reply of the bank to Lord Paumure, dated July 12, 1855, at the War Dept., is extant. For the first time, formal terms were contained in this letter for other coins besides the silver dollar and British silver. [15]

Unbeknown to the bank, the War Dept., in 1855, had realized that it was, in fact, incurring a 1/4% premium--in transport and other costs--for the specie bought par in Jamaica. This was reported by the commissariat in Barbados, in a letter dated June 11, 1855 and mentioned in Lord Paumure's memo of July 3, both extant. [15] Therefore, for the period 1856~1857 the bank found its terms accepted by the War Dept. The bank noted this in its letter of April 30 to the Treasury also extant. [15]

The commissariat in Barbados, in turn, supported these terms as being fair in their letter also extant to Trevelyan, dated April 10, 1856. [15]

By 1856 the Treasury had become confident of both the competitive terms sought by the bank as well as its ability to use the competition of Treasury bills to force the bank to negotiate better terms, if needed. This was the critical argument of the memo prepared by Baring for the Treasury on May 8, 1856. [15] It provided the basis of a working relationship between the bank and the commissariat.

BUSINESS
INTERCOLONIAL ORDERS
DRAWN
BY THE BRANCHES OF THE COLONIAL BANK
1846--1850
$

Branch	Jun 46	Dec 46	Jun 47	JUN 48	DEC 48	JUN 49	DEC 49	JUN 50	DEC 50
TOTAL	347224.81	332106.84	376805.21	423505.78	288538.95	322356.10	259281.16	303439.30	255713.97
BARBADOS	12340.99	8385.10	11444.77	5698.64	9594.63	17833.81	13485.76	7773.48	21677.03
TRINIDAD	20769.51	8278.72	9734.82	19202.04	20720.87	9683.53	11705.99	13328.24	15445.06
GRENADA	2793.66	6091.82	6968.14	12930.29	11475.29	12568.87	21100.47	16887.30	10457.69
ST.VINCENT	6972.98	14069.95	11778.47	23007.99	32475.62	43055.79	25188.87	18053.56	13096.04
ST.LUCIA	14607.48	12258.04	17592.45	3128.15	6407.29	2434.05	7295.42	5238.55	5086.69
DOMINICA	11076.33	15642.84	8492.05	4863.25	8415.26	8498.85	5211.65	6737.26	6938.17
ANTIGUA	5101.02	7352.78	5688.29	18457.85	11927.97	26144.34	22789.62	29831.18	14159.59
ST.KITTS	4643.94	3868.98	16057.63	9263.66	4592.60	11094.86	2244.39	5604.70	6517.95
DEMERAIRY	15261.63	14683.53	15838.79	32915.51	38682.52	35250.46	31858.86	51117.86	35497.37
BERBICIE	80484.50	62980.23	33615.36	46752.47	36001.75	74562.51	63124.16	93548.08	84273.24
KINGSTON	3850.65	993.53	1814.72	3179.83	2277.62	2525.24	1950.28	1919.95	2251.54
MONTEGO BAY	123658.58	91839.79	66425.14	98135.58	64212.44	67048.42	35243.84	42249.96	26388.94
ST.THOMAS	3950.70	1658.65	3737.78	1123.76	2094.69	1132.86	1423.36	644.95	2648.52
PORTO RICO	17564.11	48430.64	124976.69	119992.92	30033.57	1252.66	0	0	5535.22
ST.CROIX	7212.73	1897.75	6298.61	3035.07	0	5636.21	16658.49	5494.34	0
CARACAS	16936	33538.68	22890.81	20499.50	5376.61	0	0	0	0
LONDON	0	135.81	13450.69	1319.27	4250.22	3633.64	0	5009.89	5740.92

