

The Alexander Hamilton Collection of John E. Herzog (1716)

October 25, 2021 EST, Philadelphia

Viewing:

Exhibition is open by appointment at our [1600 West Girard Avenue](#) location October 8-24. To make an appointment, please contact Colin Foley at cfoley@freemansauction.com.

Lot 22

Estimate: \$800 - \$1200 (plus Buyer's Premium)

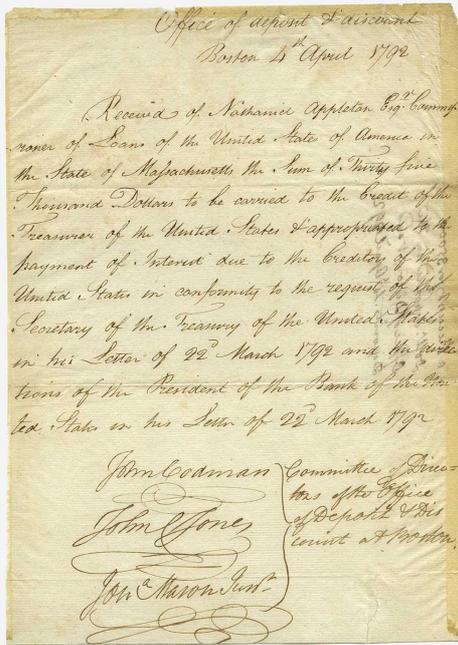
[Hamilton, Alexander] [Panic of 1792] Manuscript Document

The Boston branch of the First Bank of the United States carries out Alexander Hamilton's directions to help stop the Panic of 1792, America's first financial crisis

Boston: Office of Deposit & Discount, April 4, 1792. One sheet, 10 3/4 x 7 3/4 in. (273 x 197 mm). Manuscript receipt in a secretarial hand, signed by the Committee of Directors of the Office of Deposit & Discount at Boston, John Codman, John C. Jones, and Jonathan Mason, Jr., recording \$35,000 received by Nathaniel Appleton Esq., Commissioner of Loans of the United States of America in the State of Massachusetts: "to be carried to the Credit of the Treasurer of the United States & appropriated to the payment of Interest due to the Creditors of the United States in conformity to the request of the Secretary of the Treasury of the United States in his Letter of 22d March 1792 and the directions of the President of the Bank of the United States in his Letter of 22d March 1792." Docketed on verso. Creasing from original folds; residue along edges from previous mount.

A rare manuscript document attesting to Hamilton's rapid and decisive actions in helping stop the Panic of 1792, America's first financial crisis.

This receipt records \$35,000 received by Nathaniel Appleton, Commissioner of Loans for the State of Massachusetts, under the direction of Secretary of the Treasury Alexander Hamilton, to pay interest on the national debt, in an effort to relieve pressure on the First Bank of the United States during the Panic. In an earlier letter dated March 22, 1792, and mentioned in the above document, Hamilton instructed Appleton to "avail yourself of all the specie in the hands of the Collector of Boston, excepting only the sum of 6,000 Dollars, which is to be retained by him, to meet certain bills of the Commissioner of Loans in New Hampshire, which he is authorized to direct to the Collector. The remaining specie the Collector is to deposit in the Boston Branch of the Bank of the United States, for the purpose of paying the interest on the public debt. He is also to pay in all the notes of the Bank of the US to be deposited in such way or form as the said Branch shall determine to receive the paper of the Bank of the United States. You are further to avail yourself of all the monies received, when this reaches you, or to be received on or before the 2d of April, by the Bank of Massachusetts, taking the greatest care so to manage and conduct the receipt of this money as to produce to them no avoidable inconvenience or derangement. The sum they held in specie at the last return, on the 24th of February, was 31,197. 50/100 Dollars, and in the Bills or notes of the Bank of the



United States 620 Dollars. Since that, further sums have no doubt been transmitted, and additions may be made before the expiration of the 2d of April..." (*Founders Online*, National Archives).

The Panic occurred between March and April of 1792, but traces to late 1791, and stems from the rapid expansion of credit from the newly established First Bank of the United States and the unbridled speculation and insider trading of government securities led by William Duer, Alexander Macomb, and other bankers (see lots 20, 21). Through a convoluted plan by Duer to corner government securities, sell them at a profit overseas, and take over the Bank of New York, he borrowed heavily, even embezzling money while chairing the industrial planning group the Society for Establishing Useful Manufactures. By March, Duer had overextended himself trying to corner the market and defaulted on his obligations. When a suit against Duer, stemming from his embezzlement became public, coupled with the subsequent contraction of credit by the Bank, a panic ensued. Hamilton deftly managed the crisis by purchasing government securities through money in the sinking fund and helped restore liquidity in the financial markets. The economic recovery was swift and no recession occurred afterward. Duer and Macomb were both jailed. Duer spent the rest of his life behind bars, often with a guard stationed at his cell to protect him from those who had lost everything due to his greed.

According to Richard Sylla, the Panic could have destroyed the new nation, but due to Hamilton's intervention, it actually strengthened it and significantly contributed to the financial revolution ushered in by him, writing, "...it led directly to more effective securities trading and clearing system and to the founding, in 1792, of what would become the New York Stock Exchange. Further, because the Panic was contained, the U.S. financial system (especially in the Northeast, an entity more comparable to Great Britain or England in size and economic structure than the entire United States) continued to develop so rapidly that it would come to equal, even to surpass, that of Britain by the 1830s." (Richard Sylla, Robert E. Wright and David J. Cowen, *Alexander Hamilton, Central Banker: Crisis Management during the U.S. Financial Panic of 1792*, *The Business History Review*, Vol. 83, No. 1, A Special Issue on Scandals and Panics (Spring, 2009), pp. 61-86).