

are a few notes of the branch of Madison (Laurenceburg) in circulation, which may be considered an exception to the above remark, value forty per cent. below specie. When I wrote you last, I told you that Kentucky was about establishing a general loan office. She concluded to call it a "Bank of the Commonwealth," and without a solitary cent of specie, or even any future provision to get it, ordered three millions of dollars to be issued at the discretion of the directors. Principal bank at Frankfort, and twelve branches distributed through the State; they have issued about two millions, I understand. When it commenced, the paper was thirty per cent. below specie, and in six weeks fell to fifty and sixty. It afterwards retroceded toward a specie standard, and for six weeks has been at forty below specie. It is receivable in all payments due the State, and two years *stay* "replevy" is allowed on all judgments where plaintiff in execution refuses to take this kind of paper. Nobody now in Kentucky pretends to pay debts in specie, but those who *owe*, or who wish to make speculations and bargains, and who have hoarded specie, carry it to market, and sell it for this new paper, and the late rise of the paper from fifty-five and sixty, has been owing to the quantity of silver in market to purchase these notes, but it will go down again shortly. The next legislature will, in all probability, attempt to prop it up by making the notes bear an interest of five or six per cent. This paper is lent only to citizens of the State, and upon pledges of real estate or appraisement by State Commissioners, double of the value of the sum borrowed. At this time, this very paper constitutes the largest part of our circulating medium."