BUSINESS
INTERCOLONIAL ORDERS
PAID
BY THE BRANCHES OF THE COLONIAL BANK
1846--1850
$

Branch	Jun 46	Dec 46	Jun 47	JUN 48	DEC 48	JUN 49	DEC 49	JUN 50	DEC 50
TOTAL	347224.81	332106.84	376805.21	423505.78	288538.95	322356.10	259281.16	303439.30	255713.97
BARBADOS	38434.02	43930.63	41731.06	77196.84	79567.85	93971.83	63031.17	71549.01	34113.36
TRINIDAD	14245.27	5447.83	14285.44	3261.05	10534.40	18267.62	15565.29	18347.30	13661.53
GRENADA	4664.55	2410.61	3778.96	2352.25	2545.96	4393.42	2511.41	2270.38	3659.76
ST.VINCENT	4674.33	4187.09	4140.88	8702.26	6041.84	6610.10	7952.82	8165.67	10222.81
ST.LUCIA	5321.19	8427.76	4730.69	1225.31	1943.75	4048.51	1603.12	2885.62	3967.21
DOMINICA	6499.66	2780.64	2982.83	2321.88	2108.81	3276.92	1360.61	1000.50	1189.36
ANTIGUA	4054.18	5485.78	6169.10	3237.62	4124.77	8764.10	2048.89	6378.02	10835.10
ST.KITTS	3615.78	2443.89	4096.87	5800.98	5021	3283.65	3321.30	3661.54	2880.24
DEMERARY	80470.61	61447.24	37958.09	44957.79	43286.14	80153.66	71153.87	94760.19	95536.84
BERBICE	6305.12	8393.89	4178.93	3152.71	18241.25	3604.53	20706.10	30492.99	30878.62
KINGSTON	122307.38	98389.01	82669.55	97991.81	68659.39	70924.38	37763.61	45466.45	32145.49
MONTEGO BAY	1062.60	0	1977.92	260.40	58.66	198.10	883.34	59.68	0
ST.THOMAS	48625.20	87218.75	165150.41	169196.82	42674.15	24634.01	30682.14	18166.95	16610.61
PORTO RICO	2424.50	200	1180.55	2645	2960	0	0	0	13.04
ST.CROIX	884.75	856.92	1133.93	403.06	670.98	225.27	250.14	235	0
CARACAS	1410	486.80	640	800	100	0	0	0	0
LONDON	2225.67	0	0	0	0	0	447.35	0	0

TRANSFER
INTERCOLONIAL ORDERS
DRAWN
BY THE BRANCHES OF THE COLONIAL BANK
1846--1850
$

Branch	Jun 46	Dec 46	Jun 47	JUN 48	DEC 48	JUN 49	DEC 49	JUN 50	DEC 50
TOTAL	279455.72	294083.38	288956.86	277798.50	270318.73	199783.26	295588.90	299288.41	263643.79
BARBADOS	20136.52	43569.14	29629.97	40173.30	22777.02	25781.20	39101.04	48229.02	46869.13
TRINIDAD	14393.61	18236.25	8382.08	18677.29	8922.75	5958.24	14971.54	14941.25	16506.90
GRENADA	2435.36	4350	6717.37	7556.91	3339.10	8144.58	7323.93	14171.04	16817.30
ST.VINCENT	5700.88	7502.16	8134.21	10269.50	7605.63	5263.80	8340	6561.43	9360
ST.LUCIA	4166.40	8763.55	10750.32	21393.24	12448.28	12796.06	16451.48	15344	13183.91
DOMINICA	5680.50	7842.49	4800.50	3934.83	1813.04	1959	5285	3236.62	4932.62
ANTIGUA	9305	12413.22	11736.28	11792.99	10941.60	12929.40	18998.30	15709.70	21407.15
ST.KITTS	4745	8133	5005.83	6184.47	9798.86	5232.96	9169.13	11129.03	5467.90
DEMERARY	18482.53	47859.21	29439.96	31011.29	25809.71	43206.38	18015	24195.67	18814.65
BERBICE	30395	23634.25	33625	53775	62550	8128.45	25192	30295	10720
KINGSTON	117084.56	77678.70	71428.52	30227.72	65975.46	39671.98	74675	54118.50	53230.14
MONTEGO BAY	0	563.80	3594.94	2173.82	0	0	3711.66	10754.14	0
ST.THOMAS	20430.46	21067.79	31466.26	21445.22	12444	3767.75	5035	5185	11035
PORTO RICO	7174.75	1873.23	8002.25	280	239.62	462.96	1164.82	173.08	32090
ST.CROIX	19321.15	5805	24505	18750	20292	19485	48155	42734.02	0
CARACAS	4	20	117	152.92	17.46	1215.88	0	0	0
LONDON	0	4771.59	1621.37	0	5344.20	5779.62	0	2510.91	3209.09

