

which, by instructions of the treasury department, the indebtedness of the bankrupt merchants and shippers was left unsettled, weighted him with additional mental burdens, particularly when viewed by him as leaving unextinguished his personal responsibility to the government in the matter of collecting the duties of the port.

The succeeding fourteen months were characterized by a gradual stagnation of business not only in the metropolis but throughout the United States. Early in the year 1837 reports of the suspension of banks in different parts of the country began to be published by the newspapers, and at the approach of the spring months the gloom of a monetary panic overspread the land. On the tenth of May the banks in the city of New York suspended specie payments, and on the following day those in Boston, Philadelphia, Baltimore, and other large cities.

The action of Collector Swartwout on the suspension of specie payments by the banks *in immediately declining to receive bank notes in payment of duties*, as had been his custom, is indubitably established by the following letter written by him to the Honorable Levi Woodbury, secretary of the United States treasury:

“ Custom-house, New York, Collector’s Office, May 10, 1837.

“ Sir:—Owing to the heavy run which was made throughout Monday and Tuesday upon the banks of the city, they all came to the determination last evening of suspending specie payments for the present, *the deposite banks* [in which the collector had been in the habit of depositing money] *being included in the number*. As soon as the deposite banks opened this morning, I called upon the presidents and cashiers to confer with them in relation to this measure, and have been *advised by the Manhattan Company and Bank of America to continue to receive the notes of the city banks as usual*.

“ On looking over the ‘ circular to collectors and receivers of public money and to the deposite banks,’ *I find the instructions so positive that I prefer suspending receipts for bonds in this office*, which may be returned from the banks, *until I can receive your further instructions*. *In this decision, I am sustained by the opinion of the district-attorney*. *Many persons have tendered bank notes for their bonds*, which fell due some days since, *but I have declined receiving them until I hear from you*.

“ In order that I may receive the earliest information from you, I shall send this letter by the ‘ express mail.’

“ I am, sir, very respectfully, your most obedient servant,

“ SAMUEL SWARTWOUT.

“ HON. LEVI WOODBURY.

“ P. S. The National Bank refuses to receive the notes of the Mechanics’ Bank in consequence of the large balance due them.”