TRANSFER
INTERCOLONIAL ORDERS
PAID
BY THE BRANCHES OF THE COLONIAL BANK
1846--1850
$

Branch	Jun 46	Dec 46	Jun 47	JUN 48	DEC 48	JUN 49	DEC 49	JUN 50	DEC 50
TOTAL	279455.72	294083.38	288956.86	277798.50	270318.73	199783.26	295588.90	299288.41	263643.79
BARBADOS	39059.12	60236.74	54218.84	79424.10	51281.50	57470.24	77851.88	70560.27	86933.81
TRINIDAD	4667	6298.91	10341.94	7826.63	6624.64	3996.80	581.91	9995.30	5045
GRENADA	19614.77	36845.39	11576.18	13712.81	6841.10	7566.61	2373	9868.50	9242.32
ST.VINCENT	2396.97	6686.90	6063.31	7196.46	7287.64	5095.75	2687.68	8457.25	7119.04
ST.LUCIA	2301.73	10118.05	2532.51	1458.64	1253.22	1396.87	4548.82	5723.52	3215.81
DOMINICA	2935.20	3015.34	475	7674.12	4012.01	837.16	625.62	2851.38	1312.90
ANTIGUA	7339.48	12398.41	7636.77	10689.71	3202.71	1101.92	2720	6346.11	3674.66
ST.KITTS	7950.08	16217.50	9941.87	8877.33	5904.60	7104.53	8570.98	7481.71	6856.84
DEMERARY	32423.08	31831.95	38483.81	62010.66	65779.27	11492.65	31001	42438.74	23029.25
BERBICE	262.53	15909.21	6801.88	7828.33	15471.08	28775.58	6960	8058.55	2390.51
KINGSTON	3411.60	1229	17679.26	3481.02	13.46	3617.64	7085.72	12067.55	1885
MONTEGO BAY	114906.08	76070.70	69484.52	28837.76	65965.86	37862.98	74113.40	53167.60	52245.66
ST.THOMAS	29206.50	10261.33	46530.60	25116.99	30397.61	29262.42	60923.82	58774.88	52097.99
PORTO RICO	2462.02	1598.95	2934.02	964.41	1804.03	410	0	0	8595
ST.CROIX	7345	5365	3305	3205	4480	2437.51	2275	3497.05	0
CARACAS	0	0	451.35	3216.25	0	1354.60	0	0	0
LONDON	3174.56	0	500	6278.28	0	0	13270.07	0	0

524 " The Committee appointed by the Court on the 17th Jany 1843 consisting of

Mr. Masterman
Mr. Hankey and
Mr. Hoare

Report that they have considered the subject referred to them and they recommend the appointment of the following Committees vizt

Branch Committee to consist of three Directors of whom two shall be on duty and one off in rotation to meet every Monday, Wednesday, Thursday and Friday at One O'clock to examine the various Branch Abstracts and to give such directions to the Secretary as the examinations may shew to be necessary with a view to communicating with the Branches on those points which may require explanation or alteration.--

Committee of Accounts to consist of six Directors of whom two shall be on duty and four off in rotation, to meet every Wednesday at Two O'clock for the examination of accounts.--

Committee of Treasury to consist of three Directors one of whom shall be on duty and two off, in rotation, to attend every Tuesday at 11 O'clock to transact general business of Treasury.--

Committee of Correspondence to consist of six Directors to meet when summoned.--

Committee of Establishment to consist of four Directors to meet when summoned.--

The Committee further recommend that of the twelve Directors forming the Court (exclusive of the Chairman, Deputy Chairman and Mr. Cavan) Eight shall be on duty and four off in rotation--also that of the said 12 Directors two shall attend, in rotation, every morning, not later than half past eleven O'clock to sign the acceptances of Bills.--

The Committee recommend that the following fines for nonattendance when on duty be established vizt

at Courts	£1„--„--
Committees	-„10„--
Signing Acceptances	-„ 5„--

The above fines do not apply to the Correspondence and Establishment Committees, and to allow for variation of clocks, Fines are not to be incurred till 10 minutes after each hour named."

TABLE 37
CONT'D
INTERNAL TRIAL BALANCE SHEETS
COLONIAL BANK
1848--1850
$ & £

		JUN 48	DEC 48	JUN 49	DEC 49	JUN 50
ASSETS						
BAD & D'FULS	$	676039	670849	661445	631351	646172
	£	140841	139760	137801	131532	134619
PRO'TD BILLS		1102885	1244924	1141856	1060038	984713
		229768	259359	237887	220841	205148
LOCAL BILLS		1277323	1194079	1254464	1686024	1651221
		266108	248766	261347	351255	344004
CASH CREDITS		872995	851470	800858	819416	792895
		181874	177390	166845	170712	165186
BRANCH BILLS		74812	59955	68059	84722	101760
		15586	12491	14179	17650	21200
BRANCHES		23899	19716	4390	22765	7101
		4979	4108	915	4743	1479
SPECIE		893542	1131748	1234939	1164333	884683
		186155	235781	257279	242569	184309
OTHER ASSETS		180089	144541	139114	(503013)	(530126)
		37519	30112	28982	(104794)	(110443)
TOTAL	$	5101583	5317282	5305126	4965636	4538417
	£	1062830	1107767	1105235	1034508	945502
LIABILITIES						
CIRCULATION	$	764405	611133	777148	765936	829096
	£	159251	127319	161906	159570	172728
DEPOSIT RC'TS		624045	485427	528654	632900	662790
		130009	101131	110136	131854	138081
CURRENT DP'TS		866044	768781	1132309	1093253	1249083
		180426	160163	235898	227761	260226
BILLS PAYABLE		10121	1171	1216	192	480
		2109	244	253	40	100
NO. III ACC'T		2836968	3450770	2865798	2473355	1796968
		591035	718910	597041	515282	374368
TOTAL	$	5101583	5317282	5305126	4965636	4538417
	£	1062830	1107767	1105234	1034507	945503

TABLE 38
CONT'D
A COMPARISON
OF
THE BALANCE SHEET ACCOUNTS
REPORTED BY THE SUPERINTENDENT AND
THOSE SUBMITTED TO THE GENERAL MEETINGS
OF THE COLONIAL BANK
1848--1849
£

1848:	JUNE		DECEMBER	
ACCOUNTS	REPORTED	INTERNAL	REPORTED	INTERNAL
CIRCULATION	159055	159251	127232	127319
BILLS DSCTD PROTD BUT GOOD	540292	511462	526691	520616
CASH CREDITS & CURRENT ACCOUNTS GOOD	181873	181874	177389	177390
BAD & DOUBTFUL DEBTS	45858	140841	55925	139760

1849:	JUNE		DECEMBER	
ACCOUNTS	REPORTED	INTERNAL	REPORTED	INTERNAL
CIRCULATION	161630	161906	159360	159570
BILLS DSCTD PROTD BUT GOOD	524605	513413	595696	589746
CASH CREDITS & CURRENT ACCOUNTS GOOD	166845	166845	170711	170712
BAD & DOUBTFUL DEBTS	56404	137801	63816	131532

Colonial Bank
A Partial Shareholders List
1836--1864
In Alphabetical Order

Barclay,	David
Barkly,	Aneas
,	Henry
Bassett,	J.
Banning,	Thomas
Beattie,	Dr.
Bosanquet	
Bravo,	Joseph
Bruce,	Henry
Buchanan,	Major
Carroll,	Sir George
Cater,	J. W.
Cavan,	James
Colvile,	Andrew
,	Eden
Cox,	James
Cripps,	William, M.P.
Cundell,	George
Davidson,	William
Dixon,	John
Dunlap,	Dr.
Edelman,	The Reverend W.
Elin,	John Bloxam
Ellice,	William
Farquhar,	Sir W.M.T., Bart.
Fletcher,	James
Fisher,	Richard
Garraway,	Fredrick
Griffiths	
Gurney,	Samuel

Hammond,	William
Hankey,	George of Mincing Lane
,	John Alexander
,	Rodolph
,	Thomson, Jr.
Harris,	C.
,	Henry
Harrison,	Henry H.
Helme,	Robert
Henriquez,	D. Q.
Hibbert,	William Tetlow
Hinds,	P. L.
Hill,	Thomas Daniel of Mincing Lane
Hoare,	John Gurney
Hughes,	P.
Hume,	William Burnley
Irving,	John, M.P.
,	John, Jr.
Jones,	Richard Lampert
Levy,	Lewis
Lousada,	E.
MacGregor,	Alexander
Madden,	B.
Manning,	Charles Downes
Marryat,	Charles
Masterman,	Thomas
Maxon	
McGarel,	Charles
Milner,	Thomas Henry
Moody,	Lt.Col. Thomas, R.E.
Naghten,	Thomas
Noding,	J. H.
Orme	
Pagliano,	C. J.
Pell,	Owen
Pinckard,	G. H.
Porter,	Capt., R.N.

Ramsay,	Thomas Williamson
Robarts,	Abraham George
Rolls,	James
Russell,	G. C.
,	Joesph
Salomons,	D.
Seal,	E. J.
Scott,	James
Short,	Colonel C. W.
Stewart,	Alexander
,	Patrick Maxwell
Turner,	J.
Valpy	
Vaughan,	Thomas
Vaux,	Edward
Wheeler,	James Low
Whish,	Capt/Rear-Admiral W.G.H., R.N.
Wood,	B.

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